

MAY 2024

AI GOVERNANCE FORUM LITHUANIA: SECOND MEETING

EXPERT GROUP DISCUSSION (1) INSIGHTS

LITHUANIA'S AI ECOSYSTEM'S PROBLEMS,
ADVANTAGES, AND AREAS TO IMPROVE

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1. AI DEVELOPERS

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Problems:

- **Human Resources:**

Difficulty attracting talented individuals to technical specialties, considering the demographic situation and the necessity for high salaries to attract top talent.

- **Compliance and Regulatory Challenges:**

National laws may diverge, complicating market entry and requiring lobbying efforts to harmonize regulations.

Advantages:

- **Sectorial Strengths:**

Strong AI capabilities in sectors like defense (predictive algorithms, smart ammunition), medicine (biometrics, genetics, chemistry), and fintech (AML).

Note: these are all likely high-risk application according to the EU AI Act.

- **Support for Small Language Models:**

Emphasis on creating small language models for Lithuanian language, which can be replicated for other similar languages.

- **Emphasis on the Established Leading Tech Sectors:**

Potential ability to extend Lithuanian leadership in fintech, laser manufacturing, foresttech with AI.

Areas for Improvement:

- **Integration and Representation:**

Need for better integration between AI developers and deployers, with increased representation of developers' interests in policy discussions.

- **Focused Development:**

Prioritizing improvements in existing strengths, like fintech and forestry management, rather than creating entirely new sectors.

- **International Cooperation:**

Ensuring that legal frameworks addressing AI compliance would be relatively similar across the EU to avoid fragmentation and difficulties in scaling up abroad.

- **Education Representation:**

Establishing a consistent LMT (Lietuvos mokslų taryba) presence for consultation in decision-making and policy development phases.

2. AI DEPLOYERS

DR. DOC. LINAS PETKEVIČIUS

Problems:

- **Effectiveness:**

Calculation methods for to what extent applying AI improved the effectiveness are yet unknown to many deployers.

- **Stakeholder Resistance:**

Low risk tolerance in state enterprises due to high impact risks and high expectations of AI capabilities that are often unrealistic.

- **Data Security and Privacy:**

Concerns about the leakage of personal and confidential information and the unclear processes for ensuring data security.

- **Financial Constraints:**

Insufficient funds to implement AI solutions comprehensively across larger systems like municipalities.

Advantages:

- **Operational Efficiency:**

Wide array of established examples of AI systems increasing operational capabilities such as deep learning for drone operations and city scanning, leading to improved waste management and traffic flow monitoring.

- **Sectoral Flexibility:**

Lithuania's flexibility in AI adoption across sectors, encouraging businesses to utilize AI development and focus on shared services locally.

Areas for Improvement:

- **Training and Education:**

Focus on training people rather than just adopting new technologies as more effective alternative, especially focusing on leaders of organizations who often have the lowest AI literacy rates among employees.

- **Community Building:**

Facilitating communication within respective sectors such as municipalities and corporations to promote sustainable AI integration with development departments and knowledge sharing.

3. TECH LAW EXPERTS

VYR. LEKT. NERINGA GAUBIENĖ

Problems:

- **Lacking Clarity:**

Representatives of the ecosystem who approach Tech Law experts often address the lack of comprehensive information about the AI regulation framework.

Advantages:

- **Leading in AI as Paramount:**

Unanimous agreement on a highly ambitious vision for Lithuania in AI.

- **Potential in High Risk:**

Institutional setting is considered to be favorable for fulfilling the potential with a high risk appetite and repeating the success story of Fintech while correcting its mistakes.

- **Conformity Assessment:**

With the adoption of the EU AI Act, a market for conformity assessments of AI products and systems emerges, and Lithuania has significant potential to position itself in this area as law experts locally are getting prepared for the application of the Act.

Areas for Improvement:

- **Central Coordination Hub:**

Recognized need for a unified entity tasked with overseeing AI governance, facilitating information exchange, and serving as the primary contact point.

4. CONFORMITY ASSESSMENT EXPERTS

DR. DOC. VALENTAS GRUŽAUSKAS



Problems:

- **Lack of Accredited Institutions:**

Insufficient accredited bodies to assess and regulate AI compliance, leading to high costs for assessments in other states and loss of national profits.

- **Complexity of Audits:**

Challenges in auditing AI systems and balancing commercial competitiveness with transparency during audits.

Advantages:

- **ICT and Cybersecurity Foundations:**

Strong foundations in ICT, data protection, and cybersecurity that can be leveraged for AI compliance assessments.

- **Existing Standards:**

Utilization of existing standards (e.g., ISO/CEN) for developing AI risk assessment methodologies.

- **High-risk Prevalence:**

Majority of AI applications with the highest potential in Lithuania are considered high-risk according to the EU AI Act (e.g. medical devices)

Areas for Improvement:

- **Clear Guidelines and Partnerships:**

Need for clear guidelines on the future AI standard application and dialogue between industry, academia, policy-makers, and conformity assessment for clarity.

- **Data Access for Audits:**

Proposal for making specific data sets available for auditing purposes to ensure transparency and compliance.



5. INSTITUTIONAL AI POLICY

BENEDIKTAS GIRDVAINIS



Problems:

- **Institutional Alignment:**

Challenges in aligning with the EU AI Act, ensuring adequate resource allocation and stakeholder engagement.

- **Fragmentation**

Significant fragmentation in policy implementation and communication between businesses and regulatory bodies.

- **Financial Resources:**

Challenges to obtain funds for the institutional application of the AI Act such as funding for a regulatory sandbox.

Advantages:

- **Digital Infrastructure:**

Strong digital infrastructure that can support robust AI policy frameworks.

- **Public-Private Collaboration:**

Apolitical format for collaboration between public and private sectors to enhance AI policy development exists (AI Governance Forum).

- **Suitable Environment for High-risk Model Development:**

High-risk appetite and reactive and not proactive regulation frameworks as the focus and partnerships for consultation between institutions responsible for sandboxes and innovation support can communicate to the market surveillance authorities for a goldilocks' application of the relevant European legislation.

- **Innovation Agency (IA) as Core AI Facilitator:**

IA should be able to provide relevant consultation services to help businesses assess their product risk levels with the AI academy initiative and by providing guidelines, also help them align with the requirements under the EU AI Act under the regulatory sandbox regime.

Areas for Improvement:

- **Regulatory Sandboxes:**

Development of regulatory sandboxes to prepare businesses for AI Act compliance and foster innovation.

- **High-Risk Approach:**

Lithuania can use the examples of success stories such as Fintech sandbox to focus on high-risk AI application and development.

- **AI in Public Sector:**

By increasing the use of AI systems in the public sector, we establish a stable market for new solutions.



6. DATA & ETHICS

AGNĖ MIKŠTIENĖ



Problems:

- **Data Quality and Accessibility:**

Difficulty in obtaining high-quality Lithuanian data.

- **Transparency and Bias:**

Challenges in ensuring transparency in AI decision-making processes and avoiding bias in input and output.

- **State Data Resources:**

Open state data resources are available but data there is often lacking context and has less use in practice than in theory.

Advantages:

- **Data Protection Laws:**

Robust data protection laws and governance frameworks that can support ethical AI practices are already in force.

- **State Data Resources:**

Availability of open data portals and collaboration with medical institutions to enhance data accessibility.

- **Anonymization of Data:**

Methodologies for smart anonymization are available and can be leveraged to maintain privacy while retaining data utility, which is extremely important with sensitive data which holds significant potential such as health.

Areas for Improvement:

- **Ethical Guidelines:**

Development/informing of clear ethical guidelines and data-sharing framework examples that could be used by organizations to improve the quality and transparency of AI systems.

- **Human Oversight:**

Ensuring human oversight in AI applications, particularly in sensitive areas like migration.

- **Share Best Practices:**

Creating a website for best data collection and application practices by using EU, UK, and US best practices as examples. Maintaining communication with the EU AI Board to stay updated on evolving standards and guidelines.

