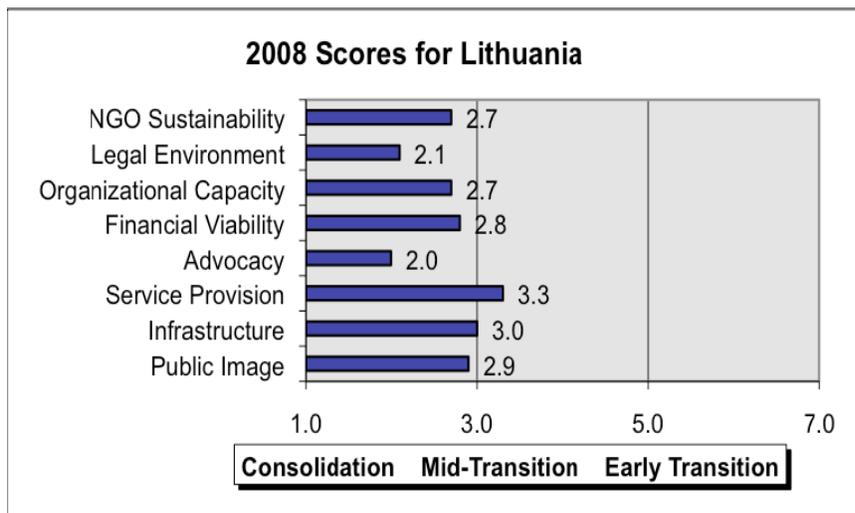


# LITHUANIA



**Capital:** Vilnius

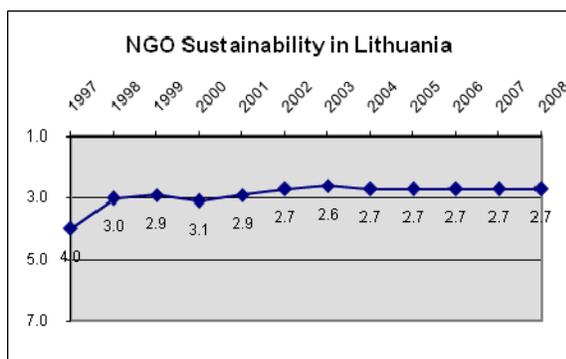
**Polity:** Parliamentary Democracy

**Population:** 3,555,179 (July 2009 est.)

**GDP per capita (PPP):** \$17,700 (2008 est.)

## NGO SUSTAINABILITY: 2.7

The exact number of Lithuanian NGOs is difficult to determine, as statistics are unreliable. Officially, more than 15,000 NGOs exist in the country; however, this number is constantly changing and has a tendency to be inflated. New organizations are added, but defunct organizations are not removed from the registry. Organizations such as hospitals and schools are technically registered as NGOs because of their public benefit status. Consequently, estimates for the last few years range between 13,000 and 15,000 NGOs.



During the past year, NGOs did not manage to achieve the substantive changes that they had hoped for two years ago upon the induction of a new government. Although there was no marked decline within the sector, various civic

movements and NGO associations that started with great ambitions pursued their activities at a moderate pace.

The sector's ability to mobilize itself did not improve, and NGOs failed to seize opportunities provided by the country's growing wealth. Due to weakening organizational capacity, NGOs made occasional splashes in public life but were unable to maintain a steady and purposeful presence. Despite years of receiving foreign donor support, the sector did not fully consolidate its infrastructure gains and improvements in organizational capacity, which left the sector unprepared for donors' departure. At the same time, the public sector did not develop an awareness of its responsibility for the viability of the NGO sector. The lack of organizational capacity keeps NGOs from improving the quality of their work, a necessary condition for broadening their constituencies and ensuring wider public support. NGOs need not only new sources of organizational support, but also inspiration.

Considerable organizational support is potentially forthcoming from the injection of €5.5 million from the European Economic Area/Norwegian Financial Mechanism. The

NGO sector hopes that the new government, which has voiced strong support for the sector,

will open a new window of opportunity to stimulate its growth.

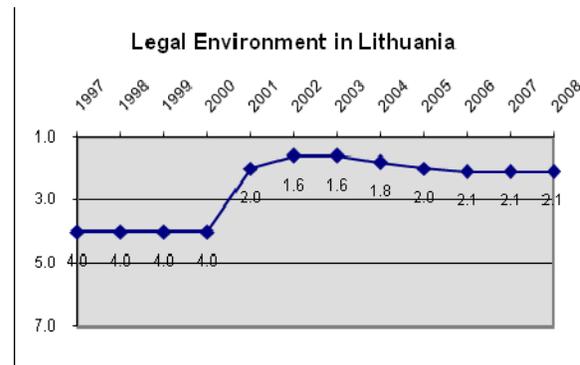
## LEGAL ENVIRONMENT: 2.1

After preparing the Concept Paper on the Development of Lithuanian Non-Governmental Organizations and submitting it to both the government and the public last year, a group of NGOs, led by the Youth Organizations' Council and the NGO Law Institute, took another step forward, registering the Resolution on the Development of Lithuania's Nonprofit Sector in the parliament. The resolution has been signed by the elders of all but one political party.<sup>1</sup> By adopting the resolution, the parliament would be obliged to improve the legal environment for NGOs and define the concept of an NGO. Lack of conceptual clarity has been a serious obstacle in the sector's development. Currently, an organization that has public benefit status is eligible to receive charitable contributions from the 2 percent tax mechanism. One of the sector's primary issues is to narrow the circle of organizations that qualify for this status. Clearly defining the legal terms surrounding each type of organization is a crucial step. The relevant ministries are currently discussing the issue.

The previous government had instructed the Ministry of Interior to expand its functions and establish a structural division of NGO affairs to be the lead agency for state policies related to NGOs. The division had not yet been created before the new government came into power; however, the new government is in the process

of implementing the change. NGOs expect that the new division will greatly help the sector.

After some setbacks due to the financial crisis, a draft Law on Endowments was finalized at the end of the year. The NGO sector is hopeful that the law will be passed in 2009. Although these positive developments may slow temporarily due to the formation of a new government after parliamentary elections, the new ruling majority has emphasized the importance of NGOs and local communities and has strongly voiced its commitment to civil society.



On the negative side, the long-awaited new Law on Public Procurement did not change procurement policies that enable procuring organizations to set qualification requirements themselves. The current requirements are geared toward the commercial sector.

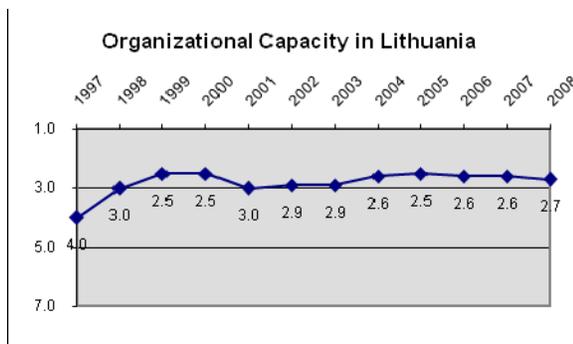
## ORGANIZATIONAL CAPACITY: 2.7

While GDP grew throughout the year, there was little growth in the NGO sector. One of the main reasons that NGOs did not manage to keep pace with other sectors was their lack of organizational capacity. The unavailability of institutional support resulted in NGOs focusing

on projects instead of developing and implementing long-term strategies. Working on a project basis left NGOs with no regular income to pay salaries, so they had minimal staff. Often only the part-time positions of director and accountant are paid positions.

<sup>1</sup> Each political party represented in the parliament has an elder, who is the chief of his/her party's members of parliament and signs documents on their behalf.

Understaffing does not allow for the division of functions within an NGO, nor does it promote the development of an adequately functioning board. The relationship of boards of directors to their NGOs is usually not one of ownership. Administrative heads take the most important financial decisions. It is common practice for a person to establish an NGO to become eligible to apply for project funds and create a workplace for himself and one or two other persons. The director then invites friends to serve on the board pro forma. However, traditional NGOs such as the Boy and Girl Scouts and most associations have a clearly defined management structure, active boards, and set procedures.



Considerable turnover of staff continues to weaken organizations. While several years ago there appeared to be a trend toward the professionalization of NGOs, a job with an NGO is no longer seen as a final goal. A lack of

## FINANCIAL VIABILITY: 2.8

NGOs raised more funds from local sources in 2008. Support from businesses and farmers increased and became more varied. For example, businesses were more willing to donate to different causes, as opposed to supporting only children's and community events. Allocating 2 percent of one's individual income tax to NGOs became a more established practice and generated more income for NGOs than in previous years, especially in the regions.

Nevertheless, these sources could not compensate for the withdrawal of foreign donors and lack of other significant sources of institutional support. The Baltic-American

leaders and competent NGO managers is becoming evident, especially in rural areas.

The government is also concerned about the issue of adequate NGO staffing. Together, NGOs and the government have prepared the National Program for Encouraging Youth Volunteering, which earmarks funds for sustaining the organizational capacities of participating NGOs. The sector expects that this collaboration will soon result in improvements.

NGOs have been developing a more systematic approach to volunteer management. In the past the sector did not value volunteers; however, today the use of volunteers has become quite popular. Many NGOs have volunteers—especially youth—help them with various activities and events. Still, in general, NGOs do not actively recruit volunteers, especially those who might help with office work on a regular basis. The use of long-term volunteers is complicated by tax and legal issues. Many NGOs have consciously decided not to recruit volunteers because they have insufficient staff to manage them, and because they fear that they cannot provide adequate insurance. Those NGOs that do use volunteers on a daily basis are few and are generally organizations that cannot function without them, such as youth volunteer hotlines or food banks.

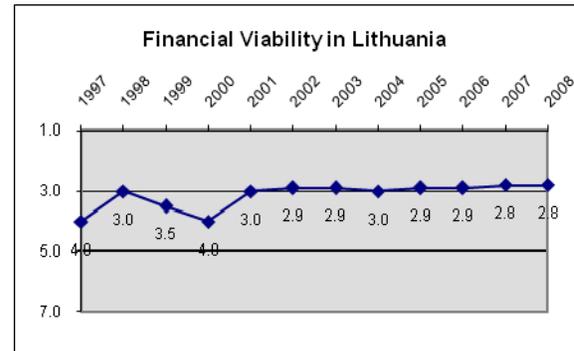
Partnership Fund, which was particularly important for capacity building, ended in December. Whereas previous donors such as the Soros Foundation focused their funds on strengthening civil society during the process of democratization, current donors do not focus on the NGO sector. To receive new funds such as EU Structural Funds and Norwegian Funds, NGOs must compete alongside businesses.

EU Structural Funds remained the most important source of funding for national NGOs. Many organizations would not be able to survive without EU funds; however, access to them is increasingly problematic because of co-funding

requirements. Unlike other governments in the region, Lithuania's government has done nothing to assist NGOs in co-funding EU projects. NGOs must either contribute in kind or get some sort of financial guarantee if they do not have sufficient funds to meet the requirements. This can be extremely difficult for NGOs who wish to apply for EU funds.

NGOs have also experienced difficulties with government-funded programs. Abundant, sometimes overlapping government programs funded by multiple ministries might be of potential interest to NGOs, yet application requirements have impeded their participation. The terms and conditions for governmental support demonstrate that the government does not have a clear understanding of how NGOs work. They also reveal a lack of trust in the sector: NGOs are seen as intermediaries for providing low-cost management of outsourced services. Another problem with governmental programs is unpredictable timing. Sometimes requests for proposals (RFPs) are delayed for months, making it difficult for NGOs to maintain continuing programs. Further,

proposals are often evaluated on the basis of factors not included in the RFPs.



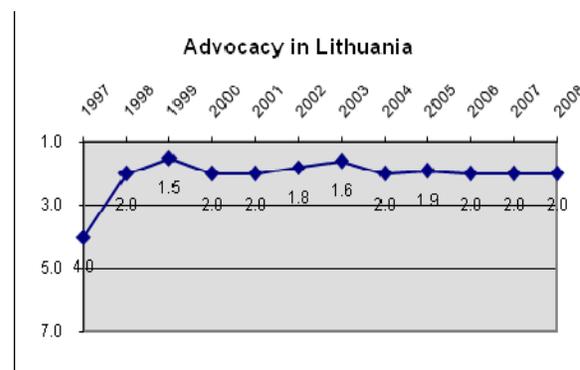
Municipal funding for NGOs grew; however, this did not always serve to strengthen the NGO sector. Local authorities, particularly outside bigger cities, gave support according to political favoritism. In some regions, individuals created new community organizations that were politically acceptable to the authorities in order to access municipal funds, denying funding opportunities to organizations led by people with political views different from the majority on municipal councils.

## ADVOCACY: 2.0

Parliamentary elections in 2008 intensified the lobbying efforts of NGOs. The results have yet to be seen; however, the Homeland Union, which won a large plurality in the parliament and has been entrusted with the lead in forming a new government, has voiced more support for the NGO sector than any previous political party in power.

Apart from election-related political lobbying, NGOs did not systematically engage in advocacy. Advocacy campaigns were inconsistent and dependent on available funds. Several of the more visible advocacy campaigns were funded through the EQUAL program of the European Union, which had a separate budget line item for lobbying and advocacy.<sup>2</sup> Unfortunately, NGOs tended to use these funds

to disseminate information on issues and events related to their causes, as opposed to using them to influence policy. The funds from the EQUAL program could have been used more strategically to bring issues to the policy level.



<sup>2</sup> The EQUAL program focuses on projects that create equal opportunities for marginalized groups.

One of the reasons for ineffective campaigns is that NGOs tend to employ outdated lobbying and advocacy methods. NGOs take part in increasingly popular electronic petitioning campaigns but do not play a central role, and do not use such tools as e-marketing, blogging or organizing flash mobs (a phenomenon in which a crowd gathers very quickly in a public place, stays for a short time to deliver a message, and then disappears). Nevertheless, some organizations conducted campaigns that serve as examples of creative approaches to advocacy. The Lithuanian Human Rights Center organized an extremely successful human rights advocacy campaign, “AD HOC: Uncomfortable Cinema” (“AD HOC: *Nepatogus kinas*”). This festival of documentary films on controversial topics featured free viewings followed by discussions

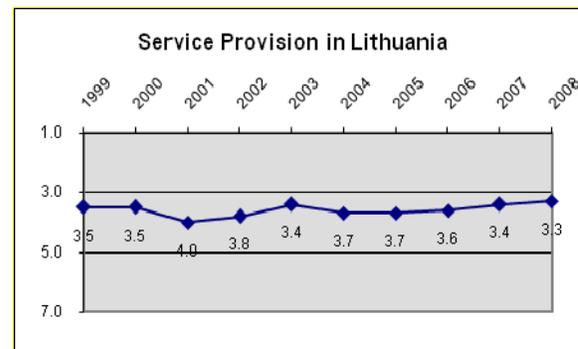
and viewer participation in nominating the best film.

Lithuania has few think tanks, and their role is inadequate. Reputable think tanks in areas such as human rights and the free market actively participate in policymaking. Other areas, such as consumer rights, children’s rights, and poverty, are covered by associations that occasionally engage in lobbying and advocacy, but fail to mobilize broad support. In some areas, like patients’ rights and education, NGOs are very weak. No politically neutral think tanks or centers promote the values of civil society, monitor the work of the government, influence the formation of the national budget, or voice opinions on other important decisions at the national level.

### SERVICE PROVISION: 3.3

NGOs are increasingly becoming licensed and accredited and moving into the service provision market. Municipalities develop annual plans for social services, in which they name eligible contractors. A review of municipal plans shows that local authorities are aware of NGOs active in the field. Municipalities also do surveys assessing the quality of services that they fund, so the process of contracting becomes more transparent and leaves fewer opportunities to discriminate against NGOs, even though NGOs are not yet universally trusted as reliable social service providers. Government agencies have also come to realize that some NGOs have research capabilities and increasingly commission NGOs to provide analyses and develop methodologies.

In general, NGO entrepreneurship is still very weak. NGOs lack marketing skills in competing for contracts. They do not manage to make the case for providing a specific service or explain why serving a particular clientele is a public benefit. NGOs could profit from business and marketing training; however, no such training is available for NGOs. NGOs do not undertake provision of services other than those funded by the government or local authorities.



As they are increasingly perceived as government service providers, it becomes more difficult for NGOs to approach traditional donors. However, traditional funding sources are crucial for NGOs, since national and municipal budget cycles frequently leave them high and dry for periods as long as three months. Private funding sources are necessary to fill the gap and maintain the continuity of projects. Often, national programs are delayed, and the unfunded period extends even longer.

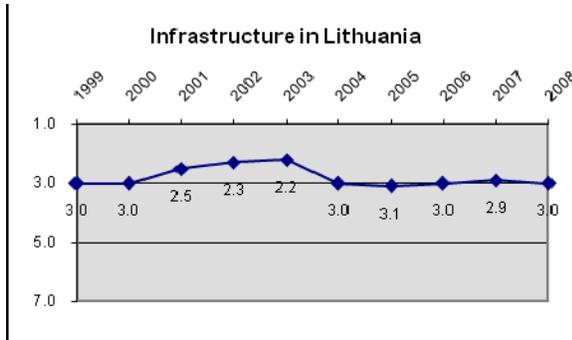
The legal regulation of services remains unfavorable for NGOs. NGOs are frequently excluded from competitions for service provision because of requirements set by

contracting agencies. Such requirements do not necessarily mean to exclude NGOs, but arise

from a lack of understanding of how they function.

### INFRASTRUCTURE: 3.0

---



Services provided to the NGO sector continue to deteriorate. As foreign donors who assisted the sector started to disappear, NGO Information and Support Centers began to diminish. In the past these centers offered systematic and valuable support; today they are unable to provide the same quantity and quality of services, and NGOs are either unable or unwilling to pay for the services that remain.

members of parliament, who request information from relevant government institutions on their behalf. MPs' offices are more capable of pulling together information from different governmental departments and agencies and obtaining reliable interpretations that protect NGOs from subsequent misunderstandings.

In the regions, strong NGOs often serve as intermediary support organizations. Among them are ten regional Local Action Groups (Vietos Veiklos Grupės), uniting NGOs and communities. These Local Action Groups develop projects to bring in EU Structural Funds and provide consultancy and technical support. Services and support provided to NGOs by local governments have been shrinking. Municipal authorities increasingly adopt uniform lease practices for conference facilities and have been discontinuing the practice of providing free office space for NGOs.

For basic assistance, regional NGOs usually turn to stronger organizations or to municipal officials responsible for work with NGOs and youth. Organizations with more complex legal, tax and accounting questions seek solutions independently by consulting specialists. However, there are no specialists in NGO accounting who can give definitive interpretations of laws when an NGO finds itself in an unusual situation. In order to get reliable advice on complex issues, NGOs have found it most productive to seek the assistance of

Training opportunities for NGOs seem plentiful; consequently some trainings fail to attract sufficient participants. The ability and willingness of NGOs to pay for training remain low, while organizers of trainings complain that it is more difficult to find competent yet affordable trainers. Trainings need to be more flexible in timing and geared specifically to the level and needs of participants, as well as providing a motivational element.

### PUBLIC IMAGE: 2.9

---

Transparency International Lithuania's Map of Corruption illustrated that public trust in NGOs did not diminish last year, even as confidence in other sectors fell. There were no scandals related to NGOs, and the term "NGO" was more frequently used in the mass media. The increased amount of 2 percent tax donations is another sign of growing trust in the sector. Overall, the sector appears to be gaining

recognition and is better understood by the media and society.

On the other hand, quantitative indicators such as the number of volunteers and amount of funding raised do not show an increase in public support. The percentage of the population that volunteers remains stable at 12 percent, indicating that NGOs are failing to attract new

volunteers. NGOs do not manage to use new information technology effectively for public relations. While people increasingly participate in virtual social networks, NGOs possess neither interactive blogs nor attractive Facebook pages. Moreover, anecdotal evidence indicates that people who volunteer with NGOs or have other interactions with the sector do not always take away good impressions. For example, NGOs are not always prepared for volunteers, which can negatively influence volunteers' opinions. Such negative encounters seriously undermine the public image of the sector.

The deeper into the countryside one goes, the less community support for NGO leaders there seems to be. NGOs only gain community trust after working persistently and continuously for some time. However, many organizations do not last that long, since their leaders lose motivation because of a lack of public support.

In their dealings with NGOs, local and national authorities adhere to goals and standards established by the EU and foreign donors. Yet NGOs sense a lack of sincere commitment on the part of government to involve NGOs in policymaking. The government often enters into formal partnerships while taking pains to ensure that NGO participation will not affect their decision-making prerogatives. Many local authorities do not view NGOs as equal partners because NGOs do not bring material resources into the partnership.

NGOs do not put enough effort into trying to build their image as reliable, competent and transparent partners. The NGO Transparency Survey conducted by Transparency International

Lithuania found that NGO members are not overly concerned with transparency and accountability, which they assume are the exclusive concerns of NGO leaders. Still, in 2007, the Lithuanian public continued to perceive NGOs as one of the least potentially corrupt institutions in Lithuania. Twenty-two percent of respondents believed that NGOs are completely non-corrupt, while 47 percent stated that NGOs could be partially corrupt, and 7 percent voted for very corrupt. These numbers have not changed significantly in the last several years. Meanwhile, the attitude of businesspeople towards the NGO sector seems to have undergone some changes over the period from 2005 to 2007.

In 2007, 36 percent of businesspeople viewed NGOs as completely non-corrupt as opposed to 30 percent in 2005. The percentage of those believing NGOs could be at least partially corrupt has also visibly decreased. In 2007, 35 percent of businesspeople believed NGOs could be partially corrupt, and 6 percent thought they were completely corrupt, as opposed to 49 and 4 percent respectively in 2005.

