



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

Final Strategic Report

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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 |
| EEA | European Economic Area |
| FMC | Financial Mechanism Committee |
| FMO | Financial Mechanism Office |
| GDP | Gross Domestic Product |
| GHG | Greenhouse Gas |
| Grants | European Economic Area and Norway Grants 2009-2014 |
| ESIF | European Structural and Investment Funds |
| ETS | Emissions Trading System |
| IrRA | Irregularity Reporting Authority |
| IS | Information System |
| NBF | National Bilateral Fund |
| NFP | National Focal Point |
| NDP | National Development Programme |
| NRA | National Reform Agenda |
| 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 |
| PIA | Programme Implementation 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 |
| YFHCS | Youth-Friendly Health Care Service |

1 EXECUTIVE SUMMARY

Norway Grants 2009-2014 programmes, implemented in Lithuania since 2012, were highly relevant in terms of both National long-term and sectoral development strategies, most pronounced needs of target groups in selected areas not covered by other financial sources, also the need to comply with the country's international commitments or uphold international standards. With highlight to bilateral cooperation element with institutions from Donor Country, successfully finalised programmes and achieved results in human and social development, judicial and home affairs, green innovations areas led to more consistent social and economic development of Lithuania thus contributed 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.

The main aim of the LT09 programme was to encourage businesses and public institutions to change their approach to environmental and green principles in business. The programme aimed at demonstrating that a responsible approach to environmental protection should be part of corporate social responsibility with the view of preserving the environment, while maintaining and increasing economic efficiency. This was achieved at micro level. The programme was implemented as a pilot programme designed to pilot green innovation and gain experience in promoting green innovation in business.

The LT10 programme was aimed at increasing the effectiveness of regional policy. It was achieved through institutional capacity building, by developing human resources and developing and improving tools and systems. That being said, the risk of insufficient application and realisation of the results reduced the benefits of the programme. The programme has paved the way for bottom-up administrative capacity building initiatives in specific areas relevant to specific regions.

The overall aim of the LT11 programme was to improve the efficiency of health care services (mainly preventive measures for children and youth) by contributing to the improvement of the health of the target group (children and young people) and the reduction of inequalities in health in the long run. The implementation of the programme was effective. One third of the total number of health offices in Lithuanian pre-school or general education institutions was modernised. The model of health care services for young people (YFHCSs) was implemented in some Lithuanian municipalities. The internationally recognised model is one of the best public health projects supported by the Financial Mechanisms. In some municipalities, modernised health offices and the YFHCS model have improved the implementation of preventive health measures and access to services for children and young people.

The LT12 programme was aimed at increasing public security through the improved efficiency of cooperation between law enforcement institutions of the Schengen Member States and at combating organised crime, including human trafficking, more effectively. The new equipment and information systems purchased using the programme's support have allowed officers to collect information about persons of interest more quickly, perform different kinds of analysis in an easier and more qualitative manner and improve the quality of their performance.

The LT13 programme was implemented in the area of justice and aimed at making the judicial system more impartial and more efficient. It was the largest source of funding for changes in the court system in 2013-2017, and its impact is widely felt in the Lithuanian legal system. There is already evidence that the fully developed courts IS and modern equipment installed in all courtrooms have contributed to faster examination of cases. If it continues to be increasingly used, judicial mediation in civil matters will help to cut the workload of the judicial system and save public resources.

The LT14 programme aimed at promoting innovation in the Lithuanian penal system. It is particularly important that the programme has contributed to the development of resocialisation in the Lithuanian penal system, provided implicit support to the improvement of the competence of prison staff (more than half of the prison staff participated in training activities) and promoted alternatives to prison. The Grants have been the largest source of change in the Lithuanian penal system in recent years. The introduction of new practices, renovated premises and new facilities related to the resocialisation of convicts encourage the

Programme Operator to apply the new practices in other Lithuanian correctional facilities that did not receive support in this financial period. Investment in the training of prison staff is also a major driver of change in the attitude about the penal system in Lithuania.

The bilateral cooperation at programme and project level with some exceptions were rather extensive. 4 out of 6 Norwegian Mechanism programmes, operated by Lithuanian authorities, were developed and implemented with Donor Programme Partners. In total about 51% of projects financed from all 7 programmes were implemented with partner(s) from Norway. In addition, programme level bilateral funds constituted a significant source of financing for search and development of partnerships also networking and experience-sharing initiatives. As a result, bilateral cooperation significantly reinforced mutual understanding, institutional and professional cooperation (not only between Lithuania and Norway but also with other Beneficiary Countries). Cooperation activities also made it possible to learn more about different practices and organisation of systems in respective policy areas in Donor Country (and Lithuania) and materialized into a number of new technologies, products and services to be used for better performance in Lithuania. Some Programme Operators and number of project partners continue or plan to continue further cooperation even outside the Grants programmes. In addition, co-operation resulted in wider effects via strengthen knowledge and technical competences that could be applied and provide benefits to organisations in broader context. Some examples of excellent shared results: created programmes for Lithuanian start-ups and a feasibility study on the development of Lithuanian bio-economy and Lithuanian-Norway relations in this area; the national road safety promotion model used in the partner's country has been adapted to Lithuania at local level, creating an inter-institutional model for the education of children and young people in Kaunas, unique health prevention training programmes based on cognitive behavioural principles; introduction of volunteers to the courts, pilot project on judicial meditation; adaptation of the model of halfway houses in Lithuania, methodology and training programmes for the retraining of prison staff through a re-socialisation-based model.

The most prominent risk for achieving planed results and benefits was time left for implementation of the projects due to initial delays in programme implementation, rather complex management system, lack of human resources and expertise, Very intensive progress in 2016-2017 also due to Donor' flexibility and decision to extent projects eligibility deadline – all programmes were successfully implemented with high absorption rate (about 93%).

Not clear or different visions for objectives, implementation and benefits of the partnership, different expectations, different legal, management and operating practices were main factors hindering bilateral cooperation. The crucial factor for making rather complex system functioning smoother and more effectively was open and constructive communication and co-operation between responsible national authorities, Donor Project Partners and Financial Mechanism Office.

2 ASSESSMENT OF THE EFFECT OF THE GRANTS

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 (NRA) 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 context, challenges and potentials. Accession to the euro area (2015) and becoming a member of the Organization for Economic Co-operation and Development (OECD) (2018) confirms Lithuania's commitment to sound and sustainable economic policies. As observed in the Country Report 2018⁴, Lithuania is experiencing a strong economic upswing and is using this opportunity to make growth more inclusive. It has implemented reforms in some key policy areas, like labour relations and pensions, and started taking steps towards strengthening the social safety nets and reforming the education sector. However, high income inequality and poverty remain a major challenge. A strong labour market is underpinning consumption and economic growth but at the same time labour shortages are raising concerns about the sustainability of public finances and economic growth in the long-term perspective. Demographic trends are negative due to strong emigration, and are aggravated by poor health outcomes. In this context, achieving inclusive growth, raising investment, especially in human capital, and boosting productivity and labour supply remain key challenges for Lithuania.

The activity and the employment rates have been steadily increasing since the crisis and are both above the EU average (see Chart No. 1). The employment rate stands at 75.7 % in the third quarter of 2017. Youth unemployment has more than halved from its peak of 35.7 % in 2010, and came to 13.2 % in 2017, significantly below the EU average of 16.8 %⁵. These improvements mainly are because of a fall in the working age population and high and sustained net emigration⁶. 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. Given the demographic challenges, continued good performance depends on improving participation of disadvantaged

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>

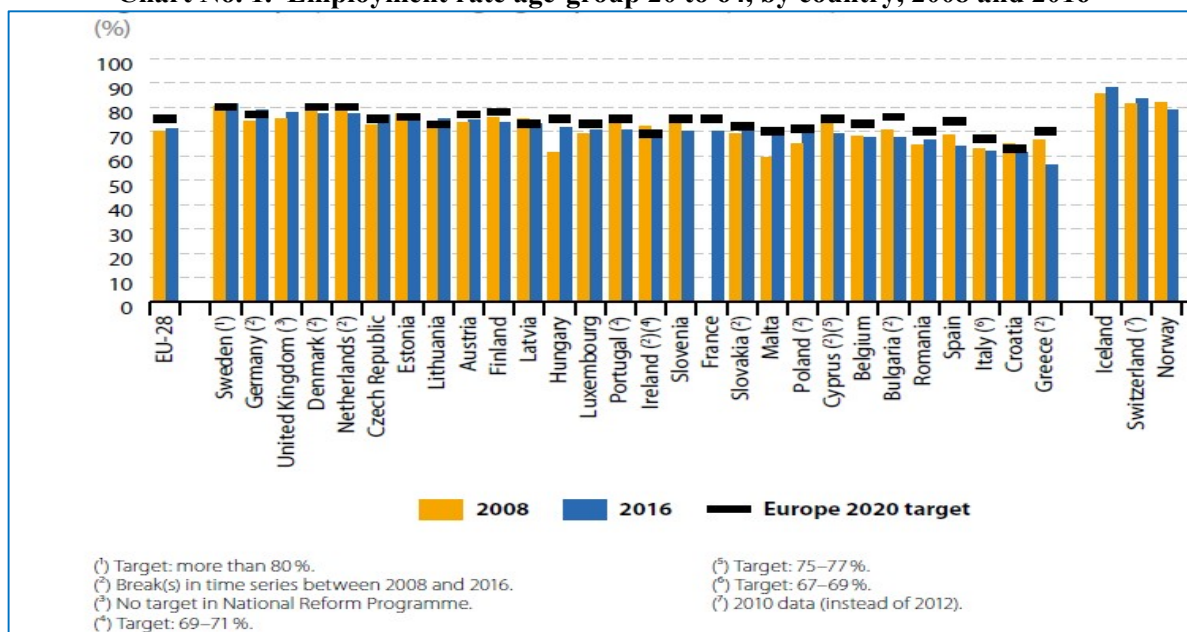
⁴ Commission staff working document, Country Report Lithuania 2018.

⁵ Commission staff working document, Country Report Lithuania 2018.

⁶ <http://www.oecd.org/els/emp/ppt-of-review-of-Labour-Market-and-Social-Policies-Lithuania.pdf>

groups, in particular those who do not have relevant skills or have other difficulties integrating in the labour market.

Chart No. 1. Employment rate age-group 20 to 64, by country, 2008 and 2016



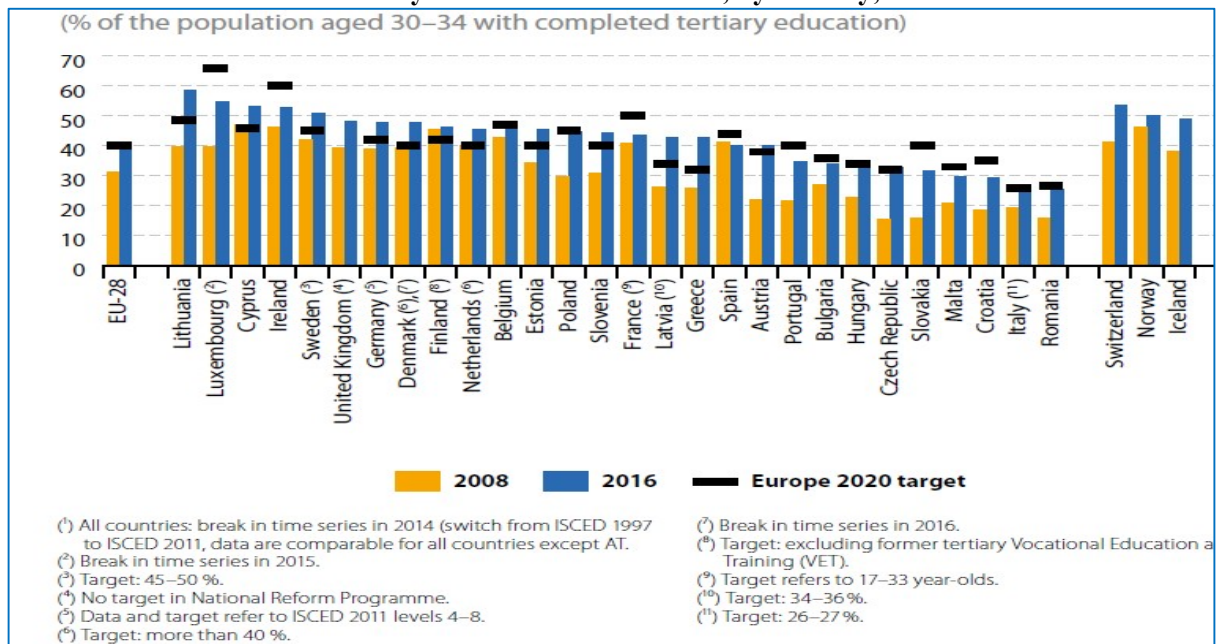
Source: <http://ec.europa.eu/eurostat/documents/3217494/8113874/KS-EZ-17-001-EN-N.pdf/c810af1c-0980-4a3b-bfdd-f6aa4d8a004e>

While starting from a relatively low level in the EU context, still wages are rising in Lithuania. The average gross monthly earnings in 2016 increased by 7.9% up from 2015 and the minimum monthly wage has increased significantly. However, wage gaps with other European countries are closing too slowly to suggest that emigration will decline soon. Income inequality is also very high and the poorest households have seen little improvement in their living standards over the last years. In 2016, the income of the richest 20 % of the population was 7.1 times higher than the poorest 20 %. Lithuania is considered as one of the most unequal Member States in the EU⁷.

To some extent, skills mismatches and labour shortages can be linked to emigration, unfavourable working conditions and demographic trends (including ageing), but they also underscore the need to improve the quality and labour market relevance of Lithuania's education system. Employees' knowledge and skills do not always match employers' needs, even though Lithuania has one of the largest shares of 30-34-year-olds with a degree in the EU (see Chart No. 2). In higher education, the number of teachers and programmes, as well as the overall infrastructure, have failed to adjust to a falling number of enrolled students, which decreased by 16 % between 2013 and 2016. Low salaries and limited opportunities for professional advancement make teaching unattractive.

⁷ <https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-lithuania-en.pdf>

Chart No. 2. Tertiary educational attainment, by country, 2008 and 2016



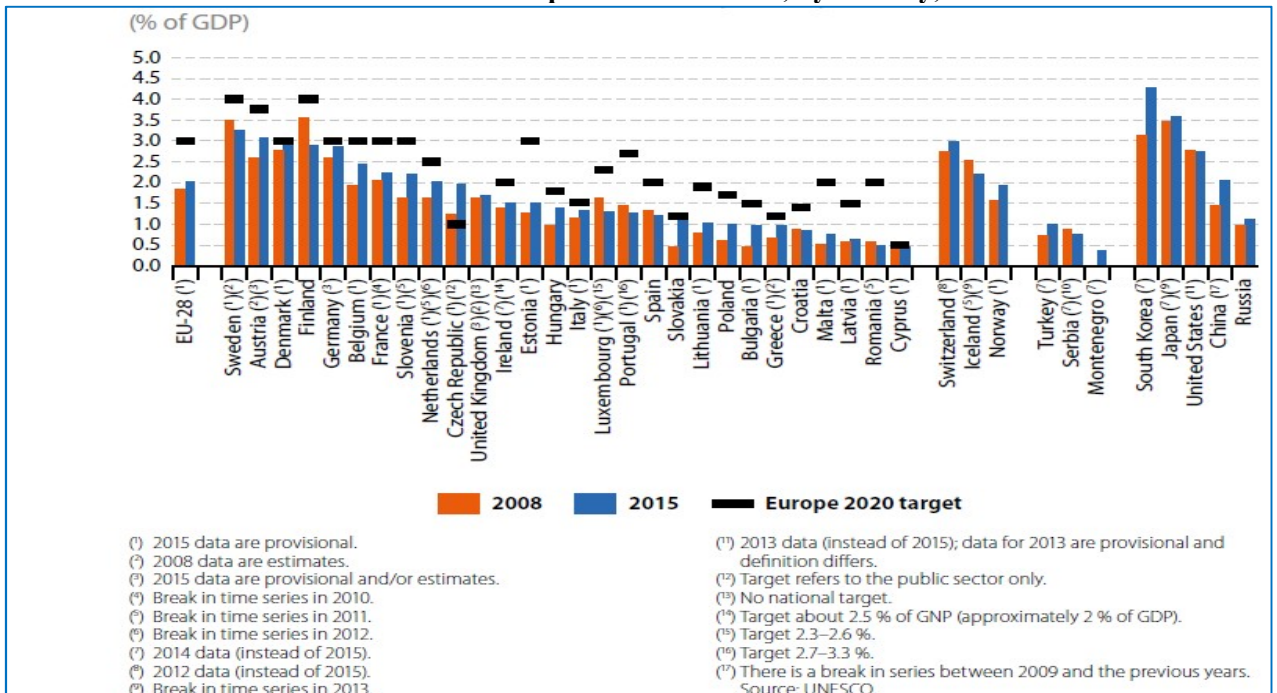
Source: Eurostat (<http://ec.europa.eu/eurostat/documents/3217494/8113874/KS-EZ-17-001-EN-N.pdf/c810af1c-0980-4a3b-bfdd-f6aa4d8a004e>)

Lithuania’s public expenditure on education, standing at 15.4 % of total general government expenditure in 2015, is above the EU average of 10.3 %⁸. However, high public investment in education is not reflected in the general education outcomes. Lithuanian 15 year-olds performed below the EU average according to Programme for International Student Assessment (PISA), and the number of pupils with low competences has increased since 2012. Reforms are under way to improve the attractiveness of the teaching profession as well as performance of whole higher education sector. However, efforts to increase the attractiveness of vocational education and training have had moderate effect.

The innovation environment improved significantly since 2010, especially in the areas related to the innovation in SMEs. However, significant challenges remain. In particular, the already low level of investment in R&D experienced a sharp fall in 2016. The governance of the innovation policy system remains fragmented at various levels, with multiple agencies and a variety of support schemes, including generous tax incentives which are still being underused. Fragmented coordination and governance of research and innovation policy lead to inefficiencies and prevent businesses from fully benefiting from the variety of support schemes. The on-going higher education reform is expected to address the low efficiency of the public R&D system and in this way increase public cooperation with businesses.

⁸ Commission staff working document, Country Report Lithuania 2018.

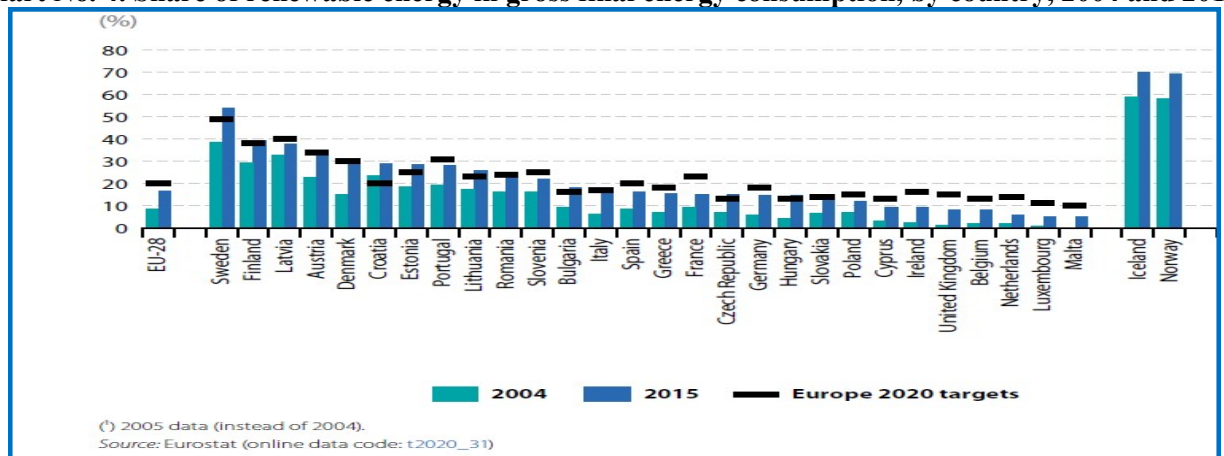
Chart No. 3 Gross domestic expenditure on R&D, by country, 2008 and 2015



Source: <http://ec.europa.eu/eurostat/documents>

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. 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.⁹ Lithuania's renewable energy share in gross final energy consumption was 25.6 % in 2016, above its 2020 target of 23 %. This good performance was driven mostly by the heating sector, where the share of renewables reached 46.5 %. The renewables share in electricity production reached 16.8 %. Lithuania is below the 2020 target of 10 % for renewable energy share in transport, with 3.6 % in 2016¹⁰.

Chart No. 4. Share of renewable energy in gross final energy consumption, by country, 2004 and 2015



Source: <http://ec.europa.eu/eurostat/documents>

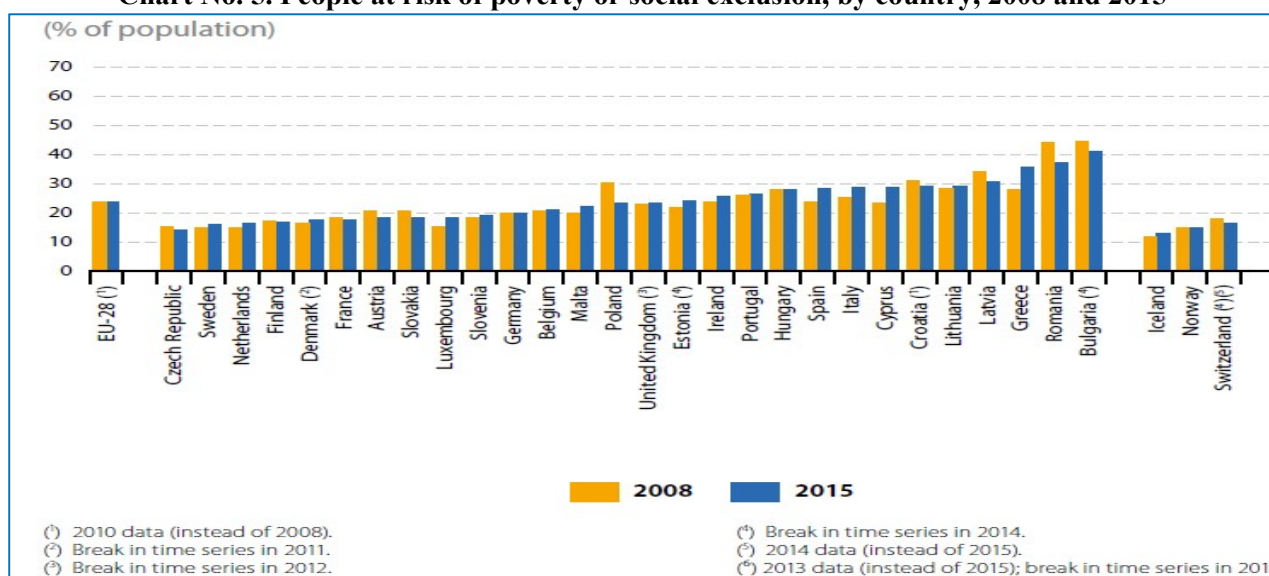
⁹ 2016 OECD economic assessment of Lithuania, 2016,

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

¹⁰ Commission staff working document, Country Report Lithuania 2018.

Despite the solid gains in employment and upturns in remuneration, structural challenges persist. Unfortunately, the economic and employment growth did not translate into poverty reduction either. Lithuania 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.¹¹ The at-risk-of-poverty or social exclusion rate is one of the highest in the EU (30.1 % in 2016, compared to 23.4 % EU average) with the unemployed, single parent households (mainly headed by women), the disabled and the elderly mostly affected. Reforms to increase monthly state supported income is underway. First step has already been made and assistance has been increased from EUR 102 to EUR 122 for the first time since 2008. Also, a universal child benefit scheme was introduced in 2018, allowing low-income earners to fully benefit from child support. The at-risk-of-poverty and social exclusion rate for children under 18 is significantly higher than the EU average (32.4 % compared to 26.4 % in 2016)¹².

Chart No. 5. People at risk of poverty or social exclusion, by country, 2008 and 2015



Source: <http://ec.europa.eu/eurostat/documents>

Summing up, in 2016, Lithuania had by far the highest share of 30 to 34 year olds with tertiary education in the EU (58.7 %) and exceeded its national target by 10 percentage points. In addition, its share of early leavers from education and training was almost half the EU rate and well below the 9 % national target. Notable progress has also been made on climate change and energy. By reducing its GHG emissions in non-ETS sectors by 9.9 % between 1990 and 2015, Lithuania has stayed well below its target to limit emission increases to 15 %. The country had also exceeded its renewable energy and primary energy consumption targets by 2015 for a second and fourth consecutive year, respectively. After a sharp drop in its employment level between 2008 and 2010, the rate climbed up again and in 2016 Lithuania surpassed its Europe 2020 goal by 2.4 percentage points. The country was also close to meeting its poverty reduction target by lifting around 857 000 people out of the risk of poverty and social exclusion between 2008 and 2015. In terms of R&D expenditure, a gap of 0.9 percentage point remains to be closed for the target of 1.9 % of GDP to be reached¹³.

¹¹ <http://www.oecd.org/eco/surveys/Lithuania-2016-overview.pdf>

¹² Commission staff working document, Country Report Lithuania 2018.

¹³ <http://ec.europa.eu/eurostat/documents>

Chart No. 6. Change since 2008 in relation to national targets (*)

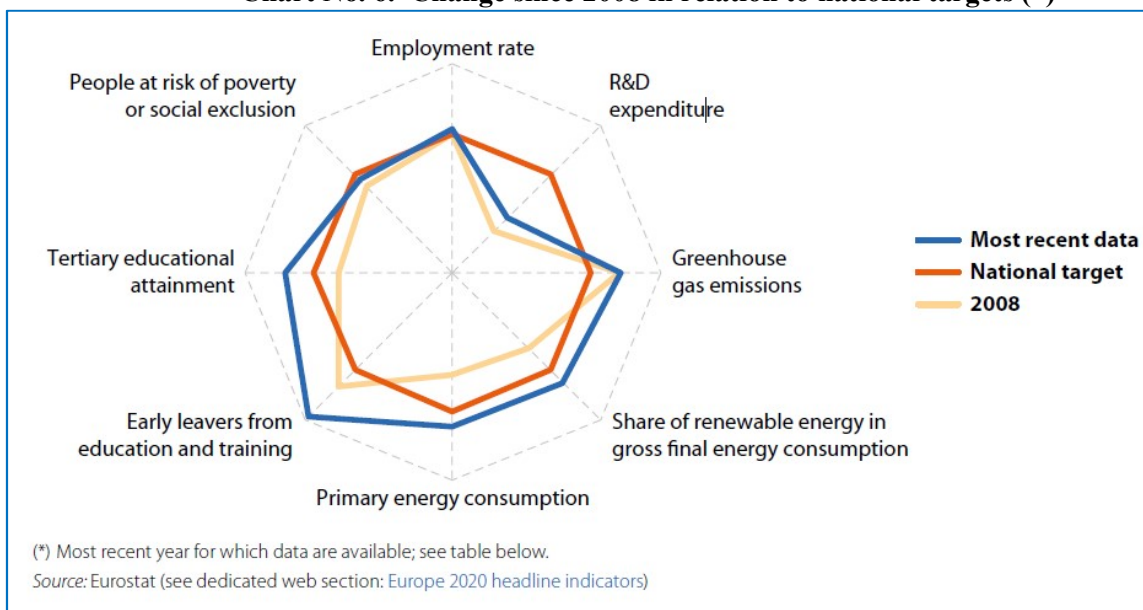


Table No. 1. National Europe 2020 indicators: most recent data and targets

| | Data | Year | Target |
|---|-----------|------|--------|
| Employment rate age group 20–64 (%) | 75.2 | 2016 | 72.8 |
| Gross domestic expenditure on R&D (% of GDP) | 1.04 (1) | 2015 | 1.9 |
| Greenhouse gas emissions in non-ETS sectors (% change since ESD base year) | - 9.9 (1) | 2015 | 15 |
| Share of renewable energy in gross final energy consumption (%) | 25.8 | 2015 | 23 |
| Primary energy consumption (million tonnes of oil equivalent) | 5.8 | 2015 | 6.5 |
| Early leavers from education and training (% of population aged 18–24) | 4.8 | 2016 | 9 (2) |
| Tertiary educational attainment (% of population aged 30–34) | 58.7 | 2016 | 48.7 |
| People at risk of poverty or social exclusion (thousands) | 857 | 2015 | 814 |

(1) Provisional data.
(2) National target: less than 9%.

Source: <http://ec.europa.eu/eurostat/documents/3217494/8113874/KS-EZ-17-001-EN-N.pdf/c810af1c-0980-4a3b-bfdd-f6aa4d8a004e>

Norway Grants contribution to the national social-economic cohesion development

In total 7 programmes in Human and Social Development¹⁴, Green Industry Innovations, Decent Work and Tripartite Dialogue and Justice and Home Affairs¹⁵ sectors (also Technical Assistance (TA) and National Bilateral Fund (NBF)) were financed from the Norway Grants 2009-2014:

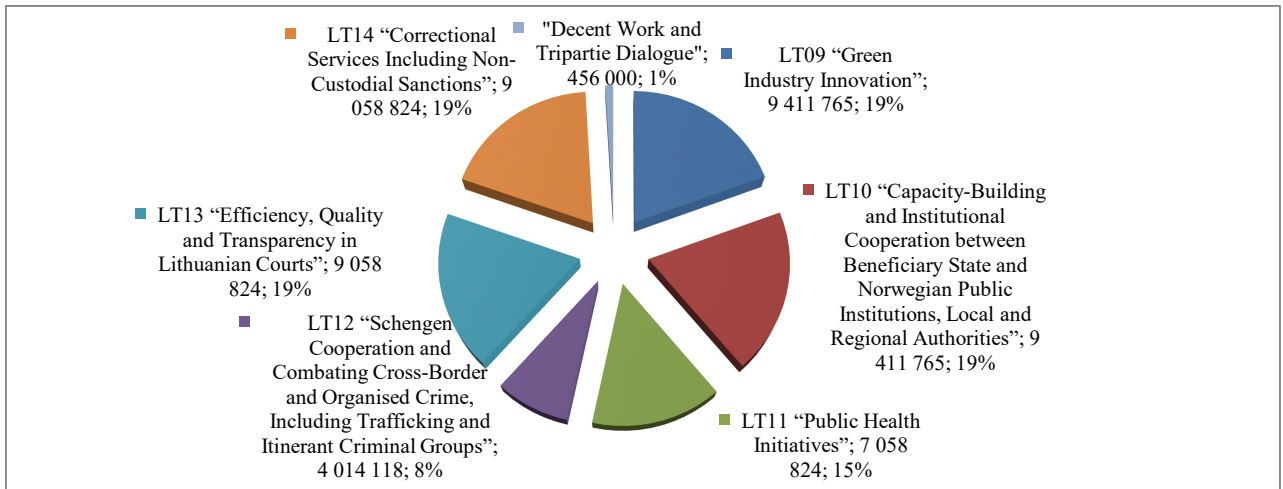
¹⁴ 2 programmes were financed in Human and Social Development sector:

- LT10 “Capacity-Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities”,
- LT11 “Public Health Initiatives”.

¹⁵ 3 programmes were financed in Justice and Home Affairs sector:

- LT12 “Schengen Cooperation and Combating Cross-Border and Organised Crime, Including Trafficking and Itinerant Criminal Groups”,
- LT13 “Efficiency, Quality and Transparency in Lithuanian Courts”,
- LT14 “Correctional Services Including Non-Custodial Sanctions”.

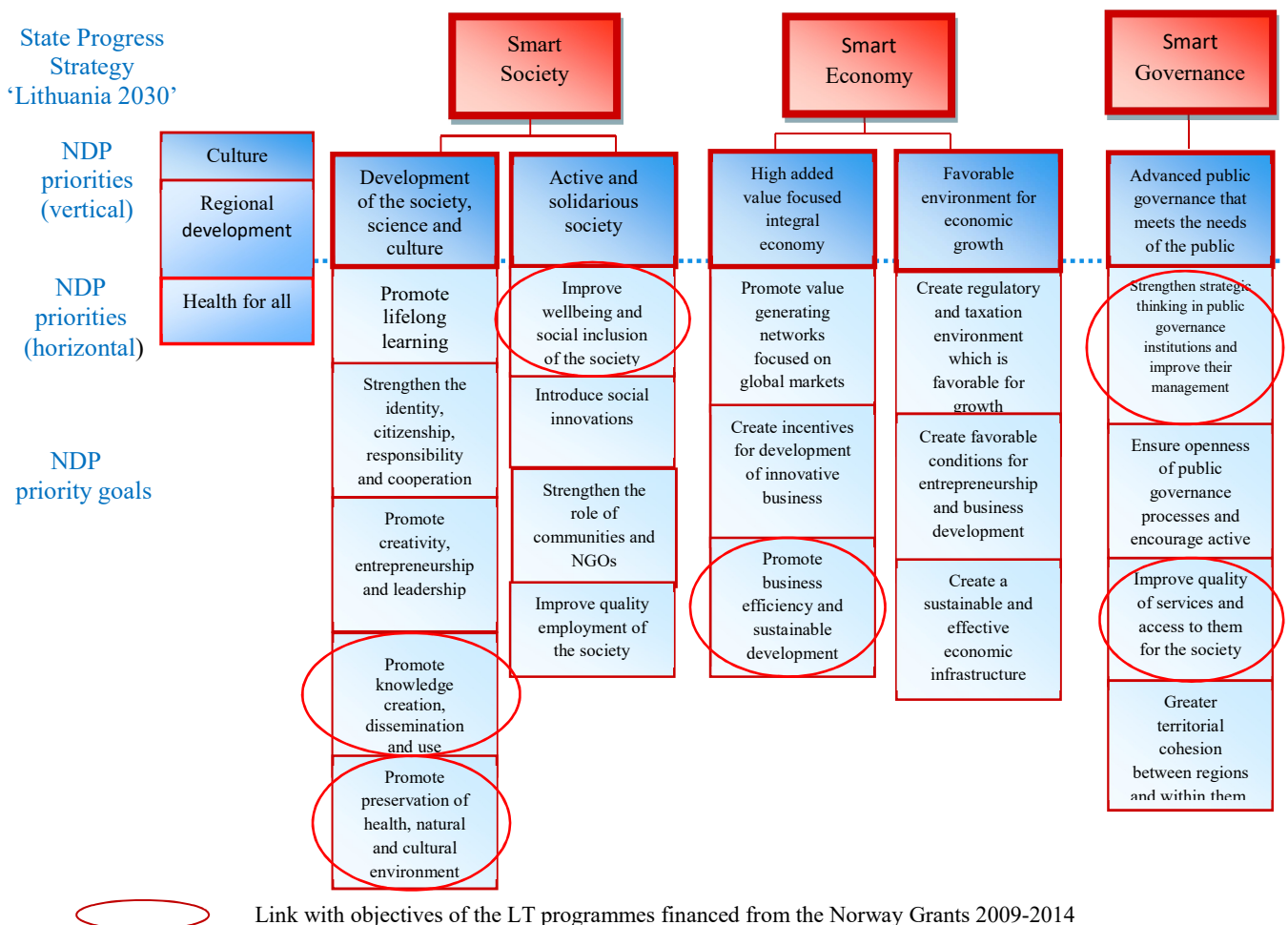
Chart No. 7. Norway Grants programmes (grant and national co-financing, Euros)



Source: MoU.

The funding from Norway Grants supplemented national budgetary allocations and EU funds and contributed to the above mentioned Lithuania's medium and long-term national development strategies as well as sectoral ones (see Chart No. 8).

Chart No. 8. Lithuania's Progress Strategy, Priorities, Goals and link with Norway Grants Programmes



The high relevance of the programmes financed from the Grants in terms of both national strategic agenda and the needs of the target groups, i.e. interventions of programmes fully corresponded to the directions for national strategic development and the needs of the target groups indicated in general and sectoral national strategic documents or the need to comply with the country's international commitments or uphold international standards was also concluded by external experts¹⁶.

It could be observed that due a big number of rather small financial scale programmes the investments of the Norway Grants were not sufficiently concentrated and therefore had limited prospect to produce substantial change at the national level. 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 were achieved in the selected sectors. The external experts¹⁷ concluded that programmes that were more concentrated and focused on narrow problems and making a difference for a specific target group („niche” programmes) had a significant impact and led to real changes in the relevant areas (e.g. the LT13 programme was one of the major sources of financing for change and its results have significantly contributed to the increased efficiency of the court system).

Green Industry Innovations

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. Interventions of the Programme LT09 were aimed to contribute to the enhancement of competitiveness of environmentally friendly enterprises through the application of green solutions (green innovation and entrepreneurship) in the existing traditional manufacturing companies. The green industry in Lithuania is an innovative area and during the development of the Programme LT09, there was no clear consensus on specific areas of its development in the country; therefore, interventions of a wide nature, corresponding to the national agenda, were chosen. There were some positive changes during the period of 2011–2017 in the area concerned: green industry and innovations into which the Programme LT09 invested, are gaining increased importance, meanwhile, measures to achieve the objectives have become more specific. The geographical coverage of Programme LT09 interventions was limited, and bearing in mind the number of economic operators to Lithuania, the 13 projects financed (some of which were implemented by the same entities) are to be regarded as an attempt to raise awareness of the green industry, practice of policy-making of green industry support and to implement a number of pilot projects. Due to the limited scope of the investment of the LT09 Programme and a small number of the projects financed, the increase of the share of the new products and the increase of the manufacturing resources preservation level was not significant. Nevertheless, market innovations, which is already used and, possibly, shared with others by the main beneficiaries of the assistance – business entities, were created during the implementation of the projects of the LT09 Programme. It is worth to note, that although according to The Eco-Innovation Scoreboard 2017, published by the European Commission in 2017, the country still belongs to the group of moderate eco-innovators (the performance of Lithuania in most of the components is below the EU average)¹⁸, 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.

¹⁶ Summary of the report on interim evaluation of the implementation of EEA and Norwegian financial mechanisms 2009-2014, 25 August 2016, BGI Consulting (interim evaluation commissioned by the NFP), p. 5. <http://finmin.lrv.lt/en/financial-assistance/the-european-economic-area-and-norway-grants/eee-ir-norway-grants-2009-2014-period/monitoring-of-financial-mechanisms-implementation>

¹⁷ Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP (final evaluation commissioned by the NFP), p. 112. <http://finmin.lrv.lt/en/financial-assistance/the-european-economic-area-and-norway-grants/eee-ir-norway-grants-2009-2014-period/monitoring-of-financial-mechanisms-implementation>

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

Human and social development

A modern and efficient public administration is essential for any country. Inadequate administrative capacity at the level of regional and local authorities in Lithuania weakens social and economic development in the country. Unfortunately in Lithuania public administration is not sufficiently result-oriented, lack targeted and systematic monitoring, evaluation and improvement. Many local and regional authorities need improvement in such areas as strategic planning, programming, fostering public-private partnership, entrepreneurship and community building initiatives. In this regard, **Programme LT10** investments were aimed at contribution to the implementation of the regional policy objectives by conveying the Norwegian expertise and best practices to Lithuanian institutions and strengthening the capacity and cooperation between local and regional partners in Lithuania and Norway. The Programme interventions were in compliance with the main trends of national public management development in 2009–2016. Although the topics of the LT10 Programme interventions included the fight against corruption and domestic violence, and were relevant in the context of strategic documents, but their methods of implementation (introduction of anti-corruption measures, police capacity building, acquisition of necessary equipment and instruments) were not fully appropriate and reflected the extent of both the problem and the strategic agenda too narrowly. Programme interventions were concentrated in terms of operational objectives, but rather fragmented in respect of target groups and capacity building areas. Target groups were broad and diverse and, although the geographical coverage of interventions were quite large, it rather reflected the pro-activeness and readiness of project promoters such as diverse umbrella or network organizations, not necessarily classified as state or municipal entities, or their advisers, in the preparation of project applications. Tangible benefits are brought to target groups of direct financing of projects aimed at cooperation in the field of climate change and the fight against domestic violence – municipal professionals and police officers. These nationally significant project promoters can ensure the sustainability of products and results. However, with regard to the scale of domestic violence and the problem manifestation at the micro level, various levels (including local and non-governmental) of organizations should be involved at its solutions. In order for the Programme interventions to create a measurable impact on the local or regional level, it is necessary to increase their thematic concentration, by directing investments to solutions of exclusive problems or problems that cannot be solved from other funding sources.

Health inequalities in Lithuania are ranked as one of the largest in Europe. Significant disparities between men and women, rural and urban population, people with different education and income status were observed. Research data also exposes negative trends between children and youth in trying drugs, alcohol, and smoking, and other the life-style habits unfavourable for health. Therefore, the **Programme LT11**, although not big, but very focused, contributed significantly to the development and improvement preventive health care services for children and youth thus creating pre-conditions to rise their quality of life. As a result of programme, one third of the total number of health offices in Lithuanian pre-school or general education institutions was modernised. A unique Youth-Friendly Health Care Service (YFHCS) model¹⁹ was developed and implemented in 20% of the Lithuanian municipalities and was made accessible to 37% of the Lithuanian youth population. The developed new child health monitoring information system (IS) and the created first methodology in Lithuania for assessing health inequalities facilitate more efficient monitoring of changes in the health of children and young people in different municipalities and help to identify relevant problems and to plan more adequate interventions to address them.

Justice and Home Affairs

The justice sector is assigned with an essential role in guaranteeing social cohesion. The biggest share of the Norway Grants was allocated to this sector (see Chart No. 7) 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. Grants contributed to the (i) increased citizen's security in Schengen area through strengthened capabilities of the Lithuanian law enforcement institution to fight against Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups; (ii)

¹⁹ The main function of the YFHCS model is to integrate the existing healthcare providers into a network and improve their cooperation, thus offering more effective health care services to young people. The YFHCS model reflects the key scientific evidence related to the role of prevention and education in healthcare, covering the most important health issues for the target group (young people).

ensured guarantees of human rights and fundamental freedoms of prisoners as well as elaborated re-socialization activities in Lithuanian penitentiaries and for the probation period and consequently reduced recidivism and increased security of the society; (iii) made Lithuanian judiciary system better accessible to all citizens, working effectively and transparently vis-à-vis citizens and civil society; (iv) as well as strengthened cooperation between Lithuanian and Norwegian institutions.

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.²⁰ Due to its membership in the Schengen Area and location between Belarus and Kaliningrad, Lithuania is a transit state for smuggling activity.²¹ 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. New solutions regarding EEA and Schengen border guarding as well as cooperation and joined actions addressing these issues were needed. **Programme LT12** strongly contributed 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.

People 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 one of the key elements of more efficient justice administration process. **Programme LT13** directly contributed to creation of fairer, more transparent and more efficient judicial system in Lithuania - the programme was the largest source of funding for changes in the court system in 2013-2017, and its impact is widely felt in the Lithuanian legal system. After fully completed modernization of Lithuanian case management informational system (IS) with the integrations with other state information system and registers under, the usage of the system became much more efficient and more user friendly. There is already evidence that the fully developed courts IS and modern equipment installed in all courtrooms have contributed to faster examination of cases²². 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 made all the system more effective and easier accessible to all citizens, which is one of the main preconditions for protection of human rights. Raising awareness and improving understanding of ordinary people in court activities improved their ability to defend their rights through legal means. It is expected that measures implemented under the programme and the results achieved also impacted reasonably growing public trust in the judiciary system. To keep increasing the trust of society and show the openness and transparency of the system is a new challenge the courts and all judiciary system have to overcome now.

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 8 month in 2017²³) and lack of alternatives to custodial sanctions resulted in a high imprisonment rate (235 prisoners for 100 000 inhabitants compared to EU average of 121 and Norway of 74 (in 2017²⁴). 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. Grants assistance and the partnership offered was right on the time to make first steps towards a larger scale penitentiary system reform using partners from Norway

²⁰ Prosecutor General's Office. Organized Crime. <http://www.prokuraturos.lt/lt/veiklos-sritys/baudziamasis-persekiojimas/organizuotas-nusikalstamumas/54>

²¹ OSAC. Lithuania 2016 Crime & Safety Report. <https://www.osac.gov/pages/ContentReportPDF.aspx?cid=19025>

²² Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP (final evaluation commissioned by the NFP), p. 102. <http://finmin.lrv.lt/en/financial-assistance/the-european-economic-area-and-norway-grants/eee-ir-norway-grants-2009-2014-period/monitoring-of-financial-mechanisms-implementation>

²³ <http://www.kaldep.lt>

²⁴ http://www.prisonstudies.org/highest-to-lowest/prison_population_rate?field_region_taxonomy_tid=14&=Apply

experience and taking over the best practice in the fields. **Programme LT14** interventions offer a comprehensive focus on rehabilitation and recidivism prevention of persons serving imprisonment sentences, improving their custody conditions (by the establishing open correctional institutions, ensuring the protection of interests of most vulnerable groups of prisoners), providing 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), development of alternatives to custodial penalties, organization of prisoners' training and availability of social rehabilitation services to them. 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. Investment in the training of prison staff is also a major driver of change in the attitude to the penal system in Lithuania. The Financial Mechanisms have been the largest source of change in the Lithuanian penal system in recent years. The introduction of new practices, renovated premises and new facilities related to the resocialisation of convicts encourage the responsible institutions to apply the new practices in other Lithuanian correctional facilities that did not receive support from Grants.

2.2 Bilateral relations

Existence of several different instruments (Donor Programme Partnership (DPP), National Bilateral Fund (NBF), programmes bilateral funds (PBF), partnership under projects) ensured that bilateral relations were increased and strengthened on different levels and even outside the immediate boundaries of the implementation of the Norwegian Financial Mechanism.

Programme level bilateral co-operation

Extent of co-operation. 4 out of 6 Norwegian Mechanism programmes (LT09, LT10, LT13, LT14), operated by Lithuanian authorities, were developed and implemented with DPP(s), Decent Work and Tripartite Dialogue programme was developed and implemented directly by Norwegian institution „Innovation Norway“. In total about 51% of projects financed from all 7 programmes were implemented with partner(s) from Norway. In addition, PBF constituted a significant source of financing for search and development of partnerships also networking and experience-sharing initiatives in addition to those already planned in the projects (about 70 bilateral initiatives were implemented from PBF).

Table No. 2. Implementation of PBF

| Programme | Funds allocated for the bilateral relations (Eur) | Disbursed to bilateral initiatives (Eur) | Disbursed to bilateral initiatives (%) | Bilateral initiatives |
|-----------|---|--|--|---|
| LT09 | 515 287 | 483 147 | 93,8% | 13 matchmaking events, 3 information events |
| LT10 | 1 774 413 | 1 072 648 | 60,5% | 1 matchmaking event, 4 bilateral projects (measure B) |
| LT11 | 154 134 | 154 134 | 100,0% | 3 project planning visits, 12 bilateral initiatives (measure B) |
| LT12 | 60 212 | 20 462 | 34,0% | 1 bilateral initiative (measure B) |
| LT13 | 135 883 | 134 644 | 99,1% | 15 bilateral initiatives (measure B) |
| LT14 | 135 882 | 87 150 | 64,1% | 2 project planning visits, 17 bilateral initiatives (measure B) |
| | 2 775 811 | 1 952 185 | 70,3% | |

Source: Final Programme Reports, Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP

The highest project partnership level (100%) evidenced in LT10 programme due to compulsory requirements, also LT13. In remaining programmes partnership level varied from 17% to 50%²⁵ due to challenges in finding suitable or interested to co-operate partner (LT09, LT11) or due to specific set-up of programmes (LT12, LT14 programmes had only 2 different project promoters). It should be noted, that limitations in creation project level partnerships were effectively compensated by using PBF in T09, LT11, LT14 programmes. However, mainly due to programme management an implementation shortages, LT10 and LT12 programmes have not fully used the potentials of PBF. The LT10 PBF funds were significantly increased (from 141 179 Eur to 1 774 413 Eur) after unsuccessful open call and consequent low level of contracting. Redistribution of funding between the budget headings allowed not losing funding and four bilateral pre-defined projects that were equivalent to the main projects were implemented and created significant added value to the programme. However, the bigger funds created additional challenges for the PO as regards its administration.

Shared results. DPP(s) role in programme design, implementation and monitoring varied: from very active and effective involvement (the programme design and its implementation in such cases may be considered a shared result) (LT13, LT14) to rather formal participation and different expectations from both sides (LT10). There were also variations in reaching shared results in the projects²⁶ – from rather formal contribution to more active advisory role and implementation 10-25% project activities to equal partnership in development and implementation of the project. It should be noted, that contrary to programme level co-operation, in LT10 the partner's role in creating the results was significant and more prominent than in most of the other programmes (19% of the respondents said that the partner played an equal role, compared to 8% at level of all programmes). Some examples of excellent shared results: created programmes for Lithuanian start-ups and a feasibility study on the development of Lithuanian bio-economy and Lithuanian-Norway relations in this area (LT09); the national road safety promotion model used in the partner's country has been adapted to Lithuania at local level, creating an inter-institutional model for the education of children and young people in Kaunas (LT10), unique training programmes based on cognitive behavioural principles (LT11); introduction of volunteers to the courts, pilot project on judicial meditation (LT13); adaptation of the model of halfway houses in Lithuania, methodology and training programmes for the retraining of prison staff through a re-socialisation-based model (LT14).

Improved knowledge and mutual understanding. Each programme reported contribution to improved knowledge and increased mutual understanding in respective areas:

- increased general knowledge in Lithuania about the Donor Country and its contribution in solving Lithuanian socio-economic challenges also in Norway about implementation of mechanisms in Lithuania;
- increased mutually general knowledge about each country, its people, systems and institutions and culture;
- Donor Country institutions had a closer look at the Lithuanian situation in the areas of interest;
- better understanding about organisation and implementation of public services in respective areas in Donors Country and best practises;
- opportunity to share innovative ideas or experiences from both sides in public and business sectors.

Wider effect. The final evaluation observed²⁷ that bilateral co-operation in programmes produced even wider effects.

Wider cooperation:

²⁵ For more detailed information about number of projects with donor project partner(s) per programme, please refer to Annex 2 of the Report.

²⁶ According to survey made by external evaluators. Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP, <http://finmin.lrv.lt/en/financial-assistance/the-european-economic-area-and-norway-grants/eee-in-norway-grants-2009-2014-period/monitoring-of-financial-mechanisms-implementation>

²⁷ Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP

- some POs and DPPs (e.g. LT13, LT14) still keep in touch and plan new joint initiatives (also outside the frame of Grants), the partners continue with informal cooperation at personal level;
- in the frame of Grants contacts and cooperation has been increased with other Beneficiary Countries implementing similar programmes (e.g. in LT09, LT11, LT13, LT14 programme areas);
- number of project promoters reported about plans to continue cooperation with project partners (all programmes);
- bilateral sectoral cooperation through the involvement of more institutions (not only project promoters and official partners) from Lithuania and the Donor Country was strengthened (e.g. LT11, LT12, LT13).

Other effects:

- strengthened the overall capacity of the project promoters and partners, e.g. in the management of large, transnational projects, intercultural communication and the establishment of relations, may be used in new projects;
- improved professional knowledge and technical competences and new approaches to work are useful for the implementation of projects and in broader operations at the organisation; opportunity to present useful experiences and broaden the horizon;
- cooperation has helped to implement reforms or its individual elements (e.g. “universal policeman” introduced in Lithuanian police as a result of wider effect of co-operation under LT10 and LT12).

To summarise above, the cooperation at programme and project level with some exceptions were rather extensive. Functioning of the Cooperation Committee (CC), bilateral indicatives financed from PBF and co-operation through partnership projects significantly reinforced mutual understanding, institutional and professional cooperation (not only between Lithuania and Norway but also with other Beneficiary Countries). Cooperation activities also made it possible to learn more about different practices and organisation of systems in respective policy areas in Donor Country (and Lithuania) and materialized into a number of new technologies, products and services to be used for better performance in Lithuania. Some POs and number of project partners continue or plan to continue further cooperation even outside the Grants programmes. In addition, co-operation resulted in wider effects via strengthen knowledge and technical competences that could be applied and provide benefits to organisations in broader context.

Nevertheless, as the level and quality of achievements of bilateral objectives varied by programme, the external evaluators concluded that overall the effectiveness of the Financial Mechanism in fostering cooperation was considered average, as some programmes failed to fully exploit all the opportunities and the extent of cooperation was lower than expected. On the other hand, the relations set up in all the areas (even in those where cooperation was of a lesser extent) have brought tangible benefits – improved the project results or developed wider benefits beyond the framework of the programmes (see Table No. 3)

Table No. 3. Evaluation of results of bilateral cooperation per programme

| PROGRAMME | EFFECTIVENESS | BENEFITS AND SUSTAINABILITY |
|--|---------------|-----------------------------|
| LT09 “Green Industry Innovation” | average | average |
| LT10 “Capacity-Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities” | low | average |
| LT11 “Public Health Initiatives” | high | average |
| LT12 “Schengen Cooperation and Combating Cross-Border and Organised Crime, Including Trafficking and Itinerant Criminal Groups” | low | average |
| LT13 “Efficiency, Quality and Transparency in Lithuanian Courts” | average | high |
| LT14 “Correctional Services Including Non-Custodial Sanctions” | average | high |

Source: Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP²⁸, <http://finmin.lrv.lt/en/financial-assistance/the-european-economic-area-and-norway-grants/eea-ir-norway-grants-2009-2014-period/monitoring-of-financial-mechanisms-implementation>

According to external evaluators methodology and observations, LT11 received the highest rating **as regards effectiveness of co-operation** among Norway grants programmes, being with a small-scale official partnership (the programme did not have a DPP and had a relatively small number of partnership projects), but very intensive cooperation with the use of PBF funds. As many as three programmes were rated as average. The LT09 programme made available a lot of funding for cooperation activities and used it effectively, but the partnership at project level was of significantly lower extent than expected. The extent of formal partnership in LT13 and LT14 programmes was not very high (because of the small number of projects and project promoters), but wider cooperation was secured by funds made available for the PBF and complementary action. The low effectiveness of LT12 programme was a result of a small number of organisations involved in the programme (a small number of project promoters as well as limited opportunities for other organisations to carry out PBF-funded activities). The LT10 programme put a strong emphasis on promoting cooperation, but failed to live up to expectations because of obstacles in implementation and management.

The **overall benefits and sustainability of cooperation** within the framework of the Financial Mechanism were evaluated as higher than average. Cooperation under the LT13 and LT14 programmes was very beneficial, even though the extent and intensity were not that high. The benefits and sustainability of cooperation under the remaining programmes were rated as average. Cooperation under the LT10 and LT12 programmes was not very effective, but these programmes had some beneficial results. The LT10 programme has contributed to the improved Norwegian knowledge about Lithuania, and PBF funded projects allowed Norwegian authorities to have a closer look at the Lithuanian situation in relevant areas, such as rights of the child, security and migration. Moreover, both of these programmes had a wider impact: close relations between the Lithuanian and Norwegian police made it possible to learn about another practice of the Norwegian police and adapt this practice and its individual elements (for example, “universal policeman”) to the police reform in Lithuania.

National Bilateral Fund (NBF)

NBF, designed to be implemented via financing of pre-defined activities, travel reimbursement scheme and open call for ideas, aimed 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. Until the eligibility deadline 287 220 Eur (68%) funds out of 420 000 Eur²⁹ million was used (4 383 Eur under the travel reimbursement scheme and 282 837 Meur for 7 pre-defined projects).

In 2017, the following initiatives were implemented:

Predefined Project „Promotion of transnational cooperation among the State Labour Inspectorate of the Republic of Lithuania and National Labour Inspection Authority of the Kingdom of Norway and sharing of best practices to enhance the activities promoting decent work” (Budget 9 228 Eur, Promoter: State Labour Inspectorate of the Republic of Lithuania, partner: Norwegian Labour Inspection Authority). Main result – partnership agreements between both authorities signed, background for further co-operation established (continuation of co-operation materialised in new Grants period via pre-defined project under Social Dialogue - Decent Work programme).

²⁸ Aggregated results of evaluation against the following criteria:

- Effectiveness of bilateral cooperation (1. Cooperation financing scale; 2. Intensity of cooperation (formal partnerships (at programme and project levels) and other cooperation activities): **high performance / average performance / low performance**,
- Benefits and continuity of bilateral cooperation (1. Benefits of cooperation for the implementation of the programme; 2. Benefits of cooperation for mutual understanding and knowledge: greater knowledge of Lithuania; 3. Continuity of cooperation and benefits for establishing wider connections; 4) Wider initiatives): **big benefits/ the average benefit/ little benefit**;

²⁹ The NBF was financed from both – EEA and Norway grants according to the rate 45,7143:54,2857

Reimbursement: cost of travel of 3 persons (Ministry of Justice, National Courts Administration, General Prosecution Office) to participate in experts meeting in Oslo with Norwegian partners to discuss potentials for co-operation in new period of Grants were covered.

Open call (about 125 000 EUR to promote bilateral research co-operation) was not announced due to lack of administrative capacities as well as specific sectoral knowledge at the NFP. Instead, a pre-defined project on awareness raising social campaign inviting not to tolerate bullying was planned however not contracted, as Project Promoter has not prepared an application.

No initiatives were financed in 2018 year.

As a result, NBF provided for the implementation of cooperation initiatives and the establishment and strengthening of partnerships beyond the scope of the programmes. The NBF projects facilitated research as well as academic and political debate on energy security, democratic institutions, gender equality and human rights. It also identified policy implementation issues and provided concrete solutions and tools to address them (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)). Moreover, many projects also contributed to the Lithuanian Presidency of the EU Council in 2013. The final results of the NBF are presented the Table No. 4.

Table No. 4. Results of NBF

| Dimension | Results |
|--|--|
| Extent of cooperation | <ul style="list-style-type: none"> • 5 of 7 projects had official partners from the donor countries, while the other two chose informal cooperation; • the projects involved 14 institutions from Lithuania and the donor countries (two institutions participated in two projects): educational institutions, NGOs and public institutions; • 6 partnership agreements in the public sector were concluded; • 18 events organised; • visits to the donor countries and to Lithuania (45 participants in total). |
| Shared results | <p>Partner’s role in creating the result:</p> <ul style="list-style-type: none"> ○ partners played an equal role in the NBF projects and were involved in most activities. <p>Other shared results:</p> <ul style="list-style-type: none"> ○ bilateral articles; ○ one joint scientific article. |
| Improved knowledge and mutual understanding | <ul style="list-style-type: none"> • Improved knowledge of project promoters/partners about practices applied in the donor countries/Lithuania at project and activity levels. • Improved knowledge about the countries (five articles about the other partner country were written and published within the framework of two projects). <p>Target groups in Lithuania whose knowledge has increased:</p> <ul style="list-style-type: none"> ○ project promoters/partners; ○ academia; ○ politicians; ○ public sector institutions and organisations; ○ civil society, NGOs and general public. |
| Wider effects | <p>The projects paved the way for wider professional and international cooperation initiatives:</p> <ul style="list-style-type: none"> • three professional networks between Lithuania and the donor countries were created and launched; • project partners from Lithuania and the donor countries joined a European/international network; • four joint actions were initiated at international level. |

Source: Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP, Project reports

Lessons learned. Establishment of bilateral objective as a separate together with several instruments (DPP, CC, PBF, NBF) provided for that adequate attention and efforts was allocated in considering and achieving it. After summarising results and benefits achieved, it could be argued that in some programmes the availability of bilateral cooperation and Donor Country expertise was by no means less valuable as additional financing to solve most prominent problems in the programme areas in Lithuania. However, there were some issues and challenges experienced and consequently some lessons learned could be formulated for even higher achievements towards this objective in future:

Overall:

- A clear goals or overall strategy for the implementation of the objective of bilateral cooperation in general and in programmes were missing.
- A number of new however poorly defined cooperation promotion and financing instruments (NBF, PBF, Complementary actions, possibility to finance bilateral activities from programme management costs) caused some confusion at the launch of the Financial Mechanism, but the practice showed that the creation of separate and targeted sources helped to establish more relations and partnership projects. On the other hand, the distribution of resources available for cooperation into separate funds and measures created additional confusion and administrative burden.
- Tendency of national authorities or implementing bodies to over-regulate or over-control created additional obstacles and decreased attractiveness of co-operation at all levels.
- Adequate indicators were missing to proper measure effects of the cooperation.

NBF, a new instrument, proved to be very useful as provided the opportunity to implement relevant initiatives of bilateral cooperation with sustainable products outside the Grant programmes, however, it was not exploited to full extent, as:

- there clear strategy how to use funds in most effective way and select (initiate, develop) the best bilateral initiatives was missing. This could be solved while strengthening strategic planning and involving in decision making all relevant for bilateral relations national and donors authorities in more formalised way and on constant basis;
- approach to finance pre-defined activities proved to be rather successful in reaching tangible bilateral cooperation results as well as flexible in addressing both beneficiary and donors interests and rather simple for the NFP in administration. However, organisation and managing of open call for research co-operation was are challenge to the NFP due to the limited administrative resources and lack of specific sectoral knowledge. Possibility to delegate administrative functions (organising of calls, contracting, verification of expenditures and financial management) of the NBF to the competent body with relevant experience and resources would allow the NFP to concentrate on strategic planning and ensure smoother administrative processes.

Programme level:

- DPP and CC concept – a new method of working together proved its benefits, however had brought in some cases challenges at the initial stage due to not clear roles and different expectations how to develop and implement programme. The FMO, Norwegian Embassy and the NFP put efforts to facilitate this process, however not all risky cases were identified and addressed immediately. Some steps if were taken at the very early stage of implementation of the mechanisms, e. g. bringing the all involved institutions together for a discussion on substantial partnership issues and expectations could prevent from a number of misunderstandings and provided for smoother process.
- Different types and missions of the partners in the national systems also different legal practices and administrative culture negatively affected efficiency and effectiveness of bilateral cooperation. PO in Lithuania were mostly ministries – national level authorities, with main responsibilities of planning and control of respective policies and drafting of legislation. DPPs were sectoral implementing bodies. The vital factor for very smooth and successful co-operation under LT13 programme from the very beginning was a perfect match of PO-DPP in terms of its missions and usual functions.

- MCS assigned administrative and operational management of the PBF for POs. This created additional challenges and huge administrative burden for them as was not typical function of the ministries and required specific experiences and qualifications.

Project level:

- The most prominent risk related to achieving bilateral goals was to find a suitable project partner for potential project promoters. Among main factors to cause this the following could be identified: overall delays in programme development and consequently less time available for partnership development and implementation of the project discouraged interest of potential partners; Lithuanian promoters competed for partnerships with other Beneficiary Countries; no clear visions for objectives and benefits of the partnership; shortages or failures of partnership facilitation initiatives.
- Challenges posed by differences in management system and operating practices, including of expenditure eligibility requirements, in Lithuania and Donor Country, as well as some cultural issues directly influenced the quality of cooperation.
- The success to achieve shared results depended on the ability of partners to mutually find new solutions that are appropriate for the context of Lithuania, since Norwegian good practices and experiences in the organisation and implementation of public services were often not directly applicable.

3 REPORTING ON PROGRAMMES

3.1 Overview of Programme achievements

In total there were 7 programmes implemented within the Norwegian Financial Mechanisms in Lithuania. Six programmes were operated by Lithuanian national administrative bodies and the remaining one (LT22) was operated directly by donor's institution Innovation Norway.

The implementation of programmes is considered successful. Overall effectiveness was quite high and many programmes achieved their intended aims, however impact of results achieved differs from programme to programme (see overview by external evaluators in Table No. 5). Programmes that were concentrated and focused on narrow problems and making a difference for a specific target group had a significant impact and made a difference in the area concerned. One programme has led to real changes in the relevant areas: Programme LT13 was one of the major sources of financing for change in the court system in 2013-2017 and its results have significantly contributed to the increased efficiency of the court system.

Some programmes have created necessary conditions for change, but not the change themselves due to several reasons: (i) more time is required to see any benefits of the results. For example, Programme LT11 has increased the accessibility and quality of public health care services for youth, but the impact of these services on health indicators (e.g. morbidity of children and youth) has not manifested yet. Programme LT12 supported the installation of new equipment and the capacity building of the customs authorities and police, but its impact on the fight against international crime can only be assessed later; (ii) programmes piloted new measures that had never been used in Lithuania before. To make a real difference, these measures should continue to be used and applied on a wider scale. Programme LT09 piloted a grant scheme for business innovation in green industry; Programme LT14 has paved the way for resocialisation-based measures in the penal system. As for Programme LT10, it allowed for bottom-up initiatives and had an impact at the level of individual projects, but no major changes were triggered in region development. This programme was facing difficulties right from the start, and even the redistribution of funds between the budget headings failed to ensure its financial implementation – a significant share of the support remained unused.

Regarding the sustainability, external experts during final evaluation concluded³⁰ that LT11, LT12, LT13 and LT14 programme results are expected to be used for the longest period (over ten years), and even though

³⁰ Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP, p. 113, <http://finmin.lrv.lt/en/financial-assistance/the-european-economic-area-and-norway-grants/eee-ir-norway-grants-2009-2014-period/monitoring-of-financial-mechanisms-implementation>

many of them require additional conditions for sustainability, these conditions have been sufficiently secured. It should be noted that in many cases these programmes covered the development or improvement of infrastructures, the purchase of equipment and other hard investment (the results of this kind are more sustainable). LT09) were of average sustainability as included soft activities with a relatively shorter life span or additional actions and efforts are needed to ensure the sustainability of their results. The sustainability of the LT10 was evaluated as somewhat doubtful because they did not provide sufficient conditions for the continued use of the results, which largely depends on the motivation of the beneficiaries themselves.

Table No. 5. Results of implementation of socio-economic objectives

| Programme | Effectiveness | Impact | Sustainability |
|--|---------------------|--|----------------|
| LT09 “Green Industry Innovation” | average performance | Development of green industry | average |
| LT10 “Capacity-Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities” | average performance | Increase in the effectiveness of regional policy | doubtful |
| LT11 “Public Health Initiatives” | high performance | Improvement of the efficiency of health care services | high |
| LT12 “Schengen Cooperation and Combating Cross-Border and Organised Crime, Including Trafficking and Itinerant Criminal Groups” | high performance | Improvement of efficiency at combating organised crime | high |
| LT13 “Efficiency, Quality and Transparency in Lithuanian Courts” | high performance | More efficient judicial system | high |
| LT14 “Correctional Services Including Non-Custodial Sanctions” | average performance | Modernisation of the Lithuanian penal system | high |

Source: Final evaluation report on the implementation of EEA and Norwegian financial mechanisms 2009-2014, 12 April 2018, ESTEP³¹

Based on monitoring and external evaluations³² results the following **lessons learned** as regards implementation of individual programmes could be identified:

- the implementation of the Financial Mechanism through programmes was a new development that occurred only in the 2009-2014 period. The Lithuanian experience showed that it was a success. The programme-based support ensured that the investments under programmes were targeted and compatible with other public interventions;
- however the set of 7 rather small financial scale programmes covering a number of different areas and subsequently different objectives was not sufficiently concentrated and lessened possibilities to achieve a national wide impact or a change of the Norwegian mechanism as such;

³¹ Aggregated results of evaluation against the following criteria:

- Effectiveness (1. Financial implementation; 2. Level of achievement of the product and results; 3. Quality / adequacy of indicators): high performance/ average performance/ low performance
- Impact (1. Size of finance; 2. Concentration; 3. Type of the main change; 4. Benefits of the result): significant impact in the field / created the preconditions for a change in the field / there is insufficient evidence of exposure
- Sustainability (1. Period of use of the result; 2. Additional conditions for the continuity of the result; 3. Ensuring conditions for continued use): high / average / doubtful

³² Mid-term evaluations, implemented by BGI Consulting and final evaluation, implemented by ESTEP (both commissioned by the NFP)

- many individual programmes had adequate intervention logic – the supported objectives and activities responded to the needs of specific areas and were compatible with other measures (external compatibility). The programmes were focused on financing narrow and specific areas or looking for better instruments and business models. Only LT10 programme had material weaknesses in the intervention logic, including unclear or too broad targets and expected outcomes, which significantly reduced its impact;
- the effectiveness of programme management was an important factor with a significant impact on the outcomes. The effectiveness of management varied considerably across individual programmes. Programmes where POs had a high attitude towards the responsibilities imposed by programme agreement and ownership of the results as well as political support inside the PO's institution, involved “content-related” departments in the planning of programmes and projects also which assigned adequate qualified human resources, were more successful. Management at project level was effective; it was carried out by the CPMA, an institution with extensive experience and strong project management capacity. This in programmes with lesser management capacities made a vital role in delivering planned programme results;
- not all monitoring indicators were of sufficient quality and suitable for measuring the progress and effectiveness of programmes. Several key issues related to the monitoring indicators can be identified. Firstly, some of the indicators were not directly related to interventions, meaning they were not specific enough. Secondly, the indicators did not match the nature of the output and result indicators – most of the indicators measured outputs. Thirdly, the targets planned were too low and not ambitious enough. Fourthly, descriptions of the indicators and calculation methodology were not sufficiently clear. Additional confusion was brought by the requirement to apply standard indicators at Financial Mechanism level, which did not fully reflect the interventions supported.
- time was the most prominent risk factor to deliver planned programmes results and objectives. Due to protracted process of development of programmes and documents necessary to organise calls, select projects and conclude contracts and delays in taking needed decisions left rather short time for implementation of the projects. The implementation of the most of the projects also suffered from protracted procurement procedures.
- the Donor's flexibility and decision to extent projects eligibility deadline, including exceptional extension under Programme LT14, also played a major role in managing time related risk; i.e. allowed to complete projects in due time and contributed to higher quality results as well as let to higher absorption rate.

3.2 Overview of calls and financial figures

Table No. 6. Overview of calls and financial figures

| Programme No | Funds allocated to the programme (Eur) (Norwegian funds + national cofinancing) | Funds allocated to the projects (Eur) | Disbursed to Programme* (Eur) | Disbursed to Programme (%) | Disbursed to** Projects (Eur) | Disbursed to Projects (%) | Number of calls | Committed funds via calls (Eur) | Disbursed funds to projects selected via calls (Eur) | Notes (details of the funds allocated to the projects) |
|--------------|---|---------------------------------------|-------------------------------|----------------------------|-------------------------------|---------------------------|-----------------|---------------------------------|--|--|
| LT09 | 9 411 765,00 | 7 904 884,00 | 9 117 411,48 | 96,87% | 7 888 415,47 | 99,79% | 4 | 7 921 125,01*** | 7 888 415,47 | only open-calls projects (13) |
| LT10 | 9 411 765,00 | 6 696 176,00 | 7 668 660,91 | 81,48% | 5 967 050,24 | 89,11% | 2 | 4 087 574,45 | 3 799 084,06 | 18 open-call projects; 3 pre-defined projects |
| LT11 | 7 058 824,00 | 6 097 826,00 | 6 818 906,26 | 96,60% | 5 955 378,07 | 97,66% | 3 | 3 714 123,68 | 3 643 459,25 | 22 open-call projects; 2 pre-defined projects |
| LT12 | 4 014 118,00 | 3 600 000,00 | 3 749 563,06 | 93,41% | 3 524 631,32 | 97,91% | 0 | 0 | 0 | only pre-defined projects (2) |
| LT13 | 9 058 824,00 | 8 210 465,00 | 8 867 157,53 | 97,88% | 8 172 804,83 | 99,54% | 0 | 0 | 0 | only pre-defined projects (3) |
| LT14 | 9 058 824,00 | 7 998 895,00 | 8 389 377,92 | 92,61% | 7 578 827,70 | 94,75% | 1 | 387 598,51 | 343 354,34 | 1 open-call project; 5 pre-defined projects |
| | 48 014 120,00 | 40 508 246,00 | 44 611 077,16 | 92,91% | 39 087 107,63 | 96,49% | 10 | 8 189 296,64 | 15 674 313,12 | |

Source: Final programme reports

* "Disbursed to programme" means total amount of all kind of funds of programme disbursed to relevant recipients to cover eligible expenditures - to PO, CPMA (management costs, complementary actions), to bilateral funds initiatives'

promoters and to the projects (including advanced payments, grants +15 perc. national cofinancing).

*** "Disbursed to projects" means funds transferred to project promoters for eligible expenditures (excluding programme management costs, complementary actions, bilateral funds) (including advanced payments, grants +15 perc. national cofinancing)*

**** Over-contracting (the funds allocated to the projects vs committed funds via calls) in programme LT09 is due to additional allocation of the savings of the completed projects to the open-call projects under implementation*

3.2 Individual Programme summaries

The main aim of the **LT09 Programme** was to encourage businesses and public institutions to change their approach to environmental and green principles in business. The Programme aimed at demonstrating that a responsible approach to environmental protection should be part of corporate social responsibility with the view of preserving the environment, while maintaining and increasing economic efficiency. Together with the changing approach, the aim was to change the existing practice, encourage businesses to apply the principles of green industry more widely in their operations. To this end, support (grants) was provided to enterprises for the creation and implementation of environmental technologies and the development and marketing of green products.

During the Programme implementation period, 13 green projects were successfully implemented, and all Programme outcomes' and outputs' indicators were reached. The Programme had 4 outcome indicators: 'The number of environmental technologies successfully adapted for use in new areas', 'the number of new environmental technologies successfully developed', 'the number of environmental technologies successfully commercialized' and 'The number of green products or materials improved/developed' which were realized through the Partnership project scheme designed to support the activities related to innovative environmental technology developed. After the implementation of the projects, 20 new environmental technologies were successfully developed, 2 new environmental technologies were commercialized, 13 technologies were adapted for use in new areas and 10 new green products were developed. The introduction of green technologies and new products into the production improved environmental indicators of the activity of enterprises that had implemented the projects. The amount of used raw materials by companies was reduced, energy efficiency of the companies was increased, and the amount of waste forming in production by companies was lowered. At the same time the results of the economic activity of the enterprises had improved – higher labour productivity was achieved, production costs were reduced, additional 99 new permanent jobs were created in the waste recycling sector, the manufacturing of eco-friendly wallpaper, food and mineral water products and EUR 11.9 million of additional (private) investment were attracted.

Although the Programme was successful there were some deviations from the plan. Main changes were related to unused budgets of the Partnership and Small Project schemes and the need to have additional calls for proposals. Also after the third call under Partnership project it was decided to reallocate unused funds to the Fund for Bilateral Relations for additional bilateral activities and complementary actions. This solution has proved to be a great success, as the highly successful bilateral activities have been implemented.

One of the key Programme objectives was the promotion of cooperation between Lithuania and Norway. The Programme gave Lithuanian enterprises a great opportunity to implement joint projects, gain experience through cooperation with Norwegian partners and establish new business contacts. However, the number of formal partnership projects was much smaller than expected. Moreover, project partners played an advisory role and implemented only a very limited share of activities. On the other hand, partnership at Programme level proved to be beneficial – the DPP provided useful knowledge and expert assistance to the PO which was implementing a green industry promotion Programme for the first time. The BF was also successfully used: the bilateral events and business contact fairs have created favourable conditions for setting up new contacts, the Lithuanian business start-up promotion Programme contributed to the development of bio-economy in Lithuania and the feasibility study on bio-economy should help plan further growth in this area. Complementary action was implemented to a lesser extent than planned, but the funds were used with

sufficient purpose and brought some practical benefits – sharing experience with neighbouring countries with relevant experience.

Programme LT10 was implemented under the Human and Social development priority area and was aimed at increasing the effectiveness of regional policy. The overall aim was achieved through institutional capacity building, by developing human resources and developing and improving tools and systems. Three priority directions were selected: (i) cooperation between Lithuanian and Norwegian municipal and regional authorities, (ii) cooperation on climate change through the development of an accounting system, (iii) cooperation and capacity building in domestic violence and gender-based violence.

In total 21 projects were implemented: 3 were pre-defined and 18 were selected through a call for applications. All projects were completed (the expected target of the output indicator “percentage of successfully implemented projects” was 75%, the actual level of achievement – 100%). The implementation process was smooth at project level, despite management problems at programme level. But there were challenges as well, mostly related to the implementation of partnership, as this element was mandatory to programme. Lithuanian requirements and practices are more focused on operational and process control, while Norway is more results-oriented, resulting in different public administration systems, formal requirements and administration cultures. All this affected the implementation of projects.

All the projects were more or less successful and created the expected outputs, including methodologies, concepts and other tools to improve the quality of public administration. Ministry of Environment (MoE) has improved the Greenhouse Gas accounting and forecasting system, enabling the MoE to meet international commitments and report in accordance with the requirements established by the Kyoto Protocol and the EU. Association of Local Authorities of Lithuania has developed model municipal action plans for renewable resources energy and municipal air quality management programmes, produced methodologies for drafting these plans and programmes, trained municipal staff involved in the development of such plans and programmes in all municipalities to meet the requirements established by the “Europe 2020” strategy and national strategic documents. Projects included well-received experience sharing events for over 12,000 participants. The programme has paved the way for bottom-up administrative capacity building initiatives³³ in specific areas relevant to the regions, what is one of the ways to improve the quality of public administration, complementary to changes at national level. Programme LT10 provided the opportunity to establish contacts with organisations from Norway, as well as to see and learn about their working methods. However, for sustainability of projects’ results and to have a real impact, resulting in change in the identified regions and areas (increased efficiency of municipalities, dissemination of Norwegian models), the strengthened capacity needs to be put into practice. It should be noted that capacity building measures have generated greater value and brought more benefits in projects where trainings or other events were combined with specific institutional reforms or change initiatives. Indirect positive impact of the programme mainly relates to change in attitudes. First of all, it has given the participating regional authorities a better understanding of the efficiency of public services and the importance of its evaluation (projects that created new working and service models or tools also included the evaluation of their efficiency) and promoted institutional innovation and searching for new operational models in public governance. Despite good results achieved under each single project the level of achievement of the programme indicators is not a sufficient indication of the effectiveness of the programme. It could be observed, that the formulated programme indicators as such were not adequate or sufficient enough to reveal the results of the programme.

Inefficient management of the programme (delayed drafting of implementation documents, late and ineffective partnership event resulted in insufficient number of application) created a high risk of not using the funds allocated for re-granting. However, this setback made possible coming of five pre-defined bilateral projects with the same content as the programme’s projects, after BF was increased up to 1.77 Meur by redistributing the funding. Results achieved under some BF projects are of a national scale and created significant added value to the programme. Project aimed at strengthening the respect for the rights of child and assistance to the child and their family was identified as a good practice example. The results achieved

³³ Programme LT10. Expert-level discussions in the closing conference ‘Lithuania-Norway. What is the value of cooperation’, held on 12 December 2017 in Vilnius, Lithuania

under the project, i.e. created an early intervention model and a scheme for its practical implementation (keeping children at risk in families, avoiding foster care) is intended to be put in legislation and integrated as a mandatory child care tool. Programme was facing difficulties right from the start, and even the redistribution of funds between the budget headings failed to ensure its financial implementation – a significant share of the support still remained unused.

Due to the specific set-up Programme LT10 was assigned for cooperation with three DPPs; one DPP for each priority direction selected under the programme. Programme-level partnership, however, did not meet the expectations of both Lithuania and the donor country. The partnership at project level was mandatory and rather successful: new or strengthened cooperation between the national and local authorities encouraged to take over Norwegian practices or work together to find the most appropriate solutions in Lithuania. Pre-defined projects, especially implemented under the BF, allowed Norway to have a closer look at the Lithuanian situation in areas relevant to the donor country.

The overall aim of **the LT 11 Programme** was to improve the efficiency of health care services (mainly preventive measures for children and youth) by contributing to the improvement of the health of the target group (children and young people) and the reduction of inequalities in health in the long run. The Programme had four priority axes: (1) the development and implementation of a child health monitoring information system for systematic monitoring of children's health and targeted health policy development; (2) the improvement of the access to and quality of health care services for young people (YFHCSs) in municipalities; (3) the improvement of health care services in schools and pre-school institutions; (4) the development of a model for the strengthening of capacity to identify and reduce health inequalities.

During the Programme implementation period all 24 projects were successfully implemented, there were no major deviations from the plan and all Programme outcomes' and outputs' indicators were reached. First of all, the goal to develop a national Child health monitoring information system intended for the analysis of preventive medical check-up data and health-related factors by ensuring access to health data to a broader circle of specialists at the national and municipal levels was reached. As a result the development of the information system contributed to the outcome of the Programme area – “national health registers and health information systems, data management and use improved“. Upgrade of the health promotion infrastructure (592 health offices were equipped / renovated) in schools and pre-school education institutions contributed to the outcome of the Programme area “improved access to and quality of health services including reproductive and preventive child health care“. Furthermore, the Programme provided for paying more attention to youth health, prevention and reduction of life-style related diseases by increasing the availability of youth-friendly health care services and providing high-quality and friendly health care services designed to meet the needs of the youth, thus contributing to the outcome “life-style related diseases prevented or reduced“. The creation of the model for the strengthening of the capacities to identify and reduce health inequalities and enhancement of administrative capacities in the area of identification and reduction of health inequalities contributed to the achievement of outcome “reduced inequalities between user groups“.

Strengthening bilateral relations between Lithuania and Norway was, also, very important objective of the Programme. During the Programme implementation the bilateral element was very visible and implemented initiatives laid foundations for bilateral partnerships and further common activities. 4 projects had official Norwegian partners, successfully implemented bilateral project activities and shared best practices. 15 bilateral initiatives were implemented from the PBF. Although the Programme had no official DPP, due to proactive approach by PO and good contacts with Norwegian related institutions, use of the PBF (also funds for complementary actions) was one of the highest among other Programmes in Lithuania, funded from Norway Grants. As a result of bilateral and multilateral cooperation initiatives, contacts were established with over 60 Norwegian institutions and experiences were shared with over ten beneficiary countries. Cooperation included international conferences, seminars and bilateral visits.

Programme LT12 was implemented under the Justice and Home Affairs priority area and was aimed at increasing public security through the improved efficiency of cooperation between law enforcement institutions of the Schengen Member States and at combating organised crime, including human trafficking, more effectively. The overall aim was achieved by facilitating customs officers with analytical and investigative equipment that enables them to use modern IT technology in crime investigation and

prevention more effectively and providing police with tools for the investigation of crimes, equipment for police units dealing with cybercrime and special facilities for the investigation of international crimes.

Programme was implemented via two pre-defined projects. Both projects implemented successfully. The targets set for the output and result indicators were significantly overachieved in almost all cases. The high level of achievement was a result of changes in the legal framework, leading to the increasing application of various investigation procedures as well as change in the response of the Lithuanian population to different situations, where people call the police more often. It is noteworthy that the equipment (including IT) purchased by the customs and the police was state-of-the-art, which means that the outputs and results of the programme are of high quality. The actual data show that following the implementation of the projects 22 analytical risk assessment (planned 15) are carried out on a monthly basis (147%) and 1,049 notices (planned 150) are sent to customs mobile groups on an annual basis (699%), 15,554 DNA analyses (planned 8,500) are carried out on an annual basis (182%), the number of the methods accredited in accordance with the relevant standard has increased to 72 (planned 38) (189%) and in total 81 officers (planned 52) were trained to work with the new equipment (155%). More efficient and qualified customs and police operations are likely to affect the number of offences found and investigated. The proportion between the crimes registered and the crimes investigated has been improving. It should be noted, that the other factors such as emigration, depopulation, changes in the legal framework and change in the public attitude also had an impact on positive changes. Nevertheless, Programme LT12 has made a considerable impact on the customs and police efficiency.

Seeing as the programme did not have a programme partner and no new partnerships were created at project level, the partnership under this programme was relatively small scale. Funds available for cooperation activities were not actively used. However, programme has strengthened the existing partnership between the Lithuanian police and the Norwegian police. The Lithuanian police invited the Norwegian National Criminal Investigation Service to join the project. The partnership has improved the capacity of the Lithuanian police to investigate crimes committed by organised groups and contributed to the implementation of individual elements of the police reform (the concept of “universal policeman”). It has also increased the number of measures regularly implemented with the Norwegian police. The Lithuanian police have been working with the Norwegian police on certain issues more closely than with counterparts in the neighbouring countries.

The **Programme LT13** was implemented in the Justice and Home Affairs priority area and aimed at making the judicial system more impartial and more efficient. To achieve this aim, three priority axes were selected: (1) modernizing the courts information system (IS), the case handling system and audio recording equipment; (2) improving the competence (training) of representatives of the judicial system (including judges, court staff and NCA representatives); (3) improving assistance to witnesses and victims in court, including strengthening the security of court buildings.

The Programme which consisted of only three pre-defined projects during the Programme implementation period was implemented properly and successfully, there were no major deviations from the plan and all Programme outcomes’ and outputs’ indicators were reached. The Programme was the source for large changes in the judiciary and contributed significantly on improvement of quality, efficiency, transparency of Lithuania judiciary system.

First of all, the goal to modernize the courts information system (IS), the case handling system and audio recording equipment was reached and the process to resolve the cases became faster (due to updated and expanded information system LITEKO and developed integrations with the information systems of other institutions which enabled to exchange documents electronically between courts and institutions). This resulted the improved performance of courts, development of the information system and contributed to the outcome “The number of cases which are examined longer than 6 months”. New judicial mediation techniques started to be applied in courts also helped to increase the efficiency of Lithuanian courts (the use of judicial mediation has increased more than 12 times since year 2013). Also the aim to increase competence of actors within the judiciary was also reached. The judicial staff strengthened their competences and now can provide professional services (80% of the judiciary staff improved their knowledge and professional skills). Also 2 manuals contributing to better quality of service provided in court

and increasing the level of public trust were developed and published. These results contributed to the outcomes “Number of legal professionals” and “Number of guides, textbooks and other relevant training tools developed”. Moreover, with the help of Programme a huge step forward was made in psychological support for participants in judicial proceedings (new, innovative initiatives such as the Court Volunteers Network or the Virtual courtroom was implemented, customer services in courts were improved (the Quality Management System was implemented in 16% of Lithuanian courts) and the unified level of security in all courts were insured). Thus these results significantly contributed to the reach of the outcome “Number of victims of crime and witnesses who have received assistance in matters of provision of physical and psychological security in court”. Now witnesses and victims of crimes feel safer in courts and duly informed which results in more qualitative participation in court proceedings.

Strengthening bilateral relations between Lithuania and Norway was very important objective of this Programme. Majority of the activities of the predefined projects were implemented in close cooperation between the National Courts Administration (Programme Operator and the Project Promoter) and the Norwegian Courts Administration (Norway) (DPP and the Donors Project Partner). The bilateral cooperation activities were initiated, evaluated and implemented in close cooperation not only between courts administrations of both countries, but also between Lithuanian and Norwegian courts and other institutional partners involving cross-sectoral cooperation. The funds available for cooperation were used to solidify the results and benefits of the Programme and to raise qualifications of the Lithuanian court staff. The BF activities enabled Lithuanian, Norwegian and other foreign experts to exchange good practices and pilot innovative ideas of judicial mediation and court volunteers on a smaller scale, which later became predefined projects and were used across the judicial system.

Programme LT14 was implemented under the Justice and Home Affairs priority area and was aimed at promoting innovations in the Lithuanian penal system. This was achieved by modernisation of the penal system by making first changes, piloting new measures and changing the approach to the execution of sentences (changing the attitude of individuals working in the penal system to forms of the execution of sentences, promoting re-socialisation, dynamic monitoring of convicts³⁴, changing the understanding of the importance of prison conditions). Four priority directions were selected: (i) overcoming challenges connected to growing prison populations and prison overcrowding; (ii) increasing alternatives to prison; (iii) improving competences of both inmates and prison staff; and (iv) increasing focus on vulnerable groups in prison.

Programme LT14 was implemented via 5 pre-defined projects and 1 project selected under the call for proposals. Most of the planned programme targets were timely and successfully achieved. Implemented activities contributed not only to improved physical conditions for convicts, but also changed and expanded services and methods of working with them, allowing prison staff to directly communicate with sentenced convicts and provide psychological counselling to them. Such a model has proved to be successful and is widely used by Norwegian prison officers for over 30 years. Moreover, four new halfway houses have facilitated the use of parole (conditional release) by offering better conditions for reintegration and stimulating resocialisation, preparing convicts for life in freedom by providing them opportunity to learn profession and access the labour market. Also, quicker compensation for damages in the form and to the extent suitable for the victim now is being facilitated by designed and adopted to criminal law judicial mediation model - a novelty in the Lithuanian criminal justice system. Programme significantly contributed to the change in the attitude of prison staff to the execution of sentences by facilitating professional development training. While supporting vulnerable groups in prisons, the largest impact was made by new innovative initiative – the Mother and Child Centre set up for women with minor children and serving their sentences in Correction House. Closer conditions for life in freedom, less isolation, the absence of negative criminal subculture positively influence women’s behaviour, motivate them to take care of and strengthen physical and emotional ties with their children. The innovative approach, good practice from Norway and the first changes implemented within the programme have given a new impetus to further these changes in other prisons and correctional facilities.

³⁴ The dynamic monitoring of convicts includes direct communication between prison specialists and convicts.

It should be noted, that programme was granted with exceptional extension of expenditure eligibility period till 31 December 2017 according to Article 7.14.5 of the Regulation due to one project being subjected to administrative appeal and judicial procedures with suspensory effects almost for a one year. The Donors flexibility and the decision taken very much contributed to the achievement of the most important programme outcome as well as the overall programme objective.

Even higher results could be achieved if better calculations were done in the programming phase. Due to shortage in funds only 3 instead of 4 planned buildings were reconstructed from dormitory to cells type prison, respectively 360 places with living conditions according to the standards set and recommendations of the European Committee for the Prevention of Torture were established instead of 421.

Programme has significantly strengthened relations between PO and DPP. Well established cooperation has paved the way for programme success and contributed to the achievements of the Programme results very much. Although the partnership at project level was not large scale (only 2 of 6 projects had partners), the project promoters that did not have any official partner carried out cooperation activities under the BF. The Norwegian good practice was transferred and implemented in the Lithuanian penal system. Programme LT14 also provided a platform for sharing experience with other beneficiary countries that implemented similar programmes.

LT22 Decent Work and Tripartite Dialogue. Programme was directly operated by the agency ‘Innovation Norway’ appointed by the donors. Implementation of all 6 approved projects 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

The institutional set-up of MCS also functions and responsibilities of the national management authorities (NFP, CA, PA, IrRA, AA), POs and CPMA were established back in 2012. The created MCS provided for rather centralized approach – legal acts establishing unified detailed requirements and procedures for management and implementation of all programs and projects, including the Technical assistance and administration of NBF, were approved by respective orders of the Minister of Finance (NFP) in 2013. In the course of implementation (2014-2017), the legal requirements were amended taking into account further development of the MCS, clarification and/or amendment of the Regulation, also to upgrade requirements that were not functioning in practice according to the monitoring or audit observations. Based on the set general unified requirements the national management authorities, POs and the CPMA developed their internal work procedures. During the course of implementation some minor MCS adjustments at programme level were introduced due to structural changes or additional units involved into administration and implementation of the programmes in some POs institutions and (or) the CPMA.

In 2017, two major changes at the national MCS were introduced and respective amendments to the MoU were made:

- MoU amendment to establish subordination of both the NFP and the CA/IrRA to the same Vice-minister seeking to eliminate excess administrative steps, to standardise and align management processes with EU investments have been agreed in Annual Meeting 19 June. The amendments were confirmed through the Letters of Exchange in July 2017. Consequently, MCS description and related national legal acts were updated accordingly by the NFP. The heads of units, performing functions of the NFP and the CA/IrRA were assigned with additional decision-making responsibilities to ensure adequate separation of functions inside the Ministry of Finance (MoF);
- During optimisation and reorganisation of the administrative structure and management processes in the MoF and seeking to ensure consolidation of competencies to maximise benefit of different investment sources - planning and implementation function of the long-term investment financed from all types resources was assigned to one unit – the Investment Department (formed out of the EU Funds Investment Department). The International Financial Assistance Coordination Division, originally

performing the functions of the NFP, was abolished and its functions with reference to co-ordination of the Grants were integrated into the mentioned Investment Department. Information and publicity functions of the NFP were assigned to a separate administrative unit of the MoF – the Communication Division. The administrative units, performing CA/IrRA and AA functions changed their titles and implement internal adjustments, but no major changes as regards the functions of the authorities were introduced. This change was agreed in the extra Annual Meeting on 26 October 2017, formalised via Letters of Exchange and came into force as of 1 March 2018.

Lessons learned. In general, the created MCS operated effectively, agreed in MoU programmes were implemented, planned objectives and results were achieved to high extent, legal compliance assured, no financial corrections by donors until the end of reporting period applied. However, the implementation suffered from delays, project eligibility extension was requested and was vital for achieving planned programme results, some programmes and bilateral funds not used significant sums. Therefore, a number of strong points and unfortunately weaknesses as related of MCS structures, resources, procedures and processes could be identified³⁵.

Structures:

- The MCS could be described as complicated as involved a large number of institutions at several vertical levels (management at national, programme, project level, number of sectoral institutions and several countries).
- The MCS functioning especially at the beginning involved many uncertainties related to institutional responsibility and principles of work. In the course of MCS development the roles and responsibilities were clarified and institutional framework defining specific responsibilities and functions and communication links was established.
- The national responsible authorities had relevant institutional experience gained in management of previous period of Grants and EU funds. Not all assigned PO had relevant programme management experience – therefor to compensate such shortages also due to rather big number of small programmes an experienced implementing body – the CPMA was introduced to all programmes to implement part of the PO functions related to daily administration of projects.
- The national responsible authorities developed constructive and productive co-operation between themselves also with the FMO and during course of programme development and implementation with POs (with some exceptions) and the CPMA. It allowed in identifying negative tendencies and risks at the early stage and to agree on the best corrective action.

Human resources:

- Limiting factor of efficiency was shortage of human resources in POs in quantitative and qualitative terms, high turnover of staff (also relevant to NFP), lack of political will and interest in Grant support in some of the institutions performing the PO functions.

Administrative measures and procedures:

- The legal acts created specified in very detailed requirements, procedures and processes. This in some case provided needed clarity, however redundant requirements led to high administrative burden and rigidity.
- A lot of focus on compliance, procedures and control – there is room for improvement toward implementation of results based management approach to full extent.

³⁵ Observations are formulated around administrative efficiency factors, proposed by external evaluator BGI consulting in the Mid-term Evaluation Report:

- *Structures:* institutional framework defining specific responsibilities and functions, application of the partnership principle and proper stakeholder management, inter-institutional cooperation;
- *Human resources:* human resources in terms of quantity (number of employees), human resources in terms of quality (competence and administrative capacity of employees)
- *Administrative measures and procedures:* donor expert, technical and administrative assistance, external expertise and technical assistance, clear procedures of high quality, administrative resources (IT instruments, logistics, etc.)

- Donor and other external expertise and assistance were not used to full extent or there was a lack of it in all phases of programme (especially expertise was need during programme intervention planning).
- Creation of the IT system for the administration, management and control of the programmes, projects and finances allowed to relieve the administrative burden imposed by very complex Grant administration system and to reduce chance of human error as well as intentional malpractices.

4.2 Compliance with EU legislation, national legislation and the MoU

Apart from the exception on general payment model which was agreed with the Donor 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.

Regarding the related EU legislation, appropriate provisions of national legal acts on the implementation of the Financial Mechanism 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. Via monitoring process or upon request the NFP (together in consultation when relevant with other national management authorities and the FMO) provided explanations to the POs and CPMA as regards compatibility to MoU, Programme and Programme Implementation Agreements (PA, PIA) and created specific national legal acts for Grants management. In case programme development and implementation justified needs and benefits in changing PAs or even the MoU – the NFP discussed it and agreed with FMO/Donor. Agreed changes when necessary, resulted mostly in amendments of PAs, some adjustments were made to the MoU. At project level, the CPMA ensured advanced consultation of project promoters as regards requirements for implementation, and later on, during implementation, compatibility with legal requirements were checked as a part of eligibility verification procedure.

In general, all programmes were implemented in compliance with the MoU³⁶, Regulation, national legal acts, as well as relevant national and sectorial strategies. Deviations from legal acts in implementation resulted in initiations of irregularity procedure and upon results of investigations by competent authorities, steps were implemented to restore the correctness if possible or to apply financial corrections. Most deviations at all levels were related with eligibility of expenditure, some projects faced challenges to ensure sustainability of project results.

Lessons learned:

- It could be stated that compliance with EU legislation, national legislation and the MoU (Regulation) was ensured. Important factor for this was advanced and extensive consultations in case of uncertainties. Contrary, too big focus on compliance in comparison with efforts for timely and effective delivery of the results could be identified (over-regulation led to over-control and big administrative burden issues).
- Main challenge in securing compliance was related with very detailed and complicated national legal requirements as regards procurements and unfortunately as regards over-regulation of implementation of programmes and projects. Creation of very detailed national legal regulations for implementation of the Grants in initial stage was determined by objective to secure assurance of compliance and unified practices taking into account a big number of programmes and a big set of institutions involved with very different administrative capacities. In the course of implementations regulations we supplemented with additional more detailed requirements as a response to audit's insights and recommendations. It could be argued that this approach is very much related with specifics of national legal and administrative culture.

³⁶ The audits of programmes and projects have not identified serious legal incompliances, instead provided recommendations for better or more efficient/effective procedures and performance in securing compliancy

Irregularities and complaints

In 2017–2018 one irregularity, which fell under Article 11.5 of the Regulations and related to the ineligibility of management costs of LT09, was detected and reported to the FMO. The irregularity was remedied and closed - 104.62 Eur (including grant and co-financing) was excluded from respective Interim Financial Report, no financial corrections needed. In addition, in 2017-2018 there were some minor irregularities detected under projects. All of them fall under the provisions of Article 11.7 of the Regulation, and will be reported only upon FMO request.

No complaints were received under the complaint mechanism established according to the requirements of Article 11.8 of the Regulation.

Programme conditions and post-completion obligations

The NFP held a register of the conditions set in programme agreements and during regular monitoring process reviewed status of its fulfilment. The reminders and consultations were provided to the PO(s) in case of challenges with its implementation.

Requirements for post-completion obligations were introduced into national legal acts, guidelines for applicants and respective project contracts. The projects are obliged to provide annual reports on status of implementation of post-completion obligations to the CPMA. CPMA is assigned a function to monitor implementation of obligations by analysing reports and performing on-the-spot checks according to risk assessment results also to apply corrective measures if necessary and in consultation with PO.

4.3 Monitoring, reviews, evaluations and audit

Commissioned by the NFP, external consultancy company BGI Consulting performed a **mid-term evaluation** on the implementation of the Norway Grants in Lithuania in year 2016. 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 **final external evaluation of results, impact and sustainability** of programmes implemented under the Norwegian Mechanism also of the NBF was commissioned by the NFP and implemented by consultancy company ESTEP in the end 2017 – beginning 2018. The evaluation Report summarised achievements and assessed its impact and sustainability, provided insights for success and failure factors, lessons learned and recommendations for future investments. The results and insights of this evaluation were extensively used in preparing this Final Strategic Report (summary of the findings and recommendations of this evaluation is provided in the Annex No. 6 of this Report.)

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 2017 with specific attention to the eligibility deadlines for project and PBF. No audits were commissioned by the NFP.

Within the monitoring actions at programme level, a meeting of the Monitoring Committee took place on June 2017; status of implementation of the Financial Mechanism was discussed and positive opinion in respect of the Strategic Reports for year 2016 was expressed.

The CA and IrRA also carried out monitoring activities in line with its competencies (on-the-spot checks in the CPMA):

- During the on-the-spot check carried out on 28–29 March 2017, the eligibility of expenditure of the sample of projects costs under the Norwegian Financial Mechanism to be declared and/or declared to the FMO was verified. No essential inadequacies of procedures and ineligible costs were identified. Two inaccuracies were detected and one recommendation regarding the internal control measures in order to ensure the compatibility of the information presented in the documents (contracts and its annexes) and to avoid the inaccuracies related to the verification of payment request was proposed.

- During the on-the-spot check carried out on 28–29 November 2017, the management of irregularities of the sample projects Norwegian Financial Mechanism was examined. After examination of the procedures performed by the CPMA related to the suspicion and investigation of the irregularities, determination of ineligible expenditure, preparation and submission of the irregularities reports to the IrRA, no essential inadequacies of procedures were identified.

4.4 Information and publicity

The Communication Strategy for the EEA and Norway Grants was approved on 14 November 2012. All information and publicity measures defined in the Communication Strategy supported the **overall objectives** of the EEA and Norway Grants to contribute to the reduction of economic and social disparities in the EEA and to strengthen bilateral relations between the Donor States and the Beneficiary States. The **key goals** of information, publicity and communication were to increase awareness of existence, objectives and benefit of the 2009-2014 EEA and Norway Grants; to promote positive image of the 2009-2014 EEA and Norway Grants; to ensure public access to all relevant information about the 2009-2014 EEA and Norway Grants; to promote bilateral relations between the Donor States and the Beneficiary State; and to ensure timely and effective communication and cooperation between grants' administrative bodies.

Main communication measures were also chosen with regard to target groups (the main ones were: general society, opinion and decision makers, applicants and institutions involved in the Grants management), specific approach channels were identified accordingly. Activities were planned taking into account the specificity of different stages of the Financial Mechanisms implementation, so Communication Strategy was divided in to **three stages** and 2018 is the last year of the third stage of implementation of Communication Strategy.

- **Stage 1 (year 2011-2012, beginning of the Grants)** was concentrated on assessment of the current situation, i.e. the starting point with regards to awareness of the Grants, building the means for further communication actions and spreading the information about existence of the Grants and possibilities provided by the assistance. Main actions made/started to be made in this stage:
 - ✓ The survey of public awareness about the Grants was carried out in October 2012 (1009 respondents, age 18 to 65). It showed that 17% of respondents had heard about the financial support of the Grants to Lithuania. Interestingly, more respondents (24%) recognised at least one of 3 promotional videos that were aired on TV and online in 2011 and advertised the results and benefit of Financial Mechanisms 2004-2009. 12% had seen at least one of two EEA and Norway Grants logos (7% recognised specifically the EEA Grants logo, compared to 11% who knew Norway Grants logo, 6% among them had seen both logos).
 - ✓ Joint Communication Working Group was established on 17 July 2012 consisting of the NFP, the POs and the CPMA. Norwegian Embassy in Vilnius was also invited to participate in the group's meetings as an observer. The group's main tasks were coordination of communication activities while sharing best practices and future plans (at the end of each year the members had to present activity plans for the following year), finding areas for common actions, discussing problems and searching for their solutions. During the period of implementation of the Grants, 8 meetings were organized and a lot of problems were discussed and solved.
 - ✓ On 25-26 September 2012 the NFP together with the Norwegian Embassy held the launching event where the new period of the Grants was introduced to the public. It was a two days event where the first day the festive evening was held in the Vilnius Small Theatre attended by about 170 representatives from the Lithuanian Parliament, ministries, local authorities as well as cultural and non-governmental organizations. DPPs were also represented by guests from Innovation Norway, Directorate for Nature Management and the Norwegian Association of Local and Regional Authorities. The second day of the launch event was dedicated to introducing the programs to be funded by the Grants 2009-2014 to potential applicants. The event drew a lot of attention and gathered an audience of more than 160 participants from different regions of Lithuania.

○ **Stage 2 (year 2013-2015, programme implementation phase)** was designed to communicate all the necessary practical information for applicants and project promoters, publicise interim results and monitor the effectiveness of the publicity. Main actions made/started to be made in this stage:

- ✓ In order to make the online publicity more efficient in 2012 it was decided to establish one common website for the EEA and Norway Grants and all supported programmes instead of the separate ones. It was planned to launch the new joint EEA and Norway Grants website in the second half of 2013, but due to complexity of the website and therefore longer than expected preparation of public procurement documents, the website was launched in February 2014. Despite the late launch of the website, it has been a huge success. During the first years of the website, the number of sessions of visitors increased more than twice and the highest number of visitor sessions was reached in 2016 - 17833. Despite the fact that today all the programmes are already closed, the website still has 7336 visitors, of which 82 % are returning ones.
- ✓ In order to ensure timely and effective communication and cooperation between Grants' administrative bodies trainings in reporting and in results and risk management (on December 2013) were organized for NFPs and POs from Lithuania, Latvia and Estonia. Trainings involved a total of 75 people from which 20 were representatives from Estonia, 18 representatives from Latvia, 34 representatives from Lithuania, 2 representatives from the FMO and one representative from the Innovation Norway. During these trainings POs had an opportunity to access other country POs who are working in the same field, to discuss the problems, which arise in implementation of programmes, in reporting, in reaching outcomes, and in managing the risks, share best practices, build up contacts.
- ✓ In order to monitor the intense of reports about the Grants and the tone of publicity, a qualitative analysis of media coverage was carried out during period 2014-2017. During this period more than 2300 reports (more than 3700 key words) related to the EEA and Norwegian Financial Mechanisms were captured. The keyword "The EEA and Norwegian Financial Mechanisms" was mentioned most often and accounted almost 67% of all keyword hits. The most visible programmes during this period were 'Correctional Services, Including Non-custodial Sanctions' and 'The Public Health Initiatives'. Also it is worth to mention, that the positive publicity was always dominating the communication flow and there were only 44 negative keywords hits witch amounted for 1,2% of all the keywords.
- ✓ To improve the awareness of existence, objectives and benefit of the EEA and Norway Grants and also to reach the younger audience, at the beginning of 2015 a new user profile was created in social network Facebook dedicated to EEA and Norway Grants in Lithuania. The Facebook profile shared the most up-to-date information, announced games in which you could win various prizes, and people were invited to participate in various events organized by programme operators and project promoters. Despite all the efforts to make this Facebook profile popular, today the profile has only 391 followers. One of the main reasons for this could be named as lack of information concentration (separate Facebook profiles of programmes) and also programme operators lack of understanding of the power and benefits of social networks.
- ✓ The second survey of public awareness about the Grants was carried out in December 2015. The survey involved 1038 respondents, age 18 to 75. It showed that during 3 years' time the awareness of the EEA and Norway Grants in Lithuania increased by 4%, from 17% to 21% and the awareness of the EEA and Norway Grants logos increased by 6% from 12% to 18%.
- ✓ Also to increase awareness of existence, objectives and benefit of the 2009-2014 EEA and Norway Grants in November 2015, a 6 months promotional campaign was launched to promote EEA and Norway Grants. 2 buses and 2 trolley-buses in capital Vilnius and 2 buses in second largest city Kaunas labelled with support attributes rode through the streets and drew attention of many citizens.
- ✓ With a purpose to promote the results and good work done while implementing the programmes and projects in the beginning of 2015 electronic newsletters were started to be spread among the ministries, municipalities, project promoters and other Lithuanian and Donor countries institutions. During the period of 2015-2018, 22 electronic newsletters about the implementation of the Grants in Lithuania were prepared and spread both in Lithuanian and in English languages.

○ **Stage 3** (2016-2018, closure of programmes) is concentrated to publicise achieved results and benefit created as well as to measure the public awareness and the image of the Grants within the society after two full cycles of provided assistance. 2018 is the last year of this stage. The main new actions made/ started to be made in this stage are:

- ✓ to increase awareness of benefit of the Grants and to show exceptional results achieved through cooperation with donor countries, in the beginning of 2018 it was decided to create 3 video films about 3 exceptional projects / activities that were born from close cooperation with Donor countries. The purpose of these films is to show the general society the benefits that co-operation brings to society and the outstanding results that can be achieved through the Grants. The video films will be made in June 2018 and they will be demonstrated on the national TV.
- ✓ The closing event of the Grants is planning to be held at the end of June 2018. Representatives from the Lithuanian Parliament, ministries, local authorities as well as cultural and non-governmental organizations, also DPPs and representatives from FMO will be invited to attend this event.
- ✓ The third survey of public awareness about the Grants was carried out in January 2018. The survey involved 1014 respondents, age 18 to 75. It showed that during all the period from 2012 the awareness of the EEA and Norway Grants in Lithuania decreased by 3%, from 17% to 14% but the awareness of the EEA and Norway Grants logos increased by 2% from 12% to 14%. The decline in public awareness about the Grants can be explain by the fact that the survey of public awareness was made more than half a year after the closure of the programmes, when the programme operators were no longer conducting intensive publicity activities so the information about the Grants were forgotten by the general society. Another reason could be the mixing of Structural Fund projects with EEA and Norway Grants projects. As the practice showed, usually people and unfortunately journalists assign the results of EEA and Norway Grants projects to Structural Funds. This situation has shown the importance of consistently pursuing publicity and educating the public about the benefits and importance of grants.

To summarise it could be noted, that all information and publicity measures defined in the Communication Strategy supported the overall objectives of the Grants to contribute to the reduction of economic and social disparities in the EEA and to strengthen bilateral relations between the Donor States and the Beneficiary States. Also all the key objectives of all 3 stages were implemented successfully and all the communication efforts helped to contribute to the 5 key goals mentioned earlier.

During the implementation of programmes, most of the **POs** also very actively contributed to the main key goals of information, publicity and communication to increase awareness of existence, objectives and benefit of the Grants, to promote positive image of the Grants, to ensure public access to all relevant information about the Grants and also to promote bilateral relations between the Donor States and the Beneficiary State. POs used different channels for publicity of their managed programmes – a variety of events, Internet (websites of Grants implementation in Lithuania and PO web sites, accounts specifically created for their programmes on Facebook), the media (press, TV and radio broadcasts), printed information material and etc. During the implementation of the Grants, the most actively engaged in publicity activities were POs of LT11, 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. PO of programme LT13 was very active in organizing very successful national and 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. PO of programme LT11 was also active in promoting its programme and projects, especially in the joint website of the Grants. The least attention to publicity activities was given from the PO of LT10 and LT12 programme (only a few articles in the Grants website were published and a few events organized).

Also it is worth mentioning that the interim evaluation of the implementation of the Grants made in 2016³⁷ revealed the major issues that need to be addressed in order to have more efficiency and more effective

³⁷ Report on interim evaluation of the implementation of EEA and Norwegian financial mechanisms 2009-2014, 25 August 2016, BGI Consulting, p. 158.

publicity. It showed that several POs met the problem of lack of necessary human resources (both in quantitative and qualitative terms) for programme publicity activities, and those POs who had human resources responsible often lacked the publicity experience. Also another big problem was lack of constructive measurable indicators to measure the success of the publicity activities made.

The NFP made every effort to ensure proper communication and cooperation between all institutions involved in implementation of EEA Financial Mechanism. The NFP organized plenty of meetings with POs, CPMA, Norwegian Embassy in Lithuania during 2012-2018 period 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.

Lessons learned:

- One website for all the programmes and the national level proved to be a success. However not all POs exploit this instrument to its full capacities.
- The supportive attitude and involve of the Norwegian Embassy in planning and implementing communication and publicity events at national also programme level proved to be a success and contributed significantly to high achievements.
- Due to the high variety of programme topics and target groups, programme publicity was left for the discretion of PO. The established Joint Communication Working Group provided for coordination of communication activities, finding areas for common actions, discussing problems and searching for their solutions. This format of cooperation for visibility and communication objective could be further explored in terms of professional advice and capacity building also initiation and implementation of joint publicity events.
- Some of POs lacked human resources for the implementation of publicity activities, in both quantitative and qualitative terms; it is essential for PO to have a staff member responsible specifically for publicity with adequate qualifications.
- Publicity activities should be targeted not only at the general public, but at specific target groups relevant to programmes.
- More effective publicity of project achievement was mostly prevented by failure to comply with the requirements for project promoters provided in contracts. In the future it is needed to provide relevant trainings and advise, even consider to establish sanctions (for example, related with suspension of payment of assistance funds) that may discourage project promoters from failure to comply with the obligations.

5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

Achievements and benefits. Despite rather late start but very intensive progress in 2016-2017 also due to Donors' flexibility and decision to extent projects eligibility deadline - programmes were successfully implemented with high absorption rate (about 93%), almost all planned results were achieved or even overachieved and impact for the target groups in respective areas is already evident or will be evident after required time span or additional measures implemented.

The approach in the MoU process to direct investments from the Grants to the areas with most pronounced challenges but lacking financing from the national budget due to its constrains or from EU funds due eligibility rules also taking into account availability of Donor's expertise in these areas proved to be very beneficial and led to more consistent social and economic development of Lithuania.

Considering focus and scope of the set of programmes also quality of intervention of the individual programmes, it could be observed that a big number of rather small financial scale programmes in different areas and serving rather different objectives limited prospect to produce substantial change at the national level. However, changes were facilitated by the programmes that were focused on a narrower area, Some programmes have created necessary conditions for change, but more time is required to see benefits of the results. Other programmes piloted new measures that had never been used in Lithuania before, but to make a real difference, these measures should continue to be used and applied on a wider scale.

To maximise achievements and benefits in future, it is recommended 1) to concentrate investments to less number of programmes and to less number of objectives inside programmes addressing most prominent challenges in areas, not covered from other sources and with potentials for bilateral cooperation; 2) to align funds to specific needed changes in the agreed areas; 3) potentials in piloting new measures or new operational models should also be explored, as Grants provide possibility to get and exchange expertise and best practices via bilateral or multilateral cooperation. Piloting should be aligned with sustainability measures to implement proved new ideas and practises on a wider scale. Also expectations of all the parties as regards piloting approach should be discussed well in advance (in case the piloted intervention not proves its benefits for programme or co-operation); 4) to ensure adequate resources and expertise for development of programme intervention.

Bilateral cooperation. Implementation of the programmes was marked by rather high intensity and beneficial bilateral cooperation which significantly contributed to the achievement of programme results and consequently to both cohesion and bilateral objectives of the Grants. Specifically, establishment of bilateral objective as a separate together with a new instruments (DPP, CC, PBF, NBF) introduced to facilitate it ensured that adequate attention and efforts was allocated in considering and achieving it. As a result, in number of programmes the availability of bilateral cooperation and Donor Country expertise was equally valuable as well financial contribution to solve most prominent problems in the programme areas in Lithuania. Challenges in maximising extent and benefits of bilateral co-operation were mainly related to the following factors:

- A clear goals or overall strategy for the implementation of the objective of bilateral cooperation in general and in programmes were missing, consequently there were also shortage for adequate indicators to proper measure effects of the cooperation.
- Too big administrative burden due to number of small, separate but similar instruments to finance cooperation objective or due to complicated set-up of these instruments or due to national over-regulation.
- Not clear roles and different expectations of POs/DPPs how to develop and implement programme together mostly due to rather different types and missions of the partners in their national systems also different legal, management and operating practices.
- Limits of availability of suitable and willing to cooperate donors project partner, not clear or different visions for objectives, implementation and benefits of the partnership, shortages or failures of partnership facilitation initiatives.

NBF proved to be very useful as provided the opportunity to expand bilateral cooperation outside the Grant programmes. However, it was not exploited to full extent due to not clear strategy how to select (initiate, develop) the best bilateral initiatives and use funds in most effective way also due challenges for NFP to have specific sectoral knowledge and capacities to administrate calls, contracting and payments

To ensure most advantaged bilateral cooperation, for future it is essential 1) to consider and agree at strategic level well in advance on the goals and overall strategy for the implementation of the objective of bilateral cooperation and to plan adequate measures to facilitate it (both at mechanisms and programme level); 2) to integrate/align resources and measures with aim to facilitate bilateral co-operation and to simplify requirement and procedures to use them; 3) delegate administrative functions (organising of calls, contracting, verification of expenditures and financial management) to the competent bodies with relevant experience and resources (both national and programme level); 4) for NFP to identify obstacles for cooperation and take corrective actions and facilitate the process (with help of FMO, Embassy) as early as possible (programme and project level).

In general, the created **MCS** operated effectively, agreed in MoU programmes were implemented, planned objectives and results were achieved to high extent, legal compliance assured. However, the functioning of the MCS faced a number of challenges, mainly due to system complexity (variety and big number of actors, operation at different vertical levels); shortages of human resources and administrative capacities or inappropriate attitude towards responsibilities; over-regulation, leading to high administrative burden and rigidity, too big focus on compliance in comparison with efforts for timely and effective delivery of the

results; monitoring indicators not of sufficient quality and suitable for measuring the progress and effectiveness of programmes; very complicated national procurement requirements.

As well functioning MCS has crucial role for successful implementation of programmes, to ensure high performance in future the NFP should ensure leadership in addressing above mentioned challenges. While developing MCS, the NFP should promote and realise in daily practice and in all processes “results-based” management approach, less focus on developing very detailed regulation, more on communication, promotion of good practices and capacity building. It is obvious, that requirements of Regulation for set-up, international and multilateral nature of cooperation determines, that a big number of different actors again will be involved in future programmes. The crucial lesson learned for making such complex system functioning smoothly and effectively is open and constructive communication and co-operation between all responsible national authorities, the FMO and DPPs. Creation of the IT instrument for the administration, management and control of the programmes, projects and finances allowed to relieve the administrative burden imposed by very complex administration system and to reduce chance of human error as well as intentional malpractices. Such good practise should be sustained in future. To lessen administrative burden for project promoters regarding public procurements, a centralised purchase of typical services could be considered.

6 ANNEXES TO THE STRATEGIC REPORT

1. Applications and selected projects
2. Projects with donors project partners
3. Programme and Country Irregularities
4. Project Irregularities
5. Summary of AA Audit Results
6. Summary of External Final Evaluation