

Executive Summary of the ALIPRO National Report Lithuania

ALIPRO objective

ALIPRO¹ aims at supporting the alignment of the NMS' national and regional research programmes with the European IST research in the area of mobile technologies, applications, and services.

Purpose of the document

The national report endeavours to present the findings of ALIPRO carried out in Lithuania. It comprises an overview on mobile IST situation and a detailed description of R&D programmes together with their evaluation. It contains also the conclusions drawn from the evaluation of the R&D funding system in Lithuania. It is meant for institutions and individuals active in the field of mobility.

The mobile sector in Lithuania

The Lithuanian ICT Sector is mostly private and in 2004 consisted of around 1000 IT companies employing around 30 thousand people². The total value of telecommunications market (including mobile) in 2004 was 2137 million LTL³, and income from mobile communications amounted to about 51% of the entire telecommunications market in 2004. The Lithuanian mobile telecommunications market is developing very rapidly. The total number of active mobile subscribers by the end of Q2 2005 was 3.5 million (penetration of 107%), and this number has increased by 45% in one year. Intensive competition in the mobile communications market has determined decrease of service prices. Prices for all basic GSM services in Lithuania are the lowest in EU for consumer and middle-use segments and fourth cheapest for business segment⁴. Usage of mobile data is growing rapidly. By the end of 2005 H1 the number of active GPRS/EDGE was 413 702, the change being 210% compared with 2004 H1.

¹ ALIPRO is an EU research project under Framework Programme 6. For more information on ALIPRO, please refer to <http://alipro.eurescom.de>.

² <http://www.trademeeting.com/Default.asp?ID=1461>, 14.07.2005.

³ Communications Regulatory Authority data of 2004, report "Lithuanian communications sector"

⁴ European Electronic Communications Regulation and Markets 2004 (10th Report), European Commission, Brussels, 2004.

Regulatory background

The market of wireless communication and mobile technologies in Lithuania is regulated by the Telecommunication Law, introduced in 2003 and amended on 15 April 2004 (with the objective to put it in line with EU standards) and its respective executive ordinances. The Telecommunication Law defines the rules of conduct and control of any business activity that comprise providing telecommunication services, telecommunication networks or accessory amenities, rights and obligations of telecom businesses and users, the conditions which should be met to provide networks and other facilities for providing telecommunication services; rules of frequency administrating, numbering, etc., requirements which should be met by all telecommunication appliances, the principles of the communication administration.

The Telecommunication Law defines 2 main institutions responsible for the administration and monitoring of the sector: 1) Corresponding Minister (currently the **Minister of Communications**) and 2) President of the Office of Communications Regulatory Authority⁵, commonly known in Lithuania under the acronym **RRT** (Ryšių Reguliavimo Tarnyba – Lithuanian name for Communications Regulatory Authority).

According to the Telecommunication Law, RRT's objectives are: protection of the consumer's rights and legal interests, ensuring an effective and transparent competition, promotion of investments and development of new/advanced e-communication technologies, horizontal integration into the EU.

National research strategy

The Higher Education and research system in Lithuania is based on the "Law on Research and Higher Education", adopted in 1991 and amended in 2001. Co-ordination of the main activities in R&D is accomplished by governmental decrees. The policy of research is formed and implemented by the Ministry of Education and Science in collaboration with the Science Council of Lithuania. The Science Council of Lithuania⁶ is the main scientific expert by the Seimas (Parliament) and the Government of the Republic of Lithuania on issues of organizing and financing of research and higher education.

⁵ For more information on the Office of Communications Regulatory Authority, please refer to <http://www.rrt.lt>

⁶ For more information on the Science Council of Lithuania, please refer to www.lmt.lt

In 2002 the Lithuanian Government approved the following R&D priorities for 2002-2004: research to ensure quality of life of people; research to promote a knowledge-based society; research to create nanotechnologies; R&D activities on nuclear safety of Ignalina nuclear power station in the stages of its operation and closure, and management of radioactive waste; R&D to increase international competitiveness of Lithuanian industries: development of biotechnologies, mechatronics, lasers, information and other high technologies.

In 2003 the Lithuanian Government approved the “Long-term strategy of scientific research and experimental development” until year 2015. The main goal formulated in the strategy is to strengthen the scientific-technological potential of Lithuania and to direct it towards promoting country’s progress and competitiveness, taking into account limited resources. The strategy defines priority to scientific research related to the economy branches, where country’s economical progress and social welfare can be observed already now, first of all to scientific research for developing high technology production, and also to the research trends considered of high priority by the EU.

ICT priorities were defined in the “Strategic Plan for the Development of the Information Society for the period of 2001-2004”, approved by the Government. Following this line, the “Strategy of Information Society Development in Lithuania” was approved by the Government in 2005. This strategy formulates the most important state goals for ensuring the information society development in Lithuania.

In order to promote innovation in Lithuania, the Government approved “Programme of Innovation in Business” in 2000. It has long and medium-term goals and complex of tools for realising those goals. The long-term goal is to enhance the international competitiveness of private-sector business enterprises.

National system of R&D financing

The system of science financing in Lithuania is regulated and managed by the Ministry of Education and Science and the Ministry of Economy.

In the initial phase of ALIPRO, a thorough exploratory research was conducted to identify on-going national and regional research programmes covering mobility. Acquired

information proved that there are no particular mobility-related research programmes in Lithuania.

IT and IST development are among the R&D priorities, approved by the Government of Lithuania, and reflected in the scope of current R&D financing programmes, managed by the Ministry of Education and Science and State Science and Study Foundation. However, these programmes are of general character and do not favour any specific discipline. Therefore, a hope for mobile business and mobility oriented R&D institutions is in hands of the project proposal evaluating institution – State Science and Study Foundation and its expert groups.

Following the goals of ALIPRO, the Lithuanian R&D programmes were evaluated basing on answers of participating project co-ordinators and/ or partners. The analysed R&D financing programmes covering mobility are the following:

1. Programme of Development of High Technologies (HTDEV);
2. Programme of Support to Priority Research and Experimental Development Trends (SRDT).

Programme evaluation

“Programme of Development of High Technologies (HTDEV)”

HTDEV was founded by the Government of the Republic of Lithuania and defines tender-based financing principles for R&D in the priority trends for years 2003-2006. It is managed by the Lithuanian State Science and Study Foundation. The goal of the Programme of Development of High Technologies is to develop already existing perspective high technology industry branches in Lithuania: biotechnology, mechatronics, laser technologies, information technologies, nanotechnologies and electronics. These branches were selected, because there are already positive results in these areas, they correspond to EU priorities and they cover the most perspective part of the country economy. HTDEV in its essence is a reconnaissance project, aimed at better planning of future actions in high technology area, as well at testing and approval of the management methods and financing mechanisms for such programmes. HTDEV is financed from the Lithuanian National Budget assignments to the Lithuanian State Science and Study

Foundation and from the Lithuanian Ministry of Education assignments for the implementation of the Lithuanian Single Programming Document measures for 2004-2006. Average annual budget of the programme is 1 182 000 EUR. Maximum single grant is approximately 145 000 EUR. Mobility related projects are covered by the "Information technology" branch of this programme. Trends are defined so, that they can cover practical all the mobility aspects which might be addressed by the projects. The application procedure for the Programme is tender based. For the management of each of the Programme parts the Foundation forms an expert group (programme board). Programme board monitors the Programme execution, looks after the administration of the Programme. In addition, expert groups (project boards) are formed for managing separate projects. Project execution starts on July 1st after the tender and projects are financed according to the budget, which is part of the project execution agreement. The annual report for the project is submitted in December. Until June 1st of the last project year the final report is to be submitted.

HTDEV can be considered a comprehensive programme, as it covers all basic high technology trends, including IT (also covers mobility). The quality of communications within HTDEV can be considered as above average. Most of the respondents stated, that they did not have to approach other information sources. Mostly, information is obtained from Internet. Only very fragmented information is provided in English. The goals and rationale of HTDEV are rather far-sighted. The programme sees the future economy growth and knowledge society creation as its goals, and sees the achievement of these goals via increasing the share of competitive high technology industry in GDP. The majority of respondents stated, that HTDEV goals correspond with their real research needs. The administrative complexity of the HTDEV programme is acceptable. The reporting procedures are clearly defined. There are no specific financial guarantees or authentication required from the applicants. The application process efficiency within HTDEV is fairly high. It is tender-based, and the application rules are rather simple. Average time dedicated by the beneficiaries for the proposal preparation is reasonable. HTDEV is a passively opened programme since the participation of foreign partners is possible but without receiving funding. HTDEV financial capacity can be rated as below average. The yearly budget of the programme is very small, comparing to the country's

GDP. The founder usually contributes 100% to the budget of the supported projects. Financial efficiency of HTDEV is good. The programme management cost rate acceptable, all respondents stated, that they did not experience any payment delays at founder's fault. The quality of HTDEV management is good. For the management of each of the programme parts the founder forms a expert group (programme board). However, the programme is not revised nor adapted according to the changing circumstances. It is intended to evaluate all the proposals for the execution of the programme in 2006, by the end of the programme, and to take them into account in designing a new research support programme of this kind. The transparency within HTDEV can be rated as average. All respondents said they did not receive a report on their proposal evaluation, majority of respondents stated, that the evaluation criteria were made available to them, however they believe that the results of the evaluation process depend on lobbying activities. The impact of HTDEV is good, as the programme facilitates development of the human capital as far as researchers and scientists are concerned.

Programme of Support to Priority Research and Experimental Development Trends (SRDT)

SLRDT was founded by the Government of the Republic of Lithuania. The goal of SLRDT is to support the following priority research areas in Lithuania for 2003-2006: genomics and biotechnologies for health and agriculture, high quality, safe and ecologically clean food technologies, changes in ecosystems and climate, information society technologies, citizens and management in the knowledge society, keeping the national identity in the globalization environment, scientific research aimed at nanotechnology design, scientific research and experimental development aimed at solving nuclear security and radioactive garbage management problems. The goal is achieved via tender-based financing of scientific research in corresponding areas. It is managed by the Lithuanian State Science and Study Foundation. Programme is financed from the Lithuanian National Budget assignments to the Lithuanian State Science and Study Foundation and from the Lithuanian Ministry of Education assignments for the implementation of the Lithuanian Single Programming Document measures for 2004-2006. Average annual budget of the programme is 1 277 000 EUR. Mobility related projects are covered by the "Information

society technology" branch of this programme. This branch can cover practically all mobility aspects related to e-society and e-services creation. The application procedure for the Programme is tender based. Project evaluation is accomplished by expert committees, established for each priority branch. These committees accomplish the primary selection of the projects for the international expert evaluation. For the administration of each of the Programme fields the Foundations forms a Program Board from scientists, business and governmental institution representatives. The Boards monitor the Programme execution, looks after the administration of the Programme, annually evaluates the Program execution by the following criteria: number of new working places at the participant institutions, increase in the turnover of participants, new products or technologies, number of published articles and monographies and the number of issued patents. In addition, expert groups (project boards) are formed for managing separate projects. Project execution starts on July 1st and are financed according to the budget, which is part of the project execution agreement. Budget is built in quarters. The sum for the first half-year of the project is transferred in July. The annual execution report for the project is submitted in December. Until June 1st of the last project year the final report is to be submitted. Support is given to Lithuanian research and study institutions as project coordinators. Foreign research institutions can participate as partners, but they get no funding.

SLRDT can be considered as an average regarding its comprehensiveness. From the topical scope, it limits itself in covering only priority research and experimental development areas for Lithuania. Mobility aspects are not mentioned explicitly, but can be covered by the Information Society Technologies trend. The quality of communications within SLRDT can be considered as average. All three respondents to the questionnaire stated, that they had to approach other information sources than these provided by the programme founder. Information is obtained from Internet, from seminars and from the contact point. Only very fragmented information is provided in English. The goals and rationale of SLRDT are far-sighted. The topical areas cover the most perspective part of the country's research activities and also correspond to the EU priorities, which opens good opportunities for integrating into ERA. The administrative complexity of SLRDT is acceptable. The reporting procedures are clearly defined. There are no specific financial guarantees or authentication required from the applicants. The application process efficiency within the SLRDT programme is fairly high. It is tender-based, and the

application rules are rather simple, allowing to select the best projects. Average time dedicated by the beneficiaries for the proposal preparation is reasonable. SLRDT is a passively opened programme since the participation of foreign partners is possible but without receiving funding. The SLRDT financial capacity can be rated as below average. The yearly budget of the programme is very small, comparing to the country's GDP. The founder contributes 100% to the budget of the supported projects. Financial efficiency of SLRDT is good. The programme management cost rate is acceptable, majority of respondents stated, that they did not experience any payment delays at founder's fault, and that the founder reimbursed all eligible costs. The quality of SLRDT management is good. For the management of each of the programme parts the founder forms a expert group (programme board). This group reports on the execution of the programme fields to the Foundation Board together with the proposals for changes in the programme content and means of execution. In addition, expert groups (project boards) are formed for managing separate projects. The transparency within SLRDT can be rated as average. Majority of respondents said that they did not receive a report on their proposal evaluation, but they stated, that the evaluation criteria were made available to them. The impact of SLRDT is good, as the programme facilitates development of the human capital as far as researchers and scientists are concerned. SLRDT is aimed at strengthening and developing priority research areas in Lithuania, most of them corresponding to EU priority trends, opening good possibilities for integration into ERA.