NATIONAL AUDIT
OFFICE OF LITHUANIA
• BRINGING BENEFITS •

ASSESSMENT OF CHANGES IN STRATEGIC PLANNING AND BUDGETING

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CONTENTS

INTRODUCTION

Implementation of public policies in various fields of activity – ensuring citizens' safety, access to education and science, healthcare, social protection, creating a favourable environment for economic development, employment, etc. – requires adequate financial resources and effective strategic planning: identification of action lines and ways to achieve the objectives, making efficient use of financial, material and human resources.

In 2016-2017, we carried out audits on budgetary governance and strategic planning: we analysed the design of strategic plans, the monitoring of their implementation and performance reporting[1], and the management of the State Investment Programme (SIP)[2]. We have submitted recommendations to the Office of the Government and the Ministry of Finance to improve budgetary governance: link the budget allocations to expected results, establish clear links between planning documents, optimise the number of strategic planning documents and assessment criteria in ministerial strategic plans, review budgetary programming practices, take decisions on the calculation and reporting of management costs, ensure the quality of the data provided to the Monitoring Information System, improve the Government's reporting on results, etc.

The recommendations made by the National Audit Office are planned to be implemented following the reform of the strategic planning and budgeting framework, which was included by the 17th Government to its work schedule, and were planned to be implemented in the first quarter of 2018[3]. After assessing the importance of the changes being made, the Government included the reform in the portfolio of strategic projects in 2017, which was postponed to the fourth quarter of 2020. The expected outcome of the reform is the drafted and adopted state budget for 2021-2023, which sets out the financing of policy areas for 3-year period and expected results.

As part of the reform of the strategic planning and budgeting framework, transitional measures to improve strategic planning and the planning and management of public investment were implemented between 2017 and 2018. Assessment of the measures revealed that there have been no significant changes in the framework so far:

- Not in all cases we have established the criteria for assessing national policies, we do not measure the performance of Lithuania at international level, and we still choose the number of meetings, sittings, events or participants to measure performance. The number of assessment criteria applied by Ministries decreased in 2019 compared to 2017 by around 20%, from almost 1,750 to 1,400 criteria, but only 2 (out of 14) Ministries comply with the recommendation of the Strategic Planning Methodology to use the established number of evaluation criteria according to their levels. Thus, the transitional measures did not make any significant change in the content and optimisation of the criteria for assessing the significant change, therefore substantial changes are required in the strategic planning framework: optimising it and identifying links between different planning documents;

[1] Program Budget System: Setting up Strategic Action Plans and Monitoring their Implementation, 2016-10-10 No VA-P-60-2-17; Regularity of 2015 set of consolidated statements of the state and assessment of state budget execution, 2016-10-03 No FA-P-60-6-10-1; On the Progress of Implementing the Recommendations of Audits "Program Budget System: Setting up Action Plans and Monitoring their Implementation" and "Management of the Program for Investment in 2015", 2017-10-15 No VA-2017-P-60-1-18.

[2] Management of the Program for Investment in 2015", 2017-10-15 No VA-2017-P-60-1-18.

[3] Government's Programme Implementation Plan approved by the Government Decree No 167 of 2017-03-13.

- There are some starting points to structure information and focus on delivering key results, but the data in the activity reports are still insufficient to measure performance objectively:
  - none of the 14 ministries provided all the information required by the legislation in the 2017 activity report;
  - Government's activity report improved the traceability of information on the achievement of the Government's objectives: activity results are presented in accordance with the Government's priorities and targets as planned in the Government's programme implementation plan. The volume of undisclosed information is decreasing: the 2018 activity report does not include information on 39% of non-achievement of indicators, in 2015 such information made 61% and in 2016 - 60%;
  - 2018 Government's activity report does not identify and analyse the reasons for non-achievement of the indicators in 70 % of cases, while 26 % of the information on non-achieved indicators is presented in such a way that it is not apparent that the planned results have not been achieved;
  - publicly available[4] ministerial quarterly and annual progress reports on the implementation of the Government's programme implementation plan provide detailed information on the delayed actions and the reasons for it, but the 2018 Government's activity report does not contain information on almost half of the delayed actions and the information on delays in the implementation of the actions is presented in a way that does not indicate any delay;
- Repetitive shortcomings in data input to the Monitoring Information System: they are introduced with 1-2 months delay and there is no information available on 30 % of the achievement of indicators for the implementation of the Government's programme, with 95% of cases not indicating the reasons for non-achievement or over-achievement;
- First positive developments in the planning of the State Investment Programme are observed: the number of small projects funded by this programme (up to EUR 0.5 million) is decreasing. However, the expediency of developing the programme itself remains questionable: it does not reflect all public investment as it does not contain information on financial and other public investment, it does not provide detailed information on ongoing projects and their intensity, and its design increases the administrative burden for the public sector due to duplication of planning of investment funds.

We welcome the initiative of the Ministry of Finance to prepare and make publicly available budgetary information to the public in response to the suggestions of the fiscal institution. The "Budget 2020 at a glance" presents almost all the elements recommended in international practice for the citizens' budget, with one important exception of not indicating the expected results achieved using the budget.

Having assessed the progress of the reform of the strategic planning and budgeting framework, we see a risk that the medium-term budget will not be adopted at the planned time (2021-2023), since, due to the protracted alignment of the draft legislation drawn up by the Government, none of it has yet been adopted in order to establish a new quality

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[4] Available at: http://lrv.lt/lt/aktuali-informacija/xvii-vyriausybe/vyriausybes-programos-igyvendinimo-planas-1.

state budget. Budget planning is expected to start in spring 2020 and the final stages of the reform are delayed by 1-1.5 years.

The results of the most recent audits show that the level of maturity of budgetary governance established by the National Audit Office in 2018 remained unchanged and within the first level. Thus, the recommendations for improving strategic planning and reporting of results made during the audits and not yet implemented remain relevant.

1. THERE ARE REASONABLE DOUBTS AS TO WHETHER WE WILL HAVE A NEW QUALITY MEDIUM-TERM BUDGET FROM 2021

The current strategic planning framework has shortcomings: The medium-term budgetary planning system is weak, we only focus on the coming years when adopting the budget, we have many strategic planning documents[5], we do not rely on evidence to plan change, and we do not use performance information in decision-making.

The reform of the strategic planning and budgeting framework started in 2017: it was aimed at optimising the system of planning documents, ensuring document linkages, promoting evidence-based decision-making, enhancing results-orientation, focusing on scarce resources and ensuring financial sustainability. The Government planned to implement the reform in the first quarter of 2018. As a result of this reform, recommendations[6] of systemic audits of the National Audit Office aimed at changing budgetary governance will be implemented: the approval of state budget funds will be linked to performance targets, the number of strategic planning documents and performance assessment criteria will be reduced, strategic activity plans will become clearer, communication of public and decision-making by the members of the Seimas about the performance of the public sector and the use of taxpayers' money will improve, links and directions of all public investment will become clearer and their planning more systemic.

The Government included the 2017 reform in a portfolio of strategic projects, the implementation of which is monitored and controlled by the Government's strategic projects portfolio commission[7]. The work schedule[8] for the project has been drawn up with a view to implementing the reform in the fourth quarter of 2020.

The following planned preparatory and transitional work has been carried out to date[9]: an analysis of the existing strategic planning framework, improved planning and reporting on performance results achieved and arrangements for planning and managing public investment, a draft design and implementation plan for the new strategic planning

[5] The list of relevant long- and medium-term strategic planning documents for 2019 consists of 79 documents: 28 for the long and 51 for the medium term (information on the website of the Office of the Government has been updated on 18-03-2019).

[6] Program Budget System: Setting up Strategic Action Plans and Monitoring their Implementation, 2016-10-10 No VA-P-60-2-17; Regularity of 2015 set of consolidated statements of the state and assessment of state budget execution, 2016-10-03 No FA-P-60-6-10-1; Management of the Program for Investment in 2015, 10/10/2016 No VA-P-60-9-16.

[7] Set up by the 23-08-2017 Government Decree No. 696

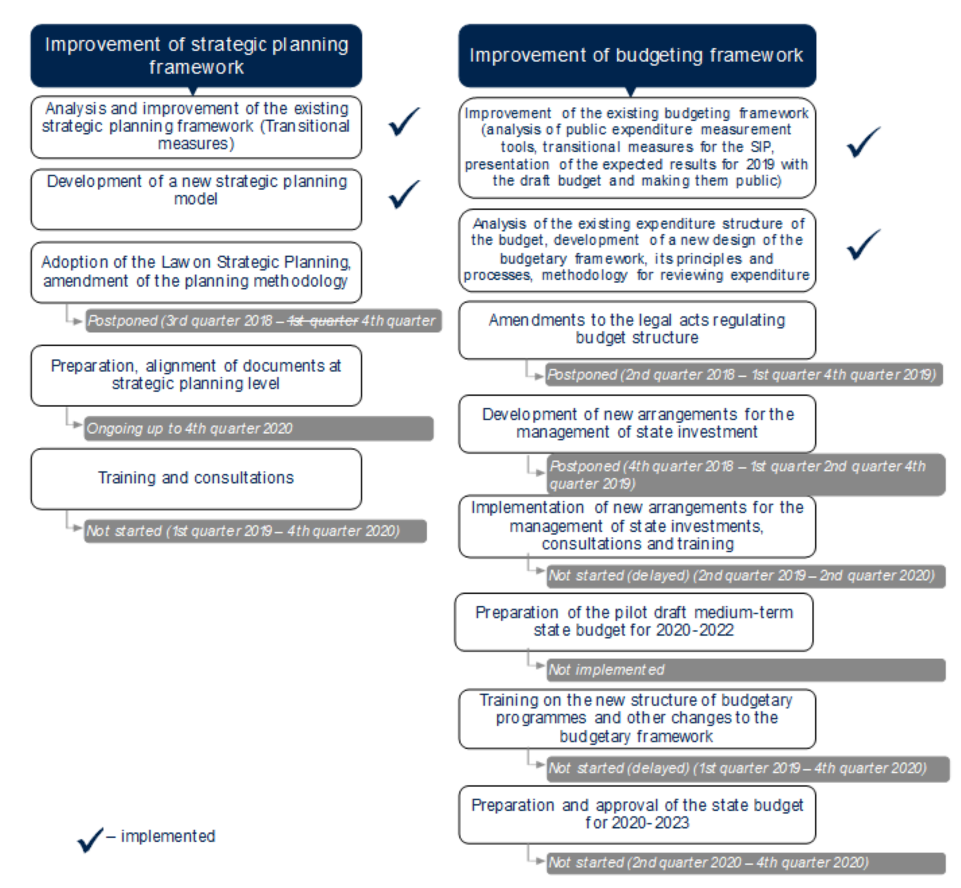
[8] Submitted to the National Audit Office on 15-11-2017.

[9] 09-12-2019

framework developed, an analysis of the existing tools for assessing public expenditure and the existing budget expenditure structure, and information on the main results to be achieved by appropriation managers [10]started to be provided to the Seimas alongside with the draft budget, a new model for the budgeting framework has been developed.

However, part of the reform work necessary to achieve the final result is not expected to be carried out within the deadlines planned in the project timetable and is therefore delayed (Figure 1):

Figure 1. Implementation of the reform of strategic planning and budgeting



Source - National Audit Office, in accordance to the information submitted by the Ministry of Finance

- The preparation and approval of the Law on Strategic Management and the Strategic Management Methodology[11], i.e. the documents governing the principles of the new Strategic Planning Framework, were carried forward from the first quarter to the fourth quarter of 2019. Due to the systemic nature of the changes made to the strategic planning, the development of the new model is delayed by the active involvement of the institutions concerned in the coordination of draft legislation, e.g. the draft Law on Strategic Management was submitted to the institutions for coordination in 2019 twice[12], the first time comments were received from 11 and the

[10] This information is a part of the explanatory note of the draft law on the approval of the financial indicators of the 2018 state and municipal budgets.

[11] Replacing the Strategic Planning Methodology approved by 06-06-2002 Government Decree No. 827.

[12] 13-05-2019 and 23-10-2019

second time from 18 institutions [13]. The draft law was approved by the Government at its meeting of 04-12-2019. Only after its adoption will it be possible for the Government to adopt a Strategic Governance Methodology detailing the implementation of the provisions of this Law.

- Due to the prolonged coordination of the draft Law on Strategic Management, the preparation of other legislation has been delayed:
  - the amendment to the Law on the Budget Structure governing the introduction of the new principles for medium-term budgeting was carried over from the first quarter 2019 as follows - to the fourth quarter of 2019, amendment to the Law for the identification of areas of public activity and the adoption in the State budget of the progress targets and the indicators for their assessment set in the National Progress Plan; to the second quarter of 2020, amendment to the Law (and other relevant draft legislation) for the adoption of medium-term budgetary and management rules;
  - preparation of the new procedure for the management of state investments has been carried over from the first quarter to the fourth quarter of 2019, the implementation - from the first quarter of 2019 to the second quarter of 2020.
- In the fourth quarter of 2019, a *pilot* draft state budget for 2020-2022 was planned, setting out the financing of the policy areas for 3-year period and the expected results. The draft was not prepared due to delays in the drafting and adoption of the Laws on Strategic Planning and on the Structure of the Budget.

The necessary legislative proposals for reform have not yet been adopted, so we cannot fully assess the expected changes in the strategic planning framework.

The draft amendment to the Law on the Budget Structure[14], which was initiated during the reform in 2019 and is currently being agreed, providing for a link between the results to be achieved and the allocation of appropriations in the context of the approval of the State budget is welcome. We had observations as regards the above-mentioned draft Law on the Budget Structure, because we miss the full implementation of the recommendations[15] made by the National Audit Office: there are no provisions to ensure that only the Seimas itself can amend the indicators adopted in the Law on Approval of the Financial Indicators for the State Budget and Municipal Budgets for the year in question, as provided for in the Constitution.

In summarising the progress of the reform of the strategic planning and budgeting framework, we can say that the vision of the reform is linked to the establishment of a sustainable system, however not a single legal act has yet been adopted that is necessary for the establishment of the new quality state budget for the period 2021-2023, i.e. amendments to the Law on the Budget Structure, the Law on Strategic Management and the Strategic Management Methodology. In view of the lengthy procedures for drafting and harmonising legislation and the scope of the work to be carried out, including staff training and consultations, there are reasonable doubts as to whether a new quality medium-term budget will be approved for the period 2021-2023.

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[13] Based on the Legislation Information System data.

[14] Draft Law on Amending Articles 2, 18 and 35 of the Law on Budget Structure No. I-430 and supplementing it with Article 14-1; registered on 08-04-2019 at the Legislation Information System.

[15] Assessment of regularity of 2018 sets of state consolidated financial and budget execution reports and legality of management, use and disposal of state budget funds and property, 01-10-2019, No. FA-8, page 49.

2. TRANSITIONAL MEASURES DID NOT MAKE SIGNIFICANT IMPACT ON THE STRATEGIC PLANNING AND BUDGETING FRAMEWOK

Transitional measures to improve strategic planning and the planning and management of public investment planned within the reform of the strategic planning and budgeting framework and implemented between 2017 and 2018:

- Strategic Planning Methodology [16] supplemented to optimise the number of assessment criteria, decrease the administrative burden, simplify the reporting requirements and to improve the quality of information being provided;
- Rules on the Planning, Adjustment, Use, Accounting and Control of State Funds for the State Capital Investments [17] amended to ensure the stability of the State Investment Programme, decrease the unfinished construction, improve the planning and selection of investment projects, shorten the implementation periods of part of investments and strengthen the control of the implementation of these projects.

Only the first positive developments are observed in reducing the number of small-scale, suspended and discontinued projects in the State Investment Programme. Our assessment of the results of the transitional measures shows that they did not have a significant impact on the strategic planning and management of the State Investment Programme.

2.1. Performance Criteria are Still Numerous and not Always Set for the Assessment of Important Activities

In addition to the optimal number of evaluation criteria, their quality is also important for the effective assessment and monitoring of performance. According to the Organisation for Economic Cooperation and Development (OECD), reasonable assessment criteria is one of the most important preconditions for the successful implementation of performance-informed budgeting[18]. During the audits and assessments carried out by the National Audit Office in 2016-2018 [19], we identified weaknesses in the design of performance criteria: qualitative criteria are missing, not all criteria are indicative of the achievement of the objective, criteria are developed which are not influenced by the institution, not all criteria are clear or reflective of the content of the action, and sometimes they are not set out at all, etc. In many cases, the authorities apply the practice that must be avoided - the criteria are designed as a list of everything that can be

[16] Government Decrees: 28-02-2018 No. 188 and 25-04-2018 No. 397.

[17] Government Decrees on the amendment of the 26-04-2001 Government Decree No. 478: 20-09-2017 No. 749, 13-08-2018 No. 794 and 05-06-2019 No. 540.

[18] OECD, The metamorphoses of performance budgeting, 2014, page 10.

[19] Program Budget System: Creation of Strategic Activity Plans and Monitoring of Implementation, 10-10-2016, No. VA-P-60-2-17; On the Progress of Implementing the Recommendations of Audits “Programme Budget System: Setting up Action Plans and Monitoring their Implementation” and “Management of the Programme for Investment in 2015”, 12-10-2017, No. VA-2017-P-60-1-18; Assessment of Maturity of Budgetary Governance, 10-10-2018.

counted[20]. Summarising the results of the most recent audits, we see that the problems remain relevant:

- we count meetings, hearings, events and participants, staff involved in training, but do not measure the performance of Lithuania in an international context, in some cases without setting the criteria for assessing national policies.

Examples of “counting all” assessment criteria used in Strategic Action Plans 2019-2021

- The public involved in setting priorities for the development of protected areas; more detailed information on these areas provided to the public; target - 2 meetings (Ministry of Environment).
- Share of the meetings of the Regional Development Councils organised within the set deadlines, target - 98%. (Ministry of the Interior).
- Number of participants in events organised by the Chamber of Agriculture, target – 8,800 participants (Ministry of Agriculture). The criterion and its target value have remained stable since 2011.
- Organised meetings with communities, target - 220 units (Ministry of Environment).
- Organised educational events, target - 8 units (Ministry of the Environment).
- Share of cultural and artistic workers who have improved their qualifications, target - 30%. (Ministry of Culture).
- Share of penitentiary personnel who have completed induction training, target - 96.5%. (Ministry of Justice).

Examples of assessment criteria used in international evaluations/studies but not measured in Lithuania

- Lithuania does not monitor, assess or monitor and assess not all (not fully) health service quality indicators used by OECD countries[21]. The OECD notes that the assessment and monitoring of patient experience can demonstrate what changes are needed to improve quality. The indicator established in Lithuania and health care establishments measure the level of satisfaction of patients with the personal healthcare services provided by the health care establishments, but there is no assessment of the patient experience indicators monitored by the OECD concerning whether the doctor spends sufficient time in consultation with patients, provides easy-to-understand explanations, provides a possibility to ask questions and share concerns, whether patients are involved in decisions affecting their care and treatment, whether patients refuse consultation, examination, treatment, prescribed medicines due to their high prices.
- There is also no evaluation of the OECD monitored indicators concerning prescription of medicines in primary health care (e.g. prescription of antibiotic (per 1000 inhabitants per day) and patient safety indicators (patients discharged from hospital: number of cases of lung embolism and venous thrombosis following hip or knee replacement surgery, number of obstetric injuries, complications during surgical procedures, surgical operations, etc.).

Examples of State policies in the absence of established performance criteria

- It has not been decided which indicators should be monitored to measure the effectiveness and impact of social assistance at national and municipal level. The Ministry has not set targets or recommended indicators for municipalities to monitor the effectiveness of these support measures and one of the most important indicators - poverty - is not monitored and analysed at their level. At national level[22], the impact of social assistance on poverty/persons is not counted.
- At national level, we do not have indicators of progress in education either at school or at municipality level in order to achieve the State’s objectives in a targeted manner[23].

[20] Legislative Research Commission, Performance-Based Budgeting: Concepts and examples, research report No. 302, page 64.

[21] Quality of Personal Healthcare Services: Security and Effectiveness, 28-09-2018, No. VA-2018-P-9-3-9.

[22] Does Social Assistance Ensure the Minimum Consumption Needs of People Living in Poverty and Promote the Labour Market Integration, 29-07-2019, No. VA-5.

[23] Could Lithuanian Students Perform Better, 28-11-2017, No. VA-2017-P-50-1-20.

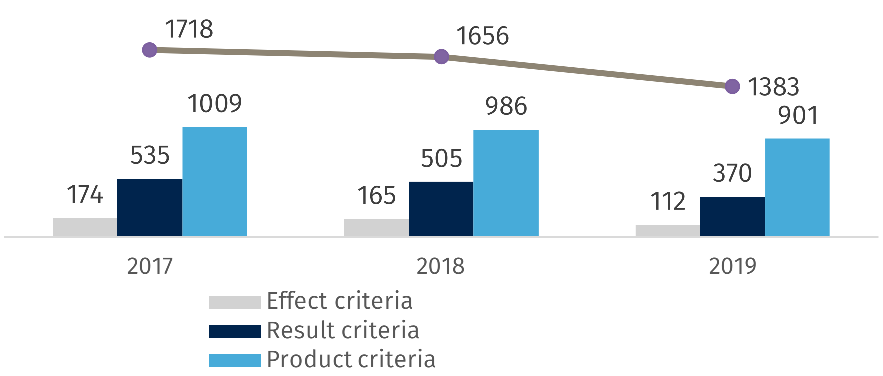
The audit carried out in 2016 found that the average number of assessment criteria set by Ministries was up to 6 times higher than the minimum required number established by legal acts, while the total number of assessment criteria set for monitoring the activities of all Ministries in 2016 amounted to 1,800. This is not in line with the best practice of measuring performance using a small set of well-defined core criteria [24]

Measures have been taken to optimise the number of assessment criteria used in Strategic Action Plans as part of the Government's implementation of the transitional measures for the reform of the Strategic Planning and Budgeting Framework. Following the revision of the Strategic Planning Methodology[25], the Strategic Action Plans for the years 2019 to 2021 and beyond are recommended to use not more than the maximum established number of assessment criteria, depending on the number of objectives, targets and measures implemented by the Ministry:

- the number of criteria for the assessment of the effects must be at least equal to the number of strategic objectives, with a maximum of 2 criteria for the assessment of the effects recommended per strategic objective;
- the number of result assessment criteria must be at least equal to the number of objectives of the programme, it is recommended to set a maximum of 3 result evaluation criteria per objective of the programme;
- the number of product assessment criteria must not be less than the number of targets and not be greater than the number of measures in the target.

After analysing data from all 14 ministries on the change in the number of assessment criteria used in the Strategic Action Plans, we are following a downward trend: between 2017 and 2019, they decreased by 335 units (19 %) from 1,718 to 1,383 units (Figure 2 and Annex 2). The decrease in the number of criteria in 2019 was 4 times faster than in 2018. In 2019, almost 1,400 evaluation criteria were used to assess the performance of Ministries.

Figure 2. The change in the evaluation criteria in the strategic action plans of ministries during 2017-2019.



Source - National Audit Office in accordance to the data of ministries' strategic action plans

[24] Program Budget System: Creation of Strategic Activity Plans and Monitoring of Implementation, 10-10-2016, No. VA-P-60-2-17.

[25] 25-04-2018 Government Decree No. 397 "On the Amendment of 6 June 2002 Government Decree No. 827 "On the Approval of the Strategic Planning Methodology"".

The growing awareness of the institutions of the importance of clarifying strategic objectives is reflected in the decrease in the number of assessment criteria at effect level between 2017 and 2019 by 36 % (from 174 to 112 units); The lowest decrease was observed in product assessment criteria (11 %).

When analysing the compliance of ministries with the number of assessment criteria recommended in the Strategic Planning Methodology, we found that the recommendation is only followed by two ministries and that the recommended number is most exceeded by the effect assessment criteria (Annex 2):

- only the Ministry of Health and the Ministry of Foreign Affairs meet the number of the recommended assessment criteria at all levels in their Strategic Action Plans 2019-2021 (product, result and effect);
- the number of assessment criteria of 12 (out of 14) ministries exceeded the recommended number:
  - the number of effect criteria of 12 (out of 14) ministries exceeded the recommended number. Most of all (from 2 to 3.5 times) this number was exceeded by 5 ministries: Finance, Economy and Innovations, Environment, National Defence, Social Security and Labour;
  - 1 (out of 14) - Ministry of Economy and Innovations - exceeded the recommended number of the results criteria by 3.2 times;
  - 1 (out of 14) - Ministry of Transport and Communications - exceeded the recommended number of the product criteria by 2 times.

We are currently setting objectives and targets at all levels of planning and establish assessment criteria. Therefore, we can expect a reduction in the number of assessment criteria and a change in the quality of their content only when the Government has fully implemented an integrated reform of the strategic planning framework covering all levels of planning as well as the number of planning documents has been reduced and objectives, targets and indicators of planning documents have been interlinked and clarified at all levels.

2.2. Data from Government and Ministerial Activity Reports do not Allow an Objective Assessment of Performance

In our assessment of the performance reporting of Ministries and the Government in 2016-2017, we found that the data provided in the activity reports are insufficient to objectively assess how the planned objectives and targets have been achieved:

- large quantity of information is submitted in the activity reports of the ministries, but it does not encompass a part of information demanded in the Strategic Planning Methodology regulating the contents of activity reports of the ministries; they also lack critical approach towards the implementation of the objectives and targets and results achieved[26].
- The Government's Activity Report does not provide information on more than half of the Government's performance results (assessment criteria): no information is

[26] Program Budget System: Creation of Strategic Activity Plans and Monitoring of Implementation, 10-10-2016, No. VA-P-60-2-17.

available on 60% of underachievement and 3 % of the performance cannot be accounted for because of the introduction of assessment criteria which results occur later than the reporting exercise[27].

As a result of the Government's implementation of the transitional arrangements for the reform of the strategic planning and budgeting framework, the annual performance reporting requirements have been modified:

- the format of the ministry annual activity report has been revised[28]. Performance reporting shall focus on the achievement of the strategic objectives and the achievement of the Government's programme and shall include information on: the overall performance achieved and the main work done, the implementation of the strategic objectives and the Government's programme, the problems encountered and the actions taken to address them, the benefits to the country's economic and social situation and/or the development of the area of governance entrusted to the Minister, and/or the benefits to specific target groups in society. Reporting on the achievement of the effect assessment criteria set for the strategic objective to measure progress, shall indicate the planned and achieved values of the assessment criteria, the reasons for non-achievement or significant over-achievement, the effect of the work done by the institution on the achievement of the criteria, the link between the use of the funds allocated to the programme and the achievement of the assessment criterion, etc.;
- the content of the Government's Activity Report has been determined[29] to be as follows: it shall contain the Prime Minister's word, the results of the implementation of the Government's programme and other planning documents, the Government's priorities for the coming year and other relevant information relating to its activities. It does not however regulate what information shall be included in the report and to what extent.

The ministerial and government activity reports drawn up in accordance with the new requirements give some insight into the structuring of information and the orientation to key results, but the data in the reports are still insufficient to measure performance objectively:

- none of the 14 ministries provided all the information required by the legislation in their 2017 activity reports[30]:
  - no Ministry indicated a link between the achievement of all the criteria for assessing the effect and the use of the funds allocated to the programmes;

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[27] On the Progress of Implementing the Recommendations of Audits "Programme Budget System: Setting up Action Plans and Monitoring their Implementation" and "Management of the Programme for Investment in 2015", 15-10-2017, No. VA-2017-P-60-1-18.

[28] 28-02-2018 Government Decree No. 188 "On the Amendment of 6 June 2002 Government Decree No. 827 "On the Approval of the Strategic Planning Methodology"". The 13-02-2019 Government Decree No. 135 "On the Approval of the Procedure for Preparing the Annual Activity Report of the Public Sector Entity and Annual Report of the Public Sector Entity Group" regulating the reporting for the results of 2018 and subsequent years.

[29] The Procedure for Preparing the Annual Activity Report of the Public Sector Entity and Annual Report of the Public Sector Entity Group approved by the 13-02-2019 Government Decree No. 135 regulating the reporting for the results of 2018 and subsequent years.

[30] The assessment has been carried out on January 2019. The ministries were informed in writing about the results and the data is announced in the open data of the National Audit Office.

- 13[31] (out of 14) Ministries' activity reports do not in all cases identify the problems they have encountered in implementing the Ministry's strategic objectives and/or the Government's programme and the actions taken to address them in the activity reports;
- 12[32] (out of 14) Ministries' activity reports do not fully reflect the benefits of their performance to the country's economic and social situation, to the development of the area of governance entrusted to the Minister or to the target population in the context of the implementation of the Ministry's strategic objectives and/or the Government's programme;
- 10[33] (out of 14) Ministries' activity reports do not always refer to the work done in implementing the strategic objectives and/or the Government's programme that had an impact on the achievement of the evaluation criterion;
- the ministries do not provide all the results of the criteria reflecting the implementation of the strategic objectives and/or the Government's programme[34], the reasons for non-achievement or overachievement of all the assessment criteria[35] and the reasons for not providing the value of the assessment criteria for 2017[36], and do not explain in the revised plan all the reasons for the increase of more than 5%[37] of the programme allocations.

- As a result of the Government's amendment of the procedure for the annual performance reporting, there has been a decrease in publicly available information on the detailed performance of ministries since 2018[38]: as a result of the reduction of the administrative burden, the obligation for appropriations managers to report in detail on each ongoing Strategic Action Plan programme has disappeared - the reports contain summary information at the level of the strategic objectives and effect assessment criteria on the changes and performance results achieved, while data from the Monitoring Information System (MIS) showing all ongoing work and performance assessment criteria as well as relevant funds used for this purpose is not publicly available.
- In the 2018 Government's Activity Report, the traceability of information on the achievement of the Government's objectives improved by showing performance results according to the Government's operational priorities and orientations, as planned in the Government's programme measures plan. The level of undisclosed information in the activity report is slightly lower than in previous years, but there is a lack of linkages between the results and the funds spent and information on the problem areas (delayed actions and underachieved indicators and reasons for non-achievement):

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[31] Except for the Ministry of Transport and Communications.

[32] Except for the Ministry of Energy and Ministry of National Defence.

[33] Except for the Ministry of Energy, Ministry of Transport and Communications, Ministry of Economy and Innovations and Ministry of the Interior.

[34] Ministries: Culture, Transport and Communications, Social Security and Labour.

[35] Ministries: National Defence, Social Security and Labour, Education, Science and Sport, Justice.

[36] Ministries: Social Security and Labour, Health, Education, Science and Sport.

[37] Ministry of Foreign Affairs and Ministry of Health.

[38] Government Decrees: 28-02-2018 No. 188 "On the Amendment of 06-06-2002 Government Decree No. 827 "On the Approval of the Strategic Planning Methodology"", 13-02-2019 No. 135 "On the Approval of the Procedure for Preparing the Annual Activity Report of the Public Sector Entity and Annual Report of the Public Sector Entity Group".

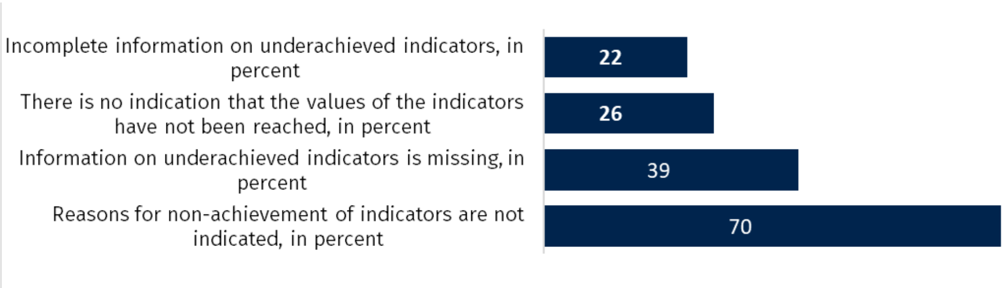
- In 2018, the implementation of 51 (out of 282) planned actions in the Government's programme implementation plan for 2018 were delayed[39] (18%). The 2018 activity report does not include information on almost half of 24 (out of 51) delayed actions, and information on another 26 delayed actions is presented in such a way that there is no indication that the implementation of the action is delayed: the works carried out, the objectives pursued are identified, etc.;

Examples of the delayed actions without indicating that they are delayed in the 2018 Government's Activity Report

- The action "Implementing the e-residency status regulation to define that the establishment and operation of a business does not require a visit to Lithuania" was to be carried out in the fourth quarter of 2018. The Government's Activity Report states that "a legislative package has been drawn up with the aim of enabling foreigners. <...>. to acquire e-resident status. The legalisation of e-resident status would at the same time contribute to the development of electronic (remote) administrative, public and commercial services of the Republic of Lithuania, as well as to the possibility of expanding their offer to foreigners, thereby improving investment and other environments conducive to the introduction of new technologies, other innovations relevant to the economic or social development of the Republic of Lithuania <...>.
- The action "Developing and introducing effective and targeted motivational measures for the recruitment of socially vulnerable persons" was to be carried out in the fourth quarter of 2018. According to the Government's Activity Report, "in order to create effective and targeted measures to facilitate the employment of socially vulnerable persons, including persons with disabilities, draft legal acts have been prepared and submitted for consideration". These objectives "are to improve and clarify the legal framework for social enterprise in order to ensure the effectiveness and control of State aid for social enterprises, to create legal conditions to encourage employers to recruit persons who are unable to compete on an equal footing with others in the labour market <...>'. The draft legal acts referred to in the report were submitted to the Seimas by Government Decree of 2017-12-13 No 1048[40].

- The 2018 activity report does not contain a part of information on the non-achieved results and a part of information on the non-achieved results is not detailed enough (Figure 3):

Figure 3. The non-submission of information on the non-achieved indicators in the 2018 Government's Activity Report



Source - National Audit Office

[39] During the approval of the Government's activity report on 27-03-2019, in accordance with the data of the Report on the Implementation of the 17th Government's Programme Action Plan and the Progress Report on the 2018 Government's Programme Implementation Plan submitted by the Office of the Government.

[40] On 20-12-2017, registered in the Legislative Information System.

– information on 17 (out of 44 or 39%) non-achieved indicators in the Government's programme implementation plan was not included into 2018 activity report[41]; compare: 2015 report had 61%, 2016 - 60%;

Examples of non-achieved indicators that were not included in to the 2018 Government's Activity Report

- The difference in achievements between pupils in rural and urban (Vilnius) areas was planned to be 52 points, but the difference was greater - 72 points.
- Two connecting points between private and public transport and bicycle sharing systems were planned, but none were installed.
- The rate of implementation of the population warning horns required in the impact zone of the Ostrovets nuclear power plant was planned to be 6%, it was achieved with 4%.

– The 7 (out of 27) underachieved indicators (in 26% of cases) in the report are described in such a way that it is not apparent that the planned results have not been achieved: Execution is not graphically represented and the description and/or text does not contain information on the target value;

Examples of non-achievement of indicators without indication of delays in the Government's Activity Report 2018

- The target value for the indicator "Share of consular services covered with a service quality standard" was 5% for 2018, achievement 0 %. (implementation 0 %). According to the Activity Report, "in order to improve the quality of consular services at the diplomatic missions and consular posts of the Ministry of Foreign Affairs, a quality standard for consular services continued to be implemented in 2018. It would ensure that only professional services of the highest quality are provided to interested parties and would reduce the time spent by the client in obtaining consular services".
- The target value for the indicator "Number of municipalities using a quality assurance mechanism for non-formal education for children", was 20 units for 2018, achievement 6 units (implementation 30%). According to the Activity Report, "promoting the development of non-formal education, an Experimental Methodology for Quality Assurance of the Activities of Non-formal Education for Children and their Providers was approved in 2018. This methodology has been tested in 6 municipalities, in 24 establishments of non-formal children's education".
- The target value for the indicator "Implementation of the Gas Interconnection Poland-Lithuania Project, percentage" was 37% for 2018, achievement 18 %. (implementation 49 %). According to the Activity Report, "the project for the construction of the Gas Interconnection Poland-Lithuania (GIPL) reached a significant final agreement between the partners of the GIPL construction project in 2018. <...>. The GIPL gas pipeline is planned to be completed and the interconnection will be operational in December 2021".

– Information on 6 (out of 27) indicators (22%) not achieved in the activity report is incomplete: the figure presents graphically the planned and achieved values of the indicator, but the text provides information highlighting positive developments and does not indicate that the planned values have not been achieved;

[41] The achievement of the implementation plan of the 17th Government Programme is evaluated by using 325 indicators, out of which we could evaluate results of 223 indicators submitted in the Government's activity report, because during its approval, the implementation results of 92 indicators were not indicated (report on the execution of indicators of the implementation plan of the Government Programme submitted by the Office of the Government, the data of which was used to lay down the performance of indicators), the data of 5 indicators are of limited use, 1 indicator is confidential and the data of 4 indicators were submitted incomprehensibly. Out of 223 evaluated indicators: 81 were achieved by less than 100% (out of which, we evaluated 44, the achievement of which was less than 90%), 30 indicators were achieve by 100% and the values of 112 indicators were exceeded.

Examples of non-achieved indicators for which incomplete information is provided in the 2018 Government's Activity Report

- Target value for the indicator "Prosumers as a proportion of total consumers" was 0.5% for 2018, however the achieved value was 0.15%. (implementation 30%. The Government's Activity Report states that on 31-12-2018 "Lithuania had around 1,150 prosumers. The value of the indicator has grown 5 times compared to 2017, reflecting the increasing growth of prosumers, which contributes to the promotion of active consumers, the growth of the share of renewable energy sources, the increase of local production and the contribution to energy security".
- The target value for the indicator "Reduction in the share of schools with fewer than 120 pupils in general education" was 40% for 2018. Achievement 22.9% (Implementation 57%). According to the Government's Activity Report, "between 2017 and 2018, the number of schools with up to 120 pupils fell by 63 or almost a quarter, excluding special, sanatorium schools, youth, adult and multifunctional schools. In 2018, fewer than 120 pupils were enrolled in 212 schools: 38 primary (mainly kindergarten schools), 161 basic, 4 pre-gymnasiums and 9 gymnasiums".
- The target value for the indicator "Number of Mediation Processes" of 550 cases was not achieved (in 2018 - 483 cases, in 2017 - 519 cases), however, the Government's Activity Report states that "the statistics show that the number of mediation processes is gradually increasing".

  – reasons for non-achievement of the 19 (out of 27 or 70%) reported indicators not being indicated and not analysed in the Report.

- The Government's Activity Report does not provide summary information on the use of funds for the Government's priority and orientation, but only on a case-by-case basis provides information on the funds used to implement the work and/or action (or part of it).
- There is a lack of information on the benefits of performance to the country's economic and social situation or target population in the implementation of the Government's priorities and orientations, which is provided only for individual measures.

The Office of the Government prepare and make publicly available[42] quarterly and annual progress reports on the implementation of the Government's programme implementation plan[43]. They provide information on the progress of the Government's programme implementation plan, the main achievements in relation to the priorities and orientations set out in the plan, the delays and the reasons for delays in the implementation of the actions by the ministries. Thus, publicly available information on delayed actions and their causes is more objective than that contained in the Government's Activity Report submitted for decision-making members of the Seimas.

A positive development in providing the public with information on the Government's activities is the free-form presentation of the work it has carried out, although they do not address the challenges and problems encountered:

- Presentation of the results of 6 structural reforms (tax system, reduction of the shadow economy, pension system, innovation policy, health system, education) implemented by the Government[44]: the benefits, objectives and means to achieve them, the impact on the macroeconomic indicators of the Lithuanian economy, the

[42] Available at: http://lrv.lt/lt/aktuali-informacija/xvii-vyriausybe/vyriausybes-programos-igyvendinimo-planas-1.

[43] The preparation of progress reports is defined in Paragraph 63 of the Strategic Planning Methodology, the format is not specified.

[44] Available at: https://lrv.lt/lt/aktuali-informacija/xvii-vyriausybe/prioritetiniai-darbai/strukturines-reformos.

works carried out, the intermediate results of the reforms, etc. The information is provided on the background and challenges of each reform, i.e. the problems in the areas that led to them.

- Presentation of the Government's performance[45] which gives visual and illustrative presentation of the results achieved, the text is clear and comprehensible.

The issue of the different deadlines for the Government's accountability to the Seimas for operational and financial performance has not yet been resolved, with the Government reporting to the Seimas on several occasions in different reports[46]: the activity report is submitted by 31 March and the annual budget reports submitted by 10 October. Such fragmented reporting does not give a full picture of the Government's performance.

The National Audit Office has issued a recommendation to unify the timing of the Government's accountability to the Seimas for operational and financial results[47]. This problem is addressed by the Ministry of Finance: it has prepared a draft Law on Public Sector Accountability[48]. However, as a result of this draft law, we had a fundamental remark that it was planned to leave the submission of the full national set of financial accounts to autumn. As this package is accompanied by information on public debt, the annual reporting sets for budgets in spring will not cover all information.

2.3. Not All of the Monitoring Information System Data are Adequate for Monitoring and Reporting

As the updated strategic management processes during the reform of the strategic planning and budgeting framework are planned to be automated, it is envisaged to modernise the Monitoring Information System, which has been in place since 2011. It contains data on the strategic planning documents implemented by the institutions, the results of their implementation and the funds used for this purpose.

During our 2016-2017 audits, we found that due to the lack of responsibility of ministries in monitoring the implementation of planning documents, the MIS data are not reliable, complete and timely[49].

There has been little progress in the provision of data to the Monitoring Information System (MIS) and therefore not all the data contained therein are adequate for the monitoring and reporting of performance:

- The data provided by ministries on the implementation of the Government's programme implementation plan is incomplete[50]:

[45] Available at: http://lrv.lt/lt/aktuali-informacija/xvii-vyriausybe/strateginis-valdymas/vyriausybes-veiklos-ataskaitos-seimui.

[46] Law on the Accountability of the Public Sector, 26-06-2007, No. X-1212, Articles 32 and 32[1.]

[47] Assessment of data of 2017 set of national financial statements and public debt and its management, 01-10-2018 No. FA-2018-P-60-3-4-1.

[48] Draft amendment law No. 19-10300 of the Law on the Accountability of the Public Sector No. X-1212, registered at the Legislative Information System on 04-09-2019.

[49] Program Budget System: Creation of Strategic Activity Plans and Monitoring of Implementation, 10-10-2016, No. VA-P-60-2-17; Progress of Implementing the Recommendations of Audits "Programme Budget System: Setting up Action Plans and Monitoring their Implementation" and "Management of the Programme for Investment in 2015" , 15-10-2017, No. VA-2017-P-60-1-18.

[50] We assessed the 01-10-2019 data of the results of 2018 Monitoring Information System Report "Execution of the indicators of the Implementation Plan of the 17th Government's Programme" (they are being constantly

  - The system does not contain information on the achievement of 97 (out of 325, or 30%) indicators. By comparison, for 2016, 80% of the results were not reported;
  - In 95% of cases, there are no reasons for not reaching or exceeding the indicator values or they do not explain the result: the reasons for non-achievement or over-achievement of 122 out of 128 indicators are not reported[51]. The situation is worsening compared to previous years: for 2016, 59% of cases were reported;
- The ministries are late to provide data into the system[52]:
  - there are delays of 1 to 2 months in reporting on the results achieved: none of the ministries entered data on the implementation of the measures and assessment criteria in the first, second and third quarters of 2018[53], e.g. the introduction of data in the first quarter was on average 72 days late. Only for the fourth quarter 2 ministries entered data on time. The problem continues in 2019, but with fewer delays: the introduction of results in the first quarter was delayed by an average of 50 days, with no Ministry entering data on time;
  - there is about one month of delay in reporting the planned results: no Ministry has timely introduced the planned Strategic Action Plan data for 2019-2021: the data for the negotiation phase, for the maximum limits and the draft strategic action plan, e.g. data for this draft plan, was on average overdue by 27 days.

While Ministries have been providing data to the Monitoring Information System for 8 years[54], ministerial experts still misdetermine the change in the trend of the indicator, so that the reports of this information system indicate a false percentage of achievement and/or execution of the indicator, i.e. failure to achieve the values of the criteria are reported as being exceeded and vice versa. We found 15 (out of 228) of these cases. [55]

The Monitoring Information System is intended to be modernised and adapted to the new strategic planning documentation system. According to preliminary estimates, EUR 2.7 million[56] is planned for modernisation (EUR 0.5 million for system development). When planning to monitor the implementation of the documents of the new strategic planning framework, particular attention should be paid to the completeness, accuracy and timeliness of the data contained in the system. Otherwise, we will again have an information system the data of which is not suitable for monitoring and reporting performance.

updated). During this project, the data of the results of Strategic plans programme implementation were not assessed.

[51] We evaluated the criteria, the achievement of which is less than 90% (49 indicators) and more than 110% (79 indicators).

[52] The Office of the Government evaluates the fact of entering the data of implementation of the strategic activity plans (whether they are entered or not).

[53] Within 30 calendar days from the end of the quarter.

[54] Since 2012 (2011 - pilot exploitation).

[55] 13-09-2019 Monitoring Information System Report “Execution of Indicators of the Implementation Plan of the 17th Government’s Programme”. Wrongly defined the direction of change in the indicators in the ministries: Environment, Energy, Justice, Transport and Communications, Agriculture, Health.

[56] The explanatory note of the Draft Law on Strategic Management and associated draft amendment laws, 23-10-2019.

2.4. In the context of the implementation of the National Audit Office recommendation, it is planned to Abandon the Preparation of the State Investment Programme

The State Investment Programme is defined as the document setting out the public investment strategy[57]. However, it does not represent a real investment by the State, since it only includes part of the State's funds for the acquisition of assets, such as the construction or reconstruction of new buildings and the State's tangible and intangible assets, but there is no information on financial and other investment of the state[58]. This programme does not provide detailed information on ongoing projects and their intensity, and the design of the programme increases the administrative burden for the public sector due to duplication of investment planning (funds for the creation and acquisition of the State's long-term tangible and intangible assets are planned in the State budget programmes and part of the same funds is included in the State Investment Programme).

Investment projects are prepared by state and municipal institutions, bodies and enterprises, other economic operators and submitted to public policy-making institutions and bodies in the relevant field, which submit investment projects and/or programmes proposed for inclusion in the State Investment Programme to the Ministry of Finance[59]. The State Investment Programme is approved by the Seimas in accordance with the investment areas, and the allocation of funds to appropriations managers and projects (programmes) is approved by the Government[60].

The programme receives around 1 billion annually and between 2010 and 2019[61] has received EUR 10,913,5 million of public funding[62], of which EUR 6,224.1 million (57%) is from the EU and other financial assistance[63] (Annex 3 and Figure 4). The total amount of funds spent on investment projects, including funds allocated to projects by state and municipal institutions, bodies and enterprises, is not structured.

[57] Law on Investments, 07-07-1999, No. VIII-1312, Article 2 Part 9.

[58] Monetary funds, tangible, intangible and financial assets being invested in order to receive profit (income), social result from the object of investment or to ensure the implementation of the state functions.

[59] 26-04-2001 Government Decree No. 478 "On the Approval of the Rules on the Planning, Adjustment, Use, Accounting and Control of the State Funds for the State Capital Investments", Paragraphs 7 and 13.

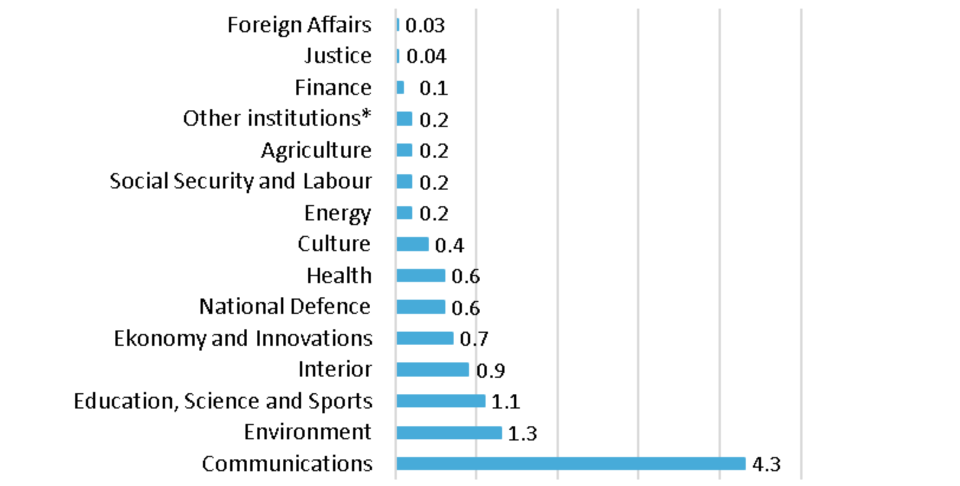
[60] Ibid, Paragraphs 25 and 25-3.

[61] Here and further in the text, 2019 data is provided - the target amount.

[62] State budget funds (out of which, EU funds and special targeted grants to municipalities), loans being provided for the funds borrowed in the name of the state, state guaranteed loans, funds of the Privatization Fund (used until 31-12-2012).

[63] The projects of the State Investment Programme may be (were) financed from the funds of European Economic Area Financial Mechanism, Norwegian Financial Mechanism and Swiss Financial Assistance.

Figure 4. During 2010-2019, the funds of the appropriation managers (ministries and other institutions) used for the State Investment projects (programmes) in billions of euros.



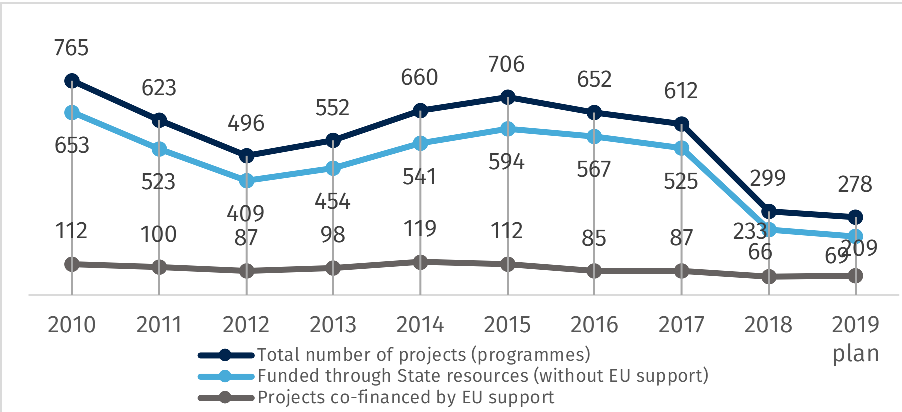
* Institutions accountable to the President, Parliament and Government, other institutions.

Source - National Audit Office, in accordance to the data submitted by the Ministry of Finance

The value of ongoing projects in 2019 is EUR 7,047.8 million (Annex 4), out of all the ongoing projects the library computerisation project launched by the Ministry of Culture in 2003 will be completed at the latest in 2034.

In 2019, compared to 2010, the number of ongoing public investment projects (programmes) was decreased almost 3fold, with 278[64] ongoing projects (programmes) in 2019 (Annex 4), of which 209 are financed from the state budget (excluding EU assistance) (Figure 5).

Figure 5. Number of projects (programmes) being implemented in 2010-2019, units.



Source - National Audit Office, in accordance to the data submitted by the Ministry of Finance

As we observed in 2016[65], no institution has country-wide structured information on investment projects included in certain programmes, planned and spent funds, etc. The State Investment Programme does not provide information on the precise number of projects carried out: projects and investment project implementation programmes are

[64] The statistical data of the State Investment Programme is submitted in accordance with the data that are publicly announced and additionally submitted by the Ministry of Finance.

[65] Implementation Plan of the Government's Programme approved by the Government Decree No 167 of 2017-03-13.

included in the State Investment Programme[66], but the structure of these programmes is not disclosed in the State Investment Programme; although in 2019 they were allocated around 45%. State Investment Programme funds. Consequently, the decrease in the number of projects in the project implementation programme will not change the total number of projects and/or programmes in the State Investment Programme.

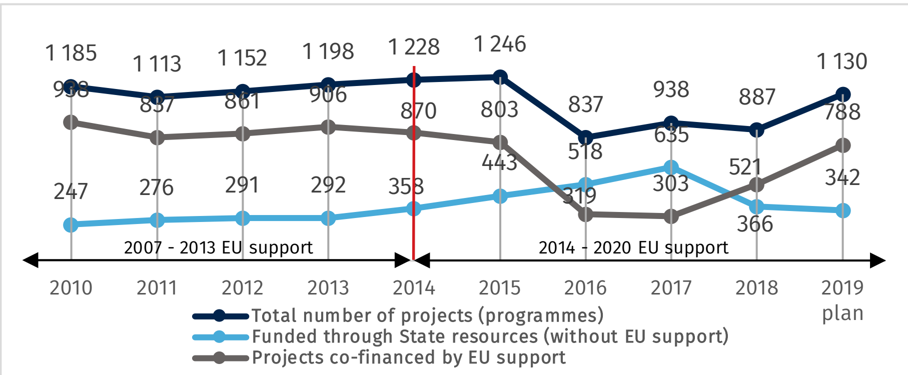
Examples of undisclosed information on the projects being performed in the State Investment Programme

The investment programme of the Ministry of Transport and Communications "Construction and reconstruction of roads (streets) of local significance between 2019 and 2021" amounts to EUR 73.2 million, with EUR 22.2 million planned to be used in 2019. The State Investment Programme contains a single line but consists of more than 100 projects.

The investment programme of the Ministry of Education, Science and Sport "Implementation of the 2014-2020 Operational Programme for investments from the European Union Funds" is worth EUR 528.7 million. It is planned to be used in 2019 EUR 109.7 million for this programme. The State Investment Programme presents a single line but consists of 13 investment programmes which finance individual projects.

Looking at the (intended) use of funds in the period 2010-2019 of the State Investment Programme, the vast majority - on average 66% - in almost all years are used for projects/programmes co-financed by EU assistance (Figure 6). Changes in State Investment Programme funds are directly linked to the EU programming periods: most of the funds are spent in the second half of the period, when the implementation of the projects is gaining momentum, and several years after the end of the period[67]. As the State Investment Programme provides incomplete information on the number of ongoing projects, there is no direct link between the number of ongoing projects and/or programmes and changes in the use of funds (Figures 5 and 6): The number of projects co-financed by EU assistance in the State Investment Programme increased from 66 units in 2018 to 69 units in 2019, while the amount of funds used is expected to increase by about 1.5 times as the amount paid to projects and/or programmes increases. The use of funds in 2019 is likely to be lower than planned, as between 2010 and 2018, an average of 75% of the planned State Investment Programme funds was used due to protracted public procurement procedures, the failure of service providers to meet their contractual obligations, the purchase of goods and services at a price below planned, etc. (Annex 5).

Figure 6. Funds used for the projects (programmes) carried out in 2010-2019, in million EUR



Source - National Audit Office, in accordance to the data submitted by the Ministry of Finance

[66] The Programmes link two or more investment projects, according to which, investments are made into uniform objects of investment attributable to one investment area.

[67] Periods of eligible costs: until 31-12-2015 (2007-2013 EU aid) and until 31-12-2023 (2014-2020 EU aid).

On average, the projects are being completed within 6 years[68], but there are those, which last long: out of 278 projects (programmes) being implemented in 2019, 19 are being implemented for over 20 years (Table 1).

Table 1. The duration of the implementation of the projects (programmes) being implemented in 2019

Duration of the implementation of the project (programme), years	Number of projects, units	Project value, in million EUR
1-10	233	5,170.6
11-19	26	875.1
20-25	19	1,002.1

Source - National Audit Office, in accordance to the data submitted by the Ministry of Finance

Both high-value and relatively low-value projects are long-running: for 10 years or more, projects worth between EUR 2 million and EUR 3 million are ongoing. Due to changes in priorities, under-spending, lengthy procurement procedures, incorrect submission of documents, etc., projects are suspended several times between 2010 and 2019[69]. 63 have not been allocated funds for 3 years or more.

Examples of long-running (more than 10 years) and suspended projects

- For 27 years (1991-2017) the reconstruction of the Kupiškis Social Care House's unfinished building located in Kupiškis district, Šnipeliškis village, Kikonių St. 20. The initial value of the project is EUR 3.4 million (reduction 2 times: up to EUR 3.2 million in 2016 and EUR 2.97 million in 2017). Between 2010 and 2017, 3 suspensions (between 2012 and 2014 and 2015) were imposed on the appropriations manager (Ministry of Social Security and Labour) once due to the lack of funds due to the postponement of part of the work and the priority given to less-favoured institutions. The planned end has been postponed 2 times, the project was completed in 2017 (2 years later than planned).
- For 21 years (since 1999) the reconstruction of the Vilnius Gediminas Technical University building in Vilnius, Trakų St. 1/26 - adaptation to academic activities - is still ongoing, the project value of EUR 10.2 million was suspended 4 times (2012, 2015 - 2017), with the allocation of funds according to priorities to other projects. Its value remained stable, but the planned end has been postponed 4 times. It is currently planned to be completed in 2022, i.e. the duration of the implementation, if completed in the planned time, 24 years.
- For 15 years (2003-2017) the reconstruction of the buildings of the Alytus County S. Kudirka Hospital in Alytus, Hospital St. 12. The initial value of the project was EUR 7.8 million (reduced to EUR 5.5 million in 2017). Suspended 2 times (2011-2012) after the allocation of funds to the appropriation manager (Ministry of Health) by priority. The planned end has been changed 3 times: 2 times postponed and 1 times shortened, after the exclusion of part of the works from the project.
- For 17 years (1999-2015) the Register of Nationally Significant and Hazardous Objects was created. The project has a value of EUR 0.96 million and no funds have been committed for the last 5 years of operation (2011-2015), although it has been stressed that the register is minimally established and operational, it needs to be further developed. In 2015, the Ministry of the Interior stated that it did not envisage the continuation of the project.
- For 14 years (since 2006) the Lithuanian National Museum building in Vilnius, T. Kosčiuškos St. is being adapted to museum activities. The value of the project was EUR 7.1 million. During the period 2010-2019, 3 suspensions were made (in 2015, 2017-2018) following the redistribution of funds from the appropriations manager (Ministry of Culture) to other projects and to finance the solving of the Gediminas Hill issue, which is in an extreme state. The project's deadlines have been changed 4 times and is planned to be completed in 2019.

[68] Projects completed in 2010-2018.

[69] Information on the on-going investment projects, which are proposed not to be included into the State Investment Programme, has been prepared since 2010.

- For 13 years (since 2007) the reconstruction of the Kretinga District Salantai Gymnasium in Salantai, Taikos St. 4. The value of the project was EUR 3.3 million. During the period 2010-2019, 2 stops were made (in 2010 and 2013) after the allocation of funds to the appropriation manager (Ministry of Education, Science and Sport) according to priorities for the reconstruction of another school. The project is planned to be completed in 2019.
- For 13 years (since 2007) the reconstruction of the administrative building in Vilnius, Žalgirio St. 127 (adaptation for the Customs Criminal Service and development of a pre-trial investigation system). The value of the project was EUR 1.4 million. No allocation was made for 2010-2013 and 2016, after the allocation of funds to the appropriation manager (Ministry of Finance) according to the priorities. The project is planned to be completed in 2019.

The inclusion into the State Investment Programme does not ensure even the successful implementation of the objects of the national significance: out of six sports objects, which were in 2006 declared nationally significant[70], three objects were completed.

Examples of implementation of sports objects of national significance

- State investment projects were implemented in the following objects: at the multifunctional sports and entertainment complex in Alytus, Naujoji St. 52 (2008-2011), two projects worth EUR 11 million were carried out, using EUR 6.8 million from the state budget, of which EUR 2.5 million from EU assistance; two projects carried out at the Girstutis Culture and Sports House in Kaunas, Kovo 11th St. 26 (2009-2014) worth EUR 10.5 million, using EUR 3.7 million from the state budget, of which EUR 1.4 million from EU assistance; at the multifunctional sports, services and health complex in Vilnius, Ąžuolyno St. (2012-2014), two projects were carried out worth EUR 2.9 million and EUR 1.3 million of EU assistance was used.
- Multifunctional sports and entertainment complex in Marijampole – the project has not started and is being considered for a different plot of land.
- The sports and health centre in Trakai – the project was not implemented, the project promoter was wound up as a result of bankruptcy, and the project received EUR 1.4 million of public funds.
- National stadium with a sports complex in Vilnius, an updated site project[71] started in 2007 with a planned value of almost EUR 120 million (as of 2015, most recently mentioned in the State Investment Programme). Between 2007 and 2010, the project received almost EUR 33 million of public funding, suspended due to a lack of funding, and the project was planned to be financed from the EU programming period 2014-2020. In 2015, it was decided to implement the project by means of a concession. [72]

In 2016, we assessed the management of the State Investment Programme and identified [73] weaknesses in governance, planning and reporting: inclusion of low value (up to EUR 0.5 million) small investment projects in the programme; the launch of new projects by suspending existing funds from the state budget; lack of objective selection of projects, lack of visibility of their results, etc.

[70] 12-01-2006 Government Decree No. 34 "On the recognition of multifunctional objects as sports objects of national significance in the 2006 programme period".

[71] The international and national sports complex project was planned for 1985, the foundation works started in 1987 and completed in 1993. The construction works were stopped and planned to be extended later due to a lack of funds. A decision was taken in 2006 to complete the works in line with the updated project. Construction works on existing foundations were restarted in 2007.

[72] 09-12-2015 Government Decree No. 1269 On the implementation of the Public-Private Partnership project "Multifunctional Complex for Health Promotion, Education, Training, Culture and Employment".

[73] Implementation Plan of the Government's Programme approved by the Government Decree No 167 of 2017-03-13.

Following up on the recommendations made by the National Audit Office, the 5 Ministries[74] to which the recommendation was addressed revised the criteria and scoring system for the selection of investment projects and the Government implemented transitional measures[75] as part of the reform of the strategic planning and budgeting system:

- The value of the projects included in the State Investment Programme has been increased and funds have been earmarked only for the execution of construction and reconstruction works or for the acquisition of assets: since 2018, projects up to EUR 360 thousand (and ICT projects up to EUR 100 thousand) have not been included in this programme. It is established that this programme is limited to the funds planned for the construction and/or reconstruction of a new structure, the acquisition of long-term tangible and intangible assets and new information and communication technologies.
- A more rigorous selection of new projects is foreseen: a cost-benefit analysis shall be carried out for all projects proposed for inclusion in the draft State Investment Programme for the years 2018-2021 and beyond. Criteria have been established for the inclusion of new projects in the programme. The assessment criteria used and their meaning shall be agreed with the Ministry of Finance when drawing up the draft State Investment Programme for the years 2019 to 2021 and beyond, and the application of the scoring system and the minimum scores shall be mandatory.
- The arrangements for monitoring investment projects have been modified – the fulfilment of all project evaluation criteria will be monitored for a period of 5 years after the implementation of the project.
- Increased publicity requirements for the results of investment projects: the decisions of the selection panel for each investment project considered, the project selection criteria and the scores awarded shall be made public from 2018 onwards; the Ministry of Finance shall collect and publish on its website data on the use of project funds and the fulfilment of project assessment criteria.

Having evaluated the changes in the State Investment Programme in 2017-2019, we see the first positive developments as small-scale, suspended and discontinued projects are decreasing:

- There is a decrease in the number of projects for which it has been decided not to allocate funds (i.e. suspended or terminated) (Figure 7 and Annex 6). It should be noted that information on such projects, which is collected and published[76] by the Ministry of Finance, covers only investment projects financed by the State budget, but does not cover project implementation programmes and projects co-financed by EU assistance. Information on the projects for which exclusion has been decided shall be submitted to the Seimas as an integral part of the explanatory note to the draft State budget.

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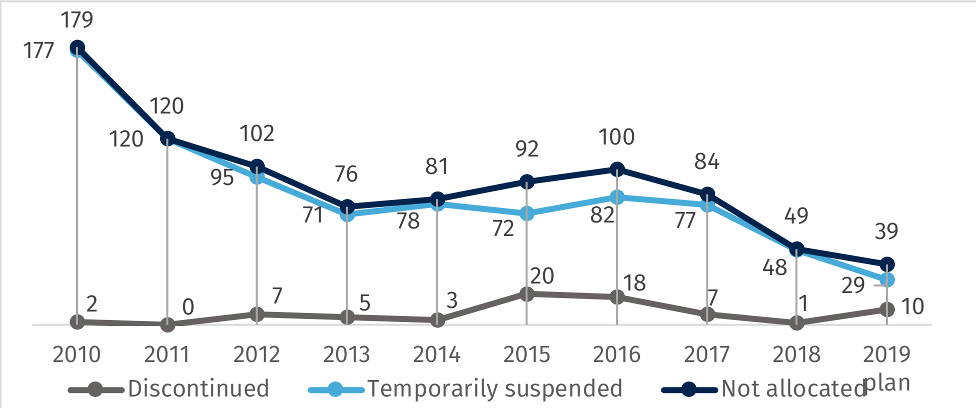
[74] Environment, Health, Social Security and Labour, Justice and Agriculture.

[75] Rules on the planning, adjustment, use, accounting and control of public funds for public capital investments amended by the Government Decrees (20-09-2017 No. 749, 13-08-2018 No. 794 and 05-06-2019 No. 540). The rules do not apply to the management of investment projects co-financed by the EU and other financial assistance, which are subject to the provisions of EU and other financial assistance legislation and international treaties.

[76] Available at: http://finmin.lrv.lt/lt/veiklos-sritys/biudzetas/valstybes-investiciju-2018-2020-metu-programos-projekto-rengimas.

Figure 7. Projects, for which no funding has been proposed in 2010-2019*, units



* Information for 2014 does not include continuing investment projects in the field of culture for which no funding is proposed

Source - National Audit Office, in accordance to the data submitted by the Ministry of Finance about the 2015-2019 projects, for which no funds were allocated, and the information submitted in the explanatory notes of the draft state budgets about the 2010-2014 projects, for which no funds were allocated

Between 2010 and 2019, a total of 922[77] projects were unallocated, the majority of which were suspended or interrupted by the Ministry of the Interior and bodies governing the area (150 units), the Ministry of Health and bodies governing the area (136 units). The most common reason for excluding projects during this period is: change in priorities, funds are concentrated on other projects (57% of all suspended and discontinued projects). By the beginning of 2019, 10 projects decided to close in 2019 had already reached EUR 15.2 million of public funds (Annex 7). At the time of the termination of the four projects (out of 10), the works were partly carried out (construction of the connection to the lift between the housings, construction and fitting-out of the extension, etc.) and therefore only the decision to abandon the rest of the planned works was taken.

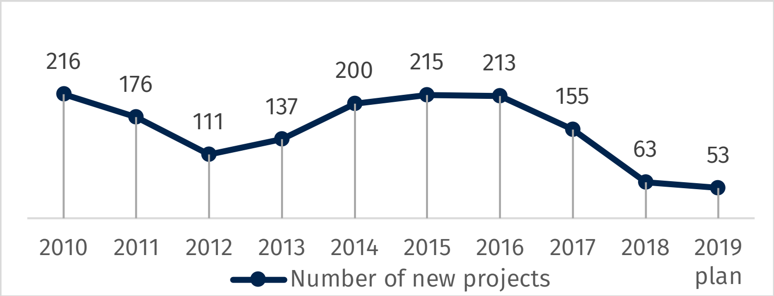
- The number of newly started projects (programmes) launched between 2016-2019 decreased from 213 to 53 units (Figure 8). This allows for the mobilisation of funds and the completion of on-going projects which were launched long ago.

Between 2010 and 2019, a total of 1,539 projects and/or programmes were launched, with the following ministries and bodies in the area of ministerial governance being the main ones: Transport and Communications (266 units), Agriculture (169 units), Interior (161 units) and Health (152 units). The largest number of new projects and/or programmes started between 2010 and 2016 and their number has decreased since 2017. Several

[77] The funds have not been allocated to the same projects for several years in a row, each year when the individual exclusion decision for the project is taken by the appropriations manager. The number of unique projects for which no funds were allocated between 2010 and 2019 is around 480.

reasons have contributed to this [78]: a working group set up by the Prime Minister reviewed the investment projects planned for 2017 and submitted proposals to the Government for further financing of 477 projects; in the preparation of the draft strategic action plans for 2018-2020, the Government instructed ministries to assess the results achieved by the programmes, the importance of the measures taken and to refrain from carrying out non-priority measures. Since 2018, no State Investment Programme funds have been available for repair works.

Figure 8. Number of newly started projects (programmes) in 2010-2019, units.



Source - National Audit Office, in accordance to the data submitted by the Ministry of Finance

- Projects with a value of up to EUR 0.5 million (Table 2) are decreasing, which reduces the cost of working time for their preparation and reporting on their implementation by completing the necessary documentation.

Table 2. The projects, the value of which are up to EUR 0.5 million, during the period of 2017-2019

State Investment Programme	Number of projects, units	Project value, in million EUR
2017	156	31,361.0
2018	38	10,848.7
2019	30	9,343.0

Source - National Audit Office, in accordance to the data submitted by the Ministry of Finance

The appropriateness of drawing up a State Investment Programme as a document setting out the public investment strategy is questionable. We recommended changes in the planning and reporting of all public investments (including those covered by the State Investment Programme) and the integration of strategic and investment planning and reporting processes in 2016[79]. Therefore, we support the Government's intention to fundamentally change the governance of public investment: in the new planning framework, all public investments, including those financed by EU and other international financial assistance, as well as all developments, should be planned in the same way, ensuring a unified framework for project justification, selection, management and monitoring and linking to the strategic objectives and objectives set in the planning documents.

[78] On the Progress of Implementing the Recommendations of Audits “Programme Budget System: Setting up Action Plans and Monitoring their Implementation” and “Management of the Programme for Investment in 2015”, 12-10-2017, No. VA-2017-P-60-1-18, Sub-Chapter 4.2.

[79] Implementation Plan of the Government's Programme approved by the Government Decree No 167 of 2017-03-13.

3. WE LACK ONE IMPORTANT ELEMENT IN THE CITIZENS' BUDGET: THE EXPECTED RESULTS

One important step in the Government's reform of the budgetary framework is the preparation of a budget for citizens. This is an easily understandable summary of the annual budget, showing the sources from which it will be financed, the proposed spending lines and their expected impact, a more detailed presentation of the new sources of revenue and the new spending lines, explaining why they have been chosen, how they will affect revenue, expenditure and the achievement of the Government's priorities. It shall be a comprehensive, objective, reliable, relevant, easily understandable and timely document.

For the first time, the citizens' budget was presented by the Lithuanian Government together with the draft general government budgets[80] for 2019. The development and publication of such a document is recommended by the OECD[81], the International Monetary Fund[82] and other international organisations[83] in the interests of transparency, accountability and public engagement of the budgetary framework, as according to the experts, it is the main instrument linking Government policies and specific actions. As a follow-up, the Ministry of Finance has also prepared a citizens' budget for 2020[84]. The information in the document is presented in a comprehensible and visual manner. This document contains almost all the elements recommended in international practice for this type of document: structure of the budget, its production cycle and participants, macroeconomic projections, balance indicator, budget revenue and expenditure. The document presents several planned changes: changes to the amount of non-taxable income, child money, minimum monthly wages and old-age pensions, real estate tax and land tax, and introduction of a vehicle pollution (registration) tax. However, there is a lack of information on the main results the Government is planning to achieve in terms of public governance via the use of budgetary resources. Without linking the allocation to the expected results, the document does not respond to one of the objectives of the budget for citizens: to provide information, in a concise and easy understandable language, on the changes that the population can expect in the areas of concern to them, using the funds allocated to those areas by the Government. The same weaknesses are found in the document "Budget 2019 at a glance".

Examples of not linking the funds with the expected results

Information on planned allocations for public activities in 2020 includes the planned allocations for one or other of the activities, but does not include measurable results to be achieved in any of the areas, such as:

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[80] Available at: https://finmin.lrv.lt/lt/veiklos-sritys/biudzetas/issami-informacija-apie-2019-m-biudzeta-1.

[81] Producing a Citizen's Guide to the Budget: Why, What and How? OECD Journal on Budgeting, Volume 2010/2.

[82] Fiscal Transparency Handbook, Pillar II: Fiscal Forecasting and Budgeting, 2018.

[83] International Budget Partnership. The Power of Making It Simple: A Government Guide to Developing Citizens Budgets, 2012.

[84] Available at: http://finmin.lrv.lt/lt/veiklos-sritys/biudzetas/biudzetu-projektai/issami-informacija-apie-2020-m-biudzeto-projekta.

- It is indicated that EUR 2,276.4 million (13.6% of total expenditure) is planned to be spent on health: EUR 1,621.1 million for treatment, EUR 58.2 million for public health care, etc.;
- EUR 1,570.9 million is planned for education, science and sport (9.4% of total expenditure): EUR 954.4 million for general education, EUR 110.3 million for vocational training, EUR 47.4 million for the development of sport, etc.

In order to maximise citizens‘ involvement in the consideration and discussion of the draft budget, it is proposed that the budget be published for citizens at the same time as the draft budget is published and submitted for consideration[85], however the "Budget 2020 at a glance" '(as well as the "Budget 2019 at a glance"') was published several weeks later than recommended[86].

In order to ensure continuity of public engagement, international organisations propose that the citizens' budget be drawn up and published not only when the draft budget is considered, but also when it is approved and when it is implemented[87]. In order to ensure the relevance of citizens' budgets, it is necessary to update the information contained in the document, as there are important societal changes in the discussion of the draft budget.

Examples of changes taking place during the discussions of the draft budget

- The "Budget 2020 at a glance" indicates that a change in the real estate tax is planned to reduce the non-taxable value of non-commercial real estate for natural persons from EUR 220 thousand up to EUR 100 thousand. Additional budget revenue is estimated at EUR 8 million. On 07-11-2019 a proposal by Members of the Seimas was registered to reduce the non-taxable value of non-commercial immovable property of natural persons not to EUR 100 thousand but to EUR 150 thousand. No changes in additional revenue planned by the budget are indicated.
- The "Budget 2020 at a glance" indicates that a vehicle pollution (registration) tax will be introduced. The tax is planned to be paid by the operator of a polluting vehicle registered for the first time in Lithuania and by other operators who will become the operator of that vehicle).

  On 06-11-2019, a draft law on the first registration tax on motor vehicles drawn up by Members of the Seimas was registered, under which only the operator of the polluting motor vehicle registered for the first time in Lithuania would pay the tax.

After the adoption of the budget, the Ministry of Finance draws up and publishes a revised budget for citizens[88]. However, this document also does not contain information on the results achieved with the funds allocated.

Positive shift when comparing the 2019 and 2020 citizen's budgets: in 2020, it submitted the impact of the proposed increase of excise taxes on not only to the budget's income, but to the price of the products as well: benzine, gas oils, alcohol, products of heating tobacco.

[85] International Budget Partnership. The Power of Making It Simple: A Government Guide to Developing Citizens Budgets, 2012, page 15.

[86] The draft budget for 2020, as approved by the Government, was submitted to the Seimas (Parliament) on 16-10-2019, "Budget 2020 at a glance" was published on the website of the Ministry of Finance on 08-11-2019.

[87] International Budget Partnership. The Power of Making It Simple: A Government Guide to Developing Citizens Budgets, 2012, page 15. International Budget Partnership. The Open Budget Survey 2017, page 16.

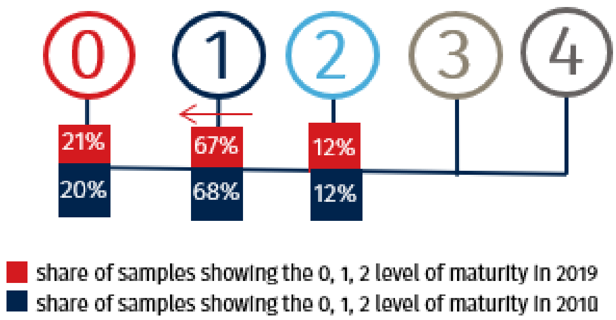
[88] Following the approval of the 2019 budget, the "Budget 2019 at a Glace" was revised and published on the website of the Ministry of Finance in January 2020.

4. THE LEVEL OF MATURITY OF BUDGETARY GOVERNANCE HAS NOT RISEN AND HAS NOT EXCEEDED THE FIRST LEVEL

Given the importance of budgetary governance for the rational and transparent allocation and use of public resources, in 2018 we assessed the maturity of budgetary governance in Lithuania. The overall results of the audits carried out in the first half of 2015-2018 showed that budgetary governance remained within the first level of maturity, which is referred to by international experts as “rule-based classical bureaucracy”[89]: challenges arise in policy-making and prioritisation of activities, strategies and planning of activities and financial resources for their implementation, evaluation criteria, monitoring and evaluation of implementation processes, while reporting on budget and activities is often only a formality and therefore reporting data is not suitable for decision-making: only numerical information is provided without assessment, inaccurate and/or incomplete information, and results are not taken into account in the planning of activities and in the preparation of future budgets.

Complementing the assessment carried out in 2018, the results of the most recent audits (from 2018 to 2019) show that there are no changes: there has been no shift from the first level of maturity of budgetary governance to a higher level. We identified cases of lack of simple operational management elements, which led to a slight improvement in the level of maturity towards the traditional level of performance (conditional level 0) (Figure 9).

Figure 9. The level of maturity of budgetary governance, established in 2018 and 2019



Source - National Audit Office in accordance to the 2015-2019 audits and assessments

The audits still identify weaknesses which, if not addressed, will not allow for the achievement of a fully-fledged result-oriented budget:

- The assessments necessary to determine the effectiveness and targeting of the activities are not carried out, and the criteria necessary to assess their effectiveness are not laid down.

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[89] Assessment of Maturity of Budgetary Governance, 10-10-2018.

Examples of weaknesses identified with relation to the examination, assessment and analysis of activities and processes

- The results of the audits of the Funds, programmes and bodies financed by a pre-determined statutory share of fees and other revenue showed that the objectives and criteria for this type of financing were not set, that the level of flat-rate funding was not supported by evidence and that the appropriateness of funding for the projects selected for funding was not always supported by evidence. This use of flat-rate funding does not promote results-oriented budgeting and implementation. [90].
- There is no assessment of the level of governance (state or local government) and of the type of functions (independent or delegated by the state to municipalities) that the needs and expectations of the population will be best met and that public finances are used in the most rational way, nor is there known the cost of performing public functions in the municipalities, and that public budget resources are allocated to the local government without determining the result to be achieved. [91].
- There has been no assessment of the network of theatres and concerts, so there is no reasonable indication as to whether the objectives of the professional performing arts are being pursued and the funds are being used in the most efficient way. National bodies receive about 3.4 times more state funding than state ones, but they do not have a more important role or requirements set for them. [92]
- Municipalities provide support to people living in poverty without taking into account individual needs, do not assess information on all services and benefits provided, and are therefore unable to reconcile the forms of support (payments, benefits and services) with each other. There are not enough assessment indicators and methods to analyse the impact of social assistance at national and municipal level. [93].
- When planning the monitoring of legal regulation, state authorities did not consider the relevance and problematic nature of this regulation, as required by the Law on Legislative Framework. As a result, the most frequently selected legislation for monitoring was not related to the Government’s priorities and strategic objectives of the State, and to the regulation of the relevant societal relationships (health, education, etc.). [94].

- Information is not collected and/or accumulated and/or accumulated in a non-structured manner for the assessment of activities and decision-making in areas of importance to the state or on issues of importance to the state. In the absence of this data, it is not possible to assess the effectiveness of the activities and/or policies pursued and to use the results of the assessment to plan for future developments, resources and measures. In many cases, we collect this information during the audit.

Examples identified where there is no relevant information in a country to assess activities and make decisions

Information on material and financial resources

- State authorities do not manage information on the actual cost to municipalities of performing state functions, i.e. the extent to which municipalities contribute from their own budget. [95]
- There is no detailed information on how many non-governmental organisations operate in the country and how much state budget funds are spent on financing their activities. It is not

[90] Assessment of regularity of 2018 sets of state consolidated financial and budget execution reports and legality of management, use and disposal of state budget funds and property, 01-10-2019, No. FA-8.

[91] Does the System of Municipal Functions and their Funding Provide Conditions for Efficient Operation?, 09-04-2019 No. VA-1.

[92] Is the Effective Activity of Theatre and Concert Institutions Ensured, 28-09-2018 No. VA-2018-P-50-3-8.

[93] Does Social Assistance Ensure the Minimum Consumption Needs of People Living in Poverty and Promote the Labour Market Integration, 29-07-2019, No. VA-5.

[94] Legislative Process, 16-03-2018 No. VA-2018-P-40-6-2.

[95] Does the System of Municipal Functions and their Funding Provide Conditions for Efficient Operation?, 09-04-2019 No. VA-1.

clear what impact has already been achieved on increasing the role of communities and non-governmental organisations at national level without a comprehensive assessment of the existing funding of non-governmental organisations. In the absence of reliable data, it is not clear how we will measure the objectives of increasing non-governmental organisations and community activities set out in the 2020 National Progress Programme in accordance with the established assessment criteria – the civic power index, the sustainability index of non-governmental organisations, the share of the population involved, etc. [96].

- At national level, there is no structured information on investment projects included in the State Investment Programme (SIP), planned and used funds, and therefore no decision-making on the SIP (paragraph 2.4) is possible.
- At national level, there is no detailed analysis of the number and nature of fixed funding programmes (i.e. programmes, funds and bodies financed by a pre-determined statutory share of fees and other revenue) and the evolution of the funding of these programmes, which does not allow for an assessment of their scope and targeting. [97].
- The lack of country-wide collection of information on the state of management and handling of critical state information resources, the lack of analysis of management issues and the impossibility of anticipating the necessary measures to improve the current state to the required level of maturity in the management and control of information resource processes.[98]
- The Territorial Planning Monitoring Information System provides inaccurate information on the measures to implement the state master plan and does not produce monitoring reports, which does not allow the policymakers to monitor, analyse and manage more effectively the territorial planning developments. In addition, this information generates a negative public opinion on the implementation of one of Lithuania's main territorial planning documents. [99].

Information on social indicators

- There is no record of all social assistance provided to beneficiaries of social assistance: social pay-outs, services and benefits, although several information systems are in place. It is not clear to what extent and what benefits are granted, and what their financial value is. Information on the amount of funding allocated to social assistance is not collected, as it is not decided at state level what kind of support qualifies as social assistance. Many forms of support have been created, but information is fragmented, with different sources providing different data on how much funding has been allocated to support. [100]
- There is no information on the cumulative effect of individual types of insurance (sickness, maternity, unemployment, accidents at work and occupational diseases). Such data are necessary for decisions on the improvement of the tax system, budgetary planning, the size of the State Social Insurance Reserve, the approval of contributions, decisions on the indexation of benefits or other economic decisions. [101]

In summarising the developments that have taken place, we can say that no significant changes have taken place so far in the strategic planning and budgeting, and that recommendations for improving the strategic planning and reporting of results made during the audits remain relevant and have not yet been implemented.

[96] Assessment of regularity of 2018 sets of state consolidated financial and budget execution reports and legality of management, use and disposal of state budget funds and property, 01-10-2019, No. FA-8.

[97] Ibid, 01-10-2019 No. FA-8.

[98] Management of Critical State Information Resources, 28-06-2018 No. VA-2018-P-900-3-6.

[99] Territorial Planning, 17-06-2019 No. VA-3.

[100] Does Social Assistance Ensure the Minimum Consumption Needs of People Living in Poverty and Promote the Labour Market Integration, 29-07-2019, No. VA-5.

[101] Assessment of regularity of 2017 sets of consolidated financial and budget execution statements, and legality of management, use and disposal of funds and property of the Compulsory Health Insurance Fund, 01-10-2018, No. FA-P-6-4-8-1.

ANNEXES

Assessment of Changes in the Strategic Planning and Budgeting
Annex 1

Scope and Methods

Report chapter (sub-chapter)	Methods used for data collection and evaluation	Objective
There are reasonable doubts as to whether we will have a new quality medium-term budget from 2021	Document review: • Schedule of work on the reform of the strategic planning and budgeting framework provided by the Office of the Government on 15-11-2017; • Information provided by the Ministry of Finance on the progress of the strategic planning and budgeting reform. Data analysis. Legislative Information System data on the coordination of draft legislation on strategic planning and budgeting.	Analyse, whether the planned strategic planning and budgeting framework reform is taking place within the planned time and scope.
Transitional measures did not make significant impact on the strategic planning and budgeting framework.	Document review: • 2019-2021 strategic activity plans of ministries; • 2018 Government's Activity Report; • 2018 progress report on the implementation of the Government's programme implementation plan, publicly available information on the Government's performance in 2018; • The monitoring of the implementation of recommendations for the audit "Programme Budget System: Setting up Strategic Action Plans and Monitoring their Implementation", 2016-10-10 No VA-P-60-2-17, results of monitoring of the implementation of recommendations: assessment of the ministry's reporting on performance in 2017, assessment of the assessment criteria set out in the Strategic Action Plan for 2019 and the compliance of their number recommended in the Strategic Planning Methodology (results have been submitted to the Ministries in writing 18-01-2019 and published in the open data of the National Audit Office). Legislative review: • Regulation of public sector accountability, strategic planning and performance reporting; • Regulation of the establishment, operation and reporting of the State Investment Programme. Literature analysis. Legislative Research Commission, Performance-Based Budgeting: Concepts and examples, research report No. 302. Data analysis: • data submitted by the Office of the Government on the 2018 results of implementing the Government's programme implementation plan (13-09-2019 and 01-10-2019); • 2018 data of the Monitoring Information System on the execution of the indicators of the implementation plan of the Government programme (01-10-2019); • data provided by the Ministry of Finance on the 2010-2019 State Investment Programme; • data provided by the ministries of Culture, Transport and Communications, Health, Foreign Affairs and the Interior on the implementation of the State Investment Programme's projects (programmes); • data provided by the Office of the Government on the data entry into the Monitoring Information System, 2018-2019;	Evaluate the impact of the means of interim period's strategic planning and budgeting framework reform to the creation of strategic activity plans, accounting for activity results and to the performance of State Investment Programme.

Report chapter (sub-chapter)	Methods used for data collection and evaluation	Objective
We lack one important element in the citizens' budget: expected results.	Document review. Budget presentations: "Budget 2019 at a Glance" and "Budget 2020 at a Glance". Literature analysis: - OECD, The metamorphoses of performance budgeting, 2014: - Producing a Citizen's Guide to the Budget: Why, What and How? OECD Journal on Budgeting, Volume 2010/2: - Fiscal Transparency Handbook, Pillar II: Fiscal Forecasting and Budgeting, 2018; - International Budget Partnership. The Power of Making It Simple: A Government Guide to Developing Citizens Budgets, 2012; - International Budget Partnership. The Open Budget Survey 2017.	Assess whether the budget of citizens drawn up by the Ministry of Finance is in line with international good practice
The level of maturity of budgetary governance has not risen and has not exceeded the first level.	Document review. The results and conclusions of the National Audit Office's audits carried out between the second half of 2018 and 2019. In 2018, 495 samples were evaluated, in 2019, additionally, 47 samples and conclusions of 15 audits were selected.	Assess the changes in the level of maturity of budgetary governance identified during the most recent audits.

Assessment of Changes in the Strategic Planning and Budgeting
Annex 2

Number of assessment criteria in ministerial strategic action plans 2017-2019

Ministry	2017				2018				2019							
	Number of assessment criteria	out of which:			Number of assessment criteria	out of which:			Number of assessment criteria	out of which:			Number of strategic goals in the strategic activity plan	Number of goals of the strategic activity plans' programmes	Number of tasks of the strategic activity plans' programmes	Number of measures of the strategic activity plans' programmes
		effect's criteria	result's criteria	product's criteria		effect's criteria	result's criteria	product's criteria		effect's criteria	result's criteria	product's criteria				
Environment	158	27	46	85	171	27	47	97	156	16	49	91	4	27	34	80
Energy	47	4	22	21	60	6	22	32	45	5	18	22	2	5	7	23
Finance	119	17	40	62	86	11	28	47	52	7	18	27	1	7	7	89
National Defence	140	15	20	105	137	15	21	101	141	12	19	110	3	10	36	88
Culture	102	13	32	57	91	8	28	55	82	5	24	53	2	8	15	73
Health	172	11	54	107	134	12	44	78	114	8	33	73	4	17	24	77
Transport and Communications	132	8	37	87	144	8	34	102	84	3	21	60	1	10	15	30
Education, Science and Sport	134	14	37	83	126	14	37	75	110	5	23	82	2	9	25	94
Social Security and Labour	193	25	91	77	172	27	76	69	111	16	29	66	4	9	16	112
Justice	104	12	26	66	100	9	25	66	91	8	19	64	3	10	14	51
Economy and Innovations	60	4	18	38	61	4	17	40	57	5	19	33	1	2	10	84
Foreign Affairs	103	4	30	69	81	4	27	50	58	3	26	29	2	13	18	28
Interior	173	10	61	102	212	10	78	124	201	10	52	139	3	21	39	174
Agriculture	81	10	21	50	81	10	21	50	81	9	20	52	4	7	14	153
Total	**1718**	**174**	**535**	**1009**	**1656**	**165**	**505**	**986**	**1383**	**112**	**370**	**901**	**36**	**155**	**274**	**1156**

Source - National Audit Office in accordance to the strategic activity plans and information provided by the ministries. 2019 data recorded in March 2019.

Assessment of Changes in the Strategic Planning and Budgeting
Annex 3

Funds spent on public investment projects/programmes 2010-2019 in million EUR

Appropriation managers (ministries and other institutions)	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019 plan	
	Total	Out of which, the EU funds	Total	Out of which, the EU funds	Total	Out of which, the EU funds	Total	Out of which, the EU funds	Total	Out of which, the EU funds	Total	Out of which, the EU funds	Total	Out of which, the EU funds	Total	Out of which, the EU funds	Total	Out of which, the EU funds	Total	Out of which, the EU funds
Environment	260.1	209.0	164.3	145.1	161.5	144.0	126.7	114.1	157.8	144.8	161.3	152.0	30.9	17.9	58.2	46.6	76.5	73.5	116.8	114.7
Economy and Innovations	151.3	134.0	127.9	115.2	81.4	74.1	88.4	76.5	98.1	87.0	94.0	85.3	2.0	1.0	0.6	0.0	1.5	0.6	11.0	8.8
Energy	16.8	16.1	7.9	7.7	3.0	2.6	19.0	3.9	32.3	1.7	27.0	25.2	36.0	35.7	73.1	26.3	2.9	2.9	6.9	6.7
Finance	8.6	0.5	11.0	0.3	6.4	0.2	6.1	0.5	8.7	0.7	15.4	1.4	11.6	0.5	12.6	0.7	16.0	0.4	22.0	1.8
National Defence	26.5	-	20.7	-	28.7	-	24.5	-	34.4	-	69.9	-	80.8	-	87.0	-	155.7	-	100.9	-
Culture	27.7	-	30.8	-	24.5	-	24.9	-	28.8	-	32.7	-	39.2	1.5	49.0	6.6	46.8	17.4	80.0	47.6
Social Security and Labour	15.2	11.4	11.5	9.3	14.4	12.3	22.9	14.5	29.7	16.1	18.4	13.2	6.4	2.0	16.6	11.0	17.6	16.6	25.7	24.9
Transport and Communications	428.7	330.1	363.0	217.8	452.2	251.0	524.2	327.9	478.1	293.0	474.3	222.3	464.4	202.5	419.5	90.4	323.9	152.5	409.3	246.4
Health	48.8	29.0	84.1	53.3	73.6	46.9	64.4	39.1	45.8	22.4	61.8	31.5	42.0	16.7	30.5	6.6	56.7	37.6	45.2	34.4
Education, Science and Sport	65.3	37.3	132.1	88.4	149.3	109.9	150.3	112.5	162.9	109.6	162.3	107.0	40.7	4.4	45.1	9.4	72.1	47.2	123.9	105.3
Justice	4.0	-	4.3	-	3.0	-	1.8	-	3.3	1.3	5.5	0.5	3.4	0.8	7.9	1.9	2.6	-	0.1	-
Foreign Affairs	4.7	-	4.1	-	2.4	-	2.3	-	2.3	-	2.8	-	3.8	-	4.5	-	0.6	-	0.6	-
Interior	62.5	44.3	108.7	67.6	110.0	82.5	106.9	78.5	105.5	73.3	70.6	41.0	48.1	10.2	97.1	38.8	78.0	56.4	140.3	117.8
Agriculture	16.2	5.9	32.4	16.7	30.9	18.2	26.5	15.4	26.9	15.6	30.1	17.3	6.0	1.5	13.4	7.8	19.9	12.9	32.8	24.2
Other institutions*	48.6	0.0	10.4	-	10.3	0.0	8.7	0.3	13.6	0.0	19.9	1.9	21.4	3.0	22.6	1.8	16.0	-	14.4	-
Total	**1185.2**	**817.6**	**1113.1**	**721.4**	**1151.7**	**741.7**	**1197.6**	**783.2**	**1228.3**	**765.5**	**1246.2**	**698.6**	**836.7**	**297.6**	**937.9**	**248**	**886.9**	**417.9**	**1129.9**	**732.6**

* Institutions accountable to the President, Seimas and Government, other institutions.
Source - National Audit Office, in accordance to the data provided by the Ministry of Finance

Assessment of Changes in the Strategic Planning and Budgeting
Annex 4

Number of ongoing and newly launched state investment projects/programmes in 2010-2019 and their value in 2019

Appropriation managers (ministries and other institutions)	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019		
	Total	out of which, new	Total	out of which, new	Total	out of which, new	Total	out of which, new	Total	out of which, new	Total	out of which, new	Total	out of which, new	Total	out of which, new	Total	out of which, new	Total	out of which, new	Value of projects being executed, in millions of euros
Environment	16	1	15	7	20	10	27	19	30	19	27	16	20	10	32	16	11	1	11	3	645.3
Economy and Innovations	11	3	7	1	6	-	8	-	10	3	7	2	5	3	5	1	5	1	3	-	21.0
Energy	4	1	1	1	1	-	2	1	3	1	7	4	6	2	6	1	2	-	3	1	172.8
Finance	16	4	23	4	29	7	37	16	40	9	44	13	44	19	51	18	40	20	38	9	139.6
National Defence	29		19		17		25	3	24	2	29	2	30	5	28	1	25	1	20		1 415.5
Culture	93	3	75	7	69	6	77	9	77	11	79	19	74	15	66	9	32	3	25	1	299.4
Social Security and Labour	44	17	21	8	22	9	21	13	34	17	35	11	40	23	43	27	8	1	10	3	129.8
Transport and Communications	105	37	95	32	85	34	93	27	93	22	77	27	71	41	65	14	57	18	59	14	2 209.9
Health	50	10	65	21	58	7	65	13	89	35	110	43	84	19	48	2	10		8	2	256.1
Education, Science and Sport	97	19	78	3	44	2	48	5	74	17	78	10	72	4	61	5	27	7	30	6	683.4
Justice	14		14	4	9	-	7	1	13	6	18	6	18	4	11	-	6	2	1	-	1.2
Foreign Affairs	5	1	4	-	3	-	4	-	7	2	9	2	8	1	8	1	3	-	5	1	50.2
Interior	51	6	80	18	71	13	67	7	89	31	100	26	93	30	92	20	31	3	34	7	704.0
Agriculture	70	53	69	57	22	9	21	8	23	8	24	7	26	14	26	4	15	6	9	3	116.5
Other institutions*	160	61	57	13	40	14	50	15	54	17	62	27	61	23	70	36	27	-	22	3	203.0
Total	765	216	623	176	496	111	552	137	660	200	706	215	652	213	612	155	299	63	278	53	7 047.8

* Institutions accountable to the President, Seimas and Government, other institutions.
Source - National Audit Office, in accordance to the data submitted by the Ministry of Finance

Assessment of Changes in the
Strategic Planning and Budgeting
Annex 5

Funds planned and actually used for public investment projects/programmes in 2010-2019

Year	Revised plan in million EUR	Actually used Million EUR	Percentage of funds used
2010	2 078.38	1 185.22	57
2011	1 472.98	1 113.09	76
2012	1 296.49	1 151.68	89
2013	1 388.55	1 197.61	86
2014	1 529.11	1 228.30	80
2015	1 522.76	1 246.23	82
2016	1 239.96	836.73	67
2017	1 474.62	937.87	64
2018	1 174.92	886.88	75
2019	1 129.90	-	-

Source - National Audit Office, in accordance to the data provided by the Ministry of Finance

Assessment of Changes in the Strategic Planning and Budgeting
Annex 6

Number of state investment projects not proposed for funding in 2010-2019

Appropriation managers (ministries and other institutions)	2010		2011		2012		2013		2014*		2015		2016		2017		2018		2019 plan		2010-2019	
	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued	total	Out of which, discontinued
Environment	2	-	2	-	2	1	1	-	1	-	2	-	1	-	2	-	1	-	-	-	14	1
Economy and Innovations	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-
Finance	12	-	13	-	8	1	10	-	7	3	6	4	3	-	-	-	-	-	-	-	59	8
National Defence	9	-	9	-	8	3	-	-	4	-	1	-	4	-	2	2	-	-	-	-	37	5
Culture	2	-	4	-	6	-	5	-	-	-	13	-	22	1	19	1	11	-	10	-	92	2
Social Security and Labour	-	-	16	-	13	-	13	-	13	-	16	1	20	11	8	-	2	-	2	2	103	14
Transport and Communications	2	-	-	-	19	-	-	-	-	-	2	-	2	-	4	-	3	-	4	-	36	-
Health	11	-	30	-	-	-	14	-	20	-	18	8	12	4	17	-	8	-	6	2	136	14
Education, Science and Sport	1	-	8	-	5	1	6	1	11	-	7	3	1	-	1	-	8	-	7	-	55	5
Justice	9	-	3	-	5	-	4	-	2	-	-	-	4	1	1	-	2	-	3	-	33	1
Foreign Affairs	2	-	1	-	1	-	1	-	1	-	-	-	1	-	-	-	1	-	-	-	8	-
Interior	25	1	19	-	19	-	14	4	13	-	16	3	17	1	18	3	5	-	4	3	150	15
Agriculture	3	-	7	-	5	-	2	-	2	-	4	-	8	-	7	1	5	1	3	3	46	5
Other institutions**	101	1	8	-	11	1	6	-	7	-	6	1	5	-	5	-	3	-	-	-	152	3
Total:	**179**	**2**	**120**	**-**	**102**	**7**	**76**	**5**	**81**	**3**	**92**	**20**	**100**	**18**	**84**	**7**	**49**	**1**	**39**	**10**	**922**	**73**

* Information for 2014 does not include continuing investment projects in the field of culture for which no funding is proposed.

** Institutions accountable to the President, Seimas and Government, other institutions.

Source - National Audit Office in accordance to the annexes to the explanatory note of the 2010-2014 Draft Law on the Approval of the Financial Indicators of State Budget and Municipal Budgets: "Information on the Continuing Investment Projects for which no Funding is Proposed" and in accordance to the data provided by the Ministry of Finance about the continuing investment projects for which no funding is proposed in 2015-2019.

Assessment of Changes in the Strategic Planning and Budgeting
Annex 7

Projects under the State Investment Programme which were discontinued in 2019

Appropriation managers (ministries and other institutions)	Title of investment project	Start of implementation	Total value millions EUR	Funds spent millions EUR	The reason for the non-allocation of funds, economic justification
Social Security and Labour	The reconstruction of Jotainiai Social Care Home's residential buildings located at Dvaro St. 1, Jotainiai, the Panevėžys Region	2006	2.10	1.28	A connection with the lift between the housings has been built, residential rooms have been repaired, bathrooms have been installed in the residential rooms. It was decided not to proceed further with the project.
	Reconstruction of Šėta Social and Education Center located at Ramygalos St. 34a, the township of Šėta, Kėdainiai Region	2015	1.07	0.43	The most important works of the project (construction and fitting out of the extension) were completed in 2017. It was decided not to proceed further with the project.
Health	Implementation of the programme for the introduction of a system of supervision of the sterilisation and disinfection process of medical devices and the modernisation of sterilisation in healthcare establishments	2016	18.46	0.08	The programme was repealed by Order of the Minister of Health of 29-06-2018 No V-749.
	Reconstruction of the Central Sterilization Room of the Public Entity Vilnius City Clinical Hospital's located at Antakalnio St 57., Vilnius	2016	0.44	0.23	The project is directly linked to the implementation of the programme for the introduction of a system of supervision of the sterilisation and disinfection process of medical devices and the modernisation of sterilisation in healthcare, which was repealed by Order of the Minister of Health of 29-06-2018 No V-749..
Interior	Creation of tools to process electronically signed documents submitted through the contact centres	2017	0.33	0.13	This investment project modernised the National Electronic Identification Information System by adapting it to the basic requirements of the eIDAS Regulation. Following the European Commission's funding, in order to facilitate the deployment of eIDAS nodes in the Member States, it was decided to abandon the continuation of this investment project and to transfer its activities to the investment project "Installation of eIDAS node functionalities in line with the requirements of the eIDAS Regulation in Lithuania's national electronic identification information system".
	Reconstruction of the garage building of Utena County Fire and Rescue Department in Utena, Pramonės St. 2 by building an extension	2016	2.00	0.02	Due to the reorganisation of the Fire and Rescue Department under the MoI and its subordinate institutions, it was decided not to proceed with the project.

Appropriation managers (ministries and other institutions)	Title of investment project	Start of implementation	Total value millions EUR	Funds spent millions EUR	The reason for the non-allocation of funds, economic justification
Agriculture	Reconstruction of the administrative building of the Ministry of Agriculture in Vilnius, J. Lelevelio St. 6/Gediminas Ave 19, and acquisition of fixed assets	2006	13.61	12.51	In view of the transfer of the Ministry of Agriculture and its subordinate institutions to Kaunas, the reconstruction of the administrative building of the Ministry of Agriculture in Vilnius, J. Lelevelio St. 6/Gediminas Ave 19, will not be continued.
	Acquisition of information technology by the State Plant Service under the Ministry of Agriculture	2013	0.38	0.12	Due to the changed circumstances, the project was no longer relevant and it was decided not to proceed with the project.
	Reconstruction of the testing agricultural machinery repair workshop of Kaunas Plant Variety Testing Division of the State Plant Service under the Ministry of Agriculture, located in Muniškių village, Kaunas Region	2010	0.54	0.33	Due to the reformation of the institution, it was decided to complete the 2018 planned works and not to proceed with the project.
Interior	Reconstruction of buildings of the Mounted Unit of the Patrol Squad of the Vilnius County Chief Police Commissariat located at Belmonto St. 34b, Vilnius	2015	1.20	0.05	Estimates of the technical project showed that investment in the facility would be disproportionately high depending on the activities that will be carried out in the building and the importance of these activities for the police. In view of the fact that the horse management function is not a typical police function, the prospect of developing the Mounted Unit was examined and the horse herd was reduced from 15 to 10 ready-to-service horses, and it was decided to lease the horse services and not to carry out the project.

Source - National Audit Office, in accordance to the data provided by the Ministry of Finance on continuing investment projects, to which were not proposed for funding.

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