



EUROPEAN UNION STRUCTURAL FUNDS INVESTMENTS FOR HUMAN RESOURCE DEVELOPMENT

Summary of the final report of evaluation (EN)

To:
Ministry of Finance of the Republic of Lithuania



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1 The Goal and Objectives of the Evaluation

In the Lithuanian Strategy for the use of EU Structural Assistance for 2007-2013, productive human resources for the knowledge society is determined as the first priority direction in pursuing the main aim of the EU structural funds investments - to rapidly improve the conditions of investing, working and living in Lithuania so that the benefit provided by the economic growth reaches all Lithuanian residents. This priority direction is foreseen to be realized through the implementation of the four main objectives - to attract and to retain people in the labour market, to seek for more active lifelong learning, to develop the labour force of the highest qualification and to seek for more efficient public administration. The achievement of the above-mentioned objectives was being pursued through the interventions of three operational programmes of the 2007-2013 programming period - Operational Programme for the Development of Human Resources (DHR OP), Operational Programme for Economic Growth (EG OP) and Operational Programme for Promotion of Cohesion (PC OP).

The main goal of this evaluation was to assess the impact of EU structural funds investments on human resource development and to report on the achievement of the objectives set in the Strategy for the use of EU Structural Assistance. The main objectives of the evaluation were:

- 1) To assess the eligibility, sufficiency and compatibility of the implementation of the objectives of operational programmes (measures), which contribute to the first priority direction of the Lithuanian Strategy for the use of EU Structural Assistance for 2007 – 2013 – “productive human resources for the knowledge society” (*hereinafter – human resource development*).
- 2) To evaluate the effectiveness, efficiency, impact and sustainability of the implementation of the objectives of operational programmes (measures), which contribute to human resource development.

2 The Object of Evaluation

Following the pre-evaluation analysis, 62 DHR OP, EG OP and PC OP measures, administered by the Ministry of Social Security and Labour, Ministry of Education and Science, Ministry of Economy and Ministry of the Interior, contributing to the achievement of the objectives of the first priority direction in the Strategy for the use of EU Structural Assistance, were chosen.

The assessment of 2007-2013 EU structural funds investments for human resource development was based on the stages of human capital development. The impact of the interventions the strategic context indicators (*hereinafter - context indicators*) has been assessed in four fields separately, namely education, labour market, RDI and public sector.

The evaluation has shown that the total investment in human resource development should amount to 6.05 billion LTL (1.75 billion EUR) by the end of the programming period. By the end of the first quarter of 2014, more than 73 per cent of the funds allocated were already paid off. The vast majority, 56 per cent, of the investments in human resource development were made under the DHR OP. The largest part of investments was made under the first priority of the DHR OP - “High Quality Employment and Social Inclusion” (31.5 per cent), and under the first priority of EG OP - “Direct and Indirect Assistance to R&D and Innovations and Investment Promotion” (28.4 per cent). The largest share of investments by sector was dedicated to education and study sector (35 per cent), the smallest one - to the public sector (7 per cent).

The highest number of measures under which investments in human resource development were made was found in education and study sector (30 measures), the smallest - in public sector (8 measures). Accordingly, the largest average project was implemented in education and study sector (12.7 million LTL or 3.68 million EUR), the smallest - in public sector (1.3 million LTL or 0.38 million EUR). Most of the investments in human resource development by sector of the beneficiary were made in study and private sectors (23 per cent each).

Slightly more than half of the total EU Structural Funds investments (56 per cent) was made in “soft” activities, while 44 per cent of all investments were dedicated to creating and improving the infrastructure and purchasing equipment. The analysis of investments by geographical region has shown that the vast majority of all investments (68 per cent) were targeted at the largest cities (Vilnius, Kaunas, Klaipėda, Šiauliai). Noticeably less (19 per cent) was invested in medium-sized cities¹ and only 13 per cent of EU Structural Funds investments reached rural areas.

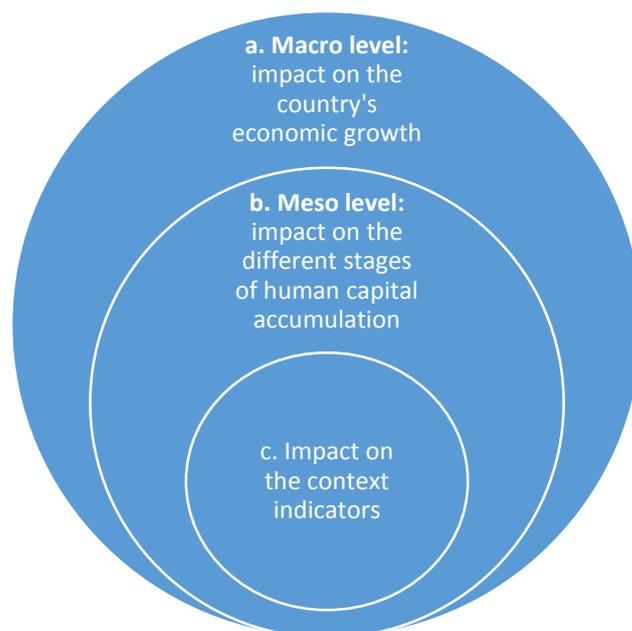
The largest part (43 per cent) of the total funds was invested in human capital accumulation, the rest - 28 and 29 per cent, respectively - was invested in improving the use and productivity of human capital.

3 The Methods of Evaluation

The main questions of evaluation formulated in the technical specification, as well as the objectives of human resource development formulated in the main programming documents of 2007-2013 programming period, covers the expected impact on several levels, ranging from the impact on individual sectors (reflected in the context indicators) to the impact on macroeconomic indicators. Consequently, the model of evaluation was constructed in accordance with this multi-stage system of evaluation goals. For different stages of evaluation the most relevant evaluation methods were chosen, ranging from focus group discussions to macroeconomic modelling. The overall evaluation model covered three basic stages of evaluation:

- a) Proposal of solutions aimed at summarizing all of the extensive investments for human resource development and assessing the general impact of those investments;
- b) Proposal of solutions aimed at explaining the quantitative impact of the overall investment package using qualitative indicators and dividing those investments into meso-level categories (e.g. according to the sector of the beneficiary or the nature of investments);
- c) Proposal of solutions necessary to assess the impact of investments on the context indicators formulated in strategic documents.

¹ Large city – more than 100 000 inhabitants; medium-sized city – between 3 000 and 100 000 inhabitants; rural area – less than 3 000 inhabitants.



1 picture. Levels of impact analyzed in evaluation

All three stages of evaluation are interconnected, thus, the results and insights of each stage were used to answer the main, as well as auxiliary, questions of evaluation indicated in technical specification. This model of evaluation was based on human capital theory, which was further supplemented by qualitative insights and methods at each stage of evaluation.

In the context of this evaluation, human capital is defined as knowledge, skills and abilities, upon which the economic value of the country's human resources depends. Human capital is generally agreed to be the engine of the country's economic growth and welfare. According to the human capital theory, there are three main stages of human capital development, namely accumulation, use and productivity. Accumulation of human capital refers to the acquisition of knowledge and skills through the formal and informal education and training. For acquired knowledge and skills to generate benefits in the country's economy, human capital accumulated has to be used efficiently in the labour market. The productivity of human capital depends not only on the extent of its use but also on the existence of the conditions for its efficient use in the labour market. The latter encompass work tools and methods whose quality largely depends on the investments in research, experimental development and innovations (RDI).

Wide range of data collection and analysis methods was employed in the evaluation. Analysis of primary and secondary data sources, statistical data, and the logic of intervention, SFMIS data grouping by specific features and typologizing by evaluator distinguished categories – categories of human capital accumulation, sector of the beneficiary, type of investments, geographic region of the beneficiary, moment of impact manifestation in the labour market) was carried out. Additional data was gathered during the in-depth interviews and focus group discussions. Moreover, theory-based impact evaluation was applied and case studies were drafted.

The macro-level impact of the overall intervention package was assessed using HERLIT macro econometric model. Macro econometric model HERLIT was used to evaluate the impact of different types of investments in human capital development (e.g. expenditure assigned to physical infrastructure, human resources, aid to business and RDI) on macroeconomic processes. This sort of impact was being assessed analysing the

demand side of economy (i.e. short-term impact that manifests itself through consumption) and supply side of economy (i.e. long-term impact which manifests itself through improved human capital and factors determining its effectiveness). The results of the macro econometric modelling have revealed the scope of impact on macro-level indicators such as GDP, benefit of separate sectors, employment and unemployment rate and others.

Another important method of evaluation, which was used for the analysis of investments in education field, is the assessment of the impact using the theory of change model. The most common reasons of early withdrawal from school in Lithuania, as well as groups of measures and specific means helping to fight the latter, were abstracted from the theoretical literature. The ideal, theoretical model encompassing actions necessary to achieve the change desired – reduced level of early withdrawal from school – was constructed. In order to identify the extent to which the logic of intervention implemented corresponds to the ideal model of change, the comparison of these two elements has been performed. The extent of the match between real investments and ideal model of change has shown the mechanisms through which the impact on the context indicators had been generated.

4 The Overview of the Evaluation Results

4.1 The Impact on Macroeconomic Indicators

In addition to the impact of EU structural funds investments for human resource development on the context indicators in the previously-mentioned fields, the impact of these investments on the country's economy has been assessed. Interventions under 62 measures have generated both short-term and long-term impact, visible in the changes of the values of particular macroeconomic indicators. Investments for human resource development increased the benefit generated by economic sectors. At the time of absorbing EU structural funds, short-term impact generated due to the increased number of orders for business was observed. Benefit of construction and market services sectors increased the most. This short-term impact was limited to the period of implementation of the operational programmes. Due to the increased competitiveness of Lithuanian business, modest but enduring positive impact on the volumes of production created in the country's economy remains even after the termination of the operational programmes.

High return of EU structural funds investments is reflected in the long-term impact on the level of GDP, which was increasing in line with annual injections from the operational programmes. In 2009, the level of GDP was 0.37 per cent, while in 2012 - 1.46 per cent higher than it would have been without the interventions. Because of the increased level of physical infrastructure, human resources and R&D base, it is forecast that the impact of the investments on the GDP will remain even after the termination of the operational programmes. Due to the impact of the projects under human resource development measures, additional GDP generated until 2020 will exceed the expenditures of these projects by 2.17 times. Therefore, the interventions analysed will benefit business and society in the long run.

The impact on the macroeconomic indicators was evaluated using macro econometric modelling with HERLIT model based on the logic of counterfactual impact evaluation and multiple economic interrelations.

4.2 Education and Study Field

4.2.1 Eligibility of the Measures

2007-2013 EU structural funds investments for human resource development in the education field encompassed training and retraining of teachers and education administrators, establishment of alternative models of education, development of formal and informal education services, increasing availability of education services, development of psychological, special and social pedagogical assistance services, increasing the quality and internationalization of higher education, deepening the knowledge on technology and research among pupils and youth. Investments in the infrastructure of state and non-state schools of general education and vocational training, and institutions of higher education (colleges and universities) were also made, as well as in the modernization of institutions of adult education.

These interventions were assessed as eligible to overcome the social and economic challenges in education and study sector in the period of 2007-2013. The logic of the interventions was also compatible with the changes in the relevant EU- and national-level strategic documents.

4.2.2 Effectiveness of the Measures

The level of achievement of product and result indicators of the vast majority of measures was deemed sufficient. Therefore, it can be concluded that those measures had created actual products and results, contributing to the changes in the spheres reflected by the context indicators.

4.2.3 Impact on Context Indicators

Three context indicators best reflect changes in the education and study field during the programming period: level of early withdrawal from school, youth educational attainment level and level of lifelong learning.

Early Withdrawal from School and Youth Educational Attainment Level

According to the information gathered during the interviews with the beneficiaries, EU structural funds investments had a huge impact on the changes in the values of two context indicators - the level of early withdrawal from education and training (population aged 18-24 with no higher than lower secondary education who have not participated in further education or training during the last four weeks) and youth educational attainment level (proportion of population aged 20-24 who have acquired at least an upper secondary education attainment level or upper secondary education attainment level with professional qualification saleable in the labour market).

For example, a measure aimed at establishing alternative methods of education, based on individual work with youth at risk of leaving education and training early, helped to achieve comprehensively positive results. Its beneficiaries have not only successfully acquired certificates of general education and strengthened their general competencies but have also learned to manage time, set long-term goals and gained more self-confidence. However, while planning future investments aimed at changes of this indicator in the future, more attention should be paid to the geographical inequalities of its distribution.

During the period analysed both of the context indicators have increased. The first one has increased by 1.5 percentage points, while the second one - by 1.7 percentage points. The quantitative scope of this increase that was achieved due to the EU structural funds investments should be determined a few years after, when

the beneficiaries will reach the age of the survey sample used to determine the value of the context indicators early withdrawal from school and youth educational attainment.

Lifelong Learning

In the period of 2007-2013, more than 324 thousand working-age people received training. However, these measures alone were not sufficient to attain the desired change of the level of lifelong learning (proportion of population aged 25-64 who have received some form of formal or informal education or training during the last four weeks). During the period analysed, level of lifelong learning in Lithuania has remained almost unchanged and still is one of the lowest in the EU, as well as more than twice lower than in the neighbouring Estonia.

The analysed interventions were also insufficient to ensure the continuity of lifelong learning on the initiative of a trainee or an employer. In addition, considerable amount of investments were allocated for training of qualified workers who are usually more eager to engage in lifelong learning, even without the EU structural funds investments. Furthermore, not enough attention was paid to the geographical disparities.

It is important to note that comparatively low level of lifelong learning might also be resulted from the factors unrelated to the interventions analysed. These include lack of private funds for training, difficulties in balancing work and family commitments, lack of employers' initiatives to train their employees, as well as widespread false perception claiming that only formal learning, granting diploma or certificate, is valuable. However, it is important to use the EU structural funds investments assigned more efficiently, to determine the target groups, previously not involved in the process of continuous learning, and whose involvement should be encouraged. In addition, it is necessary to carry out information campaigns aimed at increasing the common understanding of the benefits of engaging in lifelong learning, means to learn available and so on.

4.2.4 Sufficiency

Taking into account that the vast majority of the values of product and result indicators determined in the DHR OP should be achieved by the end of the contracted implementation period, financial and other resources were assessed as sufficient. However, it should be noted that the resources were deemed insufficient to both achieve the desired impact (certain level of lifelong learning) through direct investing in training of the working-age population and reduce the regional disparities.

4.2.5 Sustainability

The sustainability of the impact created can be assessed on two levels. Part of the impact on the context indicators (e.g. investments in infrastructure, training of teachers) will be sustainable in the medium-term (3-5 years) until the need to reinvest in infrastructure and qualification of teachers arises. Another level of sustainability of the impact - on individual beneficiary. The shortest individual level impact will be felt by working-age beneficiaries. Provided that the habit to continuously invest in one's qualification is not formed, the qualification and skills improved during the project will lose its value in the medium-term (3-5 years). For younger age groups (e.g. pupils and students) the impact created by EU-funded projects will be long-term, if the investments are successfully distributed among all levels of educational system and transition from one level to the other, as well as smooth entrenchment in the labour market, is ensured.

4.3 RDI Field

4.3.1 Eligibility of the Measures

With an aim to encourage business to increase expenditure on R&D, which had previously been very low, 2007-2013 EU structural funds investments in human resource development in the field of RDI were allocated to a wide range of measures. Some of them were focused on improving the researchers' qualification and competence and encouraging their mobility, funding of RDI activities, including high-level international research, while other measures were oriented towards solving the problem of insufficient RDI infrastructure by renewing RDI infrastructure and creating open access infrastructure for business.

The analysis has revealed that these interventions were assessed as eligible in the strategic document and social – economic change context. During the implementation of the operational programmes, the EU strategic agenda remained stable. The changes in the national legal base did not affect the eligibility of measures as much as they contributed to the optimization of the interventions carried out at the time. For example, in the legal documents aiming at regulating the activities and funding of research and study institutions, some provisions having the synergic potential and capability of reinforcing the impact of projects for RDI development emerged. Furthermore, even in the context of global economic crisis, RDI field experienced the constant shortcomings and investments carried out under the OPs were used as a tool allowing to sustain the scope of RDI activities by business sector.

Despite the high strategic eligibility and relevance of the measures some significant problems were observed at the level of implementation. A number of evaluations carried out previously emphasized the lack of cooperation and horizontal coordination between the Ministry of Economy, the Ministry of Education and Science, subordinate institutions, subjects of RDI systems, and business. Lack of coordination has limited the complementarity of investments and has contributed to unacceptably high fragmentation of RDI infrastructure (dividing the RDI infrastructure among various institutions and subjects). For this reason, the synergy between separate (e.g. thematically related) elements of infrastructure created and integral net of RDI services did not function.

4.3.2 Effectiveness of the Measures

Even though at the time of evaluation some of the measures could have been characterized as having low level of achievement of the product and result indicators planned, this was determined mainly by the time when these indicators are planned to be achieved. The actual achievement of the indicator in those cases will be fixed only after the termination of the project, or creation of the infrastructure, or even after some time has passed after the termination of the project. Furthermore, the values of the vast majority of product and result indicators determined in the EU financing agreements are higher than those planned in the strategic documents.

4.3.3 Impact on Context Indicators

In the period of 2007-2013, significant changes in the values of RDI context indicators were observed: there was an increase in the number of researchers per 1000 employed persons (from 5.6 researchers in 2006 to 6.6 researchers in 2013), share of researchers in business (from 10.71 per cent in 2006 to 21.21 per cent in 2013), share of young researchers (those in age groups up to 45 years with a doctoral degree, excluding business sector) (from 34.5 per cent in 2006 to 45 per cent in 2013) and number of scientific publications per 1 million residents (from 554 publications in 2006 to 916 publications in 2013).

EU structural funds investments analysed had an observable impact on the changes in the values of these indicators. In addition, the interventions of the operational programmes highly varied in terms of investment object, thus, the results and impacts correspond to the needs and interests of the wide range of target groups. However, due to the problems at the implementation level, Lithuanian business expenditure on R&D, as well as volumes of new products developed as a result of experimental development, remain very low. This negative aspect outweighs the above-mentioned positive aspects of the impact created by the EU structural funds investments. By carrying out rather limited-scope experimental development activities, Lithuanian business does not manage to create sufficient number of new products that could provide the base for its competitive advantage and growth. Low Lithuanian business expenditure on R&D is also the main reason why the country more than twice lags behind both the EU-28 and the Baltic Sea Region average, in terms of total expenditure on R&D.

4.3.4 Sufficiency

Taking into account that the values of the vast majority of product and result indicators established in the EU financing agreements are higher than those planned in the operational programmes, all of the financial and other allocations were deemed sufficient for the achievement of planned results.

Analysing the sufficiency of allocations for making an expected impact it must be noted that investments in “soft” activities, which help to develop managerial competences, cooperation culture and to get the EU programme support for Lithuanian subjects (which would not only be an additional financing resource for RDI activities, but would also provide a valuable experience and skills) were deemed insufficient. In addition, it is important to solve other, non-financial sufficiency problems - insufficient cooperation and coordination among responsible institutions, insufficient thematic concentration, insufficient auditing of infrastructure created, as well as insufficient accessibility to infrastructure for business, insufficient incentives for public sector researchers to cooperate with business, and insufficient business’ focus on experimental development.

4.3.5 Sustainability

The impact on RDI field context indicators was assessed to be sustainable. However, certain risk aspects were also emphasized. Analysis has shown that there is a risk that the impact on indicator total expenditure for RDI activities will not be sustainable in a long run as the increase in the value of this indicator was achieved mainly due to the absorption of EU structural funds and no stimulus for business to carry out further RDI activities (especially experimental development activities) was created. When assessing the sustainability of the impact of EU OPs investments on context indicator “number of researchers” (including those in business), it should be noted that certain risk is imminent in the dependence on national and/or EU structural funds investments in the RDI field.

4.4 Labour market

4.4.1 Relevance

2007-2013 EU structural funds investments for human resource development in the labour market field were used for upgrading skills, in-service training of workers, and promotion of entrepreneurship. In order to mitigate the tense situation in the labour market caused by the economic recession, the majority of EU structural funds - approximately half of them - were allocated for measures aimed at fighting the unemployment. In particular, investments were used for funding training and supporting employment of the unemployed and employees warned about redundancy.

Investments planned for 2007-2013 remained relevant and eligible in the context of changes in the strategic agenda (the latter did not form a solid ground for new investment directions, only reinforcing the directions already being implemented) during the whole investment period.

Regarding the relevance of measures in the context of changing socio-economic situation, it was noted that changing socio-economic situation conditioned differing needs in the field of human resource development in labour market at the beginning of the 2007-2013 period and in the second half of it. Thus, it affected the relevance of planned investments (except for investments in infrastructure). The response to these socio-economic changes was redistribution of funds among different measures, in order to assign the majority of investments for fighting with rising level of unemployment and financing ALMP measures². This approach was also employed in other EU member states. It was deemed an appropriate reaction to the above-mentioned changes and helped to create a short-term, however, rapid benefit in reducing the unemployment and mitigating the effects of the economic crisis³.

4.4.2 Effectiveness of the Measures

Having compared the current values of result and product indicators with the declarable funds of the total funding planned for the measures, it can be asserted that the product and result indicators planned will be fully achieved. Therefore, the products and results created have partly already become, as well as will become, following the complete implementation of the operational programmes, the premise for a change in the strategic context.

4.4.3 Impact on Context Indicators

Investments in human resource development have generated positive impact on the change in the employment rate - the main context indicator in the labour market field. As early as in 2009, these investments contributed to mitigating the negative consequences of the economic crisis. In 2009, the real unemployment rate was 13.8 per cent, even though without the interventions it would have been 0.25 per cent points higher, amounting to 14.05 per cent. At the time of the implementation of the operational programmes, the largest impact on the employment rate, as well as on the unemployment rate, occurred due to significantly increased investments within the economy.

Even though the economic crisis impeded the achievement of more significant positive change in the values of this indicator, it is forecast that after full implementation of the operational programmes the EU structural funds investments will continue to generate modest but enduring impact on the employment level.

4.4.4 Sufficiency

Having compared the current values of result and product indicator with the declarable funds of the total funding planned for the measure, it can be asserted that the funds allocated and other resources will be sufficient to achieve the product and result indicators set in the operational programmes.

Regarding the sufficiency of the resources for the achievement of the impact on labour market context indicators, it should be noted that most of the context indicators in the labour market field could be affected

² VP1-1.2-SADM-01-V „Ieškančių darbo asmenų integracija į darbo rinką“ skirtų lėšų apimtys nuo 2008 m. liepos mėn. iki 2013 m. gruodžio mėn. buvo padidintos 2,5 karto ir 2013 m. priemonei skiriamos lėšos sudarė kiek daugiau nei pusę visų žmogiškųjų išteklių plėtrai darbo rinkoje suplanuotų lėšų.

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by EU structural funds investments only to a limited extent. Taking into account that labour market trends, as well as context indicators of the labour market field, mostly depend on the country's general economic situation and are vulnerable to the economic changes, it can be asserted that the values of the context indicators were determined mostly by the general economic situation and were not related to the sufficiency of resources.

4.4.5 Sustainability

The results of the macro econometric modelling have revealed that long-term impact on GDP per person remains 0.3 per cent on average, meaning that in the long-term GDP per person will remain on average 0.3 per cent higher than it would have been without the EU structural funds investments. The average wage, which has also increased due to the EU structural funds investments, will remain higher even in the long-term and by 2030 will be on average 1.1 per cent higher than it would have been without the investments.

The positive impact on the number of employed persons and the number of employed members of socially vulnerable groups (such as women, elderly) will also remain in the long-term. However, the impact of the investments on the integration of the disabled into the labour market was fragmented and rather short-term, since employed disabled persons usually do not remain in the labour market for long. In addition, even though the impact on the context indicator specifying the share of unemployed persons included in ALMP measures was high, it is not sustainable. These investments funded temporary employment, such as public works, and subsidies for employment, which had a rapid, however, short-term impact.

4.5 Public sector

4.5.1 Eligibility of the Measures

2007-2013 EU structural funds investments for human resource development in the public sector were mostly allocated for funding activities oriented towards accumulation of human capital of public sector workers. Interventions in this field encompassed training and retraining of civil servants and other public sector workers, preparation of research and studies identifying training needs and evaluating completed training activities, preparation of training programmes and methodology, training of training personnel, as well as establishment of information systems.

These investments in human resource development in the public sector remained eligible during the whole programming period in the context of both national strategic agenda and socio-economic changes of 2007-2013.

4.5.2 Effectiveness of the Measures

In case of almost 63 per cent of the measures, the values of the product indicators have reached or exceeded those indicated in the operational programmes, even though only about one fifth of the projects of these measures had been already implemented at the time of evaluation. In case of half of the measures, the achievement of the values of product indicators has exceeded 120 per cent. In case of more than a third (38 per cent) of the measures, the values of the product indicators established in the operational programmes have not been achieved yet. However, in case of two thirds of the latter none of the projects has been completed yet. Therefore, it can be expected that of all the projects the provisioned values of the product indicators will be reached or even exceeded. In case of one fourth of the measures, the foreseen values of the result indicators have been achieved and even exceeded. In addition, around 63 per cent of the total result indicators have been almost achieved. It is likely that following the completion of all the projects the

values of the result indicators provisioned in the operational programmes will be achieved. Thus, the effectiveness of the analysed measures were assessed as high.

4.5.3 Impact on Context Indicators

The above-mentioned interventions have had a positive impact on the public confidence in state and municipal institutions and bodies - the man context indicator in this field. Significant increase in public confidence in state and municipal institutions and bodies was observed in 2012 when the first achievements of the interventions were recorded. Due to the interventions of measures under 1, 2 and 4 priorities of the DHR OP, more than 286 thousand public sector workers successfully completed the training. The increased quality of human capital in public sector conditioned higher quality of work, which was appreciated by the public, expressing higher confidence in state and municipal institutions and bodies

However, it should be noted that the analysed interventions is only one of many possible factors determining the level of confidence. In addition, in order to avoid possible losses of the human capital or its depreciation, it is necessary to constantly implement training activities targeted at public sector employees corresponding to the demands of the specific period.

It is difficult to assess the impact of the interventions in the public sector on two context indicators, namely “regulatory quality” and “government effectiveness”. The latter are annually comprised by the World Bank experts on the basis of 10 different sources of information, including various think tanks, NGOs, international organisations and private sector consultancy firms. The government effectiveness index for Lithuania is comprised of 33 individual indicators. However, only about one fourth of the latter are related to the activity of public sector employees. The rest of them reflect assessments of political system and quality of specific public services, which is only partly determined by the quality of human capital of public sector employees. The regulatory quality index, in turn, is comprised of 48 individual indicators. All of them, as well as the regulatory quality index itself, are primarily related to the regulatory policy, i.e. content and process of business regulation by the government, not the intervention policy or the quality of human capital of the public sector employees.

Evaluation has not revealed any causal relations between the EU structural funds investments and the change in the values of regulatory quality and government effectiveness indexes. However, it was mainly determined by rather poor choice of indicators for impact evaluation, not by the ineffective use of structural funds.

4.5.4 Sufficiency

Taking into account that, in the case of vast majority of measures, the values of monitoring indicators provisioned in the financing agreements have reached or even exceeded those indicated in the DHR OP, and, in the case of the rest of the measures, the degree of achievement of the values is very high (no less than 89 per cent), it can be concluded that financial and other resources were sufficient to achieve the results provisioned in the DHR OP. These results have laid the foundation for positive changes in the public sector field.

5 Main Findings of the Evaluation

2007-2013 EU structural funds investments in human resource development have created short-term, as well as long-term, impact on Lithuania’s economy. Investments for human resource development have contributed to the growth in separate economic sectors. The short-term demand-side impact was the highest

in construction and market services sectors, whose benefit highly increased during the period of implementation of the operational programmes. After termination of the implementation of operational programmes, smaller but long-term positive impact on the volume of production generated in the country's economy remained.

In the field of education and studies, EU structural funds investments have contributed to the further improvement of basic education indicators, namely early withdrawal from school and youth educational attainment level, and helped to support Lithuania's role as a leader among the EU and BSR countries. However, with regards to continuous adult learning or lifelong learning, some unsolved problems remain. Even though in the period of 2007-2013 more than 324 thousand working-age persons were trained, the level of lifelong learning has hardly changed. This situation was mainly conditioned by inaccurate type of investments. First of all, the latter were in large part focused on the training of employees of higher qualification. Therefore, none of the new, previously inactive groups were involved in lifelong learning system and personal funds assigned to learning were simply replaced by the EU structural funds investments. Furthermore, directly funded training has not given any incentives for employees to invest their personal funds in their training, or for employers to invest in the training of their employees. In addition, when allocating the funds for education and study the geographical disparities were not taken into account.

In the RDI field, the analysed EU structural funds investments have had an observable impact on the changes in the values of context indicators (there was an increase in the number of researchers per 1000 employed persons, share of researchers in business, share of young researchers (those in age groups up to 45 years with a doctoral degree, excluding business sector) and number of scientific publications per 1 million residents). In addition, the interventions of the operational programmes highly varied in terms of investment object, thus, the results and impact correspond to the needs and interests of the wide range of target groups. However, due to the problems at the implementation level, Lithuanian business expenditure on R&D, as well as volumes of new products developed as a result of experimental development, remain very low. This negative aspect outweighs the above-mentioned positive aspects of the impact created by the EU structural funds investments.

In the labour market field, investments in human resource development have generated a positive impact on the context indicators. However, it was not a determining factor of the final values of these indicators. Due to the impact of investments, the labour productivity has slightly increased, which is reflected in higher average wage. The positive impact of the investments on the employment level has mitigated the tense situation in the labour market following the economic crisis. Even though the investments did not have a significant impact on the employment of the disabled, they were crucial for maintaining the employment of the disabled at the same level as before the crisis, since during the crisis the disabled experienced a higher risk of the job loss and their possibility of getting a job had also decreased. Almost half of the investments was assigned to the fight against unemployment by financing ALMP measures and have had a direct extensive impact on creating new possibilities for the unemployed.

In the public sector field, investments have had positive, however, only partial impact on the context indicator "public confidence in state and municipal institutions and bodies". The content of other two context indicators of this field, namely government effectiveness and regulatory quality, are barely related to the analysed investments. Therefore, the latter have not had any observable impact on these indicators.