



Evaluation of EU investments in Lithuania: the system, scope, quality and use of results in 2007– 2016

EVALUATION SYSTEM, PLANNING AND COORDINATION OF EVALUATIONS

Evaluation is an important part in the decision-making process, used for the improvement of public policy and programme management as well as for the improvement of the effectiveness and efficiency of public investment. General provisions on the evaluation of EU investments in 2007–2013 and the responsibility of Member States and the European Commission are established by Council Regulation (EC) No 1083/2006 of 11 July 2006. Following this regulation, evaluation aims at increasing the quality, effectiveness and consistency of support provided by EU funds and improving the strategy and implementation of operational programmes.

During the 2007–2013 programming period, Lithuania developed and put into operation a centralised system for the planning and coordination of evaluation of EU investments. It ensures the consistent and systematised evaluation of EU investments and the collection of evidence relevant for decision-making. Evaluation

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activities were supported by financial and human resources – all institutions responsible for evaluation appointed employees to implement the function of evaluation. The planning and implementation of evaluation projects have formed best practices: setting up groups for the monitoring of evaluation projects, publishing evaluation results through public discussions with interested institutions and partners, and monitoring plans for the implementation of evaluation recommendations. All of this contributes to the dissemination of evaluation results and their use in decision-making.

Evaluation activities of the 2007–2013 programming period were planned and carried out in accordance with an evaluation plan. It established objectives and tasks for evaluations of the use of the EU Structural Funds in Lithuania for 2007–2013, set out relevant measures and provided for financial resources. To implement this plan, six annual evaluation plans were developed between 2008 and 2013. They included specific evaluation and evaluation capacity building projects, responsible institutions and relevant deadlines.

The planning and coordination of evaluations fell within the responsibility of the Ministry of Finance. It:

- drafted annual evaluation plans and monitored their implementation;
- regularly informed the Monitoring Committee and the European Commission on evaluation results;
- organised the activity of the interinstitutional Evaluation Coordination Group;
- organised evaluation capacity building activities;
- ensured the publishing of annual evaluation plans, evaluation reports and other evaluation-related information on the website dedicated to investments from the EU Structural Funds;
- collected and analysed information on the implementation of evaluation recommendations;
- carried out preparatory work for evaluation in the 2014–2020 period.

Evaluations were initiated and conducted by the Ministry of Finance as well as other institutions managing investments from EU funds: Ministries of the Environment, the Interior, Health, Education and Science, Social Security and Labour, Transport and Communications and the Information Society Development Committee. In the 2014–2020 period, this function is also performed by the Ministry of Culture and the Ministry of Energy.

An important role was played by the Evaluation Coordination Group (ECG). The real value of the ECG came with the development and consideration of annual evaluation plans as well as discussions of relevant evaluation themes, scope of evaluations, budget and other issues. Institutions could learn about evaluations planned by other institutions. It helped to prevent the duplication of evaluations and identify evaluation themes which were relevant for several or all institutions. The format of the ECG proved to be successful as an evaluation monitoring working group in evaluations initiated by the Ministry of Finance, which covered issues relevant for different institutions. Moreover, the ECG was the main target group of most of the evaluation capacity building measures.

SCOPE OF EVALUATION ACTIVITIES

Number of evaluations conducted. 72 evaluations were conducted in Lithuania by the end of 2016: 63 evaluations were provided for by evaluation plans for 2008–2013 and nine evaluations by evaluation plans for 2015–2017. There were also four evaluation capacity building projects and three meta-evaluations. Interventions under operational programmes for 2007–2013 were covered by 55 evaluations (for more see Table 1 1). Some of the issues analysed by these evaluations were related with preparations for the 2014–2020 period. Other evaluations dealt with interventions under the Single Programming Document 2004–2006 (seven evaluations) and interventions of the 2014–2020 period (two evaluations).

The overview of results and recommendations of all evaluations financed by technical assistance for 2007–2013 (56 evaluations in addition to evaluations of the interventions made in 2004–2006) is provided in the document prepared by the Ministry of Finance “Evaluation of the EU Structural Funds 2007–2013. Overview of Completed Evaluations” – see www.esinvesticijos.lt.

Cost of evaluation. The actual cost of evaluation and evaluation capacity building activities was EUR 3.86 million. It came from Technical Assistance for 2007–2013 and was 17% lower than planned. The lower actual cost of evaluations was determined by the general economic situation in Lithuania and high competition among service providers. The ratio between the cost of evaluations and the financing of operational programmes for 2007–2013 shows that the share of expenditure on evaluation and evaluation capacity building (0.056%) in Lithuania is much smaller than recommended by the European Commission, which is 1% of the value of interventions.

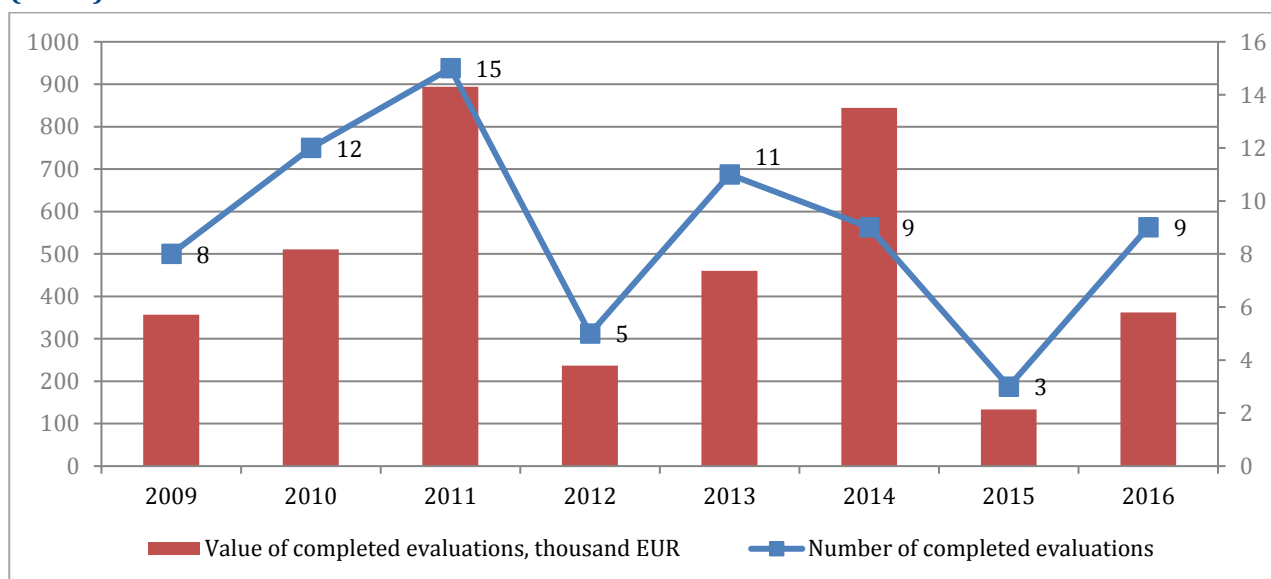
Table 1. Number of completed evaluations by source of financing and intervention

Interventions under evaluation	Total	Source of financing	
		Technical Assistance for 2007–2013 (Annual evaluation plans for 2008–2013)	Technical Assistance for 2014–2020 (Annual evaluation plans for 2015–2017)
2004–2006	7	7	-
2007–2013	63	55	8
2014–2020	2	1	1
Total	72	63	9
Cost of evaluations, million EUR	4.22	3.86	0.36

Source: summarised by ESTEP

Figure 1 shows variations in the number of completed evaluations and budget between 2009 and 2016. In 2009, the dominating type of evaluation was impact evaluation of interventions in the 2004–2006 programming period. The largest number of evaluations was conducted in 2010 and 2011 (interim evaluations aimed at improving the implementation of measures and operational programmes). Evaluations conducted in 2013 to 2015 were focused on the impact of EU investments in 2007–2013 and preparations for EU investment in 2014–2020. The increased cost of evaluations completed in 2014 was a result of the ex-ante evaluation of strategic programming documents of the EU Structural Funds 2014–2020.

Figure 1. Number of completed evaluations and cost of evaluations between 2009 and 2016 (N=72)



Source: developed by ESTEP

Evaluation activities in institutions. The scope of evaluation activities in institutions managing operational programmes for 2007–2013 varied. Almost half of all the evaluations conducted in Lithuania (34 of 72) were initiated and conducted by the Ministry of Finance. Meta-analysis has showed that evaluations commissioned by the Ministry of Finance are considered of better quality than those commissioned by other ministries.¹ One of the reasons could be the fact that the Ministry of Finance has developed a strong competence in evaluation management. Other institutions have conducted from one to seven evaluations. The Ministry of Finance has not only conducted evaluations, but also organised evaluation capacity building activities. The distribution of completed evaluations by institution and nature (see Table 2) reveals that most institutions conducted evaluations focused on better management of operational programmes for 2007–2013 (evaluations related to the establishment of baseline or actual values of monitoring indicators and the preparation of methodologies for the calculation of indicators) as well as implementation and impact evaluations. The Ministry of Finance initiated a number of evaluations of administrative system and thematic evaluations focused on horizontal issues (including thematic impact evaluations).

Table 2. Number of evaluations completed by institutions by type

Type of evaluation	Total	Ministry of Finance	Ministry of Social Security and Labour	Ministry of the Interior	Ministry of Health	Ministry of Economy	Ministry of the Environment	Information Society Development Committee	Ministry of Transport and Communications	Ministry of Education and Science	Ministry of Culture
Impact evaluations of interventions in 2004–2006	7	4	-	-	1	-	-	1	1	-	-
Thematic evaluations	13	10	-	-	1	2	-	-	-	-	-
Evaluations of administrative system	16	9	-	3	1	1	1	-	1	-	-
Evaluations of the implementation of operational programmes for 2007–2013	10	3	1	2	-	-	1	-	1	2	-

¹ Evaluation on the Quality of Evaluations of the EU Structural Funds. Conducted by Public Company Public Policy and Management Institute (PPMI) and Public Company Europos socialiniai, teisiniai ir ekonominiai projektai (ESTEP), 2013.

Evaluations of the impact of operational programmes for 2007–2013	18	6	4	2	2	2	1	-	-	-	1
Evaluations related to the programming of EU investments in 2014–2020	7	2	1	-	1	-	-	2	-	1	-
Evaluations of the impact of the operational programme for 2014–2020	1	-	1	-	-	-	-	-	-	-	-
Total	72	34	7	7	6	5	3	3	3	3	1

Source: developed by ESTEP

Evaluation service providers. The said 72 evaluations were conducted by 23 legal entities acting as service providers or consortium partners. Most of them are private legal entities registered in Lithuania. Some of the private evaluation service providers specialise in applied research and therefore have **a status of non-state research institute**. Representatives of academic institutions and foreign experts are usually involved in evaluations as subcontractors. Competition in the evaluation market has increased over the recent years: tenders in procurements of evaluation services are normally submitted by three to five suppliers, sometimes even five to seven suppliers.

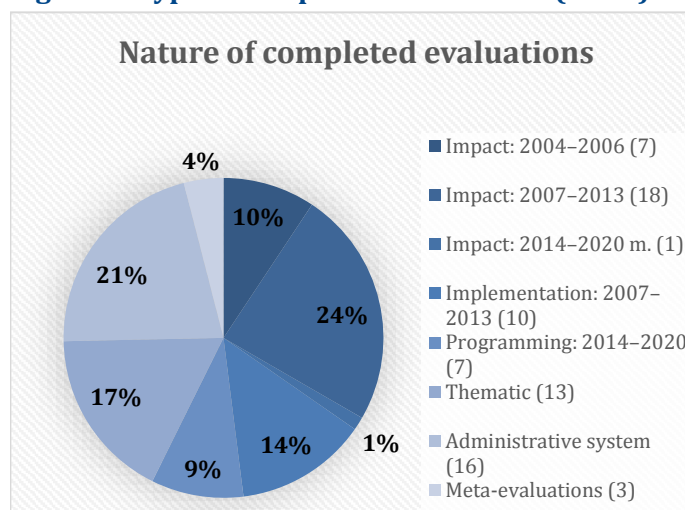
23 service providers provided evaluation services to Lithuanian institutions between 2009 and 2016. Most evaluation service providers are private legal entities.

TYPE AND CONTENT OF EVALUATIONS

Figure 2 shows the distribution of all completed evaluations by nature. Impact evaluations accounted for around 35% of all evaluations, evaluation of administrative system and implementation evaluations for around 36%, and the remaining were thematic evaluations and evaluations related to the programming of interventions.

The nature of evaluation depends on the stage of the intervention implementation cycle. At the beginning of the reporting period, the dominating type was impact evaluations of the 2004–2006 programming period and various thematic evaluations and evaluations of administrative system. At the end of the reporting period, evaluations related to the programming of interventions in 2014–2020 and impact evaluations of interventions in 2007–2013 prevailed.

Figure 2. Type of completed evaluations (N=75)



Based on the content, thematic evaluations may be divided into four groups: (a) evaluations related to the *establishment of the effectiveness and impact* of interventions under operational programmes for 2007–2013 *on specific areas* (e.g. evaluation of the effectiveness of cooperation between science and business; evaluations of the impact of interventions on the promotion of youth entrepreneurship, local and urban development and the implementation of horizontal priority “Gender Equality and Non-Discrimination”); (b) evaluations aimed at measuring the *input* of operational programmes for 2007–2013 *into the implementation of strategic documents* (e.g. the EU Strategy for the Baltic Sea Region, Europe 2020 strategy); (c) evaluations related to the *implementation of specific requirements* (such as partnership, procurement, environmental requirements) and analysis of the impact of these requirements on the use of the EU Structural Funds; (d) *other thematic evaluations* focused on different

administrative and strategic issues (evaluation of the quality and effectiveness of studies; evaluation of the implementation of evaluation recommendations; evaluation of the impact of the health system reform on the use of the EU Structural Funds; evaluation of economic sectors falling within the competence of the Ministry of Economy and funded by the EU Structural Funds).

Evaluations of administrative system analysed (a) horizontal issues of the management of operational programmes (effectiveness of the administrative system, information and publicity activities, suitability of project selection techniques and project selection criteria, financing divide and financial implementation of operational programmes); (b) other evaluations were focused on specific administrative issues (evaluation of the European Investment Bank's loan administration system; evaluation of the establishment and management of financial engineering measures). A significant share of evaluations of administrative system were related to the feasibility of monitoring indicators, the drafting of methodologies for the calculation of specific indicators and the establishment of baseline values of monitoring indicators. One evaluation also analysed possibilities of broader application of counterfactual impact evaluation methods in evaluations of investments from the EU Structural Funds.

Evaluations of operational programmes for 2007–2013 and the operational programme for 2014–2020 analysed milestones, effectiveness and quality of priorities/measures of individual operational programmes or interventions carried out in specific areas of management and calculated intermediate values of indicators.

Evaluations of the impact of operational programmes for 2007–2013 and 2014–2020 were focused on measuring the impact of operational programmes or their individual parts (priorities, measures or groups thereof). Some impact evaluations covered specific measures of operational programmes and/or sectors. Other impact evaluations were thematic (e.g. evaluations of impact of the EU Structural Funds on Lithuania's competitiveness, human resource development, the quality of life, the reduction of poverty and social exclusion, employment and other macroeconomic indicators, culture, Lithuanian cities and towns, sustainable development) and covered groups of measures under operational programmes for 2007–2013. The impact of operational programmes for 2007–2013 and 2014–2020 were mostly measured by thematic impact evaluations. Few evaluations focused on individual measures, tasks or priorities. The impact of operational programmes for 2007–2013 was also measured by some evaluations related to the programming of EU investments in 2014–2020.

Evaluations related to the programming of EU investments in 2014–2020 were intended for planning interventions of the EU Structural Funds in 2014–2020. Some evaluations of the impact of operational programmes for 2007–2013 covered the content and implementation of interventions of the 2014–2020 programming period (e.g. evaluations of waste management, tourism and support to SMEs). Evaluations related to preparations for the 2014–2020 period were both sectoral (health, education, human resources, information society, development of public infrastructure of information resources) and horizontal (ex-ante evaluation of the programming documents for 2014–2020).

Evaluation capacity building projects included three meta-evaluations analysing the quality of evaluations and the use of evaluation results (the implementation of recommendations).

QUALITY OF EVALUATIONS AND USE OF EVALUATION RESULTS

The quality of evaluations is an important prerequisite for the use of evaluation results. It depends on multiple factors: clear objectives and questions of evaluation which are specified by the terms of reference; the qualification, competence and experience of evaluators; the quality and availability of data required for evaluation; data collection and analysis methods; cooperation among the contracting authority, the service provider and other stakeholders in the evaluation process, etc.

Over the recent years, a positive trend has been noticed – the quality of evaluations is improving². Three factors are the reason for such improvement. First of all, the Ministry of Finance has implemented evaluation capacity building projects, which included the drafting of methodological guidelines,

² Evaluation on the Use of Results of Evaluations of the EU Structural Funds. Conducted by Public Company Public Policy and Management Institute (PPMI) and Public Company Europos socialiniai, teisiniai ir ekonominiai projektai (ESTEP), 2013.

methodological seminars, etc. Secondly, the Evaluation Coordination Group was set up. It consists of officers from different institutions and acts as a coordination and learning network. Finally, the “learning by doing” process improved the capacity of contracting authorities as well as service providers. A positive impact on the quality of evaluation was also made by the Lithuanian Standards for the Evaluation of the EU Structural Funds developed and published in 2013³.

Even though the meta-analysis has revealed that the quality of evaluations is good, there are still many challenges to be addressed in 2014–2020. The meta-analysis and the survey (*PPMI, ESTEP, 2013*) show the following issues with the quality of evaluations:

- *Scope of evaluations.* Most of the evaluations covered many interventions and evaluation questions, but were superficial.
- *Link between data and conclusions.* Evaluations often use data to provide sound conclusions, but the link between data and conclusions is not always clear.
- *Conclusions.* Some conclusions are not specific and clear enough to be used in political decision-making.
- *New knowledge.* Even though evaluations use a lot of data, data analysis is often superficial and therefore not all evaluations create new knowledge.
- *Selection of methods.* Advanced methods such as econometric analysis are rarely used in evaluations. Most evaluations included surveys, but sometimes they failed to follow the highest professional standards (e.g. small samples and low response rates, limited statistical outputs, etc.).

The so-called “more rigorous” evaluation methods such as *counterfactual impact evaluation* were first used in Lithuania to measure the impact of interventions of the EU Structural Funds in 2011, in the first ever evaluation of this kind commissioned by the Ministry of Social Security and Labour⁴. Since then, counterfactual impact evaluation methods have been used in another four impact evaluations of operational programmes for 2007–2013 (see Table 3). The Evaluation of the Applicability of Counterfactual Evaluation Methods and the Availability of Statistical Data to Evaluate the Impact of the EU Structural Support, commissioned by the Ministry of Finance in 2012, included analysing the availability and sufficiency of data required for such evaluations and drafting the *Guidelines of Counterfactual Impact Evaluation Methods*.

Evaluations conducted in Lithuania are visible and recognised at the EU level. Evaluation results were presented in international conferences in Riga, Budapest, Prague, Krakow, Brussels, Sofia, etc. In the European Commission’s competition for the best evaluations 2015, the Evaluation of EU Structural Assistance Impact on Quality of Life, Social Exclusion and Poverty Reduction in Lithuania conducted by the Ministry of Finance and Public Company ESTEP was *recognised as the best impact evaluation in the field of employment, job skills and social inclusion*. Another evaluation – the Counterfactual Impact Evaluation of ESF-funded Active Labour Market Measures in Lithuania, commissioned by the European Commission and conducted by Public Company Public Policy Management Institute and the Ministry of Social Security and Labour, received recognition, too.

Table 3. Evaluations conducted in Lithuania using a counterfactual impact evaluation method

Evaluation	Date	Contracting authority	Service provider
Evaluation of the Situation, Needs and Effectiveness of Social Integration Services for Socially Vulnerable and Social Risk Groups in order to Efficiently Use the EU Structural Funds 2007–2013	2011	Ministry of Social Security and Labour	PPMI and Institute of Labour and Social Research,

³ Lithuanian Standards for the Evaluation of the EU Structural Funds. Published on http://www.esinvesticijos.lt/uploads/publications/docs/7_ca1621bf5caee7442cf08eb4d24f5f18.pdf

⁴ Evaluation of the Situation, Needs and Effectiveness of Social Integration Services for Socially Vulnerable and Social Risk Groups in order to Efficiently Use the EU Structural Funds 2007–2013. Commissioned by the Ministry of Social Security and Labour, conducted by Public Policy and Management Institute and Institute of Labour and Social Research, 2011.

Evaluation of EU Structural Assistance Impact on Quality of Life, Social Exclusion and Poverty Reduction in Lithuania	2013	Ministry of Finance	Public Company ESTEP
Evaluation of the Impact of the EU Structural Funds on Small and Medium-Sized Enterprises	2013	Ministry of Economy	BGI Consulting UAB
Counterfactual Impact Evaluation of ESF-funded Active Labour Market Measures in Lithuania	2015	European Commission	PPMI
Evaluation of the Impact of EU Structural Assistance 2007–2013 on Employment and other Macroeconomic Indicators of the Lithuanian Economy	2016	Ministry of Finance	ESTEP Vilnius UAB

The analysis of the use of evaluation results (meta-evaluations conducted in 2013 and 2015) has showed that 92% of the recommendations made were accepted for implementation and 70% have been implemented or will be implemented in future (43% of the recommendations have already been implemented). Less than 3% of recommendations are not and will not be implemented. The main reasons behind the failure to implement evaluation recommendations were related to the quality of recommendations, i.e. recommendations were not suitable for the issues identified (the effectiveness criterion), the implementation measures and the purpose were not clear (the clarity criterion), there were not enough administrative resources for the implementation of recommendations or responsible institutions were improperly identified (the viability criterion). In some cases recommendations were practical, but there was no sufficient political will to implement them.

Evaluations have significantly contributed to the improvement of the management of operational programmes for 2007–2013 and the monitoring system, but their impact was lower on the improvement of the policy implementation measures and priorities. This is primarily due to the objectives established for evaluations: evaluations were firstly associated with the improvement of measure implementation and monitoring and dealing with administration problems.

Evaluations contributed to the better use of the EU Structural Funds in 2007–2013 and preparations for the 2014–2020 programming period.

In the improvement of the quality of evaluations an important role was played by evaluation capacity building projects. They covered different activities and were focused on the formation and maintenance of evaluation culture, the publication of evaluation results, capacity building among employees responsible for evaluation, the drafting of evaluation methodological documents and the formation of and support to the evaluation community.

More detailed information about activities and results of individual projects is provided in the document prepared by the Ministry of Finance “Evaluation of the EU Structural Funds 2007–2013. Overview of Completed Evaluations” – see www.esinvesticijos.lt.

The share of evaluations focused on the reflection of policy measures and priorities will grow in the 2014–2020 period, therefore it may be challenging for evaluations not only to contribute to better implementation of measures and reporting (which is a strength of the existing system), but also to help to implement better measures and better public policy. Constant attention to the involvement of stakeholders and institutions in the evaluation process, the publication of evaluation results and systematic evaluation capacity building are likely to add to these challenges.

SUMMING-UP

The evaluation activities carried out between 2007 and 2016 were an efficient process. It helped not only to measure the results and impact of the EU investments, but also to introduce and improve evidence-based management in Lithuania.

The Ministry of Finance identifies several **lessons** learned by Lithuania which could be relevant for other countries:

- There is a need for highly pragmatic planning of evaluations. Design of evaluations (in terms of timing and specific questions) should be explicitly linked with concrete information needs, i.e. planned policy decisions. This should increase political salience of evaluation results as well as reduce waste in resources allocated to analysis.
- Monitoring systems should be aligned with planned evaluations in terms of scope, contents and structure of necessary data. This should facilitate more sophisticated and robust evaluations.
- Investments in capacity building exercises (development of guidelines, seminars, round-table discussions) pay-off in terms of higher quality of evaluations.
- Learning networks (such as Evaluation coordination group in Lithuania) facilitate joint planning and coordination of evaluations as well as provide forum for exchange of good practice and mutual learning.
- With the view of increasing policy salience, findings of evaluations should feed into broader policy discussions. This could be achieved by presenting results of evaluations in strategic forums involving high level policy makers.

The Ministry of Finance notes that so far evaluations have successfully produced knowledge necessary for better programme management. However, it is still needed to strengthen the culture of evidence-based management and move to a higher added value, i.e. move from dealing with technical/management issues to dealing with strategic/turnover issues. Despite the lessons learned, there are still some **challenges** for evaluation of EU investments:

- How to harmonise monitoring systems and evaluation planning to ensure the availability of data necessary for evidence-based evaluations?
- How to ensure that conclusions of evaluations based on counterfactual impact analysis are timely to affect policy design (especially when preparing for another programming period) or to improve the existing programmes?
- How to present results of methodologically difficult evaluations to decision-makers and the public in an understandable and attractive manner? Although complex analysis methods increase the reliability of evaluations, it is increasingly difficult for potential users to understand the conducting and results of such evaluations, which may limit the use of evaluation results for the improvement of policy.

Since these issues are far from merely technical or uniquely Lithuanian, there is a need for further cooperation between the countries and the exchange of best practise.