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“Lack of investments and low Internet penetration are some of the obstacles in Lithuania.”

—*Technical manager,
Lithuanian IT company*

“Flat rates introduced for dial-up and broadband access reduced average Internet usage costs and proved to be a positive factor for Lithuanian Internet market development.”

—*IT consultant in Lithuania*

Lithuania's overall ranking of forty-two in the Networked Readiness Index places it between Turkey and Thailand. The country shows strengths in areas such as online government services (Ranking in Online Government Services: 23) and overall social capital (Ranking in Social Capital micro-index: 27), but fares less well in measures of e-commerce (Ranking in e-Commerce micro-index: 58) and ICT policy (Ranking in ICT Policy micro-index: 67).

Lithuania gained independence from the Soviet Union in 1991, and has since focused on developing a market economy and integrating into the European Union. Though Lithuania is being considered for the second round of accession, it still has to overcome many challenges before it complies with EU regulations. There has been significant progress in the legal and judiciary system; however, unemployment, corruption, and bureaucracy still present major obstacles. Successful development of the national ICT sector depends directly on large investments, which, in turn, depend on political and economic progress. Once these improvements are in place, Lithuania's strategic geographic location and well developed infrastructure could make the country more enticing for multinational companies and foreign investors.

ICT is the fastest-growing sector in Lithuania. In the former Soviet Union, Lithuania was a leading manufacturer of electronics. This technological heritage provides the country with a favorable infrastructure for hardware development, the dominant part of the national ICT market.¹ Software development, adaptation, and service comprise another significant share of the Lithuanian ICT market, despite high rates of software piracy. Lietuvos Telcomas (LT), the formerly state-owned telecommunications monopoly, was privatized in 1998, but retains fixed-line exclusivity until the 2003 (Ranking in Effect of Telecommunications Competition:

64). Rapid improvement in the ICT market is expected to result from full liberalization of the Lithuanian telecommunications market.

Lithuania has the lowest percentage of Internet users in the Baltic States. The government has initiated several programs to address the need for ICT literacy across the population (Ranking in Quality of IT Education: 60). In May 2000, the Department of Information and Informatics created a strategy to develop Lithuania's Information Society and identified guidelines for the next several years.² Additionally, the Ministry of Education (ME) has made access to information technologies a priority for education. The resulting educational initiative is expected to link all secondary schools with higher institutions and the ME, and will allow research and development to be more integrated.³ Distance learning has also gained importance as part of the solution for improving ICT literacy in rural regions. A significant proportion of the Lithuanian population lives in rural areas, but extending access to more distant regions in the country will be difficult. LT has established agreements with some ICT companies to address this problem with wireless infrastructure.

For some Lithuanians, a fixed-line telephone is still a luxury. Mobile telephony has experienced constant growth, with GSM networks covering most of the country, and WAP technology is under development. E-commerce in Lithuania is in its initial stage; however, some banks and ICT companies are starting e-commerce and online services. Security remains one of the main concerns for online shoppers. The Lithuanian Parliament, Seimas, approved corrections to the Law on Legal Protection and Personal Data and adopted the Law on Electronic Signature, but these laws have not yet been implemented.

Key Facts

Population	3,698,500
Rural population (% of total population) 1999	31.66 %
GDP per capita (PPP)	US\$6,999
Global Competitiveness Index Ranking, 2001–2002	43
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	37
Main telephone lines per 100 inhabitants	32.11
Telephone faults per 100 main telephone lines	18.95
Internet hosts per 10,000 inhabitants	48.14
Personal computers per 100 inhabitants	5.95
Piracy rate	NA
Percent of PCs connected to Internet	6.45 %
Internet users per host	7.26
Internet users per 100 inhabitants	2.78
Cell phone subscribers per 100 inhabitants	14.16
Average monthly cost for 20 hours of Internet access	NA

RANK

Networked Readiness Index 42

Network Use component index 46

Enabling Factors component index 43

■ Network Access 35

Information Infrastructure 49

Hardware, Software, and Support 21

■ Network Policy 58

Business and Economic Environment 49

ICT Policy 67

■ Networked Society 49

Networked Learning 62

ICT Opportunities 59

Social Capital 27

■ Networked Economy 43

e-Commerce 58

e-Government 40

General Infrastructure 32