Evaluation of the Implementation Progress of Priority Axis 9 Specific Objective “Increase Workforce Competitiveness, Ensuring Opportunities to Adapt to Economic Needs” under the Operational Programme for the European Union Funds’ Investments

SUMMARY

The service is co-financed by the European Social Fund and the national budget in the framework of the measure No. 12.0.2-CPVA-V-203 “Evaluation of EU Fund investments” under the Priority Axis 1 “Technical assistance for informing and evaluating the Operational programme” of the European Union funds investment programme for the period 2014-2020. The services are provided at the request of the Ministry of Economy of Republic of Lithuania.
AIM, SCOPE AND TASKS OF THE EVALUATION

The main **aim** of the evaluation - to assess the relevance, efficiency, effectiveness and impact of the measures implemented under Priority Axis 9, in order to improve the interventions under these measures in the period of 2014-2020.

In order to achieve this aim, the following **tasks** have been carried out:

1. **Relevance, sufficiency, coherence and efficiency of the measures increasing workforce competitiveness have been evaluated;**
2. **Effectiveness and impact of the measures increasing workforce competitiveness have been evaluated. Recommendations regarding expediency and benefits of the investments have been provided.**

The **scope** of the evaluation - 8 measures implemented under Priority Axis 9 aimed at increasing workforce competitiveness:

- “Human resources INVEST LT+” (09.4.3-ESFA-K-805);
- “Training for employees of foreign investors” (09.4.3-ESFA-T-846);
- “Competence voucher” (09.4.3-IVG-T-813);
- “Work-based apprenticeship and qualification trainings” (09.4.3-ESFA-K-827);
- “Ino-Training” (09.4.3-ESFA-K-840);
- “Ino-Fellowship” (09.4.3-ESFA-T-847);
- “Competence LT” (09.4.3-ESFA-K-814);
- “Mechanisms for monitoring, forecasting and development of human resources” (09.4.3-ESFA-V-834).

It is important to note that, at the time of the evaluation, the implementation progress of the different measures highly varied. The shares of the funds contracted (amounts of funds foreseen in the project contracts) and funds used (disbursed), out of the total financing for the measure, varied from 1 to 100 percent.

At the time of the evaluation, the smallest amounts of funds were contracted under the measures “Competence voucher”, “Ino-Fellowship” and “Mechanisms for monitoring, forecasting and development of human resources”. The shares of the funds used were also among the smallest in the case of these measures.

Also, at the time of the evaluation, the largest amounts of funds were contracted and used under the measures “Human resources INVEST LT+” and “Ino-Training”. In these cases, the calls for proposals were already completed and the majority of the projects were halfway through the implementation.

The methods of the evaluation were selected and applied taking into account different implementation progress of various measures.
THEORETICAL MODEL AND METHODS OF THE EVALUATION

The evaluation approach selected was based on the theory of change. The analysis according to the questions outlined in the terms of reference was grounded on the theory of change corresponding to the principles of the individual competitiveness model, built on the basis of the findings from the literature analysis.

The ever-changing environment leads to the transition from a job-based to a competence-based human resource management, directed towards increasing individual competitiveness of each employee. In this context, the focus is placed on not only the current work performance (in the current place of employment) but also the future work performance (i.e., employee’s competitiveness in the labour market). Therefore, two criteria, reflecting the main impact targets of the interventions, were selected for the evaluation:

1) work performance and
2) employability (employee’s competitiveness).

Work performance – performance of the tasks attributed to specific job, adaptability (ability to adapt to changes) and proactivity (ability to initiate changes) in the specific job. Work performance is an employee’s contribution to the overall performance of the organization and the fundamental goal of their employment in that organization. Employee’s competitiveness means better work performance not only currently but also in the long term (emphasizing the need to continue learning and improving one’s competence), thus, it is beneficial for both current organizational performance and employee’s career in the future.

Individual competitiveness model, built on the basis of the findings from the literature analysis, considers work performance and individual competitiveness to be an outcome of different interrelated individual and organizational factors (see Figure 1). In this model, some determining factors are stable (e.g., personal characteristics do not change or change only slightly throughout life, while characteristics of employing organization or sector would only change in the event of changing places of employment). Other factors, such as individual professional and general competence, quality of human resources management, can be developed and changed.

According to the above-mentioned model, in this evaluation, the impact of the training activities on their participants was considered to be an increase of individual competitiveness in the labour market, while their impact on employing organizations - an improvement of employees’ work performance. The goal of the analysis was to assess to what extent the changing factors (i.e., participation in the training activities) have influenced work performance and individual competitiveness, taking into account the influence of the stable factors (e.g., work experience of the participant).

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The empirical research was also based on the assumption that the impact of the training activities on individual competitiveness and work performance is the biggest when coherence, sufficiency, efficiency and effectiveness of the different activities are ensured.

The evaluation approach presented above was realized by applying different data collection and analysis methods. The latter encompassed analysis of scholar literature, legislation and statistical data provided in the SFMIS, website esinvesticijos.lt and collected by the evaluators themselves, 12 semi-structured interviews with 19 respondents, as well as 11 case studies from the implementation of specific projects.

In the case of four measures ("Human resources INVEST LT+", "Competence LT", "Work-based apprenticeship and qualification trainings" and "Training for employees of foreign investors"), surveys of 2 groups of respondents (participants of the training activities (employees) and project promoters (employers)) were also carried out. These measures were selected taking into account their implementation progress and numbers of participants who had completed the training by the time of performing the surveys.

In the case of one measure - "Human resources INVEST LT+" - counterfactual impact evaluation was also performed. It was instrumental in assessing the impact of participating in the training activities on participants’ income.

With the purpose of drawing the conclusions of the evaluation, interim conclusions of the evaluation were discussed by the representatives of institutional stakeholders during focus group discussion. Development of recommendations was also based on the analysis of experience from 3 foreign countries having implemented similar measures.
THE MAIN CONCLUSIONS OF THE EVALUATION

THE IMPACT OF THE MEASURES ON THE INCREASE OF INDIVIDUAL COMPETITIVENESS

The impact analysis of the measures, carried out in accordance with the individual competitiveness model, has revealed that the measures under evaluation have an impact on the short-term workforce competitiveness (current work performance), however, their impact on the long-term individual competitiveness (employability) is rather modest.

The impact analysis has also revealed that the measures under evaluation mostly provided employees with the skills necessary and relevant in the specific company, in charge of organizing the training, but only to a limited extent provided them with the skills or qualifications applicable in the labour market generally. Counterfactual impact evaluation has also demonstrated that participation in the activities funded under the measure “Human resources INVEST LT+” did not have statistically significant impact on the increase in participants’ income.

Thus, it might be concluded that the measures under evaluation meet current needs of the companies, however they only partially meet the needs of employees whose competitiveness increase should be prioritized according to the logic of Priority Axis 9 and its objectives. Even though, these measures allow employees to better adapt to the needs of current workplace but have a significantly smaller effect on increasing their general competitiveness in the labour market and do not provide enough competences helping to adapt to the medium-term changes foreseen in the labour market.

The measure “Work-based apprenticeship and qualification trainings” distinguishes among other measures under evaluation. Participants of the training activities organized under this measure more often that in the case of other measures additionally acquired general professional competencies. Such competencies could be applicable in other places of employment. Such impact manifested due to longer duration of the training and consistency of training according to the training programmes developed by the employers.

The focus of the measures under Priority Axis 9, aimed at increasing workforce competitiveness, on meeting short-term needs of the companies, instead of their employees, was conditioned by the shortcomings in the planning process and implementation model of the measures. According to the latter, funds for increasing workforce competitiveness were allocated through employing organizations, instead of being directly allocated to the employees participating in the training.

In the planning stage, strategic documents justifying the need for the measures being planned were being prepared after the planning process of the measures aimed at increasing workforce competitiveness had already started. Thus, in certain cases, it might have resulted in preparation of strategic documents justifying the need of the measures already being planned, instead of analysing the current situation. On the other hand, while planning the measures, there was no consistent, evidence-based analysis allowing to properly assess the current and foresee the future human resource development needs, as well as long-term strategic directions for increasing workforce competitiveness.

In the absence of consistent planning of the measures, based on the research of the current situation and future needs, as well as directions for development indicated in the sectorial strategic documents, the correspondence of the measures to the socio-economic situation and the needs of the companies was largely ensured during consultations with socio-economic partners. It helped ensure that the measures correspond to the socio-economic situation and the needs of the companies. However, it did not allow to consistently assess and ensure the correspondence of the measures to the needs of the employees, develop
measures that would help adapt to the medium-term changes in the labour market (e.g. according to the research, in the next 3 years, the demand for IT specialists of various kinds will grow⁶, yet these and similar forecasts were not taken into consideration while planning the measures) and increase the overall competitiveness in the labour market of employees participating in the training. Therefore, in order to ensure the correspondence of the measures financed from the EU structural funds not only to the short-term needs of the employees, only relevant in the current place of employment, it is very important to guarantee consistent planning process of the measures, based on the strategic documents already developed, as well as researches and analyses performed in advance.

Another aspect in the planning stage of the measures that did not allow to fully meet the needs of the employees was selected implementation logic of the measures. All the measures under evaluation were being implemented according to the same model - funds for training of the employees were allocated through companies (or associated structures with companies as partners), instead of allocating them directly to the employees as natural persons. As a result of such format of allocating the funds, while implementing the projects, the needs of the companies were prioritized over those of their employees. Assistance to the companies in developing their human resources is important. Nevertheless, in order to ensure better correspondence of the measures to the needs of the employees, measures implemented by allocating funds through companies should be combined with those implemented by allocating funds directly to the employees as natural persons.

RESULTS OF THE EVALUATION OF INTERVENTION LOGIC OF SEPARATE MEASURES

Analysis of the distribution of the project promoters and partners according to the size of the enterprise has revealed that the objective to attract more micro-enterprises and small and medium-sized enterprises (hereinafter – SMEs), relevant for the majority of the measures, has been achieved. The measures under evaluation mostly attract small enterprises (40 percent). Medium-sized enterprises and micro-enterprises constitute, respectively, 31 percent and 21 percent of the total number of project promoters and partners. The smallest number of micro-enterprises and small enterprises participate in the measures directed at foreign investors.

In the context of attracting SMEs, the measure “Competence LT” distinguishes among others. The largest share of SMEs participate in the projects implemented under this measure (89 percent of the total number of micro-enterprises and 79 percent of the total number of small enterprises implementing the projects).

Nevertheless, the geographical scope of the projects is rather limited. The majority (73 percent) of the projects are being implemented in the enterprises operating in the 5 largest cities of Lithuania, while 58 percent of the total number of projects are being implemented in Vilnius and Kaunas cities, even though there is a potential to attract more enterprises in all geographical locations of Lithuania.

MEASURES “HUMAN RESOURCES INVEST LT+” AND “TRAINING FOR EMPLOYEES OF FOREIGN INVESTORS”. The relevance of these measures is ambiguous. On the one hand, these measures are very important in attracting foreign investors who create high-paying and attractive jobs for Lithuania’s workforce. On the other hand, the relevance of these measures is questionable in the sense of achieving the

⁶ “Investuok Lietuvoje”, association “Infobalt”, ICT specialists in Lithuania: situation in the labour market and the needs of employers.
objective to improve the qualification, knowledge and skills of the foreign investors' employees, indicated in the description of financing conditions for projects. That is because foreign investors are generally capable of financing the training activities for their employees, albeit to a slightly smaller extent, from their private funds. Moreover, the abovementioned measures directed at foreign investors can be distinguished among others by their focus on developing skills only applicable in the specific company. Thus, their impact on the overall competitiveness in the labour market of employees participating in the training is insignificant. In the future, while planning measures directed at both foreign investors and private companies in general, it is recommended to make sure that activities to be financed under the measure could not be funded from other financing sources than EU structural funds. If it is necessary to finance certain measures for other purposes than increasing workforce competitiveness (e.g. attracting foreign investments), it has to be specified in the planning documents.

Changes made in the special project selection criteria while replacing the measure “Human resources INVEST LT+“ by the measure “Training for employees of foreign investors” (expanded list of alternative financing conditions for projects, changes made in the project selection process, switching from project contest to continuous selection) were reasonable and should be taken into account while planning similar measures in the future.

**MEASURE “COMPETENCE VOUCHER”**. Virtually, the implementation model of the measure is reasonable and could potentially develop a long-term system for capacity building. However, the shortcomings in the implementation of the measure resulted in the lack of its popularity.

The main shortcomings include too heavy administrative burden, the list of training providers and training programmes not corresponding to the needs of the companies, fixed cost not corresponding to the market prices and lost reputation of the measure. In addition, no possibilities for continuing the implementation of the capacity building model developed have been foreseen.

It is important to note that in other countries (e.g. Upper Austria) similar measures are being implemented according to the different model - funds for covering the training costs are allocated directly to the person participating in the training, instead of allocating them through the employing company. It is likely that introduction of such possibility under the measure “Competence voucher” could increase its popularity.

Thus, in order to increase the popularity of this measure among potential applicants, it is suggested further simplifying the project application (up to 5 A4 size pages), organizing meetings with public training providers included in the list of the training providers and encouraging them to develop training programmes more adapted to the business needs, updating the fixed cost on the basis of the current market prices, and carrying out target communication and publicity activities of the measure (targeting potential applicants and training providers as well as focusing on promoting the changes made in the way of implementation of the measure). Furthermore, it is recommended to consider the possibility of changing the financing conditions of the measure so that the training costs could be covered not only by allocating funds through employing companies but also by allocating them directly to employees as natural persons.

**MEASURE “WORK-BASED APPRENTICESHIP AND QUALIFICATION TRAININGS”**. The popularity of the different activities implemented under this measure varies. The potential applicants more actively participate in the on-the-job training without acquiring formal qualification, while work-based apprenticeship, where participants have to acquire formal qualification or its part, is less popular than expected among applicants. It can be partially explained by the fact that on-the-job training is a rather usual practice in the companies, therefore such kind of assistance is relevant and clear for them. On the other hand, precisely due to the notion that on-the-job training is common in the companies and is usually financed from private funds, the need to finance it from the EU structural funds is questionable.
Apprenticeship implemented in partnership with education institutions is a more suitable form of training for employees, since it provides the trainees with formally recognized qualification or its part and increases their long-term competitiveness in the labour market. Moreover, financing of such activities potentially contributes to the introduction and development of the concept of apprenticeship in the country. However, it is important to emphasize that, currently, the concept of apprenticeship is not exactly clear for the most companies and there are no typical implementation models of apprenticeship established in the country. In this context, limiting the possibilities of becoming applicants to private companies only complicates the implementation of the projects, since activities to be financed are uncommon for the companies and, thus, only a small share of more powerful companies or those with broader networks has real possibilities to engage in apprenticeship activities. In addition, the opportunities to contribute to the development and consolidation of the long-term system remain unrealized, as the companies having implemented the projects lack motivation and stimulus to exploit the acquired experience of organizing apprenticeship in the future.

Accordingly, during upcoming calls for proposals under the measure “Work-based apprenticeship and qualification trainings”, it is suggested expanding the list of potential applicants by adding associated structures and education institutions alongside private companies. If possible, it is also recommended to implement joint measure with the Ministry of Education and Science, covering the relevant costs of all the stakeholders of apprenticeship (education institution, employer, apprentices) under single project.

### MEASURES "INO-TRAINING" AND "INO-FELLOWSHIP"

Virtually, the implementation model of these measures is reasonable. However, special project selection criteria under the measure “Ino-Training” limited the circle of potential applicants, while the project selection procedure provided too little time for properly preparing the application (e.g. finding partners among foreign R&D centres or companies engaged in R&D activities). Nevertheless, the changes in the special project selection criteria and project selection procedure made while replacing the measure “Ino-Training” by the measure “Ino-Fellowship” took into account the abovementioned challenges and, thus, it is likely that the implementation of this measure will accelerate.

### MEASURE "COMPETENCE LT"

The implementation model of this measure is not suitable for organizing unified, more expensive sectorial training activities. The evaluation has revealed that the need for such training activities virtually does not exist. The implementation model of the measure turned out to relevant for attracting micro-enterprises and small enterprises. However, in the case of medium-sized and large enterprises, its added value is questionable, since such enterprises are capable of implementing training activities on their own. Furthermore, participation of micro-enterprises and small enterprises together with medium-sized enterprises and large enterprises in a single project degrade the conditions of participation for the former. Accordingly, it is suggested in the future to take into consideration a possibility to organize separate calls for micro-enterprises together with small enterprises, implementing projects aimed at these enterprises through associated structures, and for medium-sized enterprises together with large enterprises allowing them to implement projects on their own. It would also be beneficial to direct the measure to micro-enterprises and small enterprises only.

The analysis of the intervention logic of the measure has also revealed that, during the first call for proposals, priority project selection criteria indicated in the description of financing conditions for projects under the measure “Competence LT” (their exact wording) conditioned that, in practice, the projects were selected applying the principles of continuous project selection, rather than those of project contest. Due to the exact wording of the priority project selection criteria it was impossible to establish a competitive order of the applications.

In the description of financing conditions for projects, in effect at the time of the first call for proposals, it was also established that, firstly, companies could only participate in the project activities as project
partners, and, secondly, one organization was allowed to submit up to 3 project applications. The first condition complicated the project implementation by limiting the possibilities to change the companies participating in the projects. The second condition did not help expand the circle of beneficiaries but instead resulted in a higher concentration of funds in a few companies, in some cases even used for repetitive training of the exact same employees.

Taking into account the identified shortcomings in the implementation of the measure, in the upcoming calls for proposals, it is suggested defining the priority project selection criteria in a way that they would allow to rate the applications submitted and set up their ranking. In addition, it is recommended to include companies in the project implementation with the status other than that of project partners, and to allow submitting only 1 application per applicant.

Currently, as mentioned before, the absolute majority of the projects are being implemented in the largest cities, even though there is a potential to attract more project promoters in all geographical locations of Lithuania. Furthermore, according to the implementation logic of the measure "Competence LT", project applications are being prepared by associated structures that usually have members in various regions of the country. Taking all that into account, during the remaining calls for proposals under the measure "Competence LT", it is suggested allocating priority points for those project promoters who include in the project implementation companies operating in other than the largest cities of the country.

MEASURE "MECHANISMS FOR MONITORING, FORECASTING AND DEVELOPMENT OF HUMAN RESOURCES". The effectiveness of the implementation of this measure is reduced by the national-level changes in the management system for monitoring and forecasting of human resources. Recent changes in the functions of the institutions participating in the system require to additionally revise the activities to be supported and potential applicants under the measure. Part of the changes are already being implemented (additional applicant has been included), while some activities might have to be adjusted in the future, in order to ensure clarity and avoid duplication of institutions’ functions.

Management of the projects being implemented under the measure gives rise to additional risks. Institution designated as an applicant in all the activities of the measure does not perform any other functions in the field of monitoring, forecasting and development of human resources. Thus, its ability to properly assess the products developed as a result of the projects, ensure their quality, further use and complementarity with other products developed by the institutions of the system for monitoring and forecasting of human resources is questionable.

Taking into account the abovementioned challenges in implementing the measure "Mechanisms for monitoring, forecasting and development of human resources", while planning and implementing measures whose supported activities are related to national-level systems developed by different institutions, it is recommended to take into consideration activities in the same field implemented by other institutions and find ways to complement them with planned measures, so that actions and efforts by the different institutions operating in the same field would be consolidated for achieving common goal. Also, as it is emphasized in the evaluation, in the case of the measures of state planning aimed at development of instruments, researches and analyses to be used in carrying out functions of the ministry or other institutions, it is important to make sure that institutions in charge of implementing projects (applicants) have sufficient institutional capacity and competence to ensure the quality of products developed, their proper use and professional dissemination of results.
COHERENCE AMONG MEASURES AND THEIR ACTIVITIES

Analysis of coherence among measures under evaluation has revealed that there are no measures whose activities contradict one another, and activities supported under the majority of the measures complement each other.

Activities implemented under the measures “Human resources INVEST LT+” and “Training for employees of foreign investors”, as well as “Ino-Training” and “Ino-Fellowship”, replace each others, while activities supported under the measure “Mechanisms for monitoring, forecasting and development of human resources” do not have any impact on the activities implemented under the majority of other measures (except for the measures “Competence voucher” and “Work-based apprenticeship and qualification trainings”, as well as one activity supported under the measure “Competence LT”).

Nevertheless, the shortcomings in coherence have been identified in the case of various activities implemented under the measure “Work-based apprenticeship and qualification trainings”. Both activities financed under this measure support on-the-job training of employees, only one of them includes an additional requirement to implement such training according to the apprenticeship model, thus, involving education institution and recognizing skills acquired as a result of the training as professional competence or its part. In such case, when a measure is divided into two very similar activities and one of them is burdened with more complicated requirements, the other inevitably becomes more attractive to potential applicants, while the duplication of activities itself seems rather unreasonable.

EFFECTIVENESS OF THE MEASURES AND RELEVANCE OF INDICATORS SELECTED FOR MONITORING

Evaluation of the effectiveness of the measures has revealed that the intermediate target values of the two main indicators used for monitoring the activities of the most measures, set to be achieved by 31 December 2018, have already been achieved in the case of the most measures. Some uncertainties regarding achieving intermediate target values of the indicators remain only in the case of the measures “Competence voucher” and “Ino-Fellowship”. Nevertheless, planned values of the indicators foreseen in the project contracts exceed intermediate target values indicated in the OP, thus, their achievement will depend on the pace of implementation of the on-going projects.

Planned intermediate target values of another two indicators, measuring the number of persons having participated in the ESF activities aimed at learning according to formal education programmes or modules, and the number of updated parts of the system for forecasting and development of human resources, have not been achieved so far. However, in both cases, planned values indicated in the project contracts exceed intermediate target values. Therefore, the effectiveness of the measures, on the basis of these indicators, will depend on the pace of implementation of the on-going projects.

Planned value of the indicator, measuring the number of the collections of documents regulating sectorial qualifications of high level of excellence developed, has not been achieved yet. Furthermore, such indicator is not included in the signed project contracts. Thus, it is likely that planned intermediate value of this indicator will not be achieved.

The evaluation has also revealed that the majority of output and outcome indicators selected for monitoring the implementation of the measures properly reflect the outputs and outcomes being (planned to be) created as a result of the measures. However, the relevance of the outcome indicator “The share of the graduates of higher education and vocational training institutions whose jobs match their qualifications, out of all graduates” (R.N.809) for estimating the progress of the measure “Mechanisms for monitoring, forecasting and development of human resources” is questionable. The activities implemented under this measure do not have direct impact on the value of the abovementioned indicator, and, for it to be affected by these activities, long chain of relevant changes is required.
Nevertheless, even if it was possible to demonstrate an indirect connection between the indicator in question and activities financed under the measure, the value of the indicator is affected by too many external factors. The majority of them could not be affected by not only activities implemented under the measure but by public policy measures in general.

Taking into account the identified shortcomings of the indicator, it is recommended to withdraw it altogether.

POSSIBILITIES TO IMPROVE THE IMPLEMENTATION OF THE PROJECTS

Assessment of the specific training activities carried out by the companies implementing the projects, based on the findings from the surveys of participants of the training (employees) and project promoters (employers), has revealed that the majority of the training activities were internally coherent, of high quality, and have created anticipated effects (provided knowledge) and results (applicable in the workplace).

However, the results of the evaluation also allow to conclude that project promoters (employers) pay insufficient attention to the management of the training process in their organizations. The main aspects to be improved in the management of the training process in the organizations implementing the projects are insufficient ability of the project promoters to determine the training needs, insufficient inclusion of the participants of the training in the process of determining the training needs and planning of the training that limits the participants’ motivation to learn, as well as insufficient provision of conditions to apply newly acquired knowledge and skills in practice. Improving the abovementioned aspects would result in the increased efficiency and effectiveness (applicability) of the training activities.

Accordingly, in order to ensure the efficiency and effectiveness (applicability) of the training, during meetings with applicants and project promoters, it is suggested emphasizing the importance of determining the training needs, including the participants of the training in the process of determining the training needs and planning of the training, and providing conditions for the participants of the training to apply newly acquired knowledge and skills in practice. Moreover, it is recommended to develop guidelines for applicants and project promoters indicating all the necessary steps in the management process of the training, with particular focus on actions to be carried out prior and after the training activities, in order to ensure their efficiency and effectiveness (applicability).