



**Expert evaluation network
delivering policy analysis on the
performance of Cohesion policy 2007-2013
Year 3 – 2013**

**Task 2: Country Report on Achievements of
Cohesion policy**

Lithuania

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**A report to the European Commission
Directorate-General Regional Policy**

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List of abbreviations

- AEP Annual Evaluation Plan
- AIR Annual Implementation Report
- CBC Cross-border Cooperation
- CIE Counterfactual Impact Evaluation
- CPOP Cohesion Promotion Operational Programme
- EC European Commission
- EEN Expert Evaluation Network
- EGOP Economic Growth Operational Programme
- EIB European Investment Bank
- FEI Financial Engineering Instrument
- JEREMIE Joint European Resources for Micro to Medium Enterprises
- JESSICA Joint European Support for Sustainable Investment in City Areas
- HF Holding Fund
- MA Managing Authority
- MoF Ministry of Finance
- NSRF National Strategic Reference Framework
- OP Operational Programme
- TEN-T Trans-European Transport Network

Executive summary

In 2012 there was a further improvement in the macroeconomic background as GDP increased by 3.7% and unemployment rate fell by 2.1 percentage points. New government was appointed at the end of 2012, although it made no significant changes to fiscal and investment policy. The share of EU support in state investment programme was 70% in 2012. There was continuity in the development policy in Lithuania as the main priorities, outlined in National strategic reference framework 2007-2013 (NSRF) and Operational Programmes (OPs) remained unchanged.

Until the end of 2012, payments to beneficiaries amounted to 57% of the total EU funds available for the implementation of the Economic Growth OP (EGOP) and Cohesion Promotion OP (CPOP) in the current programming period. According to the payments data, the implementation of EGOP accelerated in 2012 while payments to the beneficiaries of CPOP were below 2011 level. Implementation was fastest for road infrastructure and improving energy efficiency in public buildings, while it lagged behind in RTDI. Slow public procurement procedures remained the main reason for the lagging implementation of programmes in certain policy areas. Until the end of 2012, only 32% of EUR 384 million which had been transferred to the Holding Funds (HF) of Financial Engineering Instruments (FEIs) reached final beneficiaries, which was mainly due to slow progress in the modernisation of apartment buildings.

Considerable progress was achieved in the area of RTDI as private sector investment to RTDI intensified as a result of ERDF-funded measures. While it went up from EUR 36.4 million to EUR 63 million in 2012, the cooperation between business and research centres remained limited. ERDF support for business – both in the form of grants and FEIs – was successful in inducing private investment, although grants seem to have been more efficient in terms of the degree to which targets were met. Jobs created as a result of ERDF funding account for 8.3% of the net increase in employment in 2012.

Development of the state road infrastructure continued, although the progress achieved in this policy area in 2012 was smaller than in 2011. Only minor results were achieved in improving railway and water transport infrastructure as the main projects are still in the implementation phase. However, steady progress in the area of water supply and wastewater treatment continued. In 2012, 71 systems of water supply and/or wastewater treatment were renovated/constructed (138 in total up until the end of 2012), although the share of population connected to these systems remains unsatisfactory. Compared to 2011, a considerable improvement was reached in the area of solid waste management. In 2012, 100 landfill sites were closed or adapted (30 in 2011). Similarly, modernisation of public buildings produced better results in 2012 than in the previous year as additional 122 GWh of energy was saved in the renovated public buildings (savings totalled 16 GWh at the end of 2011). By end-2012, 138 GWh of energy was saved as a result of the modernisation of public buildings, which is equal to 1.3% of the total heating energy consumption in 2012.

Evaluation plans for 2008–2013 provide for 76 evaluations, of which 49 have already been carried out and 17 evaluations are underway. The number of evaluations planned in Annual Evaluation Plans (AEPs) decreased in 2012 and 2013 as the programming period comes to the end. The evaluations planned for 2013 are mainly focused on the overall impact of support on

the main macro-economic indicators (which could be regarded as ex-post evaluations) or the effectiveness, sustainability and efficiency of individual measures. Meanwhile, 15 evaluations completed in 2012-2013 were still mainly focused on arrangements and procedures.

The choice of the methods applied is largely dependent on the evaluation's scope and questions as formulated in the Terms of Reference. Impact evaluations usually applied macro-econometric modelling and provided some valid evidence of impacts on the main macro-economic indicators while the evidence of specific interventions' success or failure on the micro-measure or project-level is still lacking.

The formalised procedure of monitoring implementation of recommendations has been established in this programming period. However, recently it started to raise some serious doubts as formalization creates substantial administrative burden for responsible institutions and sometimes even prevent them from adopting valuable recommendations.

As a result of EU structural support, average real GDP growth rate in 2004-2013 (based on the prices of 2005) is estimated to have been 1.6 percentage points higher than without the support. Additionally, EU structural support helped to soften the slump in the labour market at the time of the economic crisis. The unemployment rate is estimated to have been on average 2.4 percentage points lower in 2004-2011 than it would have been without the support from EU structural funds. Some ERDF and Cohesion Fund-funded measures, such as stimulating renewable energy production, increasing energy efficiency of public buildings and acquisition of ecological public transport buses, contributed to the fight against climate change. Accelerating public procurement procedures and improving the monitoring system are among the main challenges for Cohesion policy in Lithuania.

1. The socio-economic context

Main points from the previous country report:

- In 2011, the GDP growth rate in Lithuania was 5.9%, making the country's economy the second fastest growing among all EU countries;
- The unemployment rate decreased from 17.8% to 15.4% in 2011 due to emigration and active labour policy measures, implemented by the government in 2009-2011. However, the unemployment rate in rural areas was reduced by less than 1 percentage point and amounted to 21.7%;
- Stabilisation of public finances was the main policy achievement of the government in 2011.

Developments since the 2012 report¹

The Lithuanian economy grew by 3.7% in 2012, whereas the EU27 GDP growth rate was negative (-0.3%). Although the GDP growth rate in Lithuania was slower than in 2011, the country remains on the track of a steady post-crisis recovery. The economic growth in 2012 was driven by rising exports and private consumption. The total national exports increased by 11.9%, mostly due to the record grain yield. Increase in real wages was recorded for the first time since the start of the crisis, which fostered consumers' confidence and contributed to the 4.3% rise in private consumption.

The unemployment rate continued to decrease and fell by 2.1 percentage points in 2012. Although it was still high and amounted to 13.2%, the gap between EU27 and Lithuania narrowed. The unemployment rate in rural areas fell slower than in the cities (1.5 percentage points compared to 2.2 percentage points) and remained considerably larger (19.5% compared to 10.6%). In 2012 the youth (aged 15–24 years) unemployment rate decreased by 5.8 percentage points. However, it still amounted to 26.4%² and was higher than the EU27 average, which stood at 22.8%. Long-term unemployment rate decreased from 7.9% to 6.5%. Private companies do not create enough jobs due to the moderate pace of post-crisis recovery in the business sector. The lack of new jobs is particularly evident in the construction sector³. The mismatch between qualifications of the workforce and needs of the labour market, identified in 2012 country report, also remains one of the main reasons for high unemployment.

The economic recovery of Lithuania is likely to slow down marginally in the short-term, as the real GDP growth is projected to be 2.8% in 2013 and 3.5% in 2014. According to the forecasts of the Bank of Lithuania, investments will grow by 4.6% in 2013. However, export growth in 2013 and 2014 will be slower than it was in 2012 as the amount of agricultural production is bound

¹ This section is based on the following sources: The Bank of Lithuania, "Lithuanian Economic Review", February 2013 and May 2013; Swedbank, "Economic Review: Lithuania", April 2013; Statistical Database of Lithuanian Department of Statistics; Excel Tables 1 and 2.

² Unemployment rate of the youth is understood here as a ratio between the unemployed persons and the labour force, consisting of the employed and persons who are actively searching for job in the age group of 15-24 years.

³ Swedbank, "Economic Review: Lithuania", April 2013, p. 9.

to drop. The unemployment rate is projected to fall to 11.6% in 2013 and to 10.1% in 2014⁴. Relatively slow pace of the unemployment fall is forecast due to the fact that most of the remaining unemployed persons are less qualified or do not have the skills required by the labour market. Increase in minimal wage is also expected to have a negative impact on job creation⁵.

Emigration remains one of the biggest socio-economic problems in Lithuania⁶. More than 41,000 Lithuanian citizens left the country in 2012. On the other hand, there are some positive changes in migration patterns. The number of emigrants decreased for a second year in a row in 2012, while net migration improved to -21,257 compared to -38,178 in 2011. These numbers once more demonstrate that the scope of emigration is highly dependent on the economic situation of the country.

Public sector deficit continued its downward trend, decreasing from 5.5% to 3.2% of GDP in 2012. For the first time since 2006 public sector deficit in Lithuania was smaller than the EU average (4% of GDP). Growing GDP and government revenue contributed to the decrease of the deficit, while general government expenditure fell as a result of fiscal consolidation measures, implemented by the government. Although expenditure was reduced mostly at the expense of general government investment, which decreased by 5% in 2012, the share of investment in general government expenditure remained higher than the EU average (10.8% compared to 4.7%)⁷. Public sector consolidated debt rose slightly and reached 40.7% of GDP, but remained more than two times smaller than the EU average (85.3%). Lithuanian public finances could be even better if the size of a shadow economy was not that big. According to the estimations, shadow economy accounted for 26% of GDP in 2012⁸.

As it was presumed in 2012 country report, the elections of 2012 resulted in a change of ruling parties. However, the newly formed government, dominated by the social-democrats, did not make any important changes to the fiscal policy, adopting yet another austerity budget. On the other hand, minimal wage was raised from LTL 850 to 1,000⁹ as the new government fulfilled one of its pre-election promises. Strategic goal of joining the Eurozone in 2015 was clearly formulated by the Ministry of Finance (MoF). In 2007, Lithuania was unable to join the Eurozone, because its inflation rate was too high. The Bank of Lithuania forecasts that the inflation, which was 3.2% in 2012, will fall to 2% in 2013 before reaching 2.4% in 2014 and therefore should not prevent Lithuania from joining the Eurozone in 2015. Future socio-economic development of the country will be affected by the potential changes in the energy sector as the government is yet to decide on whether the project for the construction of Visaginas nuclear plant will be implemented. New government made some changes in the tax

⁴ As for the link between economic growth and unemployment, it is quite unstable in Lithuania. See Bank of Lithuania, "Lithuanian Economic Review", February 2013, p 12-14.

⁵ Swedbank, "Economic Review: Lithuania", January 2013, p. 10.

⁶ Although emigration has its short-term benefits, in the long-term perspective it is a cost as it becomes a demographic issue, contributing to the ageing of society and putting pressure on old-age pension system. The fact that people with higher education are leaving as well is also damaging to the economy. A study carried out by the Bank of Lithuania shows that short-term emigration negatively affect the domestic demand and gross GDP.

⁷ It is hardly surprising given investment needs in infrastructure and human capital.

⁸ Lithuanian Free Market Institute, "The shadow economy in Lithuania", 2013, p. 9.

⁹ EUR 1 = LTL 3.452800. Exchange rate at 31.10.2013.

system, which includes raising excise taxes and increasing non-taxable minimum income rate. These changes will come into force at the start of 2014.

Unfortunately, to this date no data on the change in GDP in different regions of the country is provided for 2012. However, available information suggests that regional disparities did not narrow in 2012. Average monthly salaries increased by a very similar extent (3% to 4%) in both, economically leading (Vilnius, Klaipeda, Kaunas) and trailing (Taurage, Marijampole, Alytus) counties. The unemployment rate fell by 1.5 percentage points in Vilnius (from 14.3% to 12.8%), 2.6 percentage points in Kaunas (from 13.3% to 10.7%) and 3.9 percentage points in Klaipeda counties (from 13% to 9.1%), whereas in the counties with the lowest GDP per capita the progress was mixed. While Alytus county experienced a 1.9 percentage points fall in the unemployment rate in 2012 (from 16.9% to 15%), unemployment was on the rise in Taurage (from 11.3% to 12.8%) and Marijampole (from 13.9% to 14.7%).

The programme for reducing social and economic disparities between the regions in 2011-2013 is mostly financed from EU structural funds, which are the main source of finance to support regional development, backed by national and municipal co-financing¹⁰. While the amount of EU funds paid to the beneficiaries increased in 2012 (EUR 169 million compared to EUR 148 million in 2011), the level of state co-financing remained the same (EUR 12 million). The EU co-financing rate for this particular programme therefore increased¹¹.

2. The regional development policy pursued, the EU contribution to this and policy achievements over the period

The regional development policy pursued

Main points from the previous country report:

- No significant changes were made in respect of the objectives or priorities of the development policy in 2011;
- EU support made 72% of the total government capital expenditure in 2011;
- Based on the support allocated to broad policy areas, the key priorities are transport infrastructure (mainly road and rail, 26.6% of ERDF and Cohesion Fund funds allocated for 2007–2013 programming period), followed by the environmental and energy infrastructure (24.9%).

Main priorities of the development policy in Lithuania and nature of the EU support:

- The priorities of the Lithuanian development policy are: 1) improving the productivity of human resources by creating a knowledge-based society; 2) increasing the competitiveness of the economy and 3) promoting social cohesion. These basic priorities are laid out in the NSRF 2007–2013;

¹⁰ A relatively insignificant amount of funding is also provided by the Unemployment fund.

¹¹ It is not possible to specify the size of the increase due to the lack of data for municipal co-financing. However, considering the poor state of municipal finances, it is unlikely that municipal funding for this programme increased in 2012.

- NSRF is implemented through 4 OPs – Human Resource Development OP, funded by ESF, as well as the EGOP, CPOP and Technical Assistance OP, funded by ERDF and Cohesion Fund;
- The main objectives of EGOP are: 1) increasing the share of high value added business; 2) increasing business productivity and 3) increasing the efficiency of economic infrastructure. CPOP is aimed at 1) strengthening and revealing the potential of local development; 2) ensuring available and high-quality public services and 3) improving environmental quality;
- Lithuania also participates in 6 European Territorial Cooperation programmes and is a managing country of the Cross-border Cooperation (CBC) Programme Lithuania-Poland;
- The main priorities pursued in CBC Programme Lithuania-Poland are: 1) competitiveness and productivity of the cross-border region and 2) cross-border cohesion and enhanced overall quality of the cross-border area.

Developments since the 2012 report

There were no changes in the priorities of OPs and the financial allocation of ERDF and Cohesion Fund funds across main policy areas for the 2007-2013 programming period. The allocation of ERDF and Cohesion Fund support for different priorities of OPs also remained the same. There were some small shifts in the allocation of ERDF and Cohesion Fund funding made in 2012 and these are as follows:

- Financing for the measure “Renewal of apartment buildings by, first of all, increasing their efficiency of energy consumption” was increased at the expense of the measure “Development of social housing and improvement in its quality”;
- Since the demand for the partial financing of loan interests did not match the supply, EUR 11.6 million were transferred from the measure “Partial financing of loan interests” to “Invest LT-2”¹², designed to provide investment grants to business enterprises. This redistribution adds to the reduction of allocations to JEREMIE HF, made in 2011, and demonstrated difficulties of the programmed shift from grants to FEIs. EU co-financing rates for support from ERDF and Cohesion Fund were raised to 85% in 2009 in reaction to national budget constraints resulting from the economic crisis. There were no changes in these rates in 2011 and 2012.

EU support for the State Investment Programme increased by EUR 75 million and amounted to EUR 873 million in 2012, making 70% of the total public investment. Although the share of EU funding in total public investment decreased marginally for a second year in a row (from 76% in 2010 to 72% in 2011 and 70% in 2012), it is still significantly higher than before the crisis (45% in 2008). After the start of the crisis Lithuania was not able to allocate the same level of funds to State Investment Programme from its national resources, increasingly relying on EU support to avoid the drastic decline in public investment (see Table 1). In 2012, EUR 789.3 million of ERDF and Cohesion Fund were paid to beneficiaries, which makes 11.1% of state budget expenditure that year.

¹² “Partial financing of loan interests” provides funds for partial compensation of interests for those SMEs which took investment loans.

Table 1 –The EU support in the State Investment Programme

	2007	2008	2009	2010	2011	2012	2007-2012
Total funding (EUR million)	946.8	1,398.3	1,020.2	1,434.6	1,104.9	1,248.4	7,153.2
EU support (EUR million)	292.6	627.7	657.1	1,083.9	798	873	4,332.3
The share of EU support (%)	31	45	64	76	72	70	61

Sources: *Distribution of capital investments under the State Investment Programmes approved by Government resolutions by assignment manager and investment project.* www.finmin.lt

One of the objectives of EGOP Priority 2 “Increasing Business Productivity and Improving Environment for Business” is to “improve SMEs’ access to financing sources”. This objective is being implemented through FEIs, i.e. soft loans, guarantee fund, venture capital investment, and interest rate subsidy scheme. As a response to the credit squeeze in financial markets during the crisis, the FEIs were expanded in 2009. Yet, ERDF allocations for FEIs were reduced by EUR 40 million in 2011¹³. Until the end of 2012, EUR 299.7 million was allocated to all these instruments¹⁴ and 3,757 SMEs used them to obtain external financing (5.7% of all SMEs).

As concluded in last year’s report, ERDF-funded FEIs did not help much to address the problem of credit crunch, because they proved to be less attractive than expected. Firstly, setting up of the institutional and administrative framework for FEIs and capacity building resulted in a relatively late launch of their implementation. Secondly, FEIs did not sufficiently meet the needs of SMEs during the crisis¹⁵. Thirdly, the implementation was aggravated by the difficulties in combining FEIs and grants. On the other hand, some specific instruments (namely, loan guarantees) proved to be rather successful and the number of guarantees provided exceeded the target value by more than 80% at the end of 2012.

Policy implementation

Main points from the previous country report:

- By the end of 2011, commitments amounted to 79% and payments to 42% of the total ERDF and Cohesion Fund funding available in the current programming period. Payments from Cohesion Fund made 102% of the critical level of expenditure planned by the government for the period until the end of 2011, while the implementation rate of ERDF funding was slower than expected (97% of the critical plan level was reached);
- The most successful policy areas in terms of implementation of the Financial Plan were *environment and energy*, (particularly measures of water infrastructure and waste management and energy efficiency in public buildings) and *transport infrastructure* (roads). Nevertheless, the implementation of the Financial Plan was lagging behind in the area of *RTDI*;
- The organization of public procurements as well as poor quality of applications submitted and a long process of their evaluation contributed to the slow pace of

¹³ There is no national co-financing for FEIs.

¹⁴ EUR 278.3 million for FEIs and EUR 21.4 million for interest rate subsidy scheme.

¹⁵ According to the evaluation, during the economic crisis SMEs needed funds for turnover and/or to finance credit lines (this is not allowed by the regulation of EU Structural funding) rather than to expand and finance investment projects.

implementation of certain measures, although reasons for the lagging implementation differ according to policy area.

Developments since the 2012 report

Until the end of 2012, payments for the beneficiaries amounted to 57% of the total EU funds available for the implementation of EGOP and CPOP in the current programming period. There was no significant change in the amount of payments carried out in 2012 compared to the previous year. However, the amount of EU funds committed was smaller (EUR 678 million in 2012 compared to EUR 759 million in 2011, see Table 3).

Table 2 – The progress of financial implementation of OPs in terms of payments (ERDF and Cohesion Fund only)

OP	Allocation (EUR million)	Payments (2010)		Payments (2011)		Payments (2012)	
		(EUR million)	%	(EUR million)	%	(EUR million)	%
Convergence Objective							
EGOP	3,099	996	32	1,324	43	1,712	55
CPOP	2,648	614	23	1,114	42	1,551	59
Total	5,747	1,610	28	2,438	42	3,263	57
Territorial Cooperation Objective							
CBC Lithuania-Poland	71.7	5.2	7	26.9	38	38.2	53

Table 3–The progress of financial implementation of OPs in terms of commitments (ERDF and Cohesion Fund only)

OP	Allocation (EUR million)	Commitments (2010)		Commitments (2011)		Commitments (2012)	
		(EUR million)	%	(EUR million)	%	(EUR million)	%
Convergence Objective							
EGOP	3,099	1,871	60	2,273	73	2,713	88
CPOP	2,648	1,896	72	2,253	85	2,491	94
Total	5,747	3,767	65	4,526	79	5,204	91
Territorial Cooperation Objective							
CBC Lithuania-Poland	71.7	51.8	72	61.8	86	68.1	95

According to the payments data, the implementation of EGOP accelerated in 2012. EUR 388 million were paid to the beneficiaries of the programme in 2012, which is more than it was recorded in 2011 (EUR 328 million). The opposite tendency was observed in the implementation of CPOP. Payments under this programme amounted to EUR 437 million in 2012, compared to EUR 500 million in 2011. In view of the whole programming period, at the end of 2012 the implementation of CPOP was somewhat more advanced than the implementation of EGOP. 59% of the total funds available for the implementation of CPOP had reached the beneficiaries while the amount of commitments accounted for 94% by that time, compared to 55% and 88% respectively in the case of EGOP. The implementation rates of ERDF and Cohesion Fund were very similar at the end of 2012 and amounted to 56% and 57% respectively. The implementation was fastest in the areas of transport infrastructure (roads) and improving energy efficiency in public buildings, while it lagged behind in the area of RTDI.

Critical levels of expenditure to be certified are fixed for each year in the Plan for the Use of Support from EU Funds for 2008–2015 (the Financial Plan), adopted by the Government in 2009. By the end of 2012, payments made 95.4% of the critical level of expenditure planned for this period. Payments for the beneficiaries of CPOP equalled 100.8% of the critical plan, whereas the implementation of EGOP was slower than planned (89.1% of the critical level was reached). It is worth noting that critical plans for the end of 2011 were fulfilled better. Achievements of the critical levels of certified expenditure equalled 94.8% for EGOP and 104.9% for CPOP at the end of 2011.

Slow public procurement procedures remained the main reason for the lagging implementation of the programmes in certain policy areas. Public procurement-related problems were mostly caused by limited administrative capacity on the part of the beneficiaries. The results of public procurement are often appealed against in court and the process of litigation takes place, prolonging the implementation of the projects considerably. Lack of municipal funds for co-financing expenditure had a negative effect on the implementation rate of regional development projects, particularly those aimed at modernisation of apartments and improvement of public infrastructure in problem territories. Implementation of some of these projects is postponed and there is a risk that certain regional development projects will not be finished on time.

The problem of delays in implementation is addressed by more or less the same measures as in the previous years. Strict regulation of the implementation process has been undertaken, including clear requirements for the funding to be used at different stages of the project. Furthermore, consultations for the beneficiaries are organized as a way to identify the reasons for the lags in implementation and to set up plans for the acceleration of the process. The possibilities of improving the administrative capacities of beneficiaries are also discussed during the consultations. Moreover, various administrative procedures are being shortened to ensure that implementation of the programmes is not slowed down. These measures include reducing necessary documentation in the application stage, speeding up the administrative evaluation of applications and ensuring quicker signing of contracts.

Reasons for the slow pace of implementation of EGOP in the area of RTDI are different in the public and private sector. Commitment and implementation rates for the projects aimed at promoting RTDI in the private sector were 65.9% and 31.5% respectively at end-2012. Insufficient demand for funds and poor quality of applications are reported as the main reasons for lagging implementation. Few initiatives are planned in order to improve the situation, such as ensuring more publicity to RTDI measures and organizing consultations for the applicants. Transferring of funds from RTDI to other policy areas is also being considered. Commitment and implementation rates for the projects aimed at improving public RTDI infrastructure were 87% and 37.4% respectively. Slow implementation rate is mainly due to lagging public procurement procedures.

According to the judgment of the MoF, it is rather likely that almost all the expenditure planned will be carried out by end-2015¹⁶. The experience of the previous programming period shows that the implementation rate tends to increase in the final stages of the process. In 2004-2006 programming period, 40% of the total allocations were paid to the beneficiaries in the last year

¹⁶ Interview with Jurgita Viluniene, The Ministry of Finance, September 19.

of implementation¹⁷. Acceleration of the implementation rate at the end of the current programming period is also likely, as the focus of the ministries will shift from commitment to implementation of funds¹⁸. Nevertheless, the implementation of EGOP lags behind the Critical Plan by almost 11%, which shows that full implementation of expenditure at end-2015 will be rather difficult to reach.

EUR 278.3 million is allocated to the HF of FEIs aimed at SMEs development. 42% of these funds (EUR 117 million) reached final beneficiaries¹⁹. While financial implementation of FEIs for SMEs is relatively successful, implementation of the Joint European Support for Sustainable Investment in City Areas (JESSICA) HF was slow. Only EUR 4 million of the EUR 127 million transferred reached final beneficiaries up until the end of 2012. Newly formed government adopted a new implementation model for the modernisation of multi-apartment buildings which allows for the more active role of the municipalities. The prospects of all the JESSICA HF funds to reach final beneficiaries depend largely on the success of this model. Based on the most recent data, the process has already gained momentum and contracts for EUR 17 million have already been signed with final beneficiaries²⁰. The government expects all the funds to be contracted until the end of this year²¹, but this is not likely to happen.

Achievements of the programmes so far

Main points from the previous country report:

- **RTDI.** 6 research centres were established up until the end of 2011. The number of projects aimed at helping the private sector to carry out RTDI activities was significantly higher than expected. Private investments of EUR 36.4 million were induced as a result of ERDF-funded measures, which make 21% of the total private investment into RTDI in the country from 2009 until 2011. However, there was relatively little progress in activities aimed at promoting cooperation between research institutions and private enterprises.
- **Enterprise support, including ICT.** 984 contracts providing grants to SMEs were signed (three-times more than the target²² set), which led to the increases in export and labour productivity. The achievements of FEIs for SMEs varied between instruments. The total number of SMEs supported by FEIs was 2,903, which is 51% of the target and 5% of all the active SMEs in the country. ICT development projects created 82 electronic public services. 417 towns and villages were connected to the broadband internet (54% of the target) and the share of the rural population with access to the broadband network was increased by 18%.

¹⁷ It is worth noting, though, that the amount of financial support allocated to the country in 2004-2006 was smaller than in 2007-2013.

¹⁸ Interview with Jurgita Viluniene, The Ministry of Finance, September 19.

¹⁹ The results of the guarantee fund are not reflected in these calculations. EUR 26 million were transferred to this fund and loans worth EUR 232 million were guaranteed until the end of 2012.

²⁰ Interview with Mrs Junona Bumelyte, European Investment Bank, 13 September 2013.

²¹ Interview with Mrs Junona Bumelyte, European Investment Bank, 13 September 2013.

²² Here and further in the report the target refers to the target set for the end of the programme implementation, i.e. 2015.

- **Transport.** 1,290 km of roads were built or reconstructed (108% of the target), 250 km of which were part of the Trans-European Transport Network (TEN-T) roads. Roads built or reconstructed with EU assistance make 6% of the entire length of state roads in the country. Very limited results were achieved in improving railway and water transport infrastructure. However, improvements in the infrastructure of all three international airports in Lithuania were made and the number of air passengers increased by 1.7 million (149% of the target).
- **Environment and energy.** In 2011, the modernisation of public buildings accelerated as 468 buildings were modernised (almost twice as many as in the previous year). On the other hand, the process of modernisation of apartment buildings was too slow. The modernisation of district heating networks improved the supply for 309,823 consumers, which makes half of all the consumers of district heating services in the country. 13,600 people were connected to the wastewater collection and treatment system, representing an additional 1.4% of the population with connection and bringing the total share to 63.4%. The target is to increase the population with the access to this system by 8 percentage points (e.g. from 62% of the population in 2006 to 70% at end-2015).
- **Territorial development.** 45 integrated development projects in regional growth centres and problem territories and 12 integrated development projects in rural areas were implemented with the aim of improving the infrastructure and the attractiveness of public spaces in the target territories. The projects aimed at tourism development led to the increase in the number of tourists by 89,000 (6% of the target), equivalent to around 5% of the total number of tourists who visited the country in 2011. The infrastructure of 132 healthcare facilities was improved (120% of the target). A number of educational infrastructure objects were also modernized.

Developments since the 2012 report

RTDI. ERDF support contributed to the development and modernisation of public RTDI infrastructure and research equipment. Seven scientific research centres were established (58.3% of the target), including one in 2012. 5 open-access centres (laboratories with advanced equipment where scientists, students and private entities can perform research activities) were created. 23 educational and 58 scientific laboratories were renovated or furnished with new equipment. This continues to be relevant as the research centres suffered from underinvestment into the equipment from the 1990s, and a sweeping modernization across the boards was necessary.

ERDF-funded projects contributed to the cooperation between science and business sectors, although the progress in this area remained relatively limited in scope. 24 agreements were signed between research institutions and SMEs, 6 of them in 2012. By comparison, 80 of such agreements were signed in the previous programming period. As mentioned in the previous report, the cooperation between science and business is limited mostly due to institutional and structural factors²³, which could be changed only in a longer period.

²³ Among these factors are highly fragmented institutional system in the RTD and innovation area, relatively low competence and expertise of institutions responsible for policy implementation, lack of regulations and low quality of scientific products.

ERDF support aimed at promoting RTD in the private sector was channelled to applied scientific research and technological development, improvement of infrastructure and equipment, as well as expanding research staff. ERDF support was committed to 482 private sector projects until the end of 2012, which makes 85% of all EU-financed RTD projects in Lithuania. Many of these private initiatives were small-scale projects aimed at performing feasibility studies and applied analysis. Supported projects induced EUR 63 million of private investment and the target value of EUR 57 million was exceeded. It is a sizable achievement as private investment induced makes 23% of total business investment in research and technological development in 2009–2012 (EUR 272 million). It should be taken into account though, that tax incentives²⁴ could have played an important role as well, so this achievement could be attributed to a policy mix and not only to the ERDF support. Furthermore, 51 new hi-tech enterprises were established (all of them until the end of 2011). Some of the projects also contributed to the creation of new permanent jobs for researchers and ancillary staff. Until the end of 2012, 173 jobs were reported, although the final number is expected to be significantly higher²⁵.

Enterprise support, including ICT. Private enterprises used ERDF grants to improve and expand their infrastructure, modernize the process of production and introduce new management methods. By end-2012 ERDF support was committed to 1,236 projects aimed at increasing business productivity, including 1,065 SMEs projects. In total, EUR 208.9 million of private investment was induced as a result of ERDF funding until the end of 2012, which is twice as much as in the previous programming period. The target value of EUR 173 million is already surpassed. According to the 2012 Annual Implementation Report (AIR) for EGOP, private enterprises which had received investment grants from ERDF planned 26% increase in exports, 22.6% rise in turnover and 18% improvement in labour productivity. However, it seems too optimistic and cannot be assessed ex-post as no systematic information is gathered on the supported enterprises²⁶.

Enterprise support measures also covered FEIs aimed at improving SMEs' access to financing sources. In total, 3,757 or 5.7% of all SMEs used FEIs to receive external financing since the beginning of their implementation in 2009 until the end of 2012. It makes 66% of the target value (5,690). Private investment of EUR 195 million (51% of the target value) was induced as a result of ERDF-financed FEIs. The results are slightly lower than planned due to several reasons mentioned earlier in this report, such as the delayed launch of implementation, relatively new type of some of the instruments, incapacity to meet the needs of SMEs and strict interpretation of implementation rules by the European Commission (EC). Moreover, during the financial crisis SMEs needed support to their cash flows, and the expansion of the production was hardly relevant to the most of them.

As for the use of FEIs in Lithuania in general, it seems there is less enthusiasm for their future use than at the beginning of the current financial perspective. FEIs were used in two major areas: support of SMEs and for the energy efficiency investments in the multi-apartment

²⁴ Enterprises could deduct 3 times the value of their R&D investment from their expenditure.

²⁵ The indicator covers only jobs which are in place at least 2-3 years after completion of the project. Therefore, jobs created in more recently finished projects are not covered.

²⁶ Interview with Mrs Olga Celova, Ministry of Economy, 14 October 2013; interview with Simona Daukilate, 14 October 2013.

housing. The amounts allocated for the FEIs for SMEs were reduced. As for the multi-apartment housing, there is a risk that not all financing will reach final beneficiaries at the end of 2015.

This process of the transition from grants to FEIs will be more difficult than expected. At the initial stage there was lack of guidance from the EC and the European Investment Bank (EIB), which contributed to a risk that some of the expenditures will not be recognized as eligible. The whole new infrastructure for the use of FEIs (new types of contracts, institutions, financial intermediaries, public procurement procedures) took much longer than expected to establish. However, some of the simpler and longer practiced schemes (like guarantees) and schemes based on clear market failures (such as venture capital schemes²⁷) proceed successfully and are likely to continue.

Industrial parks, free economic zones and business incubators were established with a view to attract foreign investment and encourage the setting up of new businesses. Up until the end of 2012, industrial parks and free economic zones induced EUR 200.4 million of private investment (132.2% of the target value). Furthermore, private enterprises were professionally consulted and given opportunities to participate in international business exhibitions. Boosting export sales was the main goal of these initiatives. However, these tools of FDI and private investment promotion seem outdated and hardly effective. The recent strategy of FDI promotion aimed at attracting services centres seems more successful.

ERDF funds were also used for the improvement of Internet access in rural areas and development of public e-services. 775 small towns and villages were connected to broadband network until the end of 2012, including 358 in 2012. As a result, the share of residents who have access to broadband network increased from 72% in 2005 to 92% in 2012. 146 public e-services were created or updated until the end of 2012 (64 in 2012). By comparison, only 24 such services were updated or created in the previous programming period. On the other hand, positive effect of the introduction of e-services on the effectiveness of the public sector has not been as great as expected. This is mainly due to the fact that Lithuanian citizens are still rather hesitant about using e-services²⁸ and there is a lack of promotion/marketing measures to support it.

Human resources. Most of the EU support dedicated to the development of human resources comes from ESF. Only EUR 17.4 million of ERDF support is allocated to this policy area for the on-going programming period (0.3% of the total allocations from ERDF and Cohesion Fund). Nevertheless, some of the ERDF-funded measures (mostly in the areas of enterprise support and tourism, which are not specifically aimed at the development of human resources) contribute to the creation of new jobs.

Transport. ERDF and Cohesion Fund support was used to finance the measures aimed at improving transport infrastructure and increasing traffic safety. 1,369 km of roads were reconstructed or built until the end of 2012 (including 258 km of TEN-T roads). The construction of new roads accounts for only the small part of this figure, although information on exact numbers is unavailable. This figure was equal to 113% of the target value and 6.4% of

²⁷ But for this instrument there is a highest risk that the auditors will not consider it eligible.

²⁸ Public policy and management institute, "Evaluation of the key trends and priorities of information society development for 2014-2020". May 2012.

the total length of state roads²⁹. It constituted a major part of investment into the road infrastructure helping to keep it at the required level.

The impact of EU-funded interventions for the road sector was assessed during the evaluation carried out in 2013 at the request of the Ministry of Transport and Communications. Macroeconomic modelling led to the conclusion that Lithuania's GDP was 0.9% bigger in 2012 than it would have been without EU co-financed measures aimed at improving road infrastructure³⁰. Almost half of this effect (0.4%) was due to the temporary boost experienced by the road construction sector. The rest of the effect came from the supply-side of the economy, as better transport infrastructure contributed to the improvement of business environment.

Only very limited progress was achieved in the area of railway infrastructure until the end of 2012 as the main projects were still in the phase of implementation. 1.1 km of railway lines were built or reconstructed (0.5% of the target value). Target will not be reached due to the decision to postpone the reconstruction of Mazeikiai-state border railway line. Accordingly, the amendment of EGOP was proposed to EC, lowering the target value of this indicator to 35 km. Based on signed contracts, revised target is expected to be reached by end-2015.

Results of EU-funded measures aimed at improving water transport infrastructure are also expected to come later. No new embankments were built or reconstructed and there was no increase in the number of passengers, as the major project of the Klaipeda port infrastructure³¹ will not be finished until 2014. However, there are already some substantial results in the area of air transport infrastructure. Until the end of 2012, passenger terminals were built or reconstructed according to Schengen requirements in all three international airports. Furthermore, the number of air passengers increased by 2.2 million compared to 2005 (191% of the target value). However, policy mix aimed to this target included substantial lowering of the airport taxes and an aggressive marketing campaign, which all contributed to the achievement.

Environment and energy. Until the end of 2012, systems of water supply and/or wastewater treatment were renovated/constructed in 138 settlements (62.7% of the target value). According to contract information, 378 settlements will have their water supply and/or wastewater treatment system renovated/constructed until end-2015. Therefore, proposal was made to EC to raise the target value from 220 to 300 settlements³². Most of these systems (71) were renovated or constructed in 2012. As a result of these investments, the share of residents who use centralized wastewater collection and management services increased by 1.4 percentage points compared to 2006³³. The target is to increase this share by 8 percentage points, although revised target of 4 percentage points was proposed to EC. Slow progress in the

²⁹ Results of the investments to state roads (excluding TEN-T roads) are unclear due to the lack of result indicators in this policy area. Meanwhile, the value of the result indicator "Increase in transported cargo (million tons per year, TEN-T roads only)" will be first estimated only after the full implementation of all the relevant projects.

³⁰ UAB "BGI Consulting", "The evaluation of planning and implementation efficiency of the EU structural assistance for the road sector". June 2013, p. 64.

³¹ Installation of the Passenger and Freight Ferry Terminal Infrastructure.

³² Better results are expected mainly due to the decision to renovate/construct water supply and/or wastewater treatment systems in small settlements as well.

³³ 62% of the population was using centralized wastewater collection and management services in 2006.

latter department was mainly due to the high costs of joining water collection and management networks as well as the lack of regulatory incentives to do so³⁴. In certain cases, connection to water collection and management networks was hindered by technical problems. The infrastructure of silt management and wastewater cleaning equipment was also improved with EU financial assistance.

Significant progress was made in the area of solid waste management, where investments are aimed at meeting EU environmental requirements. Up until the end of 2012, 198 landfill sites were closed and adapted (79.5% of the target), including 106 in 2012. In total, there are around 800 landfill sites in Lithuania. Furthermore, 7 sites for the collection of large-scale solid waste and 16 green waste composting sites were built up until the end of 2012.

Up until the end of 2012, 706 public buildings were modernized with the view to increase their energy efficiency (238 of them in 2012). The target of 200 modernized public buildings was set at the start of the programming period. By comparison, 82 public buildings in total were modernized in the previous programming period. Successful modernisation of public buildings enabled to save 138 GWh of energy. Almost all of these savings (122 GWh) were reported in 2012. It is difficult to evaluate precisely the importance of the savings as there are no full baseline data³⁵, but they were significant³⁶. 138 GWh is equal to 1.3% of the total heating energy consumption in 2012. It should be noted that the efficient use of some of modernized public infrastructure objects may be impeded by the declining population in small towns.

The process of modernisation of apartment buildings was not as smooth. Up until the end of 2012, only 60 multi-apartment buildings were modernized as a result of EU funding (7.6% of the target value). The mechanism for the modernisation of multi-apartment buildings (JESSICA HF) has not been as successful as expected. Therefore, a new model for the modernisation of multi-apartment buildings was adopted in 2013, allowing for the more active role of the municipalities. Municipalities are now responsible for selecting the target buildings, which are least efficient, preparing investment plans for the modernization as well as taking bank loans in the name of the residents. They are also actively acting as agents of social mobilization since collective action was a major problem. Some progress has already been achieved. Currently, 119 buildings are being renovated. To date, 163 tenders for construction contracts have been launched, while 224 tenders are in the process of procurement of technical renovation projects. In total, 672 investment plans have been approved (including completed projects),³⁷ which means that the target will not be achieved even if all of these projects are completed³⁸.

³⁴ People tend to use their individual sources of water, and there is no effective mechanism of incentives or sanctions to force them to join the centralized system. Therefore it is a regulatory problem, which could be transformed into an ex-ante conditionality for further investment into the sector.

³⁵ No data is provided on the total energy consumption of the renovated buildings before modernization.

³⁶ The saving for different categories of building varies. For the measure aiming at renovation of secondary schools it was 31% (Second energy efficiency action plan, 2011, http://www.ena.lt/doc_atsi/Veiksmu_planas.pdf), and could be taken as an average savings.

³⁷ Information of www.atnaujinkbusta.lt, 13 September 2013.

³⁸ It should be noted that the target (1,000 buildings) was planned on the basis of the amount of funding initially planned for the JESSICA HF, which was EUR 227 million. To date, EUR 127 million has been transferred to this HF. Based on the average cost for modernizing one building (which is EUR 0.2 million) the achievement of the target is not feasible.

Results in the energy sector are mixed. Until the end of 2012, there was no improvement in the natural gas transmission system as the construction of the gas pipeline Jurbarkas–Klaipeda is not finished yet. On the other hand, 270 km of electricity transmission lines were built which makes 4% of the total length of high voltage electricity transmission lines in Lithuania. As a result, the reliability of electricity supply was improved for 314,629 clients. In the heating sector, 646 km of district heating networks were modernized (35.9% of the target value), which makes 7.8% of the total length of district heating networks in Lithuania. As a consequence of the modernisation process, 701,884 clients witnessed an improvement in the reliability and quality of the heat supply³⁹. This is particularly relevant as losses in the heating networks were substantial. However, insulation of the houses has the major potential for energy savings in the future.

Territorial development. Living and business environment was improved in the regional economic centres, problem territories and rural areas as a result of EU co-financed investments in infrastructure and public spaces. Until the end of 2012, ERDF financial support was committed to 71 integrated urban development and 206 integrated problem territories⁴⁰ projects (71% and 103% of the target values respectively). These projects are aimed at improving living environment and public infrastructure in regional economic growth centres and problem territories. Additionally, 46 infrastructure projects were implemented in rural areas, aimed at improving business environment and increasing employment.

ERDF support contributed to the development of tourism infrastructure. Up until the end of 2012, 179 objects of tourist attraction – cultural heritage sites, sports venues, recreational infrastructure etc. – were improved or built⁴¹. Furthermore, 175 marketing tools were created. As a result of ERDF co-financed interventions 461 new jobs were created in the tourism sector (375 of them reported in 2012). EU support contributes to the growing attractiveness of Lithuania as a tourist destination. In 2012, Lithuania recorded the second biggest increase in the number of foreign tourists in Europe (12.8%). Accordingly, revenue from tourism increased by 11.9%. It has to be attributed to a growing number of promotional activities such as big sporting or political events as well.

To increase the quality and accessibility of healthcare services, up to 204 healthcare institutions had their infrastructure and/or medical equipment improved (185% of the target)⁴². It made 8.1% of all healthcare institutions operating in Lithuania in 2012 (excluding private dentistry facilities). In the area of education infrastructure, 48 education centres and 241 school libraries

³⁹ An improvement in relatively small segments of the supply network can increase the reliability and quality of heat supply for a large number of clients. It is especially the case for those projects which are carried out in big cities. Three largest cities in Lithuania – Vilnius, Kaunas and Klaipeda – had their district heating network improved and this explains the relatively high number of “beneficiaries”.

⁴⁰ The status of problem territory is assigned to those municipalities where social problems are most acute. Currently, 14 municipalities with the highest unemployment rate and the largest number of people receiving social allowances are considered problem territories.

⁴¹ Improved objects account for most of this figure. Only 4 objects of tourist attraction were built until the end of 2012.

⁴² Exact value of this indicator is unavailable due to inappropriate method of estimation. According to the method of estimation used, the same healthcare institution could be counted two or more times if it had received ERDF funding for more than one project. Recalculation of the indicator is planned in the future. However, the change in the value of the indicator after recalculation should not be radical.

were modernized. In total, there were 1,242 comprehensive schools in 2012. Furthermore, the infrastructure of 2 universities was improved and 2 university hospitals were modernized. 147,634 people benefited from the investments to education infrastructure up until the end of 2012 (134% of the target). This seems relevant as both health and education infrastructure suffered for the under-investment. Decreasing population requires new effort of optimisation of both health and educational infrastructure though.

79 institutions providing social services and those taking care of disabled persons were built, reconstructed or received new equipment until the end of 2012. It is twice as much as was achieved until the end of 2011. Until the end of 2012, there were 2,910 direct beneficiaries of these investments (0.74% of the target)⁴³.

Table 4 below aggregates the information on physical indicators given in AIRs of the OPs under the Convergence Objective.

⁴³ Amendment of CPOP was initiated in the middle of 2012, aimed at lowering the target value of the indicator to 160,000. This amendment was motivated by the change in the methodology of the indicator. Unique beneficiaries are being counted now, whereas earlier target was based on adding up beneficiaries in different years. According to the representative of the Ministry of Social Affairs and Labor, data from signed contracts suggest that revised target will be met at end-2015. However, the size of current achievement raises some doubts as to whether the target will be reached.

Table 4 – Main indicators and outcomes (end-2012)

Policy area	Main indicators	Actual outcomes and results
Enterprise support, including ICT	Number of direct investment aid projects to SMEs	1,065 projects of direct investment aid to SMEs were launched until the end of 2012. 292 of them were started in 2012, compared to 229 in 2011. Only 51 such projects were launched until the end of 2006.
	Number of start-ups supported	301 start-ups were supported until the end of 2012. The target value for this indicator was set at 15.
	Investment induced (EUR million)	EUR 668 million of private investment were induced as a result of ERDF-funded measures (91% of the target value). In 2012, EUR 336 million were induced, which is 2.3 times more than in 2011 (EUR 151 million).
	Increase in the share of population visiting websites of public authorities (%)	24 percentage points. The share of population visiting websites of public authorities increased from 15% in 2005 to 39% in 2012. The increase of 40 percentage points is targeted.
	Increase in the share of population covered by broadband access (%)	20 percentage points. From 2005 to 2012, the share of population covered by broadband access increased from 72% to 92%. The increase of 23 percentage points is targeted.
RTDI	Number of RTDI projects	568 RTDI projects received ERDF support since the start of the programming period (the target value of 260 was set). Most of these projects are small-scale private sector initiatives. 101 projects were started in 2012.
	Number of cooperation agreements between private enterprises and research institutions	24 cooperation agreements between SMEs and research institutions were signed as a result of the implementation of the public RTDI projects (24% of the target). 6 of them were signed in 2012 (9 in 2011).
	Research jobs created	202 research jobs were created in the public and private sector. In total, there were 5,893 research jobs in 2005. 69 research jobs were created in 2012 (6 in 2011).
Transport	Km of reconstructed and built roads	1,369 km (113% of the target value). It represents 6.4% of all state roads in Lithuania.
	Km of reconstructed and built railway lines	1.1 km (0.5% of the target value). Most of the railway projects are yet to be implemented due to the complexity of planning procedures.
Environment and energy	Increase in percentage of residents who use centralized wastewater collection and management services (%)	1.4 percentage points. The target value of 8 percentage points was set for this indicator, although in 2012 the proposal was made to the EC to lower it to 4%.
	Number of closed and adapted landfill sites	198 landfill sites were closed and adapted (79.5% of the target), most of them (106) in 2012. By comparison, 587 landfill sites were in the phase of adaptation or had been closed or adapted until that year as a result of ISPA and Cohesion Fund funding.
	The amount of energy saved in modernized public buildings (GWh)	138.4 GWh (138% of the target value). 122.3 GWh of energy was saved in 2012. By comparison, 40 GWh of energy was saved as a consequence of the modernisation of public buildings in the previous programming period.
	Additional capacity of renewable energy production (MW)	173 MW. This additional capacity was caused by the wider use of biomass. Most of the increase came in 2012 (134 MW). However, these additional capacities were only a small fraction of the total electricity and heating energy consumption in 2012 (19.4 TWh).
Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development)	Number of jobs created in tourism	461 (92.2% of the target value). Most of these jobs (375) were created in 2012.
	Number of education projects	282 (282% of the target value). These projects were aimed at the development of education infrastructure. Not all of them were finished until the end of 2012 (projects under implementation were included in the figure above).
	Number of health projects	245 (30.6% of the target value). These projects were aimed at the development of healthcare infrastructure. Projects under implementation were included in this figure. By comparison, 122 healthcare projects received EU financial support in the previous programming period.

Territorial Cooperation Objective

Wide range of activities have received ERDF funding under CBC Programme Lithuania–Poland, including modernisation of small-scale economic infrastructure, integration of business sectors of the two countries, development of sustainable cross-border tourism, preservation of cultural/historical heritage, fostering of cross-border social and cultural relations, improvement of healthcare services and raising environmental awareness.

The Programme has reached the advanced stage of implementation. In 2012, significant progress was made in a number of areas. 28 km of new roads were constructed, which is about 20 km more than in 2011. A breakthrough was achieved in the area of cross-border business cooperation as 279 companies got involved in cross-border business activities as a result of ERDF-funded operations. There were no companies involved in these activities in 2011. Furthermore, 5 places of tourist attraction were created on both sides of the border (the same number as in 2011). 25,807 people participated in joint social and cultural activities across the border. In 2011, 15,053 people took part in such activities. All the main achievements of the Programme by priorities/sub-priorities are provided in Annex Table B.

Quality of AIRs

Analysis of AIRs for 2011 and 2012 as well as the interviews with representatives of Managing Authority (MA) suggest that there was an improvement in some aspects of AIRs. More attention was paid to the qualitative effect of EU co-financed interventions in AIRs for 2012 than in the previous reports. Moreover, baseline figures were included in AIRs more often in an effort to make the interpretation of the results easier⁴⁴. Information provided in evaluations was used more extensively in AIRs for 2012.

However, the manner in which the outcomes of the programmes are presented can be improved. The following weaknesses of the AIRs for 2012 were identified:

- There are a few errors in the presentation of physical results of indicators;
- Changes in the rate of implementation of the physical indicators are not always noted and explained;
- Values of some of the physical indicators are not estimated for methodological or technical reasons⁴⁵. As a consequence, it is difficult to monitor the progress of certain interventions;
- The most commonly used indicator – “the number of projects” – is based on the number of contracts signed rather than projects already implemented. Thus, it is not an appropriate tool for evaluating the progress already achieved;
- Some of the baseline values indicated for the physical indicators are inadequate or unclear. For example, no information was provided on the time period covered by the initial value of the indicator “Number of closed and adapted landfill sites”. Meanwhile, the initial value for the indicator “Number of patients to whom the quality and availability of health care services improved” provided in AIR was the number of

⁴⁴ Interview with Agne Kazlauskaitė, Ministry of Finance, September 16, 2013.

⁴⁵ For example, the value of the indicator “Time saved when transporting cargo using reconstructed rail infrastructure” has not yet been estimated due to low number of implemented projects.

residents in the country in 2006. The lack of relevant baseline values makes interpretation of the achievements complicated.

3. Effects of intervention

Main points from the previous country report:

- Average real GDP growth rate in 2004-2013 (based on the prices of 2005) is estimated to have been 1.6 percentage points higher than without the support⁴⁶.
- The unemployment rate is estimated to have been on average 2.4 percentage points lower in 2004-2011 than it would have been without the support from EU structural funds.
- According to the estimations, the increase in the GDP level caused by EU co-financed expenditure in RTD area in the period up to 2015 is 2.3 times higher than the expenditure itself.
- The effect of EU support in energy, tourism and business sectors on GDP is estimated not to be as big as in the case of RTDI.

Developments since the 2012 report

There were only few impact evaluation studies aiming to assess wider effects of interventions. The most important source in this regard remains impact evaluation based on macroeconomic modelling assessing the period 2000-2010 undertaken in 2011. The results of this evaluation were presented in the previous report and demonstrate a significant EU impact on economic growth and job creation in the country.

EU structural support stimulated private investment⁴⁷, helping the business sector to adapt to the increased competition resulting from globalisation. 40% of all the private companies which introduced technological innovations in 2008-2010 used EU funding⁴⁸. The effect of ERDF and Cohesion Fund co-financed interventions on exports is estimated to have been mixed. Although some measures of EGOP are specifically aimed at improving export, only limited data on the effectiveness of these measures is available⁴⁹. Meanwhile, there is a negative short-term effect of EU structural support on exports as well, because EU-funded interventions are estimated to lead to a rise in salaries in certain sectors and thus makes export more expensive⁵⁰. According to the estimations, jobs created as a result of ERDF funding account for 8.3% of the net increase in employment in 2012.

Separate measures aimed at fostering regional development were analysed in terms of their usefulness and contribution to GDP of the country. Recently conducted evaluation dealt with 35

⁴⁶ Impact Evaluation of the EU Structural Funds on the National Economy, forecast for economic growth until 2020. Prepared by ESTEP at request of Ministry of Finance, October 2011.

⁴⁷ Daiva Dumciuvienė and Tomas Stravinskis, „The Impact of Structural Support on the Country's Economic Growth“. *Economics and Management*, 17(4), 2012, p. 1355.

⁴⁸ Data from the Department of Statistics of Lithuania. Unfortunately, no information is provided on 2011 and 2012.

⁴⁹ Until the end of 2012, 300 private enterprises took part in international business exhibitions, contact fairs and missions.

⁵⁰ Impact Evaluation of the EU Structural Funds on the National Economy.

measures related to the development of cities and small towns. Results of the macro-economic modelling indicated that without EU financial support for the development of cities and small towns GDP of Lithuania would have been smaller by 2.3% in 2012⁵¹.

Some ERDF and Cohesion Fund-funded measures contributed to the fight against climate change, as the capacity of renewable energy production and energy efficiency of public buildings increased. Moreover, new ecological public transport buses were bought in an effort to make public transport system more environmentally-friendly⁵². The allocation of EU funds in the current programming period in Lithuania suggests that the implementation of a substantial part of EU support contributes to the strategic goal of reducing greenhouse gas emissions, formulated in the strategy “Europe 2020”⁵³. However, the actual impact of EU-supported interventions on reducing greenhouse gas emissions in the country has not been estimated.

It is difficult to highlight specific interventions or broad policy areas which are performing well and which are not, because their outcomes and effects are rather complex. In terms of physical achievements, a lot of useful infrastructure in road transport, environmental (water management, waste management), public RTD (buildings and research equipment), ICT (broadband network) sectors have been created. Meanwhile its use is hardly optimal and indicators of residents using modernised wastewater systems, e-services and enterprises cooperating with public research institutions are lower than intended. On the other hand, the implementation of these large infrastructure projects had significant short-term effect on stabilisation of domestic demand during financial and economic crisis, especially on the construction industry.

4. Evaluations and good practice in evaluation

Evaluations covered by previous country reports

- Up to the end of 2011, 37 evaluations⁵⁴ have been completed, corresponding to 54% of the total evaluations planned.
- The number of completed evaluations has been increasing every year – 9 projects completed in 2008–2009, 12 in 2010 and 16 in 2011.
- The majority of evaluations during 2008–2011 were process-oriented; in 2012 the focus shifted to results (most of the evaluations drafted in the AEP for 2012 were result-oriented).

⁵¹ Evaluation of EU structural assistance impact on local and urban development. UAB “BGI Consulting”, May 2013.

⁵² 38 ecological public transport buses were bought until the end of 2012.

⁵³ The evaluation of the contribution of the Lithuanian strategy for the use of European Union structural assistance for 2007-2013 and its OPs in achieving the objectives of “Europe 2020” strategy. MoF, May 2011.

⁵⁴ They also cover ESF-funded interventions, as the evaluation system in Lithuania is centralised and a lot of evaluations are thematic and cover interventions funded by several EU funds.

The main features of the strategy for evaluating the effects of interventions

- The strategy for evaluating interventions co-financed by the Structural Funds is set out in the Evaluation Plan for EU Structural Funds' Support, covering the NSRF and all four OPs 2007–2013 (funded by ESF, ERDF and Cohesion Fund).
- To implement the multi-annual evaluation plan, AEPs are drafted indicating specific evaluation and evaluation capacity building projects, their objectives, expected results, deadlines and responsible authorities.
- Most of the evaluations are focused on particular policy areas or themes (not on particular programmes). Procedural issues and implementation of interventions in Territorial policy area were prevailing in evaluations of 2011.
- The monitoring of the recommendations' implementation (instrumental use of evaluation results) shows that 89% of the recommendations have been adopted to be implemented, while the number of recommendations actually implemented represented only around one third of the recommendations formulated⁵⁵.

The wider use of results increased in 2012 when discussions on priorities for 2014–2020 started.

Changes in the strategy for evaluating the effects of interventions

There have been no significant changes in the strategy and management of evaluations in Lithuania since the last year's report (see box below).

Textbox 1 - Evaluation management system

The overall responsibility for evaluation planning and implementation rests on the MoF (the MA). It also organises individual evaluations of horizontal areas at the Strategy/OP/priorities level, while intermediate institutions (other ministries and State institutions) initiate and organise evaluations by areas of responsibility (individual OPs' priorities and measures). An important role is played by an inter-institutional structure — the Evaluation Coordination Group — which discusses annual evaluation plans and their implementation progress, the Terms of Reference for specific evaluation projects and their results, delivers recommendations to institutions involved in the evaluation on its planning and implementation.

The evaluation services are mostly outsourced and delivered by independent experts who are independent from political influence of contracting authority and other stakeholders. The provision on requirement for independence was included to the Standards for Evaluation of EU Structural Funds prepared in 2013. However, formalization of monitoring the implementation of recommendations poses some risk for independence, as contracting authorities tend not to agree with the recommendations which are difficult to be implemented and therefore evaluators are asked for not including them to the evaluation reports.

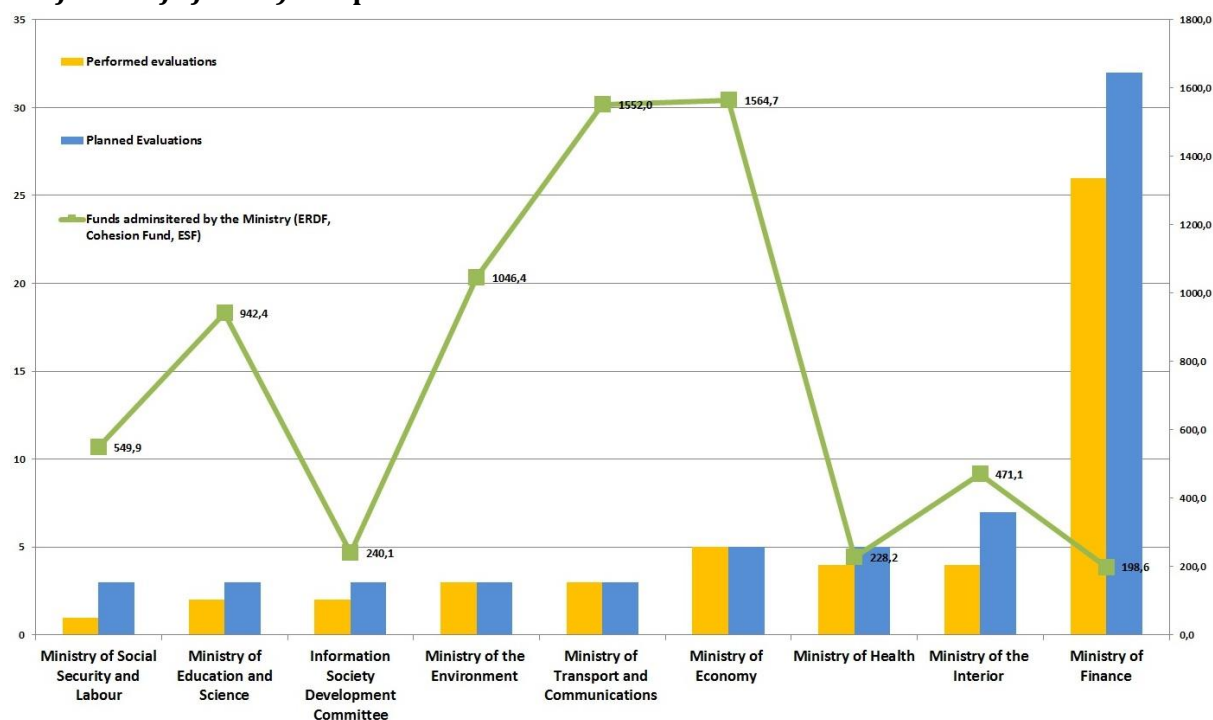
Although the system is highly centralised, the process of planning and implementing evaluations is coordinated by the MoF⁵⁶, there is no consistent strategy aimed at covering all the

⁵⁵ While the number of recommendations approved for implementation is included to the programme as a result indicator and monitored annually, there is no formal mechanism for monitoring the number of recommendations actually implemented. This number was estimated during *Evaluation of Implementation of Recommendations Provided in Evaluations of 2007-2013 EU Structural Funds Support* (carried out by Ministry of Finance in 2011) and was based on results of survey. The evaluation identified the main reasons for non-implementation of recommendations, which are: insufficient quality, not timely delivered, lack of cooperation, lack of human resources and support from higher officials.

⁵⁶ MoF is responsible for preparing and approving the multiannual Evaluation Plan for 2007–2013 and ensures its implementation and coordinates the preparation and implementation of EAPs.

programmes, priorities or policy areas. The evaluation plan for 2007–2013 provides that ongoing evaluations are initiated according to the needs. The MoF identifies priorities for AEPs, based on which responsible institutions formulate specific evaluation themes. The coverage of evaluations depends on the interests, activeness and capacities of responsible institutions (see the Figure 1), therefore some of the important areas, priorities or issues may not be covered (the coverage of policy areas is discussed further in this section). On the other hand, such evaluation strategy ensures flexibility and adaptability to the needs of responsible institutions.

Figure 1 - Planned and performed evaluations by responsible institution (until the end of the first half of 2013) compared to the funds administered



Note: The areas of responsibility of institutions: Ministry of Social Security and Labour – Human Resources (ESF funded activities), Territorial Development (Social Infrastructure); Ministry of Education and Science - Human Resources (ESF); RTDI; Territorial Development (Education infrastructure); Information Society Development Committee – ICT; Ministry of Environment – Environment, Energy; Ministry of Transport and Communications – transport; Ministry of Economy – R&TD, Enterprise support, Energy, Territorial Development (Tourism); Ministry of Health – Territorial Development (Health Infrastructure); Ministry of Interior – Territorial Development (Urban/rural regeneration), Capacity and Institution building (ESF); MoF – Technical Support.

Source: AEPs for 2008–2012, information of the MoF, evaluation reports and monthly implementation reports available at www.esparama.lt

Priorities provided for in the AEP 2013 differ compared with the AEP 2012. The main needs for evaluations planned in 2012 were related to the preparations for the period 2014–2020, while evaluations planned for 2013 were mainly focused on the impact of support on the main macroeconomic indicators and overall economic development (3 strategic evaluations of this kind are included into the AEP 2013) or the effectiveness, sustainability and efficiency of individual measures (3 operational evaluations of this kind are included in the AEP 2013).

Based on the AEPs, the number of evaluations planned decreased in 2012 and 2013 (see the table below).

Table 5 - Projects of AEPs 2008–2013 by type

Project type	AEP 2008*	AEP 2009	AEP 2010	AEP 2011	AEP 2012	AEP 2013	Total
Strategic evaluation	3	6	5	7	5	3	29
Operational evaluation	9	5	13	10	4	3	44
Evaluation capacity building	1	1	0	1	0	0	3
Total	13	12	18	18	9	6	76

Source: drawn up by ESTEP in accordance with evaluation plans for 2008–2012.

Note: (*) The 2008 evaluation plan does not indicate the type of evaluation; projects are classified according to the author's discretion.

The decreasing trend can be explained by two reasons: firstly, this programming period is coming to an end, but some of the evaluations included in AEPs for previous years have not been implemented or even started yet, therefore responsible ministries did not plan new evaluations for AEPs for 2012 and 2013; secondly, there are fewer operational evaluations focused on procedural issues as they are not as relevant as at the beginning or in the middle of the programming period. The number of completed evaluations, however, remained stable for the last three years: 12 evaluations completed in 2010, 16 evaluations in 2011 and 15 in 2012–first half of 2013.

Most of the evaluations have been carried out by external experts. However, at the moment one of the strategic impact evaluations⁵⁷ provided for in the AEP 2013 is being implemented by the Evaluation Unit of the MoF with the help of external consultants. This evaluation may be considered as a “pilot project” aimed at checking whether evaluations can be performed internally⁵⁸. There are some risks related to this approach as internal resources of MoF are limited and are not planned to be increased. Moreover, evaluation capacities of managing institutions could be insufficient for implementation of large-scale impact evaluations.

Evaluations carried out since the 2012 country report

Of all the 70 projects planned in AEPs for 2008–2012, 49 (54%) have been completed by July 2013⁵⁹. 7 evaluations were completed in 2012 and 8 in the first half of 2013⁶⁰ (the full list is provided in the Annex 2). Evaluations completed after the last report can be classified as follows:

- Almost half (7 out of 15) of the evaluations focused on arrangements and procedures for managing or administering programmes. 4 evaluation projects aimed at reviewing and assessing evaluation reports – their content and methodology, quality, use of results, applicability of Counterfactual Impact Evaluation (CIE) methods are also included into this type of evaluations.
- The rest of evaluations (8 out of 15) are distributed equally:

⁵⁷ Evaluation of Impact of EU Structural Funds on the Quality of Life and the Reduction of Poverty and Social Exclusion.

⁵⁸ The evaluation report will be available online at <http://www.esparama.lt/vertinimo-ataskaitos>. In addition, it is planned to publish the results.

⁵⁹ The number provided by the MoF; the number of projects includes evaluation building capacity projects.

⁶⁰ Two of the evaluations completed in 2013 are not indicated in AEPs separately – they are included into the evaluation capacity building project.

- 4 evaluations⁶¹ were directed to monitoring and checking the progress made in implementing programmes, increasing the absorption of funds, identifying the main factors influencing the progress and assessing whether the targets will be achieved.
- The remaining 4 evaluations were aimed at assessing the impact of programmes (usually a set of measures in one sector) and their contribution to socioeconomic development. 2 evaluations were not directly aimed at assessing the impact of 2007–2013 interventions, but mainly focused on the key trends in specific sectors in the future and formulating priorities to be financed by the EU Structural Funds in 2014–2020.

Main features of evaluations

The evaluations completed in 2012–2013 show that procedural and administrative issues continue to be the main focus. On the other hand, some of them are not traditional process-oriented evaluations. They have been implemented to help the MoF to find out more about evaluation activities, increase the quality of evaluations and promote the use of their results. They have also helped to draw up the standards for evaluation (the guidance document recommended by the EC).

Results-oriented and impact evaluations are focused on particular measures or a set of measures managed by the same intermediate body (e.g. measure “Renovation and development of the water supply and sewage management systems”, “Development of regional economic growth centres”, measures in the health sector or information society development, etc.) or impacts of different measures on specific thematic areas (e.g. implementation of measures focused on the promotion of youth entrepreneurship, impact on local and urban development). There were no evaluations covering entire programmes or transversal aspects (e.g. gender and equal opportunities or sustainable development); only procedure-oriented evaluations were classified as multi-area. Territorial development was the most analysed policy area – two evaluations focused on urban and local development and one on the health sector; there were no evaluations completed in RTDI, energy and capacity and institution building policy areas. The distribution of evaluations completed in 2012–2013 (as compared to evaluations completed in 2011) by broad policy areas is provided in the table below.

⁶¹ One of them was an evaluation of interventions supported by ESF.

Table 6 – Evaluations completed in 2011 and 2012–first half of 2013 by broad policy areas

Policy area	2011*	2012-2013	Total	Share (%)
RTDI	3		3	10
Enterprise support and ICT	1	1	2	7
Human Resources (ERDF only)		1	1	3
Transport		1	1	3
Environment	1	1	2	7
Energy	1		1	3
Territorial development	4	3	7	26
Capacity and institution building				
Multi-area	5	7	12	41
Transversal aspects				
Total	15	14	29	100

Note: (*) Evaluations of ESF-funded interventions have not been included.

Except for the 3 reviews/ evaluations of evaluation reports mentioned above (which have been partly internally performed), all other evaluations completed are of average-scale. All the evaluations cost around EUR 35,000 up, and the highest price was a bit over EUR 69,000. Budgets for impact evaluations are a little bit higher, as they require more advanced techniques and methodologies. The difference is not very significant though.

All evaluations focused on arrangements and procedures cover issues relevant for all the priorities and programmes such as the overall effectiveness of the Structural Funds administration system⁶², the impact of public procurement procedures for OPs implementation and effectiveness of process of information and publicity activities. As mentioned before, some of the evaluations of this type were not traditional evaluations as they were focused on analysing evaluation reports (not funded by Structural Funds' interventions *per se*). They provided valuable information on evaluations carried out during this programming period, their quality and the use of results, the feasibility of CIE methods.

All of these evaluations used traditional qualitative methods as they are most appropriate for procedure-oriented evaluations. The evaluation of the effectiveness of the overall Structural Funds administration system attempted to calculate the administrative costs for applicants and project implementers, although the standard cost model was not fully applied. Procedure-oriented evaluations tend to create and use theoretical models⁶³ as the basis for the analysis more often than earlier. They help identify the key factors and their interrelationships creating the basis for verifying hypotheses.

Evaluations **directed to monitoring and checking the progress** usually cover one specific measure or a set of measures in a specific policy field. They fall in the scope of three broad policy areas – human resources, environment and territorial development (namely, regional

⁶² This evaluation was carried out as a part of ex-ante evaluation of OP for 2014–2020.

⁶³ Theoretical model means here “theory”/ basis for analysis designed to explain a situation or behaviour. We use here the concept theoretical model in a broader sense than logical model which are most often used for analysing logical relationships between the resources, activities, outputs and outcomes of a programme.

development). These evaluations are usually focused on questions related to the progress of measures implementation and the feasibility of achieving the targets by the end of the programming period; although they also cover evaluation questions related to the relevance (e.g. do measures correspond to the needs of the target groups? Are they consistent with strategic documents and changing economic and social environment? etc.), efficiency (do the administration system and implementing procedures ensure efficient implementation of projects?) and even impact and sustainability of interventions. For example, the evaluation of the implementation of measure “Development of regional economic growth centres” made some effort to analyse impacts of interventions by applying the cost-benefit analysis of projects, although it was not its main focus.

The scope of **impact evaluations** in Lithuania is usually very broad in a sense that they cover a large number of interventions. They usually ask for assessing the impact of complex/ integrated interventions on socio-economic development of the country, namely their impact on the main macroeconomic indicators (GDP, employment). Evaluations of specific individual measures are very rare. As a result, the most common quantitative method for impact evaluations is econometric modelling. Furthermore, the requirement to use this specific method is often provided in the term of references.

Two impact evaluations completed in 2012–2013 were sectorial and covered ICT and health sectors. Another one was a thematic evaluation aimed at evaluating the impact of all Structural Funds-funded measures directly and non-directly contributing to the local and urban development. Finally, there was an evaluation focused on particular measures in the road sector. The first two evaluations were not traditional impact evaluations and could be considered as “forecasts” for the next programming period. Their key objective was to identify the main trends in the sectors analysed as well as to formulate the possible priorities to be financed from the EU Structural Funds. They used qualitative methods. The other two evaluations were traditional impact evaluations and, as in most cases, econometric modelling was applied. The ex-post cost-benefit analysis of the selected projects was also made in order to evaluate the micro-level impact of interventions. As an example of potentially good practice, the creation of a specific life quality index in the Evaluation of EU Structural Funds’ impact on Local and Urban Development could be mentioned. The evaluators calculated the index for each of the analysed residential areas, but only at the moment before the interventions, and based on it made assessment of relevance and sufficiency of the support. However, this index could be used more widely for comparing the situation before and after interventions.

The choice of the methods to be used is largely dependent on the evaluation’s scope and questions as formulated in the Terms of Reference. There is some valid evidence of impacts of the EU Structural Funds on the main macroeconomic indicators. The impact of total EU support for 2004-2013, as well as funds directed to road transport, RTD, SMEs development, energy and tourism, on GDP and employment was estimated. Impact evaluation of support for waste management on macroeconomic indicators has been launched. However, the evidence of specific interventions’ success or failure (on the micro—measure or project—level) is still lacking. As a result, more focused evaluations should be carried out to encourage the use of widely promoted CIE methods.

Main findings of evaluations:

This section summarises the main findings of evaluations in different policy areas (for more information on recent evaluations see Annex 2).

RTDI. The evaluations of RTD interventions concluded that the vast majority of funds in this area were allocated for improvement of the public sector's knowledge base. The effect on promotion of the cooperation between public and private sectors was assessed as being average. Although the set of measures was relevant, their effect was reduced by external factors, such as insufficient quality of science output, absence of legal framework for commercialisation, etc.

RTDI, enterprise support, energy and tourism. In 2011 the econometric macro model for the evaluation of public policy interventions in these four areas (which are being administered by the Ministry of Economy) was created⁶⁴. The evaluation showed that in the short run the highest impact is made by the EU structural assistance in R&D area. Increase in GDP level caused by the expenditure in this area in the period up to 2015 is 2.3 times higher than expenditure itself (the cumulative multiplier for the period up to 2015 equals to 2.3). A lower impact is made by the investments into energy area (value of the cumulative multiplier equals to 1.8). The lowest impact is made by the investments in tourism and enterprise support areas. The values of the cumulative multipliers for these areas are 1.6 and 1.4 respectively.

ICT. Investing into the information society helped Lithuania to maintain its position in international rankings. The overall position of Lithuania, however, has not improved. Only in a few areas (for example, fibre optic deployment) Lithuania has observed a rapid development. A number of negative trends that prevented the country from gaining a higher position in the rankings have been identified, such as the lack of consensus on the main priorities and major projects, and a lack of inter-institutional agreement and cooperation.

Human resources. New measures were introduced and existing ones refocused in order to address the economic crisis and the increased level of youth unemployment. They cover ESF-funded interventions and ERDF-funded measures aimed at SMEs' development. The effectiveness of all of them was analysed in the Evaluation of Measures Focused on the Promotion of Youth Entrepreneurship. Although the evaluation concluded that the target indicators of the measures should be achieved, the targets were assessed as too low. The implementation of the measures was aggravated by the lack of clearly identifiable unified national goals and policies in this area and a lack of coherence in a newly formed institutional framework. The evaluation distinguished the main internal drawbacks of the measures, such as insufficient coverage the target groups' needs; limited attractiveness of main financial instruments focused on business development; little attention to the unemployment problem.

⁶⁴ The macroeconomic model HERLIT-16 is an adaptation of the HERMIN modelling framework that is widely used by the EC and by many national Governments. It is based on calibrated behavioral equations derived from dominating economic theory, i.e. behavioral equations are derived from theory, but the values of parameters they contain are assigned on the basis of actual data (The HERLIT model of the Lithuanian economy: Description and User Guide. http://www.esparama.lt/es_parama_pletra/failai/fm/failai/Vertinimas_ESSP_Neringos/Ataskaitos_2008_MVP/BVP_ataskaitos_1_priedas_HERLIT_modelis.pdf). While the inclusion of specific sectorial indicators is based on empirical approach.

Environment. The evaluation of the Use of EU Support in the Water Management Sector reported that EU funds are the only source of funding and strategic goals of the planned service coverage is unlikely to be achieved due to the flawed planning and lack of incentives for water companies to implement the most efficient solutions. Water companies implementing EU-funded projects were reported as financially unsustainable and a major sector reform was recommended. A horizontal evaluation of Environmental Requirements Implementation showed that the overall impact of projects financed by the EGOP and CPOP on the environmental components is positive. The biggest positive impact was achieved on landscape and public health, projects also significantly contributed towards the improvement of surface waters and air quality.

Transport. The evaluation of interventions in the Road Sector revealed positive effects of investments in road infrastructure. The econometric modelling showed that additional GDP created in 2007-2020 due to investment into the road sector exceeds the amount of investment 2.3 times⁶⁵, even though the funds were mainly used for the reconstruction of existing roads. In comparison, the estimated long-term cumulative multiplier of investments of previous programming period was a little bit higher and equalled to 3⁶⁶. The impact caused by demand side dominates while the programme is under implementation. Long-term impact caused by supply side remains after the implementation of programme because of improved road infrastructure, especially newly built bypasses, connections and reconstructed urban roads (streets) which increase the permeability of transport. Efficiency of investments was also analysed and unit cost was calculated which showed that paving 1 km of a gravel road cost EUR 0.3 million, reconstructing⁶⁷ 1 km of road cost EUR 0.9 million and implementation of complex projects (e.g. building bypasses, connections to TEN-T roads, crossroads and viaducts) cost EUR 9.9 million. Compared to the other countries (such as Latvia, Poland, Hungary and the Czech Republic), the average costs of road reconstruction were lower, but complex projects were relatively more expensive. The evaluators noted that comparisons among countries are limited due to the differences in technical parameters of investments. However, they did not go deeper into the analysis of these differences.

Although interventions in transport area also cover rail, air and water transport, evaluation didn't cover these sectors.

Territorial development. Evaluations of support for territorial development revealed positive results and impact. Econometric modelling showed that measures contributing to urban development resulted in the GDP growth and unemployment reduction over short-term and long-term periods. The modelling, however, could not isolate the impact on the development of urban territories and was made at a national scale. Cost-benefit analysis of projects implemented under measure "Development of regional economic growth centres" estimated

⁶⁵ In comparison, the estimated cumulative multiplier for the period up to 2020 in the R&D area equals to 3.44 and in energy area - 2.34.

⁶⁶ Evaluation conducted in 2010 (*Evaluation of 2004-2006 EU structural assistance impact on Lithuanian transport sector*) estimated that investments in road transport would create three-times bigger value-added (during 2004-2011) than the amount of the funds invested.

⁶⁷The costs were calculated on the basis of monitoring indicators which do not distinguish new and reconstructed roads. According to a representative of the Ministry of Transport and Communications, the length of new roads comprises only a very small share of the total indicator. Therefore it could be regarded as the costs of road reconstruction.

that benefits were 24% higher than costs. This is a rather moderate impact, but the evaluators noted that the cost-benefit analysis did not allow them to assess all benefits due to the complexity of investments⁶⁸ and therefore the real socio-economic benefits may be higher⁶⁹. The interventions improved the living environment and the quality of life, which had a positive impact on retaining and attracting qualified human resources. However, the impact of interventions to urban and local development was reduced because of the lack of an integrated approach at the support planning stage (investments have been planned on the sector-based analysis), insufficient analysis of the main urban and local problems before actual investment and a lack of investments into other components other than the renewal of infrastructure (53% of investment was directed to improvement of the physical environment, 10% to development of the economic environment, 37% to the improvement of social environment).

Capacity and institution building. Evaluation of results and impact of EU structural funds on the improvement of public management has been launched recently and results will be available next year. Another recently completed evaluation in this area was aimed at assessing the achievement of the result indicators of Priority “*Development of administrative competence and improvement of efficiency of public administration*”. However, it covers only ESF-funded interventions.

Quality of evaluations:

The overall quality of evaluation activity in Lithuania is rather good. It was revealed by the Evaluation of quality of evaluation of EU structural funds (completed in 2013) which showed that 86% of the contracting authorities considered evaluation services to be of high or rather high quality and the overall score received from meta-analysis of evaluation reports was 0.81 (1 was the maximum score). The main weakness of evaluations is that they rarely employ effective tools and methods to deal with causal relationships and identification of effects of interventions (reconstruction of intervention logic, theory-based analysis, counterfactual evaluation, modelling, etc.).

In order to improve evaluation activity in Lithuania several measures could be considered:

- Creating anonymous review system like the one is used to determine an academic paper's suitability for publication. The feasibility and organizational issues of this system should be discussed;
- Increasing evaluation budgets which would allow to use rigorous evaluation methods on a more regular basis;
- Increasing pressure from the European Commission to deliver evaluation results on the net impact.

⁶⁸ The majority of investments were used for the renewal of the streets and public spaces in residential areas, where it is difficult to evaluate all benefits due to much indeterminacy. The costs were calculated on the basis of financial information in project documents.

⁶⁹ It was noted that the majority of funding was allocated to the renewal of the streets and public spaces in residential areas, where it is difficult to evaluate all benefits due to many indeterminacies.

Use of evaluation results

As stated in the last year's report, the use of evaluation results has always been considered to be one of the weaknesses in the evaluation process. The MoF therefore took some initiatives to improve the situation – an evaluation of the utilisation of evaluation results was carried out and a discussion organised, a few publications on the basis of results of this evaluation were prepared.

The evaluation identified three ways to use evaluation results: (1) using new knowledge created in evaluations (e.g. for progress reports or strategic documents, reporting to the EC or Lithuanian authorities, drafting conference papers and public presentations, participating in discussions); (2) using evaluation results to validate the decisions to be made (delivering an independent opinion on issues to be addressed by institutions and using results for decision-making), and (3) implementing evaluation recommendations. The third element is monitored annually by counting the number of recommendations which have been approved by the contracting authority for implementation⁷⁰. By the end of 2012, 80% of all the recommendations have been approved for implementation. The evaluation found that 63% of them had been actually implemented; the unimplemented recommendations account for 11% of all the recommendations and the rest 26% will be implemented at a later stage. The implementation of recommendations have brought some practical benefits and mostly addressed administrative changes, financial reallocations, improvement of monitoring, organisation of measures, project administration procedures, administrative capacity building, enhancement of strategic planning, legal changes, etc.

The utility and practical solutions for organising the monitoring process of implementation of recommendations are still being discussed. This process creates substantial administrative burden for responsible institutions and sometimes even prevent them from adopting valuable recommendations which are difficult to implement or would not receive a political approval.

Evaluations underway and plans for carrying out evaluations

The AEP 2013 is the last one in this programming period. The AEP 2014 will be financed from funds for the period 2014–2020.

The AEP 2013 includes 3 broad impact evaluations which could be regarded as ex-post evaluations of the current programming period. They will not cover the three separate OPs. Instead, they will be of thematic nature and aimed at assessing the contribution of interventions under all OPs to three key objectives of NSRF, i.e. increasing social cohesion, competitiveness and development of human resources. All of them are initiated by the MoF.

Some of the evaluations planned in AEPs in previous years have not been completed or even started yet. 17 evaluations are already underway (are being implemented, procurement procedures have been launched or planned to be launched in the near future⁷¹, see Annex 3). Almost all of them (except for the ex-ante evaluation of the OP 2014–2020, an evaluation

⁷⁰ Recommendations delivered in the evaluations are assessed by the contracting authority which makes a decision on each recommendation whether it is considered fit for implementation. Technical Assistance Operational Programme includes the indicator for monitoring the number of recommendations which have been approved for implementation. Although not all of them are implemented afterwards.

⁷¹ All evaluations of AEP 2013 are included

capacity building project and a few evaluations focused on assessing the progress) of interventions) are impact evaluations. Most of them are thematic and cover RTDI, Enterprise and ICT, Environment and Territorial Development policy areas. Even 3 of them fall in the broad policy area of capacity and institutional building, which was not covered by previously commissioned evaluations, and 1 evaluation is analysing transversal aspect such as the impact on gender equality and non-discrimination.

Coverage of policy areas

As mentioned earlier, the evaluations in Lithuania are initiated by the intermediate bodies according to their needs. This strategy allows for some degree of flexibility. Therefore the coverage of policy areas depends on the interests, activeness and capacities of responsible institutions. Referring to Figure 1 indicating the numbers of evaluations by responsible institutions, the most active ministries were the Ministry of the Interior, the Ministry of Economy and the Ministry of Health (besides the MoF which is responsible for evaluations of horizontal areas at the NSRF and OPs (priorities) level). This could be explained by the fact that the Ministry of the Interior and the Ministry of Economy are responsible for managing measures related to several broad policy areas.

Based on the numbers of evaluations planned in AEPs for 2008–2013 (see Table 7), all broad policy areas have been covered⁷². Territorial development is the most covered policy area as it includes a wide range of interventions which fall within the responsibility of different responsible institutions. The least covered areas are transport, energy and ICT.

Table 7 – Evaluations planned in AEPs by broad policy areas

Policy area	AEP 2008	AEP 2009	AEP 2010	AEP 2011	AEP 2012	AEP 2013	Total**	Share, %
General issues*	3	4	7	5	2	4	25	30
RTDI	1	1	2	2			6	7
Enterprise support		2	1	3			6	7
ICT	1			1	1		3	4
Human resources (ESF mostly)	3	1	4	4	2	1	15	18
Transport	2			1			3	4
Environment		1	2	1			4	5
Energy		1	1	1			3	4
Territorial development	1	4	3	4	3	1	16	19
Other		1			1		2	3
Total	11	15	20	22	9	6	83	100

Note: (*) Evaluations focused on issues relevant to all OPs (and all policy areas).

(**) The total number of evaluations does not match the actual number of the evaluations planned in AEPs for 2008–2013 because some of the evaluations were focused on more than one policy area.

Good practice examples

A project called the Assessment of Applicability of Counterfactual Evaluation Methods and Availability of Statistical Data to Evaluate the Impact of EU Structural Support could be regarded

⁷² This report updated the table provided in 2012 Report, therefore broad policy areas do not exactly correspond to policy areas provided in the template for 2013 Report: “General issues” covers multi-area and transversal aspects; “Human resources”

as an example of good practice. This is not a traditional evaluation as such; it is aimed at creating more favourable conditions to use CIE methods for the current and next programming periods (see Evaluation Grid A in the Annex).

5. Further remarks – New Challenges for policy

Main points from the previous country report:

- EU support remains a significant contributor to the economic growth policy in the country;
- The implementation of EU-financed projects creates tension for public finances as municipalities have to borrow in order to find the necessary co-financing for EU-supported projects;
- The use of some of the new EU-funded infrastructure objects was suboptimal as not enough attention was paid to the demand side of the projects;
- There is a lack of information on the effectiveness of interventions due to the shortcomings of AIRs and the process-orientation of most of the evaluations.

All these findings remain relevant. In 2012, EU support made more than two thirds of the total public investment. A positive effect of certain EU-financed interventions on GDP was demonstrated by various evaluations. However, some municipalities do not have sufficient funds for co-financing EU-supported regional development projects. Despite economic recovery of the country, indebtedness of the municipalities is on the increase⁷³. Furthermore, due to a lack of supporting regulatory and institutional measures, effective use of some of the newly built infrastructure objects remains a problem, particularly in the area of wastewater treatment and management. Finally, certain aspects of AIRs should be amended and the quality of evaluations should be enhanced in order to ensure better information on the effectiveness of interventions.

Although in Lithuania EU support is being absorbed faster than in most of the other EU countries, the implementation of some priorities of the OPs lags behind the critical plan by more than 10%. Faster implementation of EU support is hindered by the protracted public procurement procedures. Comparison of EU-financed and regular public procurements showed that the former lasted longer. Larger scope of EU-funded projects, the international character of some of EU-financed public procurements and more frequent litigation processes account for this difference.

The EU-funded modernisation of apartment buildings has been limited so far. However, this initiative is considered a priority, because successful renovation of old multi-apartment buildings would lead to energy savings for a huge number of beneficiaries. The speed of the renovation process will largely depend on the success of a newly introduced implementation model, although the economic situation in the country will also make an impact. Current forecasts of the main macroeconomic indicators for the two following years are positive, meaning that residents of old multi-apartment buildings may be more inclined to participate in the renovation process than in the previous years.

⁷³ According to the Ministry of Finance, the total debt of municipalities was EUR 608 million in April 2013, which is almost EUR 116 million more than a year ago.

Improvements should be made in the monitoring system in order to ensure the more reliable data on the policy achievements. The evaluation of the monitoring system currently in use⁷⁴ showed that the link between the objectives of OPs and the indicators which are used for progress monitoring is not always clear. Furthermore, definitions of the indicators and the methodologies for their estimation are not detailed enough. Target values are not always based on previous evidence and for this reason they are often changed in the course of the programming period. The lessons learnt should be taken into account during the preparations for the 2014-2020 programming period.

⁷⁴ Ongoing evaluation of the indicators set in the Operational Programmes Implemented under the Lithuanian strategy for the use of European Union structural assistance for 2007-2013. Public Policy and Management Institute, July 2010.

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Mrs Junona Bumelyte, European Investment Bank, September 13, 2013;

Mrs Jurgita Viluniene, Ministry of Finance, September 19, 2013;

Mrs Vilija Semetiene, Ministry of Finance, July 14, 2013;

Mrs Lingaile Biliunaite, Ministry of Social Affairs and Labor, October 8, 2013;

Mrs Olga Celova, Ministry of Economy, October 14, 2013;

Mrs Simona Daukilaite, Ministry of Finance, October 14, 2013;

Mrs Juste Zemaitaityte, Ministry of Education and Science, October 15, 2013.

Annex 1 – Evaluation grid for examples of good practice in evaluation

Evaluation Grid A - Assessment of applicability of counterfactual evaluation methods and availability of statistical data to evaluate the impact of EU structural support

BASIC INFORMATION	
Country: Lithuania	
Policy area: Multi-area	
Title of evaluation and full reference: Assessment of applicability of counterfactual evaluation methods and availability of statistical data to evaluate the impact of EU structural support	
Intervention period covered: 2007–2013 and recommendations for 2014–2020	
Timing of the evaluation: 2012–2013	
Budget (if known): EUR 42,052	
Evaluator: External evaluator	
Method: Analysis of all measures (on the basis of conditions required for using CIE methods); review of studies, evaluations, methodological guidelines, and various articles; review of data availability (national data basis); detailed analysis of the national laws; a round table discussion; 40 interviews with representatives of managing authorities, case studies (analysis of application of CIE in evaluations of EC, Italy and Poland)	
Main objectives and main findings:(very short description - 3–4 lines) The main objective was to assess the feasibility of applying CIE for evaluating impact of EU structural support measures. Evaluation identified interventions with the best potential for applying CIE: (1) measures where all key factors (e.g. intervention design, availability of data) are in favour of CIE and (2) other interventions for which such evaluations would be highly challenging due to the lack of centrally collected data. The evaluation identified one more serious challenge for applying CIE which is related to legal restrictions for getting personal data and proposed three ways (models) for transferring the data to an evaluator. The methodological guidelines were prepared as an additional result of this evaluation.	
Appraisal: (Why you consider the evaluation an example of good practice: 3–4 lines) Relevant topic: the result-oriented Cohesion policy for 2014–2020 needs robust evidence on results of the interventions funded and CIE is one of highly promoted ways to get this evidence. High potential for practical use of evaluation results: the identification of SF funded interventions suitable for applying CIE and methodological guidelines will help institutions in planning evaluations and evaluators in applying these methods in a right way. Promotion to use CIE for impact evaluations: the evaluation and its results (guidelines prepared and trainings organised) introduced new methods to Lithuanian evaluation community and encouraged to use them.	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	2
Are the findings and recommendations clearly supported by the analysis?	2
Are the methods used suitable given the objectives of the valuation and have they been well applied?	2
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	2
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	Not relevant
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	Not relevant

Annex 2 - Tables

See Excel Tables 1 -4:

Excel Table 1 – Regional disparities and trends

Excel Table 2 – Macro-economic developments

Excel Table 3 - Financial allocation by main policy area

Excel Table 3cbc - Financial allocation by main policy area – cross border cooperation

Excel Table 4 - Commitments by main policy area (by end-2012)

Excel Table 4cbc - Commitments by main policy area (by end-2012) – cross border cooperation

Annex Table A - Financial implementation by priorities and different funds – ERDF and Cohesion Fund (by end-2012)

Priority	Institution	Fund	Allocated	Expenditure		Critical plan level		
			million EUR	million EUR	%	million EUR	%	
EGOP								
Priority 1: Research and development for competitiveness and growth of the economy	Ministry of Education and Science	ERDF	314	117	37%	147	80,00%	
	Ministry of Economy	ERDF	221	69	32%	116	60%	
Priority 2: Increasing business productivity and improving environment for business	Ministry of Economy	ERDF	606	397	66%	468	85%	
Priority 3: Information society for all	Information Society Development Committee	ERDF	240	103	43%	115	89%	
	Ministry of Transport and Communications	ERDF	443	369	83%	376	98%	
Priority 4: Basic economic infrastructure	Ministry of Transport and Communications	ERDF	144	62	43%	79	79%	
	Ministry of Economy	ERDF	144	62	43%	79	79%	
Priority 5: Development of Trans-European Transport Network	Ministry of Transport and Communications	CF	1086	578	53%	601	96%	
Priority 6: Technical Assistance	Ministry of Finance	ESF	45	17	38%	21	80%	
Total EGOP			3099	1712	55%	1923	89%	
CPOP								
Priority 1: Local and urban development, preservation of cultural heritage and protection	Ministry of Environment	ERDF	296	207	70%	210	98%	
	Ministry of Economy	ERDF	239	152	64%	157	97%	
	Ministry of the Interior	ERDF	311	151	49%	144	105%	
Priority 2: Quality and availability of public services: health care, education and social infrastructure	Ministry of Social Security and Labor	ERDF	127	65	51%	67	98%	
	Ministry of Health	ERDF	228	115	68%	147	105%	
	Ministry of Education and Science	ERDF	274	118	43%	122	97%	
Priority 3: Environment and sustainable development	Ministry of Environment	CF	751	425	57%	399	107%	
	Ministry of Transport and Communications	CF	22	5	24%	6	89%	
	Ministry of Economy	CF	356	255	72%	265	96%	
Priority 4: Technical assistance	Ministry of Finance	ESF	45	19	42%	21	90%	
Total CPOP			2649	1512	57%	1538	98%	
Total ERDF			3443	1925	56%	2148	90%	
Total CF			2215	1263	57%	1271	99%	

Annex Table B - Physical progress of the CBC Programme Lithuania-Poland at the end of 2012

Title of Indicator	Achievement at the end of 2012	Target	Level of achievement (%)
Priority 1. Competitiveness and productivity growth			
<i>Sub-Priority 1.1 Modernisation of small-scale economic infrastructure</i>			
No. of developed/reconstructed infrastructure objects	25	30	83
No. of towns/communities connected (covered) by new transport, public transport, energy, IT and communication networks	0	5	0
No. of operations related to decrease in greenhouse gas emission	1	1	100
No. of operations related to increase in energy efficiency	1	2	50
No. of elaborated/implemented spatial/regional development strategies/plans/concepts for the CBC region	1	2	50
No. of new roads constructed (km)	36	10	360
<i>Sub-Priority 1.2 Promotion of business environment</i>			
No. of operations encouraging the development of cross-border business and R&D&I cooperation	4	5	80
No. of companies benefiting from supported business networking activities	71	100	71
No. of business strategies, catalogues, databases established	14	10	140
No. of new cross-border business/R&D&I networks/structures established	12	5	240
No. of companies involved in cross-border business activity (cooperation, trade, development of new products, joint venture) as a result of implemented operations	279	4	6,975
<i>Sub-Priority 1.3 Development of sustainable cross-border tourism and preservation of cultural/historical heritage</i>			
No. of developed/renewed cultural/historical/tourist infrastructure objects	15	10	150
No. of developed joint tourism products	6,252	20	31,260
No. of operations supporting joint cultural, historical and tourism studies/strategies and research activities, establishment of common databases	3,020	10	30,200
No. of ecotourism products/services developed/improved	1	1	100
No. of places for incoming tourists created on both sides of the border	10	1	1,000
Priority 2. Cross-border cohesion and enhanced overall quality of the cross-border area			
<i>Sub-Priority 2.1 Development of new and strengthening of existing cooperation and social and cultural networks</i>			
No. of operations in the field of social/cultural networking	42	20	210
No. of local communities involved in joint activities	22	1	2,200
No. of people/youth participating in joint activities and events across the border	41,751/15,929	20,000	209
No. of minority population reached/participating in project activities	2,178	600	363
No. of local/regional authorities involved in joint activities for emergency situations	0	5	0
No. of persons involved in competence-building activities	891	100	891
<i>Sub-Priority 2.2 Improvement of living environment</i>			
No. of organizations involved in operations, targeted at the improvement of cross-border labour market and employment	2	3	67
% of participants of operations targeted at unemployment reduction, employed 6 months after completion of operation	0	1	0
No. of institutions participating in education initiatives	132	40	330

Title of Indicator	Achievement at the end of 2012	Target	Level of achievement (%)
% share of people participating in new educational programmes/forms	2,060 people (0%)	1%	0
% of population served/reached by improved health and/or social care services	1,566,956 people (45.6%)	5%	913
No. of operations developing environmental infrastructure	3	5	60
No. of eliminated/neutralised pollution sources/objects as a result of implemented operations	70	50	140
% of jointly managed territories as a result of implemented operations	0	0,5	0
No. of objects using cleaned and renewable energy sources as a result of implemented operations	1	2	50
No. of population reached by environmental public awareness and information campaigns	29,322	10,000	293

Annex Table C – Evaluations Completed in 2012 and 2013 (until July 2013)

	Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
Evaluations completed in 2012						
1.	Evaluation of the key trends and priorities of information society development in Lithuania for 2014-2020 (May 2012)	ICT (2)	To assess the key trends of information society development in Lithuania and to suggest priorities, objectives, key targets and expected results for 2014-2022 taking the possible funding from EU Structural Funds into consideration (3)	Referring to the key trends of information society development in Lithuania and worldwide, EU strategic documents and experience of foreign countries, three future scenarios of information society development in Lithuania have been formulated. Two scenarios assume an active stance towards the future opportunities while one scenario is based on the assumption that the state stays passive and deals with the problems in a limited way. The second scenario was suggested for Lithuania and eight specific initiatives to be implemented in 2014-2020 have been formulated.	Analysis of previous research and evaluations, media articles and statistical data, Lithuanian and EU's documents and laws, interviews, case studies (4)	Available online**
2.	The impact of public procurement on EU structural support absorption rates and efficiency (June 2012)	Multi-area (9)	To improve the use of EU structural support by evaluating the impact of public procurement on EU structural support absorption rates and efficiency. (1)	Evaluation analysed the impact of implementation public procurement procedures on the quality of services/ goods purchased and the absorption rates of the support, which are not good enough. Evaluation concluded that the Public Procurement Law provides for sufficient opportunities of flexibility, while the skills of PO are not sufficient to employ the opportunities provided and apply them in practice. The capacities of controlling institutions (public procurement office and implementing institutions) were assessed as sufficient. However, the practice of control in implementing institutions should be unified and the functions reviewed in order to avoid double control.	Analysis of secondary data (regulating documents, statistical data), surveys of purchasing organisations and employees of institutions controlling public procurement, case studies, interviews (4)	Available online**
3.	Evaluation of the information and publicity activities of	Multi-area (9)	To improve the system of information and publicity of the EU	Evaluation concluded that during the programming period of 2007–2013 a lot of positive steps improving coordination and purposefulness of activities had been taken. However,	Focus groups, interviews, inspection of	Available online**

	Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
	the EU structural (June 2012)		structural assistance for 2007–2013 (hereinafter referred to as the information and publicity system) and to provide recommendations on the optimal way to organise the process of information and publicity in 2014–2020 (1)	cooperation and coordination activities, control function and involvement of social and economic partners should be strengthened. The planning documents are not of sufficient quality. The evaluations formulated practical recommendations for improving the aspects mentioned and concluded that it would be expedient to continue in the same direction and further combine the centralised and the decentralised models of information and publicity organization during next programming period.	implementation of procedures, content analysis, expert assessment, benchmarking, indicator analysis (4)	
4.	Evaluation of implementation of the measure “Development of regional economic growth centres” implemented under the 1st priority axis of the Operational Programme for Promotion of Cohesion for 2007–2013 (June 2012)	Territorial development (7)	To increase absorption and achievement of results in the target areas of the measure and to evaluate the EU structural assistance funding opportunities for a similar measure in the period 2014-2020. (2)	The results showed that effective project implementation and administration as well as professional organization and execution of public procurement have the most significant impact on measure implementation on time. Investment programmes may have very limited contribution to the aim of Lithuanian regional policy strategy until 2013 because of small scale of the funding (compared to capital city) and lack of investment in the other components other than renewal of infrastructure. Cost-benefit analysis revealed that likely (discounted) cost-benefit ratio of the all projects implemented or under implementation is 1.24, i. e. projects benefits are 24% higher than costs. This is quite moderate impact, but evaluators noted that the cost-benefit analysis may have not allowed assessing all the benefits due to complexity of the investments and the real socio-economic benefits may be higher.	Analysis of secondary information sources, survey of the project promoters, survey of business enterprises, cost – benefit analysis of projects, expert discussions (2) + (4)	Available online**
5.	Review of evaluations carried out in 2008-2012 (October 2012)	Multi-area (9)	To summarize evaluations (statistics, their objectives, methods and results) aiming at increasing the	The report provides short descriptions (the main methods used, the main findings etc.) of evaluation reports which have been in 2008–2012. The strategy and statistics of evaluations in 2007–2013 is also shortly described.	(4)	Available online**

	Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
			use of evaluation results (1)			
6.	Evaluation of measures focused on the promotion of youth entrepreneurship (October 2012)	Human resources (3)	To improve the use of EU structural support by evaluating the measures focused on the promotion of youth entrepreneurship. The ongoing relevance of these measures was evaluated in the context of changing social and economic situation. The efficiency, effectiveness and impact of these measures were also covered in the assessment (2)	<p>The evaluation concluded that:</p> <ul style="list-style-type: none"> • Institutional framework was not appropriate for promoting youth entrepreneurship as newly formed institutional relationship did not meet the roles and responsibilities defined in the strategic documents. • The lack of clearly identifiable unified goals, policies and the same principal trends of actions maintained at all levels were identified. • The measures funded by the EU structural funds cover all parts of the entrepreneurship promotion cycle, • The goals and results of currently operating measures should be achieved without any adjusting interventions. On the other hand the problem of planning indicators (too low targets) was identified • Measures do not cover the needs of all the target groups. "Soft" measures were assessed positively, while main financial measures focused on the business development are regarded as not attractive for starting the businesses; • Measures do not sufficiently target the problems of unemployment. 	Focus groups , interview series with the representatives of institutions forming and coordinating youth entrepreneurship policy, the survey of project managers and project participants, content analysis, project case studies, statistical analysis (3) + (4)	Available online**
7.	Ongoing evaluation of the measure "Renovation and development of the water supply and sewage management systems" (December 2012)	Environment (5)	To facilitate the achievement of strategic targets of the water management sector and to improve the absorption efficiency of the EU Structural funds allocated to the measure (2)	<p>Not all strategic goals provided in national documents will be achieved. As for the time being the EU funds remain the only funding source, it is highly unlikely that the planned service coverage rate will be achieved by 2015. A number of drawbacks were identified which resulted in financial unsustainability of the sector (water companies are dependent on subsidies and consequently cannot perform investment activities on their own). In order to achieve sustainability of the water sector a major reform is indispensable, as in the long run neither the expectations of the customers, nor Lithuania's international obligations will be fulfilled. The alternatives of the sector reform were assessed.</p> <p>The EU funds for this sector have already been disbursed and</p>	Analysis of primary and secondary sources, deductive and comparative tools, in-depth interviews, expert assessments, simulation of various scenarios, interviews with	Available online**

	Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
				resulted in construction of additional water and sanitation infrastructure. However, the indicators with respect to the connection of the new users will not be achieved. One of the main reasons why other projected indicator values may not be reached is flawed planning process. The evaluation also identified funding priorities and suggested financial instruments for 2014–2020.	beneficiaries and case studies (4)	
Evaluations completed in 2013						
1.	Quality of evaluation of EU structural funds (January 2013)	Multi-area (9)	To improve the quality of evaluation of EU structural funds by evaluating the quality of evaluation reports of the period 2007–2013 and the process of quality control (1)	The quality of evaluation was analysed using a mixed approach. It was defined by the objective method (based on which 38 evaluation reports were analysed according to pre-designed questionnaires) and the subjective method (based on which a survey of contracting authorities and service providers on their perception on the quality of evaluation was carried out). The results showed that evaluation reports are of rather high quality. However, the quality of evaluation still varies in the following aspects: evaluation reports, evaluation of different periods, contracting authorities, budget of evaluations services, evaluation criteria. Several factors have the greatest effect on the quality of evaluation, namely relevance of evaluation, quality of the terms of reference, competence of service providers, financial value of evaluation services, and cooperation between contracting authorities and service providers.	Case studies, surveys, meta-analysis (4)	Available online**
2.	Assessment of applicability of counterfactual evaluation methods and availability of statistical data to evaluate the impact of EU structural support (January 2013) 145 200	Multi-area (9)	The evaluation was aimed at assessing the feasibility of applying CIE and the related methods for evaluating impacts of EU structural support measures. (1)	Analysis of priorities and measures of the 2007-2013 programming period showed the measures with the best potential for applying CIE. Report outlines the list of priorities and measures where all key factors (e.g. intervention design, availability of data) are in favour of CIE. Although other interventions satisfy all conditions necessary for CIE, actually carrying out such evaluations would be highly challenging due to the lack of systematically/centrally collected data on the key indicators for analysis. The evaluation found that application of CIE in Lithuania is by and large restricted by the fact that the methods often need personal and/or confidential data whose use is strictly regulated by the national data protection laws. Evaluation drafted proposals for the use of CIE in the 2007-2013	Analysis of all measures, review of studies, evaluations, methodological guidelines, and various articles, reviews of data availability, detailed analysis of the national laws, a round table discussion,	Available online**

	Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
				and 2014-2020 programming periods and prepared detailed methodological guidelines for the Lithuanian authorities and the evaluation community.	40 interviews, case studies (4)	
3.	Evaluation of health care sector priorities to be financed from the EU structural funds in 2014–2020 (January 2013)	Territorial development (health) (7)	To prepare for the EU structural funds programming period 2014-2020. Preparation covers assessment of health care sector development trends till 2020 and identification of potential health priorities to be financed from the EU structural funds (3)	Evaluation revealed the main public health challenges naming rapid aging, high prevalence of behavioural risk factors (alcohol consumption, smoking habits, nutrition and physical activity), and high preventable and amenable morbidity and mortality indicators. Three major priority areas for health sector investment were identified, i.e. management of chronic diseases, health at work and improvement of health safety and quality. Expected results of the investment will be a better self-perceived health of population and increased economic activity of population, especially of working people aged 55-64. The cost-benefit analysis of proposed interventions shows positive net present value in all cases of proposed interventions.	Content analysis, surveys and interviews, case studies, descriptive statistical methods, cost-benefit analysis; SWOT analysis (3)+(4)	Available online**
4.	The use of evaluation results (April 2013)	Multi-area (9)	To determine how and to what extent evaluations contributed to the better use of the EU Structural Funds (1)	The evaluation focused on the use of recommendations which have already been approved for implementation by the coordinating institutions (which made 92% of all recommendations provided in the reports; 8% were regarded and not applicable). Recommendations approved for implementation have been rather actively used. 63% of them have been implemented, the unimplemented recommendations account for 11% of all the recommendations and the rest will be implemented at a later stage. The implementation of recommendations have brought some practical benefits and mostly addressed administrative changes, financial reallocations, improvement of monitoring, improvement of organization of measures, improving project administration procedures, strengthening administrative capacities, improvement of strategic planning, legal changes, etc.	Surveys, interviews, case studies (4)	Available online**
5.	Evaluation of EU structural assistance	Territorial development	To evaluate the impact of the Operational	The lack of integrated approach on the planning stage of support for urban development was identified. Investment trends were	Statistical analysis,	Available online**

	Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
	impact on local and urban development (May 2013 m.)	(urban areas) (7)	Programmes of 2007-2013 on the development of cities and small towns. (3)	selected on a sector-related basis, the assistance was invested in the most visible objects, the real origin of the problems was insufficiently analysed and often the investments targeted consequences rather than causes. The direct contribution to the improvement of the quality of life in cities and towns is made by the 35 measures of the Ops investing LTL 9,600 million in the cities and towns in 2007–2015 (53% directed for improvement of physical environment, 10% – economic environment development, 37% – social environment improvement). The EU structural support investments have a positive effect on the economic growth and employment. The results of the macro-economic modeling demonstrated that the measures analysed contributed to the GDP growth and unemployment reduction over short-term and long-term Periods (2011 and 2012 GDP of the country was 2.3 percent higher and unemployment rate by 1.7 percentage point lower than it would have been without the investments; long term impact - additionally create 0.65 percent of GDP on a yearly basis, the unemployment levels will go down by 1.3 percentage points) ⁷⁵ . The positive impact of the implemented investments can be seen on the local level as well. The case studies showed that the analysed investments helped improve the living environment and quality of life which had a positive impact on retaining and attracting qualified human resources. More substantial benefit will be evident in the cities where investments were more concentrated in the selected areas of the cities.	comparative analysis, expert discussions, surveys; macro-economic modeling and case-studies integrating the cost-benefit analysis (2)+(3)	
6.	Evaluation of the effectiveness of the 2007 – 2013 m. EU structural funds administration system (one of the parts	Multi-area (9)	To assess Lithuania's experience in administering EU structural assistance during the periods of	It is recommended to adopt the same principal administrative scheme for 2014–2020 that was used during the 2007-2013 period, i.e. a scheme, where the MA directly delegates functions to the 1st level Intermediate Bodies. The 2nd level Intermediate Bodies' capacities must be further fully employed during the	Qualitative analysis of the primary and secondary sources,	Available online**

⁷⁵ The modeling, however, could not isolate the impact on the development of urban territories and was made on a national scale. The results are a simple difference in the baseline scenario without an investment aimed at urban development and without it.

	Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
	of the 2014–2020 EU Structural Funds operational programmes ex-ante evaluation) (May 2013)		2004–2006 and 2007–2013 and to propose recommendations for a more effective administration of the operational programmes during the upcoming 2014 – 2020 EU programming period (1)	period of 2014-2020. It is recommended to ensure a clearer delegation of functions and accountability. One of the results of this evaluation was an established link between an OPs measure and the average size of the project that it finances: the larger the average size of the project is, the lower the administrative costs of the operational programmes' measure. The administrative system of the EU structural funds should be associated with the differentiation of the project requirements, considering the size of the project and the type of the costs that are incurred during the project. Evaluation concluded that the state project planning has proven to be a very successful practice, while regional project planning encountered some key challenges. Recommendations for improving the regulation regulating the EU structural assistance administration process have been formulated (to simplify the annex of OP, improve user-friendliness, consistency and comprehensiveness of documents relevant for the applicants and project implementers).	monitoring data analysis, focus group discussions, interviews, project applicants' and project implementers' survey (for assessment of administrative costs), eight case studies of the different 2007 - 2013 EU structural assistance measures (4)	
7.	The evaluation of planning and implementation efficiency of the EU structural assistance for the road sector (June 2013) 180,000	Transport (4)	To improve the absorption of EU structural assistance into the road sector by evaluating the relevance of planning, the achievement of aims and objectives, efficiency and impact (3)	The achievement of result indicators is determined by other external factors such as economic situation of the country, situation of export markets and etc. In addition, evaluation recommended allocating more financial resources to counties with insufficiently developed road networks. The efficiency of the investment for the road sector is considered as positive in comparison with other countries such as Latvia, Poland, Hungary and Czech Republic. The price for paving 1 km of gravel road is EUR 0.3 million and the price of 1 km of road reconstruction is EUR 0.9 million. However complex projects are relatively more expensive than in the analysed countries. Essential to have in mind that international comparison is limited due to the differences in technical parameters of investments and methodology which bases principles of defining a project and measuring investment km. The results of macro econometric modelling shows that additional GDP created in 2007-2020 due to investment into the	Analysis of financial data and monitoring indicators, interviews, calculation of average price of one unit, macroeconomic modelling, ex-post cost-benefit analysis of the completed projects (2) + (3)	Available online**

	Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Main findings	Method used (*)	Full reference or link to publication
				road sector exceeds the amount of investment 2.3 times. The impact caused by demand side dominates while the programme is under implementation. Long-term impact caused by supply side remains after the implementation of programme because of improved road infrastructure. Benefits for the society are evident on higher employment level and wage rate if comparing to the baseline scenario without investment. The impact on business in the long-term could be noticed through decreasing transportation costs and growing productivity which boost international competitiveness of Lithuanian companies' and volumes of production as well.		

Note: (*) Legend:

Policy area and scope: 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

Main objective and focus: 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives.

Method used: 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

(**) All evaluation reports and their summaries in English are published here: <http://www.esparama.lt/vertinimo-ataskait>

Annex Table D - Broad policy areas and correspondence with fields of intervention (FOI)

Policy area		Code	Priority themes	
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres	
		02	R&TD infrastructure and centres of competence in a specific technology	
		05	Advanced support services for firms and groups of firms	
		07	Investment in firms directly linked to research and innovation (...)	
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...	
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...	
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)	
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)	
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs	
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)	
		15	Other measures for improving access to and efficient use of ICT by SMEs	
	ICT and related services	11	Information and communication technologies (...)	
		12	Information and communication technologies (TEN-ICT)	
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)	
	Other investment in firms	08	Other investment in firms	
	2. Human resources	Education and training	62	Development of life-long learning systems and strategies in firms; training and services for employees ...
			63	Design and dissemination of innovative and more productive ways of organising work
64			Development of special services for employment, training and support in connection with restructuring of sectors ...	
72			Design, introduction and implementing of reforms in education and training systems ...	
73			Measures to increase participation in education and training throughout the life-cycle ...	
Labour market policies		65	Modernisation and strengthening labour market institutions	
		66	Implementing active and preventive measures on the labour market	
		67	Measures encouraging active ageing and prolonging working lives	
		68	Support for self-employment and business start-up	
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...	
		70	Specific action to increase migrants' participation in employment ...	
		71	Pathways to integration and re-entry into employment for disadvantaged people ...	

Policy area		Code	Priority themes
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders
3. Transport	Rail	16	Railways
		17	Railways (TEN-T)
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
	Other transport	24	Cycle tracks
		25	Urban transport
		26	Multimodal transport
		27	Multimodal transport (TEN-T)
		28	Intelligent transport systems
		29	Airports
		30	Ports
31		Inland waterways (regional and local)	
32		Inland waterways (TEN-T)	
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric, geothermal and other
		43	Energy efficiency, co-generation, energy management
	Environment and risk prevention	44	Management of household and industrial waste
		45	Management and distribution of water (drink water)
		46	Water treatment (waste water)
		47	Air quality
		48	Integrated prevention and pollution control
		49	Mitigation and adaption to climate change
		50	Rehabilitation of industrial sites and contaminated land
		51	Promotion of biodiversity and nature protection (including Natura 2000)
		52	Promotion of clean urban transport
53	Risk prevention (...)		
54	Other measures to preserve the environment and prevent risks		
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure

Policy area		Code	Priority themes
		78	Housing infrastructure
		79	Other social infrastructure
	Tourism and culture	55	Promotion of natural assets
		56	Protection and development of natural heritage
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
		60	Other assistance to improve cultural services
	Planning and rehabilitation	61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance		84	Support to compensate additional costs due to climate conditions and relief difficulties
		81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...
		85	Preparation, implementation, monitoring and inspection
		86	Evaluation and studies; information and communication

Annex 3 – List of evaluations underway

Evaluations planned (procurement procedures have been started or are underway):

1. Evaluation of the impact of EU structural funds on SMEs (2011);
2. Evaluation of waste management system in Lithuania and identification of priorities for 2014–2020;
3. Evaluation of results and impact of EU structural funds on the improvement of public management;
4. Evaluation of trends and tendencies in the area of public IT infrastructure for the period 2014–2020;
5. Evaluation of impact of EU structural funds on enhancing competitiveness;
6. Evaluation of impact of EU structural funds on human resource development;
7. Evaluation of results, effectiveness and sustainability of the measure “Integration of persons of social risk and exclusion to the labour market”;
8. Evaluation of the impact of the measures administrated by the Ministry of Health for “golden hour”.

Evaluation being implemented:

1. Evaluation of impact of EU structural funds on quality of life and reduction of poverty and social exclusion;
2. The analysis of the situation and trends for 2014–2020 in the area of human resource development and social inclusion;
3. Evaluation of impact and sustainability of the measure for diversification of activities in rural areas;
4. Evaluation of interim results of indicators of priority for administrative capacity building and improving efficiency of public management;
5. Evaluation of impact of structural funds for implementation of priority for gender equality and non-discrimination;
6. Evaluation of impact of structural funds for tourism sector and potential for development;
7. Evaluation of EU structural funds priorities for 2014–2020 in the area of education and science;
8. Evaluation capacity building -3;
9. Ex-ante evaluation of programming documents for 2014–2020.