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# EVALUATING THE ACHIEVEMENT OF THE OBJECTIVES OF THE 2014- 2020 EU FUNDS INVESTMENT OPERATIONAL PROGRAMME

## SUMMARY OF THE EVALUATION



Kuriame  
Lietuvos ateitį  
2014–2020 metų  
Europos Sąjungos  
fondų investicijų  
veiksmų programa



Lietuvos Respublikos  
FINANSŲ MINISTERIJA

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## EVALUATION PURPOSE, OBJECTIVES AND MAIN METHODS

**Purpose of the evaluation** – identify the impact of EU investments in meeting EU and national strategic objectives and the thematic objectives of Lithuania's 2014-2020 Operational Programme (OP) for European Union Funds Investments (2014-2020), in order to ensure proper accountability for the use of EU funds.

In order to achieve the purpose of the evaluation, two **evaluation objectives** were set:

- I. assess the contribution of the OP to the achievement of the EU and national strategic objectives in the field of smart, sustainable and inclusive growth (respectively at the levels of the programme/priority axes/specific objectives);
- II. assess how EU investment contributes to the achievement of the objectives of each OP priority (at priority/specific objective level).

**The evaluation focuses on** the 2014-2020 OP, which consists of 14 OP priorities and 67 specific objectives. In addition to the objectives directly set out in the OP, expressed in terms of result indicators, the contribution of the OP investments to the achievement of the Europe 2020 objectives (5 objectives, 8 indicators) and the relevant national strategic objectives of the National Reform Agenda 2020 was also assessed.

**The financial scope of the interventions** under evaluation totals €9.8 billion from EU funds, the state budget and project promoters invested under the OP up to 31 December 2022. By sector, transport investments accounted for the largest share (around 17% of the total invested). R&D, business, energy, education and employment each accounted for 9-12% of the total invested under the OP. Health and social protection together accounted for around 8%. The remainder was distributed between ICT, public administration and the costs of administering the OP.

## EVALUATION METHODS

The main work in analysing the impact of investments has been carried out at the level of specific objectives. Given the very broad scope of the OP, a unitary methodological approach was adopted. A common analysis algorithm was applied to each OP priority and its constituent tasks, where the methods used, the type of empirical study and the results were only modified depending on the specificities of the OP priority (or task).

The evaluation of the 2014-2020 OP interventions at the level of specific objectives has been carried out using a theory of change approach, by deconstructing the logic of the interventions and analysing the key causal links that are expected to have an impact on the achievement of their intended objectives (outcome indicators). Interventions were analysed according to the criteria of relevance, effectiveness, efficiency, impact and sustainability (continuity).

The data required for the analysis were obtained from a variety of primary and secondary sources, the main ones being: the SFMIS (the subsystem of the European Union's Structural Funds Information System for 2014-2020), reviews, studies, other evaluations undertaken over the life of the OP, and information provided by the responsible authorities directly in response to the Evaluators' requests. Two questionnaire surveys, semi-structured interviews with representatives of the institutions responsible for the administration of EU support, municipal administration and communities were carried out and formed the

basis for a suite of case studies. The findings and recommendations of the evaluation were discussed with the socio-economic partners representing business and non-governmental actors.

The evaluation uses the values of the monitoring indicators at project, measure and target level achieved by 31 December 2022.

## CONTRIBUTION OF INTERVENTIONS TO THE OBJECTIVES OF SMART, SUSTAINABLE AND INCLUSIVE GROWTH

Investments under the 2014-2020 OP also had the aim of contributing to the strategic objectives of the Europe 2020 strategy. In 2014-2020, EU funds have contributed to strengthening smart, sustainable and inclusive growth by investing in the main lines of action outlined in the Europe 2020 strategy and its accompanying documents.

Europe 2020 links **smart growth** in the long term to the development of an economy based on knowledge and innovation, as reflected in three key indicators: the level of investment in R&D, the proportion of early school leavers, and the proportion of people aged 30-34 with a tertiary education.

In the short term, the most significant boost to attracting business investment in R&D has come from the provision of financial incentives to business (support for young innovative start-ups, recruitment of researchers in business, support for research institutions commissioned by economic operators). By enhancing the infrastructure and human resources of science and research institutions, and by promoting science and digital connectivity across the country, investments under the OP have contributed to strengthening the preconditions for the future development of R&D&I.

As the proportion of 30–34-year-olds with tertiary education in Lithuania is already sufficiently high, the 2014-2020 OP investments were more focused on the quality of education and studies, improving infrastructure, educational content, and study management.

Interventions directed towards reducing early school leaving were primarily aimed at improving the integration of vulnerable groups into the education process and at the challenges of the nationally introduced inclusive education model. While EU funds have mainly been used to develop the methodological base and to improve access to technical assistance tools, their contribution to improving the quality and accessibility of inclusive education will depend to a large extent on improving the supply of educational assistance professionals at different levels of educational establishments.

**Sustainable growth** in the Europe 2020 strategy is linked to the promotion of a more resource-efficient, greener and more competitive economy, to increasing the share of renewable energy sources (RES) in total energy production, and to reducing final energy consumption and related GHG emissions.

EU funds have contributed to strengthening resource-efficient growth in 2014-2020 by investing in the key areas outlined in the Europe 2020 strategy and its complementary flagship initiatives. Although EU investment has contributed to a lesser extent to some of the specific objectives highlighted in the Europe 2020 documents, there is at least an indirect contribution from investment.

The OP investments have created significant additional RES capacity, making an immediate contribution to growing the share of RES in the final energy balance, and to energy independence (and energy security).

Although investments in energy efficiency in 2014-2020 have been targeted at areas with the highest potential for energy savings (reduction of energy losses in heat transmission systems, energy efficiency in

buildings, intelligent transport systems), their impact is limited as the size of the sectors concerned and the need for investment, such as the renovation of multi-apartment buildings, far exceeds the financial capacity of the OP.

To reduce GHG emissions, the OP investments are aimed at initiating changes in the transport sector, which is particularly problematic in terms of GHG emissions, and at developing RES. However, the coverage of the interventions was insufficient given the size of the sectors and the scale of the problems. Moreover, their positive effects have been overshadowed by GHG-emitting factors such as the continued growth in the number and use of private cars in the country.

**Inclusive growth** is understood as a high-employment economy with social and territorial cohesion, and its development is linked to rising employment rates and declining numbers of people at risk of poverty or social exclusion. For many target groups, these objectives are intertwined, as the risk of poverty is reduced by improving the conditions for quality employment for socially vulnerable groups other than those who are unable to work due to age, health or similar reasons, and by promoting their integration.

The 2014-2020 OP interventions to promote inclusive growth were in line with many of the relevant investment areas set out in the Europe 2020 strategy and its accompanying documents. Some of the measures implemented are more focused on a relatively immediate impact on employment growth and poverty reduction, such as employment and labour market integration measures tailored to different socially vulnerable groups, the implementation of mobility measures for the unemployed who are looking for a job or who have started working, and improving access to childcare.

A broader, longer-term and more sustainable impact of investment on employment growth and poverty reduction is projected in areas where interventions have led to systemic change. The 2014-2020 investment period has seen a stronger involvement of the non-governmental sector in tackling the most pressing social issues (although cooperation with NGOs and other partners is still lacking in the area of health), with a particular emphasis on strengthening the role of community-based organizations in addressing social inclusion at a local level. Some of the interventions, although their visible result was the provision of services to specific target groups, additionally allowed the development and testing of new, innovative service delivery models (combining social and health services in the case of integrated home care, improving the services provided by district-level PHI through the development of telemedicine, dental services for people with severe disabilities at home, etc.). If these new forms and contents of services are rolled out nationwide, they will significantly improve the situation of groups facing various forms of hardship and reduce the negative impact of poor personal financial situation on the quality of life and health of individuals.

## IMPACT OF INTERVENTIONS ON THE ACHIEVEMENT OF THE OBJECTIVES OF THE PRIORITIES

The 2014-2020 OP interventions are spread across 14 priorities, which together cover 67 specific objectives. The contribution of the OP investments to the achievement of the objectives set at the level of the specific objectives, as detailed in the OP result indicators (136 result indicators in total), was assessed.

### OP Priority 1 "Promoting research, experimental development and innovation"

The immediate impact of investments under OP Priority 1 "Promotion of Research, Experimental Development and Innovation" **on R&D&I is limited**, but the interventions have **increased the country's R&D&I potential**. This will become increasingly important as external competition to Lithuanian companies and their aspiration for internationalization grows. Both will encourage businesses to make

greater use of the infrastructure and other resources of research and higher education institutions developed during the 2014-2020 period and to invest more in R&D&I.

**The most successful use of EU investment under OP Priority 1 has been in attracting private R&D funding.** Financial and non-financial (consultancy, training, etc.) support to businesses has contributed directly and indirectly (due to the reduced risk of business R&D activities and the requirement for businesses to contribute with their own funds) to the increase in business R&D spending, with business R&D spending boosted by the EU funds' interventions accounting for around 17% of total business R&D spending during the investment period. The dependence of R&D on public support remains a limiting factor for the sustainability of the results generated, but the demand for innovation and R&D activities by domestic enterprises is growing, and it is therefore likely that enterprises receiving support in the 2014-2020 investment period will continue to maintain a certain level of R&D activity, regardless of the availability of financial support. **The contribution of the OP to promoting business-science cooperation has been limited.** The main investment has been in the development of R&D&I infrastructure (centres of excellence and technology centres), but there has been a lack of activities to promote the use of this infrastructure, and the planned number of private sector researchers using the upgraded research facilities is low (around 2% of the total number of private sector researchers). In addition, due to the limited volume of investment and the low number of businesses involved, **the interventions implemented were insufficient to significantly increase the extent of knowledge commercialization and technology transfer between the science and business sectors.**

### OP Priority 2 "Promoting the Information Society"

Investments under OP Priority 2 "Promoting the Information Society" were mainly aimed **at financing the continuation of activities** to further develop high-speed broadband internet networks, at improving the cyber security of the State's information infrastructure, and towards increasing the use of ICT in improving the quality and accessibility of public services. A key innovation, funded by EU funds, is the coordinated opening up of a **wide range of public sector information** to the needs of business and society. The **contribution of EU funds to the development of public and administrative e-services**, whose smooth functioning and intensity of use has increased particularly during the COVID-19 pandemic, is also underlined. **Although the target for high-speed internet development** (100% coverage of households with high-speed internet) was not achieved, EU funded investments have made a significant contribution to increasing the availability of high-speed internet to the population (almost 88% of households in 2022) and have created the conditions for private providers to further develop their broadband network by using public infrastructure. The aim has been to rapidly **increase the proportion of the population that uses the internet on a regular basis, but the immediate impact of the interventions has been moderate for this objective.** Investments in upgrading public Internet access points in the country's public libraries are contributing more rapidly to reducing the proportion of the population that does not use the Internet.

It is important to note that many of the interventions in the field of the information society **have secondary effects, not explicitly targeted in the OP**, and from which the value of additional benefits will only be revealed in the longer term. For example, the transfer of public and administrative services to cyberspace contributes to reducing the administrative burden on business, increases the transparency of the public sector, and the development of e-health services will contribute to better health indicators for the country's population in the long run.

### OP Priority 3 "Promoting the competitiveness of small and medium-sized enterprises"

Due to the relatively small coverage of the target groups and the dispersion of interventions, the overall impact of investments under OP Priority 3 "Promoting the Competitiveness of Small and Medium-sized Enterprises" on the business sector is assessed as **medium**. The impact of the interventions was not

uniform across the different areas of business development, with a fairly clear preference among enterprises for cheaper investments in improving operational productivity, where returns are more predictable, and a lesser appetite for investment in the areas of technological and non-technological eco-innovation, at this stage.

The most in-demand activities were those aimed at boosting entrepreneurship, with more than 9,000 cases supported. Interest in the assistance provided to SMEs (loans, portfolio guarantees, venture capital fund investments, partial interest compensation, subsidies and other forms of support) significantly exceeded the expectations set during the preparation of the OP. The interventions have contributed quite significantly **to the market penetration of new SMEs**, although they have not led to significant direct growth in the number of SMEs. The OP investments in upgrading the technological capacity of enterprises, digitization, technological audits and other activities **had a strong positive impact on increasing labour productivity**. However, this impact is confined to the relatively small proportion of enterprises that benefited from the investments, as the coverage of the interventions in terms of target groups was too narrow to lever significant SME productivity growth at the national level (only around 2% of all SMEs benefited from the investments). **Investments targeting the promotion of SMEs' exports of Lithuanian-origin goods were less successful**. The activities financed were too small to produce a significant increase in export volumes, and the financial support reached only a relatively small proportion of the country's SMEs. Low interest among SMEs in non-technological innovation and the low coverage of interventions also **prevented 2014-2020 interventions from making a more significant contribution to increasing the proportion of enterprises adopting environmental innovations at national level**. On the other hand, the low level of business activity in key areas of the future such as eco-innovation is, in a sense, an indication of the continued need for public investment in laying the foundations for a breakthrough that is likely to be driven by market conditions.

#### **OP Priority 4 "Promoting energy efficiency and the production and use of energy from renewable sources"**

In order to increase energy efficiency and the production and use of renewable energy sources, and to reduce GHG emissions, the Funds under Priority 4 of the OP "Promoting Energy Efficiency and the Production and Use of Renewable Energy" have been invested in key areas where Lithuania is clearly lagging behind the EU average. The investments planned and implemented have also been aligned to increase the country's energy independence, which was particularly vulnerable at the beginning of the investment period.

Looking at individual interventions and their results, it is clear that they have contributed to creating the preconditions for energy savings and GHG reductions, but in the context of overall energy consumption, in many cases these **interventions are too small** to have a significant impact on the overall energy use figures. Greater success has been achieved in diversifying energy production. **EU funding has enabled the country to increase its RES power generation capacity**, with new capacity representing around a quarter of the country's total RES power generation capacity in 2021. By contrast, **the impact of interventions in the 2014-2020 investment period on energy efficiency has been lower**. Investments in energy efficiency have largely focused on the renovation of multi-apartment buildings and, to a much lesser extent, public buildings, with a relatively small share of investments in the modernization of street lighting and heat supply networks. Despite the fact that 54,000 homes will be upgraded to a better energy efficiency class, this represents only 4% of households in the country. It is the size of the sectors concerned that limits the immediate impact of EU funded interventions on national aggregates. This is particularly evident in the case of the GHG reduction targets, to which end the OP supported investments in the renewal and development of green transport infrastructure, intelligent transport systems and the renewal of the public transport fleet. Despite successful implementation of these activities, the acquisition of new public transport vehicles accounts for less than 6% of the total public transport fleet in Lithuania, and the

installation or reconstruction of bicycle and pedestrian paths accounts for less than 3% of the total nationwide. In addition, the number of cars in the country has continued to grow, while the number of people using urban public transport has not increased (restrictions imposed during the COVID-19 pandemic had an additional negative impact, but are not the only reason). Accordingly, **the impact of the interventions on reducing GHG emissions from the transport sector is low.**

### **OP Priority 5 "Environment, sustainable use of natural resources and adaptation to climate change"**

The investments under OP Priority 5 "Environment, sustainable use of natural resources and adaptation to climate change" have **ambitious objectives, the achievement of which is limited.** Some of the problems are highly complex, with high financial needs, whereas some solutions are critically dependent upon political, legal and administrative decisions. In order to promote sustainable use of natural resources, reduce pollution and better adapt to climate change, EU Funds under Priority 5 of the OP have been allocated to the development of climate change mitigation related infrastructure, improvement of the condition of surface water bodies, the restoration and preservation of biodiversity, the increase of the capacity of municipal and radioactive waste management infrastructure, the improvement of the efficiency of the water supply and waste water management system, the improvement of urban air quality and the improvement of the attractiveness of and visibility of natural and cultural heritage.

In order to better adapt to climate change, **the actions financed will have a medium-term impact on reducing the potential economic damage from the adverse effects of floods.** While the management of surface (storm) water networks in urban areas (16 cities in total) will have a positive impact on reducing the economic damage caused by floods, the interventions will have little impact on reducing flood damage to agricultural land, infrastructure in rural areas. **The impact of EU funds interventions on reducing the share of municipal waste going to landfill across the country is also moderate.** In 2021, only 15.4% of municipal waste was already being landfilled (compared to 78% in 2011, which the OP was aiming to reduce to 30%), but the share of landfilled waste started to decrease rapidly even before the OP's investment in the Vilnius cogeneration power plant and after the launch of such plants in Klaipėda and Kaunas. Less progress has been made in increasing the share of secondary raw materials ready for recycling. In this area, the OP has invested in the installation of waste collection container sites for sorted collection, bulky waste collection sites, etc. in most municipalities in the country. Unfortunately, this investment **has not yet had a significant impact on increasing the share of paper, plastic, metal and glass waste in the municipal waste stream that is ready for reuse or recycling.** This result is not only the product of limited public awareness, but also reflects the development of reuse and recycling markets being hampered by competition from co-generation plants for the available waste streams and the relative ease of meeting targets for reducing disposal to landfill through incineration. The 2014-2020 EU funds have also failed to substantially address another long-standing problem: **the low impact of interventions to increase the share of the population connected to centralised water supply and wastewater management services.** The main reasons for this are not only the relatively small scale of interventions, but also the reluctance of the population to connect to the existing water supply and/or wastewater networks. Reflecting the limited financial allocation, the 2014-2020 EU funds **have not made a significant contribution to meeting the ambitious target set for 72% of surface water bodies being of good quality by 2023.** Although more rivers and lakes have been funded than planned, they represent a relatively small proportion of all water bodies in poor condition (around 12%). Investments have been concentrated on solving isolated problems and only contributing to the improvement of certain indicators of water bodies, with no integrated measures. **The impact of the interventions on the conservation status of priority EC habitat types found in Lithuania is also low.** Although the conservation measures funded are appropriate and necessary to improve the condition of specific habitats, they covered only a very small proportion of Natura 2000 sites (hydrological restoration of wetlands, bush clearance, mowing, etc. were carried out in approximately 1% of the sites). Some synergies between the 2014-2020 investments (also with investments from previous investment periods, and other funding programmes)

**have had a positive impact on local and foreign tourist arrivals in priority tourism development regions.** Investments in the upgrading of cultural heritage sites (especially in the regions), the management and adaptation of protected areas, and the implementation of tourism marketing measures are creating more attractive destinations where local and foreign tourists can visit several sites in a single trip and spend longer periods of time.

### **OP Priority 6 "Developing sustainable transport and key network infrastructure"**

Investments under OP Priority 6 "Development of Sustainable Transport and Core Network Infrastructure" have contributed to tackling the most pressing problems in the transport sector, but the impact generated by the interventions financed is not in all cases sufficient to change the overall dynamics of the country's indicators. Due to the size of the sector, the financial requirements to maintain and develop infrastructure and to ensure safety parameters is incomparably larger than can be achieved in a single programming period.

**The impact of EU funds' interventions on reducing road fatalities, increasing intermodal freight transport and inland waterway freight transport is limited.** First of all, especially in the case of road fatalities, the attainment of targets depends on a variety of circumstances, while investments have been concentrated only on road infrastructure and infrastructural safety solutions. Externalities have uniquely impacted on rail freight volumes, which have fallen significantly following the Russian invasion of Ukraine, the imposition of sanctions and the reduced relevance of some investments. Secondly, it is important to underline that, due to the size of the sector, investments in rail, road and, to some extent, waterway infrastructure cover a small proportion of the total network. Therefore, while the investments are relevant and necessary, their potential to affect general, country-wide indicators is low. In addition, the impact has in some cases been constrained by disruptions during project implementation, which have led to the failure to complete planned infrastructure on time (delay in the electrification of the Kaišiadorys-Klaipėda railway section, for example).

### **OP Priority 7 "Promoting quality employment and labour market participation"**

Investments under OP Priority 7 "Promoting quality employment and participation in the labour market" are aimed at improving the quality and accessibility of labour market services and employment support measures for the unemployed, especially those belonging to vulnerable groups, by promoting skills needed in the labour market, promoting entrepreneurship and improving the quality and accessibility of labour market services and employment support measures. Public open spaces and public buildings in cities across the country were also landscaped in order to attract additional investment and increase employment.

The funded active labour market policy (ALMP) measures **had a moderate impact on the employment and labour market retention of those who took part in the interventions over a period of more than 6 months.** About 50 % of the 75 000 people who participated in ALMP measures were long-term unemployed, elderly and/or persons with disabilities, and the services provided (training, vocational rehabilitation, etc.) were therefore crucial for their labour market integration. On the other hand, the generally favourable situation of the labour market for workers in general, which absorbed a large part of the labour force, especially in certain periods, also had a significant impact on the good employment rates of the target groups. A similar phenomenon has been observed in relation to the labour market inclusion of young people who are not in employment, education or training (NEETs)u. EU-funded youth activation services (psycho-social rehabilitation measures, development of complementary skills, etc.) and labour market integration services (vocational training, job skills support, etc.) **have had a moderate impact on stimulating the employment of NEET young people in work or training.** The good results of the interventions (53% of the participants were employed and working 6 months after the interventions, 14%



were integrated into the education system) are due to both the success of the comprehensive support provided to NEET young people and the situation in the labour market. An Entrepreneurship Promotion Fund was set up to support start-ups in the first year of operation, providing financial support and advice. These interventions **had a high immediate impact in helping new businesses to survive their first year of operation** (more than 1,000 natural and legal persons have benefited from the financial instrument for business start-ups, and the vast majority of the businesses were operational one year after receiving a loan). However, given that business continuity depends on a number of factors and that the interventions were primarily aimed at starting up the business, maintaining it in the first year of operation (as well as covering some of the running costs), the proportion of businesses remaining in operation may be expected to decrease sometime after the interventions have ended. **Investments in public infrastructure in the country's cities have had a medium-sized, rather indirect impact in attracting physical investment and increasing employment.** The improvement of buildings for leisure and community use (about 50 000 m<sup>2</sup>) and the renovation of public open spaces (about 11 km<sup>2</sup>) improves the quality and amenity of the urban environment and its investment potential. However, the realization of significant material investment and employment, is likely to depend upon additional factors, potentially including additional public investment.

### **OP Priority 8 "Increasing social inclusion and combating poverty"**

Investments under OP Priority 8 "Increasing Social Inclusion and Combating Poverty" are spread across several key areas: developing social services, improving the quality and accessibility of health services, improving the physical environment of the country's smaller towns and cities, and promoting community involvement in addressing local social and employment problems.

EU social interventions in 2014-2020 have had a twofold impact. On the one hand, a large portion of the investment has financed the provision of a wide range of social services, where the immediate impact is confined to project participants, and for which some target groups have been small. On the other hand, the fact that some of the social and related services financed were novel, and had not been delivered in any significant way before, created the preconditions for a further, systematic development of these services. The implementation of integrated home support services, integrated family services, and the community-driven local development initiatives have given rise to new organizational structures, forms of service delivery, and practices of involving volunteers, which are already having a lasting impact on improving the variety and quality of social and related services.

Some interventions have had a significant immediate impact in changing the situation of the target groups. **Investments in community-based childcare infrastructure have had a significant impact on reducing the proportion of children deprived of parental care living in large institutional care settings.** In 2022, around half of the children in institutional care were already living in community-based foster homes or families, whereas at the start of the investment period the vast majority were in large institutions. A less intense but also **positive impact was achieved by enabling more people with intellectual development and/or mental health issues to leave institutional care and live in the community.** As of 2019, a proportion of people with such special needs started living in group homes and similar types of accommodation, and this proportion is gradually increasing (517 people were living in such accommodation in 2022, while almost 5,700 people were still living in institutional care. Interventions aimed at increasing the social integration of socially vulnerable persons (those suffering from psychoactive substance dependence diseases and Roma) have **had a moderate positive impact on their job search, employment or training.** The medium impact of the interventions was determined by comparing the expected impact of the interventions and other factors on the activity of socially vulnerable groups. Without undermining the importance of the interventions, the favourable situation on the labour market (as was the case with the investments under Priority 7 of the OP) also contributed to the very good outcomes achieved (almost 59 % of the participants started to look for a job, to study or to work). This was

significantly above the target set in the OP. Meanwhile, interventions subsidizing the wages and social security contributions of disabled people working in social enterprises **failed to meet**, albeit by a small margin, **the retention targets set in the OP for disabled workers** (by the end of the projects, less than 80% of those employed in subsidised jobs remained in employment). This is likely to have been influenced by the fact that employment subsidies for people with disabilities were only provided through social enterprises (until 2023), which typically had a low level of application of social integration measures for people with disabilities and a high turnover of employees. Various interventions were funded to encourage people to volunteer in order to increase the participation of older people, as well as to develop community activities. **While all the interventions implemented had a high impact on the involvement of project participants in voluntary activities** (compared to the targets set in the OP), it is clear that a higher and probably more sustainable involvement in voluntary activities was achieved in the Community Initiated Local Development (CILD) projects (almost 33% of the members of the local community were volunteering in social partner organizations or NGOs 6 months after participation in the ESF activities). In addition to interventions targeting the population directly, part of the EU funds under OP Priority 8 have been used to attract physical investment and increase employment opportunities in small towns and cities. To achieve these objectives, investments were made in the renovation of public spaces and buildings, and in their adaptation for leisure and community use. However, while the interventions were important in improving the aesthetic appearance and functionality of public spaces and infrastructure in rural areas, and thus improving the quality of life, **they did not create sufficient conditions for attracting additional material investment and employment generation in towns and cities with a population of between 1,000 and 6,000 inhabitants.**

Health interventions in the 2014-2020 FP have been quite successful in reducing mortality in the population aged 0-64: **the impact of the investments is high in reducing mortality from cerebrovascular diseases, and moderate in reducing mortality from diseases of the circulatory system and from malignant tumours.** The fact that a large part of the investment is concentrated in specialised PHIs (personal healthcare institutions) at the republican level, which provide a high level of medical care to the entire population of the country, contributes to the positive impact. On the other hand, the concentration of investments in specialised PHI facilities has constrained the resources available to improve the quality of specialist services in the districts. As a result, some patients are admitted to specialised centres too late, with advanced conditions, and the potential impact of existing investments in reducing mortality from circulatory diseases and malignant neoplasms is reduced. In this respect, the most successful areas are those in which the PHIs operate and cooperate in a cluster (e.g., in the area of stroke treatment, clear roles are assigned to specific PHIs, with facilities spread throughout the country), where all the PHIs in the network were involved. This shows that, in the health field, the potential impact of EU funds' investments is closely linked to the national regulatory framework and the system in place. Investments can reinforce well-functioning mechanisms or help to resolve certain bottlenecks, but this potential clearly diminishes if the existing system is not functioning or faces two major multifaceted challenges.

**Investments directed at reducing mortality due to external causes of death in the population aged 0-64 were assessed as having low impact.** The external mortality rate was found to depend on a large number of factors (including non-health related ones), and the interventions only target a small proportion of them. One of the main shortcomings is the lack of coordinated interventions in the field of suicide prevention (suicide accounts for about a quarter of all deaths from external causes).

It is important to note that EU funds have also played an important role, unforeseen at the beginning of the period, by funding the purchase of **essential medical equipment for the treatment of COVID-19** patients in 2020, as well as relevant infrastructure works in the country's medical institutions. In preparation for the treatment of COVID-19 patients, which could start to increase rapidly at any time, these activities had to be carried out urgently and in collaboration with a large number of PHIs that had no experience of such

direct and continuous collaboration with PHIs in other districts and cities, or only in certain defined areas. The successful mobilization of PHI institutions and the rapid implementation of major investment projects is also likely to be due to the use of a clear rules-based system for the management and implementation of EU funds' investments.

### **OP Priority 9 "Public education and human resources potential"**

The impact of investments under OP Priority 9 "Public Education and Enhancement of Human Resource Potential" on increasing access to and quality of education is mixed, although most of the result indicators foreseen in the OP have been formally achieved. In general, general education faces major systemic challenges in terms of teacher workload, pay, motivation, content and organization of education, while vocational training faces challenges in terms of attracting students, which the results of the EU Funds' interventions have not been able to address.

In the 2014-2020 investment period, EU funds were earmarked for increasing access to pre-school and pre-primary education, mainly by investing in modernizing and expanding the infrastructure of pre-school and pre-primary education institutions. Investments were focused on increasing the supply of pre-school and pre-primary education places, especially in large cities. On the other hand, the investments did not contribute materially to increasing pre-school inclusion in rural areas, where pre-school participation rates are low. Therefore, **the overall impact of the 2014-2020 investments on improving access to and quality of pre-school and pre-primary education is assessed as moderate, at this stage.**

**The impact of interventions to upgrade general education and to modernize the school network is high**, with an estimated 49% of all general education students in the country in 2022 studying in upgraded educational institutions (more than 150 schools have been equipped with (upgraded) educational spaces; the majority of the country's schools have been equipped with science and technology tools; etc.). However, a certain quantitative orientation (interventions reached a larger number of institutions and pupils than planned at the beginning of the investment period) did not necessarily contribute to the quality of the interventions. **Interventions aimed at improving the infrastructure, accessibility and efficiency of general education schools did not have the desired impact on improving educational achievement in the short term** - only a quarter of the renovated schools showed an improvement in pupils' educational achievements compared with a target of 70%.

In vocational training, a large part of the investment has been in the development of sectoral practical training centres, including the renovation of dormitories, and in vocational training institutions without a sectoral practical training centre. A total of 56 vocational training establishments are expected to be upgraded by the end of 2023. The distribution of investments across a wide range of vocational training institutions **has led directly to the high immediate impact of the interventions on the modernization of the vocational training network**, with virtually all pupils enrolled in the upgraded vocational training institutions. However, as the capacity of the vocational training infrastructure is already larger than the current number of students, it is important to note that failure to address the lack of attractiveness of vocational training, while continuing to invest in the infrastructure, creates a risk of over-investment. In particular, **improving the quality of vocational training and strengthening cooperation with employers is facing challenges**: in the implementation of the EU-funded activities, just over 400 pupils have received on-the-job training as part of their vocational training programme, compared to the OP's target of 10 000 apprentices.

The development of the environment and infrastructure of higher education institutions has focused on modernization and technological upgrading, as well as on the concentration of infrastructure and other resources, by financing investment projects in higher education institutions that are merging or optimizing their existing infrastructure. By the end of 2023, study infrastructure should have been upgraded in 26

higher education institutions or their structural units (in some higher education institutions, several faculties or centres are being upgraded). Accordingly, **the impact in terms of increasing the share of students enrolled in higher education institutions where concentrated study infrastructure has been upgraded has been higher than expected.** However, activities aimed at ensuring the attractiveness, quality and labour market relevance of studies will be important for the future sustainability of investments, in order to ensure that the numbers enrolled is commensurate with the infrastructural capacity, and that students have access to quality studies. **Interventions in 2014-2020 have contributed to an increase in the number of students studying abroad for at least part of their study period,** but it is important to note that this change is not so much related to the specific investments in the development of internationalization of higher education, but rather to the level of international mobility of university and college students that has been maintained. **The impact of the investment in encouraging students to undertake internships in the labour market has been less successful,** with just over 4% of all students opting for internships (the target set by the OP is 5% of students undertaking internships in enterprises and organizations).

For the 2014-2020 period, EU funds also aimed to increase the competitiveness of human resources by ensuring adaptability to changing market needs. However, this objective was already being modified during the OP planning phase, as interventions were designed to meet the short-term needs of business and specific enterprises rather than those of workers. Most of the activities implemented were characterised by a relatively high demand that exceeded the targets set at the beginning of the investment period (in total, almost 200 000 people participated in the training financed under the various measures). However, **in terms of impact, the contribution of the training interventions for enterprise employees to the enhancement of workplace relevant qualifications and competences was moderate:** 75.7% of participants were applying the knowledge acquired at work at least 6 months but not more than 24 months after participation in the activities, compared to the 80% planned in the OP.

### **OP priority 10 "Public governance that meets the needs of society and is innovative"**

Investments under OP Priority 10 "Public Governance that Responds to the Needs of Society and is Progressive" were aimed at introducing evidence-based governance, improving the performance management of institutions, increasing the transparency of public governance processes, and improving the quality of services provided to the public, including the business regulatory environment.

EU funded interventions in 2014-2020 **have had an impact on improving the country's public governance and have contributed to making public governance smarter and more responsive to society's needs.** The interventions have partly increased the transparency and openness of public governance processes, improved the quality of services provided to the public by making them more responsive to public needs. The impact of the investments on members of the public or particular groups has been felt most strongly in those services that are delivered close to recipients, notably by improving the quality of services and the standard of delivery to individuals in municipalities. The digitization of public administration has been reinforced, enabling the further expansion of e-services, making access to services more convenient and less costly for citizens. At the same time, the introduction of service quality standards is helping to ensure better quality and to stimulate service growth. However, it is important to highlight that the actual contribution of most of the products and tools developed to improving the quality of public governance will depend to a large extent on the skills and motivation of public administrations staff, as well as on external conditions such as political will.

### OP Priority 11 "Technical support for the administration of the operational programme"

The main funding under OP Priority 11 "Technical Assistance for the Administration of the Operational Programme" is to maintain staff posts in the management and control system for EU funds. A large part of the 2014-2020 investments also focused on training activities, with around 25,000 participants (non-unique) over the whole investment period. This high demand for training (the number of participants exceeded the OP plan by almost 3 times) was partly due to **high staff turnover**, as training activities were of constant relevance for new recruits. Training was also provided, albeit on a smaller scale and intensity, to representatives of the socio-economic partners involved in the administration process (400 persons (non-unique)). EU Funds' investments also contributed to **the efficiency of the EU Funds investment administration process and to the increased use of simplified methods of payment of costs** in European Social Fund (ESF), European Regional Development Fund (ERDF) and Cohesion Fund (CF) projects. However, the sustainability of the results achieved, the retention of institutional memory and capacity for further development are at risk from the increasing staff turnover in recent years.

### OP Priority 12 "Technical assistance for information on and evaluation of the operational programme"

The funds under OP Priority 12 "Technical Assistance for Information and Evaluation of the Operational Programme" are intended to ensure timely and clear operational information on the investment of EU Funds and to improve the quality of implementation of the OP by carrying out evaluations of investments and by strengthening evaluation capacities.

Publicity and communication activities implemented with EU funds have contributed to raising awareness of EU investments among different target groups (potential applicants, project promoters, members of the public). **Communication and information activities have the greatest impact on the groups most directly involved in EU Funds support** - applicants and promoters. In contrast, the contribution of information and communication activities **to the formation of a favourable public perception of the benefits of EU investments and the improvement of the quality of life in the country is moderate**. In particular, campaigns of a smaller scale and targeted at specific audiences have been implemented more frequently; these have had a low impact on wider public opinion. Secondly, public perception and evaluation of EU investment is highly dependent on external factors: the political, economic and social environment; the changes being implemented; and the overall information and communication landscape.

Evaluation activities implemented with EU funds have partly contributed to strengthening results-based management. It can be argued that evaluations as analytical tools have been given greater emphasis during the investment period and that irrelevant evaluations have been discarded. As a result, and also due to the relatively close cooperation between commissioners and evaluators, **the proportion of evaluation recommendations implemented during the evaluation process is increasing**, although EU investment evaluation, as in the whole EU Funds administration system, is subject to the challenges of staff turnover.

### OP Priority 13 "Promoting action to address the crisis caused by the COVID-19 pandemic and preparing for an environmentally friendly, digital and sustainable economic recovery"

The investments under OP Priority 13 "Promoting action to tackle the crisis caused by the COVID-19 pandemic and preparing for an environmentally friendly, digital and sustainable economic recovery" were added to the OP at the end of 2020, following the entry into force of the Cohesion and European Territorial Recovery Assistance (REACT-EU) Regulation, which was designed to mitigate the negative impact of the COVID-19 pandemic on the Community economy and labour market. Projects under this priority started to be implemented in 2021 and aimed to contribute to the recovery of the country's economy and labour market after the COVID-19 pandemic, while strengthening the economy in the longer term by investing in the development and digitization of R&D&I, the development of RES and the promotion of energy efficiency,

and the adaptation of the population to a changing labour market. The majority of the funds under OP 13 are intended to continue the interventions funded under OP priorities 1, 3, 4 and 8, with projects directly transferred from these priorities to OP 13 and the same objectives for the interventions (only the values of the result indicators differed depending on the volume of investments).

### **OP Priority 14 "Promoting action to tackle the crisis caused by the COVID-19 pandemic in order to increase employment and social inclusion"**

Priority OP 14 "Promoting action to tackle the crisis caused by the COVID-19 pandemic to increase employment and social inclusion" was added to the OP at the end of 2020, following the entry into force of the REACT-EU Regulation, which was designed to mitigate the negative impact of the COVID-19 pandemic on the Community economy and labour market. The only project implemented under this priority from 2021 onwards aimed at helping the country's labour market recover from the COVID-19 pandemic and at increasing the adaptability of the population to a changing labour market in the future. It supported activities to upgrade the skills of the unemployed, to improve their competences and integration into the labour market and to create jobs. The implemented activities were characterised by a moderate coverage of the target group (unemployed), with 16 000 people having already participated in the funded activities by the end of 2022 (in 2021 there were almost 105 000 unemployed people in the country, in 2022 - almost 90 000). By the end of 2022, more than half of all project participants had started working after completing their course. This suggests that **the interventions had a relatively large impact on the labour market situation of the participants**, although part of the positive impact is attributable to the rapid improvement of the labour market situation during the period analysed.

## **RECOMMENDATIONS**

Taking into account the information gathered and the analysis carried out during the evaluation, suggestions and recommendations have been made to contribute to better planning and implementation of the interventions to be implemented under the EU Funds Investment Programme 2021-2027 and other similar programmes. The recommendations are limited to actions that could potentially be implemented in the context of the EU Funds investment and similar programmes.

Recommended (an extended list of recommendations and contextual information is provided in the report):

- Focusing EU funds more on promoting progress in specific areas, avoiding a high degree of fragmentation and duplication of budget funding;
- when planning specific investments, the target groups (their needs, size, spatial distribution) should be the primary object of investment, not administrative areas;
- avoid duplication of financial instruments and grants available to the same applicants for similar types of investment;
- reducing redundant requirements and simplifying administrative processes for business projects;
- utilizing EU investment to bring about change and increase funding for the testing and development of new forms or content of public services, while reducing investment funding for standard, routine services;
- encourage the parallel implementation of digitised solutions to the problem at hand, combining the provision of some social services with the development of digital literacy skills for vulnerable people, when planning and financing the development of various services;

- increase the involvement of NGOs in the implementation of cross-cutting measures, and broaden the thematic range of interventions supported by the CILD approach;
- prioritize the human capital of the cohesion policy management and administration system as a key factor for continuity, efficiency and effectiveness in the implementation of the OP/IP, and seek closer and more coherent cooperation with social partners;
- achieving consistency and realism in the system of monitoring indicators and targets.