

30 OCTOBER 2020

Impact Evaluation of EU Funds' Investments on the Implementation of the European Union Baltic Sea Region Strategy

SUMMARY



Creating the future of Lithuania

2014-2020 Operational Programme for the European Union Funds Investments in Lithuania



MINISTRY OF FINANCE
of the Republic of Lithuania

The service is financed by the European Social Fund. Evaluation services were commissioned by the Ministry of Finance of the Republic of Lithuania.

SCOPE, AIM AND TASKS OF THE EVALUATION

The **aim of the evaluation** was to determine how EU funds and other sources of financing in Lithuania contributed to the implementation of the European Union Baltic Sea Region Strategy (*hereinafter - BSRS*).

In order to achieve this aim, three **tasks of the evaluation** were set:

- I. To assess the relevance of the implementation of the BSRS, as well as the sufficiency, coherence and efficiency of financial resources from different sources for achieving objectives of the BSRS;
- II. To assess how specific objectives and measures of the priorities under the 2014–2020 Operational Programme for the European Union Funds Investments in Lithuania directly contributed to the implementation of the BSRS and gauge the impact of investments;
- III. Propose how to further international cooperation in solving the problems of the Baltic Sea Region (*hereinafter - BSR*) in the period of 2021-2027.

The **scope of the evaluation** are the interventions financed from various financing sources that contributed to the implementation of the BSRS in the period of 2009-2020. Identification of these interventions is part of this evaluation.

APPROACHES AND METHODS OF THE EVALUATION

The logical model of the evaluation consists of two main parts:

- I. **Specifying the scope of the evaluation:** identification of projects in which Lithuanian entities participated in the period of 2009-2020 that contributed to the implementation of the BSRS (realization of the *evaluation width*);
- II. **Evaluation of selected interventions:** assessment of selected projects in which Lithuanian entities participated in the period of 2009-2020 that contributed to the implementation of the BSRS according to various criteria (realization of *evaluation depth*).

Approaches of **fiscal mapping** and **theory of change model** were applied in the evaluation. In order to select the interventions that contributed to the implementation of the BSRS, the fiscal map of the BSRS implementation in Lithuania in the period of 2009-2020 was constructed. Based on the analysis of documents, monitoring data and publicly available information, projects relevant to the implementation of the BSRS were identified and their distribution with regards to various criteria (number, financial scope, type of funding source and specific funding source, nature and themes of interventions, synergies with other BSRS policy areas) was determined. The theory of change model included an analysis of the intervention logic (problems, goals, objectives, activities, products and results) of selected projects by applying flexible model for determining causal relations between various elements of intervention logic. The theory of change model was used to assess the relevance of interventions contributing to the implementation of the BSRS in achieving BJRS objectives.

The **data required for the evaluation** was collected on the basis of analysis of documents, secondary sources, monitoring data and publicly available information, as well as 17 semi-structured interviews with representatives from 11 different national institutions (institutions in charge of coordinating the implementation of the BSRS in Lithuania – BSRS National Contact Point, BSRS Priority Area Focal Points and BSRS Priority Area Coordinators, as well as those in charge of implementing various investment programmes in Lithuania). The data collected during the evaluation was analysed on the basis of analysis of intervention logic, comparative analysis, meta-analysis, expert evaluation and 8 case studies illustrating various aspects of BSRS-relevant interventions, such as relevance for achieving BSRS objectives, benefits to other EU Member States and contribution to BSRS policy areas.

MAIN FINDINGS OF THE EVALUATION

RELEVANCE OF THE BSRS IN THE STRATEGIC AGENDA

Relevance of the BSRS in the national strategic agenda

The main national strategic documents relevant in the period of 2009-2020 were fully or partially thematically in line with the BSRS. This is due to the wide thematic scope of the BSRS. Throughout the analysed period, the relevance of the national strategic development directions in the context of the BSRS did not change, while the importance of environmental BSRS policy areas in the national strategic agenda even increased. Nevertheless, the BSR dimension of international cooperation is the exception, rather than the rule, in the national strategic documents. An explicit need for cooperation with other BSR countries is declared only in the fields of environment, transport, energy, innovation and security. The most relevant BSRS policy areas for Lithuania are "Nutri", "Hazards" and "Secure" (contributing to the BSRS objective "Save the sea"), "Transport" and "Energy" (contributing to the BSRS objective "Connect the region") and "Innovation" (contributing to the BSRS objective "Increasing prosperity").

The importance of the BSRS policy areas most relevant for Lithuania in the EU strategic agenda

The European Commission (EC) reiterates the importance of macro-regional strategies as policy platforms bringing added value to cooperation in implementing cohesion policy. The most recent EU-level strategic documents largely respond to the BSRS policy areas most relevant for Lithuania. The EU Strategic Agenda for 2019-2024 and 2019-2024 EC political guidelines pay great attention to the BSRS policy areas "Nutri", "Hazards", "Secure" and "Innovation", whilst the 2020 EC work programme places more emphasis on the BSRS policy areas "Secure" and "Innovation".

SOURCES OF FUNDING INTERVENTIONS CONTRIBUTING TO THE BSRS

Diversity of sources funding interventions contributing to the BSRS

The fiscal map of the BSRS implementation in Lithuania in the period of 2009-2020 consists of at least 2,786 projects with a total financial volume of approximately 5 684.51 million EUR. Notably, interventions from at least 41 different funding sources contributed to the implementation of the BSRS. BSRS-relevant interventions were financed by 6 types of investment programmes. The absolute majority of interventions contributing to the BSRS were financed by national operational programmes (*hereinafter - OPs*), about one third - by EU sectoral programmes, about one tenth - by multilateral European Territorial Cooperation (ETC) programmes, whilst the remaining 5% of interventions were financed by bilateral and trilateral ETC programmes, European Economic Area (EEA) and Norwegian financial mechanisms and other ETC programmes. Projects funded by the OPs mostly contributed to the BSRS objectives "Connect the region" and "Save the sea", EU sectoral programmes' projects - to the BSRS objective "Connect the region", multilateral ETC programmes' projects - to the BSRS objectives "Increase prosperity" and "Save the sea", bilateral and trilateral ETC programmes' projects - to the BSRS objective "Increase prosperity", while EEA and Norwegian financial mechanisms' projects - to the BSRS objective "Save the sea".

Coherence of sources funding interventions contributing to the BSRS

Selected projects contributing to the implementation of the BSRS slightly overlapped but were generally sufficiently coherent and did not duplicate one another. This is due to the fact that interventions in the same BSRS policy areas funded by different types of funding sources differed in at least one respect - thematic focus, nature of investment, level of implementation and/or geographical coverage. Projects implemented in the BSRS policy areas "Energy" and "Transport" had the highest degree of internal coherence, as in their case the complementarity between EU sectoral programmes' and OPs' investments was ensured.

Efficiency of the use of funds for interventions contributing to the BSRS

Relatively most efficient use of the total programme's budget for the implementation of the BSRS was observed in the case of multilateral ETC programmes - approximately three quarters of their total funds were invested in BSRS-relevant projects. Medium efficiency of the use of funds was observed in the case of bilateral and trilateral ETC programmes - approximately half of their total funds were used for BSRS-relevant projects. In the case of OPs and EEA and Norwegian financial mechanisms, less than one-fifth of the total programme's budget was devoted for BSRS-relevant projects. The use of EU sectoral programmes' and other ETC programmes' funds for implementing BSRS was largely inefficient - only 1% these programmes' total budgets were allocated for BSRS-relevant interventions.

RELEVANCE AND BENEFITS OF INTERVENTIONS CONTRIBUTING TO THE BSRS

Relevance of interventions contributing to the BSRS for achieving BSRS objectives

Projects explicitly seeking to contribute to the implementation of the BSRS were funded by only a small fraction of financing sources. Projects whose goals and tasks directly relate to the objectives and actions of the BSRS policy areas, involving as many as possible BSR countries, representatives of different levels and sectors were considered of highest relevance for achieving BSRS objectives. According to this definition, projects funded by multilateral ETC programmes (especially Baltic Sea Region Programmes) were assessed as the most relevant for achieving BSRS objectives, while projects funded by EU RDI programmes and some programmes of EEA and Norwegian financial mechanisms were also considered to have relatively high relevance.

Benefits of BSRS-relevant interventions for Lithuanian economic sectors and social groups

In the long run, BSRS-relevant interventions have been relatively most beneficial to the transport, water supply, wastewater treatment, waste management and remediation, electricity and gas supply and R&D sectors. In these sectors benefits were created for businesses, residents, electricity and natural gas supply and distribution operators, education and science institutions and researchers. Relatively smaller benefits from the implementation of BSRS-relevant interventions were observed in manufacturing, wholesale and retail trade, arts, entertainment and recreation, education, agriculture, forestry and fisheries sectors. In these sectors benefits were created for businesses, residents, farmers, learners at various levels of education and staff of educational institutions, cultural institutions and organizations, tourists. BSRS-relevant interventions only to a limited extent benefited healthcare sector, including physicians, patients and the general public. In the short term, construction and public administration sectors were able to reap great benefits from BSRS-relevant projects.

Benefits of BSRS-relevant interventions for other EU Member States

BSRS-relevant projects, implemented on the basis of international cooperation, have brought benefits not only to Lithuania but also to other EU Member States. Latvia and Poland have benefited directly from bilateral and trilateral ETC programmes' projects. These benefits encompassed improved infrastructure, strengthened human resources and established bilateral cooperation. Projects of multilateral ETC and other ETC programmes have directly benefited various EU Member States belonging to the BSR. These benefits encompassed networking and participation in decision-making at macro-regional level, involvement of stakeholders from different sectors and levels in addressing common challenges at macro-regional level, access to up-to-date information and innovative public policy tools. Estonia, Latvia and Poland have benefited from the EU energy sector programmes' projects in the forms of improved technical readiness for synchronisation with the EU energy systems and developed relevant infrastructure. Finally, projects of other EU sectoral programmes have benefited various EU Member States belonging to the BSR. These benefits encompassed innovative products, increased internationalization of researchers or innovative companies, established international cooperation, enhanced scientific or other capacities.

THE CONTRIBUTION OF BSRS-RELEVANT INTERVENTIONS TO THE FIGHT AGAINST CLIMATE CHANGE

More than a quarter of investments that contributed to the implementation of the BSRS also contributed to the goals of climate change mitigation and adaptation to climate change. Interventions in the field of climate change mitigation mainly included cooperation among BSR countries, creating preconditions for more sustainable use of resources, increase in energy efficiency and use of renewable energy sources (RES) at macro-regional level, which can in turn contribute to the reduction of greenhouse gas emissions (GHG) in the long run. Notably, three times more funds were invested in measures related to adaptation to climate change, mainly encompassing national-level actions aimed at prevention of water pollution, restoration of good aquatic ecological status and conservation of aquatic biodiversity, as well as international cooperation in combating natural emergencies and water management in the BSR.

THE CONTRIBUTION OF BSRS-RELEVANT INTERVENTIONS TO STRENGTHENING REGIONAL COOPERATION

Projects in the areas of bioeconomy and innovation have contributed to strengthening regional cooperation the most. In the BSRS policy area "Bioeconomy", a significant part of investments encompassed targeted cooperation activities in the BSR financed by multilateral ETC programmes. In the BSRS policy area "Innovation", both bilateral or trilateral and multilateral partnerships were equally important in BSRS-relevant projects. In the BSRS policy areas "Transport", "Energy", "Nutri" and "Hazards", projects implemented without foreign partners dominated. In these areas, direct regional cooperation was being developed to a smaller extent but interventions implemented at national level have been of great regional importance. Interventions in the BSRS policy area "Education" were dominated by bilateral and trilateral partnerships, i.e. cooperation between a few (in many cases - neighboring) BSR countries. In the BSRS policy areas "Culture", "Tourism" and "Secure", mostly bilateral or trilateral cooperation was being developed between the EU Member States sharing the border (Lithuania, Poland and Latvia) and their neighboring countries (Belarus and Russia). Hence, the contribution of interventions in these areas to strengthening regional cooperation is limited geographically.

IMPACT OF BSRS-RELEVANT INTERVENTIONS AND ADDED VALUE OF THE BSRS

The contribution of BSRS-relevant interventions to the achievement of the BSRS objectives

From financial perspective, BSRS-relevant interventions have mostly contributed to the BSRS objective "Connect the region", approximately twice smaller investments - to the BSRS objective "Save the sea", more than four times smaller investments - to the BSRS objective "Increase prosperity". Nevertheless, the regional cooperation dimension has been better realized in the BSRS-relevant interventions related to the BSRS objective "Increase prosperity" and, to a smaller extent, BSRS objective "Save the sea". The contribution of OPs', bilateral and trilateral ETC programmes', EEA and Norwegian financial mechanisms' and most EU sectoral programmes' projects to the BSRS was rather incidental than targeted, while their impact on the implementation of the BSRS was largely indirect. The contribution of the projects financed by few EU sectoral programmes, explicitly aimed at the development of the BSR, to the implementation of the BSRS was intentional and their impact was direct. Interventions funded by multilateral ETC programmes had the relatively largest impact on the implementation of the BSRS, whilst interventions funded by the EEA and Norwegian financial mechanisms had the relatively smallest impact.

The contribution of BSRS-relevant interventions to BSRS policy areas

From financial perspective, BSRS-relevant interventions have mostly contributed to the BSRS policy areas "Transport", "Nutri", "Hazards" and "Energy". The interventions assigned to them accounted for more than four fifths of the total financial volume of the fiscal map of the BSRS implementation in Lithuania in the period of 2009-2020. More than two thirds of selected investments went to the BSRS policy areas

“Transport” and “Energy” alone. They largely encompassed infrastructure projects that were implemented at national level but had strategic importance at both national and regional levels. The interventions in the BSRS policy areas “Bioeconomy” and “Innovation”, although not predominant in terms of financial scope, had a relatively stronger regional cooperation dimension. In these policy areas, a significant part of cooperation among BSR countries (mainly developed in the framework of multilateral ETC programmes) involved not incidental, but rather targeted partnership aimed at the development of the BSR.

The importance of the BSRS at the political and institutional levels

In the absence of a funding source specifically linked to the BSRS, the political attention to the implementation of the strategy in Lithuania is limited. Accordingly, the system for coordinating the implementation of the BSRS in the country is inefficient. The sufficiency and sustainability of human resources for coordinating the implementation of the BSRS is not ensured. There is a lack of inter-institutional cooperation among institutions coordinating different BSRS policy areas and horizontal actions. Institutions acting as Priority Area Coordinators are passively involved in the implementation of the BSRS. They often do not fully understand their role in the coordination of the BSRS and lack information and understanding regarding implementation mechanisms of the BSRS, thus, are unable to spread awareness about the ways of contributing to the implementation of the BSRS to other interested parties.

Added value of the BSRS in planning and implementing investments

Due to insufficient attention to the BSRS at the political and institutional levels in Lithuania, the links with the BSRS established in the national strategic agenda are mostly declarative. The fact that the strategy is considered as existing “only on paper” is also reflected in the investment programmes, in the development of which Lithuanian institutions participate. The links between bilateral and trilateral ETC programmes’ projects and the BSRS are explicitly declared in the project applications, however their actual contribution to the BSRS is not assessed. Furthermore, implementation of investments under the OP encounters difficulties in organizing international calls for proposals due to unclear financing mechanism of international projects, differing requirements for project selection process among countries and additional administrative burden for applicants. In the absence of a clear positioning of the BSRS in the preparation and implementation of various investment programmes, multilateral ETC programmes are highlighted as the main or even the only sources of funding for interventions contributing to the implementation of the BSRS. There is a lack of awareness about the variety of possible sources of funding of BSRS-relevant interventions both at the institutional level and in the society.

Added value the BSRS in strengthening cooperation at macro-regional level

Cooperation in the BSR is beneficial for Lithuania, as it provides an opportunity to learn from countries in the region that are highly advanced in different respects. However, the actual need for cooperation in the BSR varies among BJRS policy areas or among thematic areas within them. In some areas (for example, science and culture), the importance of international cooperation is emphasized, but not necessarily with the BSR countries. In other areas (for example, business development, transport, energy links), the need for cooperation in the BSR or partnerships with specific BSR countries is determined by the existing interdependence of the countries or clearly expressed national interests. There are also areas (for example, energy efficiency and RES) where cooperation at macro-regional level is not only unnecessary, but also difficult. The added value of the BSRS, as a platform for promoting cooperation at macro-regional level, in the BSRS policy areas "Secure", "Culture", "Tourism" and "Education" is low, in the BSRS policy areas "Nutri", "Hazards", "Transport" and "Energy" - medium, while in the BSRS policy areas "Bioeconomy" and "Innovation" - high.

STRATEGIC PROPOSALS AND RECOMMENDATIONS

On the basis of the evaluation results, with an aim to further international cooperation in solving the problems of the BSR in the period of 2021-2027, the following strategic proposals and recommendations were formulated:

Strategic proposals

- In order to more clearly position the BSRS in planning and implementing interventions of various investment programmes and to create greater added value for Lithuania, **it is proposed in separate public policy areas to identify priority areas of cooperation in the BSR and priority partnership directions** - questions that require cooperation in the BSR the most and BSR countries that are considered the primary partners.
- In order to ensure the sufficiency and sustainability of human resources in the Lithuanian institutions coordinating the implementation of the BSRS, **it is proposed in each of these institutions or at least in the most important ones (BSRS National Contact Point and/or BSRS Priority Area Focal Points) to foresee a certain number of posts (with corresponding salary bills) for employees directly working with the coordination of the BSRS in Lithuania.** To preserve the institutional memory and to ensure the continuity of activities related to the coordination of the BSRS in the event of a change of staff in the responsible institutions, **it is proposed to ensure the smooth storage and transfer of information and knowledge on the BSRS.**
- In order to ensure the actual coherence between BSRS objectives and policy areas, on one side, and the priorities and objectives of various investment programmes, on the other side, **it is proposed to initiate an involvement of representatives from institutions acting as BSRS Priority Area Focal Points and BSRS Priority Area Coordinators in planning interventions of various investment programmes in Lithuania.**

Recommendations

- In order to increase the awareness of the representatives from the institutions acting as BSRS Priority Area Coordinators about their role in the implementation of the strategy and to encourage their more active participation, **it is recommended to activate the National Supervisory Commission for Implementing BSRS.** In this framework, it is recommended to hold regular meetings of the institutions involved in the coordination of the BSRS and other stakeholders (social partners, non-governmental organizations and associated structures) to discuss the roles of various institutions involved in the coordination of the BSRS, the diversity and availability of sources for funding BSRS-relevant interventions, etc.
- In order to raise awareness about the BSRS and to encourage more efficient use of funds from various funding sources for its implementation, **it is recommended:**
 - **For the BSRS National Contact Point: to create a consolidated information platform on the BSRS, which would provide key information on various aspects of the BSRS,** such as its purpose, intervention logic (objectives, sub-objectives, policy areas and horizontal actions), management system (functions of institutions in charge of coordinating the implementation of the BSRS), implementation mechanisms (funding sources that can be used to finance BSRS-relevant interventions), etc.;
 - **For BSRS Priority Area Focal Points and BSRS Priority Area Coordinators as well as for institutions coordinating the implementation of various investment programmes in Lithuania: to disseminate information on existing information platforms regarding opportunities to contribute to the implementation of the BSRS, added value of participating in the implementation of the BSRS for projects and programmes, as well as good practice examples from implementing BSRS-relevant interventions.**