



**Expert evaluation network  
delivering policy analysis on the  
performance of Cohesion policy 2007–2013  
Year 2 – 2012**

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

**Lithuania**

**Version: Final**

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

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## List of abbreviations

- AEP            Annual Evaluation Plan
- AIR            Annual Implementation Report
- CBC            Cross-Border Cooperation
- CPOP          Cohesion Promotion Operational Programme
- EGOP          Economic Growth Operational Programme
- ESP            Economic Stimulus Plan
- FEI            Financial engineering instrument
- HF            Holding Fund
- HRDOP        Human Resources Development Operational Programme
- JEREMIE      Joint European Resources for Micro to Medium Enterprises
- JESSICA        Joint European Support for Sustainable Investment in City Areas
- MoF            Ministry of Finance
- MA            Managing Authority
- NSRF          National Strategic Reference Framework
- OP            Operational Programme
- SF            Structural Funds
- TAOP          Technical Assistance Operational Programme

## EXECUTIVE SUMMARY

In 2011, Lithuanian economic development was robust and well-balanced and the annual GDP increase was 5.9%. However, the growth has decelerated in 2012 and the forecast for the real GDP growth is 3% for this year. Exports remained an important component in Lithuania's economy. On the other hand, consumption was starting to contribute to the growth significantly. Unemployment slightly decreased in 2011, but still stood at 15.4% and the overall and youth unemployment remained among the highest in the EU.

The current Government is strongly committed to maintaining a prudent fiscal policy and demonstrated its determination once again by cutting public expenditures for the state budget for 2012. As austerity measures are still being implemented, the EU Structural Funds (SF) remain the main source of funding for public investment. On the basis of certified expenditure, payments from ERDF and Cohesion Fund accounted for 41% of the total government capital expenditure. It should be mentioned that Lithuanian Parliament elections are held in the autumn of 2012 and the programme of a newly formed government can induce major shifts in the policy for growth.

No significant changes were made in respect of priorities of the Lithuanian development policy as the main measures for economic recovery were introduced in 2009. One of these measures was an expansion of the scope and allocation to Financial Engineering Instruments (FEIs) for SME development aimed to tackle the problem of the credit crunch. However, due to absorption problems, a decision has been made in 2012 to reallocate EUR 40 million from FEIs to grant measures. In 2011–2012, the focus of attention was youth unemployment problems. As one of the measures to tackle these problems, ERDF funds will also be used to promote youth entrepreneurship.

The analysis of financial data of Structural Funds implementation, based on certified eligible expenditure of beneficiaries, reveals progress achieved since the end of 2010: the implementation is 43% for the Economic Growth Operational Programme (EGOP) (an increase of 11% since the end of 2010) and 42% for the Cohesion Promotion Operational Programme (CPOP) (an increase of 9%). The rate of funding committed shows good progress as well - 73% for EGOP and 85% for CPOP (an increase of 13% for the both Operational Programmes (OPs) since the end of 2010). According to these numbers, Lithuania is one of the leading countries in the EU. On the other hand, 58% of the funding available remains to be spent during the next four years. The public procurement process remains the main risk factor for the financial implementation of OPs.

In general, the implementation of most of the EU-financed projects in Lithuania is proceeding without major changes in comparison to the previous year: the public RTD infrastructure was being created successfully and RTD projects of enterprises were being implemented to promote private investment into RTD (the amount of private investment induced in these projects went up from EUR 18.3 million to EUR 36.4 million); the number of projects supporting business increased by 33% (from 737 to 984), the number of enterprises supported by FEIs grew from 1,920 to 2,903, the projects induced EUR 295.6 million private investment; road transport and airport infrastructure projects showed a positive progress, while rail and water transport projects did not achieve any tangible results (successful implementation is still expected

though). Significant outcomes achieved in the environment and energy field – 479 km of district heating networks were modernised (twice as much as at the end of 2010); 67 settlements were connected to the system of water supply and/or wastewater treatment, although in terms of the population connected it made only 0.4% of the total population, as inhabitants are connected to wastewater systems within 2–5 years after the end of the project. On the other hand, the implementation of environmental infrastructure projects revealed certain weaknesses in interventions and showed that the improvement of infrastructure alone would not create the results planned. Due to structural factors, the improvement of infrastructure will reach fewer consumers than expected. The implementation of projects of energy efficiency in public buildings is going smoothly (the number of renovated buildings almost doubled). The renovation of multi-apartment buildings through the JESSICA programme is still difficult, but there is a considerable pipeline of projects giving reasons for some optimism. The number of supported health care facilities increased by 61% to 132, which makes 11% of the total number of health care facilities in the country.

Evaluation plans for 2008–2012 provide for 69 evaluations, of which 40 have already been carried out (and their reports published). The majority of the evaluations completed are largely focused on management and implementation issues. Still, the annual evaluation plan 2012 shows more attention to the results and effects of the Structural Funds-supported measures. An increased focus on achievements is mostly caused by the need to prepare for the new programming period.

In most cases, evaluations are focused on specific issues or measures rather than whole programmes. In general, all broad policy areas have been covered. Still, transport and environment policy areas received less attention. Although most of the evaluations used traditional qualitative and quantitative evaluation methods, an increase in applying new evaluation methods, including counterfactual impact evaluation methods, is observed.

Evaluations carried out in 2011–2012 revealed some positive results of the SF supported measures in the area of RTD and environment: RTD measures attract additional private investment and promote innovations, although the main infrastructure projects do not create a sufficient level of science-business cooperation; environmental and infrastructure projects had a positive effect on the elements of the environment, especially landscape and public health. The impact of SF-supported interventions on basic macroeconomic indicators was estimated using an econometric model. This evaluation suggested that Structural Funds supported interventions had a positive effect on indicators of GDP and employment, but a negative impact on the foreign trade balance.

## 1. THE SOCIO-ECONOMIC CONTEXT

Main points from previous country report:

- After the economic recession, the situation slightly improved in 2010: GDP increased by 1.3%;
- The economic revival was mostly driven by rapidly growing exports and economic recovery measures introduced in 2009. The demand side of the economy still faced serious problems though;
- The labour market was depressed: unemployment increased further and reached a peak of 17.8%; real wages were reduced by 5%;
- Regional disparities (GDP and unemployment rate) slightly decreased due to a relatively larger decline of GDP in the capital city and the increased emigration from most lagging areas.

### The main changes since the 2011 country report:

Lithuania's economy had already resumed growth in 2010, and in 2011 the country's economy was the second fastest growing among all EU countries. **The growth of GDP** reached 5.9% and was bypassed only by Estonia. Although in 2012 the GDP growth slowed amid uncertainty in the euro zone.

The economic recovery in 2010 was initially driven by *growing exports*. Although export growth kept pace in 2011 (increased by 13.7% in real terms), the main driver of the economic growth last year was the *increase in domestic demand*, which was mostly due to growing corporate profits, income of households and higher consumer confidence. Private consumption growth in 2011 significantly exceeded the average growth and reached 8%.

GDP was also influenced by growing *gross fixed capital formation*, which increased by 10% until the end of 2011. However, it was basically due to public investments, as private investments were recovering at a slower pace. Turbulences in financial markets and bankruptcy of the bank Snoras in November 2011 dampened business expectations, and investments have been slowing down since the beginning of 2012. The Bank of Lithuania estimates that Snoras' failure may reduce the GDP growth in 2012 by up to 0.5 percentage points.

The fastest growing sector in 2011 was construction, where value added increased by one fifth. Manufacturing also strengthened noticeably in 2011. Only poor results in the transport industry contrasted to the satisfactory performance of other sectors.

The situation in the **labour market** was unstable and the unemployment rate was still high. Although it decreased by 2.4% in 2011, it still stood at 15.4%. During the economic decline, rural areas experienced a higher rise in unemployment and they have been recovering slower – in 2010 the unemployment rate reached 22.4% and in 2011 it was reduced by less than 1% (to 21.7%).

Even though the economy is recovering, the GDP is still less than before the crisis by 5 percentage points (in 2008 it was EUR 32,414 million and in 2011 – EUR 30,806 million), neither the private nor the public sector is able to create the required number of jobs necessary to reduce unemployment. In 2011, the number of the employed in the private sector increased

only by 1.9% (from 939,7 thousand at the beginning of 2011 to 972,7 thousand at the beginning of 2012), while in the public sector it decreased by 1.9 (from 400,7 thousand to 393,2 thousand). The potential of the public sector to employ more people is limited due to the public finance discipline policy.

The unemployment rate decreased due to emigration, which still remains high<sup>1</sup>. Actions implemented in 2009–2011, such as active labour market measures, improvement of the business environment and introduction of new forms of labour market flexibility, have also contributed to the employment situation.

The unemployment rate is particularly high among *young people* and unskilled workers. In 2011, the unemployment rate of the youth (aged 15–24 years) stood at 32.9%<sup>2</sup>, while the EU average was 21.2%. The rate of long-term unemployment was 7.1%. One of the main reasons of long-term unemployment and unemployment of young people is the mismatch between qualifications of the workforce and needs of the labour market.

The main policy concern in 2011 remained **reducing budget deficits and the public sector debt**. The strict fiscal policy helped to stabilise public finances and to preserve investor confidence. The public sector balance reached -5.5% of the GDP in 2011 (see Excel Table 2)<sup>3</sup>. The adjustment largely relied on the expenditure restraint, as spending on goods and services and social benefits further decreased. The economic recovery measures were being implemented simultaneously with the process of stabilisation of public finances. However, there were no major moves in the growth policy in 2011, as the main measures aiming to support the economic recovery were introduced in 2009 through the Economic Stimulus Plan (ESP). As presented in previous reports (2010 and 2011 country reports), the main financial source for the implementation of the ESP was support from the EU Structural Funds and therefore it did not increase the Government budget deficit.

The Lithuanian Convergence Programme for 2012 states that the most important medium-term policy objective is to further consolidate public finances and essentially improve the situation in the areas that might ensure an economic breakthrough. Projections for 2012 are that the public sector deficit will exceed 3% of the GDP. At the end of 2011, the Government once again demonstrated its willingness to maintain prudent fiscal indicators. After the Ministry of Finance lowered its forecasts for economic growth and revenue targets, public expenditures were cut by 4% without strong political objection. The 2012 budget includes further substantial cuts in expenditure, in particular by maintaining the public sector wage freeze. Appropriations for the public investment programme for 2012–2014 were also slightly reduced.

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<sup>1</sup> In 2011 the number of emigrants was 54 thousand. The emigration reduced the labour force in the country by 2.9%. Although the number of emigrants returning back was growing (14.4 thousand), it was still small, compared to the number of emigrants.

<sup>2</sup> The indicator shows the ratio between the number of unemployed and the labour force. The labour force consists of only employed and unemployed. Young people who are studying and are not looking for jobs, are not included in the labour force. Therefore, the unemployment rate is so high. The youth unemployment ratio (the indicator representing the share of young unemployed for the whole population) was 9.6%, only marginally higher than the EU average - 9.1%.

<sup>3</sup> Government budget balance in 2009 reached -9.5%, in 2010 it decreased to -7.0%.

However, Lithuanian Parliament elections are held in the autumn of 2012. After the election, a change in ruling parties is quite likely and the programme of a newly formed government can induce major shifts in the policy for growth.

## 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 previous country report:

Priorities of the Lithuanian development policy are provided in the National Strategic Reference Framework 2007–2013 (NSRF). These are – improving the productivity of human resources by creating a knowledge-based society; increasing the competitiveness of the economy, and promoting social cohesion.

- NSRF is implemented through 4 OPs – Human Resource Development Operational Programme (HRDOP) and Technical Assistance Operational Programme (TAOP), funded by ESF, and the EGOP and the CPOP, funded by ERDF and Cohesion Fund.
- Most of the measures are funded through traditional grants. Funds for FEIs are allocated to 2 areas: (1) promotion of SMEs, and (2) increase in energy efficiency in multi-apartment buildings and student dormitories. Support through FEIs was expanded in 2009 as a response to the economic crisis.
- Lithuania also participates in 6 European Territorial Cooperation programmes and is a managing country of the Cross-Border Cooperation (CBC) Programme Lithuania-Poland.

#### Changes since the 2011 country report:

No significant changes were made in respect of the objectives or priorities of the development policy in 2011. Accordingly, the allocation of funding among broad policy areas and priorities of OPs remained the same as reported in the 2011 country report.

Based on the data of the Ministry of Finance (MoF)<sup>4</sup>, EU support<sup>5</sup> made 19% (EUR 2,000 million) of the 2011 state budget. The main priority of the development policy co-financed by EU support was *economic development* – EUR 1,400 million of the support. This amount was invested into projects promoting SMEs and exports, modernisation of the transport infrastructure and RTD. Almost half of the amount (EUR 615 million) was allocated to rural and fishery development projects and direct support for farmers. Other priorities of the development policy and their funding:

- EUR 118 million was allocated to *environmental projects* – modernisation of water management systems, management of polluted areas and increasing energy efficiency in buildings.
- EUR 113 million was allocated to active labour market measures and social infrastructure, i.e. investments in the *social area*;

<sup>4</sup> <http://www.finmin.lt/web/finmin/2011es>

<sup>5</sup> EU support referred to includes EU Structural Funds, Cohesion Fund, support for rural development, internal policy and all other EU-funded programmes.

- EUR 169 million was invested into the *education area*, particularly, improving the environment for life-long learning, research, educational and science infrastructure and integrated science, studies and business centres (valleys).
- EUR 156 million was devoted to improving the effectiveness of *public administration and public services*.
- EUR 27 million was used for improving the quality and accessibility of *health services*.

Allocations of ERDF and the Cohesion Fund for the entire programming period remain the same as reported in the 2011 country report. Based on the support allocated to broad policy areas, the key priorities are transport infrastructure (mainly road and rail), which has been allocated 26.6% of the EU funds, followed by the environmental and energy infrastructure (24.9%). 23.6% of the funds has been allocated to territorial development and 23% to enterprise support and RTDI (see Excel Table 3).

EU support remains the main source of funding for public investment projects. Its importance began to grow since the start of the economic recession and increased from 31% of the total government capital expenditure in 2007 to 76% in 2010. In 2011, the share of EU support slightly decreased and made 72% of the total government capital expenditure (see Table 1). It proves the lasting significance of EU support in maintaining the public investment level in the country.

**Table 1 –The EU support in the Public Investment Programme**

	2007	2008	2009	2010	2011	2007-2011
Total funding (EUR million)	946.8	1,398.3	1,020.2	1,434.6	1,104.9	5,904.8
EU support (EUR million)	292.6	627.7	657.1	1,083.9	798	3,459.3
The share of EU support (%)	31	45	64	76	72	59

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

ERDF and Cohesion Fund alone made up a substantial share in the total EU support and government capital expenditure. On the basis of certified expenditure, payments made to Lithuania by the European Commission during 2007–2011 accounted for EUR 2,431.2 million, i.e. 41% of the total government capital expenditure.

Measures tackling the problem of youth unemployment: Compared to 2010, the youth unemployment rate dropped by 2.2 percentage points and stood at 32.9% in 2011. The main measures taken in 2010 and 2011 were funded by the national budget or ESF, e.g. micro-credits for young people starting their own business, a number of active labour market measures, tax incentives and subsidies for employers to employ persons with no previous work experience, regulatory measures increasing flexibility of the labour market. ERDF-funded measures aimed at increasing entrepreneurship and self-employment are also considered as contributing to solving this problem, although they were not specifically set up to support the employment of the youth. One type of these measures is FEIs for SMEs development, i.e. loans for start-ups, venture capital investment and interest compensation. There is no information available about the share of young people in the total number of beneficiaries of FEIs, as the indicators for monitoring the impact on youth were not established when creating these instruments.

Another type of ERDF-funded measures contributing to the employment of young people is informative entrepreneurship promotion events and vouchers for the first business year (which



can be used for consultancy, training and other services for starting business). The majority of the participants in entrepreneurship promotion events were young people, and 70% (240) of the start-ups created in 2011 with a help of vouchers were also established by young people.

Attention to a high rate of youth unemployment has increased in 2012. An ad hoc working group proposed an action plan for using Structural Funds more effectively to combat youth unemployment. EUR 55 million were provided for this action plan. ESF-funded measures are the core instruments, while ERDF comprises only 2% of the total funding.

**Table 2 – Proposed ERDF-funded measures for increasing youth employment**

Measure	Target for 2012–2013	Amount and source of funding
To continue providing first business year vouchers	200–300 new businesses created, of which 70% by the youth	EUR 0.6 million (ERDF administered by the Ministry of Economy)
To support initiatives allowing the youth to commercialise their ideas (national business plan contest, events to test business ideas, etc.)	100 innovative youth businesses	EUR 0.3 million (ERDF administered by the Ministry of Economy)
To support the provision of consulting, information, mentoring and coaching services to the youth on business creation, financing and development issues	Around 12,000 persons 100 innovative businesses	EUR 0.3 million (ERDF administered by the Ministry of Economy)
To organise the dissemination of information to the youth on business financing opportunities (FEIs)	Around 25,000 persons	EUR 0.14 million (ERDF administered by the Ministry of Economy)
To coordinate proposals with the European Commission on more flexible application of financial engineering instruments (combining grants and loans, etc.)	-	-
To strengthen supervision of the use of FEIs for business creation or development by the youth	To set monitoring indicators established for the youth target group	-

*Source: proposals of the Youth Unemployment Working Group set up by Decree No 41 of the Prime Minister of 10 February 2012*

Measures tackling the problem of the credit crunch on SMEs: During the economic crisis of 2008, the main concern was the inability and/or unwillingness of financial institutions to provide loans to business, while the demand for funding increased in SMEs. As a response to this market gap, the ERDF allocation to FEIs for SME development was raised in 2009 (allocations to the JEREMIE Holding Fund (HF) were upped from EUR 80 million to EUR 210 million). Due to a low disbursement rate and tightening of the rules for FEIs<sup>6</sup>, the Ministry of Economy removed EUR 40 million from FEIs managed by the JEREMIE HF. These funds were allocated to measures providing support to SMEs in the form of grants, specifically for introduction of innovative management techniques and control systems in enterprises, investments into the establishment and development of high value-added manufacturers and/or services businesses, public services to business<sup>7</sup>. Therefore although FEIs were set up

<sup>6</sup> While the FEIs administered by national manager INVEGA are demonstrating very good results, the disbursement rate of the JEREMIE HF has been rather low. The newly created instruments in JEREMIE HF were unfamiliar to SMEs and required a considerable deployment time. Besides, they did not sufficiently meet the needs of SMEs during the crisis. According to the evaluation study, 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. In addition, a serious concern was raised by recent European Commission interpretation of FEIs regulation, which causes difficulties in combining FEIs and grants. The new interpretation of the rules narrows down the use of FEI.

<sup>7</sup> Interview with Mrs Inga Miliauskienė, Ministry of Economy. 18th September 2012

and expanded to tackle the problem of the credit crunch on SMEs these measures did not help much to address the problem because they were not as successful as expected.

## POLICY IMPLEMENTATION<sup>8</sup>

Main points from previous country report:

- The financial implementation accelerated in 2010. By end-2010, the commitments amounted to 66% of the total funding available for the country under the Convergence Objective, and the payments amounted to 28% of the allocations (compared to 35% and 12% at the end of 2009);
- The most successful in terms of commitment rates<sup>9</sup> at end 2010 were: road infrastructure (87.5%), environmental infrastructure (82.3%) and enterprise environment priorities – RTDI, support for innovation and investment in firms (71%). Commitments in rail and other measures of transport infrastructure lagged, with only 26% and 33% respectively. A considerable progress was made in the tourism area – the share of commitments went up from 18% at the end of 2009 to 73% at the end of 2010.

### The progress made until the end of 2011:

Table 3 provides basic data on the progress achieved by individual OPs at the end of 2011. It also provides data on the progress achieved at the end of 2010 for comparison.

**Table 3 – Financial implementation of OPs at end of 2011 compared to 2010 (ERDF and Cohesion Fund only)**

	Allocation (EUR million)	Commitments				Payments			
		2010		2011		2010		2011	
		EUR million	%	EUR million	%	EUR million	%	EUR million	%
Convergence objective									
EGOP	3099	1871	60%	2273	73%	996	32%	1324	43%
CPOP	2648	1896	72%	2253	85%	614	23%	1114	42%
<b>Total</b>	<b>5747</b>	<b>3768</b>	<b>66%</b>	<b>4526</b>	<b>79%</b>	<b>1610</b>	<b>28%</b>	<b>2438</b>	<b>42%</b>
Territorial Cooperation Objective									
CBC Lithuania-Poland	71689	51804	72%	61831	86%	5270	7%	26896	38%

Note: amounts for CBC expressed in EUR thousand

By the end of 2011, 5 years into the programming period, commitments amounted to 79% and payments to 42% of the total funding available. However, if allocations to FEIs which have not been passed to final beneficiaries are excluded, the implementation rate would reduce by around 4 percentage points – from 42% to 38%. By the end of 2011, EUR 376 million were already transferred to HFs of FEIs and automatically declared as eligible expenditure, although only EUR 108 million were passed to final beneficiaries.

<sup>8</sup> The indicators used in this section come from the AIR for 2011, which relate to the situation up to the end of 2011. A more up-to-date view of the aggregate position (though not of the situation in the different policy areas) is presented in the Synthesis Report for 2012 of the Expert evaluation network delivering policy analysis on the performance of Cohesion policy 2007-2013 which is based on data for payments from the ERDF and Cohesion Fund up to the end of 2012, i.e. after the present report was completed.

<sup>9</sup> Commitments by end 2010 in relation to the decided amount by end 2010.

The financial implementation rate in Lithuania exceeds the EU15 average, where payments at the end of 2011 amounted to 34%. Still, the rate did not accelerate enough in 2011 and 62% of the funding available remains to be spent in the next four years.

The adequacy of the financial implementation rate is assessed referring to the Plan for the Use of Support from EU Funds for 2008–2015 (the Financial Plan), adopted by the Government in 2009<sup>10</sup>. On the basis of this plan, the implementation of OPs is almost in line with what was planned – payments until the end of 2011 made 99.1% of the critical level of expenditure planned for this period. Unlike year 2010, the implementation of the CPOP was stronger than of the EGOP. Expenditure under the CPOP made 104.9% of the critical plan level and 94.8% under the EGOP.

Comparing different funds, the implementation of the Cohesion Fund was more successful than of ERDF – 102% and 97% of the critical plan level. Environmental and transport area measures are successful in terms of financial implementation and this leads to a high implementation rate of the Cohesion Fund.

Breaking down the OPs to priorities, the most successful, in terms of implementation of the Financial Plan, were measures in the area of *environment and energy* (particularly measures of water infrastructure and waste management and energy efficiency in public buildings), *transport infrastructure* (roads), *enterprise environment* (support for SMEs) and *territorial development* (particularly tourism and local development projects). The implementation of the Financial Plan is mostly lagging behind *in the area of RTDI*, especially measures promoting RTD in the private sector (only 62% of the plan achieved, but the amount of expenditure is only 15% of the support allocated). The implementation of public RTDI infrastructure projects is also lagging behind the plan, but significant progress was made in 2011 as the share of expenditure compared to allocations increased by 16 percentage points (from 7% at the end of 2010 to 23% at the end of 2011). The other two most lagging priorities are basic economic infrastructure, specifically *energy infrastructure*, and social and *educational infrastructure* (Annex Table A presents detailed information on the financial implementation by priorities and funds – ERDF and Cohesion Fund).

Delays in the financial implementation of measures promoting RTD in the private sector are mostly caused by the poor quality of applications submitted and a long process of their evaluation. This problem was addressed by organising training for potential applicants<sup>11</sup> and concluding contracts with external experts for the evaluation of application. Also, the reallocations of support among measures are made with regard to varying demand and varying quality of applications. While measures focused on the development of clusters received little attention, the funds were reallocated to other, more popular measures. Poor financial implementation of public RTDI infrastructure measures is due to delays common to most large-scale infrastructure projects (they usually tend to take longer to prepare and carry out) and delays in the administration process. To tackle this problem, the Ministry responsible took

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<sup>10</sup> The plan sets critical levels for expenditure to be certified for each year. The main purpose of this plan is to ensure that all the funds are absorbed.

<sup>11</sup> After the launch of a call for applications, information seminars are organised for applicants under particular measures. Information on these seminars is available on websites of intermediate and implementing bodies. The main focus of seminars is on the proper preparation of applications.

measures to speed up the process of definition of project financing terms, making of the list of projects to be supported and contracting.

However, the major cause for delay in implementing infrastructure projects remains the same as it was identified in the 2011 country report, i.e. the organisation of public procurements. Public procurements usually take more time than planned due to complicated public procurement procedures, a large number of suppliers, bankruptcies of contractors and insufficient administrative capacities of beneficiaries. Consequently, the main initiatives to accelerate the implementation were aimed at tightening the supervision of measure and project implementation and providing more consulting services to beneficiaries. For example, trilateral meetings among managing and implementing institutions and project managers were organised to help identify the reasons for delays and draw up action plans to overcome the problems. Also, sanctions for applicants and project managers who failed to submit applications or prepare documents for public procurement in time were applied. Meetings of monitoring committees contributed to the implementation of the financial plan and risk management, too.

## ACHIEVEMENTS OF THE PROGRAMMES SO FAR

Main points from previous country report:

- **RTDI.** Three research centres were established. However, the funding was not sufficiently used to promote cooperation between research centres and business. The implementation of private RTD projects induced a significant amount of private investment into RTDI (which made 16% of the total private investment into RTDI in the country) and this indicator was reported as one of three most meaningful in the country.
- **Enterprise support.** The number of enterprise support projects exceeded the target indicator, because the projects implemented were larger in number but smaller in scale. The achievements of FEIs aimed at improving the accessibility of SMEs to sources of financing were lower than planned. The number of the SMEs supported by FEIs reached 1,920, or 3% of active SMEs in the country.
- **Transport.** 1,055.5 km of roads were built or reconstructed (91% of the target) and the infrastructure of all three international airports was improved whereas no tangible results were achieved in constructing railways and improving the water transport infrastructure.
- **Environment and energy.** Significant results were achieved in increasing energy efficiency through the renovation of public buildings – 256 buildings were renovated contributing to the maintenance of the demand side of the economy. However, not a single multi-apartment building was modernised through the JESSICA HF. Environmental projects showed the first tangible results – 14 settlements had their water supply and/or wastewater treatment systems built or renovated and 62 landfill sites were closed or adapted.
- **Territorial development.** To reduce disparities in the living environment and the quality of life in major cities and other towns in the country, also urban and rural areas, integrated territorial development projects aimed at regeneration of certain territories were implemented: 41 projects in regional economic growth centres (41% of the

target)<sup>12</sup>, 17 projects in problem areas<sup>13</sup> (9% of the target) and 104 projects in rural areas (104% of the target). These projects improve the public environment (sidewalks, cycle routes, squares, etc.), infrastructure (public buildings) and communal infrastructure (infrastructure of leisure, sports and culture). 154 tourism projects were implemented mainly contributing to the development of public tourism infrastructure. As a result of 192 health projects (only 12 of them completed), 65 healthcare facilities received support for new equipment and renovation of premises.

### **The main achievements until the end of 2011:**

#### **Convergence Objective**

**RTDI and Enterprise support.** To improve the public RTDI base<sup>14</sup>, 6 research centres were created. This achievement is significant as in 2007 the total number of such centres in Lithuania was only 49. 5 open-access centres (laboratories with advanced equipment where scientists, students and actors of the private sector can perform research activities) were created. They are the first of such kind in the country, and their main goal is to promote cooperation between science and business. As a result of the implementation of public RTD projects, 18 cooperation agreements between SMEs and research institutions were signed, which makes 18% of the target<sup>15</sup>. The insufficient level of cooperation between business and science is considered one of the main weaknesses of the RTD and innovation policy. The evaluation<sup>16</sup> carried out in 2011 concluded that the main roots of this problem were administrative and structural factors (such as a highly fragmented institutional system in the RTD and innovation area, relatively low competence and expertise of institutions implementing policy, a lack of regulations, a low quality of scientific products) and not the weaknesses of ERDF-funded measures.

The number of projects aimed at *promoting RTD in the private sector* is significantly higher than expected, although payments made for these projects lag behind the planned expenditure (19% of the allocations). The scale of projects was smaller than planned, but the measures supported proved to be very popular among enterprises. High demand for RTD measures in the context of economic decline is rather surprising. This may be related to improving economic situation and the need to invest into new business areas and look for new innovative solutions for

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<sup>12</sup> Regional economic growth centres are average-sized towns which are surrounded by areas with a low standard of living and have the economic potential and infrastructure to act as growth centres. Their development may result in a greater territorial social cohesion in the region as well as in the county as a whole. The Lithuanian Regional Policy Strategy to 2013 identifies 7 regional centres.

<sup>13</sup> A problem area is one with specific socio-economic problems. Lithuania has 14 municipalities (problem areas) with a relatively high unemployment rate and a large share of people in receipt of social benefits.

<sup>14</sup> In Lithuania, measures aimed at RTDI development may be divided into two groups. Group 1 is aimed at strengthening the public RTDI base, i.e. improving the infrastructure and equipment of scientific research centres, laboratories, open sources centres and higher education institutions. These measures are administered by the Ministry of Education and Science, and the main beneficiaries are higher education institutions. Group 2 is aimed at the promotion of RTD in the private sector – supporting implementation of RTD projects in enterprises, creating the environment promoting more active development of innovation and RTDI. These measures are administered by the Ministry of Economy, and main beneficiaries are private entities.

<sup>15</sup> Here and further in the report the target refers to the target set for the end of the programme implementation, i.e. 2015.

<sup>16</sup> Evaluation of the Effectiveness of Cooperation between Lithuanian Science and Business, and Coordination of Financial Resources, Public Policy Institute, Žinių ekonomikos forumas, 20/12/2011

development, as indicated by the Ministry of Finance<sup>17</sup>. Since the starting year of implementation of these measures the projects supported have induced EUR 36.4 million of private investment which makes up 21% of the total private investment into RTD in the country during this period<sup>18</sup>.

Until the end of 2011, 984 contracts were signed for the provision of *support to SMEs in the form of grants*, which makes three-times more than the target set. Most of the projects were aimed at increasing exports. The export rate of the enterprises supported rose by 9% since the beginning of the implementation. Other projects were targeted at increasing productivity, including creation of new technologies and introduction of new products. The 2011 AIR reports that the labour productivity in enterprises implementing these projects increased by 12%. The overall growth of exports and productivity in the country during 2008–2011 was 25% and 8% respectively, but direct comparison with the results of the projects is not possible.

As a result of the projects aimed at improving the business environment, 91 new enterprises were set-up, which makes just 0.5% of all the new start-ups in Lithuania in the period 2010–2011.

The achievements of *FEIs for SMEs* vary between instruments. The number of SMEs supported by the guarantees and INVEGA credit facility has already exceeded the targets set for the end of programming period. While financial performance of measures implemented by the JEREMIE HF is low. As a result, the allocations to the JEREMIE HF were cut in 2011. The overall achievements of FEIs were lower than planned and the amendment to the EGOP has been prepared to reduce the targets. The total number of the SMEs supported was 2,903 (51% of the target). This number makes 5% of all the active SMEs in the country.

The total amount of the private investment induced by direct investment aid projects (both, in the form of grants and FEIs) was EUR 295.6 million (in cumulative terms by the end of 2011). This achievement makes 4.7% of the total private investment in tangible assets in the country during 2009–2011<sup>19</sup>.

*ICT development projects* created 82 electronic public services (e.g. services for civil registration, providing information on traffic and conditions of state roads, electronic services for libraries, etc.). The share of the population visiting websites of public authorities increased by 20 percentage points since 2005, but it has not increased since the last year report. The other area of ICT development projects supported by ERDF is connection of rural areas to the broadband network. 417 towns and villages (54% of the target) were connected to the broadband internet, which increased the share of the rural population with access to the broadband network by 18 percentage points (the target is to increase it from 72% as it was in 2005 to 95%).

**Human Resources.** This policy area is covered by measures co-financed by ESF. Some ERDF-co-financed measures aimed at increasing business productivity and improving business

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<sup>17</sup> This was the reasoning of the Ministry provided in the Proposal for Amendment of Operational Programme for Economic Growth, prepared for Monitoring Committee (17 May 2012).

<sup>18</sup> According to the data of the Department of Statistics, private investment in RTDI during 2009–2011 was approx. EUR 174.6 million. The year 2009 was the first year when the implementation of these projects started.

<sup>19</sup> In 2009 the first private investment of projects were induced. Total private investment in tangible assets in the country was EUR 3,649.8 million.

environment, i.e. FEIs for business development and public services for business promotion, fall into this policy area. They contribute to reducing unemployment and also addressing the problem of high youth unemployment by promoting business creation and self-employment. Until the end of 2011, 146 concessional loans were provided, 57 of them for young people.

**Transport.** By the end of 2011, 1,290 km of roads were built or reconstructed (108% of the target), 250 km of which are TEN-T roads. The indicator provides information only for the aggregate number of kilometres and it is not possible to specify how many of them represented new construction. Most of the investments were targeted at the reconstruction of roads to improve their condition and ensure traffic safety, and therefore the length of new roads comprises only a very small share of the total indicator<sup>20</sup>. However, the achievement is significant in the context of the whole country – the roads built or reconstructed make 6% of the entire length of state roads in the country. While almost no progress was made in *railway* projects. Only 1 km of the railway line was built or reconstructed (2% of the target). The delay is due to the time required for more complicated preparation in terms of planning and drafting technical projects compared to roads projects.

There are a few indicators provided in the AIR referring to the results of transport projects, i.e. *“number of black spots reduced”*, *“time savings stemming from new and reconstructed railroads for freight”* and *“increase in the volume of freight transported by TEN-T roads and TEN-T railroads”*. No results have been reported yet since they require separate research studies.

Only limited results have been achieved in improving the water transport infrastructure yet. Due to the reconstruction of access roads to multimodal cargo terminals at the Klaipėda port, the amount of cargo transported increased by 0.44 million tonnes (29% of the target). Still, no embankments were built or reconstructed and no increase in the number of passengers was achieved, as the major project of the Klaipėda port infrastructure<sup>21</sup> has just been started. The decision on compliance of its financing with state aid regulations was made in early 2012.

7 airport projects were completed, which enabled more flights to be handled. The improvement of the infrastructure of all three international airports in Lithuania contributed to the increase in passengers by 1.7 million (149% of the target).

Urban transport projects covering the acquisition of clean public transport vehicles and trolleybus overhead line construction have just started and no results have been achieved yet.

**Environment and Energy.** Energy efficiency projects in Lithuania consist of modernisation of public and apartment buildings. Modernisation of public buildings is regarded as very successful – 468 buildings were modernised (almost twice as many as the previous year). The process of modernisation of apartment buildings is not that successful, although some progress has been achieved<sup>22</sup>. Until the end of 2011, 2 apartment buildings were renovated under the JESSICA programme. To this date, 6 buildings have been renovated, 61 are being renovated, 110 tenders

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<sup>20</sup> New construction covers only building bypasses, connections to TEN-T roads, crossroads and viaducts, streets in new residential areas. The reconstruction covered activities of paving gravel roads, reinforcing the surface and widening carriageways. Interview with Mrs Zita Dubickienė, Ministry of Transport and Communications. 17th September 2012

<sup>21</sup> Installation of the Passenger and Freight Ferry Terminal Infrastructure

<sup>22</sup> For deeper analysis of JESSICA programme implementation see the Policy Paper 2012 on FEIs

for construction contracts have been launched, and another 278 are in the process of procuring technical renovation projects<sup>23</sup>.

Projects promoting renewable energy supply added 39.4 MWs to the overall supply capacity from biomass. It makes 8% of the total existing capacity from biomass in the country.

ERDF co-financed interventions in the energy sector also cover the creation and modernisation of the energy infrastructure. In 2011 the measure aimed at investing in natural gas sector was renewed<sup>24</sup>. It was decided to co-finance the project of gas transmission pipelines construction. This gas pipeline is crucial to connect the Lithuanian pipeline system to a liquefied natural gas terminal (to be built in 2014). Whereas no achievements have been reported in the gas area, 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<sup>25</sup>. The number of km of the networks modernised has doubled (from 228.8 km to 479.2 km) compared to the previous report, however, it is unlikely that the target indicator (1,800 km) will be achieved mostly due to the lack of operating funds of project promoters, i.e. heating supply companies.

The main interventions in the environment area cover investment into infrastructure to improve water supply/waste water management and solid waste management. The infrastructure of water supply and wastewater treatment was built/renovated in 67 settlements<sup>26</sup>, which is 5 times more than at the end of 2010 and makes 30% of the target. As a result of these projects, 13.6 thousand people have been connected to the wastewater collection and treatment system. This makes 0.4% of the total population, whereas the target is to increase the population with the access to this system by 8%. The results of the *evaluation on the implementation of environmental requirements*<sup>27</sup> suggest that the projects will create the entire infrastructure needed to connect the targeted number of population, although the actual number of the people connected to the wastewater collection and treatment system is likely to be lower. There is no statutory obligation to connect to the wastewater collection and treatment system. As a result, people tend to use local wastewater collection and treatment systems. The indicator on the additional people connected to drinking water supply was not included in the programme and is not collected.

In the view of officials responsible and experts, investments into the water management infrastructure revealed structural weaknesses of the intervention<sup>28</sup>. Most of the beneficiaries are small enterprises which have too few clients and too limited financial capacity to support their new infrastructure. As a result, although investments into this area are still needed, forms of implementation of this intervention should be reviewed and the potential of introduction of FEIs should be assessed.

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<sup>23</sup> Information of [www.atnaujinkbusta.lt](http://www.atnaujinkbusta.lt), 18 September 2012

<sup>24</sup> At the beginning of the programming period, it was initially planned to co-finance the modernisation and construction of gas transmission networks. In 2010, a decision to suspend the implementation of the related measure was made because of the changes in the political situation in the natural gas sector: to fulfil requirements of the third EU energy package, the Law on Natural Gas was amended in 2010. .

<sup>25</sup> The total number of district heating consumers is more than 620 thousand.

<sup>26</sup> Settlement is considered a city, town or village.

<sup>27</sup> Evaluation of the Implementation Environmental Requirements in Lithuania. Prepared by Ernst&Young at request of the Ministry of Finance, September 2011

<sup>28</sup> Round table discussion on sustainable development with Mr Inesis Kiskis (Ministry of the Environment) and other representatives of administering institutions and experts. 12 April 2012



In solid waste management, 92 landfill sites were closed and adapted (37% of the target). The construction of a hazardous waste landfill has not started yet due to difficulties in ensuring the own capital to the implementation of the project. Very low results achieved in solid waste sorting – only 3 green waste composting sites and no bulky waste collection sites were built. Interventions for expanding capacity to recycle solid waste were not planned for the current programming period.

**Territorial Development.** 45 integrated *urban development projects* have been implemented in target areas – regional economic growth centres and problem territories. Implementation of these projects improved the attractiveness (public spaces and infrastructure) in 4 regional centres and towns of 5 problem territories (in total there are 7 regional centres and 14 problem territories in the country). In addition, 12 integrated *rural development projects* were completed, resulting in the improved public and communal infrastructure in 20 rural settlements (20% of the target).

The projects aimed at tourism development improved 101 and built 3 new objects of tourist attraction<sup>29</sup> and created 175 marketing tools<sup>30</sup>. As a result of these activities, 26 new jobs for men and 60 new jobs for women (expressed in a full-time equivalent) were created, implying an average of around 2 jobs per project. Information in the AIR suggests that the projects implemented led to an 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<sup>31</sup>.

In the area of *health infrastructure* 132 facilities were supported (120% of the target), which makes 11% of the total number of health care facilities in the country<sup>32</sup>. There is no data available illustrating the increase in the capacity of the facilities supported. This problem was identified in the evaluation carried out in 2011<sup>33</sup>.

As a result of the investment in the *educational infrastructure*, 20 libraries in secondary schools, 74 preschools and 45 education centres were modernised, 277 secondary and professional schools were equipped with new facilities for teaching natural and technology sciences and arts (accounting for almost half of all that type of schools in Lithuania). The number of direct beneficiaries using the new infrastructure and equipment amounted to 7,969 (only 7% of the target<sup>34</sup>). In addition, 40 centres (35% of the target) were built or reconstructed to provide mobile social services and/or occupational rehabilitation services to people with disabilities. Only 2,535 people (0.7% of the target) have directly benefited from the investment so far<sup>35</sup>.

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<sup>29</sup> Tourism objects, e.g. manors.

<sup>30</sup> Marketing tools include information and tourism product sales promotion tools, e.g. advertising, publications, participation in international exhibitions, etc.

<sup>31</sup> The average number of tourists in Lithuania in 2011 was 1.8 million.

<sup>32</sup> According to the official statistical data, the number of public health care facilities in 2011 amounted to 571 and private facilities (excluding dentistry facilities) to 657.

<sup>33</sup> Evaluation of the relevance and efficiency of the monitoring indicators for measures of the Operational Programme for the Promotion of Cohesion administered by the Ministry of Health. Prepared by ESTEP at request of Ministry of Health, October 2011

<sup>34</sup> The number of individuals using infrastructure is estimated in respect of projects completed only. Therefore the achievement of indicator is small yet. A significant increase in the number of direct beneficiaries using infrastructure is expected in 2012-2013.

<sup>35</sup> The achievement is limited because it is measured on the basis of the projects finalised (the number of which was just 3).

Table 4 below aggregates the information on physical indicators given in AIRs of the OPs under the Convergence Objective. Achievements of indicators in bold are considered to be the main achievements in the country by the end 2011.

**Table 4 –Indicators and achievements (main achievements in bold)**

Policy area	Main indicators	Outcomes and results (physical outcomes plus brief note on what has been achieved)
Enterprise support and RTDI including ICT	RTDI development	
	No. of research centres created	6 centres were created (50% of the target). At the initial stage (in 2007), the total number of research centres in the country was 49.
	No. of cooperation agreements	18 cooperation agreements between SMEs and research institutions were signed as a result of the implementation of the public RTD project (18% of the target)
	No. of jobs created in the area of RTD	133 jobs <sup>36</sup> were created in the public and private sector. It makes less than 1% of all the jobs in the area of RTDI in the country.
	Amount of private investment in RTD induced	<b>EUR 36.4 million of the private investments was attracted (64% of the target).</b> This amount makes 21% of the total private investment into RTDI in the country.
	No. of new start-ups in high technology sector	51 new start-ups in the high-tech sector (340% of the target)
	Enterprise support	
	No. of start-ups supported	93 (the target was not set). This number makes 0.5% of all the new start-ups in Lithuania in the period of 2010–2011
	Private investment induced	<b>EUR 295.6 million (42%).</b> This achievement makes 4.7% of the total private investment in tangible assets in the country during 2009–2011
	No. of SMEs supported by FEIs	<b>2,903 (51%) SMEs supported by FEIs.</b> This makes 5% of all the active SMEs in the country
ICT		
No. of interactive e-public services renewed/created	82 (82% of the target)	
Increase in the share of population visiting websites of public authorities	20 percentage points (50% of the target)	
No. of towns and villages connected to the broadband network created	417 (54% of the target)	
Share of additional population covered by broadband access	18 percentage points (78% of the target). The target is to increase the population covered by the broadband access from 72% as it was in 2005 to 95%	
Human Resources (ERDF only)		This policy area is mainly covered by measures co-financed by ESF
Youth unemployment (ERDF only)		
Transport	Roads built and reconstructed	<b>1,289.9 km (108% of the target).</b> The indicator provides information only for the aggregate number of km and it is not possible to specify how many of them were newly built. It can be presumed that the length of new roads comprises only a very

<sup>36</sup> The achievement of the indicator of jobs in the area of RTDI includes jobs for researchers and ancillary staff

Policy area	Main indicators	Outcomes and results (physical outcomes plus brief note on what has been achieved)
	<p>Of which TEN Railway lines built and reconstructed</p> <p>Increase in cargo transported No. of additional passengers served in airports (where projects have been implemented)</p>	<p>small share of the total indicator. The number of km built and reconstructed co-financed by ERDF and Cohesion Fund makes 6% of the length of state roads in the country.</p> <p>250.2 km (74% of the target)</p> <p>1.0 km (2% of the target). The delay is due to complicated planning and preparation of documentation. However, the target (50 km) will not be achieved due to the decision not to implement one of the projects.</p> <p>0.44 million tonnes (29% of the target).</p> <p>1.7 million passengers (149% of the target)</p>
Environment and energy	<p>Energy infrastructure: Modernised district heating networks</p> <p>No. of consumers with more reliable supply of district heating</p> <p>Renewable energy: Additional capacity of renewable energy production</p> <p>Energy efficiency: No. of public buildings renovated to save energy Amount of energy saved in modernised public buildings</p> <p>Environment: No. of settlements with a new or renovated water supply and/or waste water treatment system Increase in share of population connected to waste water treatment system No. of closed and managed landfills</p>	<p>479.2 km (27% of the target). The target is unlikely to be achieved mostly due to the lack of operating funds of project promoters</p> <p>309,823 (103% of the target). The achievement makes half of all the consumers of district heating services in the country.</p> <p>39.4 MW. It makes 8% of the total existing capacity from biomass in the country.</p> <p>468 (234% of the target). The target was exceeded due to funds being reallocated to this measure in 2009</p> <p>16.0 GWh (16% of the target). The achievement is small yet because the value of this indicator is set one heating season after the planned energy saving measures have been implemented, i.e. after the projects have been completed.</p> <p>67 (30% of the target).</p> <p>0.4% (5% of the target).</p> <p>92 (37% of the target)</p>
Territorial development (urban areas, tourism, rural development, cultural heritage,	<p>No. of integrated urban development projects in regional economic growth centres and problem areas</p> <p>No. of integrated rural development projects</p>	<p>45 (15% of the target)</p> <p>12 (8% of the target)</p>

Policy area	Main indicators	Outcomes and results (physical outcomes plus brief note on what has been achieved)
health, public security, local development)	<p>An increase in investment in tangible fixed assets per head in regional centres relative to the national index</p> <p>No. of tourism projects</p> <p>No. of jobs created in tourism projects</p> <p>No. of supported healthcare establishments</p> <p>No. of direct beneficiaries of investment in educational infrastructure</p> <p>No. of constructed/reconstructed buildings of institutions providing social services</p>	<p>0.77 (in 2010). This means that investment in regional centres decreased by a larger scale than in the entire country (by 40% in regional centres and 22% in the entire country, compared to 2009).</p> <p>193 projects were being implemented, 53 of them completed (44% of the target). The projects contributed to an increase of the number of tourists increased by 89,000, which is 5% of the total number of tourists in 2011</p> <p>26 for men (10% of the target) and 60 for women (24% of the target)</p> <p>132 (120% of the target)</p> <p>7,969 (7% of the target)</p> <p>40 (35% of the target)</p>

### **Territorial Cooperation Objective**

In 2011, the implementation of CBC Programme Lithuania–Poland showed significant progress compared to previous year. Within the framework of the projects, numerous cultural events were organised on both sides of the border between Lithuania and Poland and infrastructure works performed for the benefit of the population in the both countries.

The mid-term evaluation of the Programme was carried out in 2011. The evaluation concluded that, in general, projects contribute to the Programme objectives and the scope of the implemented projects is quite broad. The projects strongly contribute to the implementation of strategic and regional objectives of education, environmental protection and health sectors. Implementation of project “Increasing energy efficiency in educational buildings and promotion of renewable sources of energy” could be mentioned as an example of improving education infrastructure, environment protection and energy efficiency. To improve health infrastructure, reconstruction of hospital premises and acquisition of new equipment were financed and 446,653 patients (13% of the population) used the renovated facilities. To a lesser extent, according to the findings of the mid-term evaluation, the Programme put emphasis on business, public administration and transport areas.

The main achievements of the Programme by priorities/sub-priorities are provided in Annex Table B.

### **Quality of AIRs**

In general, the findings of evaluations are used more extensively in AIRs compared to previous years. However, other weaknesses of AIRs hindering the preparation of this report remain the same as last year:

- The most commonly used indicator – “the number of projects” – refers to projects being implemented and is based on the number of contracts signed rather than projects already implemented. Information on the number of projects completed is sometimes mentioned in the quality analysis (commentaries of the indicator tables), but it is not always the case.
- The indicators provided in the OPs are not directly related to the interventions supported, their objectives and target groups, e.g. an indicator “an increase in investment in tangible fixed assets per head in regional centres” is estimated on the basis of investment in all regional centres and not only those where projects have been implemented;
- Targets set in programmes are often not credible and hence the indicators expressed as a % of the targets are not meaningful. One of the main reasons for this was inadequate planning at the moment of programming. For example, the targets set for measures promoting RTD in the private sector have already been (or are likely to be) exceeded. Relatively cautious planning can be considered as a reason of greater achievements.
- The achievements of the indicator on the number of projects do not provide useful information as the scale of projects varies significantly.

- There is a lack of indicators to show qualitative changes. Evaluation<sup>37</sup> of the monitoring indicators for measures in the health sector identified that monitoring indicators did not show any changes in the quality of health care services.
- Non-comparable measurement units of indicators, e.g. indicators aimed at monitoring an increase in energy efficiency are provided in change in percentages (in case of renovation of multi-apartment buildings) and in absolute units (in case of modernisation of public buildings).
- Quality analysis does not cover all the results provided in tables of achievements of indicators. Moreover, the data provided sometimes contradict each other, e.g. the table on achievements of indicators and qualitative analysis reported different values on the achievement of indicator “Passengers additionally served (in improved airports)”.

### 3. EFFECTS OF INTERVENTION

Main points from previous country report:

- The major effect of EU support was contribution to the stabilisation of domestic demand through the implementation of large infrastructure projects, such as water management, waste management, transport projects and renovation of public buildings.
- EU funding also contributed to export growth.

#### **Wider effects of interventions until the end of 2011:**

There is some, although limited, information on effects of the interventions supported by the Structural Fund in the current programming period. According to the results of evaluations, the support had a positive impact in the area of RTD, enabling enterprises to implement projects which otherwise would not have been implemented. While projects at the public RTD level are mostly focused on the creation of infrastructure and do not create a sufficient level of science-business cooperation. Estimations of the impact of the support on GDP suggest that the increase in the GDP level caused by the expenditure in RTD area in the period up to 2015 is 2.3 times higher than expenditure itself, i.e. the cumulative multiplier for the period up to 2015 equals to 2.3.

The impact of support on GDP was also measured in energy, tourism and business areas. Compared to RTD, the impact on these areas was smaller – the value of the cumulative multiplier in energy, tourism and business areas equals to 1.8, 1.6 and 1.4, respectively.

In order to properly prepare for the next programming period, the impact evaluation of the Structural Funds support of both programming periods (2004–2006 and 2007–2013) on the Lithuanian economy was conducted at the beginning of 2012<sup>38</sup>. The findings of this evaluation suggest that the main impetus for a short-term impact was investments into the public sector, whereas a long-term impact was mostly induced by construction of the economic infrastructure.

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<sup>37</sup> Evaluation of the relevance and efficiency of the monitoring indicators for measures of the Operational Programme for the Promotion of Cohesion administered by the Ministry of Health. Prepared by ESTEP at request of Ministry of Health, October 2011.

<sup>38</sup> 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. (It was not included in the Annual Evaluation plan)

The impact of the Structural Funds-supported interventions on basic macroeconomic indicators was estimated using an econometric model. The Structural Funds support contributed to the GDP growth by 1.6 percentage points annually, compared to the situation without support from the Structural Funds. The multiplier effect of support from the Structural Funds reached 1.3 at the end of 2011, i.e. every EUR 1 invested brought a return of EUR 1.3. The GDP growth and the multiplier effect were positively affected by FEIs which reduced investment costs and induced more private investments.

A significant *impact on reducing unemployment* was also identified. At the end of 2011, the number of jobs created/preserved due to support from the Structural Funds (ESF included) amounted to 115.5 thousand, which represents 9.1% of the total number of the employed. During 2004–2011, the unemployment rate was lower by 2.6 percentage points compared to the situation without support. On the other hand, most of the jobs were temporary.

A negative effect was identified *on the foreign trade balance*. Due to support from the SF, imports increased additionally by EUR 2,400 million, while the growth of exports amounted to EUR 500 million. A higher import growth was influenced by a higher domestic consumption and investment, whereas most of the consumption and investment goods are being imported.

Defining the effects of support from the Structural Funds on different sectors, the greatest impact was identified in the *construction sector*. Additional GDP and jobs were created, but this is mostly a short-term effect. After the implementation of projects, a positive impact will reduce significantly. The most significant positive long-term effects were identified in the sector of *private services*. The Structural Funds largely contributed to creating and preserving jobs and improving the quality of services provided. Although smaller, positive long-term effects on *industry* were also identified.

#### 4. EVALUATIONS AND GOOD PRACTICE IN EVALUATION

##### Evaluations covered by previous country reports:

- 2010 country report covered 13 evaluations completed in 2008 and 12 evaluations completed in 2009.
- 2011 country report covered 13 evaluations completed in 2010, one of which was not included in the Annual Evaluation Plan (AEP) (listed in Annex Table C).

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

- The strategy for evaluating interventions co-financed by support from the Structural Funds is set out in the Evaluation Plan for EU Structural Funds Support, covering the NSRF and all four OPs 2007–2013.
- The strategy identifies 2 main tasks for the evaluation activity: firstly, to organise and conduct evaluations consistent with requirements of EU regulations and national evaluation needs as well as to use their results; secondly, to build evaluation capacity in Lithuania.
- To implement the evaluation strategy, 5 annual evaluations plans have been drafted (for each year from 2008 to 2012), indicating specific evaluation and evaluation capacity



building projects, their objectives, expected results, deadlines and responsible authorities.

- Evaluations in AEPs are divided into those focused on strategic issues and those concerned with operational issues. Mid-term evaluations are classified as operational, but are not mandatory.
- Intermediate institutions initiate and organise evaluations by areas of responsibility, while the Managing Authority (MA) (MoF) organises evaluations of horizontal areas at the Strategy/OP/priorities level;
- To integrate evaluation results into the decision-making process, the MA focused on the instrumental implementation of recommendations and established a formal procedure to monitor the implementation of recommendations. Nevertheless, the results of evaluations do not really feed back to policy making.

### **New features as regards the strategy for evaluating the effects of interventions:**

Two priority areas were identified by the MoF for evaluations in 2012: (1) evaluations related to the preparation for the programming period 2014–2020, which are aimed at assessing the contribution of support from the Structural Funds to economic development, and (2) evaluations related to the analysis of effectiveness an impact of current period programmes which are aimed at results, sustainability and utility of interventions.

At the end of 2011, the AEP 2012 was drafted and approved. The total number of evaluations planned for 2012 is relatively lower compared to previous years (Table 6).

**Table 6 - Projects of evaluation plans 2008–2012 by type**

Project type	AEP 2008*	AEP 2009	AEP 2010	AEP 2011	AEP 2012	Total	Share (%)
Strategic evaluation	3	6	5	7	5	26	38
Operational evaluation	9	5	13	9	4	40	58
Evaluation capacity building	1	1	0	1	0	3	4
Total	13	12	18	17	9	69	100

*\*The evaluation plan 2008 does not indicate the type of evaluation; projects are divided at the author's discretion.*

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

The main focus of both type of evaluations planned in the AEP 2012 is the effectiveness and impact of interventions in particular policy areas and sectors (urban and rural development, tourism, IT infrastructure, human resource development and public management<sup>39</sup>). Only 3 of 9 evaluations planned are primarily concerned with management and implementation issues – implementation of horizontal priority of gender equality, identification of indicators achieved to provide reliable information for the AIR and meta-evaluation of the quality of evaluations and utilisation of their results.

The attention given to results is related to the process of planning interventions for the new programming period. It reveals the need for responsible institutions to identify “what worked/what did not work” and “why” and get advice on how to improve interventions and their implementation in the future.

<sup>39</sup> The latter two are evaluations of interventions co-financed by ESF

All evaluations, except one, are planned to be carried out by external experts. Internal resources of institutions are not sufficient to undertake evaluations, although the MoF pays special attention to its evaluation capacity building. The number of external evaluation service providers significantly increased. In 2011, evaluations were carried out by 10 different service providers. New private consultancy companies are entering the market, thus increasing the competition.

**Evaluations carried out since the 2011 country report:**

Of all the projects planned in the AEPs, 37 (54%)<sup>40</sup> were already completed by end-2011. 16 of them were completed in 2011 (a list is provided in Annex Table C). 6 addressed administrative and implementation issues, 8 were focused on achievements (4 of them were directly targeted at interventions co-financed by ESF), 1 was aimed at improving the strategic use of support from the Structural Funds and 1 was an evaluation capacity building project.

Another 3 evaluations were completed in 2012, 2 of which were related to the process-oriented issues (information on the support from the Structural Funds and the implementation of its communication plan, and the impact of public procurement procedures on the implementation of programmes) and 1 analysed strategic issues of the development of information society in Lithuania and was aimed at formulating priorities for 2014–2020.

**The main features of evaluations:**

In terms of *coverage*, evaluations completed in 2011 relate to the current programming period, and most of them formulate recommendations for the period 2014–2020.

Process-oriented evaluations cover general issues relevant to all or most of the programmes and priorities, such as demarcation of sources of financing and prevention of double financing, implementation of environmental requirements, financial absorption rate. Achievement-oriented evaluations are more sectoral/thematic. They usually cover a very broad range of evaluation questions, i.e. questions related to continued relevance and need of interventions, progress of priorities/measures and the main reasons of the failure to achieve the targets planned, efficiency questions, which are mainly related to the analysis of the administration system. Most of achievement-oriented evaluations also cover impact questions, but there is a lack of effort to estimate the net effect of interventions using the most appropriate methods. The strategic evaluation is related to the evaluation of EU-level strategic priorities.

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<sup>40</sup> Number provided in the overview of evaluations carried out in 2011, Ministry of Finance

**Table 7 – Evaluations completed in 2011 by broad policy areas**

Policy area	Process-oriented	Achievement-oriented	Strategic	Total***	Share, (%)
General issues*	3		1	4	24
RTDI and enterprise support		2	1	3	18
Human resources (ESF only)**		4		4	24
Transport				0	0
Environment and energy	1		1	2	12
Territorial development	2	1	1	4	24
Total	6	7	4	17	100

\*Evaluations focused on issues relevant to all OPs (and all policy areas)

\*\*There are no evaluations on human resources development co-financed by ERDF

\*\*\*The total number of evaluations does not match the actual number of evaluations completed in 2011 because some of the evaluations were focused on more than one policy area

Apart from measures co-financed by ESF in the human resource area, the majority of the evaluations were concerned with territorial development (particularly social infrastructure and tourism) and RTDI and enterprise support policy areas (Table 7).

Most of the evaluations carried out in 2011 used traditional qualitative and quantitative evaluation *methods* such as desk research, analysis of monitoring indicators, interviews, surveys, case studies, focus groups. A new econometric model was prepared and applied for impact assessment of some sectoral interventions.

In addition, some methodological innovations can be mentioned. Evaluations focused on achievement and impact assessment more often use logical models for restructuring causal relationships of the interventions. It is a positive trend as evaluations tend to be more theory-based. Social network analysis was used for the first time in the process of the Structural Funds' evaluations. Counterfactual impact analysis was also applied for the first time, although it was used in the evaluation focused on an intervention co-financed by ESF. In general, the interest in applying counterfactual impact evaluation methods is increasing. At the beginning of 2012, the MoF initiated an evaluation aimed at analysing counterfactual evaluation methods, feasibility of their use for Structural Funds-funded interventions in the current and next programming period and preparing a guidance document on their application. Training on how to use these methods are also planned within this project.

The *main findings of the evaluations* relate to management and implementation issues. Process and achievement-oriented evaluations found some cross-cutting and sector specific problems of the programme implementation: identified the main risks for overlapping supported activities, which are in the areas of RTDI, public administration, education and technical assistance and formulated recommendations on how to minimise double financing; created a new model enabling forecasting the financial implementation of different priorities and leading to the reallocation of funds between OPs in order to ensure financial implementation; identified that monitoring indicators in the area of health sector were not specific enough and there were no indicators for monitoring the quality of the services provided; found that implementation of environmental requirements is not sufficient at the stage of project selection and there are no suitable indicators for environmental impact assessment. The findings on the main problems in programme-management and implementation are supposed to increase the efficiency of

interventions of current programming period. Achievement-oriented evaluations revealed some positive results of measures co-financed by the Structural Funds in the area of RTDI, education and environment (the main findings are summarised in the Annex Table C). In contrast to the findings in the area of programme-implementation, recommendations on the basis of achievements were primarily expected to contribute to planning interventions for 2014–2020.

#### **Use of evaluation results:**

The use of evaluation results is focused on the implementation of recommendations. The TAOP includes the indicator for monitoring the number of recommendations which have been adopted to implement by the contracting authority. Evaluations completed in 2011 formulated 194 recommendations, 173 of which have been adopted to implement. It makes 89% of the recommendations, while the target for this indicator is 70%. However, the real level of recommendation implementation and actual changes in programmes and their management is not known as this process is not monitored after the decision is made to implement recommendations. Evaluation completed in 2011 estimated that the number of recommendations actually implemented is significantly lower and makes around one third of the recommendations formulated<sup>41</sup>.

The use of evaluation results is considered to be one of the weaknesses in the evaluation process by the MoF. Therefore, it took some initiatives to improve the situation. In 2012, an evaluation capacity building project was launched with the main purpose to improve the quality of evaluations and the use of their results. Within this project, a thematic evaluation of the utilisation of evaluation results is being carried out, a few publications on this topic will be published and discussions organised. Another example of the increasing importance and use of evaluation results is the process of planning interventions for the next programming period (see the box below).

#### **Good practice example of using evaluation results**

To plan more effective interventions for the programming period of 2014–2020, 9 thematic **round table discussions** were organised in the first half of 2012 before drafting strategic documents.

Participants of the discussions were experts of different fields and representatives of relevant institutions, which gathered together with the purpose to overview the results and impact of current interventions and to identify the main lessons learned. The main findings of national and EU-wide evaluations were collected, synthesised and prepared as the basic material for the discussions. In addition, some most influential evaluations were presented. Experts also presented the key findings of other researches relevant for particular topic which were not directly on EU-funded measures.

The main results of the discussions were summarised and used in the later stages of drafting the main programming document for the period 2014–2020, which is called the National Progress Programme.

#### **Plans for carrying out evaluations:**

The AEP for 2013 will be drafted by the end of 2012, evaluation priorities and projects for 2013 therefore are still not clear.

<sup>41</sup> The evaluation analysed recommendations produced by the evaluations carried out by the beginning of 2011.

Most of the evaluations included in AEPs for 2008–2012 were initiated by the MoF which is responsible for evaluations of horizontal areas at the NSRF and OPs (priorities) level. Other institutions administering support from the Structural Funds initiate and organise sectoral evaluations by areas of their responsibility.

In general, all broad policy areas have been covered. Apart from general issues and interventions co-financed by ESF, the most frequent evaluation object is territorial development. Evaluations of this policy area cover the implementation of the principle of regional planning, tourism development and social infrastructure (health and education) (Table 6). Relatively fewer evaluations have been carried out in respect of RTDI, enterprise support and ICT. Transport and environment policy areas received little attention, especially considering the substantial amount of the support allocated to these areas. On the other hand, evaluations on transport and environment were focused on interventions in one sector; while others covered priorities and measures of different policy areas administered by one institution (e.g. most evaluations initiated by the Ministry of Economy covered priorities/measures on RTDI, enterprise support, energy and tourism development; the Ministry of Education and Science planned evaluations in respect of RTDI, Human resource development and education infrastructure).

**Table 8 – Evaluations planned in AEPs by broad policy areas**

Policy area	AEP 2008	AEP 2009	AEP 2010	AEP 2011	AEP 2012	Total**	Share (%)
General issues*	3	4	7	5	2	21	27
RTDI	1	1	2	2		6	8
Enterprise support		2	1	3		6	8
ICT	1			1	1	3	4
Human resources (ESF only)	3	1	4	4	2	14	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	15	19
Other		1			1	2	3
Total	11	15	20	22	9	77	100

\*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 completed in 2011 because some of the evaluations were focused on more than one policy area

### Good practice examples:

In terms of scope, complexity and variety of methods, the Evaluation of the Effectiveness of Cooperation between Lithuanian Science and Business, and Coordination of Financial Resources may be identified as an example of good practice (see Evaluation Grid A in the Annex).

## 5. FURTHER REMARKS - NEW CHALLENGES FOR POLICY

Main points from previous country report:

- As a response to economic recession, austerity measures have been taken and the Structural Funds support therefore is the main source of funding for public investment.

- Implementation of FEIs faced structural problems, the results therefore were lower than expected and a major progress in the short run is hardly expected.

These points are still valid. EU support remains a significant contributor to the economic growth policy – it provides for the lion share of the national investment programme and contributes significantly to the increase in demand side of the economy. Lithuania successfully uses opportunities brought by the EU Structural Funds support and is among the leading EU Member States in terms of absorption. In terms of physical indicators, the most significant progress in 2011 was achieved in inducing private investment (including SMEs investment in RTD), reconstructing roads, renovating public buildings and modernising healthcare establishments.

On the other hand, the implementation of EU-financed projects creates tension for public finances. To find the necessary co-financing for EU-financed projects, municipalities have to borrow. According to the data of the MoF, debts of municipalities went up from 38% of the income approved in the middle of 2011 to 48% of the income approved in the middle of 2012.

FEIs, which had been expected to make a significant contribution to economic recovery, had a positive effect on the GDP growth and the efficiency of support. On the other hand, some of them proved to be less effective than planned. At the end of 2011, the financing allocated to FEIs targeted at SME development was reduced and reallocated to grant measures. The first results of the JESSICA programme for the energy efficiency in the multi-apartment housing required more time than planned. Although the number of multi-apartment buildings renovated is still very limited, the process is now gathering pace.

Although the implementation of most of the EU-financed projects is proceeding in Lithuania without major changes in comparison to the previous year, some important weaknesses of the interventions are gradually emerging. Useful, but sometimes excessive infrastructure has been created. Its use is hardly optimal, e.g. in fields of water treatment/management and RTD. Most of the EU support measures applied promoted the supply of qualified or re-qualified employees, innovations, and technologies without giving too much thought to the promotion of the demand side via regulatory measures, taxes and other instruments of public policy.

Finally, the lack of information on the effectiveness of interventions should be stressed once again. The judgement of results, largely based on achievements of indicators, is not reliable enough. Most of the evaluations are process-oriented and do not make sufficient attempt to assess the net value of the Structural Funds-supported measures.

## REFERENCES

### Relevant evaluations:

#### *Nation-wide evaluations across operational programmes:*

- Evaluation of the Implementation of Environmental Requirements in Lithuania. Prepared by Ernst&Young at request of the Ministry of Finance, September 2011
- Evaluation of the Use of EU Funds Allocated to the Implementation of Operational Programmes 2007–2013. Prepared by PricewaterhouseCoopers at request of Ministry of Finance, 2011.
- The Evaluation of financial demarcation requirements of EU Structural Support for 2007-2013. Prepared by PricewaterhouseCoopers at request of Ministry of Finance, May 2011.

#### *Evaluations of specific aspects of operational programmes:*

- Evaluation of the Effectiveness of Cooperation between Lithuanian Science and Business, and Coordination of Financial Resources. Prepared by Public Policy and Management Institute, Knowledge Economy Forum at request of Ministry of Economy, December 2011.
- Evaluation of the relevance and efficiency of the monitoring indicators for measures of the Operational Programme for the Promotion of Cohesion administered by the Ministry of Health. Prepared by ESTEP at request of Ministry of Health, October 2011.
- Evaluation of Implementation of Recommendations Provided in Evaluations of 2007-2013 EU Structural Funds Support. Prepared by the Ministry of Finance, April 2011.
- Mid-Term Evaluation of Priorities of Operational Programmes 2007–2013 Administered by the Ministry of Education and Science and the Implementation of Programmes the Ministry to Implement Them. Prepared by BGI Consulting at request of Ministry of Science and education, June 2011.
- The evaluation of the conditions and changes of the economy sectors being in the competence area of the Ministry of Economy and funded by the EU Structural and National Funds. Prepared by BGI Consulting at request of Ministry of Economy, December 2011.
- Evaluation of the Situation, Need and Effectiveness of Social Integration Services Provided to Socially Vulnerable and Social Risk Groups to Efficiently Use the EU Structural Funds Support 2007–2013. Prepared by Public Policy and Management Institute at request of Ministry of Social Security and Labour, July 2011.

#### **Other relevant research studies and impact assessments carried out in the Member State:**

- Impact Assessment of the EU Structural Funds on the National Economy, forecast for economic growth until 2020. Prepared by experts at request of Ministry of Finance, May 2012.
- A Survey of Lithuanian Economy 2012/2013, prepared by Lithuanian Free Market Institute.
- Lithuanian Economic Review, prepared by Lithuanian Bank, May 2012.

- Review of Evaluations completed in 2011. Prepared by Ministry of Finance, 2012.
- EEN Delivering Policy Analysis on the Performance of Cohesion Policy 2007-2013, Task 1: Policy Paper on Financial Engineering. Lithuania, Final Version, 2012.

**Other references:**

- Convergence Programme of Lithuania 2012 approved by Resolution No 446 of the Government of the Republic of Lithuania of 25 April 2011.
- Lithuania: National Reform Programme, Vilnius 2012.
- State Investment Programmes approved by Government resolutions by assignment manager and investment project.
- Proposals of the Youth Unemployment Working Group set up by Decree No 41 of the Prime Minister of 10 February 2012.
- Plan for the Use of EU Funds Assistance for 2008-2015, approved by the Government in 2009.
- Annual Implementation Reports of CPOP, EGOP and CBC Lithuania-Poland for 2011.
- Monthly Monitoring Reports of the EGOP and CPOP for the years 2010 and 2011.
- Evaluation Plans for the year 2008, 2009, 2010, 2011, 2012 approved by the Minister of Finance.
- Proposal for Amendment of Operational Programme for Economic Growth, prepared for Monitoring Committee (17 May 2012)
- Round table discussion on sustainable development with Mr Inesis Kiskis (Ministry of the Environment) and other representatives of administering institutions and experts. 12 April 2012
- Round table discussion on innovations and smart specialization with Mr Edgaras Leichteris (Knowledge Economy Forum) and other representatives of administering institutions and experts. 19 April 2012
- Eurostat < <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>>
- Department of statistics < <http://www.stat.gov.lt/lt/>>
- <<http://www.finmin.lt/web/finmin/2011es>>
- Programme of renovation of multi-apartment buildings <[www.atnaujinkbusta.lt](http://www.atnaujinkbusta.lt)>

**INTERVIEWS**

Mrs Erna Suslaviciūtė, Ministry of Economy. 18th September 2012

Mrs Inga Miliauskienė, Ministry of Economy. 18th September 2012

Mrs Junona Bumelytė, EIB. 14 September 2012.

Mrs Vilma Slavinskienė, Ministry of Environment. 21th September 2012.

Mrs Zita Dubickienė, Ministry of Transport and Communications. 17th September 2012.



## ANNEX 1 – EVALUATION GRID FOR EXAMPLES OF GOOD PRACTICE IN EVALUATION

### Evaluation Grid A - Example of good practice in evaluation

BASIC INFORMATION	
Country: Lithuania	
Policy area: RTDI	
Title of evaluation and full reference: Evaluation of the Effectiveness of Cooperation between Lithuanian Science and Business, and Coordination of Financial Resources	
Intervention period covered: 2007–2013	
Timing of the evaluation: 2011	
Budget: EUR 50,530	
Evaluator: External evaluator	
Method: logic model/reconstruction of the causal chain of intervention, social network analysis with UCI-Net program, case study, process analysis, comparative analysis, surveys, interviews	
Main objectives and main findings: The main objective of this evaluation was to assess the relevance, efficiency and effectiveness of the whole set of support measures aimed at promoting cooperation between public and private sectors in RTD and innovation. The evaluation concludes that the set of support measures is relevant and contribute to the promotion of cooperation in RTD and innovation. However, their effect is reduced by external factors: (1) administrative and (2) systemic, such as insufficient quality of science output, absence of legal framework for commercialisation, etc.	
Appraisal: Relevant topic of evaluation: although cooperation is considered one of the most important priorities and a large part of the Structural Funds is allocate to this priority, its scale is still small. Comprehensive object of evaluation: the evaluation analyses not only measures financed by support from the Structural Funds, but also financed by the national budget. This makes the analysis of the intervention more comprehensive. Useful and innovative methods used: reconstruction of the intervention logic, social network analysis (applied for the first time in evaluations) and analysis of the primary data allowed identifying external factors reducing positive results of the intervention. In-depth analysis of the institutional framework identifying the main weaknesses and proposing 2 alternatives for reforming the system.	
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?	1
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?	1
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?	2
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	0

## 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-2011)

Excel Table 4cbc - Commitments by main policy area (by end-2011) – cross border cooperation

**Annex Table A - Financial implementation by priorities and different funds - ERDF and Cohesion Fund (by end-2011)**

Priority	Institution	Fund	Allocated	Expenditure		Critical Plan level	
			million EUR	million EUR	%	million EUR	%
<b>EGOP</b>							
Priority 1: Research and development for competitiveness and growth of the economy	Ministry of Education and Science	ERDF	285	65	23%	74	89%
	Ministry of Economy	ERDF	249	36	15%	58	62%
Priority 2: Increasing business productivity and improving environment for business	Ministry of Economy	ERDF	606	369	61%	380	97%
Priority 3: Information society for all	Information Society Development Committee	ERDF	240	69	29%	75	93%
Priority 4: Basic economic infrastructure	Ministry of Transport and Communications	ERDF	443	331	75%	335	99%
	Ministry of Economy	ERDF	144	32	22%	39	82%
Priority 5: Development of Trans-European Transport Networks	Ministry of Transport and Communications	CF	1087	407	37%	423	96%
Priority 6: Technical Assistance	Ministry of Finance	ESF	45	11	25%	14	83%
<b>Total EGOP</b>			<b>3099</b>	<b>1321</b>	<b>43%</b>	<b>1396</b>	<b>95%</b>
<b>CPOP</b>							
Priority 1: Local and urban development, preservation of cultural heritage and protection of nature and its adaptation to development of tourism	Ministry of Environment	ERDF	296	178	60%	178	100%
	Ministry of Economy	ERDF	239	111	46%	106	105%
	Ministry of the Interior	ERDF	311	82	26%	78	105%
Priority 2: Quality and availability of public services: health care, education and social infrastructure	Ministry of Social Security and Labour	ERDF	127	45	35%	46	98%
	Ministry of Health	ERDF	228	107	47%	98	110%
	Ministry of Education and Science	ERDF	274	64	23%	69	93%
Priority 3: Environment and sustainable development	Ministry of Environment	CF	751	294	39%	267	110%
	Ministry of Transport and Communications	CF	22	1	3%	0	
	Ministry of Economy	CF	356	219	62%	208	105%
Priority 4: Technical assistance	Ministry of Finance	ESF	45	10	23%	13	80%
<b>Total CPOP</b>			<b>2648</b>	<b>1110</b>	<b>42%</b>	<b>1063</b>	<b>105%</b>
	<b>Total ERDF</b>		<b>3442</b>	<b>1489</b>	<b>43%</b>	<b>1534</b>	<b>97%</b>
	<b>Total CF</b>		<b>2216</b>	<b>921</b>	<b>42%</b>	<b>899</b>	<b>102%</b>

### Annex Table B - Physical progress of the CBC Programme Lithuania-Poland at the end of 2011

Title of Indicator	Achievement at the end of 2011	Target	Level of achievement (%)
<b>Priority 1. Competitiveness and productivity growth</b>			
<b>Sub-Priority 1.1 Modernisation of small-scale economic infrastructure</b>			
No. of developed/ reconstructed infrastructure objects	13	30	43
No. of new roads constructed (km)	7.9	10	
<b>Sub-Priority 1.2 Promotion of business environment</b>			
No. of companies benefiting from supported business networking activities	71	100	71
No. of business strategies , catalogues, databases established	1	10	10
<b>Sub-Priority 1.3 Development of sustainable cross-border tourism and preservation of cultural/ historical heritage</b>			
No. of developed/ renewed cultural/ historical/ tourist infrastructure objects	6	10	60
No. of developed joint tourism products	16	20	80
No. of operations supporting joint cultural, historical and tourism studies/ strategies and research activities, establishment of common databases	7	10	70
No. of ecotourism products/ services developed/ improved	1	1	100
No. of places for incoming tourists created on both sides of the border	5	1	500
<b>Priority 2. Cross-border cohesion and enhanced overall quality of the cross-border area</b>			
<b>Sub-Priority 2.1 Development of new and strengthening of existing cooperation and social and cultural networks</b>			
No. of operations in the field of social/ cultural networking	31	20	155
No. of local communities involved in joint activities	12	1	1,200
No. of people/ youth participating in joint activities and events across the border	15,944/ 12,162	20,000	80
No. of minority population reached	326	600	54
No. of persons involved in competence-building activities	172	100	172
<b>Sub-Priority 2.2 Improvement of living environment</b>			
No. of institutions participating in education initiatives	105	40	262
% share of people participating in new educational programmes/ forms	155 people (0%)	1%	0
% of population served/ reached by improved health and/ or social care services	446,653 people (12.66%)	5%	253
No. of operations developing environmental infrastructure	3	5	60
No. of eliminated/ neutralised pollution sources/ objects as a result of implemented operations	801.7	10%	-
No. of objects using cleand and renewable energy sources as a result of implemented operations	1	2	50
No. of population reached by environmental public awareness and information campains	14,730	10,000	147

\* The object is defined as building or other infrastructure object (road, water supply and waste-water management infrastructure, other public infrastructure)

\*\* "Operation" means "project". The definition "operation" is used in the text of the Programme.

**Annex Table C - Evaluations completed in 2011**

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Method used (*)	Main findings	Full reference or link to publication
<b>A. Process oriented</b>					
Evaluation of Implementation of Recommendations Provided in Evaluations of 2007-2013 EU Structural Funds Support (April 2011)	Implementation issues of all OPs/ 8	To improve the use of evaluation results to increase the utility of evaluation instruments and to improve the implementation of evaluation recommendations/ 1	4	It was found that the number of the evaluation recommendations actually implemented was significantly lower than of recommendations accepted for implementation (86%) and accounted for 34%; Evaluations carried out in a centralised manner (by the Ministry of Finance) prevail. Compared to the survey conducted in 2008, the quality of evaluation reports and recommendations has improved, but the issue of clarity and timeliness of evaluation recommendations still remains; Even though evaluations have created new knowledge, help ground decisions and report to the European Commission, they had little effect on the improvement of Operational Programmes 2007-2013.	Available online(**)
Evaluation of Environmental Requirements Implementation in Lithuania (September 2011)	Environment policy area/ 5	To perform an interim evaluation of environmental impact of 2007- 2013 Operational Programmes at programme, priority, measure and project level and to assess the eligibility and efficiency of the environmental requirements implementation at programme, priority, measure and project level/ 1+2	4	Since 2005 the quality of the environment in Lithuania has improved; Lithuania's chances to reach EU averages of environmental pollution indicators are low because of a large current gap and the lack of measures directly aimed at improvement of the environmental condition; Impact of all projects financed by the EGOP and CPOP on the environmental components is positive. The biggest positive impact was on landscape and public health, projects also significantly contributed towards the improvement of surface waters and atmospheric air; Most common problems related to the implementation of the projects arise from the required formal environmental procedures or preparation of the documentation; The maintenance of compliance with the environmental requirements in project selection phase was not efficient but in other phases compliance was maintained efficiently; Existing monitoring indicators are insufficient to perform environmental impact monitoring	Available online(**)
The Evaluation of financial demarcation requirements of EU Structural Support	Implementation issues of all OPs/ 8	To improve the implementation of 2007-2013 Operational programmes by assessing financial demarcations between the EU	4	Four areas with the highest risk of double financing were determined: research and development, public administration, education and technical assistance; The risk of double financing cannot be eliminated even by the most explicit demarcation system due to two main restrictive factors: the	Available online(**)

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Method used (*)	Main findings	Full reference or link to publication
for 2007-2013 (May 2011)		Structural Support, national funding sources, OP priorities and measures/ 1		limitations of details and the specifics of project financing; The double financing prevention and control system in Lithuania ensures the appropriate level of double financing prevention and control over related risks.	
Evaluation of the Use of EU Funds Allocated to the Implementation of Operational Programmes 2007–2013	Implementation issues of all OPs/ 8	To analyse the absorption rate of the EU Structural Funds support, its dynamics and trends, the existing risks and possible measures to ensure better absorption/ 1	3	An MS Excel model was created to measure the absorption rate of EU support. This model was used to make forecasts by priorities and intermediate bodies. The results show that: the target plan of HRDOP will not be achieved in any year; the target level of ERDF-funded EGOP will not be achieved, except for the period 2013–2014; deviations from the target level of CF-funded EGOP will be similar to the case of ERDF in terms of directions; the performance of ERDF and CF-funded CPOP will be similar. Priorities of the both funds will achieve the target plan only in 2013–2014; TAOP will achieve neither the target plan nor the critical plan, and requirements of the N +2 / N + 3 rule will be violated already in 2014.	Available online(**)
Evaluation of the relevance and efficiency of the monitoring indicators for measures of the Operational Programme for the Promotion of Cohesion administered by the Ministry of Health (October 2011)	Territorial development policy area (health infrastructure)/ 7	To evaluate the relevance and efficiency of the methodology for measurement of the result indicators of the measures administered by the Ministry of Health and to deliver recommendations on how to improve the existing methodology for collection of data the indicator/ 1	4	Monitoring indicators are not specific enough: they neither reflect the objectives of individual investment areas and measures, nor show any changes in the quality and accessibility of health care services at the HCl and national level; Monitoring indicators of the OPPC measures administered by the MoH correspond to the evaluation criteria of national programmes but national programmes provide for a larger number and more varied indicators; Effective monitoring at the measure level requires more specific indicators; There is a shortfall of causal relationship among output, result and strategic context indicators, while the intervention logic of the measures is too simplified.	Available online(**)
Assessment of the Impact of Reorganisation of the Health System on EU Structural Funds Support	Territorial development policy area (health infrastructure)/ 7	To ensure the efficiency and sustainability of EU Structural Funds support 2007–2013 by evaluating the compatibility between the reorganisation of the health system and the use	4	Aims and tasks of strategic documents are compatible and complement one another; Reorganisation of the health system had no significant effect on the services modernised with a help of EU funds; Reorganisation of the health system will have an effect on the load and effectiveness of the equipment acquired using support from the	Available online(**)

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Method used (*)	Main findings	Full reference or link to publication
2007-2013 (July 2011)		of Structural Funds support 2007-2013, and assessing its impact/ 1		EU Structural Funds 2007-2013; No cases were found, where the medical equipment acquired using support from the EU Structural Funds 2007-2013 was not used after reorganisation of the health system.	
<b>B. Achievement oriented</b>					
Evaluation of efficiency and sustainability of the applied research and studies, supported by EU structural funds (August 2011)	Specific theme/ 10	To contribute to the better use of the EU structural support by assessing the quality, efficiency and sustainability of the applied research and studies/ 1	3+4	Large proportion of the applied research and studies did not seek new knowledge and / or did not seek to assess causal relationships; The recommendations were more relevant than practical, i.e. not all of them provided a clear and detailed implementation plan; Overall quality index of applied research and studies was equal to 76% of maximum value; The majority of the applied research and studies (70%) was prepared by the external experts and researchers; The research management was rather weak; Only around 36% of all studies were procured under competitive conditions; 53% of all proposals (in an open competition) were assessed according to the criterion of the lowest price; Considerable number of the studies were not carried out at the lowest reasonable cost because budgets were mostly based on the number of pages and duration of work; Results of the funded studies were not widely used	Available online(**)
Evaluation services of Lithuanian science and business collaboration effectiveness and coordination of funding possibilities (December 2011)	RTDI and enterprise support policy area/ 1	to assess the relevance, efficiency and effectiveness of the whole set of support measures aimed at promoting cooperation between public and private sectors in RTD and innovation/ 3	4	Objectives of the Lithuanian innovation policy comply with trends of the EU innovation policy change; The vast majority of the total Measures' funds (approximately about 60%, or about LTL 1.66 bn) is allocated for improvement of the public sector's knowledge base; Most of the Measures will achieve quantitative and qualitative objectives being set for them; Measures will have the greatest influence on development of the information and communications technology, biotechnology, energy, as well as electrical and optical equipment sectors; Influence of the Measures on promotion of the scientific and business collaboration is evaluated as being average; Quality of services remains a serious problem; Institutional funding scheme can be characterised by its extensively sporadic nature;	Available online(**)

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Method used (*)	Main findings	Full reference or link to publication
				The efficiency of currently implemented measures is evaluated as average; Extent of co-operation between companies, science and higher education institutions is still considerably low	
Mid-Term Evaluation of Priorities of Operational Programmes 2007–2013 Administered by the Ministry of Education and Science and the Implementation of Programmes the Ministry to Implement Them (June 2011)	Human resources (ESF)+RTDI (ESF and ERPF) + Territorial development (Education infrastructure) <sup>42/1+7</sup>	To improve the quality, efficiency and coherence of the use of EU Structural Funds support allocated to education and science, to report to the European Commission and other target groups for the use of EU Structural Funds/ 2	4	Relevance: Measures implemented by the EU Structural Funds are more focused on promoting long-term transformations of the system, which remain relevant in the context of the changing economic situation. Compatibility: A large part of the measures are designed for the same target groups, but projects implemented by these measures are not compatible with one another; Effectiveness: Effectiveness of a significant part of the monitoring indicators of HRDOP priorities 2 and 3 is expected to be subject to a high risk. The main causes identified include unspecific indicators, incompatibility between methodologies for formulating and calculating indicators	Available online(**)
The evaluation of the conditions and changes of the economy sectors being in the competence area of the Ministry of Economy and funded by the EU Structural and National Funds (December 2011)	RTDI and enterprise support + Energy + Territorial development (Tourism) <sup>43/1+2+6+7</sup>	To assess the relevance and impact of the measures in the light of fluctuating macroeconomic and sectorial situation, to suggest changes in the current measures or propose new ones/ 3	3	The forecast of the economic perspectives of Lithuania demonstrates that it is expected Lithuania to grow by 3.5 per cent in 2012, 3.8 percent in 2013, and from 3.8 to 5 per cent until 2020; 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 incurred in R&D area in the period up to 2015 is 2.33 times higher than expenditure itself; The lowest impact is made by the investments in tourism and BBE areas. The values of the cumulative multipliers for these areas are 1.57 and 1.35 respectively	Available online(**)
Evaluation of the Human Resources Development Operational	Human Resources policy area (evaluation of interventions)	To improve the implementation of HRDOP Priority 4 by assessing the continued relevance		The limited impact of the government priorities on the implementation of HRDOP Priority 4 was related to the procedures of non-competitive selection for state projects and the lack of thematic coordination at the government level and across different Lithuanian	Available online(**)

<sup>42</sup> All measures of different OPs within the responsibility of Ministry of Education and Science

<sup>43</sup> All measures of different OPs within the responsibility of Ministry of Economy

Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Method used (*)	Main findings	Full reference or link to publication
Programme Priority 4 (September 2011)	supported by ESF)	efficiency and intermediate results of HRDOP Priority 4		<p>ministries;</p> <p>The projects of management systems and training prevail, while the number of structural and system-level projects was limited;</p> <p>Vast majority of the supported projects met organisational needs of the project beneficiaries;</p> <p>Gaps in the intervention logic were identified, especially in providing support to the development of management systems;</p> <p>Absorption of assistance under HRDOP Priority 4 was relatively slow;</p> <p>Administrative costs of HRDOP Priority 4 were the highest within this ESF-funded operational programme;</p> <p>Public procurement and human resources were the largest implementation problems at the project level;</p> <p>Best-quality services were provided by training institutions or companies.</p> <p>The survey results showed that the biggest impact will materialise in the areas of better quality and accessibility of administrative/ public services.</p>	
Evaluation of quality and efficiency of trainings financed by ESF (May 2011)	Human Resources policy area (evaluation of interventions supported by ESF)	To improve the quality and efficiency of trainings that are financed by European Social Fund (ESF) and the implementation of Human Resources Development Operational Programme (HRDOP)		<p>Quality of trainings and its' particular elements were evaluated positively, however some weaknesses were determined (e. g. the expertise of lecturers, trainings organization, training need fulfilment);</p> <p>Public purchases are seen as one of the most challenging parts of projects implementation;</p> <p>Collection of information that is needed for the monitoring of the results should be improved;</p> <p>ESF-funded training had a possible effect on target groups and contributed to the improvement of their qualification. However, its positive effect was recorded not in all cases and not in the scope expected.</p>	Available online(**)
Efficiency evaluation of employment promotion measures financed by the ESF (May 2011)	Human Resources policy area (evaluation of interventions supported by ESF)	To improve the implementation of HRDOP, to increase quality and efficiency of the employment promotion measures financed by EFS		<p>Activities undertaken to promote employment had significant positive impact on both private and public sector employees;</p> <p>Unemployment promotion measures lack the potential to ensure continuity of results;</p> <p>SPD measures were not sufficiently focused on productivity growth and promotion of entrepreneurship in order to prevent the loss of existing jobs and create new ones, not all planned indicator of measures were achieved;</p>	Available online(**)



Title and date of completion	Policy area and scope (*)	Main objective and focus (*)	Method used (*)	Main findings	Full reference or link to publication
				Measures of HRDOP (or their individual activities) aiming to increase labour supply only partially meet the need of labour market, as demand for labour force is often insufficient; In the context of economic growth vocational training can be regarded as the most relevant ALMP measure; Subsidised employment activities are 2-3 times more efficient (in terms of cost-benefit) than vocational training	
Evaluation of the Situation, Need and Effectiveness of Social Integration Services Provided to Socially Vulnerable and Social Risk Groups to Efficiently Use the EU Structural Funds Support 2007–2013 (July 2011)	Human Resources policy area (evaluation of interventions supported by ESF)	To evaluate the need for social integration services for socially vulnerable and social risk groups, to assess the effectiveness of more efficient and focused planning and implementation of EU Structural Funds support.		ESF interventions contributed to better integration of persons who participated in these interventions into the labour market; Participation in several different activities or projects increases employment opportunities; Activities which ensure a direct contact of participants in the project with the labour market already during the provision of support are considered to be the most effective and useful; Projects were to directly contribute not only to the increase in employment opportunities of participants, but also to the improvement of their social skills and promotion of their social advancement.	Available online(**)
C. Strategic					
The evaluation of the contribution of the Lithuanian strategy for the use of European Union Structural Assistance for 2007–2013 and its Operational Programmes in achieving the objectives of “Europe 2020” strategy (May 2011)	Implementation of EU strategy (all OPs)/ 10	To evaluate to what extent and in which areas the use of EU structural assistance for 2007–2013 in Lithuania contributes to the implementation of the objectives of “Europe 2020” Strategy/ 1	4	143 out of 176 analysed OP measures directly contribute to the implementation of “Europe 2020”, what represents 81.89% of total EU Fund assistance designated for implementation of three analysed OPs; At the level of OP, the largest contribution to “Europe 2020” is attributed to the HRDOP – almost 90% of total EU assistance allocated to the implementation of this programme; The largest contribution of the HRDOP is made to the implementation of the priority of inclusive growth, while the EGOP and the CPOP – to the priority of sustainable growth; About 20% of EU structural assistance is allocated to the areas that are not directly in line with “Europe 2020”.	Available online(**)

*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 the English language are published at <http://www.esparama.lt/vertinimo-ataskaitos>.*