



# EVALUATION OF THE HUMAN RESOURCE DEVELOPMENT AND SOCIAL COHESION IN LITHUANIA AND ASSESSMENT OF THE SUMMARY

Leading partner:



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## Summary

This evaluation aimed to assess the impact and effectiveness of EU structural assistance in the areas of employment and social cohesion and provide recommendations for the use of EU assistance in the programming period 2014-2020. The evaluation referred to the previous studies, evaluations, articles, conclusions and speeches; it conducted analysis of statistical data (SFMIS, Statistics Lithuania, Eurostat, Eurobarometer etc.) and relevant legal acts. The evaluators carried out more than 80 interviews in Lithuania and abroad, organised 16 group discussions (including focussed discussions and expert panels) and conducted 4 case studies introducing the best practices from Estonia, Poland as well as Elektrėnai and Širvintos municipalities; lastly, the evaluation took into consideration relevant EU policies relating to the competence areas of the Ministry of Social Security and Labour in the period 2014-2020.

The study evaluated the current tendencies and identified the most pressing challenges in the areas of employment and social cohesion. Lithuania faces unfavourable demographic tendencies, as its population is rapidly declining due to emigration and negative natural growth. At the same time the population is rapidly ageing – the number and share of youth and children is constantly decreasing, while the number of working-age inhabitants is diminishing. These tendencies present a threat to sustainability of the public finances as well as social safety net in the country. Labour market inefficiencies remain high – there is a significant number of unemployed and inactive inhabitants, while the long-term unemployment rate, especially among youth, is high. Another important challenge is a long-term social cohesion in the country. In 2012 there were 975 thousand individuals or 32.5% of all inhabitants in Lithuania, who were at the risk of poverty or social exclusion. This was the fourth-worst result in the EU. Families facing poverty, including children living in poverty, is a particularly relevant problem. Long-term consequences of poverty are extremely negative, while the share of children living in poverty in Lithuania is one of the largest in the EU. Housing availability and adequate social services are essential for ensuring the social inclusion, but these areas are insufficiently developed in Lithuania and must receive a lot of attention in the period 2014-2020.

**What has been achieved using the EU support in the period 2007-2013?** According to the Human Resources Development Operational Programme (HRDOP) 2007-2013, the areas, assigned to the Ministry of Social Affairs and Labour, received funding of around 1.6 billion litas from the European Social Fund (ESF) (including national co-financing). Another 490.54 million litas was allocated from the European Regional Development Fund (ERDF) (including national co-financing), according to the Operational Programme Promotion of Cohesion (OPPC). Overall, 22 ESF and 4 ERDF measures were adopted in the period 2007-2013 (out of which 1 was cancelled, 5 completed and 2 still to enter the implementation phase). Altogether 700 projects were financed in the areas of employment and social cohesion (this number will increase as the programming period is still continuing); until 2015 around 450 thousand participants will take part in these projects. Based on already achieved indicators and still on-going projects, until 2015 around 50-60 thousand private sector employees and self-employed persons will attend the trainings. Around 70 thousand public sector employees will improve their qualification; around 66 thousand inhabitants will participate in computer literacy trainings and around 40 thousand unemployed will be involved in the professional training and non-formal education programmes. The total number of participants, who successfully completed trainings and received certificates, is expected to reach around 220-230 thousand until 2015. Looking at the other relevant product-level indicators, around 165 thousand unemployed persons, who are actively seeking for a job, will be included in the assisted employment programmes. Around 25-30 thousand persons, who are facing social exclusion or are at social risk, will participate in the projects' activities. The measure supporting the first job will help 20 thousand young people to get their first job. Finally, 225 infrastructure objects providing employment, non-stationary (117) and stationary (71) social services will be built or renovated.

The product and result-level indicators, set in the operational programmes, reflect short-term results. Keeping in mind that the EU support is directed to investments (investments into humans, systems and infrastructure)

and sooner or later it will end, the most important question is whether this support helped promote long-term sustainable changes. On the one hand, all measures tried-out new initiatives, approaches or methods, which provided useful lessons for the future. For example, a new financing measure for SMEs has been introduced; subsidies for the first job have been dispersed using a novel global grants method; a new way of allocating support for private sector employee trainings' has been tested; when promoting corporate social responsibility, an innovative sub-projects' programme has been piloted; state and regional planning approaches have been attempted etc. On the other hand, a significant part of funds was allocated to the on-going state policy objectives and short-term challenges, as the economic crisis severely affected the national budget and, consequently, affected the possibilities to address the core state responsibilities in the area of social policy. For example, a considerable share of EU funds was directed to those seeking employment, providing support not only for the vocational training of the unemployed, but also assisted and subsidised employment. This has helped achieving a very important short term objective – mitigate the consequences of the economic crisis. However, it failed to resolve the structural issues and change the labour market dynamics.

Systemic changes can be identified only in certain measures and with reservations. A measure helping reconcile labour and family life addresses a long-standing issue – lack of cooperation between the nursing and social care systems. While the core idea and implementation model are conducive for achieving a systemic change, its implementation has just started and the real accomplishments can be evaluated only in the future. With respect to other measures, a large share of public sector employees working in the area of healthcare is set to participate in the training, which is also conducive for systemic changes. However, it is impossible to assess whether the acquired information and skills were applied in their jobs and were used when working with the new medical equipment. EU support also helped institutionalise a network of socially responsible enterprises. However, there are a lot of questions regarding its sustainability after the structural support is terminated. Finally, EU assistance improved the quality and accessibility of the professional rehabilitation services for the people with disabilities, but the effectiveness and continuation of the system are still to be fortified.

The lessons of the 2007-2013 period and recommendations for 2014-2020 indicate the importance of choosing the appropriate implementation model. In order to achieve a systemic change in 2014-2020, it is crucial to realise that the EU support (and national co-financing) is only a source of financing. In the areas where the state does not have a clearly formed policy, EU structural assistance documents (operational programmes) define the policy content. This logic is mostly suitable to absorb the assistance. Thus the preparation of the government policy in concrete areas and an inclusive agreement on the planned change is crucial. In addition, it is necessary to use all the relevant policy measures at the government disposal, including EU support, national budget, legal and regulatory measures, changes in social benefits and allowances, in order to realise this change. Deinstitutionalisation of the social services will be the best test for this challenge. If the government institutions, municipalities, non-governmental organisations manage to reach a concrete and ambitious agreement on the deinstitutionalisation programme, then EU assistance will help reaching the systemic change. However, if deinstitutionalisation is implemented as another EU measure, not as a national programme, EU funds will be absorbed, the quality of some social services improved and services provided to a considerable number of persons. Nevertheless, once the EU support ends, we will continue talking about a poor social services network and unfavourable ratio between the stationary and institutional care.

2007-2013 period allowed to compare three different project selection approaches and exposed their strengths and weaknesses: project competition, state planning and regional planning. Based on the experience to date, state planning should become the dominating approach for the allocation of support. However, in order to achieve a systemic change, it is important to address not only the financial issues, but also other relevant legal, regulatory and tax-related issues. Project competition approach should be used in those cases, when there is a need for new and innovative ideas and the ways for the achievement of a particular objective are not clear. The use of the **regional planning approach** should be continued in the area of social services, but it has to be improved by these changes: a) when allocating support, it is important to take into account already existing supply, quality and accessibility of social services in the municipality, including services provided by the state, private sector institutions and NGOs; b) the EU support should be effectively coordinated at the central

government and municipality levels; c) a large share of support should be allocated to NGO and community projects. However, these projects must be an integral part of the social services' development vision in a concrete municipality.

**Inter-agency cooperation is a traditional problem in the Lithuanian public sector;** it will remain relevant in 2014-2020 period, because a lot of issues, related to employment and social inclusion, are coordinated by other ministries and addressing them requires close cooperation and agreement (e.g. preparation of common programmes and action plans). There are several examples in this area: youth guarantee (common definition and understanding of the youth initiative has to be reached; Ministry of Social Security and Labour supports youth that is not in education, employment and training, while the Ministry of Education is responsible for the education system and student traineeships and the Ministry of Economy promotes youth entrepreneurship); support for families in reconciling labour and family life (Ministry of Social Security and Labour provides social services, Ministry of Health – health services, Ministry of Education – early childhood education); social services (Ministry of Social Affairs is responsible for social services, but in many cases these services have to be accompanied by nursing, which is organised by the Ministry of Health; Ministry of Interior and Ministry of Agriculture supports *Leader* measures at the local community level, which often include the social services' aspect).

In order to improve the **effectiveness of project implementation** in the period 2014-2020, first of all, it is important to simplify the administration at the measure and project levels. Of course, the dilemma of accountability on the one side and effectiveness and flexibility on the other is hardly resolved not only in Lithuania, but also in other EU member states. Nevertheless, it is crucial to learn from the lessons of 2007-2013 period and reduce regulation in those areas where it does not contribute to the achievement of objectives. At the project level, it is important to find the right balance between the project scope and administrative burden (the current project administration system is better-suited for large projects), transfer as many services as possible to the electronic environment and apply simplification measures, such as fixed-size norms or fixed rates for unit costs.

**Target group selection will remain one of the essential issues in the new period.** When choosing a target group, it is extremely important to assess the motivation aspect, i.e. whether the measure aims to help the most motivated come back to the labour market or it is dedicated for the most unmotivated and those facing social exclusion. This choice considerably affects project selection criteria and indicators; the success criteria are also very different. Participants' motivation is also relevant in those cases when participation stipends are provided; it is crucial to ensure that these stipends are not the major factor affecting the participation. Lastly, in order to support a concrete target group, it is necessary to coordinate the project selection; otherwise, as 2007-2013 period experience indicates, a lot of projects target the same group, which later causes difficulties in attracting the planned number of participants and satisfy other requirements.

**There are a lot of issues when determining the indicator values for measures and projects.** The major challenge is finding a balance between the ambition and possibility to achieve the planned indicator values. Ideally, ambitious indicators should be set, because they motivate all related parties to seek changes. In reality, this challenge is related with the previous recommendations on the mechanism of EU support implementation. The indicators of EU support monitoring cannot be ambitious if they are not based on ambitious state policy in a certain area (e.g. deinstitutionalisation of foster homes). As such, the EU assistance is able promote real changes and help achieve ambitious indicators only in those cases, when all the stakeholders concentrate their efforts in the same direction and other public policy instruments (regulation, social support system) are used as well. 2007-2013 period also shows that it is impossible to foresee the exact indicator values, because it is impossible to predict all the economic, political and social changes, which may affect the initial plans. Still, the indicators are used for reporting, which means that all efforts are put for their achievement (or they are simply amended). Learning is another important aspect, related to indicators and reporting, which is often forgotten. When a strong emphasis is put on the reporting element, the indicators replace objectives, i.e. they are sought to be achieved even if that means diminishing effectiveness of the measure. While it may sound paradoxically,

but in order to increase the effectiveness of the monitoring system, it is necessary to admit that indicators can be possibly not reached or can be changed, according to the implementation experience. On the other side, it is important to ensure the transparency of this process, i.e. provide an opportunity for all concerned-parties to compare the current and previous indicator values and evaluate their changes.

Although it was impossible to conduct a detailed measure or project level analysis, the evaluation demonstrated that some project activities were more effective than others. In the period 2014-2020 it is necessary to carry out meaningful and learning-oriented studies and evaluations. These studies and evaluations should: a) be aimed at specific measure or project level questions or target clearly specified problems; b) allow the application of complex, but reliable methods (e.g. counterfactual methods); and c) enable the use of administrative data, depending on the evaluation subject (e.g. this data is particularly helpful evaluating the effectiveness of ALMP measures). Some EU member states pay close attention not only to *ex-post* evaluations, but also to the application of experimental methods, when the evaluation is an integral part of the support and not conducted in parallel of the intervention. In these cases the target and control groups are identified and the evaluation is started already in the early planning stages of measures and EU support. This is the most accurate approach providing evidence-based answers about the most effective measures and allowing a more efficient use of state funding.

**Finally, what are the most important funding guidelines for the period 2014-2020?** Firstly, the support for employment and social inclusion has to become equally important assistance priorities (as opposed to 2007-2013, when social inclusion was one of the objectives under the priority “Quality Employment”). This possibility is provided in the draft EU regulations (separate thematic objectives are set for: 1) promoting employment and supporting labour mobility and 2) promoting social inclusion and combating poverty). In addition, some of the Ministry of Social Security and Labour responsibilities in the area of human resource development were transferred to the Ministry of Economy (support for the adjustment of private sector employees to the labour market needs). Consequently, human and financial resources of the Ministry of Social Security and Labour should be directed into two main areas: firstly, provide help for the unemployed and secondly, solve the social problems.

**In the first area, which deals with employment,** the most attention should be paid for the unemployed, who are seeking for employment, investing in active labour market measures. Taking into consideration lessons of 2007-2013, it is important to invest in such ALMP measures, which help to establish a sustainable position in the labour market. In the years 2007-2013, a large share of EU support was allocated to the assisted employment programmes and public works, which helped mitigate the negative consequences of the economic crisis, but were less effective in ensuring long-term involvement in the labour market. At the same time, it is necessary to further develop the skills of public employment services employees: introduce sufficient work tools allowing provision of individualised services and competent assessment (profiling) of the unemployed in order to offer the most suitable services; ensure result-oriented work principles etc. Aiming for greater efficiency, it is necessary to implement projects targeted at concrete groups of the unemployed, such as long-term unemployed, youth, unmotivated persons etc. Lithuania will implement Youth Guarantee in the period 2014-2020, i.e. ensure that all young persons aged 15-24 are in education, employment or traineeship. The experience of the previous programming period can help achieving this difficult challenge. It is important to allocate sufficient resources and ensure the coordination of activities among the different institutions (see a paragraph of inter-agency coordination). As other relevant investment area could be named reduction of the shadow economy, promotion of entrepreneurship and volunteering.

Creation of sustainable community-based social services system is the most important objective in **the second area (social inclusion)**. This is a huge challenge, which has been partly attempted to resolve in the period 2007-2013. In order to achieve this objective, it is essential to coordinate the investments coming from the different funds – ERDF (investment in infrastructure) and ESF (“soft investments”). Also it is relevant to coordinate several lines of work: deinstitutionalise the current system of the social services, create transition and community-based social services, assist in reconciling work and family life and expand services for families

(including families facing social risk) and socially excluded. In parallel, it is important to invest in the development of skills and competences of social workers, equip them with appropriate work tools, improve working methods and stimulate motivation. One of the essential lessons from the previous period indicates that it is necessary to solve the problems, faced by the socially excluded and those at risk, in a complex manner. While the social services for these persons are important, it is crucial to provide support in the other areas, namely healthcare, housing, work-place etc. Active ageing is also an important subject, which will require attention in the period 2014-2020. Taking into consideration the dynamics of the social policy, social innovations (i.e. projects attempting and suggesting new ways of helping persons at social risk, exclusion and poverty) will be important and have to be supported as well. However, several preconditions have to be satisfied before investing in this area: a) provide opportunities for experimenting, making mistakes and failing to reach the results (not all innovations succeed); b) improve the abilities of the public and non-governmental sectors to learn and practically apply the results of innovative projects.