# GDI

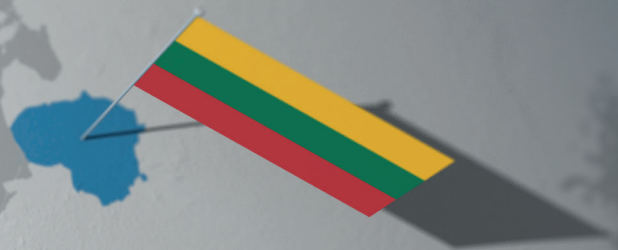## Government Defence Integrity Index

**TRANSPARENCY INTERNATIONAL**
Defence & Security

## 2020

Country Brief:

# LITHUANIA

# LITHUANIA

Recent large-scale investment in Lithuania's defence sector has been spurred by Russian military build-up in Crimea, Kaliningrad and Belarus,[1] resulting in a 232% increase in military expenditure between 2010 and 2019, one of the highest in the EU.[2] After embarking on an ambitious modernization plan for its military in 2014, defence spending had doubled by 2017.[3] In 2018, Lithuania's main political parties committed to a further increase in defence spending every year for the next decade,[4] and defence spending also reached the NATO-member commitment of 2% of GDP, with plans to increase this to 2.5% by 2030.[5]

With considerable financial investment in the sector, there is a risk of public spending being corroded by corruption if corresponding defence governance mechanisms are not strengthened. As things stand, Lithuanian is one of the strongest performers in its region, particularly with regards to parliamentary oversight and personnel management. Its defence governance processes are generally transparent and contain strong effective anti-corruption safeguards, while, recent legislative milestones, such as the 2018 amendment to the Law on Lobbying[6] and the 2019 Whistleblowing Law,[7] have further contributed to strengthening defence governance. Nevertheless, non-competitive defence procurement remains a significant issue as does the limited oversight of acquisitions and financial management, while it remains to be seen how effectively whistleblowing practices will be implemented in the defence sector.

| | | |
|---|---|---|
| Member of Open Government Partnership | ▶ | **Yes** |
| UN Convention Against Corruption | ▶ | **Ratified in 2006** |
| Arms Trade Treaty | ▶ | **Ratified in 2014** |

## Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.

1  Jen Judson, 'In Russia's Growing Shadow, Lithuania Modernises its Defenses', *DefenseNews*, 16 July 2019.
2  Alexandra Brzozowski, 'Lithuania More than Doubles Military Spending in Ten Years', *LRT*, 27 April 2020.
3  Ministry of Defence, 'Lithuanian Defence Policy White Paper', 2017.
4  Linas Kojala, 'Baltic Security: The Same Challenges Remain, Even During a Pandemic', *Foreign Policy research Institute*, 28 May 2020.
5  Judson, 'In Russia's Growing Shadow.'
6  Republic of Lithuania, 'Law on Lobbying', June 2000, last amended 2018.
7  Republic of Lithuania, 'Law on the Protection of Whistleblowers, No. XIII-2017 of 28 November 804', 2019.

# LITHUANIA

## Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

**LITHUANIA SCORE**
**MODERATE RISK**
**59**  **C**

| A | B | C | D | E | F |
|---|---|---|---|---|---|
| | LOW RISK | MODERATE RISK | HIGH RISK | VERY HIGH RISK | CRITICAL RISK |

**VERY LOW RISK**

REGIONAL AGGREGATE **50**    **39** INDEX AGGREGATE

**A ‣ 83-100** VERY LOW    **B ‣ 67-82** LOW    **C ‣ 50-66** MODERATE    **D ‣ 33-49** HIGH    **E ‣ 17-32** VERY HIGH    **F ‣ 0-16** CRITICAL

## Risk Comparison

**POLITICAL**

LITHUANIA
REGION AGGREGATE
INDEX AGGREGATE

46
76
60

**FINANCIAL**

LITHUANIA
REGION AGGREGATE
INDEX AGGREGATE

45
83
58

**PERSONNEL**

LITHUANIA
REGION AGGREGATE
INDEX AGGREGATE

53
64
68

**OPERATIONAL**

LITHUANIA
REGION AGGREGATE
INDEX AGGREGATE

13
16
21

**PROCUREMENT**

LITHUANIA
REGION AGGREGATE
INDEX AGGREGATE

37
45
56
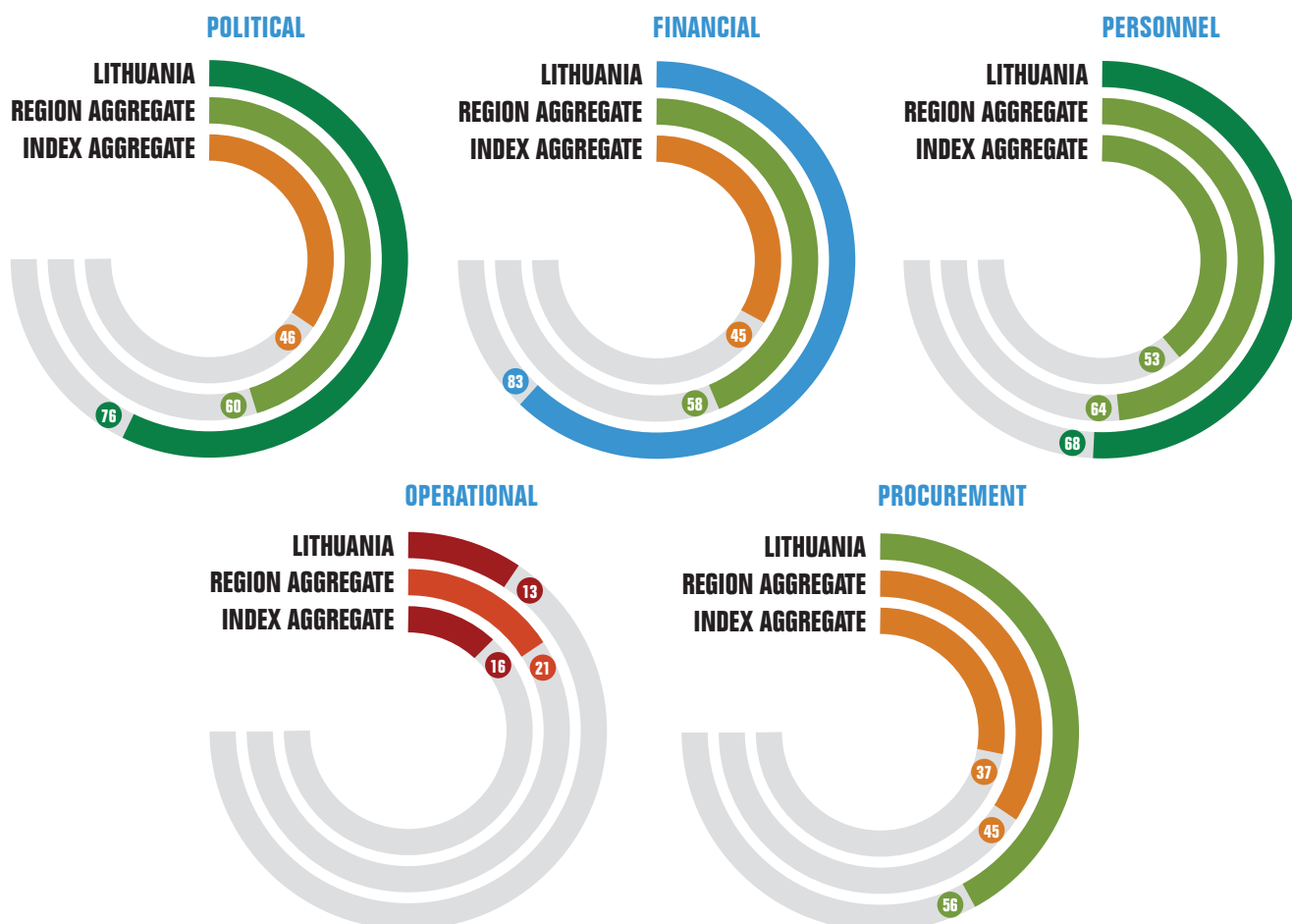
# LITHUANIA

## Parliamentary Oversight

| | |
|---|---|
| Legislative oversight of budget (Open Budget Survey, 2019) | **Not rated** |
| Military expenditure as share of government spending (SIPRI, 2020) | **5.3%** |
| Committee members with defence expertise (%) | **46% (6 of 13)** |
| # of meetings/year | **40 (2018); 49 (2017) – once per week during parliamentary sessions** |
| Last review/update of defence policy | **2020 (National Security Law amendments)** |

Lithuania's Parliament is generally effective in its oversight and legislative functions with strong cross-party representation and efficient standing committees. Nevertheless, in recent years, there has been growing anger amongst citizens at various corruption scandals involving political parties[8] and parliamentarians.[9] This has spurred a renewed focus on reducing corruption risks, such as the passing of a new law on lobbying that requires politicians, public servants and lobbyists to properly report their activities.[10] In relation to defence, parliamentary oversight is generally strong. Parliament approves the defence budget, supervises its execution, passes defence laws and scrutinises policy.[11] The standing Committee on National Security and Defence meets weekly and is one of the most influential in Parliament. It has the power to compel parliamentarians and witnesses to testify before it and has access to classified information,[12] and its reports, documents and agenda are all available online. The committee has a politically diverse membership and there is no evidence of undue influence over it by the government or military.[13] Nevertheless, it is unclear how regularly defence institutions incorporate Committee findings into their practice. While all recommendations require a response from the Ministry of Defence (MoD),[14] the Ministry is not required to report extensively on the measures taken to address issues. Parliament's oversight work is also supported by internal and external audit bodies that regularly scrutinise defence spending. The Defence Committee has access to reports from both the MoD's Internal Audit Unit and from the National Audit Office (NAO), which is responsible for external audits of defence. While the NAO is extremely active, it does not often focus on defence issues, except during its annual audits of budget implementation.[15] Nevertheless, it actively follows up on its audit findings and reports annually on the implementation of its recommendations. In 2020 for instance, out of 9 recommendations issued to the MoD, 7 were implemented and 2 were outstanding at the time of its report.[16]

## Financial Transparency

| | |
|---|---|
| Defence-related access to information response rates | **(1) % granted full or partial access: Data is not publicly available.** |
| | **(2) # subject to backlog: Data is not publicly available.** |
| Defence-related complaints to ombudsman/ commissioner # | **5 (2019)** |
| Does the commissioner have authority over the MoD? | **Yes** |
| Audit reports on defence (2018-2020) # | **1 (2018); 1 (2019); 2 (2020)** |
| Open Budget Index (IBP, 2019) | **Not rated** |
| World Press Freedom Index (RSF, 2021) | **28th out of 180** |

Lithuania's Law on the Right to Obtain Information enshrines the right to access to information, and the process is generally straightforward with most requests answered within 5 to 20 working days.[17] However, in 2019, new legislation simplified the restriction of information dissemination for 'security reasons' if such data "represents a threat to Lithuania's national security and ensuring national defence".[18] The country's regulator can make this decision without a court decision on the basis of the opinion of institutions responsible for national security. Equally, in 2019, the Ministry of Defence (MoD) proposed to limit access to information by labelling some information "for official use." This would effectively block public access to information on any government decision that has not yet been taken, for instance on a draft law, although this has now been withdrawn after public opposition.[19] Aside from these issues, the financial information proactively released by defence institutions also contains some clear gaps. The defence budget contains some areas of expenditure, including personnel, maintenance and utilities, but significant areas of expenditure are aggregated under "other expenses" with few explanations as to what this category entails.[20] Moreover, in 2018 51% of defence and security procurement expenditure was either "confidential", "restricted" or "secret", significantly undermining financial transparency.[21] Similarly, there is extremely limited transparency surrounding the financial results of asset disposals, making it impossible to assess how much revenue this generates and how the funds are utilised.

8  Sarunas Cerniauskas, 'Lithuania: Two Political Parties Charged in Major Corruption Case', *OCCRP*, 27 September 2017.
9  BNS, 'Lithuania's Anti-Corruption Watchdog Carries out Searches in parliament', *LRT*, 3 June 2020.
10 BNS, 'In Wake of Scandals, Lithuania Adopts New Lobbying Law', *LRT*, 26 June 2020.
11 Parliament of Lithuania, 'The Committee on National Security and Defence'.
12 Parliament of Lithuania, 'The Committee on National Security and Defence'.
13 Parliament of Lithuania, 'The Committee on National Security and Defence – Members'.
14 National Security and Defence Committee, 'List of the Committee's recommendations and institutions' responses'.
15 National Audit Office, 'Reports'.
16 National Audit Office, 'Data on the Implementation of Recommendations for 2020 – National Security and Defence'.

17 Republic of Lithuania, 'Law on the Right to Obtain Information from the State and Municipal Institutions and Agencies, No. VIII-1524', April 2017.
18 LRT, 'Lithuania Sees 'Attempts Against Freedom of Expression'', 22 April 2020.
19 RSF, 'Lithuania.'
20 Ministry of Defence, 'Defence Budget for 2020'.
21 Public Procurement Office, 'Procurement in the Defence Sector', 2018.

## Personnel Ethics Framework

| | |
|---|---|
| Whistleblowing legislation | **Law on the Protection of Whistleblowers (2019)** |
| # defence-sector whistleblower cases | **Data is not publicly available** |
| # Code of conduct violations | **Military: Data is not publicly available** |
| | **Civilian: Data is not publicly available** |
| Financial disclosure system | **# submitted: Data is not publicly available** |
| | **# of violations: Data is not publicly available** |

Personnel management systems are strong in Lithuania, ensuring effective management of human resource issues and reducing corruption risk associated with ineffective payment processes and non-meritocratic recruitment and promotion processes. Anti-corruption standards are outlined in codes of conduct to which both military and civilian personnel are subject. The military Code of Ethics outlines how to avoid conflicts of interests and contains provisions on integrity-building and human rights.[22] However, it does not provide guidance on bribery, gifts, hospitality or post-separation activities. Similarly, civilian personnel are subject to the Civil Service code of conduct, which contains more detailed provisions on gifts and conflicts of interest, although guidance is relatively superficial.[23] Any breaches of the code or of anti-corruption laws is investigated by the independent Special Investigation Service and military courts,[24] which have proved effective in prosecuting suspects, without any evidence of undue influence over their activities. Integrity-building is also ensured by anti-corruption training, which is a key component of the National Security System personnel policy concept.[25] However, it should be noted that such trainings are not systematised and are fairly irregular. With regards to whistleblowing, Lithuania's first Law on the Protection of Whistleblowers came into force in January 2019 and represents a positive legislative step towards ensuring whistleblowers benefit from the necessary legal protection and channels to report wrongdoing.[26] The law foresees that the independent and apolitical Prosecutor's Office will be responsible for implementation, whilst the Ministry of Defence will employ an anonymous hotline as a secure reporting channel. In addition to this, the 2019 EU Directive on Whistleblowing will require Lithuania to transpose its requirements into national legislation by 2021 and may force a revision of the existing law to ensure it is compliant.[27] With just 7% of the population reporting corruption issues,[28] this legislation could provide a framework in which citizens and defence personnel feel more confident in reporting wrongdoing, although this will depend on how the law is implemented, particularly in defence.

## Operations

| | |
|---|---|
| Total armed forces personnel (World Bank, 2018) | **34,000** |
| Troops deployed on operations # | **38 Mali (MINUSMA), 25 Ukraine (Training Mission), 9 Iraq (NATO NMI), 2 Central African Republic (EUTMRCA), 2 Mali (EUTM), 1 Kosovo (NATO KFOR), 1 EUNAVFOR (Spain), 1 EUNAVFOR (Italy).** |

Lithuanian troops are currently engaged in a number of international operations. These include UN peacekeeping missions in Mali (MINUSMA), EU Training missions in Mali and Central African Republic, the NATO deployment in Kosovo, and training operations in Ukraine and Iraq.[29] Lithuania's growing participation in international multilateral missions, and commitment to NATO operations has, however, not been accompanied by a strengthening of its anti-corruption framework for deployments. The armed forces still do not have a doctrine that recognises corruption as a strategic issue on operations and the issue is not mentioned of the military's key strategic documents.[30] As a result, there is no evidence that corruption issues are taken into account during the forward planning for military operations, and there are no requirements to include corruption risk mitigation strategies as part of pre-deployment planning. Moreover, pre-deployment training on corruption issues for commanders remains piecemeal, although the Ministry of Defence has intensified efforts to better mainstream anti-corruption into the planning and training for military operations as of 2021.[31] This includes a new curriculum specific to international operations, which includes corruption prevention courses, on which troops will be tested ahead of deployments.[32] Aside from this, Lithuania also often relies on partner forces to carry out corruption monitoring and training activities but this practice weakens the accountability and oversight of defence personnel embedded in these operations.

22 Armed Forces, 'Code of Ethics for Military Personnel', May 2005.
23 Parliament, 'The Code of Ethics for Public Servants', 2005.
24 Ministry of Defence, 'Press Release About the Investigations Carried out by the Special Investigative Service', June 2017.
25 Ministry of Defence, 'Personnel Policy', July 2017.
26 'Law on the Protection of Whistleblowers'.
27 European Parliament, 'Directive (EU) 2019/1937 on the Protection of Persons who Report Breaches of Union Law', *Official Journal of the European Union*, L305/17, Brussels, 26 November 2019.
28 Transparency International Lithuania, *Global Corruption Report*, Vilnius, 2016.

29 Ministry of Defence of the Republic of Lithuania, 'International Operations and Training Missions.'
30 Ministry of Defence, 'Lithuanian Military Doctrine', Second Revision, 2016.
31 Ministry of Defence, 'From 2021 greater focus on the prevention of corruption in international operations', 28 April 2020.

## Defence Procurement

| | |
|---|---|
| Military expenditure (US$ mil) (SIPRI, 2020) | **1135** |
| Open competition in defence procurement (%) | **3.1% (18.9% restricted tender, 57.2% negotiated procedures with publication, 20.9% negotiated procedures without publication) (2019)*** |
| Main defence exports – to (SIPRI, 2016-20) | **Angola** |
| Main defence imports – from (SIPRI, 2016-20) | **Germany, Israel, Sweden, Denmark, Poland, US** |

*There is some discrepancy here with the figures reported by the Defence Resources Agency, which claims that, in the same year, 82% of defence procurement was conducted through open tenders[33]

Rising defence expenditure in Lithuania is being fuelled, in part, by an intensification of defence procurement as the military modernises its assets.[34] Though corruption in public procurement remains a key challenge, encouragingly, Lithuania has recently taken measures to strengthen oversight of the procurement cycle. The Public Procurement Office (PPO)

has seen its budget and staff allocation increase considerably, whilst other regulatory bodies such as the Competition Council and the Central Purchasing Organisation have received similar investment.[35] Moreover, the National Anti-Corruption Programme (2015-2025) prioritises the strengthening of oversight mechanisms for public procurement, including in the defence sector.[36] As a result of these efforts, Lithuania currently boasts relatively strong oversight bodies. The PPO has the power to conduct investigations and bind contracting authorities to suspend or terminate contracting procedures.[37] Equally, any public entity wanting to carry out a direct award must first gain authorisation from the PPO and comply with strict guidelines. The National Audit body also exercises scrutiny over defence procurement decisions by conducting audits and it cooperates closely with the PPO. However, both bodies have limited capacity to effectively control the full spectrum of public procurement: the PPO reviews only 3% of all such contracts,[38] whilst the National Audit body does not conduct systematic checks on procedures related to defence. Open competition also remains limited in Lithuania, with the vast majority of defence procurement conducted through negotiated procedures or single-sourcing, and even open tenders regularly only attracting one bidder.[39] Though the PPO monitors compliance with the law during procedures, single source contracts are not externally scrutinised due to their potentially sensitive nature, opening the door for corruption risks.

32 Ministry of Defence, 'From 2021'.
33 Ministry of Defence of the Republic of Lithuania, 'The Defense Resources Agency will Measure Performance against 13 Indicators', 30 April 2018.
34 Jen Judson, 'In Russia's Growing Shadow, Lithuania Modernises its Defenses', *Defense News*, 16 July 2019.

35 European Commission, 'Lithuania Country Profile', *Public Procurement – Study on Administrative Capacity in the EU*, Brussels, 2016, pp. 133-140, (p. 134).
36 Parliament of the Republic of Lithuania, 'Resolution on the Approval of the National Anti-Corruption Programme of the Republic of Lithuania for 2015-2025', No XII-1537, Vilnius, 10 March 2015.
37 Public Procurement Office, 'Administrative Penalties for Infringement of Public Procurement Law', 2019.
38 Public Procurement Office, 'Data and analysis of public procurement in defence sector'.
39 According to the PPO. The Defence Resources Agency attributes a higher share of procurement to open procedures, see Defence Resources Agency, 'Efficiency measurements'.

# LITHUANIA 2020 GDI Scorecard

**GDI** Government Defence Integrity Index

## OVERALL COUNTRY SCORE

**MODERATE RISK** — C — 59

### RISK GRADE

- A ▸ 83-100 VERY LOW
- B ▸ 67-82 LOW
- C ▸ 50-66 MODERATE
- D ▸ 33-49 HIGH
- E ▸ 17-32 VERY HIGH
- F ▸ 0-16 CRITICAL

A B | C | D | E | F

VERY LOW | LOW | MODERATE | HIGH | VERY HIGH | CRITICAL

| | | Grade | Score |
|---|---|---|---|
| **Political Risk** | | **B** | **76** |
| Q1 | Legislative Scrutiny | A | 92 |
| Q2 | Defence Committee | A | 83 |
| Q3 | Defence Policy Debate | D | 44 |
| Q4 | CSO Engagement | A | 92 |
| Q5 | Conventions: UNCAC / OECD | A | 100 |
| Q6 | Public Debate | A | 100 |
| Q7 | Anticorruption Policy | A | 88 |
| Q8 | Compliance and Ethics Units | B | 75 |
| Q9 | Public Trust in Institutions | | NS |
| Q10 | Risk Assessments | B | 67 |
| Q11 | Acquisition Planning | A | 83 |
| Q12 | Budget Transparency & Detail | A | 88 |
| Q13 | Budget Scrutiny | A | 88 |
| Q14 | Budget Availability | B | 75 |
| Q15 | Defence Income | B | 75 |
| Q16 | Internal Audit | B | 67 |
| Q17 | External Audit | B | 69 |
| Q18 | Natural Resources | B | 67 |
| Q19 | Organised Crime Links | A | 88 |
| Q20 | Organised Crime Policing | A | 92 |
| Q21 | Intelligence Services Oversight | C | 63 |
| Q22 | Intelligence Services Recruitment | B | 75 |
| Q23 | Export Controls (ATT) | C | 50 |
| Q76 | Lobbying | D | 38 |

| | | Grade | Score |
|---|---|---|---|
| **Financial Risk** | | **B** | **83** |
| Q24 | Asset Disposal Controls | C | 58 |
| Q25 | Asset Disposal Scrutiny | A | 83 |
| Q26 | Secret Spending | E | 25 |
| Q27 | Legislative Access to Information | B | 75 |
| Q28 | Secret Program Auditing | A | 100 |
| Q29 | Off-budget Spending | A | 100 |
| Q30 | Access to Information | B | 75 |
| Q31 | Beneficial Ownership | A | 100 |
| Q32 | Military-Owned Business Scrutiny | A | 100 |
| Q33 | Unauthorised Private Enterprise | A | 100 |
| Q77 | Defence Spending | A | 94 |

| | | Grade | Score |
|---|---|---|---|
| **Personnel Risk** | | **B** | **68** |
| Q34 | Public Commitment to Integrity | D | 33 |
| Q35 | Disciplinary Measures for Personnel | A | 100 |
| Q36 | Whistleblowing | A | 88 |
| Q37 | High-risk Positions | F | 0 |
| Q38 | Numbers of Personnel | A | 83 |
| Q39 | Pay Rates and Allowances | C | 63 |
| Q40 | Payment System | A | 83 |
| Q41 | Objective Appointments | C | 50 |
| Q42 | Objective Promotions | D | 44 |
| Q43 | Bribery to Avoid Conscription | A | 92 |
| Q44 | Bribery for Preferred Postings | A | 100 |
| Q45 | Chains of Command and Payment | A | 100 |
| Q46 | Miltary Code of Conduct | B | 81 |

| | | Grade | Score |
|---|---|---|---|
| **Personnel Risk** | | **B** | **68** |
| Q47 | Civilian Code of Conduct | C | 58 |
| Q48 | Anticorruption Training | D | 42 |
| Q49 | Corruption Prosecutions | C | 50 |
| Q50 | Facilitation Payments | A | 83 |

| | | Grade | Score |
|---|---|---|---|
| **Operational Risk** | | **F** | **13** |
| Q51 | Military Doctrine | F | 0 |
| Q52 | Operational Training | E | 25 |
| Q53 | Forward Planning | F | 0 |
| Q54 | Corruption Monitoring in Operations | F | 13 |
| Q55 | Controls in Contracting | E | 25 |
| Q56 | Private Military Contractors | | NS |

| | | Grade | Score |
|---|---|---|---|
| **Procurement Risk** | | **C** | **56** |
| Q57 | Procurement Legislation | D | 38 |
| Q58 | Procurement Cycle | C | 58 |
| Q59 | Procurement Oversight Mechanisms | A | 92 |
| Q60 | Potential Purchases Disclosed | D | 38 |
| Q61 | Actual Purchases Disclosed | D | 38 |
| Q62 | Business Compliance Standards | E | 25 |
| Q63 | Procurement Requirements | B | 67 |
| Q64 | Competition in Procurement | E | 25 |
| Q65 | Tender Board Controls | C | 58 |
| Q66 | Anti-Collusion Controls | E | 17 |
| Q67 | Contract Award / Delivery | C | 63 |
| Q68 | Complaint Mechanisms | A | 100 |
| Q69 | Supplier Sanctions | B | 75 |
| Q70 | Offset Contracts | A | 100 |
| Q71 | Offset Contract Monitoring | | NA |
| Q72 | Offset Competition | | NA |
| Q73 | Agents and Intermediaries | | NEI |
| Q74 | Financing Packages | C | 50 |
| Q75 | Political Pressure in Acquisitions | | NS |

**KEY**

| | |
|---|---|
| NEI | Not enough information to score indicator |
| NS | Indicator is not scored for any country |
| NA | Not applicable |

# GDI

## Government Defence Integrity Index

## TRANSPARENCY INTERNATIONAL
### Defence & Security

**ti-defence.org/gdi**

**GDI@transparency.org**

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