COHESION POLICY investments in 2021-2027

European Semester Country report Annex D Lithuania
AGENDA

1. Introduction
2. Achievements of Cohesion policy to date in Lithuania
3. Future of Cohesion policy: set-up, budgets, thematic concentration
4. Commission priorities for 2021-2027 Cohesion policy funding in Lithuania
5. Conclusions and next steps
Stronger articulation between challenges identified in the European Semester and Cohesion Policy funding

- **Strong link in two directions**
  - Policy analysis guides Funds’ investments
  - Funds’ investments deliver policy results

- **Expected benefits**
  - More consistency between different policies
  - Higher impact and better outreach to stakeholders
  - Transparency and accountability

- **Implications for European Semester deliverables**
  - Focus of the 2019 EC country analysis on regional and territorial disparities...
  - ...leading to relevant investment needs and guidance
Achievements of Cohesion policy in Lithuania

• EU co-funded investments **contribute to economic growth and employment:** research, technological development and innovation, business competitiveness, sustainable energy and resource efficiency, connectivity, employment opportunities and labour mobility, acquisition of skills, health and social inclusion, etc.

• **GDP per capita:**
  - 49 % EU average in 2004,
  - 78 % in 2017!

• **Impact 2014-2020 investments:**
  - + 3.0 % of GDP annually
Achievements of Cohesion Policy in Lithuania in 2014 -2020

Results

Financial data

- **Selected** operations: 71%
- **Paid to beneficiaries:** 30%
- **Paid by EC:** 30%


- Support approved for **4800** businesses and for over **250 firms** working with the **research institutions**
- **Over 54 000** households with improved energy efficiency and lower bills
- **76** upgraded health institutions will provide improved services for over **220 000** patients
- **110 000** pupils could improve their skills in formal and informal education, and **22 000** pupils are studying in renovated schools
- Activation measures to over **90 000** unemployed, incl. about **40 000** young people (below 29)
- More than **10 000** employees upgraded their knowledge & skills
- **200 000** people/year received food packages, together with measures to support their social inclusion
Examples Cohesion Policy projects in Lithuania

A Dream School
Open, modern, democratic education and leisure spaces created
In cooperation between school communities and professional architects
To be multiplied in more than 100 other schools

Reconstruction of Via Baltica
Renovated, modern and safe highway
70% less accidents expected

Supporting deinstitutionalisation in Lithuania
Moving from institutional care for children and persons with disabilities to family and community based care
### Future of Cohesion policy

#### Architecture

<table>
<thead>
<tr>
<th>Common Provisions Regulation (CPR)</th>
<th>ERDF/CF regulation</th>
<th>ESF+ regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covers 7 funds, i.e. ERDF, CF, ESF+, EMFF, AMIF, ISF and BMVI</td>
<td>Specific objectives and thematic concentration requirements</td>
<td>Enhanced scope (ESF, FEAD, YEI, EaSI, Health)</td>
</tr>
<tr>
<td>Joint rules for the delivery of the funds</td>
<td>ETC regulation</td>
<td>Implementing the European Pillar of Social Rights</td>
</tr>
<tr>
<td>Code of Conduct on partnership remains in force</td>
<td>Territorial co-operation including external assistance</td>
<td>Specific objectives and thematic concentration requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Policy reforms, social innovation &amp; transnational cooperation</td>
</tr>
</tbody>
</table>
Future of Cohesion policy
Policy objectives

Former objectives are simplified and consolidated into 5 Policy Objectives

1. A **smarter Europe** (innovative & smart economic transformation)

2. A **greener, low-carbon Europe** (including energy transition, the circular economy, climate adaptation and risk management)

3. A **more connected Europe** (mobility and ICT connectivity)

4. A **more social Europe** (the European Pillar of Social Rights)

5. A **Europe closer to citizens** (sustainable development of urban, rural and coastal areas and local initiatives)
## Future of Cohesion policy
### Modernising ERDF, CF and ESF+

**Modernising investment**
- Focus on smart, low carbon and inclusive growth
- Link to Semester
- Enabling conditions

**Flexible**
- Mid-term review
- Adapt to emerging circumstances, e.g.
  - Migration
  - Changes in economy linked to globalisation, technology and demography

**Simpler**
- Easier and faster to programme
- Sustainable reduction of administrative cost
- Single audit principle and proportionality for low risk programmes
Future of Cohesion policy

ERDF / ESF+ Thematic Concentration in Lithuania

Total allocations for cohesion policy (current prices): 6 239 million

Out of which: ERDF (including Interreg): 3 215 million; CF 2 085 million; ESF+: 1 029 million

Thematic concentration amounts:
For ERDF
PO1  35 %
PO2  30 %
Sustainable urban development  At least 6%

For ESF+

an adequate amount for Country Specific Recommendations
At least 25% social inclusion
at least 2% material deprivation
At least 10% youth employment (if the NEET rate > EU average in 2019)
Investment-relevant challenges in Lithuania

- Low **innovation** performance, meagre **R&I investments**, weak integration in global value chains and un-attractive **research systems**
- Insufficient **digital uptake**, low share of **ICT specialists**, quality and inter-operability of **e-services** and open data, **skills** mismatches.
- Economy remains **resource and energy intensive**
- **Transport performance** is below EU average in terms of **network coverage, R&I investments, carbon emissions** and **safety issues**
- **Large territorial disparities** in income and employment opportunities, strong **urban-rural divide**
Investment-relevant challenges in Lithuania

- **Working age population** is shrinking (emigration, ageing)
- **Labour and skills shortages** are growing, while participation in **adult learning** is low, and **education and training system** lacks efficiency
- **Income inequality, poverty and social exclusion** are high, especially for **persons with disabilities**, the **elderly** and the **unemployed**
- **Health outcomes** are **weak**, and there is limited access to **affordable healthcare and long-term care**
Commission priorities for 2021-2027 Cohesion policy funding in Lithuania

PO 1: A smarter Europe – Innovative and smart industrial transformation

➢ R&I capacities and uptake of advanced technologies
  • Increase the number of innovative companies
  • Strengthen attractiveness and competitiveness of the research system
  • Support collaborative research

➢ Growth and competitiveness of SMEs
  • Support moving up in the global value chains
  • Promote international cooperation networks and clusters, particularly in the Baltic Sea region
  • Creation and growth of start-ups and accelerators
Commission priorities for 2021-2027 Cohesion policy funding in Lithuania

PO 1: A smarter Europe – Innovative and smart industrial transformation

➢ Digitisation
  - Improve the **range, quality and interoperability of the e-services** and their uptake
  - Upscale and accelerate **open and big data, e-government**

➢ Skills for smart specialization and entrepreneurship
  - Support **re-skilling in smart specialization areas**
  - Develop capacity of research institutions’ to **improve the commercial viability and market relevance** of their research projects
  - **Increase the level of digital skills** available in companies to boost the productivity
Commission priorities for 2021–2027 Cohesion policy funding in Lithuania

PO 2: A low carbon and greener Europe

➢ Energy efficiency and renewable energy
  • Improve energy efficiency in housing, public buildings and by businesses
  • Support small-scale renewable electricity capacities

➢ Circular economy
  • Support the shift towards more waste reuse and recycling and promote the use of recycled content;

➢ Climate change adaptation
  • Address the risks identified in the national risks assessment plan, in cooperation with the Baltic Sea Countries
PO 3: A more connected Europe

- **Trans-European Transport Network and its accessibility**
  - Complete the rail and road Trans-European Transport Network, including access to it and connections with neighbouring networks.
  - Invest in addressing externalities – inefficiency, carbon emissions, congestion, safety;

- **Urban mobility**
  - Promote sustainable, clean and efficient urban transport systems as part of the relevant integrated territorial development strategies;
  - Support low-carbon public transport and active modes of transport;

- **Digital connectivity**
  - Eliminate gaps in broadband coverage, mostly in rural areas.
Commission priorities for 2021-2027 Cohesion policy funding in Lithuania

Policy objective 4: A more social Europe (1)

➢ Employment

• Improve **access to employment** and promote the **social economy**
• Support **labour mobility** across sectors and regions
• Strengthen the **capacity of social partners**

➢ Education

• Improve **equal access, quality, effectiveness** and **labour market relevance**
• Promote **life-long learning** and flexible **upskilling and reskilling**
• Better **anticipating change** and new skills requirements
Commission priorities for 2021-2027 Cohesion policy funding in Lithuania – Priority investment areas

Policy objective 4: A more social Europe (2)

- **Social inclusion and health**
  - Foster *active inclusion* and improve *employability of vulnerable groups*
  - *Address material deprivation* through food and basic material assistance
  - Reduce *housing deprivation* and improve access to *social housing*
  - Improve *quality and effectiveness of healthcare and long-term care* services
Commission priorities for 2021-2027 Cohesion policy funding in Lithuania

PO 5: A Europe closer to citizens

Territorial investments

- Address the needs and potential of the lagging-behind regions by combining adaptation and quality-of-life measures and investments to increase growth;
- Improve the attractiveness and business environment of the urban areas and create links with functional urban areas;
- Support actions that improve capacity of local authorities and communities to develop sound integrated territorial strategies and to assess and select projects.
Embedding macro-regional & sea-basin strategies in mainstream programmes

- Intensify cooperation with other regions and Member States as part of mainstream programmes.
- Lithuania is a part of the EU Strategy for the Baltic Sea Region (EUSBSR)
- Joint opportunities and common challenges:
  1) Research and innovation
  2) SME competitiveness
  3) Digitalization
  4) Climate change adaptation and risk prevention
  5) Mobility
Commission priorities for 2021-2027 Cohesion policy funding in Lithuania – Factors for effective delivery

- Social innovation and social experimentation;
- Simplified requirements and shorter procedures
- Capacity of intermediate bodies and beneficiaries to prepare and implement projects;
- Partnership capacity of social partners and civil society organisations;
- Financial instruments and InvestEU
- Public procurement
Conclusion and next steps

- Commission ready to start informal dialogue, important to make as much progress as possible in 2019 and 2020
- Engage from the start in dialogue with all relevant stakeholders (Code of Conduct!)
- Member State programming plans by end of June 2019 (roadmap)
- Technical seminar with Managing Authorities (date tbc)
- Joint objective to adopt all Partnership Agreements and programmes by end of 2020