



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

**PPMi**

# **Mid-term Evaluation of Lithuania's investment into 'Smart Public Governance' priority axis under the 2014-2020 Operational Programme**

Executive summary

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To improve public governance in Lithuania, up to EUR 133.3 million from European Social Fund (hereinafter- ESF) and national budget are planned to be allocated during the period of 2014-2020. The funding is dedicated for implementation of five tasks of 'Smart Public Governance' priority axis under the Operational Programme for the European Union funds' investments in 2014-2020. The general objective of the 'Smart Public Governance' priority axis is **to seek for public governance results which are progress-oriented and meet the needs of the society**. Grounded on this aim, as well as being aware of problematic areas set out in the national strategic documents, **five concrete objectives** of the priority axis 10 under the Operational Programme for the European Union funds' investments in 2014-2020 were formulated with the aim to:

- 1) Promote the result-oriented public management;
- 2) Increase the transparency and openness of public governance processes;
- 3) Improve the quality of services provided to the public by increasing their compliance with the needs of society;
- 4) Improve the business regulatory environment;
- 5) Improve the management of human resources in the public service.

ESF funds' investments under priority axis 10 strive for strengthening the efficiency of national and municipal institutions, as well as increasing the qualifications and competence of civil servants in the context of changing needs of the society.

## *The purpose and methodology of the Mid-term evaluation*

The **purpose of the mid-term evaluation** was to carry out a detailed review of investment areas and analysis of usage of investments in 2014-2018, which will be used to report the progress on implementation of the objectives of the priority axis 10. It also provides suggestions on how to improve the content and administration of interventions and provide recommendations on directions and measures for further enhancement of public governance in the period of 2021-2027. The evaluation was conducted at priority objective, measure and project levels, assessing the **relevance, effectiveness and efficiency, as well as efficiency of administrative system**.

The evaluation was based on a theory-based evaluation approach, combining qualitative (analysis of documents and other sources, interviews, four case studies) and quantitative (monitoring data analysis, surveys of project coordinators and participants) data analysis methods. The conclusions and recommendations of the evaluation are based on the results of the progress on implementation of priority axis 10, analysis of trends in public governance and the good practices of other countries.

## *Evaluation results*

### *Relevance of the investments aimed at the improved public governance*

The need to improve public governance was grounded on the objectives and directions set out in the national strategy 'Lithuania 2030', National Progress Programme of Lithuania for the period 2014-2020 and Public Governance Improvement Programme 2012-2020. The analysis of the state of public administration has shown that the main indicators of efficiency of management, the quality of

regulation, perception of corruption, participation in public affairs, the quality of public services and trust in public institutions didn't change much and the change wasn't significant. Therefore, the continuous relevance of investments into public governance is high. Investments in areas where the scores of indicators decreased or the progress was insufficient are especially relevant.

According to the World Bank assessment, efficiency in management and the quality of regulation in Lithuania fell. The development of e-services and excellence of public administration in Lithuania also deteriorated when compared to other countries. Even though the index of corruption perception and the share of electronically supplied services increased, the public opinion on the performance of civil servants and the trust in the courts improved, the progress in improving these indicators was relatively small. On the other hand, when compared to the EU average, Lithuania has a high degree of openness of the Governmental data, efficient judicial system and a business-friendly environment (according to the index of 'Doing Business'). Positive changes in some indicators (e. g. corruption perception, business regulation, reduction of administrative burden, the quality of public services) were also fostered by external factor and regulatory measures, as well as EU investments in 2007-2013.

The continuous relevance of investments under the priority axis 10 can also be seen by their linkage to the recommendations for better governance, provided by the European Commission and OECD. In the upcoming cycle of the European Semester, the EC plans to focus on horizontal questions in public governance, therefore, investments into enhancing public governance will remain highly relevant, especially in the areas of insufficient progress.

The investments under the priority axis 10 also link and contribute to achieving the goals set out in Lithuania's national strategic documents ('Lithuania 2030', National Progress Programme of Lithuania for the period 2014-2020 and Public Governance Improvement Programme 2012-2020, National Anti-corruption Programme 2015-2025). After the revision of the investments under the priority axis 10 in 2017, the connection between ESF investments into smart public governance and the implementation plan of XVII Governmental programme, structural reforms and priority actions was strengthened.

#### *Effectiveness of investments into improving public governance*

Delayed implementation and reduced funding for the implementation of measures under priority axis 10 led to abandoning a part of the approved measures and changes in the scores of the planned interim and final indicators. In 2016–2018, 153 projects were launched, but only one project was completed by the end of 2018. The analysis of intervention logic showed that selected activities, indicators to monitor progress and the allocated funding correspond to the objectives of the operational program and the objectives of the measures. However, the achievement and quality of project results depend not only on the vertical intervention logic, but also on other factors, such as: the managerial abilities of the project team, motivation of project participants, support of the politicians and executives, cooperation between institutions, or quality of external service providers.

The evaluation showed that there are many uncertainties about the indicators and their planned scores at the current stage of implementation of the measures. As the plan of the implementation of the measures changes due to cuts in funding and re-allocation between the measures, scores of monitoring indicators are being revised constantly. However, a general trend can be observed that the delayed implementation of the measures lead to failing to achieve the milestones set for the end of 2018. But the projections planned in project contracts far exceed the interim, and often final, target values.

On the other hand, the case study of measure No. 10.1.2-ESFA-K-917 'Initiatives to increase societal intolerance to corruption and foster participation in public affairs' and the calculation of result indicators showed that despite the exceeded value of the indicator, there was also a negative change in the behaviour of the participants. After participation in project activities, more people were less keen on (or stopped) participation in public affairs and became more tolerant to corrupt activities. Such results indicate that there is a need to regularly collect information on participants' satisfaction with the quality of project activities, analyse such data and amend interventions to achieve quality results.

The evaluation showed that the review of the 10 priority investments in the improvement of public administration allowed to strengthen the links of centrally planned investments with the Government-initiated structural reforms and the breakthroughs in individual areas of public administration. However, projects in Lithuanian municipalities are rather standard. Other EU Member States, receiving investments under ESF Thematic Objective 11, involve associations of cities or municipalities, innovations labs in order to foster innovation and experimentation in public sector. Meanwhile in Lithuania, the idea of establishing an IT solutions' lab was being developed, unfortunately, their application under Structural Reform Support Programme was unsuccessful. MOSTA also has an intention to create a public policy laboratory, based on the principles of behavioural economics. If such laboratory was set up, its insights could be used for improving the quality and accessibility of public services in municipalities.

#### *Efficiency of investments into improving public governance*

Measures under the priority axis 10 are mainly implemented through state project planning, except for two measures that are subject to tender and regional planning. More than 80% of all ESF investments planned for priority axis 10 are distributed through state project planning. The analysis of the regulation of state project planning and its application in practice has shown that the main challenge was the lack of well-prepared strategic guidelines on policy of enhancing public governance. Instead of such guidelines, the Implementation Plan of Public Governance Improvement Programme was created, formulated by a prolonged 'bottom-up' approach.

The evaluation showed that in cases of state and regional projects, a more efficient project planning is accompanied by the preparation of project proposal in collaboration with the intermediate institution and coordinative group or, later, with ESFA. Although the preparation and evaluation of investment projects provides the preconditions for better preparation to implement a project and high-quality results, the requirements for the investment project make little contribution to the more efficient use of EU investments due to the formal analysis of alternatives and outsourcing services for preparation of investment project.

In order to ensure that funds are allocated to projects with expected high quality and sustainable results, projects and applicants are subject to various requirements. Based on the results of the evaluation, one of the essential requirements contributing to a more effective implementation of the projects was the provision of started public procurement that allowed project coordinators to plan their funds more efficiently and start the project more quickly. The results of the interviews and the survey of project coordinators reveal that requirements for applicants' capabilities and experience also contribute to more efficient use of EU investments.

### *The needs and opportunities for future improvement of public governance*

The analysis of novelties in EU funding for 2021-2027 indicated that due to the lower volume of EU funds, focus on major reform projects and capacity building projects, there will be no possibilities to finance a large number of public management projects over the period 2021-2027. In the period 2021-2027, the main source of funding for public administration will be not the thematic public administration task in the ESF+ fund, but the new Reform Support Program. Under this program, a new reform implementation tool is planned, grounded on the World Bank's Public sector management reform model, which will combine the flexibility of project activities with rigorous conditionality on project results.

The analysis of the state of public administration and trends in Lithuania and examples of good foreign experience have shown that in the coming period we need to address the shortcomings of the openness of public administration, innovation in the public sector, the legislative process and the management of human resources, as well as the gap between the EU average and such indicators. as general results of public governance, accountability of public administration and the fight against corruption, the rule of law and the quality of regulation; government and online public services. Since in the next cycle of the European Semester process, the EU institutions are planning to give more attention to various horizontal issues of public governance, Lithuania needs to further develop horizontal areas of public administration such as public service, quality management of public services, legislative process and accountability of government.

### *Recommendations of the Mid-term evaluation*

Based on the results of the Mid-term evaluation, the following recommendations and suggestions are provided in order to improve the efficiency of the investment into public management and implementation of such interventions in the programming period 2021-2027:

- To improve the efficiency of non-competitive project selection process, the 'investment approach' should be promoted, which allows to assess the utility and sustainability of investments; staff of the centres of excellence (eg. MOSTA, CPMA) could be trained to apply the methods of such calculation;
- Information Society Development Committee should be involved into the process of assessment of the effectiveness and sustainability of public investments IT and other e-government systems in public sector, including consultations and methodological advice for project managers on technical specifications for IT procurement;
- In order to strengthen the capacity of public administration institutions and other stakeholders to plan and implement the projects, responsible Lithuanian ministries and other institutions and bodies in charge should be involved into provision of training and consultations for project managers during project planning and development phase;
- The opportunities to allocate ESF funding for additional staff in relevant areas of public governance (such as Task Forces in Estonia) and delegation of the implementation of EU-funded projects should be explored; alternatively, establishment of the ESF-funded public analysis centres inside the ministries could be discussed;
- To strengthen the implementation capacities to initiate and manage complex, change-oriented reforms and projects, international organisations (such as the World Bank or the OECD) or foreign service providers could be involved by organizing international

competitions in English; the dissemination of information on the opportunities of cooperation with the OECD and the World Bank should be ensured;

- To improve the quality of the results of projects implemented by NGOs, the monitoring, evaluation and analysis of the results of the projects should be promoted, including participants' surveys, regular data collection on satisfaction with participation in project activities, quality of trainings, seminars and other events and consultations;
- The opportunities of setting up a laboratory or innovation hub for public administration services should be explored in collaboration with associations and agencies in order to promote the innovative approaches to public managements and service provision, experimenting and testing new ways of delivering;
- A single government centre institution should be appointed to coordinate the implementation of the Reform Support Program and the European Structural and Investment Funds by drawing up Action plans to plan and monitor the progress of implementation;
- The procedures and responsibilities should be defined in order to timely identify the challenges of the European Semester and reform commitments in line with country specific recommendations, as well as develop and implement reform projects efficiently and flexibly according to the new World Bank model;
- To coordinate the management of EU funds for public policy reforms and prepare for the effective implementation of the Reform Program 2021-2017, ESF funding or other investments could be allocated to set up the Force Unit (eg. as the Estonian Task Force or Slovak Policy Centres);
- In order to ensure effective co-ordination of various EU funding sources in the field of public administration in the coming period, a new Public Governance Improvement Program should be prepared starting from 2021, including its short-term implementation action plans and an interinstitutional commission / working group to coordinate horizontal interventions in the area of public management;
- To implement change-oriented projects, the Project management standards of the Lithuanian Government and Ministries should be applied; traditional and advanced (eg. Agile) project management practices could be applied to better implement EU-funded projects.