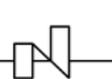


Interim Evaluation of the European Economic Area and Norwegian Financial Mechanisms for Lithuania in the Programming Period 2014 - 2021

Summary of the final report

Vilnius, 2022

Iceland 
Liechtenstein  Norway
Norway grants  grants

Summary

Presentation of the evaluation and methodological framework

On 20 June 2022, a contract was signed between the Ministry of Finance of the Republic of Lithuania and Smart Continent LT, UAB, for the provision of interim evaluation services for the European Economic Area (EEA) and Norway Financial Mechanisms 2014-2021.

The evaluation focuses on the investments made by the financial mechanisms in Lithuania during the 2014-2021 programming period. The financial mechanisms are the EEA Financial Mechanism and the Norwegian Financial Mechanism, under which three donor countries - Norway, Iceland, and Liechtenstein - provide financial support to the Eastern, Central and Southern EU Member States to reduce economic and social disparities in the EEA. The total allocation for Lithuania (including technical assistance funds and a reserve) is over €125 million, of which almost €109 million is from the financial mechanisms and the rest, over €16.5 million, is from the Lithuanian state budget. The assessment covers the 6 Financial Mechanism programmes and the Bilateral Cooperation Fund (BCF) implemented through these programmes, totalling €111.2 m. Programmes under evaluation:

- Health
- Culture
- Environment, Energy, and Climate Change
- Justice and Home Affairs
- Business Development, Innovations, and SMEs
- Research

The purpose of the evaluation is to assess relevance, effectiveness, efficiency, coherence, sustainability, and impact of the programmes' investments in order to improve the use of programmes' investments in Lithuania. An interim evaluation of the programmes was carried out using the following methods:

- Interview. 17 interviews were conducted with the National focal point, programme partners, donor programme partners and programme operators. 28 persons participated in the interview meetings.
- Survey of project promoters. It was implemented on-line, ensuring the anonymity of respondents. 62 responses were received from 123 projects (response rate 50.4%, the margin of error 8.6%).
- Statistical analysis of monitoring data. Data collected from NORIS.
- Reconstruction of the intervention logic.
- Analysis of primary and secondary sources. Memorandums of Understanding, Programmes' Agreements, Programmes' Concept Notes, Annual Programmes' Reports and other documents were examined.
- Expert assessment.

Data was also collected for cost-effectiveness analysis, but it was found that the progress of the programmes was not sufficient for the application of the method.

As of the evaluation date (18 July 2022), NORIS records 381 submitted applications, excluding applications for management funds. There are no completed projects and 123 ongoing projects. A further 28 applications are under evaluation, and 2 project contracts are being prepared. Project contracts have been signed for almost the entire budget of the programmes (97%). The expenditures declared at the evaluation date represent 32.3% of the budget allocated to the programmes.

Relevance of the programmes' investments

The survey of project promoters showed that the programmes respond well to their needs and those of the target groups. The overall rating for all the programmes is 4.5, with 5 being the highest rating for the relevance of the documents' provisions to the needs of the project promoters and target groups. In addition, the competition for funds indicates a high level of interest. The number of applications for all Financial Mechanism programmes was 3.7 times higher than the number of projects funded. This shows that the needs addressed by the Financial Mechanisms are relevant for broader range of stakeholders.

The social and economic partners were widely involved in preparing the programmes, but their involvement was not always optimal. Partners' involvement in the Justice Programme preparation could be more satisfactory, as some partners relevant to the policy area were not involved. The experience of the Innovation Programme suggests that involving partners at a later stage, when the initial draft of the programme concept has been prepared, would add more value.

We recommend a more careful analysis of the selection of stakeholders. If some partners cannot attend events, involve them in other forms (interviews, written). We also suggest allowing programmes' partners and operators to choose the most appropriate timing for involvement of stakeholders in a given case.

The Justice Programme has not achieved its ambition of integrating different policy areas. It was aimed to change the justice system chain to include police, prosecution, courts, and correctional service institutions, but integration and cooperation between the different systems have not been achieved. Nevertheless, the programme addresses relevant issues at the level of the individual plans, and the programme promoters appreciate its relevance to the needs of stakeholders. If a comprehensive justice programme is to be developed to address the problem of the high number of prisoners per 1,000 of the country's population, there should be clear leadership on cross-institutional issues, and the programme should clearly define the following points.

The use of donor expertise in the design of interventions enhances the quality and relevance of the programmes. Programme partners and operators are optimistic about the ongoing cooperation with donor programme partners. Some programmes, such as health or culture, have adopted not only donor-good practices in designing interventions but also the experiences of other countries' financial mechanisms and other programmes. Analysing good international practices has led to the discovery of new quality solutions. When planning interventions of the financial mechanisms in the new programmes, we recommend jointly with donors to examine international good practice.

Overall, the programmes of the Financial Mechanisms are well designed and respond well to the needs of stakeholders.

Coherence of the programmes' investments

When the Financial Mechanism programmes were designed, the main objective of coherence with other programmes was to avoid duplication of financed activities. The main focus was coherence with the 2014-2020 Operational Programme for Investment of EU Funds, but other sources were also taken into account.

Synergies between Financial Mechanism programmes and other funding sources are few and occur at the level of individual projects rather than policy areas or programmes. Programmes tend to have complementarity effects with the 2014-2020 Operational Programme for Investment of EU Funds. For example, the Health Programme's investments, by contributing to access to healthcare in the mental health field, complement the Operational Programme's actions, which aim to improve access to healthcare services. Activities under the Culture Programme complement the ambition of the Operational Programme to improve access to cultural services. Investments by the Financial Mechanisms to promote local cultural entrepreneurship complement the Operational Programme's efforts to update heritage sites viability. The Environment Programme establishes complementarity not only with the Operational Programme for EU funds but also with the Ignalina Programme (closed nuclear power plant in Lithuania).

The Research Programme stands out from other sources of funding for researchers not only because of its partnership with donors' countries but also because of the cooperation between Baltic researchers. Thus, complementing the programmes with a different kind of networking among researchers.

The links between the Justice Programme and the Operational Programme of the EU Funds are fragmented, and complementarity effects between the two funding sources are limited. Complementarity can only be seen at the level of individual projects. The programme's interventions are more complementary to activities financed by the state budget, such as staff training.

The Innovation Programme partially duplicates the activities supported by the Operational Programme of EU funds. The field of green industry innovations that is supported by the financial mechanisms is also funded by the 2014-2020 EU Funds Operational Programme (for example, innovations, including green innovations, are financed

by the "Experiment" instrument). While there is some overlap in activities supported, this is avoided at the project level. The Innovation Programme complements the Operational Programme of EU funds and brings cooperation with Norwegian partners.

It is evaluated, that the programmes avoid duplication with other funding sources and create additional added value. The Mechanisms promote areas and issues that are not covered by the Operational Programme for Investment of EU Funds and other sources. The programmes complement interventions from other sources with new services (e. g. welfare consultant service in the Health Programme or heritage prevention services in the Culture Programme), new knowledge and methodologies (e. g. in the field of marine litter or radioactive waste in the Environment Programme), or fund areas where other sources are minimal (e. g. Justice Programme areas), thus creating added value for society. It is recommended to maintain the interest in funding the new services and other innovations when designing financial mechanisms programmes.

Effectiveness of the programmes' investments

All programmes' monitoring indicators can be divided into two groups: indicators related to the content of the interventions and indicators that reveal cooperation. Due to the lack of intermediate data and the nuances of measuring the indicators, the information needed to assess the cooperation indicators' likelihood of achievement is not sufficient. We have, therefore, not evaluated them.

The Health Programme will likely meet or exceed the target values for all content indicators for all interventions, but some risks remain while the projects are ongoing.

The Culture Programme has a very high probability of reaching or exceeding the target values for all content indicators, except one indicator, which will be achieved by 75%.

If the implementation of the call for proposals on the preparation for climate change adaptation and emergency management plans is successful, the Environment Programme will likely achieve the planned values for all content indicators. However, the risk of failing to achieve part of the indicators remains. In almost all cases, the project plan is equal to that of the Environment Programme, and the projects do not have a margin for not achieving part of the indicators.

The Justice Programme has had difficulties achieving the indicators related to the infrastructure for correctional services. In response to the situation, it was decided not to build new buildings (training centre, halfway house) but to adapt existing ones. Following the amendment of the programme agreement, the indicators should be achieved. There is also a risk that the indicator in the field of domestic and gender-based violence may not be timely measured due to delays in the procurement of project equipment. Other indicators of the programme are likely to be achieved.

Target values in the Innovation Programme will be achieved for less than half indicators. Fewer enterprises have been financed than ambitiously planned in the programme. The indicators related to the number of products and technologies developed will therefore be achieved with correspondingly lower level. The indicator of jobs created was not mandatory and was, therefore, rarely chosen by enterprises. This leads to the non-achievement of this indicator. No large companies were awarded funding in the ICT call, so the corresponding indicators will not be achieved either. The programme should meet and exceed the targets for growth in turnover and profits of project promoters.

Most probably, 2 out of 6 indicators related to the content of the interventions will be fully achieved in the Research Programme. One more indicator may be fully achieved or will be close to the target value. The main reason for this is the lower-than-planned number of projects. The indicator for Intellectual Property Protection applications jointly registered will not be achieved because the call did not mandatory require such applications. In addition, some of the projects are focused on fundamental research.

The COVID-19 pandemic and rising inflation have created some of the biggest challenges for achieving the indicators across all programmes. However, the fact that the constraints caused by the pandemic are unlikely to prevent the achievement of the planned values of the content indicators demonstrates that the factor of temporary constraints has been managed reasonably well.

The inflation factor translates into lower performance. In the absence of such high inflation, some indicators, such as the number of participants in the Cultural Programme events, could be higher.

The experience and practices of the operators and programme partners allows to expect that the outputs developed are generally of the required quality. However, programmes and projects lack of indicators to measure the qualitative changes. When planning new programmes, we recommend looking for opportunities to complement monitoring with qualitative indicators. Qualitative indicators can be implemented at the programme level, areas of activity or individual projects, i.e., at the level most appropriate to measure the chosen intervention. Given the complexity of measuring qualitative indicators, we propose to apply these indicators only to a subset of the selected (most relevant, most suitable for measurement, etc.) interventions.

Efficiency of the programmes' investments

All programmes' implementation experienced delays, but these should not prevent the achievement of the planned level of output and outcome indicators by the end of the reporting period, except for the Justice Programme. In this programme, delays in project activities have led to new solutions to achieve the indicators related to correctional service infrastructure. The delay in coordinating the design documents with the authorities for the construction of the facilities showed that other locations should be chosen for these facilities. The programme indicators have been changed from the construction of new buildings to the adaptation of existing buildings, and these indicators are likely to be achieved. Also, delays in one of the Justice Programme project risks not achieving the indicator in the area of domestic and gender-based violence. The procurement of the necessary equipment will be advertised for the third time. If the procurement fails or is delayed, there is a risk that the indicator may not be measured timely.

The programmes still have complicated procurements, so the risks of delays related to procurement remain in other programmes as well. To date, delays in the procurement phase have occurred in various projects.

In all programmes, delays in project activities were caused by the Covid-19 pandemic and related restrictions. Covid-19 had the most significant impact on the timelines for activities requiring direct contact with the target groups. This mainly involved postponement of so-called soft activities (visits, training, events, etc.). Some soft activities have been moved to the virtual space, but some have been postponed to be implemented by contact. Covid-19 caused delays in other ways than limiting face-to-face activities. The instability in global value chains caused by the pandemic disrupted the production and supply of certain products.

The programmes fund a lot of innovation, which creates additional difficulties in implementing procurement. This makes it more difficult for contracting authorities to plan an adequate budget, and there is no certainty that tenders will attract bids. Rapidly rising inflation also complicates procurement.

In the Innovation Programme, some procurement delays were caused by the requirement in certain cases for companies to conduct procurements as contracting authorities under the Public Procurement Law. Additional delays in the Innovation Programme during the first call were also caused by the coordination of eligible applicants with the Competition Council of the Republic of Lithuania and between the programme authorities and by the lack of a limitation on the number of enquiries possible during the eligibility assessment of the applications. The evaluation was delayed due to the poor quality of many applications. Other calls included a provision to limit the number of enquiries.

It has not been possible to assess the cost-effectiveness of the achievements using a quantitative approach - cost-effectiveness analysis - because the progress of the programmes is insufficient for such an analysis.

From a qualitative point of view, public procurement ensures economic achievement of results. This procurement method ensures that the goods, services, and works are obtained at market prices. The procurement documents are coordinated with the operators and act as a quality mechanism to ensure that the procurement is carried out rationally and transparently.

Our interviews did not reveal any cases where goods, services or works were procured with excessive or inappropriate quality requirements, which would lead to uneconomic practices.

It was found that outsourcing the entire administration of a project to external service providers often leads to inefficiencies in project implementation. Consequently, poor quality administration reduces the efficiency of programme implementation and achievements, as the operators have to spend more time supervising such projects.

The experience of programme partners and operators shows that having a donor programme partner makes programme implementation more fluent and more efficient.

The evaluation of the programmes' preparation and implementation procedures was not the subject of this evaluation. Still, the need to reduce bureaucracy was sometimes raised in interviews by national authorities and donor programme partners. In preparing the programming and implementation framework for the new period of the financial mechanisms, we recommend gathering suggestions for simplification from the participants of the system, building on the existing framework, and reviewing where requirements and processes can be optimised.

This programming period saw the launch of NORIS, the new information system for the administration of financial mechanisms and the automation of processes. The decision to continue using NORIS (with upgrades if necessary) in the new programming period would save time learning how to use the new system and the cost of developing it.

Early planning of financial mechanisms interventions provides more opportunities to analyse the needs, discuss solutions with stakeholders and identify the most relevant areas of cooperation for Lithuania and donor countries. Timely approval of programmes is essential for all programmes, especially those planning large infrastructure projects. We recommend that the planning and approval of programmes for the next period of the financial mechanisms should be sought as early as possible.

Impact of the programmes' investments

Programmes are unique in that they often fund innovation and allow for testing practices transferred from donors or other countries. Examples of innovation have been documented in various programmes, such as the multidimensional family therapy programme or the welfare counselling services in the Health Programme, the heritage prevention activities, or the promotion of local cultural entrepreneurship in the Culture programme, the research on the storage of bituminous radioactive waste in the Environment programme, etc.

The likely significant impact of health and culture programmes on the emotional health of the population will have wider social and economic effects. These impacts are felt in the labour market through returns to the labour market and in the public sector through savings, as some services, such as addiction treatment, will not be needed if these problems are prevented in time by Health Programme interventions. Cultural Programme interventions reduce cultural exclusion and contribute to people's emotional health, especially in the regions. In this way, the situation of the person who has participated in the programme and that of their family and community is positively affected.

The Culture Programme, through the "Fixus mobilis" project, also has a broader impact by helping preserve cultural heritage assets relevant to our society today and for future generations.

Most of the projects in the Environment Programme can be classified as research and preparatory activities, which pave the way for better solutions to environmental pollution and safety issues.

The Environment Programme's most significant project in financial terms is investing in an information and warning system in case of a nuclear accident. Once completed, the project will have a significant benefit in terms of the earliest possible response in the event of a nuclear accident and the potential to minimise negative impacts on the population's health. The project is not only of national but also of international relevance.

The investments made by the Justice Programme can be expected to bring significant changes in the services and institutions involved and to improve the protection of the public interest and human rights. The programme's most significant project, which invests in the correctional services, seeks systemic change in how prisoners are treated, interacted with and worked with. Although there is considerable inertia in implementing change, both the interviews conducted and the research in the field show that investment is being made in the right kind of modern practice of execution of punishments - dynamic security. Other investments are also being made in

improving the conditions of imprisonment and re-socialisation of prisoners. Interventions should enhance the guarantee of human rights and human dignity in places of penitentiary system and facilitate the reintegration of people returning from prisons to the society. In the long term, greater public security can be expected.

Impact assessment of research projects is a distinct field outside the regular practice of programme impact assessment. However, the likely viability and usefulness of the research projects are reflected in the fact that the projects have been selected in collaboration with international experts. The projects are implemented in different scientific fields and focus on slightly or not interlinked problems, therefore the impact of the programme is fragmented. The Research Programme is unique in this programming period in that it is implemented in Lithuania and jointly Latvia, and Estonia. This model strengthens synergies between Baltic researchers.

The magnitude of the problems addressed does not allow the Innovation Programme to achieve systemic changes, but the programme's investments are significant for individual companies and affect related value chains. The Innovation Programme helps companies to enter new markets and international value chains. While the value-added increase is primarily for the firm, the impact of the firm's growth trickles down through the related value chain. The innovative products developed in the projects are expected to address consumer problems.

In this programming period, compared to the previous one, the financial mechanisms are concentrated in fewer programmes and areas of activities in them. This programme architecture allows for significant changes in the scope of the selected issues. Only the Research and Innovation programmes deliver fragmented impacts. We recommend that the concentration of financial mechanisms funds achieved in this period be maintained in the next programming period, with a similar number of programmes and diversity of areas in the programmes.

The most common benefits of cooperation with partners from donors and other countries for Lithuanian organisations are the broadening and deepening of subject knowledge and the transfer of innovative ideas. However, the emotional benefits of cooperation are also significant: in almost half of the projects carried out with partners, the projects received additional motivation and inspiration. 107 foreign partners are involved in Financial Mechanisms projects, including 68 from Norway, 7 from Iceland and 1 from Liechtenstein.

The main benefits for donor project partners are networking, sharing of competencies and the possibility of replicating lessons learned in other countries. For example, the impact of the Innovation Programme on Norwegian companies, in addition to the co-development of a product or service and the strengthening of business ties with Lithuania, is the internationalisation of companies. By familiarising themselves with Lithuanian business and opportunities, Norwegian companies strengthen their competencies to operate in Central and Eastern Europe.

The bilateral cooperation fund helps build partnerships and complements the impact of the programmes' interventions. The opportunity to share experiences allows for better planning and implementation of programme interventions. The increased familiarity between Lithuania and the donor countries due to the cooperation creates the conditions for forming new links within and outside the programmes.

Specifically, the Research Programme allows consortia that have not received project funding from the programme to receive BCF funding. BCF funds thus allow to save cooperation in established partnerships and seek other sources for joint research activities.

Part of the BCF funds in the health programme will be used to strengthen evaluation competencies and evaluate selected Health Programme interventions.

The pandemic has led to slow absorption of BCF funds. At the evaluation date, BCF projects had been signed in the programmes for € 365 258, representing only 42% of the budget planned for the programmes. However, as the situation improves, additional funding is being requested, and additional cooperation activities are being implemented.

Sustainability of the programmes' investments

For almost half of the projects, funding is one of the key factors to ensure long-term benefits. This factor was frequently mentioned in Health and Culture programmes but is also relevant for other programmes.

According to a survey of project promoters, the maintenance of human resources is essential for the sustainability of the benefits of the Health Programme. And this capacity is not just about funding but also about maintaining the right skills and attracting new skills where necessary. If a future health programme is to be designed, we recommend that, when planning its interventions and the sustainability of benefits, attention be paid to the problem of staff shortages in the health sector and that the possibility of ensuring the sustainability of benefits beyond the end of the projects be assessed.

The most relevant institutional conditions include targeted national and local government policies to ensure that the plans, methodologies, and other preparatory work developed in the projects are further used in policy planning and implementation. Where financial mechanisms have enabled new services to be piloted, they need to be integrated into the overall service framework. The financial, institutional, and human capacity to deliver them must be ensured accordingly.

Maintaining cooperation between project partners is often essential for the sustainability of project benefits. Examples have been identified in cultural, research, and other programmes. In areas where systemic reforms are underway, based on donor experience, continuity of cooperation is relevant not only at the level of project implementers but also between programme partners and donor programme partners, such as the Justice Programme in the correctional service system.

The Financial Mechanisms have funded several services previously unavailable in the country and pilot projects. To ensure the continuity of proven services, the Ministries are modelling how pilot projects could become permanent and envisaging funding sources for these services.

Financial capacity, as a condition for the sustainability of the benefits, has been considered in planning interventions, for example, in identifying eligible applicants. The sustainability of projects is also assessed during project selection. It is recommended that particular attention be paid to the issue of financing the continuity of the results and benefits generated by programme when planning national and local government policies and financing policy areas.

The overall rating for the sustainability of benefits generated by the financial mechanisms, according to the survey of project promoters, is 4.4 (with a maximum rating of 5). The lowest average score is for the Culture Programme, 3.9, and the highest for the Innovation Programme, 4.6.

The extent to which project promoters continue or will continue the activities with the target groups after the end of the project also indicates an above-average probability of sustainability. Almost two-thirds or more of the organisations plan to maintain around 75% or more of their activities with target groups compared to the project. The Culture Programme has slightly lower continuity ratings. This may be related to the specific nature of the projects, which are characterised by direct work with target groups, e.g., after the programme's funding, project promoters will have fewer opportunities to deliver cultural content in the regions. In addition, the sector is characterised by organisations' relatively lower financial capacity.

Overall, the likelihood that the benefits of the programmes will continue in the next five years is above average.