



WP1: Synthesis report

*Ex post evaluation of Cohesion Policy programmes
2007-2013, focusing on the European Regional
Development Fund (ERDF) and the Cohesion Fund (CF)*

Task 3 Country Report Lithuania

September 2016



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**WP1: Synthesis report
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**Task 3 Country Report
Lithuania**

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List of abbreviations

AIR	Annual Implementation Report
ERDF	European Regional Development Fund
ETC	European Territorial Cooperation
EU	European Union
GDP	Gross Domestic Product
GDFCF	Gross Domestic Fixed Capital Formation
MA	Managing Authority
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
R&D	Research and Development
RTD	Research and Technological Development
SME	Small and Medium Enterprise
TEN-T	trans-European Transport Network



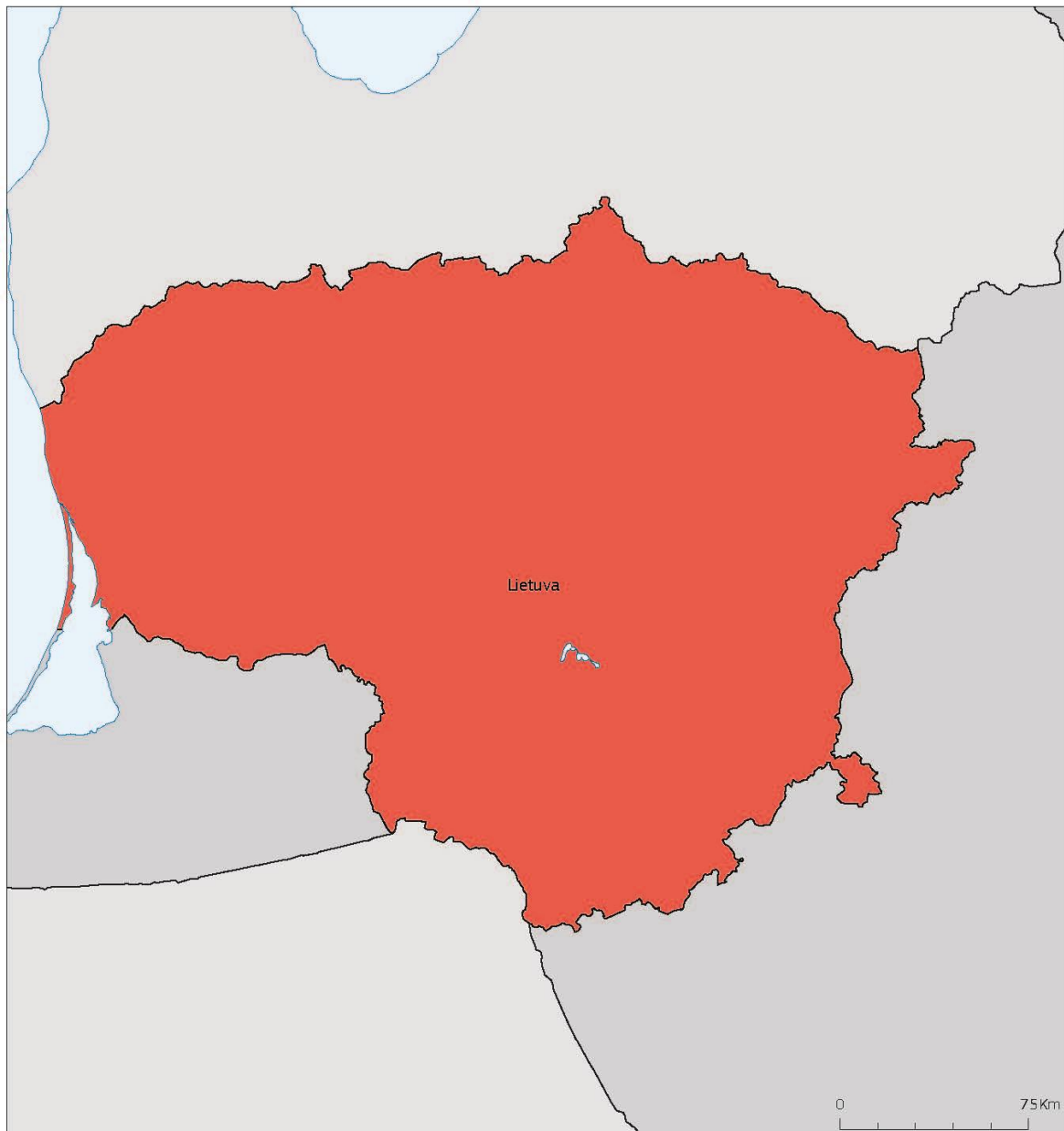
List of programmes and link to beneficiaries of ERDF and Cohesion Fund support

CCI	Name of OP	Link beneficiaries	Number of projects
2007LT161PO001 / 2007LT161PO002	OP Sanglaudos skatinimo veiksmų programa / OP Ekonomikos augimo veiksmų programa	http://www.esparama.lt/igyvendinami-projektai	8 318 -

Note: The web links above are to websites of the respective Managing Authorities who, under the rules governing the 2007-2013 programmes were required to publish the names of the beneficiaries of the funding allocated. The number of projects supported has been estimated on the basis of the information published on the website at the time when the data were downloaded. In the meantime the data concerned may have been updated. It may also be that the data have been moved to another part of the website, in which case the link may not work. If this is the case, those who wish to locate the data concerned will need to go to main OP website, as indicated by the beginning part of the link and search from there.



Map 1 Lithuania and NUTS 2 regions, GDP/head (PPS), 2014



Lithuania: GDP/head (PPS) by NUTS-2 region, 2014

- Index, EU-27 = 100
- < 50
 - 50 - 75
 - 75 - 90
 - 90 - 100
 - 100 - 125
 - >= 125
- ∕ NUTS2 boundaries

Sources: Eurostat, DG REGIO



Preliminary note

The purpose of the country reports is to provide for each Member State a short guide to the findings of the ex post evaluation of Cohesion policy programmes 2007-2013 undertaken by DG Regional and Urban Policy and an overview of the context in which the programmes were carried out. It is based on information produced by Task 1 and Task 2 of WP1 and on the country specific findings from the various WPs that form the ex post evaluation. These are listed below with an indication in brackets of the case studies carried out in the Member State concerned.

WP0 – Data

WP1 – Synthesis

WP2 – SMEs, innovation and ICT (case study OP Economic Growth)

WP3 – Venture capital, loan funds (case study OP Economic Growth)

WP4 – Large enterprises

WP5 – Transport

WP6 – Environment (case study Sludge Treatment Facility in Vilnius)

WP8 – Energy efficiency (country report Lithuania - OP Promotion of Cohesion)

WP9 - Culture and tourism

WP10 – Urban development and social infrastructure

WP11¹ – European Territorial Cooperation (case studies South Baltic programme and Baltic Sea Region programme)

WP12 – Delivery system

WP13 – Geography of expenditure

WP14 – Impact modelling

¹ The findings from WP11 – European Territorial Cooperation are summarised in a separate report as part of Task 3 of WP1.



Executive summary

In Lithuania, the strong economic expansion prior to the financial crisis was accompanied by growing imbalances which contributed to a deep economic recession in 2008-2009. The economy began to recover in 2010 and continued to grow at well above the EU average rate in the following years, despite continuous fiscal consolidation. Unemployment, which was only around 4% in 2007, rose rapidly during the recession years to over 15% in 2011. Although it declined with the recovery, it was still around 9% in 2015 implying a pressing need for more jobs.

Fiscal consolidation combined with economic growth reduced the deficit, which in 2009 rose to 9% of GDP, close to balance in 2015, though at the cost of tight constraints on public finances. As a consequence, EU funding became an even more important source of finance for development expenditure.

Although a single NUTS 2 region, there remain significant disparities between urban and rural areas in social and economic development. Indeed, these widened over the period as recovery from the recession occurred. Growth was, therefore, concentrated disproportionately in the higher income regions.

In total, support from the ERDF and Cohesion Fund amounted to EUR 5.7 billion over the period, equivalent to more than half of Government capital expenditure, so emphasising the important role of Cohesion policy as a source of financing for development spending. The rate of implementing programmes, as reflected in payments from the Commission in relation to the funding available, was relatively constant from 2009 to reach 95% by the end of March 2016, implying that all the funding available was spent by the end of 2015 as required.

Much of the resources made available from the ERDF and Cohesion Fund went to investment in infrastructure, reflecting the need to improve this in many parts of the country. Around a quarter went to Transport, mostly to improving the road and rail networks, while significant amounts went to Environmental and social infrastructure, innovation and RTD and developing renewable energy sources as well as increasing energy efficiency. Although there were no major changes in the allocation of funding between policy areas over the period, there were some shifts in response to co-financing difficulties resulting from the crisis, difficulties which an increase in the EU co-financing rate helped to alleviate.

Overall, the projects supported over the period - 1 526 RDT projects and 1 509 projects to help firms finance investment, for example - led directly to the creation of 7 841 jobs, 674 of them in research and 814 in tourism. Support for transport led to the reconstruction of 1 473 km of roads, while support for environmental infrastructure resulted in 78 478 additional people being connected to wastewater treatment. In addition, investment in renewable energy production increased the capacity to produce energy from renewables by 337 MW.

Overall, the additional investment supported is estimated to have increased GDP in Lithuania in 2015 by 4.5% over what it would have been in the absence of the policy, while GDP in 2023 will be an estimated 4.2% higher as a result.



1. The policy context and background

1.1. Macroeconomic situation

Lithuania experienced rapid growth over the years before the global economic recession struck, averaging over 8% a year between 2000 and 2007 (Table 1). Rapid growth, however, was accompanied by increasing internal and external imbalances², which exacerbated the effects of the global recession that struck in 2008. GDP, therefore, declined precipitously and in 2009 was over 12% less in real terms than two years earlier.

The economy began to pick up in the latter part of the year and grew steadily at 3-4% a year over the subsequent 5 years, well above the EU average rate but significantly below the rate experienced before 2008. During the period 2014-2015, however, GDP growth slowed markedly (to only 1.6% a year), below the EU average.

The recession had a dramatic effect on the labour market. The employment rate fell substantially between 2007 and 2010 (by almost 6 percentage points), though it increased from 2011 as recovery occurred and in 2015 was slightly higher than before the recession hit. The unemployment rate more than tripled between 2007 and 2009 rising to a peak of over 15% in 2011, reflecting the reduction in the employment rate. From 2011 on, however, as employment rose unemployment came down, falling to 9% in 2015, still over twice the rate in 2007. The rise in the employment rate was, therefore, not sufficient to provide jobs for the additional people of working age entering the labour market.

Table 1 GDP growth, employment and unemployment, Lithuania and the EU, 2000- 2015

	2000-07	2007-09	2009-11	2011-13	2013-2014	2014-15
GDP growth	<i>(Annual average % pa)</i>					
Lithuania	8.1	-6.5	3.8	3.7	3.0	1.6
EU average	2.3	-2.0	1.9	-0.1	1.4	1.9
	2000	2007	2009	2011	2013	2015
Employment rate (% 20-64)						
Lithuania	66.1	72.7	67.0	66.9	69.9	73.3
EU average	66.5	69.8	68.9	68.6	68.4	70.1
Unemployment rate (% lab force)						
Lithuania	15.9	4.2	13.8	15.4	11.8	9.1
EU average	9.2	7.1	8.9	9.6	10.8	9.3

Source: Eurostat, National accounts and Labour Force Survey

The large-scale decline in GDP in 2008 and 2009 led not only to big job losses but to a sharp deterioration in public finances which were already in deficit before the recession struck. In 2009, the budget deficit reached 9% of GDP and remained at much the same level for the next two years (Table 2). From then on, however, fiscal consolidation measures combined with economic growth led to the deficit being virtually eliminated by 2015. As a consequence of the large deficits, public sector debt expanded significantly over the period, though from a very low base, so that in 2015 it was only slightly above 40% of GDP, well below the 60% ceiling imposed by the Stability and Growth Pact.

² In particular, they are identifiable in high wage growth in excess of productivity and the marked increase in household debt. Commission Staff Working Paper, (SEC(2011)723 final), p. 2.

**Table 2 Government budget balance, accumulated debt and investment, Lithuania and the EU, 2000-2015**

	2000	2007	2009	2011	2013	2015
Public sector balance			(% GDP)			
Lithuania	-3.2	-0.8	-9.1	-8.9	-2.6	-0.2
EU average	0.0	-0.9	-6.7	-4.5	-3.3	-2.4
Public sector debt						
Lithuania	23.5	15.9	29.0	37.2	38.8	42.7
EU average	60.6	57.9	73.1	81.1	85.5	85.2
General Govt investment						
Lithuania	2.4	5.4	4.4	4.7	3.7	3.6
EU average	2.9	3.2	3.7	3.3	3.0	2.9

Source: Eurostat Government financial accounts

The cost was a marked reduction in public expenditure and most especially in public investment which declined from 5.4% of GDP in 2007 to 3.6% in 2015, a reduction in real terms of over 35%. This is likely to have implications for the capacity of the economy to sustain growth. It also means that EU funding became an increasingly important source of finance for development expenditure.

1.2. Regional Disparities

Lithuania is a single NUTS 2 region with a population of nearly 3 million and a GDP per head which in 2014 was 75% of the EU average.

The country has a relatively low level of urbanisation with only 26% living in predominantly urban areas (against an EU average of 41%) and almost 14% of the population living in rural areas with no large urban centre close by. These latter areas, in particular, but also others outside of the three main cities (Vilnius, Klaipeda and Kaunas) lack the infrastructure for economic development.

Economic and social disparities between regions widened over the period of sustained economic growth before 2008. Though they narrowed during the recession years when GDP and employment declined across the country, most markedly in the more urbanised areas, they widened at an even faster rate than before after growth resumed. This is reflected in the dispersion of both employment and unemployment rates between the 10 NUTS 3 regions which has increased in the years after 2010 as growth has been concentrated disproportionately in the more prosperous areas³.

2. Main features of Cohesion Policy implementation

2.1. Nature and scale of Cohesion Policy in the country

The development priorities as set out in the NSRF for 2007-2013 were threefold: (1) to improve labour productivity by creating a knowledge-based society; (2) to increase the competitiveness of the economy; and (3) to strengthen social cohesion.

Some EUR 5.7 billion was made available from the ERDF and Cohesion Fund for the 2007-2013 programming period, which amounted to just under 3% of GDP or around 52% of total Government capital expenditure over these 7 years (Table 3), implying that the two Funds were a major source of financing for development spending. Overall, the support they provided was equivalent to EUR 261 a year per head of population, almost 22% more than in Convergence regions as a whole in the EU12 over the period.

The funding was divided almost equally between two Operational Programmes: the Economic Growth OP and the Promotion of Cohesion OP.

³ Dispersion as measured by the coefficient of variation, as reported in the Eurostat online database.



Table 3 ERDF, Cohesion Fund and national co-financing for the 2007-2013 period in Lithuania, initial (2007) and last (April 2016)

	2007				2016			
	EU funding	National public funding	National private funding	Total	EU funding	National public funding	National private funding	Total
EUR million								
Convergence	5 747.2	844.9	476.5	7 068.5	5 747.2	572.9	441.3	6 761.4
<i>Change, 2007-2014</i>								
Convergence					-	-272.0	-35.2	-307.1
% GDP	2.66	0.39	0.22	3.27	2.66	0.26	0.20	3.13
% Govt. capital expend	52.1	7.7	4.3	64.1	52.1	5.2	4.0	61.3
Per head (EUR) pa in Convergence	261.3	38.4	21.7	321.4	261.3	26.0	20.1	307.4
EU12								
% GDP	2.15	0.43	0.06	2.63	2.17	0.36	0.08	2.61
% Govt. capital expend	38.3	7.6	1.0	46.9	38.7	6.4	1.4	46.5
Per head (EUR) pa in Convergence regions	212.4	42.1	5.6	260.2	214.6	35.5	7.8	258.0

Note: EU funding relates to decided amounts as agreed in 2007 and as at 14 April 2016. The figures for % GDP and % Govt. capital expenditure relate to funding for the period as % of GDP and Govt. capital expenditure aggregated over the years 2007-2013. Govt. capital expend is the sum of General Government gross fixed capital formation and capital transfers. The EU12 figures are the total for the EU12 countries for comparison.

Source: DG Regional and Urban Policy, Inforegio database and Eurostat, national accounts and Government statistics

2.2. Division of funding between policy areas and changes over the period

Given the need to improve infrastructure, a substantial proportion of the overall funding went to Transport (27%), mostly to roads and rail, and to the Environment (17%), mainly to improve water supply and wastewater treatment (Table 4)⁴. A significant amount also went to Social and cultural infrastructure (17%), mainly to investment in health and education facilities, and only a slightly smaller sum went to support of Innovation & RTD (15%). A further 9% went to investment in energy both to develop renewable sources and to increase energy efficiency in order to reduce the heavy dependence on imported fuels as well as to meet EU targets.

Over the programming period, there were a number of shifts of funding between policy areas, though these were larger within each of the OPs than overall. Most notably, the funding going to Environmental infrastructure was expanded substantially in one OP but reduced by even more in the other. The net result was an overall cut of just over EUR 80 million in the amount going to fund investment in this area. There were also reductions, though on a smaller scale, in funding going to support enterprises (other than on RTDI), transport (other than on road and rail) and Technical assistance. At the same time, the funding allocated to Energy and Tourism (included in the Territorial dimension) was increased.

⁴ The 17 categories shown in the table are aggregations of the more detailed 87 categories into which expenditure was divided in the period for reporting purposes.



Table 4 Division of financial resources in Lithuania for 2007-2013 by category theme, initial (2007) and last (April 2016) and shift between categories

Category	EUR million					% Total	
	2007	2016	Added	Deducted	Net shift	2007	2016
1.Innovation & RTD	874.0	876.4	191.1	-188.6	2.5	15.2	15.2
2.Entrepreneurship	80.9	79.5	22.9	-24.2	-1.4	1.4	1.4
3.Other investment in enterprise	184.9	155.9	-	-29.0	-29.0	3.2	2.7
4.ICT for citizens & business	196.9	188.7	71.0	-79.2	-8.2	3.4	3.3
5.Environment	1 053.4	971.2	263.0	-345.1	-82.2	18.3	16.9
6.Energy	437.4	503.0	65.5	-	65.5	7.6	8.8
7.Broadband	43.2	51.4	8.2	-	8.2	0.8	0.9
8.Road	676.9	681.3	4.3	-	4.3	11.8	11.9
9.Rail	566.4	580.4	14.0	-	14.0	9.9	10.1
10.Other transport	327.5	308.7	5.8	-24.6	-18.8	5.7	5.4
11.Human capital	-	-	-	-	-	-	-
12.Labour market	-	-	-	-	-	-	-
13.Culture & social infrastructure	964.0	964.6	147.1	-146.5	0.6	16.8	16.8
14.Social Inclusion	-	-	-	-	-	-	-
15.Territorial Dimension	252.1	318.1	66.0	-	66.0	4.4	5.5
16.Capacity Building	-	-	-	-	-	-	-
17.Technical Assistance	89.6	68.1	-	-21.5	-21.5	1.6	1.2
Total	5 747.2	5 747.2	858.8	-858.8	-	100.0	100.0

Note: 'Added' is the sum of additions made to resources in OPs where there was a net increase in the funding going to the category. 'Deducted' is the sum of deductions made to resources in OPs where there was a net reduction in funding. 'Social inclusion' includes measures to assist disadvantaged groups and migrants. 'Territorial dimension' includes support for urban and rural regeneration and tourist services and measures to compensate for climate conditions.

Source: DG Regional and Urban Policy, Inforegio database, April 2016

To some extent these shifts in funding reflect the effect of the crisis and, in particular, the increasing difficulty of finding the co-financing needed by local authorities for environmental projects and the reduced need by enterprises to invest in expanding capacity. Conversely, the areas in which funding was increased were those where expenditure could be undertaken relatively quickly with an immediate impact on economic activity, especially in the construction industry.

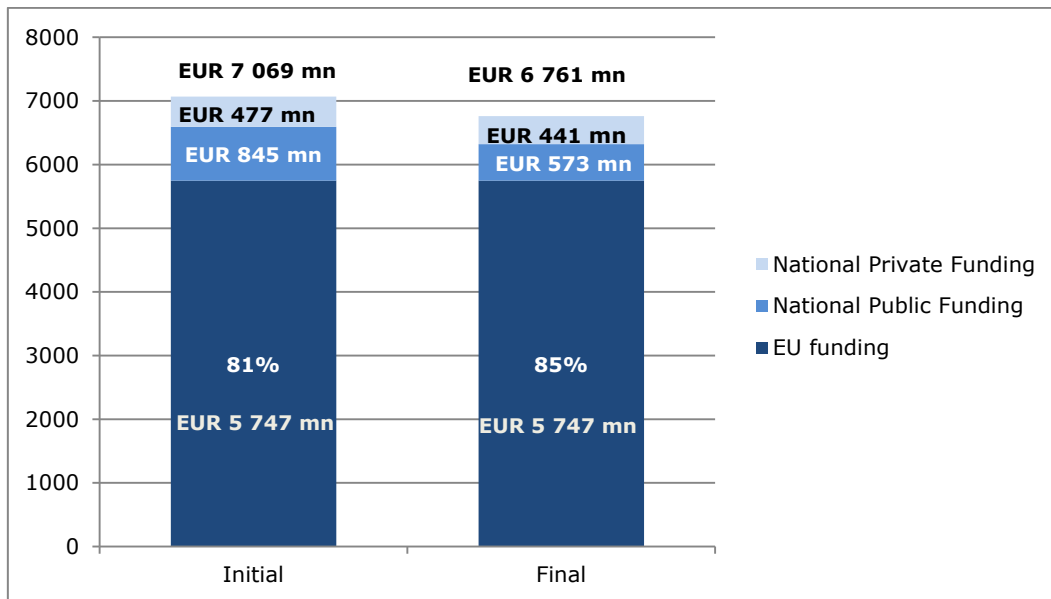
2.3. Policy implementation

The EU response to government financing difficulties was to raise the co-financing rate over the period from 81% on average to 85%, so reducing the amount of national co-funding (from EUR 845 million to EUR 573 million – i.e. by almost a third) (Figure 1). Since, the overall amount of EU funding remained unchanged, the result was a reduction in the overall funding for investment of around 4% (just over EUR 300 million with the lower level of private financing) as compared with what was initially planned (Figure 1).

The rate at which the OPs were implemented over the period was relatively constant from 2009 on and reached the maximum allowed (95%, as 5% of funding is held back until all the expenditure is approved) at the end of 2015 (Figure 2). This implies that all the funding was spent by the end of 2015, in line with the regulations.



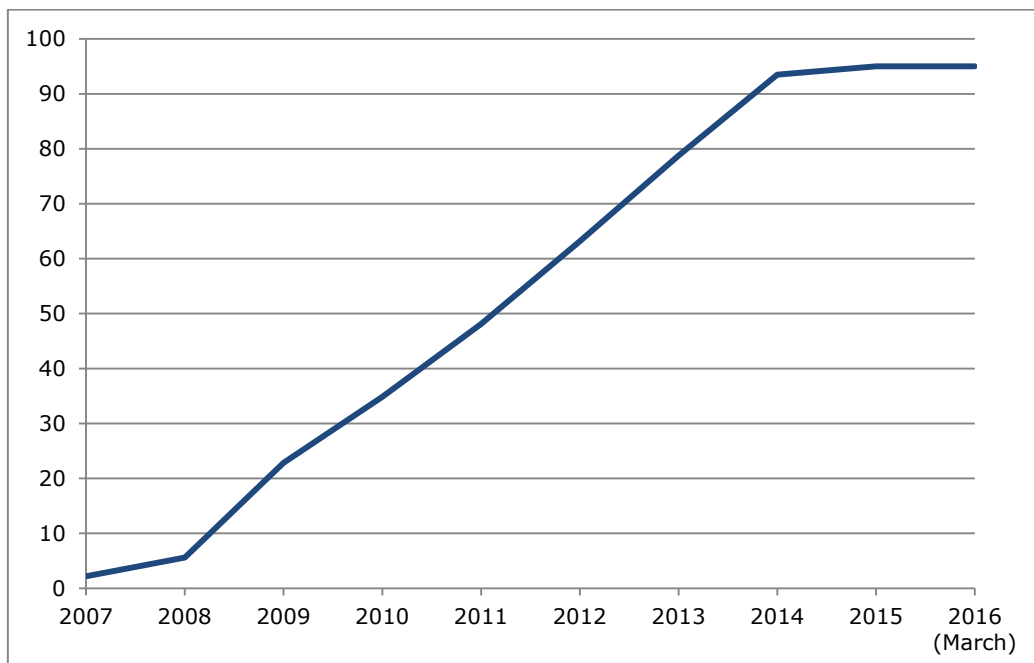
Figure 1 Total funding going to expenditure on Cohesion policy programmes for the 2007-2013 period, initial planned amount and final amount (EUR mn)



Source: DG Regional Policy financial data, 14 April 2016

Nevertheless, difficulties of finding the necessary co-financing were particularly acute in the less prosperous regions where the need for infrastructure investment was most pressing. These led to some shift of funding from these regions to other parts where problems were less severe.

Figure 2 Time profile of payments from the ERDF and Cohesion Fund to Lithuania for the 2007-2013 period (% of total funding available)



Source: DG Regional Policy financial data, end-March 2016



2.4. Delivery system (WP12)

An evaluation of the management and implementation of Cohesion policy over the 2007-2013 period was carried out by WP12⁵. As for the other EU12 countries, Lithuania had little experience of managing the EU funds. This led to some difficulties in programming, project selection, financial management and control and operating an effective monitoring system.

With regard to project selection, difficulties and delays occurred as a result of a shortage of administrative capacity and excessive administrative requirements for funding recipients, exacerbated by their inexperience in applying for EU projects. In relation to evaluation, significant efforts were made to improve and strengthen capacity in this regard. Over the 2007-2013 programming period, 34 evaluations were carried out with an increasing focus on assessing the impact of interventions. A relatively large proportion (63% up to 2014) of evaluation recommendations were also implemented. In addition, substantial capacity-building activities were carried out, in the form of training civil servants, producing methodological guidelines and organising public events to involve relevant stakeholders.

3. The outcome of Cohesion Policy programmes – main findings from the ex post evaluation

The main findings summarised here come from the evaluations carried out under the Work Packages (WPs) of the ex-post Evaluation of Cohesion Policy 2007-2013 which covered in detail the following policy areas:

- Support to SMEs – increasing research and innovation in SMEs and SME development (WP2);
- Financial instruments for enterprises (WP3);
- Support to large enterprises (WP4);
- Transport (WP5);
- Environment (WP6);
- Energy efficiency in public and residential buildings (WP8);
- Culture and tourism (WP9);
- Urban development and social infrastructure (WP10);
- European Territorial Cooperation (WP11);
- Delivery system (WP12);
- Geography of expenditure (WP13);
- The impact of cohesion policy 2007-2013: model simulations with Quest III and Rhomolo (WP14).

All of these are relevant for Lithuania except the evaluation on large enterprises (WP4) as the study focused only on those countries which allocated large amounts to large enterprises which was not the case for Lithuania. The evaluation of ETC (WP11), it should be noted, is the subject of a separate report. The findings of WP12 were outlined above, while the estimates produced by WP13 on the allocation of funding and of expenditure between regions are not considered here⁶.

⁵ The WP12 report is published at http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1?

⁶ They are available at: http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1.



3.1. Enterprise support and innovation (WP2, WP3 and WP4)

Over the programming period, the overall funding going to this policy area amounted to EUR 1.1 billion, or around 20% of the total ERDF allocation for the country. Of this, around 80% went to RTD and innovation and the rest was allocated to other investment in enterprises (14%).

Overall, up to the end of 2014, a total of 1 526 RTD projects had been supported, together with 31 cooperation projects between companies and research institutions. In addition, the ERDF co-financed 1 509 investment projects in SMEs. Altogether, an estimated 7 841 full-time equivalent jobs had been created as result of the ERDF intervention, of which 674 were jobs in research.

SME support, R&D and innovation (WP2)

Lithuania has a marked specialisation in labour intensive industries. According to the latest data, total R&D expenditure rose from 0.8% of GDP in 2006 to just under 1% 2013. Within this, the share of R&D expenditure by enterprises declined from 28% to 25%.

The Economic Growth OP, the main programme in this policy area, provided total co-financing of EUR 736 million for 19 policy instruments. Some 30% of the total was invested to leverage private sector R&D and promote cooperation between research centres and business, while the remaining 70% went to increase business productivity. The prevalent forms of support were: direct grants to individual SMEs (8 policy instruments, representing 48% of the total funds allocated); financial instruments (FIs), such as loans and state guarantees (three policy instruments, 38% of the total funds allocated); and, grants for intermediaries, such as cluster facilitators, business incubators, and science and technology parks (7 policy instruments for a total of 14% of total funds).

The case study carried out on the Economic Growth OP (see Box) found that both grants and FIs helped to counter the recession by assisting SMEs to access credit and to maintain the pre-crisis investment levels. The effect on business R&D and innovation was less positive, as reflected in the business share of R&D expenditure indicated above.

Economic Growth OP case study⁷

Over the 2007-2013 period, Cohesion policy was the main source of funding for SMEs to innovate and grow in Lithuania, representing 80%-90% of the overall funding available for firms in this regard. Overall, the ERDF directly supported R&D in 270 SMEs and investment in 6 500 SMEs more generally (or 66% of the total in the country). The case study indicated that the mix of policy measures mainly provided general financing for firms and support for the upgrading of technology and production processes rather than support for R&D as such, reinforcing the tendency for the adoption of new technology to come through capital investment rather than through innovation.

According to the results of a counterfactual impact evaluation⁸, only three grant schemes aimed at business development and increasing productivity (representing a combined share of only 8% of the total ERDF allocation for the OP) were effective. Moreover, there was no certainty that the positive effects would be long-lasting in terms of turnover and employment. In addition, FIs were found to improve the viability of firms during the economic crisis but the effects in some cases were short-lived.

Financial Instruments for enterprises (WP3)

ERDF financed FIs were first introduced in Lithuania in the 2007-2013 programming period. The Economic Growth OP was responsible for all the FIs for enterprises, with

⁷ The report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp2_case_study_lt.pdf

⁸ BGI Consulting (2014), Evaluation of the impact of the European Union structural assistance on the small and medium sized business entities, Ministry of Economy, Vilnius.



the exception of one financed by the ESF OP for Human Resource Development. A total of EUR 280 million were allocated to FIs, amounting to 26% of the total ERDF support to enterprises and around 9% of the overall ERDF for Lithuania. By the end of 2014, all the funding allocated had been paid into the respective funds and the most (89%) had reached final recipients.

Support for FIs was initially intended to provide SMEs with funding business investment. However, as a result of the economic crisis, only a small share of FIs was invested in innovation and most went to finance working capital (around 60% of the overall FIs allocation).

Three funds were supported, a JEREMIE Holding fund managed by the European Investment Fund, a second Holding fund and an individual Guarantee Fund, both managed by the state agency INVEGA. The majority of the fund managers were private sector organisations (principally banks) selected through tendering procedures. The support predominantly took the form of loans and guarantees and venture capital played a secondary role. FIs were often complemented by grants, for example, for investment in equipment and technology, though unclear regulations regarding the combination of FIs and grants were an issue.

The different FIs varied in terms of the amounts involved and the repayment period, with the sums provided ranging from EUR 3 000 in the case of the 5 venture capital schemes to EUR 4.75 million for large loans. The repayment period range from one 1 to 10 years.

Evidence from the case study carried out suggests that FIs improved access to finance to SMEs helping them to survive difficult economic conditions, and that they proved to be successful in attracting private investments (see Box below).

Economic Growth OP case study⁹

In total, by the end of 2013, EUR 273.7 million of private investment was leveraged (72% of the target). In addition, more than 4 700 SMEs received funding from FIs (7% of all SMEs in the country and 83% of the target), 38% of these being micro-enterprises. The results in terms of overall policy objectives were, however, limited: support for fixed capital formation failed to maintain the share of the latter in GDP (the share falling from 23% of GDP in 2005 to 18% in 2013), while the increase in labour productivity (from 53% of the EU12 average in 2007 to 65% in 2012) appears to be more the result of wage reductions than of FIs.

Although a cost-efficiency analysis was carried out in 2014¹⁰, no clear conclusion could be drawn as the instruments were too different to be compared.

Nevertheless, a comparison of FIs and subsidy schemes showed that FIs were more attractive than grant scheme to final recipients. In particular, SMEs receiving loans needed a third to a quarter of the time to obtain support as compared with SMEs applying for subsidies.

3.2. Transport (WP5)

EUR 1.6 billion, or 27% of the ERDF and Cohesion Fund, went to transport over the period. Of this, 80% went to roads and rail, predominantly to the former, while the rest was invested mainly in secondary airports and sea ports. EU funding amounted to over two-thirds of total government expenditure on transport, implying that the majority of projects would have not been carried out without this funding. Over 90% of total investment in railways over the period is estimated to have been funded by Cohesion policy, while 25% of investment in roads is estimated to have been similarly funded.

By the end of 2014, 1 473 km of roads were upgraded as a result of the support from the ERDF and Cohesion Fund (Table 5).

⁹ The report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp3_final_en.pdf

¹⁰ BGI Consulting, 2014, (see above).



3.3. Environmental infrastructure (WP6)

Over the 2007-2013 period, some EUR 971 million were allocated to Environment, or 17% of the total funding available. Of this, the bulk of funding (77%) went to waste management, water supply and wastewater treatment, which were the focus of the evaluation carried out under WP6. Some EUR 515 million went to water supply and wastewater treatment, mainly on the latter (see Box), while t EUR 236 million went to waste management.

The funding was important in helping the country comply with the main EU Directives in these areas. In 2007, over 15% of the population had no access to public water supply.

By the end of 2014, the investment co-financed had resulted in an additional 78 478 people being connected to wastewater treatment facilities, while the share of waste recycled increased by 10 percentage points and the biodegradable waste going to landfills had been significantly reduced.

Sludge Treatment Facility in Vilnius case study¹¹

The project involved the construction of a new sludge treatment facility at the Vilnius wastewater treatment plant. The aim was to comply with the EU Directive¹² and treat all sludge in the Vilnius region. The cost was EUR 54.7 million, just over 10% less than planned, of which the EU co-financed 44%. The construction started in September 2008 and was completed in July 2013.

The project was part of the National Sludge Management Plan. The facility can deal with 62.1 million tonnes of sludge a day as planned. However, there is concern over the management of a large quantity of treated and dried sludge, which should have been burnt in a complementary incineration plant which was planned to be built shortly after the construction of the sludge facility but which has been put on hold.

3.4. Energy efficiency in public and residential buildings (WP8)

Some EUR 374 million of the ERDF and Cohesion Fund or 7% of the total went energy efficiency, co-generation and energy management, a major part of which involves the energy efficiency of public and residential buildings which was the subject of the evaluation carried out under WP8. Indeed, around 5% of the overall funding available is estimated to have gone to support of this policy area, more than in any other Member State. In total, 358 multi-apartment buildings were renovated, 160 of them in marginalised areas, and 864 public buildings were modernised up to the end of 2014. Both forms of support, loans and grants, were provided (see Box).

By the end of 2014, energy use in the public buildings which had been renovated is estimated to have been reduced by 236 GWh a year, which implies a cut of just under 3% in overall annual energy consumption in the country.

Promotion of Cohesion case study OP¹³

The total ERDF and Cohesion Fund allocated to the OP amounted to EUR 2.7 billion, of which EUR 300 million went to energy efficiency, with support going to investment in the modernisation of old apartment blocks and the renovation of public buildings. In addition to energy saving, the aim to stimulate the growth and to counter the effects of the recession.

Mixed forms of support were provided, including both subsidised loans under the JESSICA programme and grants, (with financing of up to o 85% of total project costs in the case of housing and 100% in the case of public buildings).

By the end of 2014, 358 multi-apartment buildings had been renovated, 160 of them in

¹¹ The report can be consulted here:

http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp6_2nd_intermediate_report.pdf

¹² EU Sludge Directive 86/278/EEB.

¹³ The report can be consulted here as separate annex to final report:

http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1



marginalised areas, with an increase of 70% in efficiency of energy. In addition, 864 public buildings had been modernised and 236.6 GWh of energy saved.

3.5. Culture and tourism (WP9)

Culture and tourism were not considered as priority areas for Cohesion policy over the programming period. Altogether, EUR 238 million, or 4% of the total ERDF allocated to Lithuania, were earmarked for these two areas. The majority of the funding (54% or EUR 127.4 million) went to tourism, particularly to measures safeguarding natural assets (41% of the total going to tourism).

Lithuania was one of three countries (together with Italy and Spain) using FIs along with non-refundable grants as means of support. In particular, some 49% of investment in tourism was financed by a mixture of grants and FIs.

By the end of 2014, an estimated 814 full-time equivalent jobs, in gross terms, were created in tourism as a direct result of ERDF support.

3.6. Urban development and social infrastructure (WP10)

In total, around EUR 940 million of the ERDF, or 17% of the overall amount of funding available, went to urban development and social infrastructure. Some EUR 300 million was invested in integrated projects for urban regeneration, principally in towns located in rural areas. The majority of funding (some EUR 638 million), however, went to support of investment in social infrastructure, mainly in education building and equipment (43% of the total funding going to social infrastructure) and healthcare facilities (37%).

3.7. ETC (WP11)

Lithuania was involved in three Cross-border Cooperation programmes financed under the ETC Objective. These were, respectively, with the Czech Poland, Latvia, Sweden, Denmark and Germany. The ETC-funded programmes are the subject of a separate report.

3.8. Impact on GDP (WP14)

In Lithuania, investment supported by Cohesion and rural development policies during 2007-2013 amounted to an annual average of just over 2% of GDP. The investment concerned is estimated to have increased GDP in 2015, at the end of the programming period, by around 4.5% above the level it would have been in the absence of the funding provided, slightly higher than the average for the EU¹⁴. In 2023, 8 years later, GDP is estimated to be 4.2% higher than it otherwise would be without the funding involved.

3.9. Overview of achievements

In addition, to the achievements reported above under the different WPs, support for investment in renewable energy added 337 Megawatts to the overall capacity to produce electricity from renewables (Table 5).

It should be emphasised that since not all MAs reported all of the core indicators, and in some cases, only a minority, the figures tend to understate achievements, perhaps substantially. In addition, the data reported relate to the situation at the end of 2014, one year before the official end of the period in terms of the expenditure which can be financed, so that they also understate achievements over the programming period because of this.

¹⁴ Estimates by the Quest model, a new-Keynesian dynamic general equilibrium model in kind widely used in economic policy research, developed by DG Economic and Financial Affairs to assess the effects of policies. See The impact of Cohesion Policy 2007-2013: model simulations with Quest III, WP14a, final report, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14a_final_report_en.pdf.



Table 5 Values of core indicators for ERDF co-financed programmes in Lithuania for 2007-2013 period, as at end-2014

Core Indicator Code	Core indicator name	Value up to end-2014
1	Jobs created	7 841
4	Number of RTD projects	1 526
5	Number of cooperation projects enterprises-research institutes	31
6	Number of research jobs created	674
7	Number of direct investment aid projects to SMEs	1 509
16	Km of reconstructed roads	1 473
24	Additional capacity of renewable energy production (MW)	337
26	Additional population served by waste water projects (no.)	78 478
35	Number of jobs created in tourism	814

Note: The figures in the table are those reported by MAs in Annual Implementation Reports. Core indicators for which no data were reported by the Member State are not included.

Source: Annual Implementation Reports, 2014 and DG Regional Policy post-processing of these, August 2016

