

The ex-ante evaluation of the Lithuanian Operational Programme for EU Structural and Investment Funds 2014-2020

Executive summary

The ex-ante evaluation of the Lithuanian Operational Programme (OP) for EU Structural and Investment Funds (ESI Funds) 2014-2020 was conducted to improve the quality of programming and contribute to improved effectiveness of the nascent ESI Funds investments. The ex-ante evaluation was based on the theory of change approach; to the extent made possible by information available in the draft OP, it reconstructed the overall logic of interventions for the priority axes and investment priorities of the OP, assessed the realism of the defined targets and possible impact of the investments (partly based on econometric modelling), the adequacy of human resources and administrative capacity to manage the Programme, including the adequacy of the OP monitoring and evaluation system. The ex-ante evaluation followed the evaluation process based on participation, consultations with decision makers, socio-economic partners, potential target groups, including mutual learning, iterative and interactive work. The aim was to contribute to a smoother and more transparent programming of the ESI Funds, forming a consensus among the key decision-makers, promoting institutional cooperation and sharing experiences as well as encouraging social and economic partners and other stakeholders to actively engage in discussions on the use of the ESI Funds. The ex-ante evaluation resulted in a series of suggestions and recommendations to the developers of the OP, which evolved together with a draft of the OP. The final draft of the ex-ante evaluation report is based on the draft OP submitted to the Commission, and as such represents only a part of the evaluator's contribution to the whole programming process which took more than one year.

The 2014-2020 programming period is marked by a strong orientation to results and focus on the key challenges faced by the country, which were closely assessed during the ex-ante evaluation. The justification of the selection of thematic objectives provided for in the Partnership Agreement (PA) and the analysis of needs and challenges performed during the ex-ante evaluation revealed that all eleven thematic objectives were reasonably selected in the OP. The development needs and challenges identified are in line with "Europe 2020" national targets, set in National Reform Programme, also with the country-specific recommendations and National Progress Programme. The selection of the thematic objective dealing with climate change raised doubts due to the fragmentation of the national policy and unimplemented pre-condition established in the General Provisions Regulation: this important area in Lithuania was determined not to have had received sufficient attention up until recently. Thus, the planned investments in this area should contribute to the formation of consistent policy on the adaptation to climate change and the

implementation of measures aimed at the mitigation of climate change effects and the prevention of climate change-related risks.

The investment priorities and specific objectives of the OP comply with the General Provisions Regulation and follow the challenges identified in the Partnership Agreement. However, the Council recommendations for Lithuania on further implementation of public policy reforms (state-owned enterprises and pension reform) have not been fully taken into account in the initial programming phase. Thus one of the ex-ante evaluation recommendations was to include the respective activities into the specific objectives of the 10th priority axis “Advanced Public Management in Line with the Needs of the Public” of the OP.

Regardless of the justified selection of thematic objectives, specific objectives of the OP in the initial programming stages covered almost all of the European Social Fund (ESF), European Regional Development Fund (ERDF) and the Cohesion Fund (CF) investment priorities. In order to enhance result-orientation of the ESI Funds investment, the ex-ante evaluation advocated the reduction of the number of selected investment priorities and more precise formulation of the specific objectives to clearly identify the intended change. As a result, the number of selected investment priorities was reduced by one-third in the subsequent drafts of the OP thus improving the intervention logic and creating preconditions for meeting thematic concentration requirements. The reduction of the number of specific objectives and clearer specification of the intervention logics also contributed to a greater internal coherence of the OP. The developers of the OP took into account the majority of ex-ante evaluation recommendations on establishing clear dividing lines between the investments of similar character (for example, entrepreneurship promotion in the support of SMEs and the enhancement of self-employment in the promotion of entrepreneurship) as well as for ensuring the coherence and complementarity of ESF and ERDF investment aimed at inducing the same change (for example, ESF and ERDF investments aimed at improving the levels of education attainment). The external coherence of the OP was addressed by the provision of recommendations for the cohesion of the planned investments and potential overlap with EU (for example, Horizon 2020, the Connecting Europe Facility) and national programmes investing in the areas of R&D and innovation, transport and main network infrastructure, environmental protection, energy and other areas.

The financial allocations of ESI Funds among the OP priorities is largely consistent with specific objectives and are likely to allow achieving the expected results. The fact that during the 2014-2020 OP plans relatively more funds for the research and innovation as well as investments directed towards increasing energy efficiency and promoting the use of RES is consistent with the EU position and shows the importance of these priorities to

Lithuania. Another clear priority area for investment is human resources: almost one-third of all ESI Funds is allocated for public education and training, social inclusion and the promotion of employment. Funding planned for the above key investment priority axes is in line with obligations of Lithuania in the implementation of the strategy for smart, sustainable and inclusive growth Europe 2020 and achievement of quantitative targets set in the National Reform Agenda. Ambitious national targets to double expenses for scientific research and innovation, increase energy consumption efficiency, significantly reduce the risk of poverty and social exclusion and increase the employment of people require special attention and clear priority setting in planning the ESI Funds financial allocations, forms of support and methods of implementation. The macroeconomic modelling of potential ESI Funds investment effects revealed that the planned financial allocations between such areas as research and innovation, human resources, infrastructure and other areas are rather optimal; modelling suggested that ESI Funds towards research and innovation is likely to generate the highest returns to Lithuania. The modelling also revealed that planned ESI Funds investments will contribute to all “Europe 2020” national targets, except the national target on greenhouse gas emissions. However, modelling suggested a minor potential impact on the indicator of domestic expenditures on research and development. As regards the forms of support, the ex-ante evaluation emphasised a more active and broad use of financial instruments, including for R&D and innovation, the projects of water supply and wastewater treatment infrastructure as well as energy efficiency and RES promotion measures. Moreover, the application of other forms than non-repayable subsidies (namely repayable subsidies, and especially prizes where a need to generate public awareness was established) was recommended for a part of investments.

The ex-ante evaluation revealed that setting of the result and output indicators of the OP has largely followed EC guidelines. The analysis of the proposed monitoring indicators prompted recommendations to use all relevant common indicators and revise specific indicators to improve their definition and specificity. What concerns setting of the (quantitative) targets, the values for the product indicator were mostly determined based on the basis of 2007-2013 experience, adjusting them to the ratio of funds allocated. On the other hand, the target values for the results indicators in the case of the ERDF and Cohesion fund interventions are frequently taken from the national strategic documents, hence the occasional gaps between the funds planned for a specific objective/targets of output indicators on the one hand, and the established target values for the results on the other occurred. The ex-ante evaluation emphasised and identified how greatly the achievement of the planned results will be affected by external factors, mostly by regulatory provisions, demographic trends, and also external economic shocks. In a number of its recommendations, the evaluators advocated a due depiction of key relevant external factors in the text of the draft OP.

To better integrate horizontal priorities of gender equality, non-discrimination and accessibility it was recommended that all competent authorities were included into the ESI Funds programming and implementation processes, thus ensuring the implementation of knowledge and evidence-based policy. To achieve a sustainable change, the proposal was to devote more attention to the actions promoting gender equality and non-discrimination on the demand side (i.e., companies and institutions) rather than just on employees (mostly, job seekers and employees) only. Also it was recommended to ensure the accessibility to information regarding the ESI Funds in Lithuanian to all interested groups by taking such concrete measures as the creation of a version of www.esparama.lt portal customised for people with sensory, motor or visual impairment. As regards the implementation of the principle of sustainable development, it was proposed that the OP should take a due notice not only of the interventions contributing to the promotion of sustainable development, but also of possible negative effects of the planned investments (for example, in the area of energy and transportation) on quality of the environment (soil, water, air), biodiversity and landscape and the planned mitigation actions of such effect.

The ex-ante evaluation included a special effort to assess the efficiency of the 2007-2013 EU SFs management and control system, which resulted in the recommendation to largely maintain the administration system of the previous programming period as well as its administrative capacity, but to give more attention to reduction of the administrative burden and overall client-friendliness of the system (especially aligning the administrative practices across the intermediate bodies), developing closer partnership with national institutions dealing with specific issues (such as equal opportunities or state-aid), and including new institutions into the management and control system only after the pre-assessment of the match of the their administrative capacity and the type of investments they are expected to administer. The administrative burden reduction measures present in the PA and OP largely follow the recommendations of the ex-ante evaluation; finally, the planned expenditure on the technical support for the OP management is programmed to create reasonable assurance for the development of a proper system for monitoring and evaluation of the ESI Funds interventions.