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Mid-term Evaluation of the Operational Programme for the EU Funds' Investments in 2014–2020

The OP Progress Assessment Report: Executive Summary

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1. PURPOSE, OBJECTIVES, AND SCOPE OF THE ASSESSMENT

The purpose of the assessment of the Operational Programme for the EU Funds' Investments in 2014–2020 (hereinafter referred to as 'the OP') is to determine, at the mid-way point of the implementation of the Operational Programme, the extent to which the goals of the Operational Programme (priority axis, investment priority, and specific objective) meet the needs of the development of Lithuania as well as the results achieved during five years of the implementation of the Programme.

The OP Progress Assessment Report was prepared for the period from the beginning of the implementation of the Operational Programme for the EU Funds' Investments to 31 December 2018. This is a wide-ranging assessment. The analysis covers 12 OP priority axes, 39 investment priorities, and 64 specific objectives. OP objectives constitute the main level of the assessment analysis; however, the progress in the implementation of individual OP measures was also considered in addressing certain issues and substantiating certain assessment statements. Considering the scope of the assessment and the assessment period (March 2018 – February 2019), the analysis was carried out in two stages: (1) the main data collection and analysis activities were carried out at the intermediate stage (June – October 2018), while the results of this analysis, with provision of answers to all assessment questions and evaluation of the operational reserve loss risks, were summarised in the interim assessment report submitted on 26 October 2018; (2) analysis covering performance evaluation issues was updated in January 2019 with regard to the latest monitoring data for the period up to 31 December 2018.

2. KEY OP IMPLEMENTATION FACTS

During the first five years of the implementation of the OP, EU funds were allocated to the implementation of 14 615 projects. According to the monitoring data as of 31 December 2018, the total EU funds allocated to implemented and ongoing projects amounted to EUR 4.271 billion. When comparing the status of the implementation of individual 2014–2020 OP priorities in accordance with signed project funding agreements, it appears that a progress greater than the general OP average was achieved in Priority Axes 2¹, 3, 4, 5, and 8 as well as in Priority Axes 4, 6, 7, and 11 by payments made. Judging by financial indicators, the lowest progress was achieved in the implementation of Priority Axis 1 'Strengthening research and development and innovation' and Priority Axis 10 priority 'Advanced public administration consistent with public needs'.

In the period under assessment, the OP interventions planning was not yet completed. The amount of the lists of concluded agreements or launched calls accounted for 83% (EUR 5.5 billion), the value of signed funding agreements accounted for 64% (EUR 4.27 billion), and the amount of payments made accounted for 30.5% (EUR 2 billion) of the total amount of the EU funds. Compared with the EU funds programming period 2007–2013, the current OP implementation progress is slower. In implementing the 2007–2013 operational programmes, the payments made to the project promoters within the same reporting period amounted to 42% of the total amount of the EU funds allocated for the implementation of the 2007–2013 operational programmes. Apart from the positive reasons (broader application of investment efficiency instruments), a slowdown in the implementation of the current OP resulted from incorrect planning assumptions, the lack of administrative capacity of institutions, and protracted process of drafting, exchange and interinstitutional coordination of planning documents (PIP, PFTM).

By the end of 2018, there were 4 amendments to the operational programme, which, in the light of the changing socio-economic environment, needs of the target groups, ongoing structural reforms and the risk of losing operational reserve funds, adjusted the investment logic of the planned priorities and updated the funding plan. During the revisions of the OP, the EU funding was mostly reduced in the field of the interventions planned in promoting information society (Priority Axis 2 of the OP) and society-oriented smart public administration (Priority Axis 10 of the OP), while it increased quite remarkably in the fields of promoting social inclusion (Priority Axis 8 of the OP), environment (Priority Axis 5 of the OP), and promoting

¹The attribution of Priority Axis 2 of the OP to the priority axes that are being implemented more rapidly is conditional because the progress is partially due to the fact that funds allocated to its implementation were reduced by 23% in 2017 and 2018.

energy efficiency (Priority Axis 4 of the OP). The reasons for the redistribution of funding are quite varied: changing needs of the target groups, protracted drafting of strategic documents, ongoing reforms, and lack of administrative capacity.

The impact of the EU funds' investment depends not only on the investment structure (distribution over individual areas of public policy) and the amount of funding, but also on the investment efficiency and assurance of the continuity of the created results. The fundamental change aimed by the current funding period is the transition from the use of EU funds (the 'absorption' logic) to targeted investment in order to maximise long-term added value. Paradoxically, but one of the efficiency instruments proposed by the European Commission for the 2014–2020 period, i.e. the performance framework and performance reserve, gave just the opposite result. In order to maintain the performance reserve (6% of the EU structural funds, or EUR 398.75 million), the absorption of funds in Lithuania during the 2017–2018 period again became the reference point for the implementation of the operational programme. In 2018, two amendments to the operational programme were approved, whose main purpose was to manage possible negative consequences of failure to implement the performance framework, i.e. the loss of the reserve funds and suspension of interim payments to Lithuania. After introducing the amendments to the operational programme, which updated the financial and physical indicators included in the performance framework, and additional efforts applied by the institutions administering the EU funds' investments in the second half of 2018 to accelerate the disbursement of the EU funds, it became possible to manage the risks of losing the performance reserve in Priority Axes 2, 4, 8, and 10. However, according to the monitoring data as of 31 December 2018, performance reserve funds are to be lost by the measures under Priority Axis 7 funded by the ERDF because of the failure to achieve the minimal value of the financial indicator in implementing this Priority Axis in the measures administered by the Ministry of Social Security and Labour and the Ministry of the Interior. The performance reserve of Priority Axis 7, which amounts to EUR 25 277 948 of the ERDF funds, will be redistributed to other programme priority axes that have implemented the interim operational plan. In deciding on the redistribution of the performance reserve, it is reasonable to be guided by the following criteria: (1) to channel funds to the implementation of priority objectives/reforms, taking into account the latest recommendations of the European Council to Lithuania and the Government priorities (the list of strategic projects); (2) to allocate funds to those ERDF measures the implementation of which by 31 December 2018 resulted in a significant progress (high financial indicators) and there is a clear demand for additional investment; (3) to allocate funds to those ERDF-supported areas, which, according to the current draft regulations of the new programming period and clarifications from the Commission, will become no longer eligible after 2020. Taking into account these criteria, the assessment recommendations propose to distribute the ERDF reserve under Priority Axis 7 to municipal public building renovation interventions, regional accessibility improvement measures as well as digital transformation promoting activities (infrastructure interventions financed under Priority Axis 2 or industrial digitising interventions under Priority Axis 3).

3. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 1 'STRENGTHENING RESEARCH AND DEVELOPMENT AND INNOVATION'

Progress of implementation. The funding plan approved in the amendment to the 2014–2020 OP provides for allocating EUR 636 million for the implementation of Priority Axis 1 of the OP, out of which EUR 40.6 million are funds of the performance reserve. According to SFMIS data, EUR 336 million of the ERDF funds was allocated to project promoters under concluded funding agreements by 31 December 2018 (50% of the budget of Priority Axis 1) and EUR 95 million was paid out (14% of the planned funds). A greater progress is observed in measures administered by the Ministry of Economy and Innovation; however, the implementation of the priority axis lags behind compared to the general OP implementation situation.

The continued relevance and appropriateness of interventions. The targets of Priority Axis 1 of the OP and its specific objectives remain relevant and contribute to resolving Lithuania's long-term competitiveness challenges. In the European Innovation Scoreboard 2017, Lithuania jumped from the 24th place among 28 EU Member States to the 16th place, and its growth compared to 2010 was 21%, the most rapid in the EU. While such progress is welcome, other international data and reports emphasise that the fundamental challenges remain the same:

- Lithuanian investments in R&D are insufficient. Foreign funds account for a quarter of the total R&D investment in Lithuania (as of 2017). Investments in R&D by Lithuanian businesses remain extremely low.
- The majority of R&D activities in Lithuania are still conducted in state-owned universities and institutes, which are dependent on public funding streams. The ratio of business investments in R&D to the GDP (0.31%) in 2017 was more than four times lower than the respective EU rate (1.36%).
- In the business sector, demand for R&D exists mostly in enterprises operating in niche sectors, while knowledge and technology transfer capacities in the public and business sectors are relatively weak. The development of knowledge and technology transfer competencies is given insufficient attention. Therefore, the previously created R&D infrastructure fails to have the expected influence on the economy.

The assessment of the continued appropriateness and relevance of interventions for the target groups shows that the interventions under Priority Axis 1 are moderately appropriate: interventions for business R&D incentives are appropriate and they were significantly improved during implementation, while investments in the improvement of the public sector R&D system only partially solve the chronic problems and meet long-term needs. Though interventions in the new period are much more diverse and better aligned than those in 2007–2013, there are weaknesses, which are likely to reduce the potential for policy effectiveness. Below is a formulation of several key findings by specific objectives:

- First, interventions under Objective 1.1.1 designed for promoting more active use of the RDI infrastructure are considered to be appropriate on an average. The most significant weaknesses remain the same, i.e. the added value created by R&I and its contribution to achieving the result indicator of the objective are not everywhere obvious. In the planned measures and R&I projects, insufficient attention is paid to the use of R&I, strengthening involvement of Lithuanian and foreign business, and attraction of investment. It is unlikely that the set of measures to substantially improve the conditions for external users to use R&I and R&I services.
- Second, interventions under Objective 1.2.1 designed to promote business investment in R&D are basically appropriate as they have a strong logical connection with the OP objectives and the specific programme result indicators and needs of the target groups. It is also demonstrated by demand for measures: in the calls for measures implemented until 1 August 2018, demand in many of the measures exceeded supply. In addition, the set of measures was improved in recent years with regard to experts' recommendations. If the new financial instruments (capital risk funds, where at least a part of the funds is intended for promoting RDI: the Early Stage and Development Fund II, the Co-investment Fund II, and the Co-investment Fund RDI) are successful, a more extensive use of financial instruments would be justified in the business RDI promotion objective. The RDI competences and absorption capacities remain a key challenge as they influence demand for measures and, in particular, project ideas, thus also the quality of applications. Therefore, it remains important to create a stream of high-quality project ideas and applications, while ensuring an effective system of advice on innovation, which would integrate innovation support services with financial instruments. Now, the system remains fragmented, its resources are split across different institutions, and implementation is based on the project principle. The development of an innovation support ecosystem is also relevant in the context of the ongoing Innovation Reform (including the consolidation of agencies). The consequences of the planned changes will manifest themselves during the 2021–2027 period.
- Third, interventions under Objective 1.2.2 intended to increase the extent of commercialisation and technology transfer are in principle appropriate, although they are not independently sufficient to achieve the objective. Part of the funds from Objective 1.2.2 was transferred to Objective 1.2.1 due to the slow absorption of funds and in order to direct possibly more funds to science and business cooperation in RDI projects that are carried out by business and are closer to the market. Therefore, currently interventions under Objective 1.2.1 (e.g. Inno-vouchers LT, Intelligence. Joint Science-Business Projects) contribute to the objective of Objective 1.2.2 to promote the scale of knowledge and technology transfer from the public to private sector. Also, a part of the measures under this objective, e.g., "Targeted research in smart specialisation areas", although important and necessary, should be funded from national funds. If funding these activities by the EU funds, there is a risk that when the EU funds are exhausted, the funding of this type of activities will also terminate.

Forecasts for achieving the monitoring indicators. The assessment of the effectiveness of the Priority Axis demonstrates that two of the four specific result indicators ('Business sector expenditure on R&D per capita', 'External users from economic entities who have used the renewed open access RDI infrastructure') will not be met by 2023 if the current conditions remain. The probability of achieving one of the indicators is low to average ('Part of R&D expenditure of research and study institutions funded by economic entities as a proportion of total expenditure'), and one will be achieved because its target value was not sufficiently ambitious ('Part of innovative enterprises cooperating with partners as a proportion of all the innovation-related enterprises'). The output indicators of Objectives 1.1.1 and 1.2.1 should be achieved if the measures are successfully implemented. No essential risks in achieving them are observed. The physical progress of the output indicators of Objective 1.2.2 was not determined due to delays in the implementation of the measures and transfer of part of the funds to Objective 1.2.1.

Required regulatory and systemic changes. Upon the assessment of the progress of the RDI measures and the possibilities to achieve the objectives, it was found that the set of the RDI measures was more diverse and more appropriate than that during the 2007–2013 funding period but it could be strengthened in order to promote structural changes.

In order to successfully implement Objective 1.1.1, it is appropriate to concentrate and optimise investments to be allocated to the R&D infrastructure and to pay more attention to mobilising the infrastructure.

The following regulatory and other systemic changes (some of them are planned for implementation) are relevant to the successful implementation of Objective 1.2.1:

- To substantially improve the RDI policy development, coordination and implementation. Although there is inter-institutional cooperation, it is not sufficiently effective. Strengthening of cooperation would ensure a more streamlined planning and implementation of measures. The improvement of the processes for the implementation of measures would increase the attractiveness of the measures and their accessibility to a greater number of target groups. The review and consolidation of the network of institutions funding and advising RDI is also relevant.
- To gradually change the system of incentives for innovation, while more flexibility interpreting the concept of R&D (with reference to the European experience, more flexibility attributing activities to experimental development) and better exploiting other forms of funding (tax incentives, venture capital, etc.) as well as developing an effective innovation support system that ensures a stream of high-quality project ideas.
- More active attraction of innovation-intensive foreign direct investment (FDI), targeting not only new investors but also those already active in Lithuania in order to attract a higher value added part of the chain of international companies.

The following regulatory and other systemic changes are relevant to the successful implementation of Objective 1.2.2:

- To strengthen the incentives associated with the motivation of research and study institutions to commercialise knowledge or work with agreement-based research, e.g. criteria of researchers' careers, terms of employment agreements, and criteria of funding for research. It is necessary to ensure a professional knowledge management and research export system.
- To substantially strengthen the human capital of the Lithuanian RDI system. This would create conditions for the sustainable development of the Lithuanian RDI system as well as maintenance and renewal of the existing capacity. Human resources are important for the functioning of the whole innovation system and carrying-out of RDI activities in both the public and private sectors. It is proposed to allocate considerable investments to attract highly qualified researchers from abroad, to substantially improve researchers' working conditions (i.e. their labour remuneration), and to increase the funding of RDI work carried out by researchers.

4. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 2 'PROMOTING INFORMATION SOCIETY'

Progress of implementation. As of 31 December 2018, a total of EUR 163.2 million of ERDF funds was allocated to projects funded under Priority Axis 2 of the OP (86% of all the EU funds planned for the Priority Axis); however, the amount of payments made was only EUR 23.3 million (12% of the EU funds allocated to the Priority Axis). Three main reasons related to deficiencies in the planning of Priority Axis 2 and its separate measures led to deviations from the implementation of the financial plan and primary interim values of the indicators established in the performance framework of the Priority Axis. One of the most important reasons for the delay in the implementation of the Priority Axis is the protracted reform of the ICT infrastructure consolidation and management optimisation. The second reason is the lack of preparedness of measures and projects submitted for funding. The implementation of Measure No 02.1.1-CPVA-V-521 'Expansion of new-generations access' was suspended in 2017, when the National Audit Office found that, in preparing the PIP, the funding was not coordinated with the EU's competition policy rules and the European Commission was not notified of the planned aid scheme. The deficiencies that occurred in e-health services funded in the previous programming period, a low level of their use, and the revision of the programme for the development of the Lithuanian e-health system in 2015–2025 initiated as a result of the audit conducted by the National Audit Office have become another obstacle for the successful implementation of Priority Axis 2. These reasons caused the postponement and/or revision of a part of the investment projects planned under Priority Axis 2 of the OP, including a significant reduction of funding, with the reallocation of EUR 55 million of EU funds to other OP Priority Axes.

The continued relevance and appropriateness of interventions. Investments in the area of information society development in Lithuania remain relevant, especially in light of the fact that the importance of digital economy is strengthening in the modern economy and international competitive environment, the need arises to develop new areas (data economy, cloud computing, and artificial intelligence) and to strengthen cyber security. The new needs of the development of the information society and target groups were assessed in the National Digital Agenda updated at the end of 2017, and compliance with this programme as a special project selection criterion is approved for the PFTM of measures funded under Priority Axis 2. This is how the continued relevance of interventions is ensured.

Further interventions of Priority Axis 2 should be rather targeted to two areas where, according to the Digital Economy and Society Index (DESI) compiled by the European Commission, Lithuania is lagging behind the most compared with other EU Member States:

- First, greater progress should be made towards reducing the digital gap and this objective should be sought by broader and more diverse ICT demand stimulating measures and their coordination with lifelong learning and STEAM promotion initiatives. ICT demand stimulating measures are mostly the responsibility of the Ministry of Education and Science and the Ministry of Social Security and Labour; therefore, it is appropriate to review the OP measures administered by them, while assessing the funding of new projects for the development of digital skills. In addition, the demand stimulating effort is significantly influenced by communication activities; therefore, it is important to continue the communication campaigns carried out under Priority Axis 12 by the Ministry of Transport and Communication and the Ministry of Education and Science in the directions 'Advanced Lithuania' and 'Effective Lithuania'.
- The second priority area is the efficient opening of public sector data and encouraging the public and business to reuse them. In this context, not only the successful implementation of Objective 2.2.1 and creation of an open data platform are important, but also the improvement of the legal framework, free provision of open data, improvement of competences of public administration staff, opening of business and society-relevant data, and encouraging those target groups to use open data.

Forecasts for achieving the monitoring indicators. The values of physical indicators planned for achievement by the signed funding agreements are sufficient in order to achieve the objectives set for 2023. Judging from the financial progress of Priority Axis 2 and investment amount allocated under signed funding agreements (86% of the funds allocated for the Priority Axis), the risk of failing to achieve the set value of the financial

indicator by 2023 is minimal and is mostly related to the following two measures: No 02.1.2-CPVA-V-522 'Security and optimisation of the ICT infrastructure' (it is planned to allocate EUR 8 million of ERDF funds) and 02.3.1-CPVA-V-525 'Electronic health services' (EUR 10 million of ERDF funds is planned), the implementation of which has not yet started. The implementation of these measures directly depends on the transformations carried out in the areas supported by them. In reducing the risk, it is appropriate to consider the transfer of the performance reserve provided for these measures to those measures under Priority Axis 2 of the OP where clear demand for investments is observed and there are projects prepared for funding.

Required regulatory and systemic changes. The progress of the further implementation of Priority Axis 2 and the efficiency of the use of the ESI funds most largely depend on the successful implementation of the ICT infrastructure consolidation and management optimisation reform and smooth takeover of the information society policy-making functions from the Ministry of Transport and Communications (in the area of the state IT development policy-making), the Ministry of Justice (in the area of registry policy-making), and the Ministry of the Interior (in the area of e-government policy-making) and their concentration in the Ministry of Economy and Innovation. The implementation of Objective 2.2.1 will be influenced by the implementation of the open data policy, creation of legal and organisational preconditions required for that purpose and strengthening of the competences of civil servants in the area of public sector data opening. The implementation of Measure No 02.3.1-CPMA-V-525 'Electronic health services' under Investment Priority 2.3 will depend on the implementation of the reformed e-health policy and execution of the recommendations provided in the audit report of the National Audit Office.

5. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 3 'PROMOTING COMPETITIVENESS OF SMALL AND MEDIUM-SIZED BUSINESS'

Progress of implementation. At the time of the assessment, the progress of the implementation of Priority Axis 3 'Promoting competitiveness of small and medium-sized businesses' was good compared to most other Priority Axes. During the period under assessment, calls for tenders were launched to an amount of EUR 518.8 million (as much as 95% of the total ERDF funding planned for the Priority Axis), EUR 361.7 million in investments was allocated under signed funding agreements (66% of the funds envisaged for the Priority Axis), and payments amounted to EUR 172.5 million (32% of the allocated funds).

The continued relevance and appropriateness of interventions. The implementation of Priority Axis 3 of the Operational Programme is overall successful. The investment is aimed at addressing relevant long-term challenges, the funded measures well complement each other, and the efficiency and effectiveness of the implementation of many measures is high. However, the assessment identified three key challenges. First, the investment complementarity is rather limited – the majority of the beneficiaries, if they had failed to receive EU funds, would still have invested, although to a lesser extent. Their own funds and/or bank loans would be used for the purpose. Second, the investments intended for the promotion of entrepreneurship would have a greater impact upon the implementation of the currently planned regulatory reforms, which would result in better targeted investments in the high-potential start-ups, would help to attract staff, and would encourage foreign entities to invest in businesses in Lithuania. Third, the effectiveness of the eco-innovation promotion measures is low due to limited demand for such investments from enterprises.

Although the objectives of Priority Axis 3 of the OP and the measures selected remain relevant and appropriate:

- In the case of Objective 3.1.1, which is intended to increase the level of entrepreneurship, it is worth to pay attention to the changed entrepreneurship indicators. According to the data of the majority of international statistical sources, indexes, and reports, the overall current level of entrepreneurship in Lithuania is among the highest in Europe. It is, therefore, more reasonable to direct the interventions planned for the promotion of entrepreneurship to the highest-potential start-ups, i.e. enterprises with the highest growth potential in international markets, and to the promotion of entrepreneurship in regions.
- The assessment of productivity indicators showed differences in the regions of Lithuania. Therefore, directing investments to the regions is especially justified. Part of the measures under Objective 3.3.1,

which is designed to increase SMEs' productivity, are only available to SMEs based in the regions ('Regio invest LT+' and 'Regio potential' in total account for about 40% of the funds of the Objective).

- On the basis of the 2018 ongoing assessment and interviews with state authorities and experts, it can be concluded that the implementation of eco-innovation from own funds is usually a priority of very large companies but it is too expensive for SMEs to implement eco-innovation solely from their own funds, and there is the lack of not only money, but also of competencies and time. Low demand for measures shows that eco-innovation is not an important priority for the majority of Lithuanian SMEs and they do not devote attention to that. So, the promotion of eco-innovation from the EU funds is justified, with particular emphasis on SMEs.
- The challenges addressed by the measures under Objective 3.3.2, which is intended to increase SMEs' investments in eco-innovation and other resource-efficient technologies, remain high and the measures are not sufficient to achieve the objectives. Nevertheless, one of the problems is too low demand for eco-innovation measures (due to the attractiveness shortcomings in the measures and due to the lack of knowledge about eco-innovations and their benefits). Therefore, in an effort to achieve the objectives of the measures, it is very important to conduct educational activities for business on eco-innovations and their benefits and to encourage demand for measures in other ways.

Forecasts for achieving the monitoring indicators. A relatively high performance of the Priority Axis in striving for the envisaged output and result indicators is likely. In Objectives 3.1.1, 3.2.1, and 3.3.1, high performance is forecast. No essential risks of failure to achieve the output indicators are observed in implementing these Objectives. The result indicators should also be achieved despite the fact that they are seriously affected not only by interventions but also by external factors. Potential problems arise only in Objective 3.3.2. In its implementation, there is no sufficient demand for the measures, the result indicator value is set very ambitiously, and it is unlikely that the measures will have a material impact on the country-level result indicator, considering the total number of enterprises that will be able to take advantage of the measures. Some of the measures are funding small-scale activities, which do not directly contribute to the objectives pursued but rather give them impetus. Therefore, there is a risk of failure to achieve the sought indicator values.

Required regulatory and systemic changes. The investments under Priority Axis 3 of the OP cannot resolve all business competitiveness challenges. The application of other (systemic, regulatory) measures is required, for example:

- To ensure the development of the venture capital ecosystem, for example: to educate business (particularly in regions) on venture capital funds, how they work, and how they can be benefited from; to improve the legal conditions for institutional investors to invest in venture capital funds; to improve the regulatory and tax environment of venture capital funds. More detailed information on the improvement of the legal system is provided in the study of the Venture Capital Association.
- To ensure the implementation of the systemic changes referred to in Section 3.2.1 in relation to the start-ups ecosystem (the focus of investments, creation of a favourable tax base, incentives, and preferences, favourable environment for entities from other countries to set up business, and improvement of the accessibility of labour).

6. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 4 'PROMOTING ENERGY EFFICIENCY AND PRODUCTION AND USE OF RENEWABLE ENERGY'

Progress of implementation. As of 31 December 2018, the amount of EU funds allocated to projects in the implementation of Priority Axis 4 totalled to EUR 711 million, while payments amounted to EUR 364 million. By the indicators concluded agreements (82% of the total funding amount allocated to the Priority Axis) and payments made (43%), financial implementation is the most rapid among all the Priority Axis of the OP. However, the analysis of the financial progress of separate objectives indicates that the measures attributed to the competence of the Ministry of Energy and the Ministry of Transport and Communications are planned and implemented at a lower pace. By the indicators of payments made and funds to be declared to the Commission, the speed of the measures supervised by these institutions is twice as slow compared to the general OP average. Such a delay poses the risk of failing to achieve the interim value of the Cohesion Fund

financial indicator set in the performance framework of the Priority Axis. The later implementation of the measures administered by the Ministry of Energy is due to the fact that the main strategic document defining investments, i.e. the National Energy Independence Strategy, was updated and other relevant legal acts (e.g. the Law on Energy from Renewable Sources) were amended during the implementation of the OP. The delay was also caused by the protracted coordination with the Commission and justification of large-scale projects envisaged for implementation under Objective 4.1.1 in the development of high-efficiency cogeneration capacities in Vilnius and Kaunas. The delay in the measures administered by the Ministry of Transport and Communications was due to the fact that a part of them are implemented by means of regional planning; therefore, the process of drawing-up the list of projects was delayed. Also, part of the measures is implemented according to sustainable mobility plans; therefore, Measure No 04.5.1-TID-V-513 'Creation of sustainable mobility systems' intended for the drawing-up those plans was the first to be implemented, and then investments for the implementation of the measures provided for in those plans were planned.

The continued relevance and appropriateness of interventions. The interventions under Priority Axis 4 of the OP directly implement the '20/20/20' climate and energy target provided for in the EU's 2020 Strategy: to reduce (compared to 1990) GHG emissions by 20%, to increase the amount of energy collected from renewable sources by 20%, and to increase the energy efficiency by 20%.

Lithuania has already achieved its national target and the share of energy from renewable sources in the total energy consumption balance exceeds 23%; however, this target was achieved owing to earlier investments but not to those in 2014–2020 as well as owing to the state regulatory policy. The EU funds' investments in 2014–2020 will mostly contribute to the further expansion of energy from renewable sources in the heat sector and will also partially promote the expansion of energy from renewable sources in the electricity production and transport sectors. The latter investments, however, will be insufficient to achieve the established sectoral targets in the consumption of energy from renewable sources. When deciding by the interventions under Priority Axis 4, their funding scale and implementation progress, the ESI funds in this programming period will mostly contribute to the expansion of the use of energy from renewable sources in the heat sector. On the one hand, such investment logics is justified because the production of electricity from renewable sources is supported by mandatory purchase and the system of public service obligations (PSO), where the producer is paid the difference between the fixed electricity rate and the market price determined by the National Commission for Energy Control and Prices. However, the indicator of the share of energy from renewable sources in the transport sector deteriorates during the implementation of the programme. Although the use of energy from renewable sources in the transport sector can be mostly influenced by the consumption of biofuel, the mandatory share of which in blends with fuels derived from mineral sources is established by the Government, the growth can also be contributed by more rapid electrification of the transport sector.

The interventions under Priority Axis 4 of the OP will be significant in Lithuania's effort to achieve the target of the Europe 2020 in the area of energy efficiency. The funds of the 2014–2020 Operational Programme will mostly contribute to the energy efficiency improvement target by implementing interventions under Objective 4.3.1 aimed at reducing energy consumption in public infrastructure and multi-apartment buildings. It is planned to allocate for this objective almost 60% of the total funds of Priority Axis 4 of the OP (EUR 496 million). However, according to the calculations of the National Audit Office, the regulatory and investment measures carried out in the energy efficiency area are not sufficient to achieve the target set in this area for Lithuania, i.e. to save 11.67 TWh by 2020. For failing to comply with the provisions of the EU's 2012 Energy Efficiency Directive 2012/27/EU and to meet its obligations, Lithuania may face sanctions from the European Commission (the minimum lump-sum fine may reach EUR 0.6 million). The renovation of public buildings is one of the important measures to achieve the assumed obligations. During the period under assessment, difficulties arose in the implementation of the renovation of public buildings according to three measures administered by the Ministry of Finance, the Ministry of Energy, the Ministry of Environment, and the Public Investment Development Agency (VIPA). The problems of demand in the measure administered by the Ministry of Energy intended for the renovation of buildings owned by the state were addressed by establishing new legal obligations to potential applicants and a financial measure by supplementing the repayable assistance. Similar corrective actions were not taken in implementing Measure No 04.3.1-FM-F-002 'Renovation of municipal public buildings'. During the period under assessment, only 1 loan was provided to one project for the modernisation of a public building owned by a municipality; therefore, there is a high risk of failing to achieve the targets and indicators set for this measure.

Actions aimed at reducing GHG emissions are also provided for under Priority Axis 4 of the OP. The interventions planned under Objective 4.5.1 are targeted to the most problematic transport sector. The

measures provided for by the OP are aimed at ensuring effective management systems and implementing sustainable mobility measures. The projects are still being implemented, so their impact is not yet tangible.

Forecasts for achieving the monitoring indicators. Although the progress in the output indicators of the investment priorities being implemented under Priority Axis 4 was small until the end of 2018, the agreements signed with project promoters demonstrate that the values of the majority of the indicators will be achieved when the ongoing projects are completed. During the assessment, the risk of failing to achieve the following indicators set in the Operational Programme was identified:

- In implementing the measures under Objective 4.1.1, the values of Indicator P.B.234 'Total annual reduction of greenhouse gas emissions' and Indicator P.B. 230 'Additional renewable energy production capacity' will be underachieved by around 15% because funding from the EU funds was allocated to a project of energy from renewable sources with capacities lower than those planned at the time of programming;
- In implementing the measures under Objective 4.2.1, the values of Indicator P.B.202 'Number of companies who are beneficiaries of grants' will be underachieved by 80%.
- In implementing the measures under Objective 4.2.1, the value of Indicator P.B.201 'Number of companies who are recipients of investments' will not be achieved. Furthermore, this indicator by interventions carried out under 4.2.1 is in general hardly appropriate because the form of support provided to the majority of the funded projects is grant, so the benefit from the interventions is measured by Indicator P.B.202;
- Also, there is a high risk of failing to achieve the following output indicators: under Objective 4.1.1 – P.S.313 'Acquisition of new equipment for biofuel feedstock mobilisation and for biofuel generation and transportation'; under Objective 4.3.1 – P.S.316 'Towns with reduced street lighting maintenance and energy costs' and P.B.232 'Annual decrease of primary energy consumption in public buildings'.

Irrespective of small progress by output indicators, almost all result indicators established for the monitoring of Priority Axis 4 were improving rapidly during the period under assessment (except for Indicator R.S.321 'Carbon dioxide emissions (except for that from biomass) from household transport activities'). This demonstrates a low casual link between the ongoing interventions and selected result indicators.

Required regulatory and systemic changes. The legal framework and obligations to the target groups are important for the implementation of the measures under Priority Axis 4 of the OP and achievement of the objectives established by the OP. The development of energy from renewable sources, energy consumption savings, and reduction of GHG emissions are all sought not only by investment but also by regulatory and tax measures. The impact assessment studies conducted by the European Commission show that the latter measures (especially support schemes designed for electricity produced from renewable energy sources and obligations to producers and consumers) have a greater impact on the development of energy from renewable sources than grants for investments. This is also proved by the example of the renovation of public buildings.

The assessment report states that given the current situation of emissions from the transport sector and causes of that situation (inefficient fleet of vehicles, unattractive public transport, insufficient incentives for the public to use low-emission cars, underdeveloped sustainable mobility systems in cities, and lack of infrastructure required for the development of electric vehicles), the interventions being made under Objective 4.5.1 alone will not be sufficient to implement the Paris climate change agreements dealing with greenhouse-gas-emissions mitigation in the transport sector. Both the reduction of GHG emissions and promotion of the use of energy from renewable sources in the transport sector can be influenced by investment infrastructure measures to a limited extent. The greatest impact is possible through fiscal (for example, taxation of high-emission vehicles) and regulatory (for example, increase of the level of the mandatory consumption of biofuel) measures. Therefore, in order to modernise the transport sector and promote sustainable mobility habits, it is reasonable to revert to considering, both in Lithuania and almost all other EU Member States, to introduce a car emission tax to be established on the basis of the car's emissions interval and fuel type. It is also worth considering the possibility to establish mandatory requirements for state authorities and transport infrastructure facility managers to acquire vehicles using energy from renewable sources.

7. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 5 'ENVIRONMENT, SUSTAINABLE USE OF NATURAL RESOURCES AND ADAPTATION TO CLIMATE CHANGE'

Progress of implementation. In drawing up the Operational Programme for the implementation of Priority Axis 5, it was planned to allocate EUR 837.8 million of the EU funds (EUR 193.7 million from the ERDF and EUR 644 million from the CF). Taking into account the progress of the implementation of the OP and responding to the changing context of the interventions, funding for the implementation of this Priority Axis was increased by 7% and amounts to EUR 903.2 million of the EU funds. The overall financial implementation of the Priority Axis is quite smooth. As of 31 December 2018, the progress of Priority Axis 5 by separate financial indicators (launched calls and/or compiled lists of projects, agreements concluded, and payments made) was close to the average of the OP: the amount of EU funds allocated for the implementation of the projects amounted to EUR 631 million (70% of the EU funds allocated to the Priority Axis), while the amount of payments made was EUR 237.6 million (26% of EU funds allocated to the Priority Axis). Slower payout rates were in the implementation of ERDF-funded measures. The ERDF's financial indicators were deteriorated by the slow implementation of Measures No 05.4.1-CPMA-K-303 'Actualisation of the public and private cultural heritage' and No 05.4.1-LVPA-R-821 'Development of the information infrastructure of tourist trails and tourist routes linking municipalities'.

The continued relevance and appropriateness of interventions. Investments in environmental protection and sustainable use of resources remain relevant in Lithuania. Irrespective of the progress that has been made, the European Commission constantly emphasises the continued need for investment in Lithuania. In the EU's Environmental Implementation Review presented in 2017, the Commission stated that Lithuania had to make additional efforts to fully implement legislation on waste management, nature and biodiversity, air quality, noise, water quality and water management. Particular emphasis is placed on the need to enhance the effective management of waste and it is noted that Lithuania should carefully plan subsequent investments of the waste sector investments in order to avoid obstacles to achieving the 2020 processing target. In the Review, the Commission has also stated that air quality in Lithuania continues to give cause for concern; major cities suffer from traffic jams, poor air quality, while urban municipalities lack resources to solve them; Lithuania has a large share of old cars in the existing car fleet and the emissions of newly registered cars in Lithuania are well above the EU average; excise duties on motor fuel, petrol and diesel in Lithuania are among the lowest in EU; very large number of environmentally harmful subsidies, etc. It is proposed to curb emissions and ambient concentrations of air pollutants, pay attention to the energy sector generating heat using solid fuels, to transport and to agriculture, to reduce adverse air pollution impacts on health, environment and economy. These problems should be resolved by the National Air Pollution Abatement (Management) Plan, which had to be approved by 31 December 2018, but its coordination was protracted. Once the Plan is approved, it is appropriate to consider the possibilities of starting the implementation of the measures provided for in the Plan from the 2014–2020 EU funds.

Another problem to be resolved from the EU funds is related to the EU law infringement procedure initiated by the European Commission against Lithuania on 15 February 2017 in respect of the improper implementation of Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment. Taking into account the fact that the output indicators planned under Objective 5.3.2, due to the length of the reconstructed drinking water supply and waste-water collection networks, will be achieved upon the implementation of the currently signed agreements for the funding of municipal projects, the resources of the Water Management Fund should be directed to the development of new water supply and waste-water collection networks.

Compared with the previous programming period 2014–2020, more investments are made in the renewal and adaptation, use, and actualisation of sites of cultural heritage. These investments are very important in reducing inequalities in the accessibility of cultural services and the gap between the centre and periphery, improving the accessibility of culture, particularly in regions where less cultural services are offered. Therefore, it is important to consistently create supply here. The planned hard investments in cultural heritage and, consequently, the consistent creation of a dense network of cultural infrastructure are necessary to meet objectives, i.e. to increase interest in culture, awareness of cultural sites and their attendance, public involvement in culture, because neglected, untended sites of cultural heritage may not be appealing to visitors, and there are no opportunities to organise cultural events. However, in seeking higher consumption of culture and viability and sustainability of cultural sites, there are also other measures of

importance: soft investments, knowledge, skills and initiative of managers of cultural heritage sites in finding more diverse, publicly attractive supply of culture, knowledge of developers of cultural products and services in the field of publicity and marketing and their entrepreneurial skills, and the necessity for education of potential consumers of culture.

Forecasts for achieving the monitoring indicators. At the mid-way point of the implementation of the Operational Programme, 431 projects were being funded under Priority Axis 5, while a part of them (70 projects) were already completed. According to SFMIS data as of 31 December 2018, the first results of the EU funds investments are seen in the water management sector, where water supply services were improved for almost 170 000 people in implementing Measure No 05.3.2-APVA-V-013 'Improvement of the drinking water supply and waste-water treatment sector' (the achieved value of Output Indicator P.B.218 'Additional residents to whom improved water supply services are provided' was exceeded almost 3 times compared to the target value for 2023). On the other hand, there is no physical progress in implementing other interventions in the water sector carried out under Investment Priority 5.3. This situation was significantly affected by the protracted drawing-up of the Action Plan for the Implementation of the 2017–2023 Water Sector Development Programme and the EU law infringement procedure initiated by the European Commission against Lithuania on 15 February 2017 in respect of the improper implementation of Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment.

In assessing the interventions supported by Investment Priority 5.1 'Supporting investment for adaptation to climate change, including ecosystem-based approaches', progress is observed under Measure No 05.1.1-CPVA-V-901 'Improvement and development of hazard warning and rescue systems' of the Ministry of the Interior. As of 31 December 2018, the degree of achieving the value of Indicator P.S.327 'New resident warning and rescue equipment' was 132% (29 installations were purchased instead of 22 installations planned).

According to SFMIS data as of 31 December 2018, there was yet no progress in output indicators under Investment Priority 5.2 intended for investments in the waste sector but Result Indicator R.S. 324 'Share of municipal waste disposed in landfills' was already achieved. The change in the result was influenced by the 2007–2013 EU funds investments in mixed municipal waste processing facilities (mechanical and biological treatment facilities started operation in 2015–2016 and a waste-fuelled power plant in Klaipėda was commissioned in 2013). Also, this indicator was influenced by the deposit system introduced in 2015.

The first achievements are also observed in implementing Investment Priority 5.4 'Conserving, protecting, promoting and developing natural and cultural heritage'. Sufficient progress was achieved in implementing the Ministry of Economy and Innovation measures intended for tourism marketing. 251 tourism marketing measures (45% of the target value) were implemented by 31 December 2018. Under the measures administered by the Ministry of Culture and the Ministry of Environment, 7 sites of natural and cultural heritage were landscaped and adapted for visiting (10% of the target value under Indicator P.S.335). According to signed funding agreements, it is planned to landscape and adapt for visiting 249 sites and territories; therefore, the target value set in the Operational Programme will be exceeded more than 3 times. However, the implementation of the projects takes longer than planned, especially in the area of culture because it is necessary to carry out lengthy investigations of heritage and also legal disputes concerning public procurement are frequent. The management of private heritage objects is complicated by issues of ownership, there is the lack of funds for the implementation of projects, cultural heritage management projects are not sufficiently advantageous for private business entities, slower pace of investment is also contributed by human resource irregularities in the cultural area, and insufficient abilities in the implementation of project and search for alternative ways of funding.

During the assessment period, progress was achieved in the implementation of interventions supported by Investment Priority 5.6 'Taking actions to improve the urban environment, revitalisation of cities, regeneration and decontamination of brownfield sites, reduction of air pollution and promotion of noise-reduction measures': 9 street cleaning equipment units were purchased (18% of the value of Indicator P.S.339) and 3.44 ha of contaminated sites was rehabilitated (22% of the value of Indicator P.B.222). Irrespective of the progress achieved under Measure No 05.6.1-APVA-V-020 'Clean-up of contaminated sites', the value of the set Result Indicator R.S.335 'Potential pollution hotbeds of extremely high risk' worsened during the implementation of the OP. This is due to the fact that the active potential pollution hotbeds measured by the indicator grow because of the expansion of economic and commercial activities, while the measure is intended to clean up and manage sites contaminated in the past.

Based on the information of the concluded funding agreements, all the output indicators included in the performance framework of the Priority Axis of the OP will be achieved by 2023. The values of the financial indicators will be achieved if the responsible institutions ensure the smooth implementation of three measures carried out from the funds of the CF (No 05.2.1-APVA-K-009 'Development of municipal waste preparation for processing', No 05.3.2-FM-F-015 'Water resources management fund', and No 05.6.1-APVA-V-020 'Management of contaminated areas') and the measure of the Ministry of Culture funded from the ERDF funds, No 05.4.1-CPVA-K-303 'Actualisation of the public and private cultural heritage'.

Required regulatory and systemic changes. Environmental and climate change mitigation targets should be pursued through a variety of interventions. In these areas, a greater effect is produced by tax measures (for example, the packaging tax) and regulatory obligations (for example, the emission trading system). Information tools raising environmental awareness and communication activities promoting the change of the target groups' behaviour are also important. Action plans, which establish measures covering different types of interventions, are adopted in the main waste management, water management, and waste-water treatment sectors. The National Air Pollution Abatement (Management) Plan, which is important in pursuing the targets of Priority Axes 4 and 5 of the Operational Programme, is also currently under consideration.

8. MAIN CONCLUSIONS REGARDING PRIORITY 6 'DEVELOPING SUSTAINABLE TRANSPORT AND KEY NETWORK INFRASTRUCTURES'

Progress of implementation. In comparison with the general programme implementation level, the financial implementation indicators of Priority 6 show medium progress. As the implementation of the operational programme was at the mid-way point, 78% of the funds allocated for the Priority was included in plans. In particular, there was a backlog in the implementation of the interventions of the Ministry of Energy, the value of the lists of projects drawn up and calls launched under which accounted for 58% of the allocated funding. A slower implementation of energy projects is related to the fact that the sector has been implementing larger-scale (in terms of both technical parameters and funding) infrastructure projects financed by CEF funds. In addition, during the implementation of the programme, the main strategic documents defining investments were updated.

The continued relevance and appropriateness of interventions. It is already a third EU funds' programming period (2004–2006, 2007–2013, and 2014–2020) when substantial funds are invested in the basic development of transport and energy interconnections; however, the EU Regional Competitiveness Index (2016) published by the European Commission in February 2017 states that for Lithuania to be competitive, investments in economic infrastructures remain relevant (especially in interconnections with the EU power, transport, and infrastructure networks). The development of converging regions is rather affected by traditional factors such as human capital, implementation of innovation and effort to ensure the availability of investments; therefore, the elimination of the shortcomings of strategic infrastructure determining the accessibility of the region still constitutes a mandatory element of Lithuania's long-term economic development strategy. Also, there remains a need to increase regional mobility by connecting secondary and tertiary nodes to TEN-T network infrastructure and integrating the main urban and economic centres, to complete the construction of bypasses in cities, to improve traffic conditions, and to reduce pollution and travel time. As estimated by the EU, connections between TEN-T corridors and national or local transport networks in Lithuania are among the least developed in the EU, and this hinders the possibility for people to go to work and reduces the country's attractiveness for new investment. In addition to infrastructure gaps, barriers in mobility are also caused by the fragmentation of municipal public transport systems because they fail to ensure coordinated public transport routes and timetables. Investments in traffic safety improvements also remain relevant because it is noted that, in spite of the positive developments in the area of road safety, road fatalities are still above the EU average.

The objectives of Priority Axis 6 are sought through the implementation of 15 measures. The vast majority of EU funds, or 87% (EUR 1.02 billion), is concentrated in the transport sector and only a little more than a tenth of the funding (EUR 153 million) is allocated for integration into the EU internal energy market. Transport sector interventions include investment in all modes of transport: road, rail, air, sea ports and inner waters. Investments are also made in the interoperability of different modes of transport. A clear watershed between

the CF and the ERDF investments directed to the transport sector is ensured. No overlapping interventions were identified during the assessment.

In assessing the funding allocated to and used by measures and the gap between the indicators established in signed agreements and objectives established in the OP, the maximum need for additional investment is observed in the implementation of road infrastructure projects within TEN-T Network (under Measures No 06.1.1-TID-V-501 'Improvement of the technical parameters and increase of the capacity of TEN-T Road Network' and No 06.1.1-TID-V-502 'Construction of city bypasses') and regional mobility interventions (under measures No 06.2.1-TID-R-511 'Development of local roads' and No 06.2.1-TID-V-507 'Regional accessibility improvement'). Taking into account the fact that the underdeveloped transport infrastructure remains to be one of the major restrictions of the country's growth, it is recommended that these measures are allocated additional funding.

Forecasts for achieving the monitoring indicators. Major achievements are seen in the implementation of interventions in the transport sector. In implementing projects under Measures No 06.1.1-TID-V-501 'Improvement of the technical parameters and increase of the capacity of TEN-T Road Network' and No 06.1.1-TID-V-502 'Construction of city bypasses', 66 km of roads within TEN-T Network was reconstructed (42% of the target value of Indicator P.B.215 'Total length of reconstructed or upgraded roads within TEN-T Network') and 5.16 km of new roads was constructed (47% of Indicator P.B.213 'Total length of newly constructed roads within TEN-T Network'). The greatest progress, in terms of both the use of fund and achievement of planned indicators, is observed in the implementation of the modernisation and expansion of the regional roads infrastructure under Measures No 06.2.1-TID-R-511 'Development of local roads' and No 06.2.1-TID-V-507 'Regional accessibility improvement', which has been funded for several programming periods. As of 31 December 2018, the length of roads reconstructed in the implementation of these measures amounted to 92 km. Significant achievements in investments in traffic safety improvements are also observed – over the period under assessment, 27 traffic safety improvements and environmental measures were implemented.

The assessment of the probability to achieve in 2023 the values of indicators provided for in the performance framework according to the version that was current at the time of the assessment shows that, as of 31 December 2018, the target values of 2 of the established 5 output indicators will be achieved in implementing the projects being funded currently:

- According to the signed agreements, the projected value of ERDF Indicator P. B. 214 'Total length of reconstructed or updated roads' (173 km) amounts to 149% the target value. However, an amendment to the OP, under which it was planned to set a greater value of the indicator (204 km), was coordinated at the time of the drafting of the Assessment Report. Upon the approval of this amendment, the indicators planned in the agreements being currently funded will account for 85% of the target value, so additional investments and funding will be needed under the measures contributing to this indicator (No 06.2.1-TID-R-511 'Development of local roads', No 06.2.1-TID-V-507 'Regional accessibility improvement', and No 06.2.1-TID-V-512 'Development of city transport infrastructure in implementing joint projects of state significance'). So far, no additional achievements of ERDF Indicator P. B. 214 are planned in the Measures Implementation Plans.
- The planned value of the ERDF indicator 'Implemented safe traffic improving and environmental measures' is 202, which amounts to 2020% of the target value. It is planned to update the value of this indicator. To increase the value of Indicator P.S.342 provided for in the amendment to the OP, which undergoes a coordination procedure, to 173. Therefore, if the currently funded projects are implemented in the envisaged scope, the indicator will be achieved by 117%.

In order to achieve the other 3 output indicators included in the performance framework, new projects will need to be implemented:

- According to projects under Measures No 06.1.1-TID-V-501 'Improvement of the technical parameters and increase of the capacity of TEN-T Road Network' and No 06.1.1-TID-V-502 'Construction of bypasses in urban areas', it is planned to achieve 42% (66 km) of the target value of Indicator P.B.215 'Total length of reconstructed or upgraded roads within TEN-T Network' (157 km). In the amendment to the OP, which now undergoes a coordination procedure, it is planned to reduce the value to 99 km. However, in order to achieve even a smaller objective, additional funding is required. It can be reallocated from less demanded interventions under Objective 6.1.1 intended for investment in smart transport systems within TEN-T network or airport infrastructure.
- According to the funding agreements concluded under Measure No 06.1.1-TID-V-503 'Upgrading and improvement of TEN-T Railway Network and enhancement of the interoperability of different modes

of transport', it is planned to upgrade 61 km of the railway network, which accounts for 28% of the target value of Indicator P.B. 212 'Total length of reconstructed or upgraded lines within TEN-T Railway Network' (220 km). As of 31 December 2018, the amount of the funding agreements concluded under the measure accounted for 30% of the allocated funding; therefore, the budget planned for the measure should be sufficient to achieve the current value of the indicator included in the performance framework. However, the amendment to the OP that was coordinated with the Commission during the drawing-up of the report provided for increasing the value of Indicator P.B.212 to 339 km; therefore, it is necessary to evaluate the need for additional funding to achieve the set target.

- According to agreements being implemented, it is planned to reconstruct/construct 178 km of power transmission lines. This accounts for 36% of the target value of Indicator P.S.345 'Length of new and/or reconstructed power transmission lines' (500 km). Taking into account the decision adopted by the Ministry of Energy to reduce the scope of investments under Measure No 06.3.1-LVPA-V-103 'Modernisation and development of the electricity transmission system', the amendment to the OP, which was coordinated with the Commission during the assessment report, provided for reducing the value of Indicator P.S.345 to 330 km. In pursuing this target, it will be necessary to implement new projects, under which at least 152 km of electricity transmission lines will be constructed/reconstructed.

Required regulatory and systemic changes. The underdeveloped transport infrastructure remains to be one of the major restrictions of the country's growth. Lithuania holds the 21st place in the EU Transport Scoreboard and continues to have the least developed TEN-T core road and railway network. In order to ensure that the planned investments achieve the maximum benefit, it is important to ensure at the planning stage an integrated approach and, when investing in regional transport infrastructure, to remove mobility barriers, first of all, where the insufficiently developed transport infrastructure limits the mobility of workers between separate Lithuanian municipalities or between the centre and periphery. Transport infrastructure investments should also be complemented by other measures helping remove mobility obstacles. It is especially important to integrate municipal public transport systems, while coordinating public transport routes and timetables.

9. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 7 'PROMOTING QUALITY EMPLOYMENT AND PARTICIPATION IN THE LABOUR MARKET'

Progress of implementation. According to SFMIS data as of 31 December 2018, the value of project funding agreements concluded in the implementation of Priority Axis 7 amounted to EUR 452.8 million (61% of the EU funds allocated to the Priority Axis), while the amount of payments made was EUR 246.8 million (33.5% of EU funds allocated to the Priority Axis). Greater progress was achieved in the measures administered by the Ministry of Social Security and Labour, which are funded from the ESF. However, in implementing Objective 7.1.1, which is intended to diversify economic activities and improve conditions for attracting investment in support of job creation in target territories (urban areas), the sufficient rate of the payout of funds failed to be achieved; therefore, the possibility to use the funds of the performance reserve for interventions by the Ministry of the Interior and the Ministry of Culture was lost. It was planned that EUR 6.1 million would be allocated from the performance reserve Measure No 07.1.1-CPVA-V-304 'Modernisation of cultural infrastructure' of the Ministry of Culture and EUR 18.9 million would be allocated to the measure 'Integrated development of services in the target territories of the integrated territorial development programmes' of the Ministry of the Interior.

The continued relevance and appropriateness of interventions. The socio-economic situation in Lithuania changed significantly since 2014. When planning investments, it was expected that the funded measures would contribute to the implementation of the strategic goals in the area of employment, i.e. would allow increasing the employment rate among the population to 72.8% (the national target for Lithuania set by the NRP) and reduce the long-term unemployment level to 3% (the Employment Enhancement Programme for 2014–2020). However, these targets (mostly owing to the rapid economic growth) were achieved already in 2017. Many labour market challenges arose since the beginning of the interventions planning period: labour

shortage, compliance of the competences of workers with changing needs of the labour market, and persisting significant regional disparities. The selected measures are partially appropriate for the implementation of the set targets. Most of the measures are designed to address the problems of high unemployment and low economic activity; however, insufficient attention is paid to the problems of the shortage of competent workers (relevant in 2017–2019) and prevention of dropping out from the labour market (may be relevant in 2019 as the economic growth slows down or a new economic crisis is faced with). There is a lack of inter-sectoral cooperation in addressing cross-cutting issues and coordination of different measures. It is particularly important that, due to the changing socio-economic situation, the number of the main target groups (unemployed, NEET young people) is rapidly declining, individuals are moving between groups (e.g., NEET become low-skilled workers and vice versa) and their composition changes. If the macro-economic trends that have been prevailing so far persist, there may be a challenge of the meaningful inclusion of a sufficient number of new participants in the interventions activities.

The interventions under Priority Axis 7 match each other very well; however, the compatibility of this Priority Axis with others is insufficient as the interventions package has significant gaps in addressing the new challenges in the field of employment. First, as the problems of labour shortage sharpen, measures that may encourage a more significant number of emigrants to repatriate are not implemented. Second, the EU funds' investments will create most jobs in major cities, although the labour market demand remains the weakest in the regions. Third, the problems of inconsistency between the supply of and demand for the competences of workers are not addressed in a systemic way. The main gap is that the investment only to a very small extent reaches those workers who need it the most, i.e. those with low/moderate level of competence and lacking motivation and capacity to learn. In addition, many representatives of the target groups who had a higher motivation have already participated in the measures and/or have become employed without intervention, while further ALMP funding leads to declining marginal returns, i.e. participants' employability decrease every year. Also, separate (though not all) projects intended to promote labour market demand create an exclusionary effect. As many as 81% representatives of companies that employed people upon receipt of investments under the measure 'Support to employment – VD' (its implementation is now suspended) indicated that they would have employed the people even without partial compensation of wage costs. Also, almost a half of the beneficiaries of the measure 'Grants to starting-up a business' claimed that they would have created jobs even without partial compensation of wage costs.

Forecasts for achieving the monitoring indicators. The physical and financial progress of the investment priorities is uneven. Despite delays, there is a high probability that the values of the output indicators will be achieved. The values of a significant portion of the result indicators have already been achieved (sometimes in spite of a limited financial progress). Such cases show that the set values of the result indicators were not ambitious enough, and the achievement of the targets is seriously influenced by the overall socio-economic trends in Lithuania.

Required regulatory and systemic changes. Currently, funding from the ESF is used for state social guarantees (ALMPs, employment of people with disabilities, etc.). Such a model is unsustainable because if the volumes of EU funds investment allocated to Lithuania decrease, it will be very difficult, if at all possible, to fund the same level of services from the state budget. In providing labour market integration services, it is particularly important to coordinate ESF investments and state budget funds. In order to ensure the continuity of fundamental services (ALMPs, integration of people with disabilities into the labour market), it is important to reduce their dependency on ESF funds. It is appropriate to use the ESF for funding the creation of systems (e.g. monitoring, databases of people remote from the market, new processes and services), which is important in a longer term, while current expenditure should be financed from the state budget.

It is also necessary to strengthen the abilities of forecasting, monitoring, and assessing the needs of the labour market. The planning of the 2014–2020 interventions was based on the analysis of the situation in 2010–2012, so preparations were made for the implementation of measures dealing with high unemployment and low activity problems. However, from 2014, the situation in the labour market had been steadily improving owing to the economic recovery and the strategic goals were achieved already in 2017. During this period, much more relevant interventions would be those dealing with the problems of labour shortage and supply of appropriate competences, intended for the prevention of emigration and repatriation of emigrants, reaching, motivating, and enabling workers with low/medium competence to receive training and the concentration of those measures in the problem regions. Similar problems (investment axes 'fail to keep up with' the economic cycle changes) were also inherent in the previous programming periods. Therefore, the planning of employment policy measures and corresponding investments during the 2021–2027 programming period should be based on analysis of future trends:

- The long-term forecasts of economic and labour market changes. They should include at least three scenarios: the base, more optimistic and pessimistic ones. For each scenario, it is necessary to prepare a relevant set of measures, and the programming phase should provide for the possibility to reallocate resources between the measures of each scenario.
- The assessment of the impact of long-term trends on the Lithuanian labour market. For example, how changes in trade and investment flows, digitisation and robotisation will change the pattern of employed persons and how the nature of work and need for relevant competencies will change.

10. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 8 'PROMOTING SOCIAL INCLUSION AND COMBATING POVERTY'

Progress of implementation. According to SFMIS data, EUR 357.3 million of the EU funds was allocated to project promoters under concluded funding agreements by 31 December 2018 (67.6% of the budget of Priority Axis 8) and EUR 156.6 million was paid out (30% of the planned funds). The biggest implementation progress was achieved in the measures funded from the ESF and administered by the Ministry of Social Security and Labour.

Many of the measures are implemented effectively, although delays were noticed in part of the measures; the implementation of the measures started later than planned (this is particularly noticeable in Objectives 8.1.3 and 8.4.2). In the provision of services, the available infrastructure is utilised effectively (e.g. training takes place in existing educational premises, the rent of expensive conference rooms is avoided). Nevertheless, the funds crowding-out effect is observed in some cases. For example, the measure 'Integrated services for families' is free and accessible to all residents; therefore, even more well-off individuals who would pay for the services do not do so. Despite the fact that such accessibility encourages them to participate in the activities, the application of a *minimum* symbolic fee to more well-off residents would be appropriate.

The continued relevance and appropriateness of interventions. With regard to the fact that in 2017 almost one third (29.8%) of the people living in Lithuania faced the risk of poverty and/or experienced social exclusion, the main objective of Priority Axis 8 remains especially relevant. The number of people facing the risk of poverty and/or social exclusion in Lithuania remains one of the highest compared to other EU Member States. According to Eurostat data, currently 843 000 people in Lithuania are facing the risk of poverty and/or social exclusion. The improvement of people's welfare is limited by too low income, inadequate material resources, lack of various services, such as healthcare, social assistance or education, insufficient opportunities for integration into the labour market, and poor working conditions. Despite the fact that since 2008 the number of persons experiencing poverty or social exclusion has decreased, their relative share has risen by 1.3% during this period due to the decline in the total population. Currently, the implementation of Lithuania's national target requires creating conditions for climbing out of poverty and social exclusion for at least another 29 000 people.

The investment objectives respond to the needs of the target groups, i.e. encourage involvement in the labour market, aim to increase the availability of social and health services, reduce differences in the quality of living, and involve local communities in resolving problems characteristic to specific areas (urban target areas). Investments intended for the transition from institutional care towards community-based services are associated with essential sector reforms, and this allows expecting a significant and sustainable impact. However, it is important to pay more attention not only to resolving relevant problems but also to the prevention of poverty and/or social exclusion. Despite the fact that Priority Axis 8 contains a couple of such measures (e.g. 'Integrated service for families' or 'Healthy ageing promotion initiatives'), it may be worth, taking into account the strong need for and effectiveness of such measures and their costs (i.e. prevention requires fewer resources than interventions in the later stage of problems), increasing the funding of such measures.

In order to systematically eliminate the causes of poverty and social exclusion (and not only to mitigate the consequences of those phenomena), a better coordination of investments under Priority Axis 8 and other interventions is required. Persons exposed to the risk of poverty and/or social exclusion face several

problems at the same time, so they need comprehensive and evenly provided aid. The problem is not that investments are provided for in different sections of the programming document, but rather the fact that workers providing services to specific groups are restricted by measures funding their activities, i.e. they cannot reach into different 'pockets'. For example, the funds of Priority Axis 8 are used for funding the provision of integrated services for families. Children from families exposed to the social risk also often face difficulties in school; however, the resources needed to solve this problem are not available to workers providing integrated services because the funds required for the purpose are provided for in Priority Axis 9 of the OP. Furthermore, the provision of services cannot depend on the EU funds programming cycles but now there is a real threat that integrated services will no longer be provided after a few years because the funds envisaged for the purpose will be exhausted.

Forecasts for achieving the monitoring indicators. The physical and financial progress of the investment priorities is uneven. The main causes of the delays include too late approval of PFTM and attempting to link investments with reforms the adoption and implementation of which took longer than planned. Despite delays, there is a high probability that the values of many of the output indicators will be achieved. The values of a significant portion of the result indicators have already been achieved (sometimes in spite of a limited financial progress). Such cases show that the set values of the result indicators were insufficiently ambitious.

Given the scope of the challenges, the allocated funds are insufficient/disproportionately small for many objectives. Therefore, the investments will reach either only part of the target group (e.g. less than 25% of people who need social housing) or the funds for the provision of the services will be exhausted before the end of the programming period and the services (i.e. integrated services for families) will no longer be provided. This problem arises because part of the investments under Priority Axis 8 are allocated for the funding of obligations assumed by the state (e.g. support to people with disabilities in social enterprises). Therefore, the following is recommended:

- To increase appropriations from the national budget to the area of social security, especially for the funding of already assumed obligations.
- To ensure that the funding of efficient and effective interventions that deal with the essential problems of the target groups is continuous and does not depend of EU funds programming cycles. Therefore, it is recommended to reallocate funds (e.g. from Priority Axis 7 of the OP) and provide for greater funding for measures of integrated services for families.

Required regulatory and systemic changes. The problems of poverty and social exclusion are multifaceted and determined by a combination of factors: unemployment (in rural areas, the unemployment rate is twice higher than in urban areas), the tax system failing to create enough incentives to work, low effectiveness of the social protection and support system (e.g. the average unemployment social insurance benefit was six euros higher than the poverty risk threshold), addictions, the lack of social and labour market skills, etc. Therefore, these problems require an integrated reform package: the revision of the tax and benefit system in order to increase incentives to work, creation of quality jobs in regional centres, more effective cooperation of institutions providing different kinds of support or a more effective support provision system, creating better conditions to receive both emergency and preventative assistance (social benefits, social services or assistance in referrals to other institutions) based on the 'one-stop shop' principle.

11. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 9 'EDUCATING THE SOCIETY AND STRENGTHENING THE POTENTIAL OF HUMAN RESOURCES'

Progress of implementation. According to SFMIS data as of 31 December 2018, the amount of the lists of projects drawn up or calls launched in the implementation of Priority Axis 9 amounted to EUR 490.3 million (73% of all the EU funds planned for the Priority Axis), the value of signed agreements was EUR 435.7 million (65% of the planned EU funds), and the amount of payments made was EUR 153.3 million (23% of the allocated EU funds). Greater financial progress was recorded under the ESF measures being implemented by the Ministry of Education and Science, and the smallest was under the ESF measures administered by the Ministry of Economy and Innovation.

The beginning of the measures was often delayed. This was caused by both failing to timely adapt legal acts of the Ministry of Education and Science (e.g. those related to general education programmes) and the lack of competences in managing large-scale projects of public interest on the side of the staff of the Ministry and its subordinate institutions. It is also noted that studies or assessments of the appropriateness of measures are rarely carried out before the start of the implementation of the measures (e.g. it has been found in other countries that one-day trainings are neither effective nor productive, while in Lithuania they still receive a significant portion of the funds provided for the improvement of teachers' competences). There is a lack of coordination and information sharing between those who make decisions on the logics of interventions under measures and those who implement those measures.

The continued relevance and appropriateness of interventions. The challenges specified in the Operational Programme and investment priorities envisaged to resolve them as well as most of the objectives remain relevant. The investments under Priority Axis 9 are targeted to deal with important and relevant problems.

- The achievements of Lithuanian school students in the international IEA PIRLS, TIMSS, ICCS, ICILS, studies had been rapidly improving until about 2000 and major progress was made between the countries participating in the studies. The OECD PISA results sometimes slightly improved and sometimes slightly dropped but they always were below the international scale average. After PISA introduced computer testing in 2015, the mathematical literacy and reading literacy results remained the same but those in science literacy dropped significantly.
- Lithuania is characterised by a large gap between the employed persons' competencies and labour market needs. The reading literacy and mathematical literacy of Lithuanian adults are close to the average of the countries involved in the OECD study. However, their abilities of problem solving through technology are lower than the international average of the countries that participated in the study.
- Challenges are still faced with along the whole chain of education: insufficient accessibility of pre-school education and non-uniform quality standards in pre-school education, particularly low supply of modern training facilities, in particular natural sciences laboratories (Lithuania is at the very end of the ranking by this indicator) and ICT, general education that is too little oriented to general skills, low teachers' salaries, limited attractiveness, quality and prestige of professional training, and inefficiently used financial and human resources in higher education.
- Lithuania's lifelong learning indicators still remain low and well behind the EU average. Although the LLP level has remained almost unchanged since 2007, Lithuania has fallen from the 20th to 22nd place among the EU Member States within this period.

When assessing the compatibility of interventions, it was noticed that the coordination of the set of interventions under Priority Axis 9 was not sufficient. Most of the measures were implemented in the way of state project planning, while envisaging measures for individual areas of education. This enabled the pooling of resources for the implementation of strategic changes, but this opportunity was exploited only partially. Interviews with implementing authorities showed that the bodies planning projects under the measures in many cases lacked clear and specific objectives and strategic guidelines. Therefore, the set of measures is funding the needs of individual areas of education but not strategic changes. Although the projects have individual objectives, they do not constitute a unified system. There is still a lack of coordination between individual education policy actions, especially when it is related to coordination of actions of several institutions, and the implementation of measures is inconsistent in some cases. For example, upon the updating of general education programmes, a bank of matura examination tasks and new education measures should be prepared and the improvement of teachers' competences should be funded. However, due to delays in the updating of general education programmes, other measures are still being implemented.

It should also be noted that in part of the measures, current expenditure but not the implementation of structural changes is funded. Examples include the funding of the non-formal education basket, evaluation of study programmes performed by the Centre for Quality Assessment in Higher Education (SKVC), development of the functionality of the system for general admission to Lithuanian higher schools, and training and informational events. Although the importance of these activities is not questioned, they should be funded from the national budget because in future, when the volume of EU funds' investment decreases, further activities of such measures may discontinue.

Forecasts for achieving the monitoring indicators. In most of the objectives, the progress of indicators is low in the period of assessment. The low progress of the indicators is related to delays in the start of the measures; however, at the time of the assessment, no essential risks of failing to achieve the set values of the indicators

were identified. Despite of the formally high probable effectiveness, challenges arise to achieving a real impact. It is likely that the systemic impact on the quality of education and human resource potential will be limited.

Required regulatory and systemic changes. During the period under assessment, a reform of the educational system, which covers many links of the chain of education, was initiated. It is planned to be implemented by 2021. In this context, it is especially important to ensure that the implementation of the measures would well match the strategic transformations in education being implemented and ineffective institutions or infrastructures would not be funded. At present, the implementation of the measures is consistent with the reforms in certain cases because investments in the infrastructure were revised in the context of the reforms. Projects in the area of general education are also subject to certain requirements in order to prevent the funding of inefficient schools. However, these requirements could be improved on the basis of not only the factual situation but also forecasts of the future number of school students. Inconsistencies are also observed: for example, the upgrading of the human resources monitoring system proceeds in parallel with the development of professional standards, for which reason the professional standards being developed may fail to meet the needs of the labour market; also, the updating of the general education programmes and evaluation system is being implemented insufficiently consistently.

In pursuing the targets of Priority Axis 9, the following mostly needed systematic and regulatory changes are distinguished:

- To substantially strengthen the human capital of the Lithuanian RDI system. This would create conditions for the sustainable development of the Lithuanian RDI system as well as maintenance and renewal of the existing capacity. Human resources are important for the functioning of the whole innovation system and carrying-out of RDI activities in both the public and private sectors. It is proposed to allocate considerable investments to attract highly qualified researchers from abroad as well as to substantially improve all researchers' working conditions and to increase the funding of RDI work carried out by researchers.
- To pay attention to factors that impair the quality of studies: the implementation of strategic plans is not ensured; teachers' workloads (experienced teachers are often overloaded). At least a part of these challenges should be resolved by the reform of higher education.
- To improve the teachers' competences management and motivation system; to pay attention to the improvement of the attractiveness of teachers' work.
- To consistently integrate career guidance into the general education system.
- To ensure the quality of professional training with regard to the following factors:
 - Involvement of employers: Although employers are involved in the development of standards and programmes, their motivation to participate in those processes is usually external; there is a lack of internal motivation due to the lack of the general employers' awareness or lack of financial resources.
 - The lack of the systematic training of vocational education teachers; most often, teachers have expertise in their own subject but lack pedagogical competences.
 - The lack of assistance to teachers in conducting vocational training programmes. For example, programmes could further elaborate examples of good practice (e.g. about integrated subjects teaching). On the other hand, the strengthening of teachers' training is relevant in order to enable them to free adapt programmes. (For more detail, see the case study on the appropriateness and compatibility of EU fund's investments in study programmes).
 - A weakly developed legal framework is another reason for which the development of vocational training in Lithuania remains incoherent and fragmented; however, in this case, this problem is also rather related to a more general Lithuanian education policy.
- It is necessary to start developing an LLP system, which would enable low/medium-skilled individuals to learn.

12. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 10 'SOCIETY-ORIENTED SMART PUBLIC ADMINISTRATION'

Progress of implementation. Compared to other Priority Axes of the OP, a limited financial progress has been achieved in implementing Priority Axis 10. As of 31 December 2018, a total of EUR 83 million from ESF funds was allocated to the implementation of projects under Priority Axis 10 (55% of all EU funds to be allocated to the Priority Axis), while the amount of payments made amounted to EUR 16.4 million from ESF funds (11% of the total ESF funds allocated to the Priority Axis).

The reduction of the funding intended for the Priority Axis and values of the indicators set in the performance framework as well as acceleration of payments to the projects in the second half of 2018 helped to manage the risk of losing the performance reserve funds. The risk of losing the performance reserve funds in implementing Priority Axis 10 arose due to two main reasons. First, there were delays in the measures planning stage as the 2016–2018 Action Plan for the Implementation of the 2012–2020 Public Administration Improvement Programme was approved only in April 2016. Besides, new requirements were introduced for the preparation of investment projects, which prolonged the project preparation period. Second, important reforms in the field of public administration were initiated in 2017. The 2016–2018 Action Plan for the Implementation of the 2012–2020 Public Administration Improvement Programme was amended, a civil service reform was launched, and the process of consolidation of general functions and optimisation of the public sector was initiated.

The continued relevance and appropriateness of interventions. Investments in public administration remain relevant in Lithuania, especially taking into account the limited financial possibilities of the state, objective to increase the competitive ability of the country's economy, growing public expectations to receive public services meeting their needs, and decrease of the attractiveness of public service among high-skilled workers. Increasing management focus on results contributes to the efficient and targeted management of financial expenditure. Improving the business regulatory environment and increasing transparency and openness of public administration processes contribute to the competitiveness of the country's economy. The planned investments are also aimed at improving the quality of public services and their relevance to the needs of the society and investments are made in human resource management in public service in order to strengthen the attractiveness of civil service.

The analysis performed shows that the intervention logics of Priority Axis 10 established in the Operational Programme comply with the main goals and objectives of the strategic planning documents, while the planned interventions are intended for the most important priorities (transparency and openness of public administration processes, public services meeting the needs of the society, and improvement of the quality of activities).

The interventions of Priority Axis 10 are coordinated and complementary. The investments of this Priority Axis are associated with the investments of Priority Axes 1 and 2. The implementation of Measure No 10.1.1-ESFA-V-912 'Promotion of national reform and improvement of the activities of public administration institutions' involves the carrying-out of projects creating and implementing science and innovation policy priority setting and research, experimental development and innovation infrastructure development analysis and assessment systems. The investments of Priority Axis 2 are supplemented by improving service provision internal processes by developing required competencies for the proper administration of services. Priority Axis 10 involves the implementation of Project No 10.1.2-ESFA-V-915-01-0002 'Implementation of open data forming methodological and legal measures and development of competencies of public institutions' employees required for the purpose', the completion of which will create an appropriate data opening-up methodology allowing for the effective use of the open data platform created according to Priority Axis 2.

Forecasts for achieving the monitoring indicators. The analysis of the effectiveness of the implementation of Priority Axis 10 shows that limited progress has been achieved if assessing by the output monitoring indicators. Certain progress in output indicators is recorded only by 4 output indicators:

- P.S.411 'Public administration staff who participated in activities carried out from ESF funds according to the Operational Programme and designed to strengthen competences required to apply

evidence-based management measures or improvement of institutions' operational management' – 26%.

- P.S.414 'Residents who participated in activities carried out from ESF funds according to the Operational Programme and designed to inform the public about public administration processes and encourage participation in them' – 85%.
- P.S.416 'Public administration staff who participated in activities carried out from ESF funds according to the Operational Programme and designed to strengthen competences required to improve the quality of services and/or provision of services' – 24%.
- P.S.417 'Public administration staff who participated in activities carried out from ESF funds according to the Operational Programme and designed to strengthen competences required to implement better regulation or improve the efficiency of the supervision of economic entities' activities' – 2%.

No progress by result indicators was achieved during the period under assessment due to the protracted planning stage or implementation of public administration reforms.

Required regulatory and systemic changes. The further progress of the implementation of Priority Axis 10 and efficiency of the use of EU funds will mostly depend on the implementation of the civil service reform and successful general functions consolidation process. The successful implementation of the Priority Axis will also be influenced by the ongoing public sector optimisation and public service review process.

13. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 11 'TECHNICAL ASSISTANCE FOR THE ADMINISTRATION OF THE OPERATIONAL PROGRAMME'

Progress of implementation. The funding of Priority Axis 11 of the Operational Programme (EUR 187.5 of EU funds) is targeted to the implementation of the single Measure No 11.0.1-CPVA-V-201 'Administration of the Operational Programme'. Judging from the financial indicators, the Priority Axis is being implemented successfully. Although there is a lag by the portion of funds allocated by concluded funding agreements (47%) from the general OP average (64%), the progress by the indicator of payments made (49%) is considerably faster than the general average (30%).

Forecasts for achieving the monitoring indicators. The set of the implementation monitoring indicators of Priority Axis 11 'Technical assistance for the administration of the Operational Programme' of the Operational Programme consists of 8 special indicators of the OP: 4 output indicators and 4 result indicators as well as 1 national output indicator (P.N.201 'Number of tasks fulfilled by the Competence Centre'). The assessment of the achievement of output indicators shows that the progress of most of the indicators is good and some of them have already been achieved, for example, a computer management and control information system meeting the requirements of EU regulations has been implemented (Output Indicator P.S.427). Greater attention must be paid to Output Indicator P.S.426 'Trained social economic partners' because the interim value of this indicator has been missed (31.5% achievement).

The assessment of the achievement of result indicators shows that the turnover of the staff administering EU funds throughout the system is controlled (Result Indicator R.S.407); however, there is a certain risk relating to staff turnover in separate institutions, in particular, in the managing authority. Also, closer attention should be paid to the achievement of Result Indicator R.S.406 ('Share of costs funded with application of simplified cost options in CF projects in overall funded costs of CF projects') because the progress of this indicator is very limited and there is a risk that the indicator value planned for 2023 will not be achieved.

14. MAIN CONCLUSIONS REGARDING PRIORITY AXIS 12 'TECHNICAL ASSISTANCE FOR COMMUNICATION AND EVALUATION OF THE OPERATIONAL PROGRAMME'

Progress of implementation. The financial progress of the implementation of Priority Axis 12 of the OP is average compared to the general level of the Operational Programme. Although all funds of the Priority Axis have been planned, the amount of signed funding agreements accounts for 45% of the envisaged funds. The outputs planned according to the measure implementation plans are sought in line with the set interim values; therefore, an assumption can be made that the outputs and results established for this Priority Axis in the Operational Programme will be achieved. During the assessment, only one indication was received that some institutions carrying out EU funds information and communication activities, upon the implementation of the campaigns established in the 2018–2020 Communication Plan, may lack funds for the continuity of the activities until the end of the Programme (in the period 2021–2023). The need to maintain the created 'communication field' should be taken into account in the preparation of the new annual plan. If such need is found, it would be possible to consider the possible reallocation of funds between separate campaigns (in particular, in assessing the appropriateness to launch, within the envisaged funding scope (EUR 600 000), a second call for NGO communication activities under Global Grant Measure No 12.0.1-CPVA-K-204 'Communication about EU investments').

Forecasts for achieving the monitoring indicators. Despite shortcomings in the coordination of communication about EU funds in 2018, the effectiveness of Objective 12.1 is sufficient in terms of the achievements of the output and result indicators. The value of Indicator P.S.431 'Annual average number of unique visitors of the EU funds website' is close to the target value to be achieved by 2023 (the target has been achieved by 93%). In 2017, the website www.esinvesticijos.lt was visited by 186 615 unique visitors. Two other output indicators – P.S.429 'A wide information campaign implemented to inform about the launching of the Operational Programme' and P.S.430 'Implemented information and communication campaigns' – are linked with the communication campaigns being implemented. A widespread campaign was successfully accomplished at the beginning of the implementation of the Programme, and the progress of thematic communication campaigns is non-uniform. During the period under assessment, 6 of the 60 planned communication campaigns were completed. In terms of the performance of annual plans and achievement of communication efficiency indicators, campaigns were carried out more successfully by the Ministry of Environment, the Ministry of Economy and Innovation, Invega, and ESFA, while most organisational difficulties in planning of activities and procurement of services for the implementation of those activities were faced by the Ministry of Health and the Ministry of Culture.

The efficiency of communication about EU funds at the Programme level is assessed by three result indicators measuring the share of the potential applicants who are satisfied with the available information (Indicator R.S. 408), the share of project promoters who find the information on how projects have to be properly implemented sufficient (Indicator R.S.409), and the share of people who appreciate that EU investments help stimulate important social and economic changes in the country and contribute to the better quality of life (Indicator R.S. 411). The values of all the three indicators set for 2023 have already been achieved. Taking into account the fact that in the communication strategy of the current programming period the emphasis is shifted from traditional provision of information to changes in views and behaviours, it is appropriate to pay more attention to the wider inclusion of the population in public debate on the ongoing and planned projects financed by EU funds.

One output indicator and one result indicator are set to monitoring the efficiency of Objective 12.2 designed to ensure evaluation of EU funds' investments. The interim value (30) set for Output Indicator P.S.432, which measures the implementation of the objective by the number of evaluations completed, was achieved by 87% as of the end of 2018 (a total of 26 evaluations will be completed). In implementing annual assessment plans, 6 planned evaluations were abandoned (as a result of changed need, termination of a procurement procedure or service provision agreement). The implementation of evaluation recommendations is provided for as Result Indicator R.S.410 of Objective 12.2. It also applies to the monitoring of the measure 'Evaluation of EU funds investments'. Judging by the number and content of implemented recommendations, most of the evaluations were used as an instrument to improve interventions by the Ministry of Social Security and

Labour (in the fields of investments in ALMP measures and youth employment promotion), the Ministry of Finance (owing to the faster implementation of the Operational Programme and better application of financial measures), and the Ministry of Economy and Innovation (owing to intervention innovations and MTEPI areas). For the EU funds assessment activities to better contribute to the strengthening of result-oriented management in Lithuania, it is appropriate to continue to strengthen assessment capacity.