



FUTURAL

Empowering the **FUT**ure through innovative Smart
Solutions for **rURAL** areas

Policies and governance mechanisms for community-led
innovation in rural Lithuania

Lead Author: Carla Lostrangio (AEIDL), Serafin-Pazos Vidal (AEIDL)



Co-funded by
the European Union

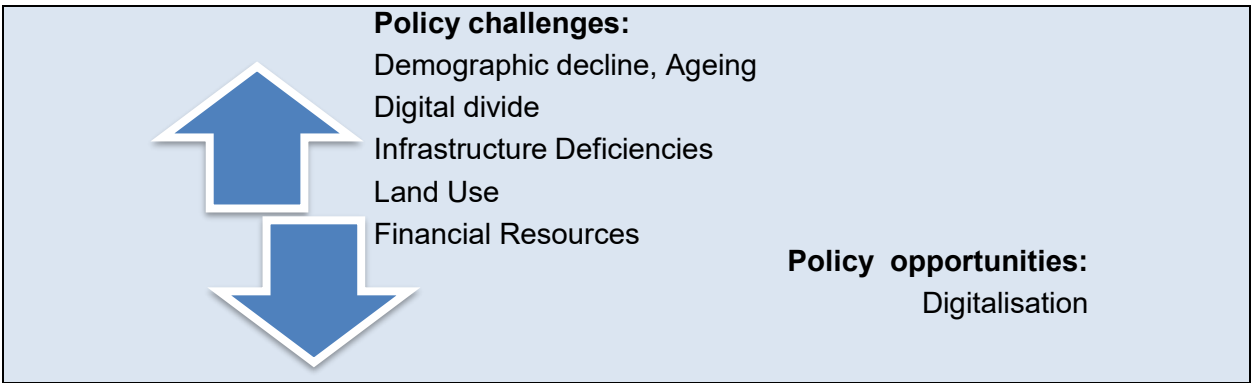
FUTURAL Case Study in Lithuania

The **FUTURAL Pilot** is situated in **Jonava**, one of the smallest municipalities in Kaunas County (central Lithuania). Jonava is situated in a favorable location for **business development**, next to main cities and an airport. It was also awarded for the village with the **best material living conditions**. **Wood processing** and **chemical industry** are developed in the Jonava district, without particularly added value for the territory.

A few interconnected obstacles impact this rural area. These include **demographic decline** and an **ageing population**, **digital divide**, **infrastructural deficiencies**, **land use** and **financial limitations**. In FUTURAL, two community-led innovations are being piloted to address these challenges in this Pilot area:

- A **wildlife monitoring tool** in order to manage the bison populations, and protect the damages it might lead on crops and biodiversity.
- A **citizen engagement platform** to engage rural citizens in eGovernment plans and policy co-creation.

Public policies could unlock transition of these regions by further unlocking the added value of **digitalisation** across sectors, *inter alia* the agricultural sector and public services.



Rural areas and innovation in Lithuania

In Lithuania, rural land surface is around **80% the country surface** but it hosts **only a third** of the country population (Rural Observatory, 2021).

The country is considered a **moderator innovator**, with below EU average indicators on broadband penetration, digital skills and internet take-up.

Table 1 Rural Areas in Lithuania. Source: FUTURAL Policy Analysis (2025)

	Rural Population	Rural Surface (Close to City)	Rural Surface (Remote)	Rural Surface (Total)
Lithuania	34.8%	45.8%	36.9%	82.7%
EU27	25.8%	34.2%	41.5%	75.7%

Table 2 Digital Economy and Society Index (DESI) in Lithuania. Source: FUTURAL Policy Analysis (2025)

DESI Index				
	Broadband penetration	Basic digital skills	Above basic digital skills	Internet take up
Lithuania	100.4	52.9%	25.9%	88.6%
EU27	122	55.6%	27.3%	93.1%

Governance framework for enhanced community-led rural innovation

With the dissolution of the URSS in 1990, **Lithuania** became a **highly centralised state** with two administrative levels (the State and municipalities). Since 2010, there are no corresponding administrative units for regions and counties, and their duties were transferred to the central government and Regional Development Councils (the latter ones consisting of municipal representatives were created in 2020).

In its Constitution, the country proclaims the ‘**right of local self-government**’ which stipulates local authorities with the right to regulate and manage public affairs in the interests of the local population. This right also establishes the **no-subordination of municipalities** to state institutions. Furthermore, municipal councils have the right – if needed- to set up smaller institutions for local territorial administration (**elderships**). Elderships are quite present in rural areas. Despite this right, local governments mostly depend on tax transfers from the central government, making them practically tight to State provisions.

Table 3 Institutional and Administrative Frameworks in Lithuania. Source: FUTURAL Policy Analysis (2025)

Institutional and Administrative Framework	
Institutional Framework	Centralised state
EU Entrance	2004
Administrative Levels	2 Levels (<i>State, municipalities</i>)
Power distribution across Levels	Centralized decision-making with some regional implementation
Competence Level on Relevant Policy Areas	
CAP, Rural Development (incl. LEADER)	State, Municipalities
Regional Development (incl. CLLD)	State, Municipalities
Digital Policies	State
Social Policy/ Social Innovation	Municipalities
Local Government	
No. Local Units	60 municipalities
Local Government Competences	46 independent functions (education, social services, area development etc.) and 40 State-delegated functions
Local Government Autonomy Index	Slightly above the OECD mean

Policy framework for enhanced community-led rural innovation

In Lithuania, both the **CAP and Cohesion Policy** can be used to support community-led rural innovations. In the national CAP Strategic Plan, the **LEADER programme** covers the totality of the rural surface with a national allocated budget that is slightly higher than the 5% mandatory earmarking. In its 2023-2027 CAP Strategic Plan, Lithuania designed a targeted interventions for **Smart Villages** (KP21sum)[further explained below].

Additionally, the **Cohesion Policy** can finance community-led rural innovation through the national ERDF. For instance, community-based services, and integrated actions on innovation, creative economy, mobility etc. can receive funding. **At national level**, there are no national policies tailored specifically to community-led rural innovation, but opportunities to target community initiatives are more broadly included in sectoral policies (e.g. on digital innovation, rural development or social policies).

Table 4 Policy framework for community-led rural innovation (Lithuania). Source: FUTURAL Policy Analysis (2025)

Common Agricultural Policy- National Strategic Plan (2021-2027 period)	
<i>LEADER</i>	<ul style="list-style-type: none"> •Population Coverage: 100% of rural population, 0.91 mln people •Local Development Strategies: 49 •Preparatory Actions/projects: 0 •Budget: € 62.91 mln (6% of EAFRD)
<i>Smart Villages</i>	<ul style="list-style-type: none"> •Dedicated interventions <ul style="list-style-type: none"> ◦Smart villages (KP21sum). •Other interventions: Community-led local development (LEADER) (KP20vvg) •R40. Smart transition of the rural economy: 25 Smart Villages strategies projects by 2028 •Budget: Total Budget for the KP21sum intervention : €15 mln, or €600,000 per Smart Village Strategy
<i>Selected Indicators (PMEF result and outputs indicators)</i>	<ul style="list-style-type: none"> •R1: 45,223 people benefitting from advice, training, knowledge exchange or participating in EIP Operational Groups •R3: 0.33% Farms support for digital agricultural technology •R39: 25 Rural business developed (incl. bioeconomy) •O1: 40 EIP operational group projects •O23: 1,700 Supported off-farm non-productive investment operations or units •O24: 30 Supported off-farm productive investment operations or units •O27: n/a Rural businesses receiving support for start-up
Cohesion Policy (2021-2027 period)	
<i>CLLD</i>	Community-based services run by NGOs and community-based organisations (SO4.8), promote social businesses in communities (SO4.9); integrated strategies/actions functional non-urban areas targeting mobility,

	innovation, social inclusion, service accessibility, creative economy (SO5.2) ¹ .
<i>National ERDF Operational Programme</i>	Support for innovation is provided via SO1.3 (SMEs), support to social innovation in creative and cultural industries (SO4.6), enhancement of volunteering and greater participation of local communities via local development strategies (SO4.7). Additionally, the national OP has a special priority on innovative solutions (6.1: supporting innovative and accessible services), and digital connectivity (ultra-fast broadband).
Other Relevant National Policies	
<i>Digital and Innovation</i>	Smart Specialisation – Innovation Reform - Law on Technology and Innovation of the Republic of Lithuania (2018) - Law on the Innovation Promotion Fund of the Republic of Lithuania (2020) – Kurk Lietuvai
<i>Social Policies</i>	Strategy for Demography, Migration, and Integration 2018–2030
<i>Rural, Local Development</i>	n/a

Good practices

Lithuania Smart villages intervention in the CAP (2023-2027). In its CAP National Strategic Plan, Lithuania targeted Smart Villages via the **KP21m intervention**. This intervention aims at making rural areas more attractive and innovative through the adoption of technology-based solutions and actions. It will finance **25 Smart Rural Strategies** with a financial envelope of **600,000 EUR** per strategy (on average). Such a strategy should address rural challenges and inequalities, producing **clear and measurable change at local level**. Financial aid can be used to cover any costs related to the development, coordination and management of the Strategy, and **Simplified Cost Options** are used for up to 12% of the total costs. The beneficiaries of this intervention are LEADER LAGs, potentially in cooperation with other natural and legal persons, local authorities or other urban/rural LAGs. However, these strategies **might take place in rural areas which are not targeted by the LEADER programme**. The territorial perimeter of ‘villages’ should correspond to one or more administrative units (e.g. existing village or groups of villages, city, functional area). In the case of LAGs, another intervention (KP20vvg) also allows the development of Smart villages within the framework of the LAG Local Development Strategy.

Disclaimer & Copyrights

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or European Research Executive Agency. Neither the European Union nor the granting authority can be held responsible for them. This fact sheet is based on the results of [FUTURAL policy analysis](#) (Lostrangio & Pazos-Vidal, 2025). This document contains unpublished original work unless clearly stated otherwise. Previously published material and the work of others has been acknowledged by appropriate citation or quotation, or both. Reproduction is authorised provided the source is acknowledged.

¹ The aim is to upscale a methodology tested in the 2014-2020 period. Local Action Groups, communities, NGOs are expected to contribute.