



OBSERVATIONS ON THE 2023 NATIONAL PROGRESS REPORT

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INTRODUCTION

The 2023 set of State Annual Accounts includes also a newly prepared National Progress Report (Progress Report). However, the Progress Report was not submitted in time for the 20 April 2024 deadline set by the Law on Public Sector Accountability. Therefore, in our [financial audit of the 2023 State Accounts](#), we noted that we did not assess whether the financial data presented in this report is consistent with the Annual Financial Statements and the Budget Implementation Report, as required by the Law. The audit "Changes in Strategic Management and Budgeting" is currently underway and will assess whether the strategic management and budgeting system is delivering results for the progress of the State.

Having examined the Progress Report approved by Government Resolution No 342 of 15 May 2024 and submitted to the National Audit Office on 21 May 2024 and taking into consideration its relevance for the governance of the State, the public's assessment of the country's progress and the effectiveness of its management, we make the following observations:

- The report does not enable to provide a systematic and valid picture of the country's progress,
- The information on the achievement of the national progress targets and indicators should be comprehensive and presented in a systemic manner,
- There is a lack of information on the use of state budget appropriations, and the data in the ministries' activity and budget implementation reports do not always coincide.

In order to ensure that the results of the Progress Report can be used in the future to reinforce results-oriented public progress, improve the efficiency of public finances, and provide a clearer picture to the public, it should adequately assess and disclose the implementation of the National Progress Strategy, together with the National Progress Plan, and the funding used for this purpose.

MAIN MESSAGES FROM THE OBSERVATIONS:

1. THE REPORT DOES NOT ENABLE TO PROVIDE A SYSTEMATIC AND VALID PICTURE OF THE COUNTRY'S PROGRESS

The Law on Public Sector Accountability (Article 11(3)) defines that the Progress Report must include *"a statement by the Prime Minister of the Republic of Lithuania, information on the priorities of the Government's activities in the short term, the values of the State development directions and their evaluation indicators set out in the National Progress Strategy, the values of the main progress targets and their evaluation indicators approved in the Law on the Approval of the Financial Indicators for the respective year that are set out in the National Progress Plan, the values of the state performance guidelines and their evaluation indicators set out in the Government Programme for the relevant fiscal year, as well as other related information by area of state activities"*. The provisions of paragraph 4 of this Article oblige the Government or the body authorised by it to establish the format of the National Progress Report and to specify the information referred to in paragraph 3.

The Government has not approved the format of the Progress Report and has not detailed the implementation of this provision of the Law. This has not enabled the preparation of a coherent and informative Progress Report. It specifies the data to be provided, but the choice of data provision is not justified.

2. THE INFORMATION ON THE ACHIEVEMENT OF THE NATIONAL PROGRESS TARGETS AND INDICATORS SHOULD BE COMPREHENSIVE AND SYSTEMATIC

The impact indicators in the strategy documents should show the progress made in achieving the country's strategic goals and objectives. The Progress Report states: *"...The values of the National Progress Plan indicators are not presented separately, however, it is noted if the 2025 or 2030 targets identified in the Plan have already been achieved. The actual values of the Plan's indicators are available on the publicly available Indicator Monitoring Dashboard of the National Progress Plan. The Dashboard provides the latest known data on progress towards the Plan's indicators (updated daily). It should be noted that at present, the Plan's indicators do not represent a direction of change that can be verified annually and the necessary actions taken to achieve the right trajectory of change, but reflect a state of play resulting from decisions taken in the relatively distant past. In this context, a review of the Plan's indicators is currently underway to update them and link them to the implementation of Lithuania's vision for the future "Lithuania 2050"..."*. Thus, the indicator information presented in the Progress Report does not allow for an assessment of the progress achieved.

The information on indicators is not comprehensive and is not structured according to the directions of the state's development set out in the National Progress Strategy and the main objectives of the National Progress Plan (NPP) for 2021-2030:

- The NPP contains 277 indicators, of which the actual 2023 values of 139 indicators were provided in the State Data Agency (SDA) information system, as of 29-05-2024 (based on the update of indicator values to 01-05-2024). The Progress Report presents the actual 2023 values for 35 of the 139 indicators in the NPP, which are consistent with the SDA's data.
- The Progress Report does not include all the targets set in the NPP and their impact indicators in the areas of State activity, as set out in the Law on the Approval of Financial Indicators for the State and Municipal Budgets for 2023 (the Law on Indicators). Annex 10 of the Law on Indicators sets out the values of the 57 impact indicators to be achieved in 2023. The SDA's information system provides actual values for 31 indicators in 2023, of which 14 indicators are presented in the Progress Report (17 are not presented).
- More indicators are available in the ministerial activity reports. For example, the Ministry of Transport and Communications' 2023 Activity Report contains 14 of the 23 indicators foreseen in the NPP for which the Ministry is responsible. The Activity Report contains all 4 indicators referred to in the Law on Indicators. The Progress Report contains one of the four indicators.

In the future, it would be useful to assess and establish criteria for the presentation of indicators in the Progress Report to show the progress made in meeting key national targets.

More detailed information on the indicators is provided in Table 1 and in the attached *MS Excel* workbook "Information on the analysed indicators presented in the Progress Report".

Table 1. Information on the analysed indicators presented in the Progress Report

Question	Result
<i>Questions linking the indicators in the Progress Report to the targets set in the NPP</i>	
Are the actual values of the indicators in the Progress Report for 2023 in line with the SDA's data?	Yes
How many of the 2023 actual indicator values according to the SDA are available out of all the NPP indicators? How many of them are presented in the Progress Report?	The NPP contains 277 indicators, of which 139 are actual values for 2023 and 35 of which are presented in the Progress Report.
How many of the NPP indicators have been achieved (according to the SDA) and how many of them are presented in the Progress Report?	The NPP contains 277 indicators, of which 90 targets for 2025 (22 in the Progress Report) and 19 targets for 2030 (11 in the Progress Report) have already been achieved in 2023 (according to the SDA).
How many of the actual 2023 indicator values from the target level (excluding the individual targets) of the NPP indicators are available according to the SDA? How many of these are presented in the Progress Report?	The NPP contains 54 target level NPP indicators, of which 20 are actual values for 2023 and of which 8 are presented in the Progress Report.
<i>Questions linking the indicators presented in the Progress Report to the 2023 targets set out in the Law on Indicators</i>	

Question	Result
Does the Progress Report contain all the indicators set out in the Law on the Approval of Financial Indicators of the State Budget and Municipal Budgets for 2023 (hereinafter "the 2023 Law on Indicators")?	Not all. The Law on Indicators foresees 57 indicators, of which 31 have actual values for 2023 (according to the SDA) (26 are missing), and 14 indicators are presented in the Progress Report (17 are not presented in the Progress Report).
Are all the indicators set out in the Law on Indicators achieved in 2023?	Not all are achieved and the actual values for all indicators in the Law on Indicators are not available for 2023 (according to the SDA). There are 31 indicators with actual values for 2023, of which 20 are achieved and 11 are not achieved. Of the 17 indicators not presented in the Progress Report, 10 have been achieved and 7 are not achieved.
Source – National Audit Office	

3. THERE IS A LACK OF INFORMATION ON THE USE OF STATE BUDGET APPROPRIATIONS, AND THE DATA IN THE MINISTRIES' ACTIVITY REPORTS AND BUDGET IMPLEMENTATION REPORTS DO NOT ALWAYS COINCIDE

The information on the state budget appropriations allocated/used for the relevant areas of state activity and progress in accordance with the twelve missions/priorities set out in the Programme of the 18th Government is not sufficiently informative in the Progress Report, as it does not clearly show the link between the money allocated to the mission/area or the money used for the area's activities, it does not disclose the results, and the allocations are not linked to the achievement of the values of the state's development directions, the main objectives of the progress targets and the values of indicators used to measure them. Annex 11 of the Law on Indicators approves the allocation of the progress funds of EUR 862 913 thousand to the ministries in the appropriations of the Ministry of Finance for the implementation of the progress measures, but the Progress Report does not provide for traceability of the reallocation and use of these funds.

The Progress Report presents information on the state budget allocations and spending for progress in the areas of state activity in different ways: some areas provide information on money for all progress targets in the area, some only for some, and some do not show the total amount of allocations for progress (e.g. state activity in the area of education, science and sport). More detailed information is provided in Annex 1.

We have observed cases where the data in the Progress Report does not coincide with the data in the ministries' activity reports or budget implementation reports making it unclear to the user which information is correct (example).

Example

The description of Mission/Priority I indicates that the State budget appropriations for the State's activities in the area of education, science and sport amounted to almost EUR 2.5 billion in 2023, but the Ministry of Education, Science and Sport's activity report and budget implementation report for the year 2023 show a plan of EUR 2.15 billion and a spending of EUR 1.99 billion;

The description of Mission/Priority III indicates EUR 1 204.8 million (summarised by objectives) in progress appropriations, but the Ministry of Health's 2023 Budget Implementation Report indicates EUR 1 209 million for progress objectives;

The description of Mission/Priority XII indicates that EUR 158.9 million has been allocated to the State activity area of foreign policy, of which EUR 24.1 million to the progress objectives. This is in line with the Ministry of Foreign Affairs' 2023 Budget Implementation Report, but the 2023 Activity Report of this Ministry shows a plan for State budget appropriations of EUR 150.7 million, with use of EUR 146.5 million, and EUR 12.1 million for progress objectives.

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