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**IMPACT ASSESSMENT OF THEMATIC OBJECTIVE 2 “PROMOTING INFORMATION SOCIETY” OF THE LITHUANIAN OPERATIONAL PROGRAMME FOR THE EU FUNDS’ INVESTMENTS IN THE 2014-2020 PROGRAMMING PERIOD**

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***EXECUTIVE SUMMARY***

# Summary

**Objectives of Evaluation**

This evaluation study is a part of the ex-post evaluation of the 2014-2020 programming period of European Union (EU) funds. The main goal of this study is to assess the impact of the European Regional Development Fund’s (ERDF) investments in the area of national digitalisation and the information society, in order to report to the European Commission and account for the investment of 2014-2020 EU funds, and to improve the management of EU funds in the 2021-2027 period. To achieve this goal, two objectives were set:

* To assess the impact of Thematic Objective 2 “Promoting Information Society” of the Lithuanian Operational Programme for the EU Funds’ Investments in 2014-2020 (OP) on the provision of information and communication technologies (ICT) by identifying how and to what extent the EU investments have contributed to the relevant strategic indicators of the OP.
* To assess the value added and sustainability of the ICT infrastructure, services and products created under the Thematic Objective 2 “Promoting Information Society” of the Lithuanian Operational Programme for the EU Funds’ Investments in 2014-2020.

**Methodology**

The Evaluation used a combination of qualitative and quantitative methods of data collection and analysis, which ensured the availability, reliability and quality of the required data, as well as the validity, consistency and feasibility of the Evaluation’s findings and recommendations. Evaluation methods were selected in line with the objectives of this Evaluation. The Evaluation was based on different analytical methods tailored to the specifics of the Evaluation questions and the subjects of the analysis, as indicated by the Ministry of Transport and Communications. The reliability of the results obtained was ensured through the triangulation of data:

* Contextual analysis and evaluation: literature review of primary and secondary sources, comparative and causal link analysis, and expert assessment.
* A simplified policy intervention logic.
* Obtained stakeholder input: interviews with the representatives of relevant parties (EU funding administrators, public institutions and other organisations implementing the EU-funded projects) (10 respondents) and a survey of beneficiary institutions implementing the projects (33 respondents).

**Eligibility of financing measures and funding to promote an information society**

EU intervention in the area of ICT was implemented under the provisions of the Implementing Decision of the European Commission of 8 September 2014 approving certain elements of the Operational Programme for the EU Funds’ Investments in 2014-2020. The OP’s Thematic Objective 2 addresses the previously identified problems in the area of ICT, with investment priorities and specific objectives set relating to the development of broadband infrastructure, the optimisation of state information infrastructure and resources (as well as open data infrastructure), the development of public e-services, the dissemination of cultural heritage and Lithuanian linguistic content, and the reinforcement of national cybersecurity.

Having examined the eligibility of EU financing measures and the actions supported in the context of the OP’s aspirations, all nine financing measures (administered under Thematic Objective 2) are highly relevant. Financing measures and supported action were designed in such a way that (i) the projects financed within the scope of EU funding intervention fully achieve the objectives and targets set in the OP (e.g., increasing the use and quality of public e-government services and improving digital skills), (ii) directly reflect the key challenges identified in the strategic documents (e.g., responding to the need to enhance digitised cultural heritage and develop Lithuanian language-based ICT solutions) or (iii) create the right preconditions to address the identified challenges (e.g., bridging the digital divide by modernising public free-of-charge internet access networks), and (iv) enabling the synergy of developed solutions (e.g., developing a public cloud infrastructure to optimise the maintenance costs incurred by public institutions to deliver newly created e-services.).

Most often, potential applicants take the needs of their target groups into account when designing investment projects. The methods that project promoters select in order to analyse the needs of target groups are varying: some institutions engage directly with the target groups via interviews or surveys, while others collect data through external sources and their expertise. Summarising the needs of the target groups, it can be concluded that the need for an EU intervention relates to 1) the provision of higher quality and more user-friendly public e-services, (2) the saving of time and administrative costs when accessing or providing public e-services, and (3) the establishment of ICT infrastructure to ensure that the first and second conditions are met.

At the beginning of the OP implementation, the amount allocated for the provision of all financing measures administered under the Thematic Objective 2 was equal to €225.8 million, while at the end of the programming period, planned allocations were 6.1% lower than at the initial stage. The main reasons for this change are attributed to the long preparation and planning period, delays in the completion of projects from the previous EU funding programming period, and ongoing reforms at the national level. Nevertheless, the Evaluation did not reveal any evidence which would suggest that the planned projects did not have appropriate funding.

**Effectiveness and impact of EU investments**

Broadband and state ICT infrastructure | During the evaluation period, Lithuania has been consistently increasing the coverage of fixed broadband, especially in rural areas, yet is still lagging behind the EU average. The main drivers behind narrowing this gap were the EU-supported projects of public institution “Plačiajuostis internetas“ for the development of broadband infrastructure in rural areas, which were implemented both in the previous and current programming period. Upon completion, 254 000 households are expected to be covered by a high-speed (30 Mbps and above) internet connection. The gap between the Lithuanian and EU average is narrowing: in 2021, 84.8% of households had access to fixed high-speed broadband services (EU average: 90.1%), while 51.8% of households in rural areas had access to fixed high-speed broadband services (EU average: 67.5%).

However, the intervention will not allow for achieving the target value of the OP’s result indicator “Share of households covered by broadband access of at least 30 Mbps”, as the sole project under financing measure No. 521 “Development of Next Generation Access” commits to cover only half of the households in the “white spots”. However, the project is expected to stimulate higher market competition, i.e., private operators are expected to use the new infrastructure for "last mile" projects.

EU investment has also contributed to the growing level of cybersecurity in Lithuania. The modernisation of the Secure network and the cyberattack prevention system will contribute to the protection of personal data and other confidential information belonging to the Lithuanian population, businesses and the public sector. EU support and other national initiatives have enabled Lithuania to move up from 47-50th to 6th place in the United Nations International Telecommunication Union's Global Cybersecurity Index for the period 2014-2020.

At the time of the Evaluation, it is not possible to adequately assess the progress of the OP result indicator "Share of state information resources and objects of critical information infrastructure, complying with the security requirements" as the continuity of its monitoring has not been ensured. Looking at the data for a similar indicator monitored by the National Cyber Security Centre, only 40% of all “cyber security entities” were compliant with basic security requirements in 2021 (OP’s target value is 98%, though it was planned to correct this value). Despite the minimal progress in achieving the indicator value, the perception and importance of cybersecurity among public sector managers is growing, though not as fast as it could.

Demand for ICT and open data | Financing measure No. 524 “Promoting smart internet access for the population through upgraded public internet access infrastructure” was found to be effective: the target value of the OP result indicator “Share of population using the internet regularly” was reached in 2022 and is likely to increase further. The activities implemented by the "Connected Lithuania" project resulted in the general increase in the availability of and demand for public e-services, and the increase in demand for teleworking during the COVID-19 pandemic has contributed to an indicator value increase of almost 22 pp over the analysed period (from 65% in 2013 to 87% in 2022). Lithuania still lags behind the EU average (89%), EU interventions have directly contributed to reducing the digital divide in Lithuania.

In terms of human capital, 49% of the population in Lithuania has basic digital skills (EU average: 54%), and 23% of the Lithuanian population has above-basic digital skills (EU average: 26%). A similar trend can be seen when looking at cybersecurity awareness skills separately – Lithuania is slightly behind the EU average. In 2021, 58% of Lithuanians had basic and above-basic cybersecurity skills compared to the EU average of 68%.

EU investment in the Lithuanian Open Data Portal enables Lithuanian public bodies to use their datasets to develop new solutions and increase their commercial potential. The progress of the OP result indicator "Share of enterprises using public sector information for their commercial activities" cannot be assessed as the continuity of indicator monitoring was not ensured at the time of the Evaluation. Even though the project is not yet completed, in 2021 alone, the Information Society Development Committee (ISDC), in cooperation with other public sector bodies, has doubled the number of open datasets and increased the number of external portal users five-fold, which is projected to lead to a significant indicator value increase by 2023 (if monitored).

Public e-services | Investments in this area resulted in a high level of effectiveness, with an increase in the result indicator "Share of population using electronic public and administrative services" target value already exceeding 10% in 2022. Thirty-five projects targeting the development and improvement of public and administrative e-services have increased the overall scale of the digitalisation of public governance processes and responded to the population’s need to have better access to high-quality, accessible and convenient services online. During the Evaluation period, there has been a significant increase in the overall level of the maturity of e-services provided by state and municipal institutions and other public bodies. Between 2014 and 2022, the share of institutions providing services at maturity levels 4 and 5 increased from 27% to 47% and from 15% to 22%, respectively. This increase indicates that the public sector has successfully achieved a higher level of digitalisation of public and administrative services.

An opposite trend can be observed regarding the use of services related to the Lithuanian language and cultural heritage: the level of use is not consistent, and the target values of the national 2014-2020 Information Society Programme indicators have not been reached. This trend should not be seen as a policy failure as the level at which the services are used is related not to the form and quality of the provision of the service, but rather to the content itself and its relevance and meaningfulness to society.

The positive progress of the result indicator "Share of state and municipal authorities and bodies using services of the state information resources interoperability platform" target value (current value of 62% in 2022, target value of 50% in 2023) was, to a large extent, a result of the legal obligation for public sector bodies to use the platform, as well as the general increase of investment in and demand for the digitalisation of public and administrative services.

To sum up, the analysis of the financing measures of Thematic Objective 2 has shown that 13 (of which 2 are result-level and 11 are output-level) out of the 18 OP and national-level indicators have already reached their target values at the time of the Evaluation, or will do so after the completion of ongoing projects. One indicator has not been, and is unlikely to be, achieved while the expected values of 4 more indicators in 2023 are difficult to forecast as their achievement depends on factors outside the scope of the OP’s intervention and methodological changes that were or are being implemented during the programming period (e.g., the indicator "Proportion of enterprises using public sector information for their commercial activities" is not being measured from 2020 onwards, although there has been discussion since 2018 about the need to change the methodology for calculating the indicator).

**Key success factors and challenges for project implementation**

The results of the project promoters’ survey and the interview programme suggest that the projects implemented under the Thematic Objective 2 were bound to different obstacles, however none of these had a decisive impact on the results achieved or their quality. It can be concluded that the public procurement process has the most significant negative impact (highlighted by 45% of project promoters), directly affecting the timeframe of project implementation activities, the characteristics of the technical solution, and the quality of the final product, as well as increasing the overall administrative burden. Projects that require the development or coordination of interoperability among different information systems are prone to prolonged procurement processes or implementation periods.

Staff competencies in general, as well as project management skills, are found to be another significant factor in project implementation. The Evaluation results indicate that the level of competence among project promoters is varying. Competencies affect not only the overall quality of the project but also the ability to increase the demand for developed products or services. Representatives of ministries and other public bodies indicated that there is a lack of common interest in the public sector in developing joint projects or developing synergies to improve public administration processes. Without properly fostering interinstitutional cooperation, it will be more difficult for Lithuania to successfully develop the "Government-as-a-Platform" dimension in the future.

Technological change also affects project results. Due to protracted strategic planning and project management processes, some projects could not benefit from the most efficient or up-to-date solutions available in the market. However, the impact of technological change on supported ICT projects is considered to be limited.

COVID-19 has brought new challenges to the implementation of the OP’s Thematic Objective 2 projects, but for the most part, project risks have been managed successfully. The relatively high level of digitalisation of daily work processes (i.e., remote work) and the previous e-government reforms have created conditions that ensure continuous work and delivery of services.

**Validity of chosen indicators**

The analysis of the indicators’ relevance resulted in somewhat ambiguous conclusions. On the one hand, the result indicators are found to be relevant and reflective of the direct and indirect project impact on the progress of indicators defining the information society processes, while the majority of the projects are also logically linked to the output indicators. In those cases where such linkages are missing, additional indicators were included in the Ministry of Transport and Communications Implementation plan for the financing measures for the OP’s Thematic Objective 2 (e.g., "Share of the population who use Lithuanian language-related electronic services").

On the other hand, output indicators do not always measure project impact, but rather capture the fact of the creation of a physical object (e.g., "Solutions implemented for the reuse of public sector information"). Meanwhile, result indicators are often too broad or high-level to clearly indicate the actual contribution of a specific financing measure or group of projects to the progress of a specific indicator (e.g., "Share of population using electronic public and administrative services" is applied to five different financing measures).

Although the calculation descriptions of the indicators for 2014-2020 OP monitoring identify the sources of data for the indicators and the authorities responsible for collecting them, Evaluation revealed that the continuity of the data collection and calculation methodologies (or historical comparability) has not been ensured, i.e., calculation methodologies have been abruptly amended throughout the programming period.

**Highest impact projects**

The consulted stakeholders confirmed that the highest impact is generated by those projects that reach the largest target groups. This includes such projects as the ISDC’s "Connected Lithuania" initiative (more than 100 000 people participated in the project activities) and State Cloud Infrastructure Services (ICT infrastructure of 140 public sector institutions is being migrated), the development of the Electronic Health Services and Collaboration Infrastructure Information System (ESPBI IS) by the Ministry of Health (the developed and upgraded services are relevant for more than 2 million people), and the development of the smart tax administration system for the State Tax Inspectorate (more than 100 000 regular users).

**Adequacy of project funding to achieve expected results**

The Evaluation concluded that the anticipated results were mostly achieved at a reduced cost of 0.5% to 20%. The only exception was the State Cloud Infrastructure Services project, where insufficient funds were allocated at the beginning of the implementation of the migration of information systems, whilst such factors as prolonged duration of project activities and technological change resulted in higher acquisition costs of necessary ICT equipment. However, no clear link between the indicators’ progress and allocated funds was observed, i.e., lower implementation costs cannot be considered a key driver behind the achievement of the planned values.

**Socioeconomic benefits**

The long-term effects of the 2014-2020 EU investment are both social (improved remote access to public and administrative services and other digitised content) and economic (savings in time and administrative costs when providing or accessing public services, improved efficiency of information systems, etc.). The socioeconomic benefits, in monetary terms, in the field of the information society amount to €1.89 billion. The largest share of socioeconomic benefits may be attributed to the time and money saved due to the public’s ability to use public e-services instead of having to travel to a physical location, which accounts for 87% of the total benefits generated.

The long-term impact of public e-services projects depends on the ability of project promoters to ensure sustainable funding for technical maintenance (more than half of the projects depend on long-term funding) and demand stimulation activities. At the time of the Evaluation, only a small share of project promoters was organising quality assessment/feedback surveys. To ensure the long-term impact of the intervention and to increase the number of users, there is a need to carry out ongoing, consistent monitoring of service users into the future, to improve existing functionalities or develop new functionalities while taking into account the needs of the target groups, and to increase the integration of information systems while strengthening the collaboration with relevant institutions.

**Monitoring the level of service use**

Given that there was no obligation to monitor the use of public e-services during this programming period and that the real impact of the interventions is only evident three to five years after the implementation of the project, it is difficult to assess the level of use of public e-services developed within the scope of this Evaluation. Slightly more than half of the project promoters provided data on the level of public e-service use, but different projects use varying methods (indicators) of quantifying the use of services: number of services ordered, number of registered users, number of visits to the platform, etc. It can be concluded that there is currently a lack of a quality and standardised mechanism for monitoring the use (and maturity) of e-services in Lithuania.

The initial project monitoring data shows that, depending on the relevance of the IS and its services to the target groups, the number of unique users ranges from 200 to 110 000, while the number of visits to cultural heritage or Lithuanian language platforms ranges from 160 000 to 1 million visitors per year. The intervention has enabled the number of relevant platform users to increase from 20% to 400% since the start of the project. An absolute number of users indicates a significant difference between projects that provide services perceived as a necessity (e.g., tax administration) and those services that are used *ad hoc* (e.g., System of integrated plant protection information, consulting and training (IKMIS) or Electronic Publications Management Information System (ELVIS)). However, there is an overall upward trend in the number of users and visits, and the majority of project promoters achieved or will achieve their internally defined service use targets.

Despite the lack of quantitative data, a vast majority (85%) of administering authorities’ representatives and other stakeholders stated that the products/services developed meet the needs of the target groups. However, there is a fairly significant share of respondents (24%) who do not know whether the results of the projects meet the organisation’s own expectations for the usage level of developed or modernised services/products. This trend is largely attributed to the poor monitoring of service users by project promoters and the lack of analysis of the needs and post-implementation satisfaction of their target groups (only 38% of the promoters of the e-services projects, implemented within the scope of 525-529 financing measures, stated that a survey of service user satisfaction is carried out on a regular basis).

**Conclusions and recommendations**

The assessment of EU funding interventions and implemented projects in the field of the information society during the 2014-2020 programming period highlights the following main challenges in project management and impact monitoring. Taking into account the challenges identified during the Evaluation, the Evaluators have prepared and coordinated strategic proposals and recommendations that are aimed at improving the administration, level of use and evaluation of EU structural funds in the 2021-2027 programming period.

* Public sector lacks interest in developing projects aimed at improving the quality of public administration processes, therefore it is recommended to foster policy dialogue about raising the level of maturity of public e-services and improving their interoperability (Recommendations No. 1 and 2).
* Due to the lack of standardised monitoring mechanisms for e-services, it is proposed to (1) transfer the indicators of expected project benefits for the service provider to the project financing contracts (Recommendation No. 3), (2) require mandatory monitoring and reporting of public and administrative e-services data to the Public and Administrative Services Information System (PASIS) (Recommendation No. 7), and (3) empower and commission the Centre of Competences for Open Data and Digital Transformation to develop a methodology for monitoring public and administrative e-services (Recommendation No. 8).
* The slow and/or lengthy implementation of projects does not allow for assessing the performance of the OP’s indicators at the time of writing, and it is therefore recommended that two impact evaluations are carried out separately during the next funding period: the first one focusing on the relevance of investments and the identification of the priorities for the following funding period, and the second one focusing on the impact assessment (Recommendation No. 4).
* In order to ensure the continuity of indicator monitoring, it is recommended to address the ongoing challenges of data collection for indicator monitoring under the Programme for the EU Funds' Investments 2021-2027 by setting up a dedicated working group (Recommendation No. 5).
* To ensure the quality and adequate preparation of project promoters, it is recommended to expand the development of support and guidance material for project management and administration (Recommendation No. 6).
* Some projects face the challenge of stimulating demand, and it is therefore proposed to include a requirement in the project funding applications which mandates service/product promotion activities for three years following the end of the project implementation (Recommendation No. 9).
* To improve the relevance of EU interventions in the area of e-services, it is proposed to include additional conditions in the project funding description that include quantitative data on the size of the target groups and their needs, the expected scope of the impact generated and the relevance of the e-service to the target groups (Recommendation No. 10).
* To manage the risks of insufficient long-term funding, it is recommended to continue the Central Project Management Agency's practice of including additional questions in project funding applications on how project promoters plan to guarantee long-term funding for their projects and the amount expected to be secured for this purpose (Recommendation No. 11).