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# Guidelines

for

**Development Cooperation**

by the

**Public Sector Entities of the Republic of Lithuania**

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Project “Improvement implementation of Lithuanian development cooperation policy and strengthening capacities of Lithuanian public administration institutions and their employees“

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## EXECUTIVE SUMMARY

***These Guidelines for Development Cooperation by the Public Administration Entities of the Republic of Lithuania provide state and municipal institutions and agencies (hereinafter referred to as public sector entities) with advice on how to prepare for and take part in development cooperation interventions.***

### **Lithuania's rapid transition**

Following the re-establishment of independence in 1990, the Republic of Lithuania underwent rapid and substantial political, economic and social transitions. In less than 15 years the country built democratic, legal and political systems and institutions; moved to a market economy; established independent fiscal and monetary policies and structures for defence, social protection and education.

Progress in all areas was defined by the country's determination to return to the European community. Already in 1999 Lithuania was invited to start negotiations for accession to the EU and in 2004 joined the EU and NATO.

### **Changing from recipient to a donor for development cooperation**

After the successful transition that was facilitated by bilateral and multilateral aid, Lithuania emerged from being a recipient to becoming a donor of development cooperation. The country firmly positioned itself as advocate of democratic processes and socio-economic progress, especially in the EU Eastern Neighbourhood countries, and beyond.

### **Current cooperation policy**

Current Lithuanian development cooperation policy is based on the United Nations' *Agenda 2030* and its Sustainable Development Goals (SDGs), as well as the *European Consensus on Development* (2017). The country is also a member of the *Global Partnership for Effective Development Cooperation* (2014).

Lithuania has developed and is continuously updating its legal framework and coordination for development cooperation.

### **The focus of development cooperation**

Lithuanian development cooperation has focused on the European Neighbourhood countries with the special emphasis on the Eastern Partnership countries. Lithuania has been also open to cooperation on preventing and countering the negative effects of migration.

Lithuania is open to considering cooperation in other parts of the world, whenever Lithuanian diplomatic and economic interests, image and visibility can be enhanced or synergies created in development programmes.

### **Modest but growing development cooperation budget and aspirations**

Compared to some other EU development partners<sup>1</sup> (DPs), Lithuania's budget for development cooperation is still modest, but it is growing. The Government has set a goal of 0.33% of GNI as its target for 2030.

To make the most of Lithuania's experience and comparative advantage, the country's development cooperation needs widening and deepening. The CPMA and Lithuania's public sector entities are now targeting EU and international development funds through bidding for technical assistance and other relevant development cooperation contracts.

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<sup>1</sup> Development Partner' refers to what used to be known as 'donor' or 'donor country', an entity or country that provides aid to partner countries and their institutions.

### **Track record and comparative advantage**

Lithuania's institutions have established an enviable track record in Twinning programme, advisory services and technical assistance (TA) in key areas, including public security (law enforcement, energy and health), good governance (rule-of-law, e-Government and business climate) and public financial management (including customs, tax administration, EU funds management and statistics).

The country's experts excel at public administration reform, project management and governance-related ICT. They have the political insights, linguistic skills, and the institutional memory and experience of transition for operating in the EU Eastern Partnership countries. And the CPMA provides an experienced financial-administrative-management body for carrying out development programmes.

### **Inspiring other countries through knowledge sharing**

Lithuania's successful political, economic and social transition serves as an inspiration to other countries facing similar development challenges. Therefore Lithuania is dedicated to sharing its knowledge and experience of transition.

Given the scale of global challenges of poverty, health, education, governance, environment and many others, it would be morally indefensible to make no effort to tackle these issues, together with other advanced economies. Lithuania's development cooperation therefore signifies its acceptance of responsibility for assisting those in need of support within the global society.

### **Supporting geo-political safety and security**

Lithuania's location within a very dynamic geographic region, provides its development cooperation with geopolitical purpose; the positive socio-economic development of neighbouring countries is one of the measures for strengthening the safety and security of Lithuanian society.

### **Enhancing economic interests, image and reputation**

Participation in development cooperation supports Lithuania's economic interests. The principles inherent in good governance, including strong administrations, favourable business environments and societal safety and security are pre-conditions for Lithuanian businesses to establish and contribute to the development of countries with shared economic interests.

The quality of delivery of Lithuanian development cooperation promotes the reputation and visibility of the Republic of Lithuania with the general public and institutions, at home and internationally.

### **The extended scope of Lithuania's development cooperation**

The CPMA and Lithuanian public administration entities may apply for or tender for a range of EU projects and programmes and some other DP projects and programmes. The expanded scope of Lithuania's development cooperation focuses on these opportunities.

The EU has a sophisticated development cooperation system, based on a number of instruments targeting the candidate countries for EU membership and the Neighbourhood countries (beneficiaries of the IPA and ENI programmes) and developing countries (recipients of the DCI and EDF programmes).

Lithuania is entitled to engage in the EU's joint programming initiatives, involving other DPs, in an

increasing number of partner countries.<sup>2</sup> The EU distinguishes between services [including very large framework contracts (FWCs)], supplies and works contracts. Most interesting for Lithuanian development cooperation entities are Twinning projects, EU projects under delegated agreements, EU grants, large services contracts and the FWCs funded by the EU.

The guidelines also detail the possibilities for engaging with the multi-lateral DPs, for example, the UN agencies, as well as important bi-lateral DPs, including SIDA (Sweden), GIZ (Germany), DfID (United Kingdom) and USAID.

### Eligibility

All DPs have procedures and eligibility criteria for participation as a contractor in their respective programmes. Some of these procedures are very demanding and sometimes opaque.

The Guidelines summarise the formal and practical eligibility criteria that apply for Lithuanian public sector entities wishing to engage in cooperation efforts, particularly in EU-funded programmes and projects.

The EU's procedures are well documented, relatively transparent, and allow public sector entities to participate in bidding. The overall conclusion is that Lithuanian entities are generally eligible to participate in calls for proposals and tenders of the EU and a some of other DPs, however the majority of criteria indicate that EU Twinning projects, EU grants, EU delegated agreements, EU framework contracts, EU tenders could be the most promising.

### Ensuring successful expansion in development cooperation

Some measures would help to improve Lithuanian development cooperation in both its current and potentially expanded forms:

- **The development of a 'one-agency' approach** to participate in development cooperation projects and programmes of other DPs, in which coordination for all advisory/administrative-financial management of development cooperation projects is provided by the CPMA;
- This approach implies a strong single approach, involving all relevant public administration entities using the coordination of the CPMA, and the overall leadership of the MoFA;
- The approach suggests coherent systems and procedures in identifying and deciding which projects and programmes should be targeted; consistency in applying for/tendering for projects and programmes; and effective procedures to steer the delivery and financial management of new projects and programmes; overall, presenting a single, well managed interface for Lithuanian development cooperation;
- In addition, the 'one-agency' approach would enable the growth of strategic alliances with reputable development cooperation companies and public agencies that are important in bidding for projects and programmes; as well as strengthening and expanding the pool of specialist experts, from within and outside the Lithuanian public administrations, who are essential for resourcing a range of projects and programmes;
- **Facilitating the deployment of Lithuanian expertise** in development cooperation from all public, private and non-governmental sectors through association and information exchange (e.g. an *Association of Lithuanian Development Cooperation Experts*).

A further initiative, following a proposed feasibility study, is the **potential establishment of a Lithuanian Development Fund (LDF)** as a vehicle for the implementation of Lithuanian development cooperation policy in a more strategic planned and focused manner.

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<sup>2</sup> 'Partner country' is a country which receives aid provided by international donors

## RECOMMENDATIONS

***Two key issues were explored in the Guidelines and the Operational Manual: (a) the options available to Lithuania to expand and deepen its development cooperation; and (b) how Lithuania can achieve more impact for people and communities in other countries, while enhancing Lithuania's image and value around the world.***

Lithuania is committed to an expansion of its international development cooperation and has set a goal of contributing 0.33% of GNI by 2030, up from the current 0.13% of GNI (2017). The total amount raised for development cooperation in 2017 was Euro 52.2 million.

However, the vast majority of the Euro 52.2 million was paid directly to the EU budget, as well as to other multi-lateral development partners, such as the World Bank. Only around 2 per cent was retained for Lithuania's own MoFA managed bi-lateral programme, of which around Euro 1.1 million was donated in small grants to a wide range of NGOs as well as state and municipal public sector entities with projects in other countries.

The CPMA, ministries and public sector entities such as the police, customs and food security and veterinary services have become involved in Twinning projects financed by the EU, assisting governments with advice based on Lithuania's reform processes. And the CPMA has recently been contracted to manage a project in Ukraine, also financed by the EU, under the so-called indirect management modality, though this required matching finance from the Lithuania budget.

These types of projects are financed like grants, with cost recovery, limited contributions to the implementing organisation's overheads and no profit. However, they are of value to the communities they serve; and the delegated management of large projects has potential for impact, as well as enhancing Lithuania's reputation and standing, especially in neighbouring countries.

**The following recommendations suggest a range of actions that, taken together, can enlarge international development cooperation and Lithuania's image and standing.**

### **Recommendation 1:**

***Creating a larger and more focused bi-lateral programme capable of generating greater impact than is currently possible, and including the following:***

- **MoFA to create a more focused, clearly defined and impactful Lithuanian development cooperation based on a National Development Cooperation Strategy**, utilising a larger percentage of the current budget, and increasing in size over the coming years. This would include country programmes for selected priority partner countries, with larger and longer-term projects managed by Lithuanian entities, aimed at lasting impacts and utilising mainly Lithuanian expertise,
- **Redefining and strengthening the mandate of the National Development Cooperation Commission (NDCC)**, which is currently limited to the exchange of information on a rather infrequent basis, into a significant forum for policy development, and for gaining wide political support for a growing international development programme.

**Recommendation 2:*****Increasing development cooperation financing through new modalities and mechanisms, in particular:***

- **Engaging in technical assistance projects financed by the EU and other selected development partners.** A very large volume of technical assistance projects is currently contracted out to mainly commercial development companies, who compete in the procurement processes. The CPMA could develop the know-how for competing and winning projects that are focused on Lithuania's core skills in governance transformation. And such projects, effectively managed, should generate income and profit that could be devoted to improving Lithuania's development programmes.
- **Establishment of a Lithuanian Development Fund (LDF)** as a vehicle for the implementation of Lithuanian development cooperation policy. The LDF to be designed to accumulate available budgetary resources; potentially generating income contributions from the private sector; as well as from technical assistance and other project modalities. We propose that a feasibility study is carried out to develop the concept for the LDF, including the most effective ways to attract private sector finance.
- **Matching funding from the state budget into development cooperation based on cost-benefit analyses** (financial, reputational and socio-economic) derived from international development cooperation projects won by Lithuania public sector entities, such as Twinning, grants, delegated management and technical assistance. Such an approach would highlight and 'reward' success in raising new budget, and provide politicians with the motivation to further build international cooperation.

**Recommendation 3:**

***The development of a 'one-agency' approach to ensure all the Lithuanian public administration entities involved in development cooperation projects and programmes financed by other development partners, are managed effectively and able to win and implement projects to consistently high standards. The coordinated approach for all advisory/technical assistance services would be provided by the CPMA.***

- The 'One Agency' approach implies a strong single approach, involving all relevant public administration entities following the coordinated approach by the CPMA, and the overall leadership of the MoFA.
- The approach includes coherent systems and procedures in identifying and deciding which projects and programmes should be targeted (following geopolitical and economic interests and development cooperation priorities); consistency in applying for/tendering for projects and programmes; and effective procedures to steer the delivery and financial management of new projects and programmes; overall, presenting a single, well managed interface for Lithuanian development cooperation.
- In addition, the 'one-agency' approach would enable the growth of strategic alliances with reputable development cooperation companies and public agencies that are important in bidding for projects and programmes; as well as strengthening and expanding the pool of specialist experts, from within and outside the Lithuanian public administrations, who are

essential for resourcing a range of projects and programmes.

**Recommendation 4:**

***Facilitating the deployment of Lithuanian expertise in development cooperation from all public, private and non-governmental sectors.***

- Commission a review and mapping of the current MoFA database of experts to assess its comprehensiveness and to propose ways to improve its scope, quality and size, while including experts from the public and private sectors.
- To establish an *Association of Lithuanian Development Experts* to involve more Lithuanian experts and consultants in development cooperation; to facilitate exchange of information on development cooperation; and to encourage growth in the volume of development cooperation undertaken.
- Key Lithuanian officials, politicians, embassies and other representations, for example, the Representation to the EU in Brussels, mobilised to highlight the country's dedication to development cooperation, and to support its expansion in new modalities, including relations with relevant development partners, including the EU.

**Recommendation 5:**

***Establishing the means to monitor impact and value of Lithuanian development cooperation.***

Creating a dedicated monitoring, evaluation and learning system (MEAL) that is capable of measuring the results and impact of Lithuanian development cooperation; ensuring that value is derived from Lithuania's contributions; and including the requirement of each Lithuanian public entity to contribute to the effectiveness of the MEAL system.



## PURPOSE AND STRUCTURE

### Purpose

According to legislation and regulations in place, Lithuanian state and other public sector entities (*valstybės ir savivaldybių institucijos ir įstaigos*) may engage in development cooperation. They may do so either on their own or in partnership with other legal entities or natural persons, in both the private and public sector, at home or abroad.

These Guidelines intend to institutions with advice on how to prepare for and take part in international development cooperation interventions.

The Guidelines build on past experience of Lithuanian institutions in development cooperation in a variety of programmes and countries, summarise lessons learned and suggest ways in which to improve the efficiency, effectiveness and impact of Lithuanian development cooperation.

### Structure

The structure of these Guidelines is as follows:

- **Section I** sets out the background to Lithuania's engagement in development cooperation and the geopolitical, economic and practical benefits resulting from it. It further compares the strategic orientation of Lithuanian development cooperation with global trends and the policies of various DPs. Finally, it describes Lithuania's experience in development cooperation to date and assesses its comparative advantage over other DPs.
- **Section II** discusses the steps to be taken by Lithuanian entities to qualify for and participate in development cooperation instruments, programmes and projects funded or implemented by international DPs, the EU in particular.

Background information to these Guidelines can be found in the accompanying *Notes to the Guidelines for Development Cooperation by the Public Administration Entities of the Republic of Lithuania* (hereinafter referred to as '[Notes](#)').

The practicalities of engaging with a variety of DPs, public sector entities and private sector entities in in development cooperation are set out in the separate *Operational Manual for Development Cooperation by the Public Administration Entities of the Republic of Lithuania* (the '[Operational Manual](#)').

## SECTION I – BASELINE

This section sets out the background to Lithuania’s engagement in development cooperation and the resulting geopolitical, economic and practical benefits. It details how the strategic orientation of Lithuanian development cooperation compares with global trends and the policies of various DPs. It summarises Lithuania’s experience in development cooperation to date and describes its comparative advantage over other DPs.

### 1. CONTEXT

#### 1.1 Introduction

1. Following the re-establishment of the Republic of Lithuania in March 1990, the nation rapidly developed its international ties in many areas, through engagement with the United Nations (UN) [joined in 1991], the international financial institutions (IFI) [World Bank (WB) joined in 1992] and the European Union (EU) [joined in 2004]. Lithuania has itself benefitted much from this cooperation since independence and is both bound by international agreement and able to contribute to the development of other countries.
2. After regaining independence, substantial political, economic and social transition took place in Lithuania. The country rebuilt its legal and political systems and institutions, moved from a planned to a market economy, established independent fiscal and monetary policies, structures of defence, as well as a social protection system. Progress in all areas was defined by the country's determination to re-join the European community. Lithuania was invited to start negotiations for EU accession in 1999 and joined both NATO and the EU in 2004.
3. After joining the EU, Lithuania’s status changed from recipient country to that of DP and the country started contributing to EU development cooperation and gradually that of other DPs.

#### 1.2 Global Agenda and Solidarity

4. Given the scope of global poverty and the challenges to health, nutrition, education, equality and opportunity, it is morally incumbent upon Lithuania to help tackling these challenges. Engaging in development cooperation thus reflects Lithuania’s acceptance of this responsibility.
5. Lithuanian development cooperation policy is based on **Agenda 2030**, which UN members adopted in 2015 to drive global development until 2030. This agenda aims to achieve a better future for humanity by specifying the way forward to end extreme poverty, fight inequality and injustice, and protect the planet by the end of the second decade the 21<sup>st</sup> century.
6. *Agenda 2030* has 17 *Sustainable Development Goals* (SDGs) that became operational in 2016. These comprehensive goals are further detailed in a total of 169 specific targets. The SDGs reflect an inclusive<sup>3</sup> process, with governments partnering with all sectors of society and a wide variety of stakeholders, including academia, business, civil society and the public.
7. Lithuania joined (2014) and supports the ***Global Partnership for Effective Development Cooperation*** between most countries and over 50 international organisations to advance the effectiveness of all development efforts<sup>4</sup> and make an end to poverty.

<sup>3</sup> Agenda 2030’s inclusiveness is highlighted by its motto: *Leave no one behind*.

<sup>4</sup> Including: (i) ‘South-South’ cooperation (i.e. efforts by developing partner countries to exchange resources, technology and knowledge between themselves, rather than receiving these from a developed country); and (ii) ‘triangular cooperation’ (i.e. the relatively recent mode of development cooperation between a ‘traditional’ DP from the ranks of

### 1.3 EU Development Policy

8. The EU and its member states (EU MS) – including Lithuania – have been closely involved in formulating the SDGs. The *European Consensus on Development*, adopted in 2017, presents the EU’s approach to development cooperation, including the integrated focus<sup>5</sup> on *Agenda 2030*.
9. The EU implements its development cooperation policy through a variety of instruments and funds operated by various Directorates General of the European Commission [**Section 4.1**].
10. The EU MSs each operate their own development programmes and funds, some of which are very large and have a history since the 1950s, others more modest and of recent origin. In addition to their bi-lateral support, the EU MSs, as well as some closely aligned EFTA members, channel much of their development assistance through the IFIs (including the WB and regional development banks). The *Organisation for Economic Cooperation & Development* (OECD) provides an **overview** of these countries’ development cooperation efforts.

### 1.4 Geopolitical Interest

11. Peaceful co-existence, positive partnership and helping the socio-economic development of non-EU neighbouring countries is in the interest of Lithuania. They may prevent or counteract developments and policies in those countries that may harm Lithuania’s geo-political and environmental security.
12. The same applies to positive engagement with the governments and people in developing countries on other continents, to forestall the negative effects of the loss of productive assets, including human resources, through massive migration, political turmoil creating social insecurity and environmental damage.
13. The eventual success of Lithuania’s transition since 1990 forms an inspiration for other countries experiencing transition challenges. The political, institutional, administrative and economic difficulties the country had to overcome continue to offer lessons learned. Partner countries can profit from those lessons through substantially less steep and shorter learning curves, as well as lower costs of transition. DPs may benefit by embedding key aspects of Lithuania’s experience in their development cooperation programmes.

### 1.5 Economic Interest

14. Experience since World War II has made it clear that socio-economic development is intrinsically linked with countries and institutions observing the principles of good public governance and administration, ensuring a favourable environment for private sector development, and creating the conditions for effective dialogue and inter-action between government, civil society and the business community.
15. Lithuania’s own economic interests are served when Lithuanian businesses can count on good governance, a welcoming business climate and publicly supported rule-of-law in the countries where they are active or intend to be active. The same economic interests are served by ensuring that Lithuania and its government, businesses and people project a positive image and are seen as reliable partners internationally.

### 1.6 Legal Framework

16. Lithuania focuses on 6 SDGs in its development cooperation policy: (1) No Poverty; (4) Quality

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the OECD’s Development Assistance Committee (DAC), an emerging DP, and a partner country.

<sup>5</sup> Summarised under the ‘5Ps’: People, Planet, Prosperity, Peace and Partnership.

Education; (5) Gender Equality; (13) Climate Action; (16) Peace, Justice & Strong Institutions; and (17) Global Partnership. The six SDGs will form the core of Lithuania's development cooperation policy.

17. The Government has introduced legislation and amended existing regulations to reflect *Agenda 2030* and the role of public sector entities and other stakeholders in implementing its development cooperation policy. The legal framework forms the basis for Lithuania's development cooperation, in line with national interests, global and EU commitments.
18. The legal framework consists of the *Law on Development Cooperation and Humanitarian Aid (2013)*, the *Resolution by the Government on the Approval of the Description of the Procedure for the Implementation of Development Cooperation and Humanitarian Aid Activities by State and Municipal Institutions and Agencies (278/2014)*, the *Inter-Institutional Action Plan 2017-2019, approved by the Government*, *Resolution by the Government On the Establishment of the National Commission for Development Cooperation and the Approval of its Rules of Procedure (42, 2014)* and the *Order by the Minister of Foreign Affairs on the Approval of the Description of the Procedures for the Implementation of the Development Cooperation and Democracy Promotion Programme (V-62/2014)*.

## 2. LITHUANIA'S ODA

### 2.1 Current Situation

19. Lithuania's current official development assistance (ODA) consists of:
  - Contributions to EU, IFIs, UN, international organisations and funds related to development cooperation (managed by MoF, MoFA and other line ministries);
  - Bi-lateral cooperation activities (through MoFA and other line ministries); and
  - LT institution's contributions to multilateral development activities.
20. In 2017, Lithuania's ODA totalled EUR 52.2 million or 0.13% of gross national income (GNI); up from EUR 18.2 million in 2006.
21. In 2017, the larger part (98 %) of the annual budget went towards international obligations (EU, UN, IFIs, international organisations and funds related to development cooperation), leaving some EUR 1.1 million (2 %) for discretionary spending on Lithuania's bi-lateral development cooperation projects through the bilateral Development Cooperation and Support for Democracy Programme.<sup>6</sup> In 2017, 86 projects amounted to over EUR 1.1 million were implemented through bilateral Development Cooperation and Support for Democracy Programme.
22. The Government aims to achieve a budget for development cooperation of 0.33% of GNI by 2030<sup>7</sup>. The funding for Lithuanian development cooperation remained stable in 2007-14 and sees increase in absolute value from 2015.
23. Any additional means for Lithuanian development cooperation will likely be channelled on the basis of the current prioritisation [**Section 2.2**].

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<sup>6</sup> The *Inter-Institutional Action Plan for Development Cooperation, 2017-2019 (IIAP)*, foresees expenditure of 1.7 MEUR/annum on Lithuanian bi-lateral development cooperation projects.

<sup>7</sup> The target for the Member States that joined the EU in 2004.

## 2.2 Lithuania's Priorities – Sectoral and Geographical

24. Lithuania's development cooperation activities<sup>8</sup> that were funded from other development partners, since the very first activities in 2004 focused on – and implicitly revealed a preference by partner countries for Lithuanian experience – in three distinct areas<sup>9</sup>:
- **Public Safety and Security**, including: (i) law enforcement, (b) clean & efficient energy, and (c) public health, food safety & veterinary;
  - **Good Governance**, including: (a) governance and rule-of-law; (b) e-Government; and (c) business & investment climate;
  - **Finance and economics**, including (I) access to finance; (II) EU fund management, public financial management (PFM), customs & tax administration; (III) statistics; and (IV) stable, credible economic regulatory framework.
25. Lithuanian development cooperation further included activities in the areas of vocational training, developing economic opportunities, gender, human rights and environment (e.g. forest management) and etc.
26. The country's development cooperation's implied preferential areas match global trends, the SDGs adopted by Lithuania as core priorities<sup>10</sup>, as well as the priorities of EUMS, EFTA MS and the IFIs [Section 2.5] This suggests potential for synergy.
27. Lithuanian development cooperation activities, implemented by both – public and non-governmental sectors has, since 2004, undertaken (cross-border cooperation, twinning, technical assistance and grants) in around 20 countries, with a distinct focus on three groups of countries: (i) Western Balkans and Turkey (mainly under the EU/IPA programme; (ii) EU Eastern Partnership countries and (iii) South Asia (DCI);
28. Lithuanian development cooperation resources were used for bi-lateral projects that were implemented in EU Eastern Partnership and accession countries, but also countries outside the focal regions (e.g., in 2017: Bhutan, Mali, Mongolia, Myanmar, Nigeria and South Africa).

## 2.3 Lithuania's DC – Institutional Experience

29. Lithuania has built a reputation for effective delivery of advisory services in the context of EU-sponsored Twinning instrument. Since 2013, the number of Twinning assignments by Lithuanian experts has been considerable, with Lithuanian entities leading more than half of them.
30. Lithuanian Twinning experience has focused on public administration reform in five sectors, including Justice and Home Affairs (*Ministry of Interior, Police Department, Ministry of Justice, and others*); Finance, Internal Market and Economic Criteria (involving *Ministry of Finance, Customs Department, CPMA, etc.*), Agriculture and Veterinary (*State Food & Veterinary Service, Ministry of Agriculture*), Transport (Ministry of Transport and Communications), Social Affairs and Employment (Ministry of Social Affairs and Employment, others) as well as interventions on public-private partnerships, technical & vocational education & training (TVET) (CPMA), employment (MoSSL), health (MoH), statistics (DoS) and, etc.

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<sup>8</sup> These sectoral priorities emerged from institution's participation in other donors (mainly EU) funded programs (mainly – Twinning), and does not include Lithuania's contribution to the budgets of World Bank Group and the United Nations, since those are not linked to any specific thematic areas.

<sup>9</sup> Based on MoFA and CPMA's inventory of projects implemented in the period 2004-2017.

<sup>10</sup> SDGs 1, 4, 5, 13, 16 and 17.

31. CPMA has done the financial and administrative management of some 50 projects financed by the EU in particular. It has used its accumulated know-how to secure indirect management authority under delegation agreements funded by the EU institutions. In 2017, it embarked on its first project under EU 'delegated cooperation' in the Ukraine. Lithuanian entities have also engaged in a number of TA projects, in some cases as junior partners of commercial consultancy companies, especially in the Eastern Partnership countries.
32. Lithuanian involvement in Twinning programme is likely to continue, especially in the Eastern Partnership and IPA countries. But the future growth of Lithuanian development expertise will depend on increased engagement with the EU and other DPs, as well as private sector consortia, on TA projects, delegation agreements and grants.

#### 2.4 Lithuania's DC – Comparative Advantage

33. A SWOT-analysis of the comparative advantage of Lithuanian development cooperation shows that it depends on:
  - extensive expertise amongst Lithuanian public sector entities of the political, strategic and organisational factors that contribute to successful transfer of socio-economic transition experience;
  - an experienced, 'pillar-assessed' financial-administrative management entity (i.e. the CPMA) that is able to formulate technical proposals, carry on the administration part of the project when implementing them.
  - highly-developed practical expertise on the part of Lithuanian experts and consultants in transition-related public administration reforms, including project management, as well as advanced systems, ICT and other technology in support of good governance;
  - political ties, political insights and cultural skills, as well as language abilities on the part of Lithuanian institutions and experts, to operate effectively in the EU Neighbourhood.
34. Commercial contractors have made use of Lithuanian experts in the implementation of projects funded by the EU, but also UNDP, WB and other DPs. The deployment of Lithuanian experts except Twinning programme in projects has often been in spare time or on a free-lance consultancy basis.
35. The main weaknesses affecting the comparative advantage in development cooperation are: (i) a lack of bundling the expertise gained by Lithuanian entities and experts; and (ii) insufficiently coordinated deployment of that expertise.
36. The Government may take advantage of the strengths and opportunities, and counter the weaknesses and threats, *inter alia* by facilitating the bundling and deployment of Lithuanian expertise in development cooperation, through association and information exchange (e.g. an *Association of Lithuanian Development Cooperation Experts*).

#### 2.5 Prioritisation by other DPs

37. Some 'mega-trends' profoundly influence the ability of individual countries, including Lithuania, as well as the international community overall to meet the SDGs. These include poverty and inequality; demography and climate change (and related migration patterns); the financing of development cooperation; and technological innovation. *Agenda 2030* contributes to convergence between most DPs monitored by the OECD. The 28 EU MS, the EFTA members and the USA are largely in agreement on the strategic orientation of their development cooperation programmes.
38. The EU and its MS have started to align with the megatrends and the SDGs. The prioritisation within the EU's development cooperation instruments, as well as the focus of the programmes of its MS reveals specialisation. Many bi-lateral DPs – such as the Nordic

countries – tend to prioritise by sector and geographically. Other countries share their experiences in the transition to a market economy, and promotion of rule-of-law.

## **2.6 Lithuania's DC in the Future**

39. Lithuania seeks to increase its ODA to 0.33% of GNI by 2030, with further increases in line with EU and UN targets in the future.
40. Lithuania will continue to focus on the European Neighbourhood, especially Eastern Partnership countries.
41. At the same time, Lithuania could also explore cooperation with partner countries in Central Asia and also Sub-Saharan Africa. Lithuania will be open to cooperation on preventing and countering the negative effects of migration.
42. In addition, Lithuania will be open to suggestions for activities put forward by its representations in other parts of the world, including Africa and (South-East) Asia, whenever Lithuanian interests, image and visibility can be enhanced or synergy with other DPs and operators of development cooperation programmes achieved.
43. Following up on these opportunities will require increased funding for Lithuanian development cooperation.

## SECTION II – WAY FORWARD

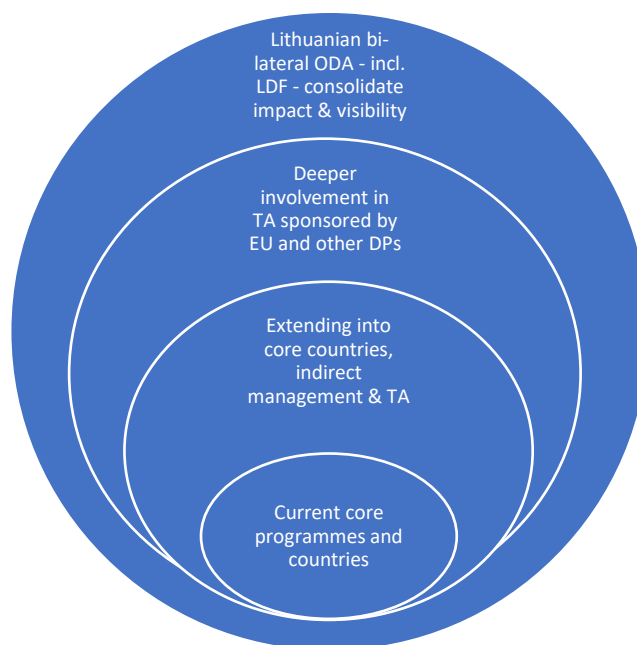
This section discusses the steps to be taken by Lithuanian entities to qualify for and participate in development cooperation instruments, programmes and projects funded or implemented by international DPs, the EU in particular.

### 3. DEVELOPMENT PATH

#### 3.1 Steps

44. Lithuania’s experience and comparative advantage provides the basis for the country to engage even more in development cooperation, where necessary or opportune in cooperation or partnership with other DPs.
45. The path towards wider and deeper engagement in development cooperation consists of a number of steps: (i) building on current core areas of expertise and geographical focus; (ii) pursuing engagement in TA delivery in pursuit of the SDGs; (iii) participating in the implementation of services contracts sponsored by the EU and other DPs; and (iv) using Lithuanian bi-lateral development cooperation resources to capitalise on current expertise and steps (ii) and (iii) to pursue the SDGs at the core of its development cooperation policy.

*Figure 2: Lithuanian Development Cooperation – Development Path*



46. The development path implies that Lithuanian entities – under the guidance of MoFA and with the assistance of the CPMA – familiarise themselves with:
  - (i) the ways in which different DPs approach the six SDGs and related targets that form the strategic core of Lithuania’s development cooperation; and
  - (ii) the delivery modalities for development cooperation employed by DPs, including leading IFIs, EU/EFTA MS and, in particular, the EU institutions.<sup>11</sup>

<sup>11</sup> The EU modalities are sophisticated and well-established. Many DPs have adopted similar procedures. These guidelines reflect common features of those procedures.



### 3.2 Developing a One Agency Approach

47. There are clearly opportunities for Lithuanian entities to bid for projects with the EU and other DPs. It is also clear that these opportunities will not be easy to seize.
48. As discussed in detail in the next chapter, the challenges include fierce competition for EU TA contracts as well as entry barriers, such as those for the EU (the need for a number of relevant references), GIZ (the need for training in Capacity Works and intimate market knowledge), and DFID (with its scale, and cultural and methodological particularities).
49. Entry barriers also exist with other DPs, such as the WB (projects managed by country bodies and often broken into small contracts, normally favouring individual consultants) and USAID (essentially reserved for US companies and development organisations).
50. The rather small number of EU national, government-owned agencies that have established themselves as bidders in TA and indirect management, for example, GIZ (German bi-lateral), Expertise France, and FIAPP in Spain have done so on the back of large bi-lateral programmes and significant delegated management programmes. Other than GIZ itself, which bids directly for TA contracts, the other entities appear to have less extensive TA portfolios.
51. As noted [Section 2.4], the Lithuanian entities have substantial strengths. The recent, radical restructuring of Lithuanian governance using up-to-date methods and tools is the biggest and most distinctive asset. In addition, a significant number of officials who work in a range of ministries and agencies are willing to work abroad as experts.
52. The most challenging aspects for starting to bid for and build a larger portfolio of projects are (a) Lithuania's small bi-lateral programme, which provides no real springboard for internal or external delegated management; and (b) the limited coordination between the CPMA and the various public sector entities involved in development cooperation within the administration, together with a lack of shared approaches and depth of leadership, coordination and management that is necessary for a larger-scale, more complex operation.
53. Lithuania's transition into a significant, unified player led by a one agency approach will require a strategic dialogue involving the CPMA/MoFA and public sector entities (in this context - technical entities) that leads to a shared vision about what they want to become in the medium term; agreement on the practices/issues inhibiting progress towards that vision; and a shared approach towards achieving the vision. The necessary roadmap approach is set out in the Methodology (Operational Manual) and summarised in the next sub-section.

### 3.3 Key Elements of the Way Forward

54. The following illustrates the key elements for an agreed roadmap:
  - Formulate a 'One Agency'-approach in which leadership would be provided by the MoFA and coordination for all advisory/TA services would be provided by the CPMA. This would include:
    - a coordinated approach to searching for project opportunities and dealing with external enquiries about joining consortia, led by the CPMA,
    - taking the leading role in tenders wherever possible, rather than joining a consortium as a partner,
    - forming strategic alliances with reputable and well-resourced development cooperation companies,
    - following a jointly managed approach involving all participating Lithuanian development cooperation entities for preparing tenders, to consistently high

standards, led by the CPMA;

- Find ways of remaining true to the key distinguishing identity of Lithuanian development cooperation, namely the transfer of knowledge by Lithuanian experts who have recent knowledge of government reform and transition experience; through:
    - creating a pool of experts that are eligible to participate in tenders, from within and outside the public sector entities in Lithuania and to make it a priority to use Lithuanian experts whenever possible;
    - creating a pool of international experts that share this same ‘practitioner’ focus;
    - agreeing contracting and remuneration schemes that are motivating for all experts;
    - developing project management skills and competences that separates financial and administrative and technical management; ensuring technical implementation that achieves impact, as opposed to ‘ticking boxes’;
  - Creating back-up IT/tools that enable internal sharing of information in business development and implementation; including up-to-the minute state of play information on the business development process/tenders as well as projects under implementation;
  - Generating brand value - recognition of the distinctiveness of Lithuanian development cooperation through clever and knowledge-based identity and messaging strategies;
  - Recruiting additional staff where relevant experience may be needed, for example, in business development, TA tendering and/or project management.
55. For some types of opportunities, it may be that the CPMA is the only Lithuanian entity in the bid; on other occasions, only one of the technical entities may be included; and in other cases, perhaps the most frequent, international partners will join the bid.
56. In any event, public sector entities will be able to decide whether or not to go for projects in their technical fields of competence; they will contribute to tenders in their fields; and they will be enabled to concentrate on implementation, given that overall project management will likely be undertaken by the CPMA. It would be in the interest of public institutions to delegate all or most aspects of project management to the CPMA, since it would decrease their workloads and reduce the need to recruit additional financial/administrative personnel. In addition, doing so would enable the bundling of project references, which will increase the chances of winning future tenders.

#### 4. DP DELIVERY MODALITIES

57. The following four sections summarise the assistance **delivery modalities** of three major multi-lateral DPs (i.e. the EU, UNDP and World Bank), as well as selected bi-lateral DPs.

##### 4.1 European Union

58. **Four Instruments.** The EU delivers its development efforts under 4 main instruments. These are the DCI (*Development Cooperation Instrument*)<sup>12</sup> and the EDF (*European Development Fund*) run by DG DEVCO, which together amount to EUR 50 billion for the period 2014-2020. In addition, the EU extends substantial development support to (potential) candidate countries and countries bordering on the Union, through the ENI (*European Neighbourhood Instrument*) and the IPA (*Instrument for Pre-Accession*) programmes operated by DG NEAR, with a total budget of EUR 27 billion. All four programmes are implemented in cooperation with the *European External Action Service* (EEAS), and especially its EU Delegations around

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<sup>12</sup> A summary of the focus and regional orientation of the DCI and the other three EU-instruments listed in this paragraph can be found in the **Glossary**.

the globe, which are key players in the design and programming of EU support in the countries where they are accredited.

59. **Procurement contracts.** Contracts are divided into three categories: (a) Services – technical assistance (TA) and studies; (b) Supplies – equipment and materials; and (c) Works – infrastructure and other engineering works. Service contracts shall comprise study and technical assistance contracts. Service contracts are sometimes initiated to gain from exterior knowledge. A technical assistance contract is a service contract where the contractor is called on to play an advisory role, to manage or supervise a project, or to provide the expertise specified in the contract. A study contract is a service contract concluded between a contractor and the Contracting Authority, which includes studies for the identification and preparation of projects, feasibility studies, economic and market studies, technical studies and audits. Supply contracts cover the purchase, leasing, rental or hire purchase (with or without option to buy) of products. Works contracts cover either the execution, or both the execution and design, of works or a work. A 'work' means the outcome of building or civil engineering works taken as a whole that is sufficient in itself to fulfil an economic or technical function. Works contracts are usually concluded by the partner country with which the European Commission has a financing agreement (under indirect management).
60. **Grants** are also used by the EU for its external actions. Grants are used in a wide variety of circumstances for the delivery of very specific development cooperation actions, typically involving many beneficiaries.<sup>13</sup> The grant model is based on cost reimbursement and involves co-financing by the implementing entity. The various DGs of the European Commission operate the grant schemes, each in their area of competence, such as DG NEAR for the IPA and ENI partner countries and DG DEVCO for DCI and EDF partner countries. One of the special form of grants are Twinning projects.
61. The eligibility criteria for each grant scheme vary, but qualified institutions from the MS active in the sphere of the grant scheme may apply. Lithuanian entities, including CPMA, can act as lead applicant or as co-applicant together with beneficiaries in the partner country.
62. The forecasts and announcements for EU grant schemes can be followed on DG DEVCO's [tender website](#), by selecting the 'grants' option.
63. **Delegated Cooperation** is another EU aid delivery modality<sup>14</sup>. Delegated Cooperation may be implemented via Delegation agreements with regard to funds entrusted by the European Commission to development cooperation entities from EU Member States or other DPs. Another option (used very occasionally) is the Transfer Agreements, to manage funds entrusted to the Commission by EU MS, other governments, organisations or public donors.
64. Participation in delegated cooperation requires that entities must qualify for **indirect management**.<sup>15</sup> This means that the EU delegates the responsibility for implementation to partner country institutions, international organisations and agencies of the MS.
65. The European Commission confers indirect management rights only after thorough review of the institution requesting it. The CPMA has passed this review, known as 'pillar

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<sup>13</sup> Beneficiaries of grant schemes are the individuals, companies, NGOs and other entities that may apply for a scholarship, a subsidy, research & development co-financing or other financial assistance under the grant scheme.

<sup>14</sup> Lithuania has recently started preparations for one 'Delegated Cooperation' intervention, i.e. re PFM in Ukraine, through a 'Delegation Agreement' (commonly, but not very precisely, referred to as 'indirect management').

<sup>15</sup> This one of three **management modes**, respectively, 'direct', 'indirect' and 'shared' management [**Notes**, Section 4.1].

assessment' and obtained indirect management rights in 2010 (renewed in 2017). This enables the CPMA to assume lead responsibility for project implementation under delegation agreements with the European Commission.

66. **Joint Programming** is used by the EU and its MS for the planning of development cooperation by EU DPs working in a partner country. It includes a joint analysis of the country's situation, leading by a joint strategy<sup>16</sup> setting out how EU DPs will provide support and measure progress. The strategy is typically formulated by the EU Delegation, other EU Institutions' field offices and MS representatives in the partner country, in line with the planning and budgeting rhythm of the partner country which leads<sup>17</sup> the joint programming process.
67. Tips for joint programming are set out in the Joint Programming Guidance Pack, which can be used to make a case for LT involvement in key areas of Lithuanian development cooperation, in partnership with the EU and its MS.
68. A Joint Programming Tracker reports on joint programming results. It shows that there are 'joint strategies' for quite a number of countries, including some in which Lithuanian public bodies have been active or shown interest in the context of Lithuanian or EU development cooperation, including Armenia, Egypt, Georgia, Jordan, Moldova, Palestine and Ukraine.
69. **Blending** of grants, loans and risk-sharing mechanisms is increasingly used by the EU to leverage resources for development and increase impact. Blending operations combine *EU grants with loans or equity from public and private financiers*. The objectives of blending include: financial leverage and improved project sustainability, but above all better cooperation between EU and non-European DPs, as well as enhanced EU visibility.
70. Blending uses financing under the above mentioned four EU development cooperation instruments (DCI, EDF, ENI and IPA) in 'blending frameworks' for nine specialised funds and facilities for different regions (Africa, Asia/Pacific, the Caribbean and Latin America, as well as the Neighbourhood and W. Balkans). EU Members States, including Lithuania, and multi-lateral IFI can contribute to the blending frameworks. The EU-funded resources are *inter alia* used for leveraging<sup>18</sup> investments by development banks.
71. **Procurement**. The delivery of EU development cooperation activities may involve services, supplies and works contracts. All three contract types are subject to procurement rules described in the PRAG, the *Practical Guide* for all EU external actions, including those under the above mentioned instruments.<sup>19</sup> Services contracts can be divided into those ruled by the **FWC** (framework contracts – the "umbrella contracts" between the European Commission and groups of development organizations. They have no financial value in themselves, but set out the general terms under which further specific contracts can be awarded during the project life cycle) system<sup>20</sup> and individually tendered contracts.
72. The various delivery instruments, contract types and management modes are summarised in

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<sup>16</sup> An example of a joint strategy (for Palestine) is [here](#). **NB:** Lithuania apparently was included in the discussions. Which may explain that it was included in the Table on page 40 of the joint strategy.

<sup>17</sup> Sometimes only nominally.

<sup>18</sup> I.e. raising far larger amounts from development banks than they would be prepared to invest without the EU's blending.

<sup>19</sup> EU assistance may also take the form of **budget support** or direct financial assistance to beneficiary countries and authorities. This type of support is not subject to the PRAG.

<sup>20</sup> For projects with a contracted value of up to EUR 1 million.

**Table 2.**<sup>21</sup> For Lithuanian public sector entities, operating in ‘one agency’ approach, the most promising may be participation in bidding for tenders for services contracts and FWC contracts (marked with +). There may be some supplies and works contracts, as well as grant agreements that involve a TA element, in which Lithuanian expertise may be welcomed (marked with +/-).

73. The EU provides the best source of opportunities for Lithuania development cooperation. Its focus on ENP East and enlargement countries is also a plus factor. It is accessible, large with many opportunities, and without any special hindrances, other than those connected with being new to tendering (e.g. the lack of references). The need for financial guarantees is also a challenge.

**Table 2: EU Instruments, Contract Types and Management Modes**

Instrument	Contract Forms				
	Services	Supplies	Works	Grants	FWC
	Direct, Indirect or Shared Management				Direct Management
DCI (Development Cooperation Instrument)	+		-	+	+
EDF (European Development Fund)	+	-	-	+/-	+
ENI (European Neighbourhood Instrument)	+	-	-	+/-	+
IPA (Single Instrument for Pre-Accession)	+	-	-	+/-	+

<sup>21</sup> The *DEVCO Companion to Financial and Contractual Procedures* is a useful compendium of procedures applicable to development cooperation financed by or through the EU.

## 4.2 United National Development Programme

74. UNDP's modalities can be considered a proxy for those of other UN organisations<sup>22</sup>. UNDP depends primarily on contributions from UN members. Each member state contributes to the operational costs of the UN system, which consist mainly of salaries and the rent, upkeep and maintenance of offices. For the implementation of the *United National Development Assistance Framework* (UNDAF) UNDP needs to solicit its members for additional funds. For their part, many of the larger DPs find it conducive to have UNDP and other UN organisations implement multi-lateral development efforts aligned with their priorities. Still, UNDP's work programme is continuously under financial stress, due to fluctuations in funding and late payments by its contributors.
75. Neither UNDP, nor the other major UN agencies have specific modalities for Lithuanian public administration entities to bid for development cooperation related activities funded or implemented by other DPs or the agencies themselves.<sup>23</sup>
76. Participation by Lithuanian public sector entities in UN development cooperation activities therefore depends largely on co-financing, by contributions to UN agencies' programmes or trust funds, including the Junior Professional Programme for individual young experts.
77. Individual Lithuanian experts always have the right to apply for vacancies posted on the UN agencies' websites. An example is [UNDP Jobs](#). Since UN agencies must advertise vacancies, but almost always already have someone in mind to fill them, the chances of success are relatively slim.
78. More than 50 UN agencies and programmes use the UN Global Marketplace ([UNGM](#)) portal for the procurement of services, supplies and works. The portal is oriented towards commercial vendors (companies and individuals, alone or in consortium).
79. LT entities may track UNDP bids as they begin to attempt to take part in development cooperation tenders, as these tenders may provide an opportunity to gain experience and references. However, it must be noted that the references required will most likely be unusable for EU tenders, or for larger value tenders.

## 4.3 World Bank Group

80. The World Bank (WB) provides developing countries with low-interest loans (IBRD – for middle income countries), zero-to-low-interest credits, and grants (IDA – for least developed countries). These loans, credits and grants support a wide array of investments in areas such as education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management.
81. By far the larger part of tenders under IBRD loans and IDA credits and grants by WB borrowers are organised by the borrowing countries themselves, in accordance with the WB's procurement policy and requirements<sup>24</sup>. Most tenders concern works and supplies since the WB financial resources are mainly used for infrastructure development.
82. There are also some tenders for consulting services (separate or as part of works/supplies tenders). In the *World Bank Guidelines for the Selection and Employment of Consultants*, the

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<sup>22</sup> Such as UN Women and UNOPS (which have – like UNDP itself and like CPMA – been granted EU 'indirect management' privileges).

<sup>23</sup> This contrasts with the 'delegated cooperation' and 'joint programming' facilities that are a feature of the EU approach to the development cooperation [Section 5.2].

<sup>24</sup> The World Bank and the community of DPs at large supports the use of countries' own procurement systems.

term 'consultants' covers a wide variety of private and institutions, including consulting firms, engineering firms, construction managers, management firms, procurement agents, inspection service providers, auditors, UN agencies and other multinational organisations, investment and merchant banks, universities, research institutions, government agencies, non-governmental organizations (NGOs) and individuals. Bank borrowers use these entities as consultants to help them with: policy advice; institutional reforms; management, engineering, construction supervision, financial and procurement services; social and environmental studies; as well as identification; preparation and implementation of projects.

83. There are no formal restrictions for public sector entities to participate in WB calls for consulting services. In practice there have been no instances of government agencies participating on their own in such calls. In addition, the value of consulting services is generally not high and in many instances tailored for individuals. It follows that Lithuanian entities agencies wishing to participate in tenders financed from WB loans, credits and grants and where an element of consultancy in particular sector exists, must form consortia with private sector partners.<sup>25</sup>

#### 4.4 Bilateral DPs

84. As summarised in **Annex 1**, many EU and EFTA MS, as well as the USA, have active development cooperation programmes. The extent to which Lithuanian entities can expert to partner with these DPs programmes differs.
85. The delivery modalities of a number of key EU/EFTA DPs' development cooperation entities have been subjected to an assessment. These include Danida (Denmark), DfID (United Kingdom); GIZ (Germany), SDC and SECO (Switzerland) and Sida (Sweden).
86. The details of these assessments are included in **Part 2** of the accompanying Operational Manual and can be summarised as follows:
- **Danida** focuses on similar priorities and offers relevant opportunities in terms of Lithuanian geographic priorities. Lithuanian transitional experience may be well regarded. In addition, there are close Nordic-Baltic regional ties between Lithuania and Denmark. Technical and financial proposal templates generally follow the EU tendering structure, which will make it easy to source tenders and to complete tender documents once capacities in EU tendering are built. However, Danish DC resources are mainly channelled through inter-governmental organisations (such as the UN) and IFIs (such as the World Bank), with the result that there are not so many tender opportunities. Nevertheless, DANIDA is a DP that should definitely be tracked, and in addition some joint co-financed opportunities should be pursued.
  - **SIDA's** priorities are similar to those of Lithuanian DC and there are close Nordic-Baltic regional ties between Lithuania and Sweden. In addition, approaches to tendering are clear; eligibility criteria are not particularly strict; in many tenders high volume projects references are not requested. However, consulting services are not generally of high value; and there are relatively few opportunities. Nevertheless, SIDA is a DP that should definitely be tracked. Lithuanian expertise in the ENI countries may be of particular interest to SIDA and therefore joint co-financed opportunities should also be pursued.
  - **GIZ** is a major international DP and should be a target, but Capacity Works (CW) training

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<sup>25</sup> To be noted: most contracts financed from WB-funds are tendered by the recipient governments, which do not always manage to avoid problems of inefficiency, corruption and nepotism. Many private sector consultancy firms therefore prefer not to bid and international consulting expertise plays a relatively minor role in WB-sponsored projects. That said, the World Bank maintains an 'eConsultancy' website, offering TA jobs for individual consultants.

will be needed, and projects may be limited at first to countries in which LT institutions/CPMA are active. In addition, partnership(s) with German companies may be explored.

- **SDC** does award tenders relevant to LT development institutions, in terms of countries and subject matter, but once the tender opportunity is opened on their website, there is limited time to respond and there will be limited numbers of such opportunities. Nevertheless, it is worthwhile tracking SDC.
  - **SECO** has a well-structured approach, but its economic development/labour focus does not match Lithuania's priorities and Lithuanian entities might be insufficient 'in the loop' to be informed of upcoming opportunities. In spite of these factor SECO is a DP that merits tracking.
  - **Dfid's** development funding structure and organisation of work differ markedly from those of other DPs. Its strong focus on national contractors, its geographic scope and its strong, entrepreneurial, innovation-driven approach does not seem to favour the participation of LT entities in calls for proposals. A very high proficiency in the English language is also needed, as well as an overall understanding of cultural context. It should be also noted that, currently, it is not clear how Brexit will affect DFID's eligibility criteria and whether EU entities will remain technically eligible to bid.
87. Outside EU/EFTA, the largest bi-lateral DP by far – **USAID** – delivers its development cooperation assistance mainly through contracts with a limited number of large companies, as well as a range of – often faith-based – NGOs. In terms of partnerships, USAID focuses on cooperation with private sector entities through its *Global Development Alliance* (GDA). In addition, at the discretion of its local representatives, USAID engages in cooperation with other DPs active in the various recipient countries, often for reasons of political expediency.
88. USAID offers opportunities for small businesses to engage in its development cooperation efforts, but Lithuanian entities and the CPMA are not well placed to take advantage of them.
89. The USAID Country Missions are important contracting authorities, but direct lobbying with the missions may be not enough to be involved in USAID projects. Apart from political reasons, key to success is to be taken on as a sub-contractor by a US company or NGO. Together with the USAID-style of contracting (involving *inter alia* complex negotiations on agreed overhead rates) this means that the only practical way to access to USAID contracts for foreign entities is through acquisition or partnering with a US company.

## 5. INSTITUTIONAL ELIGIBILITY

90. As set out in **Sections 4.2, 4.3 & 4.4**, the chances for participation by CPMA and other Lithuanian public sector entities in UNDP, USAID and World Bank, as well as most bilateral DPs' development programmes and projects are relatively slim and may involve challenging procedures. The following sections on eligibility therefore focus on EU-funded services contracts.<sup>26</sup>

### 5.1 Formal Eligibility

91. All procurement for EU-funded services contracts with a value of more than EUR 20,000 is subject to competitive negotiation or tender. Contracts with a budget of more than EUR

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<sup>26</sup> In addition, it should be noted that in spite of significant differences in administrative culture and procedures, the various DPs have many procedural aspects (the need to tender, strict evaluation of bids) in common. The EU's procedures may be considered very evolved and leading in formal transparency.



300,000 are subject to restricted tender, with pre-qualification and shortlisting of bidders.

92. Participation in negotiated or restricted tender procedures for EU-funded services contracts – including FWCs – is open to public sector entities, private sector operators and groups (consortia) involving public bodies, private firms or both. This includes public sector entities where national and local government institutions are founders, either on their own or in partnership with other public or private bodies. The same applies to state-owned enterprises.
93. Whether public or private, entities must meet eligibility criteria that are outlined in the PRAG, and further detailed by the responsible EU institution for each tender procedure.
94. In addition to a number of administrative criteria, the tenderer's eligibility typically concerns:
  - **economic & financial** capacity (e.g. annual turnover higher than a specified minimum amount – typically a large amount);
  - **professional** capacity (e.g. at least a certain number of experts covering a certain minimum of sub-sectors and able to provide a management team with certain minimum characteristics); and
  - **technical** capacity (e.g. a minimum number of reference projects, as well as other, including geographical coverage criteria).
95. If public or private entities decide to tender together, i.e. in consortium, the selection criteria apply to the consortium as a whole, not to each of the partners separately.
96. The CPMA meets all eligibility criteria for service contracts, on its own or in combination with other Lithuanian or international public or private sector entities, in that it is: (i) a public institution located in the EU; (ii) satisfying certain disqualifying criteria; and (iii) typically able to meet the financial, professional and technical thresholds (in combination with partners).<sup>27</sup>

## 5.2 Practical Eligibility

97. Few agencies, research bodies or municipalities in the EU MS participate in tenders for services and framework contracts launched by other MS bilateral bodies, the IFI or, for that matter, the European Commission and other EU institutions. In the case of grants, the co-financing requirement makes public institutions less keen to bid.
98. Public bodies of the MS tend to bid for programmes and projects funded by their own national development cooperation agencies. However, there are exceptions, largely consisting of what can be described the 'international' arm of domestic agencies.<sup>28</sup>
99. As observed [Section 5.1], Lithuanian public sector entities<sup>29</sup> may bid for services and FWC contracts. Based on Lithuanian public sector entities' development cooperation experience, the most promising sectors for participation are tenders in the area of governance and public administration, and specifically those related to institutional development and capacity building in:

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<sup>27</sup> The single exception concerns the need to provide a financial guarantee upon contract signature, to meet the requirement of 'joint and several liability'. In the case of a consortium, each consortium partner must provide such a guarantee.

<sup>28</sup> Examples are: *Expertise France*, established by the Ministries of European Affairs, Economics and Finance of that country and *VNG International*, established by the Association of Dutch Municipalities in the Netherlands.

<sup>29</sup> Public sector institutions, except Ministries, that is not a practice and also as of perceived conflict of interest (since the Government is directly contributing to financing mechanisms of EU DC) and it is considered that participation in TA is beyond sectoral Ministries mandate

- priority areas defined by Lithuania’s orientation on the SDGs [Section 1.6]; and
  - sectors where Lithuania’s acknowledged expertise may have impact [Sections 2.2 & 2.4].
100. This still leaves a rather wide area, in which many DPs – the EU in particular – are active. This results in frequent calls for proposals and bidding opportunities, in which eligible Lithuanian public sector entities have a chance to win contracts.
101. It may be difficult for Lithuanian public sector entities to gain access to the market for EU-funded contracts on their own, because of:
- **Competition:** The competition to bid for contracts funded by the EU (and other DPs as well) is fierce. There are many consultancy firms in Europe. Some have been active for decades and have developed very good project acquisition skills.
  - **Finances:** The larger firms, including the international departments of public institutions in some Members States, have the resources for providing financial guarantees and – importantly – for pre-financing project implementation<sup>30</sup>.
  - **Risk aversion:** DPs, including the EU, require assurance that tenderers can deliver. They prefer larger consultancy firms to lead the consortia created specifically to bid for sizeable services contracts such as FWCs. For their part, consortium leaders want to be sure that each consortium partner is able to add to the strength of the consortium in respect of all eligibility criteria, including financial strength [Section 5.1].
102. That said, whenever Lithuanian public sector entities, including the CPMA, see a chance or are asked to lead a consortium, they should take that opportunity.

### 5.3 Required Institutional Capabilities

103. Lithuanian public sector entities will often have to join consortia and get consortia to let them join. To be accepted as strong consortium partners, Lithuanian public sector entities must have the resources to:
- research the development cooperation market to find projects to bid for;
  - search the international consultancy market for suitable commercial and public partners;
  - contribute the necessary technical know-how and technical documentation (allocating funds and human resources);
  - be fully involved in drafting the concept and methodology for the consortium’s technical proposal;
  - manage projects, in accordance with the relevant project cycle management rules and finance & contract regulations (in case the institution’s role is a leading one);
  - document relevant previous project experience;
  - understand the international development context and the partner country’s policies;
  - operate in relevant languages; primarily English and Russian, but – increasingly – French<sup>31</sup>.
104. In addition, aspiring consortium and bidding partners need to take into account DPs’ specific requirements and preferences re: (i) nationality, culture and technical/administrative terminology; (ii) certification (e.g. ISO); and (iii) tools and systems (e.g.: Prince2/RMG, Stata).
105. More detail on the practical skills involved in preparing for bidding, drafting the technical and financial proposals and – upon a successful bid – implementing the project and reporting on

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<sup>30</sup> Pending payment by DPs of their invoices. In the case of the EU, payment delays are not uncommon.

<sup>31</sup> For projects in the Neighbourhood South region and migration-related projects in the Sahel/Sub-Saharan Africa.

its progress are set out in the (separate) Operational Manual.

## **6. LITHUANIAN DEVELOPMENT FUND**

106. The Government of the Republic of Lithuania may consider options that exist with regard to making the delivery of its development cooperation activities more impactful, efficient and visible. These options include the establishment of a Lithuanian Development Fund (LDF) or similar instrument.
107. The overall objective of the LDF would be to act as a dedicated vehicle for the consolidated delivery of Lithuanian development cooperation resources, in a more strategic, planned and focused manner. The LDF resources also could be used for the co-financing of projects funded by international donors and potentially implemented by the Lithuanian public and private sector entities. The LDF would aim at creating synergy between Lithuania non-governmental and private sector entities engaged in development cooperation, as well as EU and other DPs, and enhancing the image and visibility of the Republic of Lithuania abroad.
108. The Government could commission a feasibility study to consider options with regard to the concept, design, funding and operational modalities of the LDF. The feasibility study could investigate the views of all public and private sector stakeholders on these aspects of the fund. It will identify the conditions for joint commitment to the fund by decision-makers.

## ANNEX 1 – GLOSSARY

AFD	<i>Agence Française de Développement</i> / French Development Agency
AICS	<i>Agenzia Italiana per la Cooperazione allo Sviluppo</i> / Italian Agency for Development Cooperation
CBC	Cross-Border Cooperation
CPMA	Central Project Management Agency
DAC	Development Assistance Committee (of the OECD)
DC	Development Cooperation [for Lithuania: primarily its bi-lateral ODA (twinning, NGOs, etc.)]
DCI	<b>Development Cooperation Instrument.</b> The DCI (2014-20 budget: EUR 19.6 billion) is a wide-ranging instrument covering all developing countries except the countries eligible for IPA. It has three components: (i) geographical programmes targeting 47 countries in 6 world regions, with support based on the <b>European Consensus on Development</b> ; (ii) thematic programmes targeting all developing countries; and (iii) the Pan-African Programme supporting the strategic partnership between the EU and Africa
DEVCO	Directorate General International Development & Cooperation (European Commission)
DP	Development Partner (formerly: ‘donor’ or ‘donor country’)
DPDC	Development Policy & Development Cooperation (Ministry for Foreign Affairs, Finland)
EBRD	European Bank for Reconstruction & Development
EDF	<b>European Development Fund.</b> The EDF (2014-20 budget: EUR 30.5 billion) provides support to 75 African, Caribbean and Pacific (ACP) countries (typically former colonies) and current overseas countries and territories (of EU Member States). It focuses on socio-economic and human development, including regional cooperation and integration, and is financed by direct contributions from EU Member States according to a contribution key and is covered by its own financial rules
EEAS	European External Action Service
ENABEL	Belgian Development Agency (formerly BTC-CTB: Belgian Technical Cooperation)
ENI	<b>European Neighbourhood Instrument.</b> The ENI (2014-20 budget: EUR 15.4 billion) aims to bring closer relations between the EU and 16 neighbouring countries in the Partnership East (6 countries) and South (10 countries) through support in wide range of areas including: civil society, economic & rural development, education & youth employment, small businesses, energy, natural resources management, climate change adaptation, transport connections; people mobility and human rights & justice
EU	European Union
EUMS	EU Member State
FWC	(Multiple) framework contract
GDA	Global Development Alliance (USAID)
GIZ	<i>Gesellschaft für Internationale Zusammenarbeit</i> / International Cooperation Corporation
GNI	Gross National Income
IDA	International Development Association (WB Group)
IFC	International Finance Corporation (WB Group)
IFI	International Financial Institutions
IIAP	Inter-Institutional Action Plan
IPA	<b>Instrument for Pre-Accession.</b> IPA (2014-20 budget: EUR 11.7 billion) supports (potential) candidate countries for membership of the EU in making the necessary political and economic reforms for the rights and obligations that come with EU membership. These reforms assist the ‘enlargement countries’ in adopting and conforming to the <i>acquis communautaire</i> , i.e. the body of EU legislation, regulations and standards.
LDF	Lithuanian Development Fund
LT	Lithuania
MoF	Ministry of Finance

MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MoSSL	Ministry of Social Security & Labour
N/A	Not applicable
NEAR	Directorate General Neighbourhood Policy & Enlargement Negotiations (European Commission)
NGO	Non-Governmental Organisation
ODA	Official Development Assistance [for Lithuania: its multi-lateral assistance (UN, World Bank) and its bi-lateral assistance (through public sector entities, NGOs, etc.)]
OECD	Organisation for Economic Cooperation & Development
PAGoDA	Pillar Assessed Grant or Delegation Agreement
Partner country	Formerly referred to as 'beneficiary country' or 'recipient country'
PFM	Public Financial Management
PMP	Project Management Professional
PRAG	Practical Guide to Contract Procedures for EU External Actions
PSD	Private Sector Development
SDC	Swiss Agency for Development & Cooperation
SDG	Sustainable Development Goal
SECO	State Secretariat for Economic Affairs (Switzerland)
Sida	Swedish International Development Cooperation Agency
South-South Cooperation	Developing partner countries exchanging resources, technology and knowledge between themselves, rather than receiving these from a developed country
TA	Technical Assistance
Triangular Cooperation	Development cooperation between a 'traditional' DP from the ranks of the OECD/DAC list, an emerging DP, and a partner country
TVET	Technical & Vocational Education and Training
UNDP	United Nations Development Programme
UNGM	United Nations Global Marketplace
WB	World Bank