

Chapter 4



Local Government in Lithuania

by

Arunas Beksta

and

Algirdas Petkevicius

Decentralization: Experiments and Reforms

Local Government in Lithuania

Contents

1.	Overview of Local Government Reform	169
2.	Legal and Constitutional Basis	171
2.1	Legal Basis of Local Government	171
2.2	The Status of Neighborhoods	172
2.3	The Status of the Capital City	173
2.4	Legal Basis of County Governance	174
2.5	Relationship between the State Administration and Local Government	175
3.	Local Politics, Decision Making	176
3.1	System of Local Elections	176
3.2	Forms of Direct Democracy	178
3.3	Distribution of Power among Different Levels of Government	179
3.4	Internal Structure of Local Government Decision Making	180
3.5	Public Participation in Decision Making	186
3.6	Ethnic Issues, Multicultural Government	187
3.7	Local Government Associations and International Contacts	188
4.	Local Administration, Service Provision	190
4.1	Structure and Operation of Local Administration	190
4.2	Control, Audit and Supervision of Local Governments	192
4.3	Local Service Delivery	193
5.	Local Finance, Economic Development	195
5.1	Revenues	195
5.2	Expenditures	197
5.3	Taxes	199
5.4	Municipal Borrowing	199
5.5	Local Economic Development	200
6.	Next Steps in the Transition Process	201

Publications on Local Government in Lithuania (in English) 202

Contacts for Further Information on Local Government in Lithuania 203

Notes 204

Annex 4.1: Major General Indicators 206

Annex 4.2: Population, Settlements and Administrative Units 208

Annex 4.3: Major Laws on Public Administration
and Local Government 210

Annex 4.4: Responsibilities of Administrative Tiers 212

Local Government in Lithuania

*Arunas Beksta and Algirdas Petkevicius*¹

1. Overview of Local Government Reform

The formation of local government and the improvement of territorial administrative organization were initiated in Lithuania prior to the restoration of independence. On 12 February 1990² the Supreme Council of the Lithuanian Soviet Socialist Republic adopted the Law on the Foundation of Local Self-government, modifying the previous model and providing for a new local government structure.

The law defined local government as “the independent activity of residents of territorial administrative units and of local self-government institutions accountable to them aimed at deciding their own affairs and at implementing these decisions.” The following were indicated as the principles of local government: (1) direct participation of citizens in preparing, discussing, adopting and implementing decisions on public issues; (2) authority of representative bodies over other local government organs; (3) accountability of local government bodies and of officials to residents; (4) economic independence; (5) publicity of and responsiveness to public opinion; (6) social justice; (7) assurance of legality; and (8) preference for contractual relations in local government activities.

Two tiers of government were established: lower-level units (regional towns, urban settlements, localities) and upper-level units (regions and cities). This system was criticized from its very introduction because it was based on the territorial division that existed during the soviet period. This and other laws were drafted and adopted by the centralized government; therefore, a biased approach hardly could have been avoided, especially taking into consideration insufficient experience with and absence of democratic traditions in the country. Stasys Kropas, a local government expert, defined the deficiencies of this period as (1) the absence of a coherent system of regional and local government, (2) undefined functions of the central and local government, (3) the absence of a realistic economic-financial basis for local governments, (4) an imperfect system of internal administration in local governments, (5) an insufficiently clear strategy of local government development and (6) undefined rights and duties of local government employees.³

The law primarily defined internal structures and content for local government but did not stipulate territorial administrative redivision. Although its content was very formal, two tiers of local government existed prior to this law; only small and limited modifications were introduced. As a result, discussions about possible territorial administrative redivision of the country and about local government reform continued from the beginning of 1991. One of the most

significant working groups involved in preparing the reform strategy and drafting necessary legislation was the group of Professor Vaitiekunas, which began functioning in 1991 and was appointed formally by the government in 1993. The priorities of the group were (1) to separate clearly central executive authority and local government, (2) to create territorial administrative units accessible to residents, (3) to create a hierarchical system of territorial administrative units enabling effective administration of the country and optimizing public expenditures, (4) to create favorable conditions for regional state administration and for the improvement of national administration and (5) to integrate all territories, towns, villages, national parks, natural reserves and resorts in one effectively functioning system.⁴

Despite an abundance of proposals, the Public Administration Reform and Local Authorities Committee of the *Seimas* (parliament) submitted the draft Law on Territorial Administrative Units and Their Boundaries in November 1993, which conceptualized ten counties and fifty local governments. On 20 December 1993 the Lithuanian government approved and submitted to the *Seimas* a draft that proposed ten counties and fifty-five local governments.⁵ The law was implemented in 1995, replacing the former system of two levels and five categories of 581 administrative units with a system of two levels and two categories of 66 administrative units. Consequently, the structure currently functioning in Lithuania (see figure 4.1) includes:

- higher administrative units or counties (*apskritis*), the activities of which are assigned and supervised by the state government;
- lower level administrative units; depending on the type of residential area, the unit may be designated as rural (forty-four) or urban (twelve), though there is no difference concerning their competencies;
- around five hundred neighborhoods, which do not have status as territorial administrative units (these communities had the rights of local governments before the reform).

Figure 4.1
System of Administration in Lithuania

State Level	Government	
Level 2: Higher Administrative Units (subordinate to the state administration)	10 Counties	
Level 1: Self-government Administrative Units	44 Rural Local Governments	12 Urban Local Governments
Submunicipal Level: Territorial Units (subordinate to self-government)	Neighborhoods	

In fact, a superficial and gradual approach to territorial administrative reform took precedence; the only initiative truly realized was the abolition of the first tier of local government (regional towns, urban settlements and localities). There were many reasons for this approach. First, the government may not have wanted to destroy the existing administrative structure or simply lacked sufficient funds or clear strategies. Second, the ruling party—the Lithuanian Democratic Labor Party had a majority of the parliamentary seats at that time—was unwilling to destroy the territorial structure of its well-functioning local party offices. Regardless, this step was not perceived as an end goal, but rather as the first stage of reform. Subsequent steps of reform will be described in section 6.

2. Legal and Constitutional Basis

Currently local and county government are regulated by a number of laws, among which the most important are the Law on Local Self-government (adopted 7 July 1994 and amended thirteen times since), the Law on Elections to Local Government Councils (adopted 7 July 1994 and amended seven times since), the Law on the Status of Local Government Councilor (adopted 7 February 1995), the Law on Territorial Administrative Units and Their Boundaries (adopted on 19 July 1995 and amended twice since), the Law on Governing of the County (adopted 15 December 1994 and amended eight times since), the Law on Temporary Direct Governing in Urban and Rural Local Governments (adopted 28 March 1995 and amended twice since).

2.1 Legal Basis of Local Government

The development and operation of local governments are legally defined in the Constitution of the Republic of Lithuania and in the Law on Local Self-government. Chapter 10 of the constitution, “Local Government and Administration” is specifically concerned with the activities of local governments. It grants administrative units the right to free and independent governance within the limits of their competence, implemented through local government councils. Members of local government councils are elected for three-year terms on the basis of universal, equal and direct suffrage by secret ballot by the residents of their administrative unit who are citizens of the Republic of Lithuania. Law establishes procedures for the organization and activities of self-government institutions, and local government councils have the right to form executive bodies for the direct implementation of laws and the decisions of the government and local government council.

The constitution gives local governments the right to draft and approve their own budgets, to establish local dues and to levy taxes and duties. Local governments also must have a reliable financial basis. According to the Law on Methodology for the Establishment of Local Government Budgetary Revenues (adopted 2 July 1997, amended 2 December 1997), personal income tax is ascribed to the local government budget upon deduction of mandatory social insurance, in accordance with the Social Insurance Law (for more about local finances see section 5).

The Law on Local Self-government regulates the principles and functions of local governments in Lithuania. Local self-government is defined as the right and power of institutions elected by the residents of an administrative unit of the territory of the Republic of Lithuania to freely and independently regulate and manage public affairs and meet the needs of local residents according to the constitution and the law.

The law establishes that the principles of self-government are:

- coordination of the interests of the municipality and the state;
- direct participation of citizens in municipal council elections, polls, public meetings and petitions;
- accountability of self-government institutions and officers to residents;
- publicity of and response to public opinion;
- lawfulness and social justice;
- economic independence.

The law stipulates that the competence of self-government institutions is autonomous and is delegated by the state. They are entitled to free activities, initiatives and adoption of decisions. Other problems that do not fall within the competence of state institutions and that affect the population of the administrative unit are resolved by local self-governments. State functions are delegated to local authorities by this law or other laws; state institutions supervise and control self-government institutions that execute the functions delegated by the state only in cases provided by law.

The law enumerates autonomous competencies of the council and of the local government itself. Those delegated by the state include: civil registration; registration of municipal, state and private enterprises and public organizations; management of state parks (national and regional); organization of the municipal police, civil security and fire prevention; and implementation of other functions delegated by law.

According to the Law on Local Self-government, the relationship among local government councils, local government executive bodies and state institutions is regulated by the constitution and by law. Decisions of the local government council and board and instructions of the mayor are binding for all enterprises, agencies, organizations, officials and residents of the local government.

2.2 The Status of Neighborhoods

According to the Law on Local Self-government, the local government council is entitled to decide on the division and boundaries of the territory into neighborhoods. This law also stipulates that the mayor is charged with the appointment and dismissal of chief executives of neighborhoods and approval of the statutes of their activities. Chief executives of neighborhoods are authorized to issue certificates to residents on their social status, organize the maintenance of cemeteries,

organize the collection of local fees, publicize and oversee the implementation of decisions of the local government council and of the mayor in the neighborhood, register births and deaths in rural areas, issue permissions for burials and carry out functions of the notary public. In practice, neighborhood administrations also provide consultations to residents, issue licenses and other essential documents, maintain streets and oversee environmental control. Since the local government mayor approves the responsibilities of the chief executive, functions may vary from neighborhood to neighborhood.

Neighborhood administrations face considerable difficulties, even in addressing the most basic services. They are often unable to provide the necessary resources and/or are not empowered to solve social problems. Often the chief executives of neighborhoods must simply refer a resident to the local government center. The main reason for this is insufficient administrative capacity to provide a wider range of services. Currently, most neighborhood administrations employ four to six administrative employees. Additionally, the authority of the chief executive is often quite limited, meaning that residents must travel to local government centers to receive services.

It is noteworthy that some neighborhood centers are larger than their local government centers in terms of both number of residents and economic potential. This is true, for instance, in the Elektrėnai neighborhood, with a population of eighteen thousand residents (seventeen thousand in the center), which is more than the town of Trakai, the local government center. Another example is the town of Vievis, the population of which is eleven thousand (six thousand in the neighborhood center); the number of residents of the local government center, Trakai, is nearly equal to that of Vievis's center alone.

2.3 The Status of the Capital City

A specific issue related to local government is the legal status of the capital city.

Thus far Vilnius enjoys the same rights and obligations as all other local governments. However, there are proposals that the capital should have special legal status. Currently there are two drafts of such legislation. One proposes to provide the city council the exclusive right to make decisions on changes in the administrative borders of the local government; currently this right is exercised by the Seimas. The draft grants the local government of the capital city ownership of land within its territory including all resources, parks, water reservoirs, cultural monuments, et cetera. It also stipulates that all expenditures arising out of circumstances related to Vilnius's status as the capital shall be covered by the state budget. The second proposal stipulates that the Seimas shall determine an additional annual grant earmarked for the local government of Vilnius in the amount of no less than five percent of the local government's budget. It also envisages that a separate amount of no less than two percent of the local government's budget shall be granted annually to finance state programs and events in the capital on the basis of agreements with Vilnius's municipal authorities.

The general outlook for both drafts is skeptical. First, if one municipality receives unique treatment, others will make claims for similarly constructed preference: for instance, Klaipeda might request special provisions as a major port city. Such arguments can be countered, of course, because Vilnius's municipal institutions are more capable and have more responsibilities than those of other municipalities. Second, after adopting a capital law it would be necessary to change more than ten other laws to harmonize existing legislation. Opponents claim that the Vilnius city municipality can achieve its goals by recommending changes to other laws rather than by creating a specific capital law.

Arguments for a specific capital law are based on the fact that Lithuanian ministries and counties (institutions of the state level) supervise municipal functions that are usually addressed by many communities and local governments; for example, the Vilnius local government does not own any land or buildings. The existing budgetary system is also unsatisfactory; it finances numerous events on behalf of the state. Additionally, because an equalization system redistributes revenues among municipalities, Vilnius receives a small proportion of taxes collected in the city. A capital law would assist the establishment of a tax basis to fund the city budget.

There are five major goals that the city of Vilnius wishes to achieve by this law:

- direct election of the city mayor;
- local government ownership of city property;
- transfer of ownership of state property in the city to the local government, with the exception of buildings that are used by the state administration;
- establishment of a system of (at least partial) fixed taxation to fund the city budget;
- subordination of the city police to the local government.⁶

Some believe that the local government of Vilnius should exercise the functions of both local government and county administration. It is, however, quite unclear if any specific law on the capital city shall ever be enacted.

2.4 Legal Basis of County Governance

In reference to the second—county—tier, the constitution stipulates that the government according to procedures established by law organizes higher level administrative units. It also indicates that representatives be appointed by the government to supervise observance of the constitution and the law, and that in specific cases the Seimas may introduce direct administration on local government territory.

The legal status of county administration is defined in the Law on Governing of the County. According to this law, "The county is a higher level administrative unit of a territory of the Republic of Lithuania, in which governing is organized by the government through the county governor, ministries and other governmental institutions." The county governor is appointed

and dismissed by the government on proposal by the prime minister. The primary source of county revenues is the state budget. It also is stated clearly in the law that county administration is a part of the state administration and that the boundaries of counties are to be approved or changed by the Seimas on proposal of the government. Therefore, it may be said that county administrations are territorial agents of the Lithuanian government.

According to the law, the county governor is charged with (1) implementing state policy in the fields of social care, education, culture, public health, territorial planning, administration of memorials, land use, agriculture and environmental protection; (2) coordinating activities of ministry units and other government institutions in the territory of the county and of executive institutions of local governments in implementing regional programs; and (3) identifying priorities of and preparing programs for county development.

2.5 Relationship between the State Administration and Local Government

Interests of central, regional and local authorities often differ. Conflicts arise particularly on the distribution of authority and revenues. Much depends on which political parties prevail at the central and local levels. From 1992 to 1996, the Lithuanian Democratic Labor Party was the leading power in the Seimas, while the opposition held most local government councils. As a result, local governments opposed the transfer of functions to county administrations. Later, however, when the same political parties predominated at both the central and local levels, such conflicts waned. This problem also exists with regard to the transfer of functions from central government ministries to county administrations. Additionally, in some neighborhoods both the administrative staff and residents aspire for more autonomy from the local government administration.

It is also expedient to outline the legal aspects of interrelations between local governments and the different branches of state administration: parliament, the president, the government and the county administration.

The Seimas established the Public Administration Reform and Local Authorities Committee to address (1) preparation and discussion of draft laws and other acts related to public administration reform, territorial administrative division and the organization of work in local governments; (2) preparation of proposals on territorial administrative reform; (3) submission of proposals on the dismissal of and elections to local government councils; (4) resolution of problems related to economic, social and organizational activities; (5) provision of statistical support to local governments; and (6) exercising parliamentary control of local government institutions.

Other parliamentary state institutions also are involved in local government affairs. One example is the Committee of Budget and Finance, which discusses proposals on the composition of local government budgets. By decision of the Seimas, direct rule may be temporarily introduced on the territory of a local authority up to the expiration of its current term of office. Upon introducing

direct rule, the municipal council and its executive institutions are divested of their authority. The Seimas ombudsperson is charged with investigating citizens' complaints on the abuse of power by local government officials or unnecessary bureaucracy. The State Control Office, also subordinate to the Seimas, monitors the legality and appropriateness of state property use, adherence to the state budget and ensuring the financial discipline of state institutions. Concerning local governments, the State Control Office supervises the appropriate and effective use of state budget funds and analyzes overall municipal budget performance.

The president has a senior adviser who is specifically in charge of local government. He or she may organize meetings with local government officials during which opinions are exchanged on how to resolve important problems. The president also approves the coats of arms of local governments.

Although local governments are not subordinate to the central government, there are a number of issues on which cooperation is necessary. For instance, in collaboration with local government institutions, the government establishes the directions of development in the fields of education, culture, health care and social security. The government also liaises with local governments on issues related to territorial planning.

In accordance with the Regulations on Government Work of 29 December 1997, mayors or their deputies may submit certain issues to the government for consideration. Drafts of legal acts related to the activities of local governments must be coordinated by the Association of Local Authorities of Lithuania as indicated by the government decree amending these regulations. Mayors or deputy mayors—on approval of the prime minister—may be present during sittings of the government when issues related to their activities or proposals are discussed.

The Ministry of Public Administration Reforms and Local Authorities of the Republic of Lithuania, created in 1994, is specifically charged with state policy in the field of local government. The ministry works with local governments on proposals for draft laws and decrees in fields related to local government competencies.

3. Local Politics, Decision Making

3.1 System of Local Elections

Since the county is a territorial unit of state administration, no elections are conducted at this level. Only municipal government has autonomous power, enjoys the right of self-government and forms elected bodies. The Constitution of the Republic of Lithuania indicates, as previously mentioned, that local government councilors are elected “on the basis of universal, equal and direct suffrage by secret ballot by the residents of their administrative unit who are citizens of

the Republic of Lithuania.” Procedures for elections are described in detail in the Law on Elections to Local Government Councils. The law foresees that elections be held on the basis of a proportional system of representation.

Since the end of 1996, elections to local government councils are held every three years; previously, the term of office of councilors was two years. This amendment was made for two reasons. First, local government councils and administrations were unable to function effectively with such a short tenure in office. Second, the proportional system of representation conflicted with that of parliament, which is a mixed system; seventy-one deputies are elected on the basis of territorial representation, and seventy on the basis of proportional representation. There are arguments that at the local level electors may be more familiar with concrete personalities than at the national level. Therefore, it would be more understandable if the majority system prevailed in local elections.

Both issues are closely related to political considerations. At the time that the two-year term was adopted, the ruling party had an interest in limiting the possibility of local government councilors (among whom the opposition predominated) to govern effectively. The proportional system complies with the interests of large political parties that may use such a system to eliminate their competitors. Under the existing system, the voter does not identify with specific candidates; rather, the choice is based on preference for one or another political party. This system does have some advantages; for instance, the composition of local government councils is more stable under the proportional system of representation.

Law concerning the organization of elections stipulates that electoral areas are formed in the territory of a local government, and all citizens of the Republic of Lithuania who have the right to vote and reside permanently in the territory of that local government may participate in elections. The law indicates that the number of councilors elected in each electoral area is proportionate to the population as follows:

- more than 500,000 inhabitants—fifty-one councilors;
- from 300,000 to 500,000 inhabitants—forty-one councilors;
- from 100,000 to 300,000 inhabitants—thirty-one councilors;
- from 50,000 to 100,000 inhabitants—twenty-seven councilors;
- from 20,000 to 50,000 inhabitants—twenty-five councilors;
- up to 20,000 inhabitants—twenty-one councilors.

The law also establishes that persons eighteen years of age and older are entitled to vote, and persons twenty-one years of age and older are entitled to run for office. Elections are announced by the Seimas no later than five months prior to the completion of the term of office of local government councilors and must be conducted no earlier than two months prior to and no later than one month after the expiration of this term of office. The Supreme Electoral Commission, district electoral commissions and local electoral commissions are formed to conduct and supervise the elections.

A candidate may be registered only by a political organization registered in accordance with the Law on Political Parties and Political Organizations. A list of candidates in order of preference must be submitted no later than sixty-five days before the elections. It may include neither fewer than five candidates nor more than the total number of council seats plus five. The threshold of votes is four percent for political parties and six percent for coalitions.

Table 4.1
Mandates Won by Parties in the 1997 Local Elections in Lithuania

Party	Number of Mandates
Homeland Union (Lithuanian Conservatives)	493
Lithuanian Democratic Labor Party	212
Lithuanian Christian Democratic Party	180
Lithuanian Social Democratic Party	136
Lithuanian Central Union	135
Lithuanian Peasants Party	84
Electoral Action of Lithuanian Poles	56
Lithuanian Liberal Union	44
Lithuanian Nationalist Union	23
Lithuanian Citizen's Alliance	20
Lithuanian Union of Former Political Prisoners and Deportees	20
Lithuanian Women's Party	14
Lithuanian National Party "Young Lithuania"	9
Lithuanian Democratic Party	7
Lithuanian Russians Union	7
Lithuanian Freedom Union	6
Christian Democratic Union	5
Lithuanian Party of Economy	5
National Progress Party	3

3.2 Forms of Direct Democracy

The constitution and laws do not provide for local and regional referendums. Local authorities may organize polls on decisions made by local governments, proposals to change the names of localities, the merging of local governments and other issues. The results of such polls are only advisory in nature.

Although on the whole residents have not expressed overwhelming interest in municipal affairs, sometimes local polls attract a lot of attention. This is true especially concerning the forthcoming territorial administrative reform. Although the significance of these polls should not be exaggerated, they are important for maintaining close relations between local government institutions and residents.

In some cases the law requires mandatory consultations with residents. For example, the Law on Territorial Administrative Units and Their Boundaries indicates that the names of localities be changed by the government on proposal by a local government council, taking into account the opinion of residents. Such a requirement is also included in the Law on Territorial Planning, which indicates that the public must discuss documents concerning territorial planning. In such cases, those organizing such projects are charged with calling public meetings to discuss proposals.

3.3 Distribution of Power among Different Levels of Government

There are two types of structures in the Lithuanian government system: central and local. Central institutions are ministries, departments and inspectorates that are subordinate to the government. Some have other organs subordinate to them, some have regional divisions (Ministry of Social Affairs and Labor, Ministry of Defense, Ministry of Environment, Culture Heritage Protection Department), though these do not always coincide with county geographical boundaries, and some have local divisions (such as the State Tax Inspection).

In 1995 the implementation of the Law on Territorial Administrative Units of the Republic of Lithuania and Their Boundaries and the Law on Governing the County established the higher administrative units, or counties, which are supervised by the state government. Counties have no direct influence on the decisions of municipalities; the principle behind them is to bring government decisions closer to the populace. The intention was to transfer some ministry functions to counties, but in practice, most of the functions of municipalities were transferred to counties, which created tension between the first and second levels of administration.

The respective laws describe in detail which functions should be performed by each level of authority. The functions of local governments are enumerated in the Law on Local Self-government, and those of county administrations by the Law on Governing of the County. Many other laws indicate specific tasks delegated to each level of authority.

In reality, the distribution of authority does not comply entirely with legal requirements. For instance, county administrations currently supervise agriculture, health care, child and elderly care, regional units of civil protection, disaster management and educational inspectorates, but other responsibilities, such as cultural heritage, transport and vocational schools, have not yet been transferred. Government ministries openly demonstrate their unwillingness to cede authority over such areas. This poses a serious problem for county administrations, because in many cases they already have structures adjusted to the management of these functions.

The most acute issues on which local governments and county administrations disagree are education and health care. Local governments also claim that they should oversee construction inspectorates and land management. Therefore, situations arise in which a decision is made by a level of authority that is not legally entitled to do so. It is not easy to resolve such disputes since the authority that actually (but not legally) controls a certain area of activity often has governmental influence to delay the transfer of functions. The Law on Governing of the County and the Law on the Enforcement of the Law on Governing of the County have been amended a number of times in order to change either the spectrum of functions that county administrations perform or the schedule of transferring these functions to county administrations by other levels of authority.

Since elections to local government councils are based on the proportional system of representation, governing bodies of political parties have great influence. This has conflicting consequences: on the one hand, local politicians who are members of the controlling parties in the Seimas have better access to the government, though their decision-making independence tends to be more restricted; on the other hand, local politicians who are not members of the ruling parties in parliament do not have access to the government and thus the benefits for their respective local governments suffer, though they may exercise greater decision-making independence. This does not mean that their respective parties politically do not influence them, but such influence is less extensive.

3.4 Internal Structure of Local Government Decision Making

At the local government level the main deliberative body is the council. Councils coordinate activities of other bodies of local government, provide guidance on economic and cultural activities, supervise the rational use of natural resources, ensure the observance of laws and the implementation of government decrees, maintain public order and protect citizens' rights and legitimate interests. The functions of the council are to:

- approve the council's statutes;
- elect and dismiss the mayor and deputy mayor;
- form committees, the board, administrative and other commissions; alter their composition; approve candidates nominated by the mayor for chairs of committees and commissions; approve regulations for the competencies of the mayor, the board and other officers;
- determine the structure, officers and staff and remuneration of the administration;
- terminate powers of councilors prior to the expiration of their terms of office in cases and in accordance with procedures provided in the Law on the Status of Local Government Councilor;
- approve and manage the municipal budget and report on the implementation thereof;
- approve procedures for acquisition and utilization of nonbudgetary funds and resources and report on their use;
- establish fees, prices and tariffs for services rendered to residents by public municipal enterprises;
- approve budgetary allocations to institutions and organizations that receive financing from the municipal budget, utilize bank credits, take and lend loans in the manner prescribed by law, establish conditions for the use of bank credits by local authority executive institution, as well as for the lending and granting of loans;

- adopt decisions to establish, reorganize and liquidate institutions, enterprises, and organizations maintained by municipal budget funds;
- establish payment for sale of land and utilization of municipal equipment, facilities and natural resources;
- approve the master plan for the development of the territory and amendments thereof, as well as general schemes for the development and establishment of settlements and towns;
- approve rules concerning the protection of natural reserves, maintenance of order and sanitary conditions in towns and settlements and trade in marketplaces;
- establish the procedure of approval of local authority contracts and agreements with enterprises, institutions and organizations and with other local authorities and foreign enterprises;
- adopt decisions to join local authority unions and international self-government organizations;
- consider issues raised by the mayor, board, other organs formed by the council, councilors, officers of the administration, heads of municipal enterprises and organizations and adopt decisions thereon;
- on its own initiative or upon proposal by or demand of the government representative or other institutions, repeal or withdraw decisions and ordinances of the council, mayor, board and other self-government institutions that contradict the law or decisions of the government or the council;
- approve the symbols of the municipality, submit proposals to approve the coat of arms of the local authority;
- adopt decisions concerning the division of the territory into neighborhoods and establish their borders and submit proposals concerning the altering of the limits of the local authority territory.

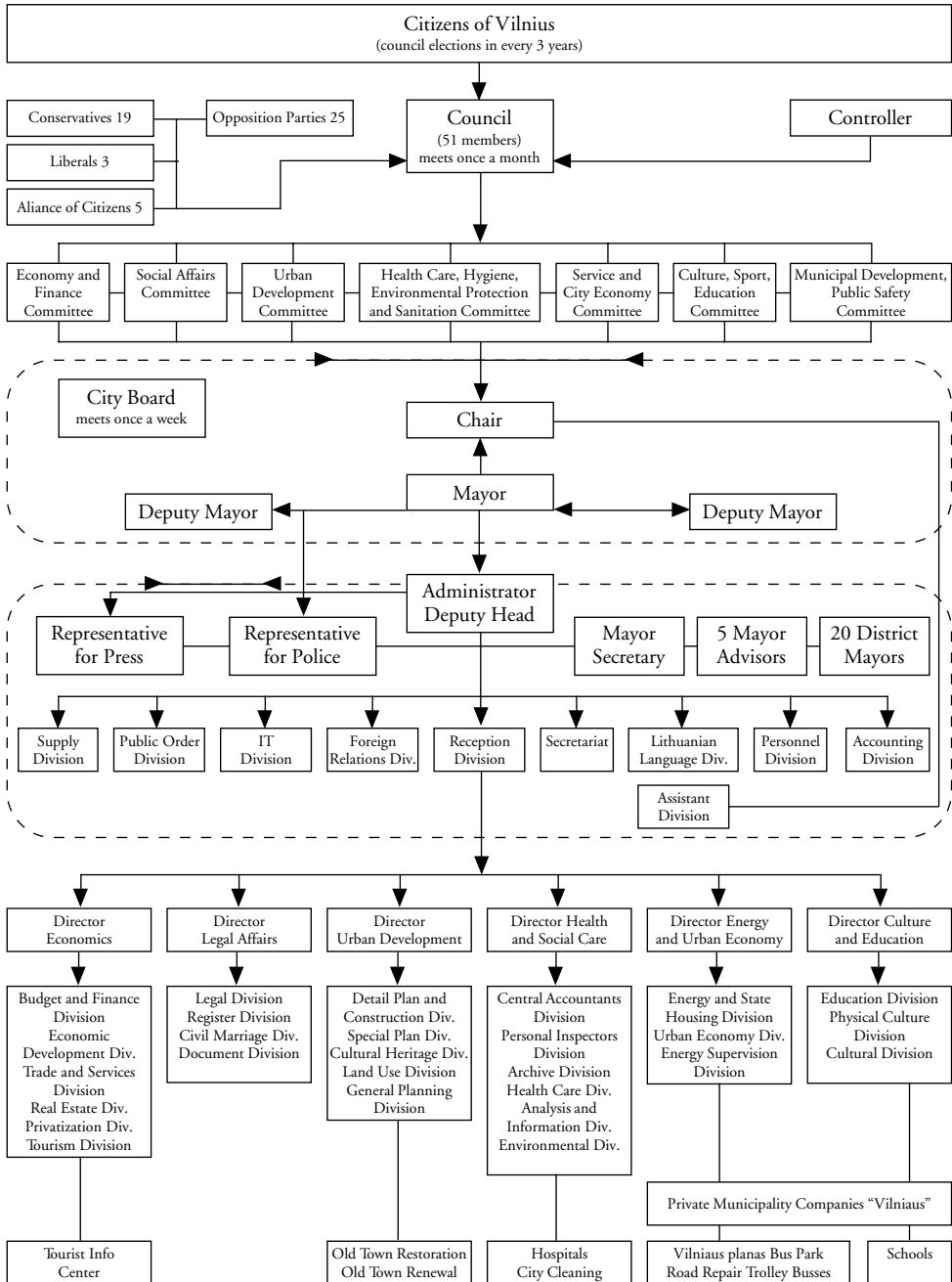
The council works in accordance with an activity plan that is submitted by the mayor after collecting proposals from committees, commissions, political factions, the board and councilors. The activity plan indicates the schedule of council meetings, issues to be discussed, meetings with residents, et cetera.

According to the Law on Local Self-government, the council may form committees, commissions and other bodies. The council exercises its powers by discussing and resolving issues during its meetings and those of institutions formed by it.

The number of committees and commissions varies in different local governments and is established by the council, but as a rule there are three to seven committees. For instance, in the urban local government of Vilnius, there are seven committees; in Kaunas—seven; in Taurage—four; in Alytus—four; in Silute—three.

There is no uniform structure of council committees; each decides its own. For example, the council of Jurbarkas is comprised of twenty-five councilors who form four committees: economics and finance; agriculture and business; ecology, health and social care; and education, culture and sports. The council of Vilnius, comprised of fifty-one councilors, forms seven committees (see figure 4.2).

Figure 4.2
Local Government Structure of Vilnius



Committees conduct a preliminary analysis of issues, prepare and submit proposals to the council, mayor or board and supervise how laws and decisions of the council, mayor and board are observed. They draft decisions for council sittings, discuss and submit proposals, deliberate on candidates nominated for executive positions of institutions formed by the council, discuss the draft budget of the local government and investigate proposals and complaints of residents and social organizations. Committees may submit recommendations to the administrative units and to local government agencies and enterprises after consultation with the mayor or the board. Heads of the local government administration and enterprises are obligated to attend committee meetings when requested.

In practice committees discuss all issues considered by the council. After the relevant committee approves a draft decision, other committees discuss the issue, and the full council considers their written opinions. According to the observations of the authors of this report, members of committees usually act not as representatives of their political parties but rather as specialists representing certain spheres of expertise, which demonstrates a lack of political consciousness. Only when major disagreements occur on committee decisions do political factions come into play.

Decisions of the council are adopted by majority vote of all councilors participating in the meeting. In the event of a tie, the mayor's vote determines the outcome.

The council may form commissions to resolve important issues and prepare recommendations. The council defines the purpose, duration, tasks and number of members of such commissions. While some commissions are mandatory (for instance, the administrative commission), others may be set up by the council as deemed necessary.

The political head of the local government is the mayor. According to the Law on Local Self-Government, the council elects the mayor and, on recommendation of the mayor, the deputy mayor, for the council's term of office. The mayor and deputy mayor are elected by secret ballot from among the councilors by simple majority of the total number of councilors.

The mayor and deputy mayor are responsible for exercising powers delegated by the state. The mayor determines the agendas of, convenes and presides over council meetings; coordinates activities of council committees and commissions; and signs council decisions and the minutes of its meetings. The mayor supervises the implementation of council decisions.

Statutes approved by the council regulate the work of the mayor. While executing his/her powers, the mayor:

- represents or authorizes other persons to represent the council and the board in court, relations with other local authorities and in state, foreign and self-government institutions;
- proposes candidates for deputy mayor, committee and commission chairs and other heads of bodies formed by the council;

- appoints and dismisses the administrator and chief executive and approves the regulations of the chief executive's activities;
- drafts and presents to the council for approval contracts and agreements with enterprises, institutions and organizations functioning on the territory of the local authority, with foreign enterprises and with other local authorities;
- organizes general education and training of children and youth; supervises the promotion of general and ethnic culture; organizes primary health care, disease prevention and care for the sick, disabled and elderly; ensures that hygiene and environmental protection requirements are respected; and develops recreation and tourism of the residents;
- arranges charity events and distributes funds and donations in accordance with procedures established by the council.

While executing these and other powers, the mayor may adopt ordinances.

The role of the mayor is indeed considerable. In addition to his or her council duties, the mayor also presides over the board. In cases in which the council does not form a board, the mayor exercises these functions. Therefore, the mayor is both legislative and executive head of the local government.

The Law on Local Self-government provides that if the mayor or deputy mayor fails to exercise or poorly exercises powers delegated by the state, the government representative⁷ informs the council, warns the officers in question and establishes a deadline for correction of the shortcomings. If such shortcomings are not addressed within the established period, the government representative submits a directive to the council requesting dismissal of the officer. The government representative's appeal must be considered at a council meeting within two weeks. If the council does not dismiss the officer, the government representative appeals to the Seimas for the introduction of direct rule. The powers of the mayor or deputy mayor may be terminated:

- when a court ruling on crimes committed by them is in force;
- for refusal to resign from another job or office;⁸
- when direct rule is temporarily introduced in the local government territory.

In accordance with the Law on Local Self-government, the council may decide to form a joint executive institution—the board—from among the councilors. If the board is formed, the mayor and deputy mayor are *ex officio* members of the board; the mayor nominates board members who are approved by the council.

The mayor drafts the agenda of a board meeting. It may be supplemented or amended by council decision on proposal of the board members, the controller or the government representative. Board decisions concerning issues of the council's autonomous competence must be signed by the mayor. The mayor is entitled to ignore board decisions concerning functions delegated by the state if the said decisions contradict the law. If a mayor ignores a decision of the board and in the process violates the rights of citizens or organizations, the issue may be appealed in court.

Statutes approved by the council regulate the competence of the board. Should the board not be formed, the mayor exercises the powers assigned to the board. In accordance with the Law on Local Self-government, if the council forms a board, the latter shall:

- upon instruction of the council, set prices and tariffs for services provided by municipal enterprises;
- upon authorization by the council appropriate additional municipal budgetary funds and other resources;
- organize analysis for the development of the respective territory, prepare drafts of and implement long-term social, cultural, economic, investment, demographic and ecological programs;
- organize the drafting of a master plan of the respective territory;
- control construction and renovation of facilities and protection of landscape, architectural and cultural monuments;
- prepare recommendations for the council to found, reorganize and liquidate institutions, enterprises and organizations financed by municipal budget funds;
- manage, utilize and protect municipal property;
- compose draft budgets and reports and submit them to the council for approval; form nonbudgetary funds in accordance with regulations approved by the council; monitor the effective and lawful use of local government funds;
- oversee the implementation of rules established by the council and set penalties for their violation;
- organize the construction and use of residential premises, arrange and supervise waiting lists for state support and rent and sell residential premises belonging to the municipal fund;
- examine and analyze migration processes; organize, in conjunction with territorial labor exchanges, the rational employment of residents and the improvement of their skills;
- in conjunction with other state institutions, prepare and implement preventive measures as well as emergency relief in the event of disaster, natural calamity or epidemic;
- call annual meetings of residents to announce local authority affairs and report on council activities.

According to the Law on Local Self-government, the local government administration is headed by the administrator, who:

- is accountable to the mayor and implements the mayor's ordinances and directives;
- prepares meetings of the council and board and the execution of documents;
- is responsible for the internal working procedures of the administration;
- issues orders that are within the competence of the administrator.

The administrator is appointed and dismissed by the mayor. If a board is formed, it appoints and dismisses the administrator on recommendation of the mayor.

In 1997 the posts of mayor's advisers and of local government secretary were introduced. Due to unclear legal regulations, the administrator's authority sometimes overlaps with that of the

advisers and secretary, thus resulting in conflict.⁹ However, the local government secretary is perceived as the chief advisor to the mayor while the administrator generally is involved in administrative management, and thus has higher status, as this post has executive authority and performs more strategic functions.

At present, the chief executive is the local government officer of the neighborhood, appointed and dismissed by the mayor. A local government councilor may be appointed as a chief executive. The chief executive's functions are described in the Law on Local Self-government. In accordance with the current government program, these functions will be broadened, although concrete drafts have not yet been finalized. The role of chief executive is further described in section 2.2 on the status of neighborhoods.

3.5 Public Participation in Decision Making

The only law stipulating obligatory public participation in decision making is the Law on Territorial Planning adopted on 12 December 1995, which together with government regulations enacting the law divides the planning and consideration process into three stages, as in western countries.

Figure 4.3
Territorial Planning Process in Lithuania

Stage	Planning Process	Consideration Process
I	Decision to prepare a project	Publicity on beginning of planning process
II	Preparation of project	Public hearings
III	Project is prepared	Consideration of the prepared project. Public claims and appeals.

During the three years in which the law has been in force, several problems have arisen. Local governments have a positive attitude regarding the publicity of planning and in effect carry out all necessary procedures to inform the public. The public has the right to such knowledge, yet has proven to be fairly inactive. The participants in public hearings are mostly those having direct interest (investors or specialists); the opinion of the general public is rather insufficiently presented. Nongovernmental organizations, which tend to be vehicles for the expression of local public interests and needs, are still in their infancy in Lithuania. Some of the main problems that have been identified are:

- the procedures for involving public participation in decision making formally are implemented, but participants are only beginning to internalize their role in a new democratic planning process;

- public planning concerning land use has not been clarified in detail vis-à-vis private ownership of land;
- the public is able to halt a project in its final stage, after sufficient investment in the planning process has been expended, and no mechanism of compensation is provided;
- vestiges of the closed, bureaucratic decision-making system still exist;
- there are no provisions for negotiations between opposing factions to resolve conflicts; disagreements are treated like civil conflicts or complaints, which are investigated formally at the county level and in court.

Despite these shortcomings, it is very important that the process of public participation in decision making has commenced.

According to the amendments of the Law on Local Self-government of December 1997, council meetings are open to the public. The local authority controller, local authority administrator, county governor and the members of the Seimas have the right to participate in and, with the consent of the council, to take the floor at such meetings. The council's statutes establish the procedures for participation of representatives of state institutions, enterprises, offices and organizations as well as residents at council meetings. Experts and public representatives may participate in the work of committees and commissions in accordance with procedures established by the council.

Analysis of the extent to which the public has participated in and has exerted influence at council meetings is difficult due to the short period of implementation to date.

3.6 Ethnic Issues, Multicultural Government

The territorial administrative redivision of Lithuania has not faced major problems related to ethnic issues. It is, however, noteworthy that in some municipalities in Lithuania (for instance, the rural local government of Vilnius and the rural local government of Salcininkai), the Polish minority predominates. Problems sometimes arise concerning issues over which local governments exercise autonomous rights, such as primary and secondary education and the requirement that all employees of state and local government administrations must be proficient in the Lithuanian language. Although there are schools in the Republic of Lithuania in which subjects are taught in languages other than Lithuanian (primarily Russian and Polish), local administrations on a number of occasions have attempted to close existing Lithuanian schools, thus limiting access of the Lithuanian-speaking population to education. Laws and regulations governing the use of the Lithuanian language are sometimes ignored. Nevertheless, the significance of these tensions should not be exaggerated; as a rule, a balance is achieved. Although sometimes these local governments lobby for more autonomy from the rest of the country on the basis of ethnicity, such opinions are usually representative of extremist political groups of the respective minorities.

In practice, the only issue on which disagreement exists is the plan to merge Vilnius's urban local government with some areas of its rural local government, in which the Polish minority

predominates. Since a majority of residents in the city are Lithuanian, there are some fears that the rights of Polish residents in the rural municipality may be compromised. Generally speaking, however, ethnic issues do not seem to factor critically in the context of territorial administrative reform.

3.7 Local Government Associations and International Contacts

Institutional cooperation among local governments is accomplished by the Association of Local Authorities of Lithuania (ALA), which was recognized as a result of the Law on the Basic Regulations of the Association of Local Authorities of Lithuania of 28 March 1995. The association is charged with representing the common interests of its members—local governments—in all institutions of state and government. The law provides that the activities of the association be based on the principles of volunteerism of its members and that every local government council may be a member of the association.

Representation in the ALA is based on the following provisions: the quota for seats in the congress of the association is one person for ten council members. Additionally, local governments in which the number of residents exceeds one hundred thousand elect one representative for each one hundred thousand residents. Local governments elect their representatives to the congress proportionate to the number of seats won by each political party in local council elections.

The decision-making bodies of the association are the congress, the council (comprised of mayors and the president of the association), the board (comprised of the president, two vice-presidents and mayors of local governments that coincide with county centers), the revision commission and the administration headed by the administrative director. The board supervises a number of committees established to address specific issues such as economy; budget and finance; education, culture, sports; et cetera.

The law indicates that the Association of Local Authorities of Lithuania represents local governments in the Seimas, in relations with the president and government and in international organizations. Recent amendments to the Law on Local Self-government (adopted 23 January 1997) stipulate that all drafts of laws and other legal acts related to local government activities should be coordinated by the ALA. However, one question that has been raised is if the administrative capacities of the association are sufficient to cope with all these issues and to defend effectively the interests of local governments. Algirdas Astrauskas, assistant to the president, noted in a recent publication that the association currently lacks sufficient professionalism and has less influence on the government than other interest groups.¹⁰

Other associations and organizations representing local governments and counties may also be established, but legislation does not stipulate their activities.

Local governments often join efforts when dealing with:

- construction and infrastructure;
- urban development and planning of territories in each other's proximity;
- issues related to the implementation of services provided to the population.

Legislation does not regulate cooperation between Lithuanian local governments and their counterparts in foreign countries, but municipalities attach great importance to international collaboration. International relations departments exist in all cities and in many district municipalities. The ALA represents the interests of its members to foreign local authorities and international organizations and helps local authorities to cooperate with foreign partners. A goal of the association is the implementation of the provisions of the European Charter of Local Self-government. It works in concert with sister organizations in Denmark and Sweden and receives financial support from foreign partners and various international programs, including the EU Twinning Cities Program, ECOS/Ouverture and PHARE.

Some current partnerships were established during the communist era, when cooperation with other East European countries and soviet republics was encouraged (sixteen Lithuanian municipalities have agreements with Polish towns). The priorities of such partnerships have shifted to the implementation of joint projects in social care, water purification and tourism. Cross-border cooperation between neighboring districts of Lithuania, Poland, Russia, Latvia and Belarus is a new phenomenon. Additionally, the Euro-region "Nemunas" and consequently the Council of Cross-border Cooperation were established, involving neighboring regions of Lithuania, Latvia and Belarus. The main goals of this council are to develop common strategy to address environmental protection and social services.

Many Lithuanian municipalities have concluded bilateral agreements with neighboring countries, especially with Poland and Germany. Cooperation with Scandinavian countries is also increasing. To give some examples of effective cross-border cooperation in Lithuania, the Utena municipality negotiated a project with the Lindshopping municipality in Sweden to address care of the elderly and the disabled. Pasvalys was the first town in Lithuania to participate in the Elderly Care Center project, which was initiated with partners from Denmark, Sweden and Norway. The Kaunas region participates in the Forest for Mercia project, which aims to develop an international network to support the efficient use of forest resources. The region also participates in tourism projects such as East-West Know-How with Papst Erlebniswelt, Austria, and Tourism in Large Cities and Capitals with Potsdam-Mittelmark, the Dacorum borough and Riga. The Kretinga region has jointly founded a business development center with Bornholm county, Denmark.

New relationships with "nontraditional" countries, such as the United States, France, Italy, Taiwan, Greece and Japan, have been developed. For instance, the Zarasai municipality has an agreement with Di Amasen, Italy on the preparation of joint tourism development programs, training programs for municipal officers and education and health care improvement.

Partners in foreign countries are selected according to common size and interests.

Great attention is given to the exchange of information and experience, training for municipal officers, education and cultural projects. In new agreements signed by Lithuanian municipalities with foreign partners special attention is paid to local government reform and cooperation in the fields of financial policy, decision-making processes and public administration.

4. Local Administration, Service Provision

4.1 Structure and Operation of Local Administration

Local government administration is divided into various structural units such as departments, divisions, agencies and subdivisions. In addition, there are a number of divisions subordinate to the local government administrator, including the secretariat; language control service; accounting office; and personnel, information technology, economic, public order, foreign affairs and civil protection divisions. For example, in the administration of the urban local government of Vilnius, there are six departments that are further divided into divisions and subdivisions. Its departments address economics, energy and urban economy, culture and education, urban development, health care and social security and legal affairs. The economics department, for instance, consists of six divisions: privatization, budget and finance, real estate, economic development, services and tourism. Most are further divided into subdivisions. For the complete structure of units in Vilnius, see figure 4.2. In small local governments, such as the rural local government of Tauragė, there are no departments in the administration.

Employees of local governments are differentiated as elected officials (such as the mayor, the deputy mayor, members of committees and commissions), “A” level officials (such as local government controllers and their deputies, chief executives of neighborhoods and others whose task is to assist politicians in carrying out their functions) and “B” level officials (in fact, most of employees of local government administration). Besides politicians and officials, civil servants comprise the remainder of local government personnel, such as teachers in schools, nurses in hospitals and employees of various companies providing services for residents.

“A” level officials are appointed by elected officials for the latter’s term of office; thus, their own tenure expires when the elected official steps down. The tenure of office of “B” level officials, according to the law, does not expire in this manner. They may be dismissed due to a lack of qualifications, the restructuring of the respective agency or local government or if they openly oppose state policy in the media or during political or public events. Political considerations may also influence the decision to dismiss certain “B” level officials. In such cases, officials often agree to leave their offices on the basis of mutual agreement with the local government.

County administrations do not have elected officials. The county governor and deputy county governor are appointed by the government for its tenure of office and thus are “A” level officials.

Advisors to the county governor and other officials whose appointment is made by the county governor also belong to this category.

The county governor usually is dismissed after parliamentary elections, when the composition of the government changes. “B” level officials of the county may be dismissed on the same grounds as those of local governments. In practice, about fifty percent of “B” level county officials were replaced after the last parliamentary elections

The system of civil service is presently under reform. In accordance with the draft law, civil servants will be divided into categories (career officers, civil servants whose appointment is conditional upon political or personal trust, public governors and acting civil servants), three levels, depending on the minimum level of education necessary for the position, and thirty categories.

In local government administration, the council, board and mayor have decision-making power. Local government administrators may also issue binding decisions; they are entitled by law with the agreement of the mayor to appoint and dismiss heads, deputy heads and administrative employees of units of local governments.

The main task of local government administration is to implement decisions of the council, mayor and board, as well as to provide technical services for them. The structure and regulations of local government units are subject to council approval, and the number of personnel and level of remuneration are subject to the mayor’s or board’s approval. The council, mayor and board are required to observe laws and government decrees.

The board controls the activities of structural units through the mayor and the administrator, and the activities of local government enterprises and institutions through the heads of the respective administrative units in charge of supervising them.

The functions of local government units vary depending on the structure chosen by the council. Respective divisions supervise companies and institutions (joint stock companies, schools, cultural institutions, et cetera) that are run by the local government. For example, in the urban local government of Vilnius, the energy and state housing division is in charge of a number of companies providing and maintaining heat and water supply; the urban economy division supervises companies providing public transport and services such as street lighting; the education division supervises kindergartens, primary and secondary schools and clubs for youth; the cultural division manages libraries, museums, cinemas and other cultural establishments; the physical culture and sports division supervises sporting academies, clubs and other related institutions; the health care division manages hospitals and clinics.

The Law on State and Local Government Enterprises regulates local government institutions. In accordance with this law, local government enterprises have the status of legal persons. Their

liability is limited to the management of their own property; they are not liable for the obligations of local governments. The local government, by council decision, may assign enterprises specific mandatory tasks, fix prices and tariffs, establish their offices of administration and appoint their employees.

4.2 Control, Audit and Supervision of Local Governments

According to the Law on Local Self-government, the council elects a controller by secret ballot for its term of office. The controller must be a citizen of the Republic of Lithuania who has a higher education. The controller supervises the use of municipal budgetary funds and the legitimacy, expediency and effectiveness of the use of municipal property and state property entrusted to the local authority.

The main problem related to activities of the controller is a lack of independence from the local government council. The council may dismiss the controller by a majority vote on proposal of at least one-third of the councilors. Although the controller is accountable to the council and not to the executive, this position is generally not considered independent. Rather, independent auditing companies should conduct both internal and external audits of local governments.

There are two control institutions subordinate to the Seimas: the ombudspersons and the state controller, whose activities are regulated by the Law on Seimas Ombudsmen of 1 November 1994 and Law on State Control of 30 May 1995. The ombudspersons investigate citizens' complaints concerning abuses of power or prohibitively bureaucratic activities of the following officials: employees of the institutions of the state government and administration, employees of local government councils and their departments and persons whose duties affect the performance of organizational, gubernatorial or administrative functions. The ombudspersons may request that local government institutions abrogate, suspend or amend decisions that conflict with laws and legal acts. They also may request the imposition of disciplinary penalties on local government officials or bring to court requests to abrogate a disputable decision.

The State Control Office supervises the legal and effective use of state property, the fulfillment of the state budget and financial discipline of state institutions. While performing its functions concerning local self-governments, the State Control Office determines if local authorities are using state funds appropriately and efficiently and, if necessary, evaluates municipal budget performance and the economic and financial activities of municipal offices and enterprises.

Initially, supervision over the legality of local government activities was conferred on the government representative, in accordance with the Law on the Government Representative of 1 July 1993. Later, however, this position was abolished. In accordance with the Law on Amendments and Supplements to the Law on County Management and the Abrogation of the Law on Government Representative (25 February 1997), these functions were transferred to

the office of county governor. However, the constitutional provision on representatives of the government was not repealed. As a result, on 14 May 1998 the Law on Administrative Supervision of Local Governments was adopted by the Seimas, which reestablished the institution of government representatives.

In accordance with recent legislation, government representatives, who are appointed by the government, carry out the administrative supervision of local governments. Their scope of supervision includes ascertaining if local governments are observing the constitution and the law and if they are implementing government decrees. One government representative is appointed for each county, who is entitled to supervise the local governments in the territory of that county.

If the government representative decides that a decision of a local government council, board or controller or an order of a local government administrator or chief executive of a neighborhood is in conflict with the requirements provided by law or government decree, he/she may require the head of the relevant local government institution to suspend the act in question and to discuss its amendment or abrogation. The government representative may also require the local government council, board or mayor to implement a law or government decree. Decisions of government representatives may be repealed in court.

The Seimas in accordance with the constitution and the Law on Temporary Direct Governing of Urban and Rural Local Governments temporarily may introduce direct governance in the territory of a local government. The latter foresees six occasions in which direct governance may be introduced: (1) when local government institutions threaten the integrity of constitutional order; (2) when courts establish that the local government council does not observe the constitution or violates the law; (3) when the local government council does not elect the mayor, deputy mayor and local government institutions within the specified period; (4) when the local government council does not convene or does not meet three consecutive times, in accordance with the Law on Local Self-government;¹¹ (5) when the mayor and the local government council do not observe the requirements of article 3.9 of the Law on Local Self-government;¹² and (6) when the results of repeated elections to local government councils are invalidated. In such situations, temporary direct governance may be introduced by the Seimas upon recommendation of the government. The period of direct governance lasts only until regular elections to local government councils are held.¹³

4.3 Local Service Delivery

Local governments are charged with providing services in the fields of education, social security, health care, culture and leisure and communal economy.

In the field of education local governments establish, reorganize and abolish primary and secondary schools, as well as appoint and dismiss, with the approval of the Ministry of Education and the

county governor, the heads of these institutions. They also approve the regulations of educational institutions, ensure their functioning and maintenance, administer the registration of children under the age of sixteen and organize transport to school for children in remote areas.

The functions of local governments concerning social security focus on providing social services and benefits. Local governments may also engage in social care if they have adequate material resources. Generally local governments establish, reorganize and abolish local government institutions in charge of social services and regulate the activities of social service providers. Local governments also collect and analyze data on persons who are in need of social support, administer their registration and establish the scope and methods of assistance.

Concerning health care, local governments manage primary health care centers, clinics and ambulance services, centers of psychological health and a number of other public health institutions. Local governments also organize health control.

In the field of culture and leisure local governments manage libraries, museums, cinemas, theaters and other cultural establishments. Since such institutions may be subordinate to various central, regional and municipal organs, local governments are responsible only for those that they establish. However, they may not reorganize or abolish such institutions without the permission of the Ministry of Culture.

Concerning economic issues, local government services provide communal services such as water, gas, electricity and heating supply; waste collection and treatment; and administration of engineering networks. These services may be provided by both state and local government enterprises, joint-stock companies, private and nonprofit companies, et cetera. Local governments also address public transport, construction and maintenance of local roads and various construction projects.

Specific divisions of the local government administration handle residents' requests and monitor certain services. For instance, in the urban local government of Vilnius requests for compensation for illegal deportation and applications for financial concessions are handled by the budget and finance division; licenses for registration of residences and for commercial activities are handled by the division of economic development; issues related to water supply and heating are addressed by the energy and urban economy department; licenses for retailing alcoholic beverages are granted by the division of trade and services; social support for pensioners, the handicapped and large families is provided by the health and social care department.

County administrations are also involved in service delivery, though to a much lesser extent. They primarily address services that bear a regional dimension, such as the administration of certain educational and cultural institutions, maintenance of regional roads, et cetera. The only functions that are specifically ascribed to county administrations are agricultural issues and construction inspection; institutional structures are established specifically to address these issues.

As previously mentioned, some local services may be provided by the private sector. The process of privatizing some heating supply facilities is presently under consideration, but it most likely will be limited in scope and will include small-scale units. Some sectors of public transport have been privatized, but the majority of public transportation services still are provided by local governments. Generally speaking, privatization of local services should be carefully implemented to avoid the creation of monopolies.

There are no specific legal restrictions on the privatization of local services, but local governments manage a number of companies specifically designated for such service provision that would not be able to function without local government support. Local governments have the right to privatize up to thirty percent of their shares in such companies.

5. Local Finance, Economic Development

5.1 Revenue

Local government revenues generally consist of tax revenues, nontax revenues and grants. The first includes:

- personal income tax, after mandatory health insurance is deducted;
- land tax, tax on renting state land and use of state water reservoirs for commercial or amateur fishing;
- tax on real estate of enterprises and organizations;
- stamp duties;
- tax on the use of marketplaces;
- inheritance and donations tax;
- other minor taxes established by law.

Nontax revenues include:

- revenues received from municipal property;
- fines and revenues from the sequestration of property;
- local duties;
- revenues from the services of local government budgetary institutions;
- interest on funds in current accounts;
- revenues from nonagricultural state land leased or sold in accordance with established procedures;
- other nontax revenues established by law.

Grants are either general or earmarked. The former include grants for the creation of reserves for unforeseen expenses during the planned budgetary year, for the equalization of tax-related revenues and for the equalization of structural differences in expenditures caused by objective factors that do not depend on local government activities. Loans taken by local governments are also included in local government budgetary revenues.

The most important source of municipal revenues in 1996 was personal income tax (see table 4.2). Revenue-sharing from this tax represented fifty-seven percent of all revenues when transfers are included, and seventy-five percent when transfers are excluded. Transfers from the central government amounted to almost one-fifth of total municipal revenues for 1996. Corporate profit tax was the second most important source of revenue, representing eight percent of the total, followed by taxes on property (land, enterprise assets, and land rental), which represented about seven percent. The remaining income sources were quite small. In 1997 the most notable changes in revenue structure were a decrease in the relative importance of personal income tax, which was down forty-eight percent, and an increase in the relative importance of transfers from the central government, which were up to a third of total municipal revenue.

Table 4.2
Municipal Revenues in Lithuania [%]

Type of Revenue	1995	1996	1997	1998
1. Tax Revenue	69.7	69.3	66.5	73.6
1.1 Taxes on Income Profit and Capital Gain	60.6	60.0	56.5	65.1
Personal Income	49.7	52.5	51.7	65.1
Corporate Profit	10.9	7.5	4.8	0.0077
1.2 Taxes on Immovable Property (land, land rent, immovable property)	6.2	6.2	7.3	6.3
1.3 Other Taxes	2.9	3.1	2.7	2.2
Stamps	2.7	3.0	2.5	2.0
Marketplace	0.2	0.2	0.2	0.2
2. Nontax Revenue	3.2	4.2	4.7	5.3
2.1 State Property Income	0.0	0.0	0.0	—
2.2 Fines and Forfeitures	1.3	1.1	1.2	—
2.3 Loans from Economic Entities	—	—	1.5	—
2.4 Sales of Fixed Capital Assets	0.0	0.0	0.0	—
2.5 Other	1.9	3.1	2.0	—
3. State Budget Loans	0.4	0.1	—	—
4. State Budget Grants	19.7	19.1	16.3	—
5. Other Budget Transfers	7.1	3.4	12.5	—
6. World Bank Loan	—	3.9	—	—
7. Other	2.9	—	—	—
Total	100.0	100.0	100.0	100.0

The composition of local government revenues has undergone major changes over the past five years. These changes mainly reflect the reform of revenue assignments. The importance of shared personal income tax revenues increased, especially after 1995, when municipalities stopped receiving shares of value added tax. In contrast, corporate profit tax has consistently declined as a source of revenue for municipalities; in 1998 it was assigned entirely to the central government.

5.2 Expenditures

As a reference point, municipal expenditures in Lithuania in 1996 exceeded all central government expenditures on the economy and social affairs combined. Over the past six years, however, the relative importance of the local government sector has declined somewhat (by roughly nine percent) in relation to the national and general government consolidated budgets (see table 4.3). The decrease in the relative importance of municipal budgets was pronounced in 1995 and, to an even greater extent, in 1996. Municipal governments now handle expenditures worth about six percent of gross domestic product (GDP)—half the level of the first years of independence. In real terms, both central and local government expenditures declined in the early years of the transition, but, while in recent years real central government expenditures have decreased minimally or actually increased, real municipal expenditures generally have continued to fall. It is difficult to offer a simple, straightforward interpretation of these trends. To some extent, the reduction in the local government share of the national budget reflects a realignment of national expenditure priorities; the Seimas has cut local expenditures more deeply than central government expenditures. During this period, however, there have also been complex changes in the role of the government and the assignment of responsibilities among the levels of administration, and such changes are reflected in these trends.

Table 4.3

Relative Size of Municipal Budgets and National Budget Expenditure in Lithuania

Year	Municipal Budgets/GDP [%]	Municipal Budgets/General Government Total Expenditure [%]
1994	11.2	32.7
1995	11.1	31.8
1996	9.0	28.7
1997	7.6	22.9

Traditionally, the most important component of local expenditures has been the social sector, which includes education, culture and recreation, health and social assistance (see table 4.4). In 1996, social sector expenditures represented four-fifths of total municipal expenditures; education accounted for half of the total, and health care for a little over a quarter. The other major component

of municipal budgets in 1996 was housing and municipal economy, which represented thirteen percent of total expenditures. For 1997 (through July 1), over half of all municipal expenditures were on education alone. The other two most important categories were welfare and housing, each representing approximately one-tenth of overall expenditures. The figures for 1997 reflect the shift of responsibilities for health services from local governments to the state health insurance fund.

Table 4.4
Municipal Expenditures by Sector in Lithuania [%]

Sector	1995	1996	1997	1998
Education	36.3	39.2	48.5	51.1
Health Care and Services	23.1	22.6	5.3	1.2
Social Security and Welfare	8.9	9.6	11.0	11.85
Recreation, Culture and Religious Affairs	3.4	3.5	4.3	5.26
General Public Services	2.9	3.0	4.1	—
Public Order and Safety	0.7	0.5	0.8	—
Expenditure on the Economy	17.7	17.0	18.5	18.9
Other Expenditures	7.0	4.6	7.5	—
Total	100.0	100.0	100.0	89.4

The relative importance of social service expenditures in local budgets has increased throughout the transition. This reflects a change in priorities, especially toward education and health. As real budget resources have decreased over the years, social services have been spared from major cuts. It should be noted, however, that real GDP has declined over the transition period; consequently, real resources spent on the social sectors have also declined. Thus, real expenditures were lower in 1996 than in 1992.

Both the municipal and central governments spent approximately one-tenth of their budgets on capital expenditures and the rest on current expenditures (see table 4.5). The share of capital expenditures recorded an increase in 1996 from the level of the transition years. Capital public expenditures as a percentage of GDP were low; however, they were quite inadequate given the postponed investment in infrastructure over the five-year period. The main items of current expenditures were wages and salaries (including social security contributions) and subsidies and transfers. Wages and salaries represented a third of total municipal government expenditures in 1996 and a quarter of central government expenditures. The difference is largely explained by the greater responsibilities of municipalities in the area of social services, which tends to be labor-intensive. Concerning subsidies, the largest amounts were allocated to fuel and energy at both levels of government, closely followed by transport and communications.

Table 4.5
Classification of Expenditures of Municipal Governments in Lithuania [%]

Expenditure Type	1995	1996	1997	1998
Current Expenditure	84.9	89.6	87.9	86.2
Wages and Salaries, Social Security Contributions	41.7	46.3	47.1	—
Subsidies and Other Transfers	12.1	13.5	15.1	—
Transfers to Households	7.4	8.4	10.6	—
Capital Expenditure	14.5	9.3	9.2	11.0
Loans (not including repayments)	0.0	0.1	0.1	—
Loans Repaid with Government Guarantees	—	—	2.8	—
Transfers to the State Budget	—	1.0	—	—
Repaid Loans to the State Budget	0.6	—	—	—
Total	100.0	100.0	100.0	97.2

5.3 Taxes

Law regulates all taxation; municipalities may not introduce their own taxes. According to the Law on Local Self-government, the council establishes local duties in accordance with procedures established by the Law on Local Duties (6 June 1996). Local government can establish local duties within the territory of the municipality only on:

- excavation and fencing of public spaces and traffic limitations;
- trade and services in public spaces;
- commercial advertisements in and on municipal property;
- public parking and entrance to protected areas.

Local duties comprise part of the nontax revenues of the municipality.

5.4 Municipal Borrowing

According the Law on Local Self-government, the local authority has the right to use bank credits and borrow and grant loans. No explicit limits are placed on the level of borrowing; however, there also are no provisions for bankruptcy and defaults, collateral provisions or using municipal assets to guarantee the repayment of loans.

The Law on Methodology for the Establishment of Local Government Budgetary Revenues of 2 July 1997 stipulates that the central government can issue loans to offset temporary shortages in municipal budgets. This practice is already being utilized: the central government has provided financing for municipal bridge construction at zero interest. Other than these short-term loans, municipalities rarely have engaged in borrowing; commercial bank loans have been used on a small scale.

Municipal credit limitations were established in 1998. Annual debt cannot exceed ten percent of the annual budget, and general debt, twenty percent. These limitations and the equalization system in fact prevent the introduction of an independent capital investment policy.

5.5 Local Economic Development

All municipalities are responsible for economic development, but few actually implement such plans. One of the main detriments is uncertainty regarding revenue sources.

As recognized by municipalities themselves and international experts,¹⁴ economic efficiency and political accountability at the local level in Lithuania could be enhanced greatly by allowing local governments discretionary revenue authority. At the moment municipalities have the right to exempt enterprises from local land rent and local land and real estate taxes, but they do not have the right to increase any tax.

Trends in economic development planning can be exemplified by the capital city of Vilnius.¹⁵ A current objective is the separation of municipal property from state property. Only once this has occurred will it be possible to maintain an appropriate inventory and ensure effective management. Such property can provide considerable municipal income. The city also strives to improve the economic situation and expand economic activity through conventional methods: creating an environment favorable to business through the development of clear procedures for obtaining project approval, issuing permits and acquiring real estate; promoting economic opportunities; and developing the social, technical and recreational infrastructure. The city also plans to sell trade and service companies, which are included in the national list of to-be-privatized properties.

All municipal enterprises that provide public services are registered as joint limited liability enterprises. Some of them are classified as special enterprises, which can privatize up to thirty percent of their shares to the year 2001. Municipal enterprises are not the only institutions that may provide public services; funding for special tasks is allocated through open tenders, which can be won by any company—private or municipal. The process of privatization must be accomplished carefully and logically, taking into consideration the following:

- avoidance of monopolies;
- assurance that services for socially supported persons are addressed;
- creation of fee policies that are regulated by municipal councils before privatization;
- financial stability and accountability of enterprises to be privatized.

6. Next Steps in Transition Process

The second stage of territorial administrative reform foresees the creation of additional local governments, increasing the number from fifty-six to ninety-three. This stage will be conducted in two steps. The first will be completed before the local council elections in the year 2000. During this step, six local governments will be abolished and seventeen new local governments will be established. At the end of this process, the number of local governments will increase to sixty-seven. The second step will be completed before the 2003 elections; the remaining planned local governments will be established during this period.

The key factors driving reform are (1) increasing resident participation in managing local affairs and (2) increasing access of residents to local government administrative institutions. As far as the latter is concerned, it is noteworthy that, on the basis of 1996 statistical data, there were only nine local governments in Lithuania with populations under thirty thousand. In twenty-four local governments this number was between thirty and fifty thousand; in thirteen, between fifty and seventy thousand; in five, between seventy and one hundred thousand; and in five, over one hundred thousand. The size of municipal territories varies from 9 square kilometers in the urban local government of Visaginas to 2,412 square kilometers in the rural local government of Varena. Generally, however, there are only four rural local governments (out of forty-four) with territories less than one thousand square kilometers.

Therefore, the intention to increase the number of local governments and thus decrease their size is rational. In comparison with other European countries, Lithuanian local governments are among the largest. Residents are inconvenienced by travelling long distances to local government administrative centers in order to obtain various documents or to arrange consultations. An alternative solution, however, is to increase the competencies of neighborhoods. It is currently a point of debate if changing the current institutional structures will achieve the goals stated.

At the end of 1997 and in 1998 a number of steps were taken: the typical organizational structure of the county governor's administration was approved; the program for transferring territorial functions of ministries, departments and other central government institutions to counties and local governments was prepared; and amendments to the Law on County Management were drafted. It is foreseen that amendments to the Law on Local Self-government will be adopted by the first quarter of the year 2000 aimed to clarify the functions of local government institutions and transfer more economic functions to the executive authorities. The introduction of direct election of the mayor by residents is also under consideration, as are plans to draft a law regulating the control of local government budgets.

In the field of general public administration, a new Law on Civil Service is likely to be adopted, which will introduce a reclassification of officials. The new Law on Public Administration will define the scope of public administration and establish the basic principles of procedures concerning relations between residents and public administration institutions.

In discussions about administrative reform, specific principles have emerged. The government should extend the rights of municipalities, and government decisions on local issues should be negotiated with the Association of Local Authorities of Lithuania and take into consideration the availability of financial resources. In this way, the involvement of municipalities in decision-making will be increased. In the most recent budget approval process, ALA proved that it was an effective body in representing self-government issues. Transparency of municipal activities and increased involvement of citizens, nongovernmental organizations and other interest groups in the decision-making process are also desirable.

Publications on Local Government in Lithuania (in English)

Astrauskas, A. *The System of Local Self-government in Lithuania in 1990-1997*. Copenhagen: 1997.

Browning, E. K. and J. M. Browning. *Public Finance and the Price System*. Englewood Cliffs, N.J.: Prentice Hall, 1994.

“Conference of European Ministers Responsible for Local Government: Local Finance in Europe” (Basic report). Strasbourg: Council of Europe, 1996.

“Conference of European Ministers Responsible for Local Government: Follow-Up to Previous Conferences.” Strasbourg: Council of Europe, 1996.

“Conference of European Ministers Responsible for Local Government: Local Finance in Europe (Report Prepared by the Congress of Local and Regional Authorities in Europe).” Strasbourg: Council of Europe, 1996.

Department of Statistics, Government of the Republic of Lithuania. *Government Finance of the Republic of Lithuania*. Vilnius: 1995; 1996; 1997.

Kozlovas, Kostas. “Activities of the New Economics Department.” *Vizija* (Newsletter of the Canadian Urban Institute, Program Lithuania) 8 (1997): 4.

Lapinskas, K. “Local Government and Public Administration in Lithuania: First Results of Reform.” *Politologija* 1 (1995): 124-134.

National Seminar on Fiscal Decentralization Initiative: Proceedings of the Lithuanian Needs Assessment Seminar. Vilnius: 1996.

Puteikis, A., A. Astrauskas, A. Brazas, and A. Gyls. “Report on the System of Local Self-government in Lithuania.” Paper presented at an international seminar in Druskininkai by the Ministry of Public Administration Reforms and Local Authorities, Vilnius, 1996.

World Bank. *Lithuania: An Opportunity for Economic Success*. Washington, D.C.: 1998.

Contacts for Further Information on Local Government in Lithuania

Ministry of Public Administration Reform and Local Authorities

Address: Gedimino Ave. 11, 2039 Vilnius, Lithuania

Phone: (370-2) 62-85-18

Fax: (370-2) 22-73-51

Association of Local Authorities of Lithuania

Address: Gedimino Ave. 24, Vilnius, Lithuania

Phone/Fax: (370-2) 61-60-63

Notes

- ¹ The authors would like to thank the following specialists for their valuable input and guidance: Dalia Bardauskienė and Juratė Raugalienė, Canadian Urban Institute (“Forms of Direct Democracy” and “Public Participation in Decision Making” sections); Vanda Laiconienė, Vilnius municipality (“Local Finances, Economic Development” section); Gediminas Rainys, Vilnius municipality (“Local Service Delivery” and “Local Finance, Economical Development” sections); Rolandas Kvietkauskas, Open Society Fund-Lithuania (contacting different organizations and collecting data, preparing major general indicators). Special thanks are due to the Ministries of Education and Science, Social Security and Labor, and Health Care.
- ² Independence was restored on 11 March 1990.
- ³ S. Kropas, “Vietos savivaldos bruožai Lietuvoje atkurus Nepriklausomybę” (The features of local self-government in Lithuania after the restoration of independence), *Savivaldybe* 1–2 (1993): 16.
- ⁴ S. Vaitiekunas, “Busimasis Lietuvos administracinis-teritorinis padalinimas: butinybė ar užgaida” (The future territorial administrative set-up in Lithuania: Necessity or caprice), *Savivaldybe* 1–2 (1993): 36–39.
- ⁵ One more local government (the urban local government of Visaginas) was established later.
- ⁶ Gediminas Rainys, director of the Department of Economics of the Vilnius City Municipality, provided this information.
- ⁷ See section 4.2 for more on government representatives.
- ⁸ The Law on Local Self-government prescribes that: “The mayor and deputy mayor may not hold any other elected or appointed office, work in any other state or private enterprise or receive any other salary, with the exception of payment for creative activities.”
- ⁹ This problem is discussed in A. Astrauskas, *The System of Local Self-government in Lithuania in 1990–1997* (Copenhagen: 1997).
- ¹⁰ A. Astrauskas, *The System of Local Self-government in Lithuania in 1990–1997* (Copenhagen: 1997), 15.
- ¹¹ The Law on Local Self-government stipulates that the local government council must convene within two weeks of the announcement of election results.
- ¹² The Law on Local Self-government stipulates that: “The mayor and deputy mayor shall be directly responsible for exercising the powers delegated by the State. If the mayor or deputy mayor fails to exercise or poorly exercises the powers delegated by the State, the Government shall inform the council about this, and shall warn the said officers as well as

establish the term for addressing the shortcomings. If the shortcomings are not addressed within the established time, the Government shall appeal to the council with a directive to dismiss the mayor or deputy mayor. The Government appeal must be considered at a council sitting within two weeks. If the council does not dismiss the mayor or deputy mayor, the Government shall appeal to the Seimas for the introduction of direct rule.”

- ¹³ The central authorities have declared direct rule a number of times. Most, however, related to insufficient participation in local elections. There were two cases when local government councils were dismissed and direct rule was introduced on other grounds. On 12 September 1991 parliament adopted a decree whereby direct rule was introduced in the local governments of Vilnius and Salcininkai for six months and in the settlement of Snieckus for one year. The decree was based on the Law on Temporary Direct Governance in Administrative Territorial Units of 17 December 1990. The reason for introducing direct rule was related to anticonstitutional activities of the respective local governments during the transitional period between March 1990 when independence was declared and September 1991 when it was actually recognized, and to “actions of the officers of Salcininkai and Snieckus councils that support[ed] the coup organizers in the former Soviet Union and Lithuania 19–21 August 1991.”

On 15 April 1993 parliament also dismissed the council of the urban local government of Vilnius (the capital). The chair of the council, his deputy and the mayor and his deputy were dismissed and the direct rule was introduced. The decree was suspended on 29 April 1993 due to support from the president, and the council of Vilnius was given the opportunity to correct its mistakes. Nevertheless, on 17 September 1993 the decree was reinstated, dismissing the council, and new elections were held 28 November 1993.

- ¹⁴ World Bank, *Lithuania: An Opportunity for Economic Success*, vol. 2, *Analytical Background*.
- ¹⁵ Kostas Kozlovas, “Activities of the New Economics Department,” *Vizija* (Newsletter of the Canadian Urban Institute, Program Lithuania) 8 (1997): 4.

Annex 4.1

Major General Indicators

Total area	6,530,100 square kilometers
Population density	56.8 per square kilometer
Population	3,707,200
Pensioners	879,800
School-age children (eighteen years old and under)	959,000
Major ethnic divisions (1997)	
Lithuanians	81.6 percent
Russians	8.2 percent
Poles	6.9 percent
Belarusians	1.5 percent
Ukrainians	1.0 percent
Jews	0.1 percent
Other	0.7 percent
Per capita GDP	
At current prices	2,127.50 USD
At constant prices (base 1993)	762.50 USD
National debt	USD 1,203.65 million (in foreign currency) USD 624.775 million (in national currency)
Unemployment rate	6.2 percent of labor force (124,500)
Inflation rate	13.1 percent

Table 4A.1
General Government Finances in Lithuania, 1997 [in USD thousands]^a

	General Government	National Budget	State Social Security Fund Budget	Compulsory Health Insurance Fund Budget	Extrabudgetary Funds
Revenue	3,108,730	2,059,369	857,810	327,340	282,503
Expenditure	3,153,564	2,153,107	865,259	300,631	252,858
Surplus/Deficit	-44,834	-93,738	-7449	26,709	29,644

- a. Consolidated general government revenues and expenditures are calculated excluding intragovernmental transactions among the national budget, state social security fund, compulsory health insurance fund, extrabudgetary funds (received and transferred) and government cash balance from previous years.

Annex 4.2

Population, Settlements and Administrative Units

Table 4A.2
Size of Counties by Population in Lithuania, 1996

Population	Number of Counties	% of Total
0–200,000	3	30
200,000–500,000	5	50
500,000+	2	20
Total	10	100

Smallest county—Taurage, 130,100 residents

Largest county—Vilnius, 897,900 residents

Average number of people in a county—371,200

SOURCE: *Lithuanian Department of Statistics.*

Table 4A.3
Size of Municipalities by Population in Lithuania, 1996

Population	Number of Municipalities	% of Total
0–30,000	9	16
30,000–50,000	24	43
50,000–70,000	13	23
70,000–100,000	5	9
100,000+	5	9
Total	56	100

Smallest municipality—Neringa town, 2,600 people

Largest municipality—Vilnius city, 573,200 people

Average number of people in a municipality—66,300

SOURCE: *Lithuanian Department of Statistics.*

Table 4A.4
Government Administrative Personnel in Lithuania, 1998

Type of Institution	Number of Administrative Posts
Chanceries of the Seimas, President and the Government	743
Institutions Subordinate to Parliament and to the Government (departments, committees, boards, inspections, offices)	1694
Ministries	2,209
Institutions Subordinate to Ministries (research centers, departments, boards, offices, inspectorates)	2,596
State Tax Inspection and Territorial Subdivisions	3,492
Customs Department and Territorial Subdivisions	2,907
Administrations of County Governors	3,704
Local Governments (local authorities)	7,648

Figure 4A.1
Administrative Map of Lithuania



Annex 4.3

Major Laws on Public Administration and Local Government

The following laws regulate public administration and local government in Lithuania (presented in order of adoption; dates of adoption and amendment are given in brackets):

- Law on Budgetary Structure (adopted 30 July 1990, amended 24 September 1992, 19 November 1992, 12 October 1993, 14 February 1995, 23 May 1995, 31 October 1995, 14 May 1996, 6 June 1996, 5 June 1997, 2 July 1997, 2 December 1997)
- Law on Temporary Direct Governance in Administrative-Territorial Units, I-891 (adopted 17 December 1990)
- Decree of the Supreme Council "On Direct Rule in Rural Local Governments of Vilnius and Salcininkai and in the Settlement of Snieckus, Ignalina Region" (adopted 12 September 1991)
- Constitution of the Republic of Lithuania (adopted 25 October 1992, amended on 20 June 1996 and on 12 December 1996)
- Seimas Decree "On the Dismissal of the Vilnius Council and on Measures to Improve Order in Local Governments," I-127 (adopted 15 April 1993)
- Seimas Decree "On the Suspension of Validity of Seimas Decree of 15 April 1993 'On the Dismissal of the Vilnius Council and on Measures to Improve Order in Local Governments,'" I-143 (adopted 29 April 1993)
- Seimas Decree "On The Dismissal of the Vilnius Council and on Measures to Improve Order in Local Governments," I-127 (adopted 28 November 1993)
- Law on Local Self-government (adopted 7 July 1994, amended 4 April 1995, 5 July 1995, 14 September 1995, 14 March 1996, 28 March 1996, 7 May 1996, 23 January 1997, 25 February 1997, 3 June 1997, 24 June 1997, 6 November 1997, 14 May 1998, 17 November 1998)
- Law on Elections to Local Government Councils (adopted 7 July 1994 and amended seven times since)
- Law on Governing of the County (adopted 15 December 1994, amended 4 April 1996, 30 May 1996, 12 December 1996, 25 February 1997, 24 June 1997, 16 October 1997, 21 October 1997, 15 October 1998)
- Law on State and Municipal Enterprises (adopted 21 December 1994, amended 27 April 1995, 25 June 1996, 2 July 1997, 9 December 1997)
- Law on Territorial Administrative Units and Their Boundaries (adopted 19 July 1994, amended 14 September 1995, 26 June 1997)

- Law on the Status of Local Government Councilor (adopted 27 February 1995)
- Law on Temporary Direct Rule in Urban and Rural Local Governments (adopted 28 March 1995, amended 13 March 1997, 29 May 1997)
- Law on Basic Regulations of the Association of Local Authorities of the Republic of Lithuania (adopted 28 March 1995)
- Law on Officials (adopted on 4 April 1995, amended 30 May 1996, 20 August 1996, 16 January 1997)
- Law on Administrative-territorial Units and Their Boundaries (adopted on 19 July 1995 and amended twice since)
- Law on Territorial Planning (adopted 12 December 1995, amended 26 June 1997, 7 October 1997)
- Law on Local Duties (adopted 6 June 1996, amended 7 April 1998)
- Law on Methodology for the Establishment of Local Government Budgetary Revenues (adopted 2 July 1997, amended 2 December 1997)
- Law on Administrative Supervision of Local Governments (adopted 14 May 1998)

Annex 4.4

Responsibilities of Administrative Tiers

Table 4A.5
Functions of Local Government Tiers in Lithuania

Functions	Municipalities (alone or in cooperation, esp. in associations)	Regional/ District/ or Urban Govern- ments	Central Government or State Territorial Adminis- tration	Other Government	Remarks
I. EDUCATION					
1. Preschool	X	X	X		all governmental institutions (municipalities, counties, Ministry of Education and Science) can establish educational institutions
2. Primary	X	X	X		preschool institutions, primary and secondary schools are the municipality's responsibility
3. Secondary	X	X	X		
4. Technical	X	X	X		
5. Other	X	X	X		
II. SOCIAL WELFARE					
1. Nurseries	X		X		
2. Kindergartens	X		X		
3. Welfare Homes	X	X			can be private or affiliated with religious organization
4. Personal Services for Elderly and Handicapped	X				
5. Special Services (for homeless, families in crisis, etc.)	X				
6. Social Housing	X				
7. Other					

Table 4A.5 (continued)
Functions of Local Government Tiers in Lithuania

Functions	Municipalities (alone or in cooperation, esp. in associations)	Regional/ District or Urban Governments	Central Government or State Territorial Administration	Other Government	Remarks
III. HEALTH SERVICES					
1. Primary Health Care	X				
2. Health Protection	X				
3. Hospitals	X	X	X		can be private
4. Public Health			X		
IV. CULTURE, LEISURE, SPORTS					
1. Theaters	X	X	X		
2. Museums	X	X	X		
3. Libraries	X	X	X		
4. Parks	X	X	X		
5. Sports, Leisure	X	X	X		
6. Cultural Centers	X	X	X		
V. PUBLIC UTILITIES					
1. Water Supply	X				
2. Sewage	X				
3. Electricity				X	by state enterprises
4. Gas				X	by state enterprises
5. Central Heating	X				decentralization is in process

Table 4A.5 (continued)
Functions of Local Government Tiers in Lithuania

Functions	Municipalities (alone or in cooperation, esp. in associations)	Regional/ District or Urban Governments	Central Government or State Territorial Administration	Other Government	Remarks
VI. ENVIRONMENT, PUBLIC SANITATION					
1. Refuse Collection	X				
2. Refuse Disposal	X				
3. Street Cleaning	X				Ministry of Transport and Communication is responsible for intercity roads
4. Cemeteries	X				
5. Environmental Protection	X	X	X		
VII. TRAFFIC, TRANSPORT					
1. Roads	X		X		
2. Public Lighting	X				
3. Public Transport	X				
VIII. URBAN DEVELOPMENT					
1. Town Planning	X				
2. Regional/Spatial Planning	X	X			
3. Local Economic Development	X	X			
4. Tourism	X	X	X		

Table 4A.5 (continued)
Functions of Local Government Tiers in Lithuania

Functions	Municipalities (alone or in cooperation, esp. in associations)	Regional/ District or Urban Governments	Central Government or State Territorial Administration	Other Government	Remarks
IX. GENERAL ADMINISTRATION					
1. Authoritative Functions (licenses, etc.)	X		X		
2. Other State Administrative Matters (electoral register, etc.)	X				
3. Local Police	X		X		
4. Fire Brigades			X		
5. Civil Defense			X		
6. Consumer Protection			X		new law is under consideration

