



**Implementation
of the Norwegian Financial Mechanism 2009-2014
in Lithuania**

Strategic Report No.6

Reporting period:
1 January 2016 - 31 December 2016

Prepared by the National Focal Point (Ministry of Finance)

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Abbreviations

AA	Audit Authority
CA	Certifying Authority
CPMA	Central Project Management Agency
CC	Cooperation Committee
DoRIS	Documentation, Reporting and Information System
DPP	Donor Programme Partner
dpp	Donor Project Partner
DV	Domestic Violence
EEA	European Economic Area
FMC	Financial Mechanism Committee
FMO	Financial Mechanism Office
GDP	Gross Domestic Product
GBV	Gender Based Violence
Grants	European Economic Area and Norway Grants 2009-2014
IFR	Interim Financial Report
IrRA	Irregularity Reporting Authority
ESIF	European Structural and Investment Funds
NBF	National Bilateral Fund
NFP	National Focal Point
NDP	National Development Programme
NRP	National Reform Programme
NMFA	Norwegian Ministry of Foreign Affairs
MCS	Management and Control System
MoF	Ministry of Finance of the Republic of Lithuania
MoU	Memorandum of Understanding
OECD	Organization for Economic Co-operation and Development
PA	Programme Agreement
PBF	Programme Bilateral Fund
PO	Programme Operator
PP	Project Promoter
R&D	Research and Development
Regulation	Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014
SFMIS	Structural Funds Management Information System

1 EXECUTIVE SUMMARY

During reporting period all programmes financed under the Norway Grants remained in line with the National long-term (National Development Plan 2020 approved by the Government) and sectoral strategies and with highlight to bilateral cooperation element (transfer of knowledge and best practises from Donors country) contribute to more consistent social and economic development of Lithuania. The Norway Grants supplement the EU funds in the national priority areas and, more important, provide opportunity to invest funds and external expertise to socially and economically sensitive niches, what otherwise could not be afforded at present. Through the improved health inequalities monitoring tools, more effective and transparent judiciary system, correctional services meeting international standards as well as increased eco-business potential and enhanced capacities in public sector to be used for better performance, while taking over best practices and know-how from Donor state, programmes contributes to the overall objectives of the Norway Grants, i.e. reduction of social and economic disparities in the EEA and strengthening bilateral relation between Norway and Lithuania.

In 2016, all programmes were in intense implementation stage - implementation of all projects, approved in previous reporting periods, were in advanced stage and perceptible results were already achieved as number of projects were completed wherefore attaining expected project objectives and outcomes. The state of play of the programmes demonstrated positive trends in respect of reaching defined programme level objectives – the most advanced programmes already reported full/reasonably limited achievement of some outcome target values at the same time, with some reasonable exceptions, demonstrating solid movement forward attainment of the remaining determined goals. Still, due to definite terms of eligibility, risks of non-achieving prevailing programme level aims are determined and assessed simultaneously envisaging respective measures and feasible remedial actions to might be taken.

Bilateral cooperation at all levels was intensive and provided a solid background for achievement of the planned bilateral objectives. Most of the Programme Operators and their partners from Norway were actively engaged in bilateral activities and effectively cooperated in supporting partnerships in projects as well as fulfilling their potential to facilitate share of experience and transfer of knowledge and best practice. As a result, cooperation significantly progressed towards the achievement of the set bilateral indicators through a number of partnership projects and partnership agreements signed (more than half of contracted projects have partners from Norway), study tours, visits and seminars organized, published joined articles and professional networks established.

During the reporting period the national legal acts regulating implementation of the Grants were amended several times taking into account further development of the Management and Control (MCS) System, clarification and amendment of the Regulation on implementation of Norwegian Financial Mechanism and seeking to upgrade requirements to ensure more effective and efficient procedures. A few programmes were involved in assessment on MCS efficiency and eligibility of expenditure on programme and project level by external audit company. Notwithstanding some recommended improvements, the established MCS is functioning efficiently and any remarks on expenditure eligibility issues were made. Meanwhile analysis, insights and recommendations of carried out mid-term evaluation on the implementation of the EEA and Norway Grants in Lithuania found to be very valuable for improvement and optimisation of various processes as well as for identification of relevance, coherence, effectiveness and sufficiency of interventions chosen.

A risk of non-achievement of the agreed cohesion and bilateral objectives until the deadline was minimized by very welcomed by national authorities' donors' decision to grant possibility of extension of project implementation period in case of need. A number of projects used the possibility of extension in order to deliver planned/or better quality results. Still in some programmes risk of not using all funds remains – after unsuccessful open calls not contracted funds as well as funds remained available after completion of projects reallocated to programme bilateral funds provides additional opportunities but also requires adequate administrative efforts from relevant institutions to ensure efficient process.

Therefore, the most immediate tasks for the upcoming year for all involved parties should be directed at and all the efforts should be assigned for facilitation of partnerships and development of bilateral dimension on both national and programme levels, in addition to monitoring of the programmes/projects progress in order to assure a smooth process towards the defined goals.

2 ASSESSMENT OF IMPACT AT NATIONAL LEVEL

2.1 Cohesion

National development strategies. The underlying Lithuania's long term-planning document - Lithuania's Progress Strategy "Lithuania 2030"¹ reflects a national vision and priorities for development as well as guidelines for their implementation by 2030. The Lithuanian National Development Programme (NDP) for 2014-2020², intended for the implementation of the Lithuania's Progress Strategy 'Lithuania 2030', is aimed at the creation of an advanced, modern and strong state distinguished by the harmony of smart society, smart economy and smart governance. The NDP covers not only the major provisions of the national policy but also the main provisions of the EU policy set forth in Europe 2020 (Smart, Sustainable and Inclusive Growth), and sets out the following five vertical priorities: 'Development of the society, science and culture', 'Active and solidarious society', 'Favourable environment for economic growth', 'High value-added focuses, integral economy' and 'Advanced public governance meeting the society's needs', as well as three horizontal priorities, i.e. 'Culture', 'Regional development' and 'Health for all' which can be implemented through vertical priorities.

The NDP provided for compatibility of all financial resources (EU funds, the national budget and other international financial assistance) while reaching set country development objectives. The National Reform Agenda is one of the key national documents, which establishes Lithuania's commitment to achieve Europe 2020 targets. The Parliament election in 2016 brought some changes to Government vision; in December 2016 newly established Government during its 4-year performance period strives to fulfil abovementioned country development objectives as well as government programme through 5 main principles – sustainable individual, sustainable society, sustainable education and culture, sustainable economy and sustainable state governance³.

Country situation analysis, challenges and potentials. Accession to the euro area confirms Lithuania's commitment to sound and sustainable economic policies. As observed in the Country Report 2017⁴, following several years of strong growth, Lithuania's economy continued to grow in 2016, albeit at a slower pace. Lithuania's GDP grew 2.2% in 2016 (it is expected to pick up in 2017 to 2.9%) led by private consumption and recovering exports, which mainly suffered from the embargo and economic deterioration of Russia in 2015. Exports to Russia continued to decline in 2016, while exports to the rest of the EU increased thanks to an especially strong increase in service exports, which are believed to have grown by 9.0% in 2016. Decline in investment because of reduced disbursements due to changeover in the EU fund planning period weighed on overall growth as well. Growth is expected to accelerate in 2017 whereas rising inflation is expected to slow private consumption growth somewhat, while investment growth is expected to be strong as EU fund spending gathers pace.

The activity and the employment rates have been steadily increasing since the crisis and are now both above the EU average. In 2016, the unemployment rate was 7.9%, well below the EU average. These improvements are due to economic growth and the declining working age population, notwithstanding the expansion of labour force due to people work after their retirement age⁵. Still, the employment is shifting increasingly towards more high-skilled occupations whereas employment rates of highly skilled workers are at about the EU average, employment rates of low- and medium-skilled are below average though. In 2016, Lithuania adopted a new law on Employment, which enters into force on 1st of July 2017, is expected to mitigate the risk of unemployment.

While starting from a relatively low level in the EU context, still wages are rising strongly in Lithuania. The average gross monthly earnings in 2016 increased by 7.9% up from 2015 and the minimum monthly wage

¹ Lithuania's Progress Strategy "LITHUANIA 2030", approved by Lithuanian Parliament on 15 May 2012 (Decision No. XI-2015), <http://lietuva2030.lt>

² The Lithuanian National Development Programme for 2014-2020, approved by the Governmental Resolution of 28 November 2012, No. 1482.

³ Programme of the Government. <https://lrv.lt/en/about-government/programme-of-the-government>

⁴ Commission staff working document, Country Report Lithuania 2017.

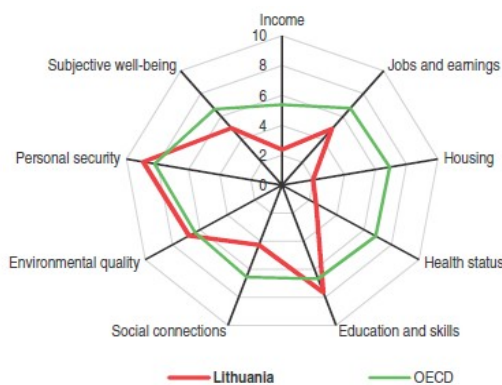
<https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-lithuania-en.pdf>

⁵ <http://www.oecd.org/eco/surveys/Lithuania-2016-overview.pdf>

has increased by 26.7% in 2016 compared to 2015. However, income inequality has risen in recent years, making Lithuania one of the most unequal Member States in the EU. Unfortunately, the economic and employment growth did not translate into poverty reduction either. The at-risk-of-poverty or social exclusion rate increased in 2015 to 29.3 %, the fifth highest in the EU, with the unemployed and the elderly mostly affected.

Despite the solid gains in employment and upturns in remuneration, structural challenges persist, particularly demographic ones. Population decline is due to negative demographic developments but further aggravated by net emigration, in particular among the young, and poor health outcomes as illustrated by low life expectancy and high morbidity rates. Still Lithuania's education system has struggled to adapt to the decreasing number of pupils and students. Moreover young people still face some difficulties to integrate into the labour market. Lithuania, also, lags behind regarding many indicators of well-being measuring the quality of life. Although the situation has improved somewhat in recent years, the poor overall situation raises concerns about the adequacy of the Lithuania's social measures. There is room for making social support and labour market institutions more effective at bringing jobless people back to labour market and reducing social inequality.⁶

Chart No. 1. Lithuanian well-being indicators



Source: 2016 OECD economic assessment of Lithuania, 2016, <http://www.oecd.org/eco/surveys/Lithuania-2016-overview.pdf>

Environmental challenges remain high. Lithuania continues to work on ensuring security of energy supply and competition on its energy market. The implementation of several gas and electricity projects connecting the region with neighbouring energy markets has diversified the Baltic countries' energy sources and brought overall lower prices. Following these developments, Lithuania is no longer dependant on a single energy source, however more progress is needed. Energy-intensity in Lithuania is high making it one of the least energy-efficient countries in the EU and no much improvement is evident in these fields yet.⁷

According to the statistical data regarding achievements of Europa 2020 targets Lithuania exceeded both of its national education targets. It is ranked among the best performing countries across the EU in terms of early leavers from education and training and tertiary educational attainment of 30 to 34 year olds. However, an improvement of pupil's basic skills and quality of teaching as well as tertiary education reform are the challenges Lithuania still has to overcome.⁸ Poverty rates have fallen since 2010 and country has met its national 2020 commitment in 2014, however rise in 2015 should force Lithuania to step up in order to assuredly meet the set commitment by 2020. After a significant drop between 2008 and 2009, the country's employment rate increased markedly and met the national target in 2015. In terms of R&D expenditure, almost one percentage point gap still needs to be closed for the target of 1.9 % of GDP to be reached. A significant increase in the share of renewable energies from 2005 to 2015 has moved the country above its

⁶ <http://www.oecd.org/eco/surveys/Lithuania-2016-overview.pdf>

⁷ 2016 OECD economic assessment of Lithuania, 2016,

<http://www.oecd.org/eco/surveys/Lithuania-2016-overview.pdf>

⁸ Commission staff working document, Country Report Lithuania 2017.

<https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-lithuania-en.pdf>

national target of 23 %. Still, Lithuania has remained below its target and needs to tackle challenges in limiting Greenhouse gas emission increase and reduction of final energy use.

Progress achieved in respect of target values for 2020 is presented in Table No. 1.

Table No. 1. Europe 2020 (national targets and progress)

Europe 2020 national targets	Progress/recent situation in Lithuania (latest available data)
R&D target: 1,9% of GDP with half coming from private sector	1.04% of GDP (2015) while business expenditure on R&D is 0.30% of GDP.
Greenhouse gas emission target: 15%. +15% compared to 2005 emissions (the level of emissions would not increase by more than 15 percent compared to 2005 level, and would not exceed 15.46 million t CO ₂ -eqv.)	Lithuania is expected to meet its target by a margin of 18 percentage points: -3% in 2020 compared with 2005. This is according to the latest national projections submitted to Commission, and when existing measures are taken into account.
Renewable energy target: 23%.	25,9% (2015)
Energy efficiency target: 17% reduction in final energy use compared to 2009 level.	According to the data from 2014, consumption of final energy decreased by 4.4 percent in comparison with 2010 (not including the transport sector)
Employment rate target: 72,8%	73.3% (2015)
Early school leaving target: < 9%.	5.5% (2015)
Tertiary education target: 48.7%	57.6% (2015)
Risk of poverty and social exclusion target: reduce to less than 814,000 people	855,900 or 29.3% of total population (2015)

Sources: <https://ec.europa.eu/info/sites/info/files/2017-european-semester-country-report-lithuania-en.pdf>, February 2017; http://ec.europa.eu/europe2020/pdf/csr2016/nrp2016_lithuania_en.pdf

Norwegian Grants contribution to the national development objectives. The funding from Norway Grants 2009-2014 supplements to national budgetary allocations and EU funds and is expected to contribute to the above mentioned Lithuania’s medium and long-term national development strategies as well as sectoral ones.

Due to the size of the Norway Grants (see Chart No. 2), the planned outcomes of the financed programmes could not be measured in terms of impact at the national level. The impact is further defragmented by rather high number of relatively small programmes. However, as the choice regarding the programmes to be financed during the MoU negotiation stage was based on the most pronounced need for financial support in specific areas that were not covered by other financial instruments, quite significant and appreciable effects is expected in the selected sectors (see Chart No. 3).

Chart No. 2. Distribution of the Norway Grants among programme areas, in euros

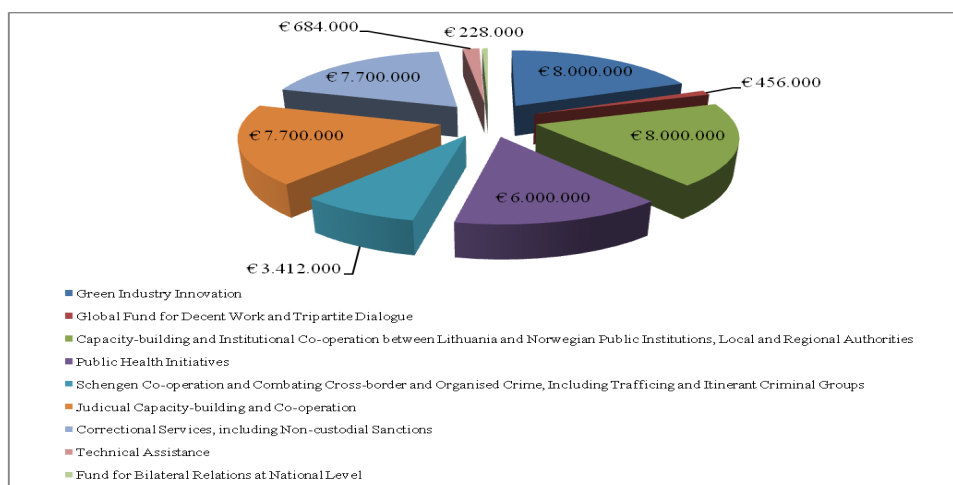
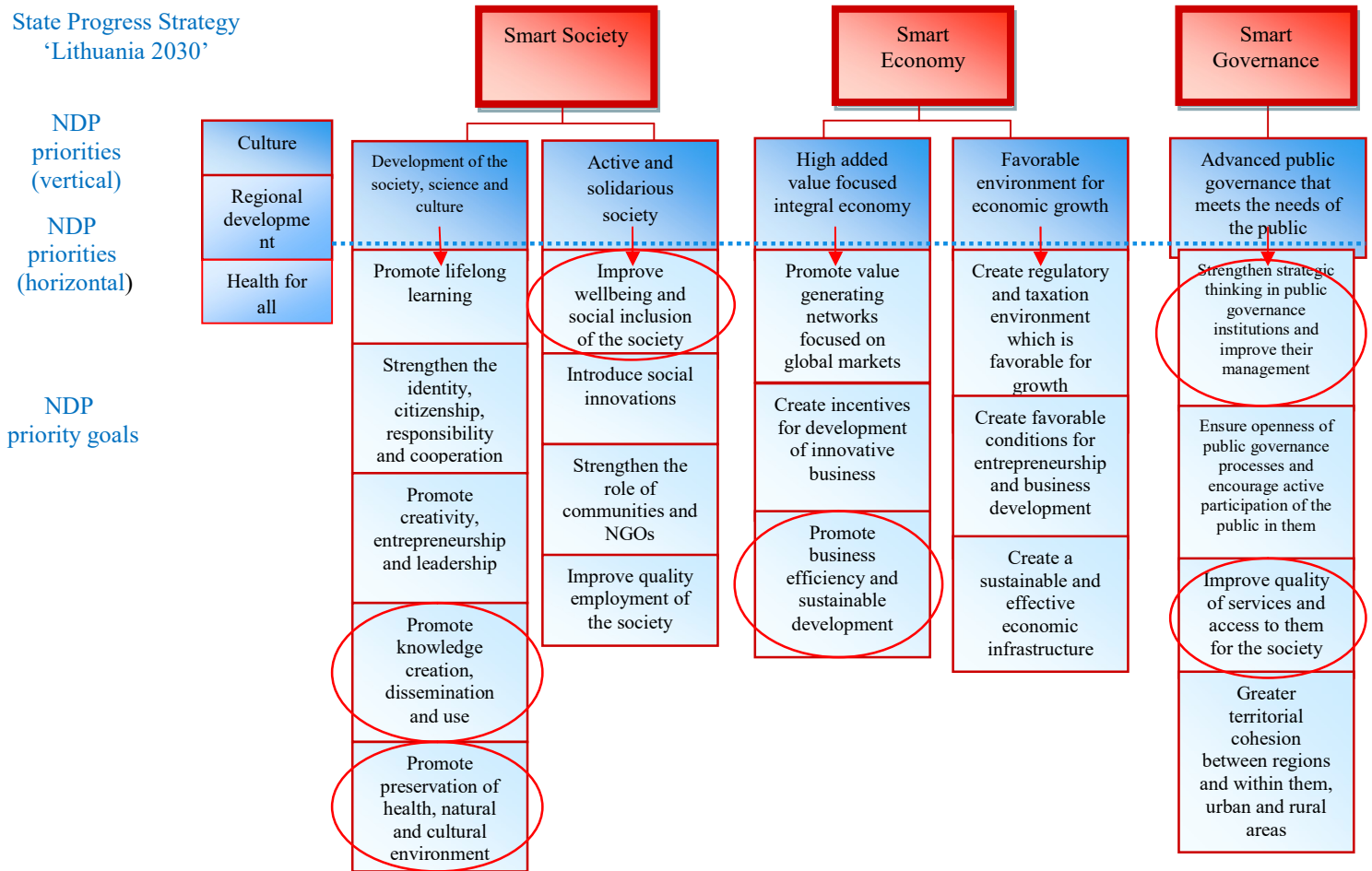


Chart No. 3. Lithuania's Progress Strategy, Priorities, Goals and link with Norway Grants Programmes



- Link with objectives of the LT programmes financed from the Norway Grants 2009-2014

Economic development

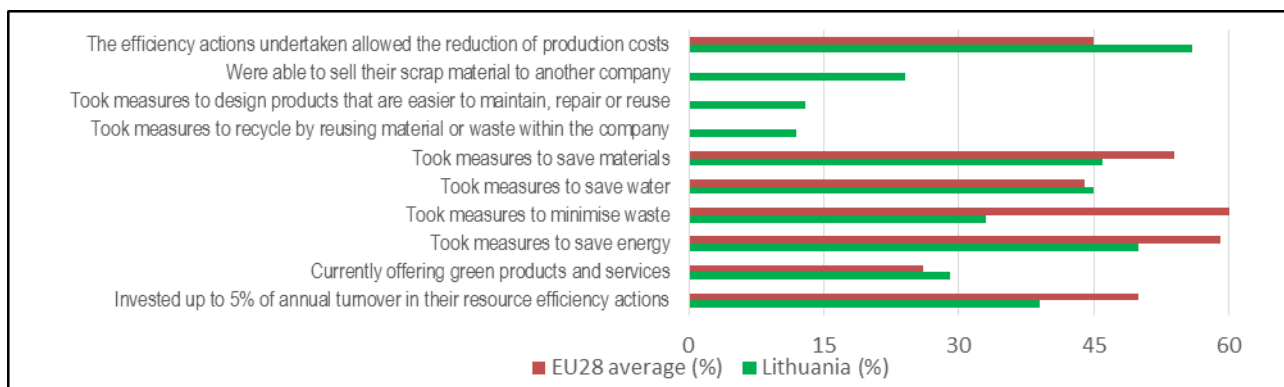
Only one of the programmes financed from the Norway Grants, namely **Programme LT09**, could be regarded as directly related to the economic development. The other ones are more of the social character.

A progress towards increased promotion of innovation in general is observed in the Lithuanian policy landscape with a major economic driver for eco-innovation of support from EU measures and a continuing partnership between Lithuania and Norway (**Programme LT09**.) The Eco-Innovation Scoreboard 2015, published by the European Commission in 2016, ranked Lithuania in 22nd place among the 28 EU Member States⁹. Despite the composite eco-innovation index for Lithuania rose from 66 in 2013 to 72.9 in 2015 (EU=100), the low level of eco-innovation remains a challenge for Lithuania. The country still belongs to the group of modest eco-innovators (the performance of Lithuania in every component is below the EU average). The low level of private sector investment and lack of suitable skills in environmental sectors compound this.¹⁰

⁹ https://ec.europa.eu/environment/eoap/scoreboard_en

¹⁰ Commission staff working document. Country Report – Lithuania 2017.

Chart No 4. SME's resource efficiency in Lithuania and EU28 (in 2015)



Source: European Commission, 2015. Flash 426 Eurobarometer "SMEs, resource efficiency and green markets"

Lithuania's leading eco-innovation areas are assessment and management of contaminants in soil, cleaner production, resource and energy efficiency, promotion of renewable energy, water protection and research and development (R&D) in the biotechnologies sector. In 2015, waste management was identified as the most noticeable focus of eco-innovation, due to the increase in the number of financial instruments and new policy initiatives.

After a raise of 46% in 2014 (compared to 2013), environmental protection expenditure of Lithuanian industrial enterprises totalled EUR 189,9 million in 2015 and, compared to 2014, decreased by 27,5%. The largest share of environmental expenditure (66%) was spent on water resource protection¹¹. In the field of measures taken to save water, Lithuanian SME's even surpassed the EU average; however, in other fields of resource efficiency Lithuanian SME's still fall behind the EU average¹².

Despite various initiatives to promote investment in R&D, business sector R&D expenditure not increased, but even decreased. Business sector R&D expenditure in 2015 amounted to EUR 104.1 million (10% below 2014). Such decrease was recorded for the first time since 2009 (business R&D expenditure grew annually by an average of 17% since 2009) and despite the constant growth until 2014 still is several times lower the EU average.¹³

The growing number of clusters, trend of utilisation of renewable energy resources as well as improvements in waste management sector demonstrates that Lithuanian businesses are becoming more environmentally responsible and understand the benefits of eco-innovation. The responsibility of business is growing, as companies tend to invest in implementing quality and environmental management systems, sustainable practices and ideas of social responsibility.

Human and social development

Regional policy is aimed at ensuring the high quality of life for the all inhabitants of the whole country territory and a change for the better is very much dependant on the competency of public sector. However, the convergence process has not been inclusive enough as inequality and poverty rates are high, job satisfaction and life expectancy are low while emigration is high, although to a lower extent more recently. Social assistance is not effective enough at reducing poverty.¹⁴

Nonetheless, efficiency of public spending and quality of institutions have been generally high in Lithuania even prior to its entry into the EU¹⁵, Lithuania faces the need to improve its overall effectiveness and the efficiency of its spending. In the World Bank's 2015 Worldwide Governance Indicators, Lithuania's score

¹¹ Lithuanian Department of Statistics, <http://www.stat.gov.lt/>

¹² European Commission, 2015. Flash 426 Eurobarometer "SMEs, resource efficiency and green markets"

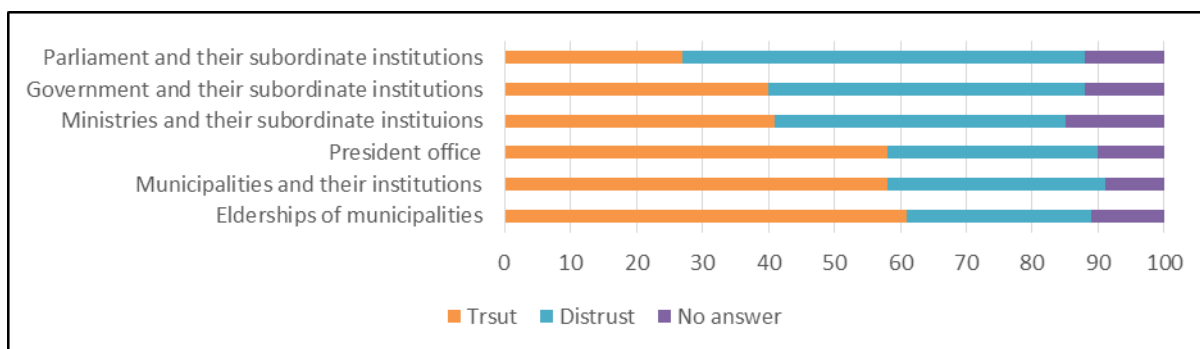
¹³ Lithuanian Department of Statistics, <http://www.stat.gov.lt/>

¹⁴ OECD. Economic surveys - Lithuania 2016 Overview. <https://www.oecd.org/eco/surveys/Lithuania-2016-overview.pdf>

¹⁵ International monetary fund. Regional Economic Issues, November 2016. Central, Eastern, and Southeastern Europe Effective Government for Stronger Growth. <https://www.imf.org/external/pubs/ft/reo/2016/eur/eng/pdf/rei1116.pdf>

for the issue of government effectiveness was 86 out of 100 (up from 79 in the previous year). However, the country was ranked at 92nd place worldwide in the World Economic Forum’s 2015–2016 Global Competitiveness Report in terms of the wastefulness of government spending as perceived by the executive community.¹⁶

Chart No 5. Public trust in state and municipal institutions

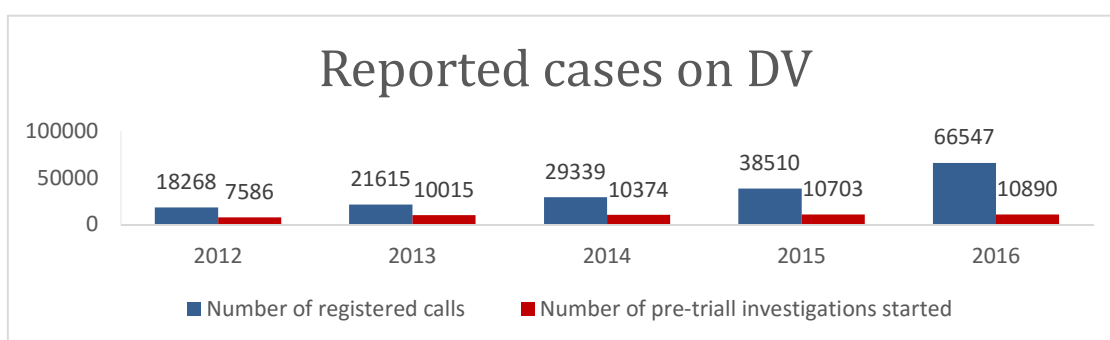


Source: Ministry of the Interior. Report of survey “Trust in state and municipal institutions and establishments and service quality evaluation”, 2015.

Public administration is not sufficiently result-oriented, lack targeted and systematic monitoring, evaluation and improvement. The decision making process lacks openness and transparency, as well as effective consultations with the public. The priorities of Lithuania’s current public administration reform strategy focus on efficiency, openness, quality, strategic thinking, digitisation of the public administration and a reduction of administrative burdens.¹⁷ As transparent and effective management is a necessary condition for the country's rapid progress and the state can better perform its functions only by fostering administrative capacity, **Programme LT10** is contributing to the achievement of aims of the NDP as Lithuanian administrative capacity is to be improved by taking over the Norwegian institutional, administrative and policy making experience. However, the initially estimated potential of Programme LT10 to make a difference was reduced due to operational delays and moderate quality of projects and partnerships awarded under the open call.

Another **Programme LT10** priority is pointed at implementation of preventive measures with regards to domestic (DV) and gender-based violence (GBV), raising the quality of services offered to victims as well as strengthening capacities of responsible institutions using the experience and know-how of Norwegian partners. Still increasing number of reported cases on DV and GBV proves that the society and the victims themselves show much less tolerance to the violators.

Chart No 6. Dynamic of the reported cases on domestic violence



Source: Police department under the Ministry of Interior, Lithuania

The initiatives addressing GBV and DV, including violence against children, have been on the top of national political agenda for last couple years. Recent events, when children were violated in a most horror way, ensured even more political attention. Amendments to the Law on Fundamental of Protection of the

¹⁶ Sustainable Governance Indicators 2016. Lithuania report. http://www.sgi-network.org/docs/2016/country/SGI2016_Lithuania.pdf

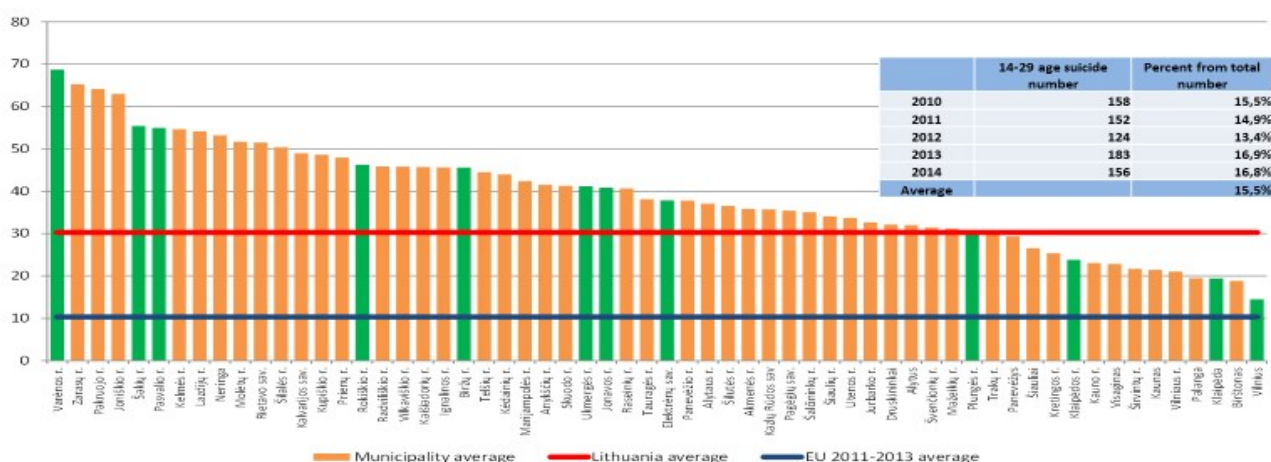
¹⁷ OECD Public governance reviews. Lithuania: fostering open and inclusive policy making, 2015.

Rights of the Child were initiated by the Parliament in December 2016. Among other amendments securing child rights, an extremely important provision preventing child from all sorts of violence including corporal punishment was introduced. Well defined and precisely selected measures under Programme LT10 could contribute significantly to the improvement of the situation, if the advantage of the possibilities available under the programme as well as partnership offered will be taken in its entirety. It is very important to bring authorities together for a close cooperation in drafting and implementing preventive measures on child security issues urgently instead of dealing with the consequences only.

Health inequalities in Lithuania are ranked as one of the largest in Europe. Reducing inequalities in health between different socio-economic groups, between rural and urban areas as well as different genders is one of the burning issues Lithuania is facing. Although, life expectancy index is growing, it is still one of the lowest among EU countries. Difference in life expectancy at birth between the women and men was 10 years, between population in urban and rural areas – 2,57¹⁸ years in 2015. General trend of deterioration of health of children and youth due to harmful lifestyle is also very noticeable.

Lithuanian population also faces dramatic challenges in mental health: high prevalence of suicide, mental disorders, depression and anxiety. Suicides and self-inflicted injuries rate in Lithuania is 3 times higher than EU average, whereas inside the country it differs more than 4 times among different municipalities. Prevalence of suicide among Lithuanian young people is especially high (approx. 16% of all suicide numbers). Inequalities in this field are also marked; mortality due to suicide between males was 4,5 times higher compared to females, and among rural population was 1,8¹⁹ times higher than among urban in 2015.

Chart No 7. SDR, suicide and self-inflicted injury (all ages, per 100 000, 2011-2014 average)



Source: WHO, Institute of Hygiene; calculations prepared by Health economics centre

Strengthening of the administrative capacity of national and local policy makers is crucial for effective tackling of health inequalities in the country. Good health enhances quality of life, improves workforce productivity, increases the capacity for learning, strengthens families and communities and contributes to security, poverty reduction and social inclusion. Therefore, an investment in human resources is a valuable contribution to the strengthening of the national health system and sustainable development of the state. Although social health inequalities within the state are recognized as an urgent public health problem there is a lack of information about the key factors hindering the formation and implementation of health inequality reduction policy. The legal basis and administrative capacities were not evaluated on the national scale, the measures enabling to improve the administrative knowledge and capacities of subjects of the national and municipal level government sectors were not implemented systematically and specialists lack methodological recommendations for monitoring of health inequalities, planning and implementation of target health inequality reduction interventions.

¹⁸ Lithuanian Department of Statistics, <http://www.stat.gov.lt/>

¹⁹ Lithuanian Department of Statistics, <http://www.stat.gov.lt/>

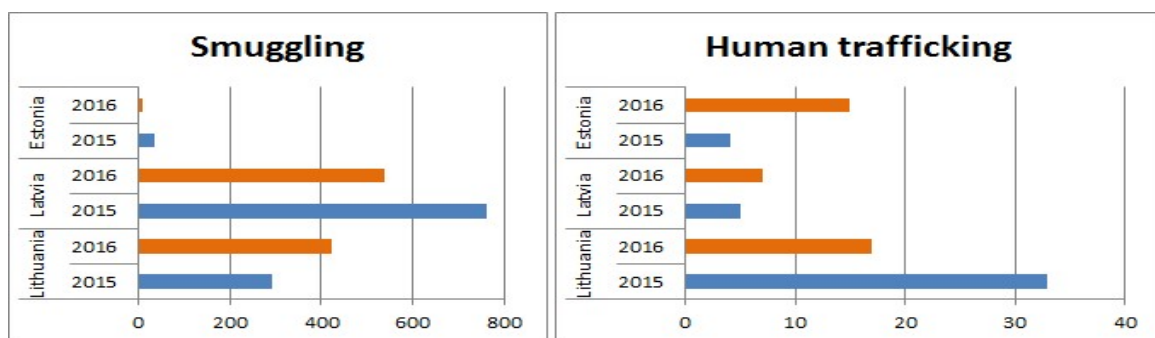
Although the **Programme LT11** is not big, but its concentration on the specific problems of health inequalities as well as efforts directed at fostering healthy environment in schools/pre-schools, creating friendly health care services for children and youth and system for consistent monitoring of health inequalities on national level will definitely make a significant impact in selected area and contribute to the improvement of children and youth quality of life as well as social and economic well-being. The measures planned under the Programme are in good progress and lead to solid contribution in capacity building for identification and reduction of health inequalities through inter-sectorial approach and promoting exchange of knowledge and skills with Norwegian counterparts.

Justice and home affairs

The justice sector is assigned with an essential role in guaranteeing social cohesion. The biggest share of the Norway Grants (44.6% of the total net assistance) is allocated to programmes aimed at strengthening capacities of police and custom, modernization of judicial system and improvement of imprisonment conditions as well as re-socialization services in penitentiary system in Lithuania.

Despite the decrease of criminal activities by 12.7% in 2015 comparing to 2014 in Lithuania, the aim of **Programme LT12** prevails of high importance as the constantly increasing globalisation and changing geopolitical situation is directly related to the increase of cross-border crime and need for efficient control over EU external borders. In 2016, the proposal to issue temporary residence permits to foreigners who engage in innovative business (start-ups) that meet all specified requirements was approved in Lithuania; however, requirements for all foreigners applying for a temporary residence permit were tightened, notably regarding criminal and security checks.²⁰ As Lithuania's geographical position is favourable for international organized crime groups, the international organized crime (trafficking, smuggling, weapons, dual-use goods, money laundering, illegal migration, cybercrime, etc.) is listed as one of the threats to national security in the National Security Strategy, adopted by the Parliament of the Republic of Lithuania.²¹ Due to its membership in the Schengen Area and location between Belarus and Kaliningrad, Lithuania is a transit state for smuggling activity.²² Lithuanian organized crime groups often become an intermediate link between the local and Russian organized crime groups, characterized by search of corruption ties and use of high level technique. As well a large part of organized crime activity is transferred to foreign countries. Furthermore, the flow of refugees and asylum seekers from the regions affected by the war in Middle East, economic migrants trying to seize the occasion to get into the EEA are the challenges Europe needs to overcome. Due to emerged circumstances new solutions regarding EEA and Schengen border guarding as well as cooperation and joined actions addressing these issues are needed. As sufficient human resources as well as appropriate material facilities are indispensable in addressing all these challenges, **Programme LT12** strongly contributes to the safer environment not only to Lithuanian citizens but also to all European Community by providing the facilities for better capacities of police and customs to fight and prevent cross-border crimes.

Chart No 8. Crime and pre-trial investigation statistics



Source: Information Technology and Communications Department under the Ministry of the Interior.

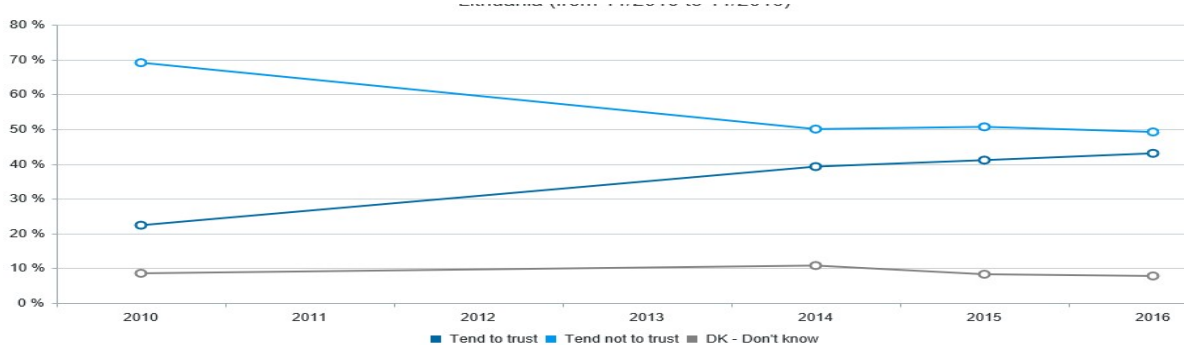
²⁰ EOCED. International Migration Outlook 2016, p. 278.

²¹ Prosecutor General's Office. Organized Crime. <http://www.prokuraturos.lt/lt/veiklos-srityys/baudziamasis-persekiojimas/organizuotas-nusikalstamumas/54>

²² OSAC. Lithuania 2016 Crime & Safety Report. <https://www.osac.gov/pages/ContentReportPDF.aspx?cid=19025>

A significant change is being observed in public trust in the judiciary system starting from 2010. By the end of 2016 citizens' trust in the system has grown up to 43% compared to 22% in 2010²³ (tendency of trust/distrust is presented in Chart No. 9). However people still need a transparent judicial system with high quality services especially for vulnerable groups as well as fair legal processes without any manifestation of corruption. This is of course one of the key elements of more efficient justice administration process. Also the sufficient level of physical security needs to be ensured. During the last three years, there have been a few accidents in courts, which showed that without unified security principles and tools court staff cannot ensure the safety in court buildings. In order to satisfy these expectations the courts have a new challenge now – to keep increasing the trust of society and show the openness and transparency of the system. **Programme LT13** directly contributes to creation of fairer, more transparent and more efficient judicial system in Lithuania. After fully completed modernization of Lithuanian case management informational system with the integrations with other state information system and registers under, the usage of the system will be much more efficient and more user friendly. Actions taken to ensure physical security to all court process participants, favourable psychological environment for victims and witnesses offered by created volunteer's institute in the court will make all the system more effective and easier accessible to all citizens, which is one of the main preconditions for protection of human rights. Moreover, raising awareness and improving understanding of ordinary people in court activities will improve their ability to defend their rights through legal means.

Chart No 9. Public trust in judiciary system



Source:

<http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/Chart/getChart/chartType/lineChart//themeKy/18/groupKy/100/savFile/838>

Norway Grants and the partnership offered was right on the time to make first steps towards a larger scale penitentiary system reform using partners from Norway experience and taking over the best practice in the fields. Correctional system in Lithuania was overloaded with long lasting problems for quite a long time. Comparatively long prison sentences (average term of sentence imposed by court was 6 years and 7 month in 2016²⁴) and lack of alternatives to custodial sanctions resulted in a high imprisonment rate (254 prisoners for 100 000 inhabitants compared to EU average of 124 and Norway of 74 (in 2016²⁵). Due to overcrowding of imprisonment institutions, responsible authorities and courts, including European Court of Human Rights, receive a number of complaints from inmates on inappropriate living conditions, and Lithuania's national budget is charged by enormous amounts every year. More than 1,3 MEUR was paid out in a form of compensations to the inmates according to the courts decisions taken in respect of 1330 claims in 2016 (Source: Ministry of Justice, Lithuania). Also, high recidivism rate indicates that re-socialisation system is not effective or not suitable for the specific needs. Due to the long or repeated imprisonment, inmates have lost significant social and professional skills and abilities necessary for a law-abiding life, which reduces their possibilities to integrate back into normal social and economic processes of society after the release. **Programme LT14** is fostering improvement of correctional system; in particular, contributes to

²³http://ec.europa.eu/public_opinion/cf/showchart_column.cfm?keyID=2196&nationID=21,&startdate=2010.11&enddate=2015.05

²⁴<http://www.kaldep.lt>

²⁵http://www.prisonstudies.org/highest-to-lowest/prison_population_rate?field_region_taxonomy_tid=14&=Apply

improvement of living conditions of the inmates as well as access to health-care services and medical examination in accordance with relevant human rights standards and the recommendations of the European Committee for the Prevention of Torture (CPT). Furthermore, with introduced of totally new to Lithuania efficiently operating re-socialization services model (half-way houses), the inmates were offered a possibility to become full-fledged society members participating in its social and economic life, which is essential in safeguarding the security of the population, as well as human and social development. More attention was paid to the inmates with addiction problems. Training activities for custodial institutions employees provided within a programme as well as those offered outside the programme scope were named as crucial to provide more qualitative re-socialization work with prisoners.

Attention paid to the assurance of prisoners' human rights as well as increased possibilities of use of alternatives to imprisonment and adopted measures facilitating the reintegration into society of the persons deprived of their liberty could not be measured yet, except of the steady, albeit slow, decrease in prison population. However, if the Programme will achieve all planned results and the 'pilot' projects will proof their rightness quite a significant impact on the overall objective of the Grants shall be observed in a long term perspective.

2.2 Bilateral relations

Existence of several different instruments (Donor Programme Partnership (DPP), National Bilateral Fund (NBF), programmes bilateral funds, partnership under projects) ensure that bilateral relations are increasing and strengthened on different levels and even outside the immediate boundaries of the implementation of the Norwegian Financial Mechanism. It could be observed that in 2016 the bilateral cooperation at all levels was rather intensive (LT09, LT11, LT13, LT14) and some tangible results in respect of the planned bilateral objectives were achieved.

NBF, implemented via financing of pre-defined activities, travel reimbursement scheme and planned open call for ideas, is designed to provide a platform for increasing mutual political, professional and academic relations in areas considered to have a cross-sector effect and is complementary to the agreed programmes.

Approach to finance pre-defined activities proved to be successful in reaching tangible bilateral cooperation results as well as flexible in addressing both beneficiary and donors interests and rather simple in administration. External experts of the mid-term evaluation of implementation of Grants in Lithuania²⁶ concluded that NBF was very useful instrument as provided the opportunity to implement relevant initiatives of bilateral cooperation with sustainable products outside the Grant programmes (e.g. projects "*Gender Equality Implementation in Research Institutions – Collaborative approach (GEIRICA)*" and "*Energy security in the Baltic Sea region*" created added value not only to the academic community, but also to public policy at the higher levels (the EU, the Baltic Sea region)). All NBF project promoters and the majority of project partners from donor countries confirmed seeing the prospects of further cooperation.

During reporting period and following the defined aims, there were 2 pre-defined activities proposed for financing as a result of agreement reached during 5th Annual Meeting in April 2016. International conference – academic discussion '*25 Years of Trust Building in the face of Global Challenges. Commemoration of Restoration of Diplomatic Relations between the Nordic Countries and Lithuania*' with the aim to commemorate 25th anniversary of diplomatic relations between Lithuania and the Nordic countries discussing contemporary challenges and Nordic experiences as well as to facilitate Nordic – Lithuanian scholarly relations and academic network, was prepared and implemented in partnership with the Nordic Council of Ministers' Office in Lithuania and in cooperation with Embassies of Norway and Iceland. Added value of the activity implemented is twofold; participation of high-profile Nordic scholars in discussion on pressing issues of quality of governance and democracy with the Lithuanian colleagues provided an important layer of academic reflection in commemorating anniversary that is historically significant for the whole region. Equally it contributed to development of cooperation between experts who specialize in the aforementioned fields. It is worth to mention that the event attracted attention of the

²⁶ <http://finmin.lrv.lt/lt/es-ir-kitos-investicijos/eee-ir-norvegijos-parama/2009-2014-m-eee-ir-norvegijos-parama/finansiniu-mechanizmu-administravimas-ir-prieziura>

highest-level politicians; both President of Iceland and President of the Republic of Lithuania greeted participants of the conference by sending video welcome-word.

Nonetheless, partnership agreement on other proposed activity has not been concluded yet, a live meeting of partners the State Labor Inspection in Lithuania and their counterparts in Norway, organized outside the scope of the initiative planned under the NBF, brought to better mutual understanding and draw a much clearer vision on future cooperation perspectives and need.

The idea of introduced reimbursement scheme was to facilitate POs and pre-defined projects promoters in development of bilateral relations by compensating travel expenses related to experience sharing events till the bilateral funds at programme level became available or eligibility of these funds is to some extent limited. However, the established measure was not requested as much as it was expected, thus the major share of funds was already reallocated for financing of pre-defined initiatives. No requests for financing activities under the reimbursement scheme were received in 2016; a small amount of funds is still planned under this measure in case of need during final stage of implementation of programmes for exchange of lessons learned.

Open call for selection of pre-defined project ideas for bilateral academic and research co-operation activities between Lithuanian and donor higher education institutions was not announced during the reporting period due to delays in preparation of legal related acts; launch of the open call was postponed to 2Q 2017.

Programme level

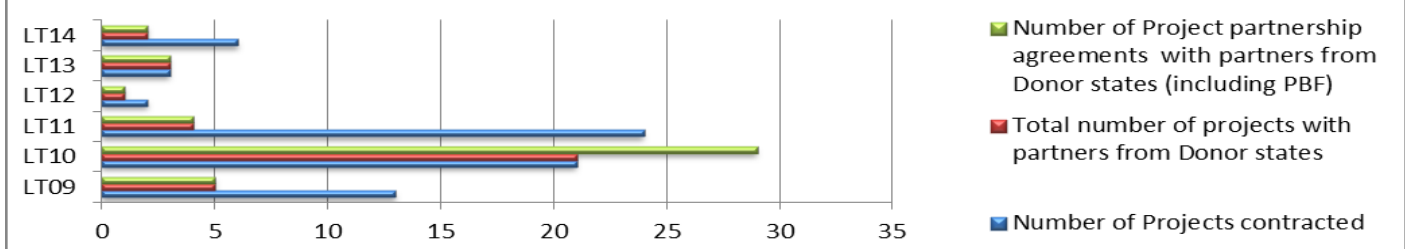
Programme bilateral funds (PBF) constitute a significant source of financing for undertakings and partner initiatives on programme level in addition to those already planned in the projects. Due to a joint participation in implementing the partnership programmes, the scope of cooperation between the donor countries and Lithuania during the reporting period grew at the institutional level and cooperating countries identified the stronger mutual recognition as a benefit. POs, PPs and DPPs continued playing an active role in fostering bilateral relations in all four types of bilateral outcomes. Regular Cooperation Committee (CC) meetings or joined participation in international conferences, projects promoters' visits to donor states and project partners' visits to Lithuania carried out in programmes made also possible to learn more about various practices and organisation of systems in respective policy areas and what has already materialized into a number of methodologies, guidelines and other methodical material to be used for better performance, and resulted in joined partnership initiatives and/or established professional networks. Partnership at the programme level is seen by the all POs as valuable, as it provides transparency and valuable experience for the implementation of Programmes both from the thematic, and administrative perspective. Some programme operators (for example, LT13 and LT14) have already built initiatives of cooperation with DPP outside the Grants programmes²⁷.

A list of donor partnership projects in Lithuania is presented in Annex 2 to this report. For the information on the measures implemented and the progress towards four bilateral outcomes at programme level made during the reporting period please see the table below:

Table No 2. Progress towards the achievement of bilateral results at programme level

1. Extend of cooperation (aggregated results)
In total 53.3% of the projects awarded are/were implemented with partners from donor states with regards to only one programme being under the compulsory partnership requirement; while in other programmes partnership obligation depended on calls requirements, but in all cases were very much promoted. Taking into account that some projects are/were implemented with more than one donor partner and 3 bilateral initiatives under programme LT10 bilateral fund also materialized into formal partnership, number of signed partnership agreements stands even higher.

²⁷ Mid-Term Evaluation Report on the Implementation of the EEA and Norway Grants 2009-2014;
<http://finmin.lrv.lt/lt/es-ir-kitos-investicijos/eee-ir-norvegijos-parama/2009-2014-m-eee-ir-norvegijos-parama/finansiniu-mechanizmu-administravimas-ir-prieziura>



Involvement of DPPs in all phases of implementation of programmes largely contributed to the achievement of bilateral goals. During the reporting period significant DPPs input was observed in elaborating ideas on bilateral programmes' elements as well as implementing joined programmes' activities. Especially contribution valued in finding partners by distributing information in donor country through their professional networks. While the later one was identified as a key challenge in programmes that have no DPP.

3 matchmaking events for bilateral partnership building between Lithuanian and Norwegian entities and promoting better business opportunities in Green IT, waste management and recycling, and bioenergy sectors were organized under **Green Innovation** programme in 2016. More than 200 participants were provided the possibility to make contacts as well as discuss the most topical issues in relevant sectors during individual B2B meetings arranged (in total 188 B2B meetings).

Alongside close cooperation with DPP a good relationship with Norwegian Embassy in Lithuania established in all programmes. Very much appreciated Embassy's efforts supporting partners search by sharing contacts, contributing to promotion of programmes' results, and overcoming challenges in such sensitive to wider public area as correctional services.

While **Public Health** programme has no DPP, established fruitful cooperation with Norwegian Public Health Institute provide a platform for expertise in the fields which are relevant and essential and could contribute to the achievement of the Programme objectives, particularly in the field of child and youth health care as well as health inequalities. As a result 29 donor state entities were involved in bilateral activities organized in 2016.

2. Shared results

Capacity building programme – shared results in 2016 were ensured via 33 study and practice exchange activities between institutions in Lithuania and their counterparts in Norway in the areas of gender-based and domestic violence (including violence against children), sustainable development and effective management in culture sector, public security, prevention of corruption, drug-taking and other. Increased knowledge, acquired competences and practice resulted in a number of methodologies, recommendations, training programmes to be used for better performance in the fields. For example, knowledge gained from the project partner Norwegian Environmental Agency (NEA) in Greenhouse gas monitoring project is used for development of the National level study on current situation of greenhouse gases projection, data collection and reporting system, as well as recommendations for the system improvements. Even more results are expected to come in 2017, after bilateral activities under the programme bilateral fund turned into actual implementation stage.

Public Health programme – cooperation with Norwegian partners while implementing common project activities in 2016 led to the following shared results. The unique youth self-help programme for overcoming depression and anxiety was developed in cooperation with University Hospital of North Norway. During the visit to Biržai municipality the Norwegian partner – Bergen University College shared the best practice in provision of health care services for youth, held lectures about prevention of sexually transmitted diseases, unplanned pregnancy and other related issues to municipality health specialists. The ideas brought from Norway are being implemented in Lithuania (outdoor kindergarten, gyms in classrooms, chess field in school). In October, PO organized a practice exchange event – study trip – to Norway, during which team of municipal multi-sectoral specialists including personal and public health specialists, children rights protection specialists, police officers, public health volunteers had excellent possibility to learn Norwegian experience how health and other policy sectors may work together for achieving better results. The experience gained

during the visit contributed to development of the Model of youth-friendly health care services.

Schengen cooperation programme – starting 2015, Lithuanian Police is going through work organizational changes and the best practice and know-how taken over from their Norwegian colleagues played a major role in adopting new working methods and practices. A visit organized to 6 different institutions under the jurisdiction of the Norwegian Police Directorate was a great opportunity for 12 Lithuanian police officers/experts to get familiar with the practical working aspects from the inside and to make certain themselves that Norway experience based business model (adopted according to the legal system, criminogenic situation and other aspects) is functioning.

Efficiency, quality and transparency in Lithuanian courts – internship in Norway on development of witness and crime victims support network in courts, done by representatives of Panevėžys regional court in April 2016, significantly contributed to the transfer of best practice from Norway in organizing volunteering services - volunteer selection, responsibilities given to volunteers, their daily work and practical assistance to Lithuanian courts.

Taking into account the outcomes of international conference *‘Volunteers in courts: witnesses and victims support’*, where representatives from Norway and Great Britain shared experience and challenges in daily volunteers work, gave practical advises on volunteering in courts while providing needed assistant to witnesses and crime victims, as well as experience gained from the previous partnership activities including internship, manuals for volunteers *‘Volunteer’s Guide: How to provide support for victims and witnesses’* and leaflet on volunteers’ service *‘Volunteer Service in Court: Assistant When Needed’* were published.

Correctional services programme – within the Prison’s Department project *‘Reduced Number of Inmates in Prisons of High Security by Establishing 4 New Open Prisons’* training seminar on taking over best practice from partner Sandaker Half-Way House (HWH) was arranged in the Alytus HWH. It worth to mentions, that this kind of institution is a new practice to Lithuania, therefore partner’s knowledge and experience in organizing main tasks and routine activities ensuring security, relation with inmates, particularities of the process of inmates supervision and social rehabilitation is of great importance and very much appreciated by the Lithuanian colleagues. Knowledge gained during the training was used for drafting new rules of HWH.

3. Improved knowledge and mutual understanding

Public Health programme – followed the experience exchange visits to Norway 2 articles on the Norwegian inter-sectoral approach and experience in fields of children and youth care were published in regional newspapers, as well as municipalities and municipal public health bureaus websites.

Implemented bilateral activities lead to improved professional knowledge and mutual understanding in programme related fields both of the Norwegian and Lithuanian specialists working at national and local levels. The new information gained on public health systems and practical pathways of provision of health care services for children and youth, involving different sectors, social partners and community extended the professional view, allowed to assess differences and similarities in professional approaches between the countries.

Efficiency, quality and transparency in Lithuanian courts – Project managers from Lithuanian and Norwegian Courts Administrations were brought together for two days seminar *‘Implementation of Norway Grants Projects: Lessons Learned’* to share different management and problem solving approaches while implementing projects. Exchanged knowledge, experience and good practice of the people working under the same regulation and responsible for the achievement of the common goals contributed to better mutual understanding in the fields and is beneficial for future cooperation.

Judges, representatives of judiciary and experts from Lithuania, Norway, Romania and other countries had the opportunity to deepen their knowledge on the European Convention of Human Rights and share the best practice on its application during the international seminar *‘Motivation of Judicial decisions and the European Court of Human Rights – how to avoid violation of judgements’* in Bucharest. After a series of workshops, experts have developed methodological information on writing judgements and motivation of the judicial decisions recommended to be used for judicial personnel.

Correctional services programme – two bilateral cooperation activities in a form of visit to Norwegian

Mediation Service, Norwegian Probation Service and Directorate of Norwegian Correctional Service by representatives of Lithuanian Probation service, and participation of 3 Deputy Governors from different correctional institutions in the training on Prisons management in Norway by invitation of Hedmark prison led to get more familiar with the best practise established in Norway in particular areas and largely contributed to strengthened bilateral relations, increased mutual understanding as well created a solid background for further cooperation activities including signed letter of intent on inter-institutional cooperation between Pravieniškės Correction House – Open Prison in Lithuania and Hedmark Prison in Norway.

‘Best Practice and Communication Workshop – Justice and Home Affaires’ in Bucharest brought the different POs and DPPs together to network. It was very valued for exchanging information and sharing experiences in order to identify best practices. A few projects which have similarities in the different beneficiary states were showcased to spark the discussion on what has worked, what has not and what should be done differently. Special attention was also given to how to measure results, both quantitatively and qualitatively, and to bilateral relations.

4. Wider effect

Public Health programme – as the added value it should be noted that 3 Programme’s projects, their importance and results were presented at the 9th *European Public Health conference* in Vienna in November, 2016. The developed unique National child health monitoring information system was presented after the project was selected (from the nominated projects in 10 beneficiary countries) among good practice examples having great significance and wide applicability. As a promising practice, recognized during the mid-term review of the EEA and Norway Grants 2009-2014, the innovative Model for the provision of youth-friendly health care services and its coherence with relevant youth health needs was presented. The Model for strengthening of the capacities to identify and reduce health inequalities was presented being of strategic importance in providing tools for tackling health inequalities based on the best European practice. In total 3 oral presentations and 3 e-posters were presented as well as 4 abstracts were published in the conference dedicated *European Journal of Public Health*. The amount of the questions and further discussions occurred showed the high interest in the projects concepts and results in international audience. Presentations of the projects in this high level event let to share experience and insights with the other countries and to increase the visibility of the whole Programme and Norwegian financial mechanism at the European level.

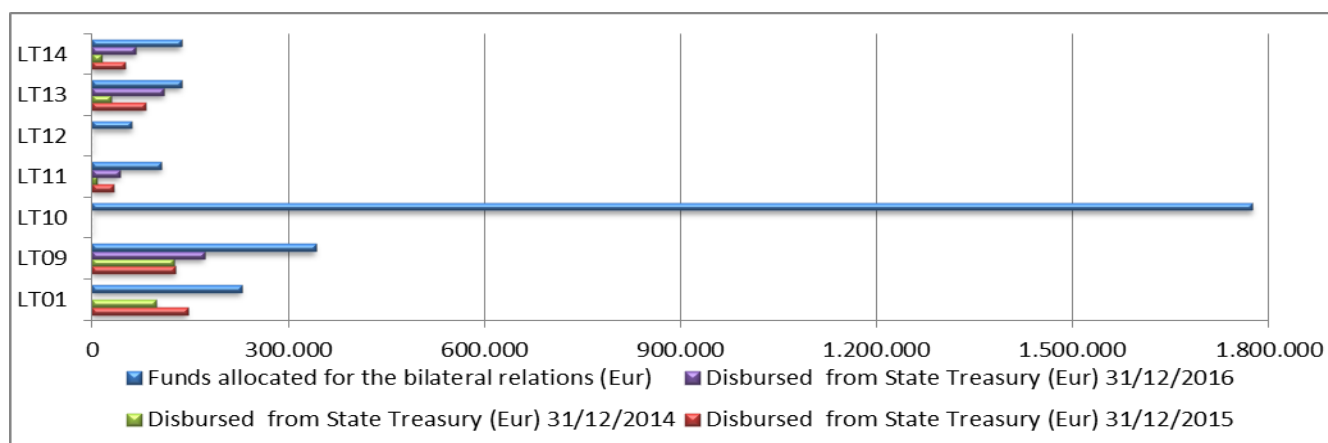
Correctional services programme – on 19-21 October 2016 representatives from both PO and DPP participated in 6th Plenary meeting of the Council for Penological Co-operation. Mutual understanding on the earlier discussed problematics of the prison and probation services facing radicalisation and violent extremism were helpful by formulating joint initiatives for Draft Handbook for all member states of the Council of Europe as well as the text for Draft recommendations on the European Rules on community sanctions and measures.

Green Innovations programme – importance and added value of partnership established under LT09 was highlighted by the EC in EU Environmental Implementation Review: Country Report - Lithuania. The partnership with Norway also acts as a driver of cultural change for Lithuanian businesses. Though the last call for the Green Industry Innovation Programme was issued in 2015, the partnership has continued in other aspects. In particular matchmaking events between Lithuanian and Norwegian businesses planned for 2016 and 2017 to continue spreading good practice of eco-innovation in Lithuania (waste management in particular)²⁸.

The financial performance of the NBF (Norway grants part) and programme bilateral funds is presented in Chart No 10.

²⁸ http://ec.europa.eu/environment/eir/pdf/report_lt_en.pdf

Chart No 10. NBF (Norway Grant part) and programme bilateral funds financial progress



The most prominent risk related to achieving bilateral goals at current stage - availability of partners from Donor States – is relevant in programmes with no compulsory partnership requirements set under the calls but with significant budgets planned for bilateral activities which still remained unused. The risk tends to increase as the time period left for the implementation of bilateral initiatives gets extremely short. Bilateral fund becomes not suitable for larger scale activities with tangible results to be achieved under, but for small ad-hoc initiatives or exchange visits with a number of cooperation contacts or partnerships to be established instead.

Lesson learned. Challenges posed by differences in management systems, including expenditure eligibility requirements, in Lithuania and Donor Countries, different specific natures of a given thematic area, practices established as well as some cultural issues directly influence the quality of cooperation. Some steps if were taken at the very early stage of implementation of the mechanisms, i.e. bring the DPPs and national authorities together for a discussion on substantial partnership issues, expectations of future cooperation and introduce the other side on national requirements and peculiarities of management systems under the applicable laws, could prevent from a number of misunderstandings between cooperative parties and ensure a strong and sound cooperation.

Risks that might hinder the achievement of bilateral outcomes on both national and programme level are presented in Annexes 6 and 7 to this report.

3. REPORTING ON PROGRAMMES

3.1 Overview of Programme status.

There are 7 programmes implemented within the Norwegian Financial Mechanisms in Lithuania. Six programmes are operated by Lithuanian national administrative bodies and the remaining one is operated directly by donor’s entity (LT22).

Year 2016 was intensive in terms of implementation of projects and counting first tangible results. In total, 34 out of 69 contracted projects were fully implemented or completed physically their activities. Almost all funds available for re-granting were contracted, including funding for additional activities of already approved projects (LT09) except for some comparatively small amount under LT09 transferred to the Fund for bilateral activities.

Overall progress towards the expected programmes outcomes and defined outputs was well forward compared to the previous period. However, the level of achievements differs from programme to programme depending on progress made in implementation and nature of planned activities (‘soft’ or infrastructure projects). There were no major risks that could prevent from the achievement of the planned results identified with an exception of a case being brought to the court under LT14. The Donor’s decision to extent projects eligibility deadline played a major role in managing time related risk; i.e. minimized a risk of non-completion of projects in due time and also contributed to higher quality results as well as let to higher absorption rate.

Basic information of the status of actual implementation of the programmes as well as financial reflection is presented in Table No. 5 below. (More detailed information on individual programmes status is provided in section 3.2 of this report).

Table No 3. Operational and Financial Status of Programmes

Programme***	Actual status of implementation for 4Q	Commitment		Disbursement		
		Projects* (EUR) (% of total available)	Programme **	Disbursed from State Treasury to programme ** (EUR) (% of total available)	Disbursed from State Treasury to projects (EUR) (% of total available)	Disbursed (received) from the Donors (incl. advanced payment) (EUR)
LT09	4 projects completed, 9 under implementation	7,904,019 (99.99%)*	1,506,881	709,689 (47.12%)	4,641,580 (58.72%)	7,261,644
LT10	9 projects completed 12 under implementation	6,696,174 (100%)*	2,715,589	400,072 (14.7%)	4,474,672 (66.82%)	5,705,391
LT11	13 projects completed 11 under implementation	6,097,825 (100%)	960,998	513,171 (53.4%)	5,643,561 (92.55%)	5,667,348
LT12	Projects (2) under implementation (no calls planned)	3,600,000 (100%)	414,118	104,123 (25.14%)	3,413,192 (94.81%)	3,145,988
LT13	Projects (3) under implementation (no calls planned)	8,210 465 (100%)	848,359	516,268 (60.85%)	5,975,758 (72.78%)	3,330,679
LT14	3 projects completed; 3 under implementation	7,924,966 (99.08%)	1,059,929	610,292 (57.58%)	5,343,357 (66.8%)	7,298,423
Total		40,433,449 (99.85%)	7,505,874	2,853,615 (38.02%)	29,492,120 (72.94%)	35,787,138

* Data according to the signed project contracts.

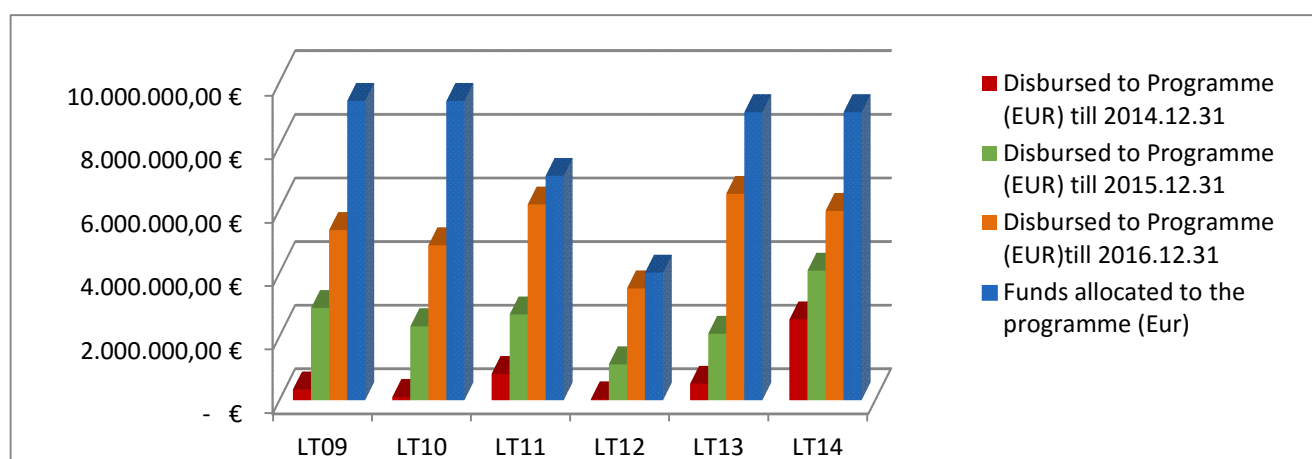
** Columns show amounts committed/disbursed for programme management, bilateral fund, complementary actions and programme preparation.

*** LT22 is not presented.

**** Reflects situation according to the amended Programme Agreement, when part of uncommitted funds, initially planned for re-granting for projects, was reallocated to programme bilateral fund.

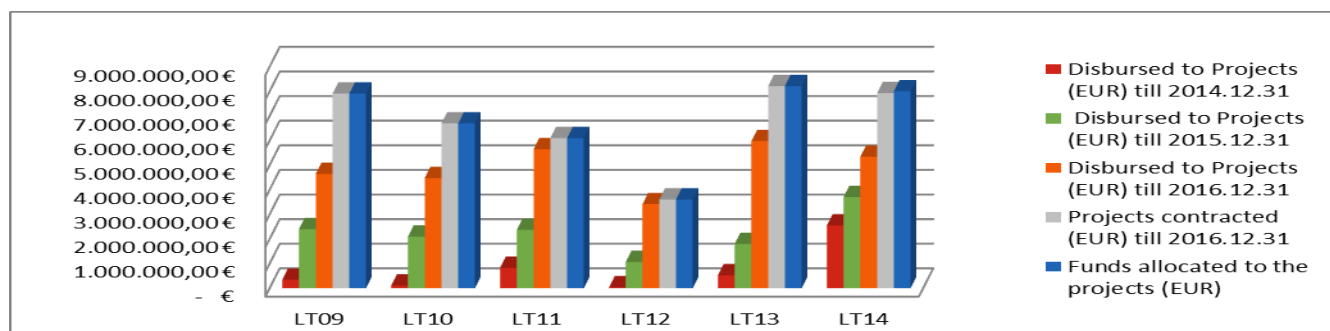
In 2016, the expenditure in many programmes has grown significantly compared to previous period. The relevant financial data on the amounts allocated and paid out to programmes is presented in the chart below (Chart No 11).

Chart No 11. General financial data breakdown



Disbursement to projects by the end of reporting period reached 73% of total available funds; however disbursement under the particular programmes varied from 58% in LT09 to almost 95% in LT12.

Chart No 12. Projects' commitment and disbursement data breakdown by programme



* Reflects situation according to the amended Grant Agreements, when part of uncommitted funds, initially planned for granting for projects, was reallocated to programme bilateral funds.

3.2 Individual programme summaries

Based on the information provided by the POs in the Annual Programme Reports and NFP observations, a summary for each programme that include assessment on overall progress as regards implementation of the programmes and their sub-projects, progress towards expected outcomes and actual achievement of outputs, usage of bilateral funds as well potential risks that may still threaten the achievement of the Programme objectives is provided below. Having overall responsibility for the implementation of the Norway Grants in Lithuania and for reporting on this annually a very short status on the implementation of the LT22 is also provided.

LT09 Green Industry Innovations

In total 13 projects were contracted during programme implementation period. 4 of 13 projects were completed by the end of 2016 (1 out of these 4 was implemented in 2015). Due to that, 2 out 4 programme outcome indicators *'Number of environmental technologies successfully adapted for use in new areas'* and *'Number of environmental technologies successfully commercialized'* were already achieved to full extent. As well output indicator *'Number of projects developing or improving and/or implementing environmental technologies or part of environmental technology'* was achieved by 57%. The rest 2 outcome and 2 output indicators are foreseen to be attained with the completion of the ongoing projects. Current state of play of the Programme LT09 demonstrates positive trends in respect of achievement of all planned programme outcomes and outputs.

On 15th of April 2016 the PO announced the call for the funding of additional activities of implementing projects. 3 applications of projects being implemented under the programme were received and all of them were evaluated as eligible for additional funding. The PO during September-October 2016 made decisions on the allocation of additional funding for the implementation of additional activities of those 3 projects and the project implementation agreements have been signed accordingly. The additional activities will bring more environmental and/or economic benefit as well as will contribute to the achievement of the objectives of the projects and increase the planned results.

Whereas still considerable amount of project funds were not yet committed to projects, after the proposals introduced and discussed by the PO and DPP, the Cooperation Committee decided to distribute still available project funds to the bilateral fund and complementary actions. The Programme Agreement was amended accordingly, other needed actions are foreseen to be taken and documentation prepared/improved by the PO in cooperation with DPP.

A risk of non-completion of project activities until the deadline was minimised due to the granted by donors possibility to extended project eligibility deadline in case of justified need, as 11 projects applied for extension in 2016. The main risks and challenges for the upcoming year – efficient use of the Programme bilateral fund and reasonable use of fund for complementary actions.

The close cooperation of the PO and the DPP (2 meetings of the Cooperation Committee organized in 2016) as well as established partnerships with Norwegian partners in 5 contracted projects contributes to the development of bilateral relations. Moreover, all activities under the Fund for bilateral relations planned for the year 2016 were implemented following the planned schedule and positive effect and results in bilateral cooperation were achieved. 3 matchmaking events for bilateral partnership building between Lithuanian and Norwegian entities were organized with more than 200 participants. During the events, Lithuanian and Norwegian business representatives and experts shared the best practice, business ideas as well as discussed sector perspectives in the field of green ICT, bioenergy, waste management and recycling. The feedback of these matchmaking events were of very positive manner. It is highly expected that the contacts and partnerships established will have a long-term effect and the cooperation will continue.

LT09 Programme Bilateral activities plan for 2017 is provided in Annex 3 to this report.

LT10 Capacity Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities

By the end of the reporting period 9 out of 18 projects of the open calls have been implemented. However all 3 pre-defined projects were still in implementation stage. By the end of 2016 66.8% of the project funds were disbursed to the projects.

During year 2016 significant progress was made towards the achievement of Programme results and goals. The output indicator *'Percentage of successfully implemented projects'* reached 56% of achievement of target value (75%), while the other output indicator *'Number of participants of various training activities'* with a planned target value of 300 was exceeded by 7.5 times (2237) (total achievement 2912).

The achievement on Programme outcome could be reported upon the completion of all projects only. Both outcome custom indicators measure the level of satisfaction of different capacity building events or satisfaction with cooperation, quality of cooperation, perceived synergies. So far, the average of satisfaction with the quality of capacity-building events within 9 implemented projects is 95.8% and this is much higher than the target value (75%). No data collected in respect of satisfaction with the quality of cooperation established in the projects yet.

Programme with a budget of more than MEUR 1,7 allocated for the strengthening of bilateral relations, is considered to be exposed to the risk of non-achievement of the bilateral goals. Moreover, the Programme budget for bilateral cooperation remained completely unused during the reporting period. Failure to start programme level bilateral activities could be explained by lack of ownership as well as lack of institutional capacities of the PO and the project promoters selected for the implementation of pre-defined initiatives.

The key areas, content and forms of support under the Programme bilateral fund were discussed during the CC meeting in mid-December 2015 yet. However the further progress on the development of proposed ideas was very slow; final decision on 2 projects (*'Innovative practices with children and their families Early Intervention model'* (budget – € 899 102), *'Climate change mitigation and adaptation at the local level'* (budget – € 154 372) to be supported under the fund was taken by CC in May 2016. While project on the asylum procedure and refugees' social integration was discussed during the CC meeting in participation of other area related responsible Norwegian and Lithuanian authorities at the very end of June 2016 only. Taking into account the amounts allocated to and less than 1year time period left for implementation of the projects' activities (not started yet) as well as not sufficient capacities of the appointed PPs to implement projects, a risk of non-completion of projects remains high.

LT10 Programme Bilateral activities plan for 2017 is provided in Annex 3 to this report.

LT11 Public Health Initiatives

By the end of the reporting period 15 out of 24 projects were reported as completed (13) or physically finished their activities (2) and the remaining 9 were still in implementation stage. Nearly 93% of the project funds were disbursed to the projects.

Despite the fact that none of the programme outcome was yet achieved, there is no any risk that could hinder the achievement of programme results in a full scope. Due to programme set-up achievement on outcomes could be reported upon closure of all specific outcome related projects only.

Significant progress was made in achieving Programme outputs; 5 target indicators related to preparation of necessary documentation and repair/provision of equipment of health offices were fully achieved and some of them exceeded significantly (239 student health offices in schools (expected – 90) and 184 student health offices in pre-schools (expected – 60)). The remaining target indicators are in final stage of achievement.

The Programme measures for development and implementation of the model for youth-friendly health care services (hereinafter – the Model) in 12 municipalities (both urban and rural) could be recognized as a successful initiative and good practice due to innovative idea of the Model – to combine into a single network existing health care services providers through the service delivery algorithms and improve their cooperation for effective and coordinated youth-friendly healthcare services provision. Active exchange of good practices and sharing ideas within the network of municipalities implementing the Model as well as partnership with Norwegian institutions while implementing common activities (e. g. creation of the youth self-help programme for overcoming depression and anxiety) led to excellent results achieved: in 2016 more than 3800 young people received youth-friendly health care services, more than 43000 young people participated in health promoting events and trainings, 1300 specialists (from health and other sectors) were trained, 190 inter-institutional cooperation agreements were signed, new National Youth health internet portal (<http://www.sveikatostinklas.lt>, hereinafter – the Portal) as a help for young people was created and more than 3200 persons visited the developed youth self-help programme for overcoming depression and anxiety via the Portal.

The main risks and challenges for the upcoming year – efficient use of bilateral fund of the programme.

During the reporting period positive effect and results in bilateral cooperation were achieved – 4 bilateral activities contracts were signed and 3 bilateral cooperation activities were implemented. 2 successful study visits to Norway were organized, new contacts were established, innovative ideas, practical advises and best practice experience in the field of provision of youth-friendly health care services and reduction of health inequalities was accumulated. Also Lithuanian National Child Health Information System (NCHIS), as well as the capabilities of the information system was presented by the institute of Hygiene in the 9th European Public Health conference. Presentation of the NCHIS development project' concept and results in the international conference let to share experience / insights with other countries and to increase the visibility of the whole Programme and the Norway Grants. Despite the fact that the Programme has no DPP and faces the challenges in finding relevant partners in Donor state willing actively engage in project activities, 7 projects managed to establish partnerships or to have *ad hoc* cooperation activities. Future of partnerships established and contacts made seems very promising and very likely will extend beyond the bilateral projects areas. Although only 40% of the Programme bilateral fund had been used by the end of the reporting period, the risk of failure to build up partnerships and expand bilateral results is low. After making the bilateral fund available not only to the Project Promoter, but also to other entities within the relevant Programme area, the PO received a lot of applications for bilateral activities to be financed. PO, in order to meet all the needs, is planning to reallocate the Programme budget and all the funds remained unutilized under the projects to transfer to the bilateral fund.

LT11 Programme Bilateral activities plan for 2017 is provided in Annex 3 to this report.

LT12 Schengen Cooperation and Combating Cross-border and Organized Crime, including Trafficking and Itinerant Criminal Groups Programme

During the reporting period implementation of both pre-defined projects were progressing well. Nearly 95% of the project funds were disbursed to the projects by the end of 2016.

The state of play of the programme demonstrates positive trends in respect of achievement of programme results and goals. Programme output '*Strengthened capacity of the Lithuanian Police*' has been fully achieved; all 4 output indicators reached or even exceeded the target values. The other output, related to the strengthen capacity of the Lithuanian Customs, and its target indicators are in final stage of achievement.

The achievement of Programme outcome *‘Improved capacity to prevent and combat cross-border and organized crime, including trafficking in human beings and itinerant criminal groups’* could be reported upon the completion of both projects only. However it is already clear that the outcome standard indicator, showing the number of law enforcement officers trained to prevent and combat cross-border and organized crime, has been achieved (100) and slightly exceeded the target value (113). Therefore, there is no risks identified that could prevent from the achievement of planned programme outcome on a full extent.

The main risks and challenges for the upcoming year – efficient use of bilateral fund and complementary actions means of the programme.

During the reporting period programme level bilateral cooperation was rather limited. Despite the PO attempts made to find a Norwegian partner for bilateral cooperation on Santa Marta initiative, the idea was not maintained by possible counterpart in donor state. The PO was further exploring the fields for bilateral cooperation and possible activities under the Programme bilateral fund; thus none of programme level bilateral activity took place. The elaborated plan on the use of bilateral fund as set forth in section 2.1(1) of Annex I to the Programme Agreement was not prepared yet. The risk of not using bilateral funds in full by the eligibility deadline remains high.

Achievements in strengthening bilateral ties on project level determined that all planned programme bilateral indicators are already reached, i.e. partnership agreement in beneficiary public sector signed, project with expected shared results is under implementation and women was also involved in exchange visits between beneficiary and donors state.

LT12 Programme Bilateral activities plan for 2017 is provided in Annex 3 to this report.

LT13 Efficiency, quality and transparency in Lithuanian courts

Programme LT13 consists of only three pre-defined projects, the same Project Promoter. Almost 73% of the project funds were disbursed to the projects by the end of 2016.

Progress in achieving Programme outcomes and outputs was reached. 1 more output, in addition to those 3 outputs and 2 outcomes already reported in 2015, was achieved by the end of the reporting period, i.e. 335 audio recording equipment sets were installed in courts. Although the third outcome custom indicator related to improvement of efficiency of the court systems, including the development of systems for case handling was not reached; considerable progress towards achievement of this outcome was made during the reporting period. LITEKO’s operational issues have been resolved: system speed problems were solved and business processes optimised, new functionalities have been added, enabling users to effectively manage and publish data on the proceedings thus keeping all interested parties informed about progress therein. Moreover LITEKO’s integration with over 10 information systems (ISs) and registers of other institutions has been established or upgraded for more effective data exchange and over 600 of members of staff in Lithuanian courts have been trained to work with the upgraded LITEKO.

Although all 3 projects implemented under the Programme could be recognized as good practice and success stories, the project “Witnesses and Crime Victim’s Support and Security in Courts” could be recognized as the most visible and showing the best benefits of cooperation. Though this project is not completed yet, a lot of good work has already been done, i.e. judges and court staff are trained to provide psychological support for crime victims and witnesses and to ensure their security in courts; via delivered special informational leaflets and methodological manuals the society and interested parties were informed about the rights of the parties of the court process and the psychological help that could be given to them (with a special focus on vulnerable groups). Moreover, after completing a significant number of the project activities, having coherence with horizontal concerns, completing the research on the special needs of crime victims and witnesses, also after exchange of a good practice with Norway and the U.K., special assistants – volunteers, were established and were trained to provide informational support to crime victims and witnesses in 9 courts. Also, the security level in courts was significantly increased: special fences in courtrooms to separate the accused persons, panic/alarm bottoms for the effective transmission of alarm signals to the police, video surveillance cameras, and entry control systems have been installed/ or started to be installed. Finally, the exchange of good practice and experience with other countries has made a huge positive impact on the

overall understanding of the importance of the psychological support to witnesses and other actors of process to the quality of their testimony and to the effectiveness of the process.

There is no any risk that could hinder the achievement of all planned programme outcomes on a full extent.

The programme has greatly progressed towards the goal of strengthening bilateral relations. During the reporting period 7 CC meetings and 5 bilateral cooperation activities were organized. All the Bilateral activities were initiated, evaluated and implemented in close cooperation not only between PO and DPP, but also between Lithuanian and Norwegian courts. All activities were directly focused on strengthening the results of the projects. Courts representatives of both countries had opportunity to improve knowledge on each other's' countries/systems and on a number of other different topics. One bilateral activity – an international conference *'Development of witnesses and crime victims support network in courts of Lithuania'*, which proved to be extremely successful and very much needed, was followed by two sub-activities - 500 units of manual for volunteers "Volunteer's Guide: How to provide support for victims and witnesses" and 20 000 copies of leaflets on volunteers' service "Volunteer Service in Court: Assistance When Needed" were published. The purpose of the manual and the leaflets was to provide needed knowledge on volunteering in courts. By the end of reporting period, more than 80% of the Programme bilateral fund was already used.

LT13 Programme Bilateral activities plan for 2017 is provided in Annex 3 to this report.

LT14 Correctional Services, including Non-custodial Sanctions

By the end of the reporting period 3 projects (1open call and 2 pre-defined) were completed and the remaining 3 were still in actual implementation stage. Almost 67% of the project funds were disbursed to the projects.

Project contracts were signed almost at the same time; however the results achieved varied from project to project. Programme outcome related to improved competences of both inmates and prison staff was fully achieved by the end of the reporting period. No extension was needed to Mediation project; it was fully completed in April 2016. The results achieved under this project contributed to the achievement of programme outcome *'Increased application of alternative to prison'* on a large scale. Significant progress was made in achievement of programme outcome *'Increased focus on vulnerable groups in prison'*; all 3 programme outputs as well as their indicators were achieved or even exceeded planned target, 1 outcome custom indicator achieved by 100% and the other one by 63%. The achieved outcomes materialized into qualitative health care services in the opened and operational Prison Hospital, rehabilitation services and activities for inmates willing to get rid of addictions in the newly established sector, adequate assistant and support in the opened half-way house. There is no any risk that could hinder the achievement of 3out of 4 planned programme outcomes on a full extent.

A risk of non-completion of 1 out of 5 pre-defined projects until the deadline was relevant and identified as high. Therefore the scope of achievement of the remaining outcome depends on further decisions to be taken in respect of 1st pre-defined project. Project budget amounts to almost 30% of total programme allocations and share of the achievements contributing to the programme outcome significantly higher under this project compared to other the same outcome related projects. This project was subject to administrative appeal and judicial procedures with suspensory effects almost for 11 month (from 4 April 2016 to 28 February 2017). No activities could be carried out under the project despite the fact that extension according to Article 7.14.4 of the Regulation was granted to the project. Due to suspension of the projects activities situation in other penitentiary institutions became rather critical; the inmates from the prison buildings to be reconstructed were displaced there, thus limiting living space of other inmates to far below the standards set. A number of claims referring to inappropriate living conditions were already received by respective administrative bodies.

Considering that Lithuanian Supreme Court with its final and non-appealable decision of 28 February 2017 refused the cassation appeal as ungrounded, no any legal barrier remained for completion of project's activities. However the time period of 2 month was too short to complete reconstruction works in 3 buildings, thus PO and the NFP approached the Donors for exceptional extension of expenditure eligibility

period following Article 7.14.5 of the Regulation. Donors took into account the exceptional circumstances affecting the project and granted Lithuania with a unique possibility to finalise project activities.

During the reporting period positive effect and results in bilateral cooperation were achieved. Beside the significant movement towards the achievement of most bilateral outcomes, it is very likely that established partnerships will have a long-term effect and the cooperation will extend beyond the current bilateral projects areas. The efficient partnership and cooperation between the PO and the DPP contributes to the strengthening of the bilateral relations at strategic level. PO and DPP participated in 6th Plenary meeting of the Council for Penological Cooperation where shared experience and discussed problems of the prisons and probation services facing radicalisation and violent extremism. Partners from Norway support and contribution towards overcoming challenges in 1st pre-defined project brought even more added value to the partnership established.

In total, 50% of the bilateral fund had been used by the end of the reporting period. Programme bilateral fund will be further used for co-operation of pre-defined project promoters and entities from Norway and for development of the strategic level cooperation; the idea of expanding the possible applicants' eligibility was not considered by the PO yet. Taking into account the amount still available under the BF and only a year left for the implementation, the programme is exposed to risk of failure to build up partnerships and carry out bilateral activities.

LT14 Programme Bilateral activities plan for 2017 is provided in Annex 3 to this report.

LT22 Fund for Decent Work and Tripartite Dialogue

Programme LT22 is directly operated by the agency "Innovation Norway" appointed by the donors. Implementation of all 6 approved projects (allocated EUR 504.434) from Lithuania was successfully completed by the end of 2015 (4 projects implemented by trade unions, 2 by employers organisations, 3 projects with Norwegian partners). The projects' results have contributed to improved Social Dialogue processes, but mainly at local level where tripartite structures have been revitalised in areas where the organisations were active due to the size.

4. MANAGEMENT AND IMPLEMENTATION

4.1 Management and control systems

MCS set-up and national legal acts for Grants implementation. The institutional set-up MCS and functions and responsibilities of the central management authorities (NFP, CA, PA, IrRA, AA), POs and CPMA were established back in 2012. Most of the legal acts establishing unified requirements and procedures for management and implementation of programmes and projects, including the Technical assistance and administration of NBF, were approved by respective orders of the Minister of Finance in 2013. In the course of 2016 the legal acts were amended taking into account further development of the MCS, clarification and/or amendment of the Regulation requirements and to upgrade requirements which were not functioning in practice. Major part of the amendment related to financial corrections to be applied as a result of the irregularity established, i.e. more detailed and much clear financial corrections administration procedure was introduced on 15 June 2016 by the Minister of Finance order No 1K-249.

Based on the set general unified requirements the NFP, POs and the CPMA were further developing their internal work procedures. Structural changes introduced or additional units involved into administration and implementation of the programmes in some POs institutions and (or) the CPMA during 2016 as well as implementation of the remaining recommendations provided in the Audit Report on the MCS 2nd stage and Audit Report on efficient functioning of the MCS at programme level as well as eligibility of selected programmes management costs and expenditure under the projects are/were reflected in the relevant internal documentation. The follow up actions taken regarding implementation of the remaining and new recommendations is provided in Annex 4 of this report. Information on audits performed during the reporting period is provided in Section 4.3.

IT system for grants management (SFMIS). Creation of the IT system for the administration, management and control of the Financial Mechanisms was completed and fully functioning from September

2016. Development of the IT system was set in a manner to create the IT system functionalities taking into account the specificity of deferent project administration cycles and process went through 4 stages, i.e. starting from submission of project applications and making payments to projects module, data exchange website and declaration of expenditure module, control module and finalizing with data analysis module. Created IT tool allowed to relieve the administrative burden imposed by very complex grant administration system and to reduce to a minimum chance of human error as well as intentional malpractices.

4.2 Compliance with EU legislation, national legislation and the MoU

Regarding the related EU legislation, appropriate provisions of national legal acts on the implementation of the Financial Mechanisms and programme implementation agreements are set in a manner to secure that all involved actors must comply with applicable EU policy requirements including but not limited to state aid, environmental directives and public procurements.

All programmes are being implemented in compliance with the MoU, Regulation, national legal acts, as well as relevant national and sectorial strategies.

Apart from the exception on general payment model which was agreed with the Donors and described in the description of the MSC (1st stage), the implementation system of the EEA Grants in Lithuania is in line with the Regulation and the MoU. As a slight deviation from paragraph 2 of Article 4.8 of the Regulation could be identified – due to very specific set-up in Lithuania, the NFP prepared a single detailed description of the MCS 2nd stage covering all the programmes.

Taking into account close interrelations between objectives and requirements for effective and efficient management of the Grants and the ESIF and welcoming the European Commission's aim to avoid unnecessary administrative burden, the MoF assessed the possibilities for elimination of excess administrative steps, standardisation of management processes also application of unified performance practises. As a result of such assessment, the NFP on 24 February 2017 requested the Donors to accept the changes in the institutional set-up of the MCS in Lithuania. The requested change is a subject to amendment of the Annex A to the MoU.

4.3 Irregularities

In compliance with the MoU and established MCS the National Fund Department of the Ministry of Finance is designated as national authority responsible for reporting on irregularities (IrRA). Following the definition of irregularities set forth in Article 11.2 of the Regulation, IrRA submitted to the FMO the Report on new suspected irregularity under Programme LT14 within the terms indicated in the Regulation. The pre-defined project was subject to administrative appeal and judicial procedures with suspensory effects from 4 April 2016 to 28 February 2017. After Lithuanian Supreme Court with its final and non-appealable decision refused the cassation appeal as ungrounded, the irregularity case shall be closed. More detailed information on the suspected irregularity case giving the nature and description of the irregularity is provided in Annex 5 to this report

In addition, in 2016 there were 8 minor irregularities detected under the projects. All of them fall under the provisions of Item 1(b) and 1(c) of Article 11.7 of the Regulation, thus, the information about these irregularities will be submitted to the FMO upon request.

4.4 Audit, monitoring, review and evaluation

The NFP, via hiring an external expertise, performed a mid-term evaluation on the implementation of the Norway Grants in Lithuania. Analysis, insights and recommendations provided by external experts were found very valuable for improving and optimising administration, management and control processes, identifying relevance, coherence, effectiveness and sufficiency of interventions chosen, good practice examples as well as Programmes' contribution towards the common goals of the Grants for current period and possible future investments. The NFP, also, having its overall responsibility for reaching the objectives of the mechanisms carried out regular day-to-day monitoring of the programmes throughout year 2016.

AA, in compliance to the Audit Strategy for EEA and Norway Grants 2009-2014 and annual audit plan for 2016, carried out audits to verify the efficient functioning of the MCS at programme level as well as

eligibility of selected programmes management costs and expenditure under the projects. The task was performed by an external audit company contracted via procurement procedure. During the period between mid July 2016 and February 2017 Programmes LT01, LT09 and LT12 were audited. The Audit Report stated that notwithstanding some recommended improvements to internal procedures of the NFP (LT01), POs (LT09, LT12) and CPMA and/or minor corrections to the legal acts, established MCS is functioning efficiently and the expenditure incurred under the selected programmes and projects is justified and eligible for financing. In total 13 recommendations were proposed. Progress on implementation of the provided recommendations will be reported in the next Strategic Report.

In May 2016 the National Fund Department of the Ministry of Finance performing the functions of the CA and IrRA carried out on-the-spot check in the CPMA, i.e. checked the eligibility of costs that may be declared and/or are declared to the FMO incurred in 2 projects under Programmes LT12 and LT14. After verification of the sample costs included in the sample payment requests of the aforementioned projects, no inadequacies of procedures and ineligible costs were identified. While implementing recommendation provided by the CA/IrRA back in 2015, the CPMA took appropriate decision and introduced necessary amendments for the improvement of payment request and expenditure validation procedures into Procedures Manual on 14 June 2016.

In addition, within the monitoring actions at programme level, a meeting of the Monitoring Committee took place on 7 April 2016; status of implementation of the Financial Mechanisms was discussed and opinion in respect of the Strategic Reports for year 2015 expressed.

4.5 Information and publicity

As the implementation period of all programmes under the Norwegian Financial Mechanism was extended, year 2016 was the last year of the second stage of implementation of Communication Strategy which was approved on 14 November 2012.

Qualitative analysis of media coverage was carried out during 2016 on regular basis. 619 reports (5 % more than in 2015) related to the EEA and Norwegian Financial Mechanisms were captured during January-December 2016. Majority of the reports were published in April (113), August (123) and September (144), the fewest (22) – in March. As in 2015, the EEA and Norwegian Financial Mechanisms were mentioned most often and accounted for 77.3% of all keyword hits related with Norway grants. Keyword hits of ‘Correctional Services, Including Non-custodial Sanctions’ programme with 10.5% and programme ‘The Public Health Initiatives’ with 4.0% were mentioned most often among programmes, financed from Norwegian Financial Mechanism. The rest of programmes were less visible in the Lithuanian mass media (varying from 3.4% to 0%). As distinct from 2015, the positive publicity was dominating the communication flow and accounted for 83.4% of all keyword about Norway grants mentions. Neutral mentions accounted for 16.6% of publicity, and there were no negative hits.

During the third year of existence of the joint EEA and Norway Grants website, 17833 visitors have visited new website (11.1% more than in 2015), 46.1% of them were returning visitors and 53.3% were new visitors. Medium-term of session duration was 2 minutes and 35 seconds (5.54 pages per session). Also it is important to note that in 2016, the bounce rate of the website was 2.66% (4.6 times less than in 2015) so this means that almost all of the website visitors were targeted and came to the website with the purpose. The most visited EEA Grants programmes were ‘Green Industry Innovation’ and ‘The Strengthening Skills and the Institutional Cooperation between the State, Recipient of the Support, and Norway’s Public Institutions, Local and Regional Governments’.

Facebook account for promotion of EEA and Norway Grants among the young people was launched in the beginning of 2015. Since then, the account has 371 followers. Through the Facebook account all the news about the programmes and projects and their results are spread. During 2016, 131 posts about the implementation of EEA and Norway Grants in Lithuania were launched and it reached 23646 Facebook users.

Also, during 2016, 9 electronic newsletters about the implementation of EEA and Norway Grants in Lithuania were prepared and spread among the ministries, municipalities, project promoters and other

institutions with a purpose to promote the results and good work done while implementing the programmes and projects.

The communication strategy needs adjusting regarding the time plan. It was planned to have closing event in the second half of 2016, but due to programmes extension, it will be organized in the second half of 2017.

The intensity of publicity and information activities at programme level varied. During 2016, the most actively engaged in publicity activities were POs of LT13 and LT14. Po of LT14 programme organised a lot of TV and radio reportages, also released a lot of articles in national and regional newspapers to promote their programme, benefits and good results of the projects. Their efforts were not for nothing. They managed to mitigate the negative public opinion on the activities implemented under the programme. PO of programme LT13 was very active in organizing very successful international conferences and in writing articles about the good results. Their publicity activities were oriented on the good results achieved and the good practice and experience shared and gained. POs of programmes LT09 and LT11 were also active in promoting their programmes and projects, especially in the joint website of the Grants (LT09 – 17 articles published, LT11- 19 articles published). The least attention to publicity activities was given from the PO of LT10 and LT12 programme. There were no publicity activities used to promote LT12 programme during year 2016 and to promote LT10 programme PO organized only 1 conference and published only a few articles in the joint website of the Grants.

The NFP make every effort to ensure proper communication and cooperation between all institutions involved in implementation of EEA Financial Mechanism. The NFP organized several meetings with POs, CPMA, Norwegian Embassy in Lithuania and etc. to discuss the progress made in implementation of information and publicity measures, usage of programme bilateral funds, the operational challenges, the best practise gained and the opportunities and tools for cooperation in joint activities.

4.6 Work plan

Task	Planned implementation deadline	Responsible institution(s)
<i>Management and control system</i>		
Monitoring Committee meeting	April 2017	NFP
<i>Implementation of the National Bilateral Fund</i>		
Launching of the open call under NBF	May 2017	NFP
<i>Audit, monitoring, review and evaluation</i>		
Public procurement of services for final evaluation on the implementation of the Norway Grants in Lithuania	2 nd half 2017	NFP
Procurement of the external audit services for the verification of the eligibility of declared expenditure and final audits of Programmes LT09, LT10, LT11, LT12, LT13, LT14	3Q 2017	AA
Audits of the selected projects under Programme LT10	3Q-4Q 2017	AA
<i>Communication and Publicity</i>		
Programme closing events		POs
Programme LT09	October 2017	
Programmes LT10 and LT12	October/November 2017	
Programme LT11	September/October 2017	
Programme LT13	April 2017	
Programme LT14	QIV	
Grants closing event	September/October 2017	NFP
Analysis of media coverage	July 2017	NFP(through outsourced service provider)

Outdoor advertising of the of the Norway Grants in Lithuania	September/October 2017	NFP (through outsourced service provider)
Survey of public awareness about the Grants	4Q 2017	NFP (through outsourced service provider)
Provision of relevant information on the joint website	throughout 2017	NFP, POs, CPMA
Other communication activities (electronic newsletter, Facebook account, information publication about the programmes)	1Q-4Q 2017	NFP

5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

During 2016 implementation of programmes progressed significantly in both financial performance and in attainment of planned results. Despite the advancement varies from programme to programme, considerable progress is visible in all of them whereas all projects were contracted, major activities of projects were accomplished and number of projects was already fully completed. Moreover, significant or even full achievement of programme outputs and outcomes target values was reported.

Previous reported strategic risk of non-completion of the projects in time and thus non-achievement of agreed cohesion and bilateral objective was minimised by very welcomed decision of donors to grant project eligibility extension up to 1 year way back in 2015. Number of projects used this opportunity not only to complete fully planned activities but also in order to reach better quality results and use any saving. LT14 programme, which faced operational delays due to legal dispute, make immense attempts to successfully cope with the time risk for successful completion of projects in time and to achieve qualitative results settled.

Bilateral cooperation at all levels was rather intensive and most of the programmes already progressed towards the achievement of set bilateral indicators. Additional time for implementation of projects also provided a chance for the better quality of bilateral co-operation. LT14 programme bilateral funds would be ensured if funds made available to other entities of relevant sector in addition to project promoters, but respective PO decision and measures taken needed. Better exploitation of possibilities under LT10 and LT12 programme bilateral funds would be ensured if PO made more considerable efforts to set up operative platform of usage of bilateral fund for stakeholders to benefit from and create preconditions for better absorption of bilateral fund available in parallel, the PO are encouraged to make relevant decisions as soon as possible. PO of LT10 and LT12 programmes should provide adequate administrative recourses to finalise, co-ordinate with donors and approve relevant plans and documentation.

Due to system complexity, variety and big number of actors, also different cultures, national legal and accounting requirements practices, some issues in communication and mutual understanding seeking common best decisions arouse in some cases at programme or project level. These risks are being reduced by constant dialogue and information exchange between FMO, NFP, POs, DPPs and CPMA.

6 ATTACHMENTS TO THE STRATEGIC REPORT

- Annex 1 List of applications received and projects selected/contracted
- Annex 2 List of donor partnership projects at programme level
- Annex 3 Bilateral activities plan for 2017
- Annex 4 Follow up of MCS assessment
- Annex 5 List of irregularities at Programme/projects level
- Annex 6 Risk assessment at the national level
- Annex 7 Risk assessment of the programme
- Annex 8 Implementation of the Technical Assistance