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FIRST COUNTRY COOPERATION FRAMEWORK FOR LITHUANIA (1997-1999)

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INTRODUCTION

1. The first country cooperation framework (CCF) for Lithuania, which covers the period 1997-1999, sets forth the strategy and areas of focus for UNDP development cooperation in the country. It takes into account the UNDP mandate and operational capacities, the results and lessons of past cooperation, complementary activities of other United Nations agencies and donors, and the analysis and recommendations of the Lithuanian human development reports. Reflecting the priorities of the Government and the principles of sustainable human development, the first CCF is the result of a comprehensive consultation process, involving ministries and other government and state institutions, members of the donor community, and civil society organizations (CSOs).

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Lithuania's declaration of independence on 11 March 1990 marked the beginning of a challenging, three-pronged transition process: rebuilding itself as an independent country within the international community; creating a democratic and pluralist system of governance; and constructing a free-market, internationally oriented economy. Consequently, national and local institutions have been completely reconstructed, the legal system has been radically transformed, and there has been a socio-economic and political transformation of unprecedented scale. The key policy goals are integration into international economic/security systems, particularly the European Union and the North Atlantic Treaty Organization, and macroeconomic and political stability.

3. Governance. Since independence, Lithuania has successfully established democratic institutions and a representative Government, via free and fair parliamentary and presidential elections. The Constitution, overwhelmingly approved by plebiscite, guarantees all of the important civil and political rights, which are respected in practice. Granting citizenship to all lawful residents minimized ethnic tensions, and there are few stateless individuals. The court system has supreme and appellate levels, and a fully empowered Constitutional Court. Lithuania established the first Scandinavian-style ombudsman institution in the region, thus contributing to the Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) initiative on democracy, governance and participation. Local governments have been elected, although jurisdictional, structural, and operational issues remain unresolved. The media is free and independent, and there has been a resurgence of civil society organizations, particularly non-governmental organizations (NGOs). Lithuania is a full member of the principal international and European institutions, and has signed and ratified an Association Agreement with the European Union. However, much work remains to be done to increase the participation of citizens in public life, build confidence in administrative and law enforcement institutions, make governmental and legislative processes more transparent and accessible; rationalize administration, and improve the civil service system.

4. Employment and sustainable livelihoods. Upon independence, Lithuania was suddenly forced to compete in the world market without an infrastructure

designed for that purpose. The introduction of the national currency, the litas, in 1993 was a major step forward. The hyperinflation of the early 1990s was reduced to 36 per cent in 1995 and 13 per cent in 1996. Gross domestic product (GDP), halved during the first four years of independence, showed slight increases in 1994 and 1995. Somewhat stronger growth is projected for 1996-1997. But registered unemployment increased from 4,800 in 1991 to 127,700 in 1995. Informal employment/economic activity may involve up to 300,000 people and 10 to 30 per cent of GDP, rendering statistics less reliable and distorting public policy related to taxation and social expenditures.

5. Poverty. Lithuania still lacks an official definition of poverty, impeding statistical analysis and social protection. According to the Ministry of Social Security and Labour, 17 per cent of households were poor in 1995. However, average income in 1995 was only 37 per cent of that in 1990, while many prices now approximate world levels. On the one hand, real income grew by 12 per cent between 1993 and 1995, and rapid privatization of the housing stock created a country of homeowners, most without mortgages. On the other hand, income growth is concentrated in a small percentage of the population - the wealthiest 10 per cent earn 10 times as much as the poorest 10 per cent and benefit more from the market economy. The social security system is strained, with fewer contributors and more beneficiaries (pensioners account for 15 to 20 per cent of the population). Vulnerable groups are most affected. As a consequence, the traditionally high level of human resources has declined.

6. The transition process has had a major impact upon the health of Lithuanians. Life expectancy is now 69 years, approximately the level it was in 1970 for women and in 1959 for men. Rising rates of mortality and morbidity and increases in the number of people affected by social diseases and drug and alcohol abuse are reflected in declining birth and population rates. The suicide rate jumped 75 per cent between 1990 and 1995, and is now among the highest in the world. There has been a resurgence of previously controlled diseases. The health of children has deteriorated. Meanwhile, the health care system faces significant financial and organizational challenges.

7. Gender. Lithuanian women play an extremely significant role in social and economic affairs. They account for 50.1 per cent of the workforce, yet earn 30 per cent less than men, in part due to their concentration in low paying jobs. At the same time, women still assume most domestic duties. Lithuania ratified the United Nations Convention on the Elimination of All Forms of Discrimination against Women, and many NGOs have taken up women's causes. Despite the absence of formal barriers, however, women are underrepresented at the higher levels of government/society. Rising divorce rates, a high mortality rate for working-age men, fewer child care facilities, and increased crime negatively affect the quality of life for women.

8. Environment. Rapid industrialization during the Soviet period created many pollution problems. Since independence, a concerted effort to address these problems has begun, often with foreign assistance and through NGOs. Water quality, waste and sewage treatment and recycling must be improved. Lithuania is still reliant upon the nuclear power plant at Ignalina for electricity. There is less air pollution from industry, but more from transportation. The country will need to work hard to meet its international commitments with regard to the Montreal Protocol and the United Nations Framework Convention on Climate

Change, and will require significant further support from the Global Environment Facility (GEF).

9. Crime and security. The crime rate in Lithuania increased significantly during the 1990s. While the low base statistics tend to exaggerate percentage comparisons, the rates of all types of crime have increased, particularly organized, white-collar, violent and property crimes. Between 1991 and 1995, serious crimes tripled, and the number of prisoners increased 150 per cent, giving Lithuania one of the highest incarceration rates in Europe. Juvenile crime and violence directed towards women have been identified as particular concerns. Increasing income disparity and social marginalization are contributing factors. Community response, relations between law enforcement officials and citizens, and information resources must be improved. It is a national priority to develop and implement a national response to the situation, which creates public disillusionment and undermines support for the reform process.

II. RESULTS AND LESSONS OF PAST COOPERATION

10. The Government of Lithuania has worked closely with UNDP to strengthen its participation in the United Nations and its utilization of resources from the United Nations system to further national development. In the first country programme for Lithuania, which covered the period 1993-1996, the Government and UNDP concentrated on four areas of activity: (a) democratization and civil society development, focusing on institution-building; (b) reform of public administration, emphasizing capacity-building to improve efficiency; (c) human resource development for the market economy, with training for improved economic management; and (d) alleviation of the social impact of transition, focusing primarily on policy formation and the monitoring of social indicators. UNDP also administered an umbrella project, supporting a variety of related activities.

11. In the area of democratization and civil society development, there were five main projects. UNDP provided technical, financial, and operational assistance to the Lithuanian Ombudsmen Institution, the Lithuanian Centre for Human Rights, the NGO Information and Support Centre, and the Women's Issues Information Centre. In 1995, UNDP began work with the Office of the United Nations High Commissioner for Refugees to establish a refugee centre and to bring legislation in line with international standards.

12. In the area of public administration reform, support was provided for training initiatives and legislative reforms to decentralize governance. UNDP provided institutional/technical support to the Ministry of Public Administration Reform and Local Government and the Ministry of Foreign Affairs (to improve foreign aid management), and helped to establish the Public Administration Training Centre and the Public Service Language Centre. While significant progress has been made in this area of concentration, much remains to be done. UNDP will continue work to enhance administrative efficiency, professionalize the civil service, decentralize government, increase citizen participation, and improve the legal framework.

13. Support in the area of human resources development has been directed towards enhancing management and other skills necessary for a market economy. The Lithuanian Innovation Centre supports the scientific community with analysis and advice on patenting, marketing, and entrepreneurial arrangements. The International Business School at Vilnius University teaches international business and management. Both of these projects warrant additional assistance. In addition, the publication of the annual human development reports has helped to broaden the policy dialogue on Lithuania's transition, allowing the various segments of Lithuanian society to participate. The impact of the annual publication has been significant.

14. Support in the area of alleviating the social impact of transition involved the establishment of the Social Policy Unit, a not-for-profit organization involved in the collection and analysis of information, policy formulation and legislative work; reform of the health care delivery system, through formation of a Health Care Reform Management Group within the Ministry of Health; and assistance to the Ministry of Social Security and Labour on social security system reform. Further work is necessary.

15. Finally, a wide range of supplemental activities and advisory services responded to specific emerging priorities, facilitated contributions by United Nations agencies, and supported follow-up on the commitments made at global conferences.

16. Lessons learned. Experience has shown how the effectiveness of UNDP assistance is enhanced by building and strengthening national programmes, thus helping to develop national capacities. Accordingly, during the period of the first CCF, UNDP will refine the national execution modality by building the institutional capacity of executing agencies and enhancing coordination with implementing agencies. UNDP will streamline and standardize review mechanisms, monitor projects more closely, using indicators to measure impact, and incorporate feedback into project design. Institution-building exercises will continue, but at a slower pace, and with greater attention to long-term viability. Institutions that UNDP helped to establish will assist in developing and implementing projects. The systematic integration of civil society organizations into all programmes will be encouraged.

III. PROPOSED STRATEGY AND THEMATIC AREAS

17. The primary goal of UNDP cooperation with the Government of Lithuania during the period covered by the first CCF will be to promote and build capacity for sustainable human development (SHD). The Government and UNDP have identified support for democratic governance, civil society, citizen participation, gender equality, poverty reduction, the environment and citizen security as key aspects of this overall effort.

18. Support from UNDP will be targeted carefully to correspond with national priorities, facilitate implementation and achieve maximum impact. UNDP will maintain its constant communications with other donors in Lithuania, monitoring activities in its areas of focus, to ensure cooperation and coordination. The programme approach will be used to support national priorities in the areas of sustainable livelihoods, governance, crime and the environment, and to build a

strategic framework encompassing the activities of other United Nations agencies and donors. UNDP will continue to emphasize the comparative advantages and multisectoral approach of the various organizations of the United Nations system, while maintaining its efforts to build the capacity of the Government to develop, implement, and evaluate policies and projects that promote SHD, through the national execution modality. Citizen participation will remain a priority. UNDP will build upon accomplishments to date, using the institutions it has helped to establish for project development and implementation. Resource mobilization will be an important aspect of work in all areas of concentration, as will the promotion of the incorporation of international commitments into the national agenda.

19. Based upon national development priorities, the results of the first country programme, the UNDP mandate and operational strengths, and the overall strategy for cooperation outlined above, four main areas of concentration are proposed for the next cycle: (a) promotion of sustainable livelihoods; (b) governance and citizen participation; (c) citizen security; and (d) the environment. Throughout these thematic areas, three additional goals will be targeted: (a) strengthening the role of and opportunities for women; (b) including NGOs in project development and implementation; and (c) building on previous work by using institutions which UNDP helped to found and fund.

20. As a vehicle for operational support, UNDP will continue its small but very successful umbrella project. This modality enables rapid, flexible interventions, utilizing national expertise alongside support from other United Nations agencies and regional projects. Follow-up on United Nations conferences and aid coordination will also be supported under the umbrella project.

A. Promotion of sustainable livelihoods

21. To promote sustainable livelihoods, UNDP will help to build a comprehensive and integrated national approach, based on dialogue and community participation. Support will focus on three components: social security system reform; alleviating social risks (poverty, unemployment, disease); and developing information resources.

22. In the area of social security system reform, the focus will be on strengthening and reforming social security from a systemic perspective, to enhance operations and efficiency. To alleviate social problems, a crucial factor in any efforts to promote SHD, the focus will be on developing the information and capacity needed to analyse the current situation, and establishing the framework and enabling environment for national projects. National human development reports, supported by adequate social indicators will continue to play a major role, as will the citizens' information initiative, which aims at providing citizens with easy-to-understand information on the social security system.

B. Governance and citizen participation

23. Work in this area of concentration will be divided into governmental/institutional reform, citizen's initiatives/activities, and information

resources. It will build upon and continue successful UNDP efforts to strengthen democracy at the national level, expanding the focus to include decentralization and civil participation, thus helping to solidify democracy in the country and dovetailing with the RBEC regional initiative on democracy, governance, and participation.

24. The emphasis will be on delegating power to municipal governments, with complementary efforts to strengthen citizen participation, the participation of women, and the involvement of NGOs. UNDP support for NGOs through the NGO Information and Support Centre presents a unique opportunity to extend civil society development to the local level.

25. The development of information resources on governance will be promoted, to help meet the goals of sustainable improvement in governance, sound project development, and the mobilization of resources. A governmental information system will be developed to build information resources on municipal governance, helping to improve the delegation of authority and communication flows. Regulatory initiatives, training workshops, and publications will be used to establish and operationalize the rights of citizens to information and documents, as well as to open governmental processes. A database of donor activities will be established, and the "Public Servant Newsletter", which provides valuable information to the donor community and domestic parties, will continue to receive support.

C. Citizen security

26. Support for democratic governance will also include work in the area of criminal justice, a crucial component of both the rule of law and SHD. Support will be provided through:

(a) Crime control and criminal justice system reform, with the goal of controlling crime by improving the response of the system, with assistance to all three branches of the government - legislative, executive and judiciary. Gender issues will receive special emphasis;

(b) Crime prevention and social sector reform, with the goal of actually reducing the level of crime, starting with vulnerable groups in society, and the social conditions causing crime;

(c) Criminal justice information resources, with the goal of improving the level of information about the true nature of criminal behaviour in Lithuania and activities under way to combat it. This gender-differentiated information will fit into and guide many areas of the national programme currently being formulated, from enforcement to research.

D. Environment

27. Due to extensive involvement of other development partners in the area of environment, UNDP will focus on enabling Lithuania to meet its obligations under the United Nations Framework Convention on Climate Change and the Montreal

Protocol. It is anticipated that the GEF will finance a number of technical assistance and investment proposals to help to realize these objectives.

IV. MANAGEMENT ARRANGEMENTS

28. Execution and implementation. National execution will continue to be the standard modality for UNDP assistance. Thus far, national execution has successfully fostered national ownership of projects, and has proven to be viable in practice, despite the occasional need for UNDP to provide temporary direct support. The successful annual preparation of the national human development report has revealed the number of competent professionals available in the country. National capacity will be monitored and enhanced by training in the areas of management, budgeting, planning and reporting. Detailed national execution procedures and formats are being documented in a national project management manual, which is scheduled for publication in March of 1997. Employment of national consultants will remain the preferred method of project management, supplemented by international expertise from the United Nations system, to build national expertise. As discussed above, every effort will be made to support the participation of civil society, incorporating the participation of NGOs into project design and development. Use of the programme approach will be promoted. Programme support documents for each of the thematic areas will facilitate the mobilization and application of resources in a cross-sectoral manner. Finally, UNDP will build upon the successes of the first country programme by working with the institutions it has helped to establish.

29. Monitoring and review. Programme monitoring is considered a continuous process. Accordingly, indicators and targets developed by a headquarters-level working group on SHD indicators will be included in project design and implementation. The objective is to ensure that projects are implemented effectively, as designed, in accordance with the relevant national programmes, and in cooperation with other partners. Specific mechanisms include interim and final reports, informal monitoring visits, and formal tripartite reviews. Information resources will also be enhanced, particularly concerning donor activities in focus areas. Procedures for supervision by a Local Programme Advisory Committee will be strengthened.

30. Resource mobilization. Taking into consideration the limited core resources available, resource mobilization will continue to be a priority, primarily through cost-sharing arrangements, regional initiatives, trust funds, and special resources. The programme approach and programme materials will be useful in efforts to attract assistance and build consensus. Working with the Government, UNDP will cooperate closely with other donors in its areas of focus, as one of the primary means for increasing the amount of resources available to achieve maximum impact. Enhanced information resources, particularly concerning donor activities in focus areas, will improve resource management by the Government. By supporting and strengthening the framework for interventions and closely integrating national and international partners, UNDP will be able to support an ambitious national agenda.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR LITHUANIA (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(91)	
TRAC 1.1.1	182	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Other resources	1 402	In line with decision 95/23, paragraph 19.
SPPD/STS ^a	210	
Subtotal	1 703 ^b	
NON-CORE FUNDS		
Government cost-sharing	-	Potential contributions financed from multilateral resources are currently being explored.
Sustainable development funds	4 000	Estimated Montreal Protocol-related investment and technical assistance projects to be approved.
Third-party cost-sharing	3 200	
Funds, trust funds and other	1 355	
	of which:	
Baltic Trust Fund	1 290	
Poverty Alleviation Trust Fund	65	
Subtotal	8 555	
GRAND TOTAL	10 258 ^b	

^a Tentative SPPD/STS targets are established as a fixed percentage of potential TRAC resources, including "other resources" for Europe and the Commonwealth of Independent States. The amount shown is higher than these targets owing to the need for such support and other country-specific factors.

^b Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.
