

Regional Development Programme 2022-2030

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SUMMARY

Relevance of the audit

Residents of Lithuania, regardless of where they live, should have similar opportunities to study, work, receive adequate medical, transport, public, administrative and other services. Economic and social disparities between the country's regions are being addressed, but disparities between and within regions are not diminishing. The Ministry of the Interior's 2021 report¹ identifies inadequate regional development planning as one of the main causes. As part of the priority project to decentralise regional policy, set out in the 18th Government Programme, systemic changes in regional development planning have been introduced for the 2020-2021 period. The Regional Development Programme 2022-2030 has been prepared, and ten legal entities established in Q1 2021—regional development councils—have been included in planning and decision-making. Regional competences are strengthened to ensure the preparation of appropriate regional development plans implementing the Regional Development Programme. The OECD noted² in its 2022 Economic Outlook that the Government should continue to delegate powers to the regions and ensure that strategic planning is well coordinated across policy areas.

Objective and scope of the audit

The objective of the audit was to assess the organisation of the preparation and implementation of the Regional Development Programme 2022-2030 from the point of view of efficiency and effectiveness.

¹ 2021 Activity Report of the Ministry of the Interior. 1 March 2022. Page 9. Available online: <https://vrm.lrv.lt/lt/administracine-informacija/planavimo-dokumentai-2/veiklos-ataskaitos/> (accessed on 18 June 2024).

² OECD Economic Surveys: Lithuania 2022. Available online: https://read.oecd-ilibrary.org/economics/oecd-economic-surveys-lithuania-2022_0829329f-en#page52, page 50.

During the audit, we collected information from the Central Project Management Agency, the Ministries of Transport and Communications, Social Security and Labour, Education, Science and Sport, Environment, Health, and Finance. We have been in contact with representatives of the Office of the Government of the Republic of Lithuania, the Ministry of the Interior, regional development councils, the Association of Lithuanian Municipalities, and municipalities.

Audited entities: the Ministry of the Interior, which formulates the state policy in the field of regional development and organises, coordinates and controls its implementation.

The audit period is from 2021 to Q2 2024.

The audit was carried out in accordance with international standards for supreme audit institutions. The scope of the audit and the methods applied are described in more detail in Annex 2, Audit scope and methods (page 41).

Key audit findings

The organisation of the preparation of the Regional Development Programme 2022-2030 is not sufficiently efficient and effective, as the preparation was delayed by half a year and the needs of the regions were only partially met: progress measures in four areas (agriculture, culture, economy and energy) were not included, the measures of the ministries participating in the programme are insufficient, and less than half of the municipalities are planning to take part in five of them. The management of the programme needs to be improved, as the conditions for leadership are lacking and the cooperation between the participants in the competence network is not guaranteed.

1. The preparation of the Regional Development Programme 2022-2030 was delayed and the needs of the regions were only partially met

- ✓ The implementation plan for the 18th Government Programme envisaged that the Ministry of the Interior would prepare the Regional Development Programme 2022-2030 by the end of 2021, but its approval was delayed by six months, and the draft programme was amended (rewritten) five times, one of the reasons being the changes in the national strategic management system. The delay in the approval of the programme shortens the timeframe for the implementation of EU-funded projects (Section 1.1, page 11).
- ✓ Regional progress measures of five ministries (except the Ministry of the Interior) were developed in working groups without the involvement of regions and municipalities. Twenty-seven percent of municipalities indicated that there is a mismatch between the problems (local needs) they had identified and the problems addressed by the regional progress measures. The Regional Development Programme could have been broader, as all the regional development councils and more than half of the municipalities missed measures in four areas (culture, agriculture, economy and innovation, and energy), and the existing ones could have been more extensive. The lack of sufficient coverage of the regional development programme and the failure to involve regions and municipalities in a timely manner does not address all the problems affecting the regions and does not result in bottom-up regional development planning as was intended for the programme (Section 1.2, page 14).

- ✓ Four out of nine targets for the National Progress Plan milestones for 2022 in the Ministry of the Interior's strategic action plans³ related to regional development have not been met. This shows that the gap between regions (GDP per capita, according to one of the milestones) is large and continues to widen. The 2025 target values for three of the nine impact milestones in this plan have been achieved. However, they are not adjusted to take account of context and developments to promote progress (Section 1.4, page 18).

2. The start of the Regional Development Programme 2022-2030 is not sufficiently result-oriented

- ✓ All 14 financing guidelines of regional progress measures have been prepared, but their preparation and/or approval took 14 months (from 30 September 2022 to 6 November 2023) and was flawed: five out of six ministries (Interior, Health, Education, Science and Sport, Transport and Communications, Environment) amended the financing guidelines of regional progress measures, and the approval of five out of fourteen guidelines (Ministries of Social Security and Labour, Environment, Health) was delayed by between one and four months, which slows down the implementation of the programme (Section 2.1, page 21).
- ✓ No deadlines⁴ have been set for the preparation of regional development plans for the entire programme period. In 2023, development plans for all ten regions have been prepared, with between eight and fourteen measures planned up to 1 July 2024, and between seven and eleven approved. The highest share of the planned funds is in the Alytus region – 100% (EUR 127.57 million), the lowest is in the Kaunas region – 43.72% (115.05 out of EUR 263.17 million). By 1 July 2024, the regional development councils have approved 94 (out of 113) descriptions for ten regional progress measures in the regional development plans for ~ EUR 1,086.34 million of EU funds (i.e. ~ 67% of the funds allocated to the Regional Development Programme), with two regions not yet having planned for 50% of the funds. The failure to set deadlines has had an impact on the start of project implementation (Section 2.2, page 23).
- ✓ By the end of 2023, 35% of the funds foreseen for the Regional Development Programme were planned in total, but half of the regions, i.e. five out of ten (Vilnius, Kaunas, Klaipėda, Šiauliai, and Utena), did not reach the contracted value by 31 December 2023, i.e. the amount of EU investment funds planned was less than 35%. Regions planned the most funds for regional progress measures until 1 July 2024 in the measures of the Ministry of Education, Science and Sport (181%, i.e. EUR 125.6 million out of the planned EUR 68 million); the least funds were planned in the measure of the Ministry of the Environment "Remediate areas polluted and territories damaged in the past" (14%, i.e. EUR 4.2 million out of EUR 30.6 million). None of the 14 progress measures involve all municipalities due to pre-conditions set by the ministries, lack of funding, irrelevance of the problem or political decisions. We found that less than half of the municipalities are planning to participate in five measures (three from the Ministry of Environment and two from the Ministry of Transport and Communications), while 34 municipalities, whose participation is important for the achievement of the programme's impact milestones (taking into account inter-

³ SAP of the MI (2022-2024, 2023-2025).

https://vrm.lrv.lt/uploads/vrm/documents/files/00000_VRM_SVP_2022-2024_KEITIMAS.pdf (2022-2024),
<https://vrm.lrv.lt/media/viesa/saugykla/2023/12/K7xu4kGUAJc.pdf> (2023-2025).

⁴ Until 10 January 2024

regional and internal disparities), will not participate in 11 measures. By choosing not to participate in measures relevant to specific municipalities, they do not address the problems signalled by the milestones (Section 2.3, page 25).

- ✓ Regional development plans set unambitious targets: our assessment of the actual values of the milestones in 2022 shows that 98 (out of 210) of the target values for the impact milestones planned for 2025 in the regional development plans were achieved in 2022. The values set out in the regional development plans are not ambitious and do not show the progress and impact to be achieved, as half (on average 10 out of 21) of the actual values of the impact milestones of five regional development councils in 2022 already approached or exceeded the 2025 target values, without the implementation of the regional progress measures 2022-2030 having been launched (Section 2.3, page 29).

3. Management of the Regional Development Programme must be strengthened

- ✓ The monitoring plan for the Regional Development Programme, which should specify the deadlines and scope of the programme, was adopted one and a half years after the programme was approved. Moreover, the role of the Ministry of the Interior as the horizontal programme manager is not defined in relation to the other participants, which means that the conditions for leadership are not in place and the programme is difficult to manage as the participants (the ministries) are independent managers of the appropriations (Section 3.1, page 32).
- ✓ A competence network has been set up for the participating institutions but does not include experts. There is a lack of expert support for municipalities in the preparation of functional area strategies and the implementation of projects for them. The competence network provides advice to regional development councils and municipal representatives, but the advice provided by the Ministry of Transport and Communications was rated “negative” by 8% (2 out of 26) of municipalities, “satisfactory” by 12% (3 out of 26), while the advice of the Ministry of Health was rated “satisfactory” by 32% of municipalities (12 out of 38). The lack of methodological support, which is not sufficiently specific and detailed, prevents regional development councils and municipalities from obtaining adequate and relevant information on planned measures. (Section 3.2, page 33).

Recommendations

For the Ministry of the Interior:

1. To ensure that the programme is implemented efficiently and effectively, action should be taken on defining the role of the programme manager in relation to the other participants in the programme, on strengthening inter-institutional cooperation and on setting the deadlines for the implementation of the programme’s processes (Key Audit Results 2 and 3).
2. To ensure that the programme measures respond to regional needs, identify regional problems, and develop targeted measures to address regional problems, to revise the

programme measures and ensure that municipalities are involved as much as possible in the identification of regional problems and in the definition of regional measures by the ministries (Key Audit Result 1 and Key Audit Result 2).

We have made written suggestions to the Ministry for improving the implementation of the programme.

The measures and deadlines for the implementation of the recommendations, the expected impact of the audit and the milestones for measuring change are set out in the section of the report entitled Plan for implementing the recommendations (page 36). Up-to-date information on the status of the implementation of the recommendations, results and developments is published in open data on the website of the National Audit Office at <https://www.valstybeskontrole.lt/LT/AtviriDuomenys>.