



Institut za razvoj poduzetništva
i europske projekte - Zagreb



EU FUNDS AFTER THE ACCESSION TO THE EUROPEAN UNION - TOWARDS A NEW FINANCIAL PERSPEKTIVE

PPT Title: Good practice examples and experiences from Lithuania

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EU funded twinning project "Enhancement of capacity for effective management of EU Cohesion Policy Funds"



Kingdom of the Netherlands

REPUBLIKA HRVATSKA / REPUBLIC OF CROATIA



Ministarstvo regionalnoga razvoja i fondova Europske unije
Ministry of Regional Development and EU Funds



CONTENT

- EU structural funds absorption rate in Lithuania in the period of 2007-2013;
- Principle of partnership and institutional system;
- Co-financing and use of financial engineering instruments;
- Simplified costs;
- Selection of projects;
- IT system;
- Public Procurement;
- Challenges for 2014-20



EU STRUCTURAL FUNDS ABSORPTION RATE IN LITHUANIA

- Lithuania has one of the highest absorption rate of EU funds in period of 2007-2013.

	Amount	%
Allocations in OPs	7.4 billion EUR	100
Grant contracts signed	6.9 billion EUR (7114 contracts)	92.5
Expenditure verified and paid	4.5 billion EUR	60.8
Expenditure declared to EC	4.2 billion	56.3



STAKEHOLDERS INVOLVEMENT AND PRINCIPLE OF PARTNERSHIP

- Significant progress was made in implementing the partnership principle;
- Majority of partners are more satisfied than dissatisfied with the implementation of the partnership principle in Lithuania and understand the benefits of this principle;
- Wide political agreement was reached on how Lithuania is going to use structural funds.



LITHUANIAN INSTITUTIONS AND OPERATIONAL PROGRAMMES

6.8 BILLION EURO FROM EU SCF (2007-2013)

Government of the Republic of Lithuania

Monitoring Committee
for all OPs

Ministry of Finance
Managing Authority
Certifying Authority
Paying Body
for all OPs

National Audit Office
Audit Authority

Human Resource
OP
13.8 %

Economic
Growth OP
45.72 %

Promotion of
Cohesion OP
39.08 %

Technical
Assistance OP
1.4%

Regional Dev. Councils

8 Ministries (level 1) and 7
Agencies (level 2)
Intermediate Bodies
at assigned Priority
Axis/Measure level

Public Procurement Office

Beneficiaries
at Project level



INSTITUTIONAL SYSTEM EVALUATION

- Evaluation showed that:
 - the 2007 - 2013 EU structural assistance administrative system operates properly and efficiently;
 - the administrative costs of the 2nd level Intermediate Bodies were low ;
 - in the Annual Report of Audit Authority is stated, that the expected error rate reached only 1,17 per cent of the total expenditure declared to the EC and therefore, it did not surpass the 2 per cent limit;
 - by the end of 2012, 60 per cent of the recommendations from the 2011 audit report were fully or partially implemented.
- For the programming period of 2014-2020 it is recommended to ensure the continuity of the administrative system and to retain the administrative capacities and competencies of the institutions.



ENSURING OF CO-FINANCING

- 1.132 billion EUR credit line from EIB for two purpose:
 - ① To ensure national public co-financing part for Economic Growth OP and Promotion of Cohesion OP;
 - ② To on-lend loans to public or publicly owned beneficiaries' which needs own funds to co-finance projects.
- EIB credit line administration requirements were integrated into 2007-2013 SCF management and IT system.



USE OF FINANCIAL ENGINEERING INSTRUMENTS IN LITHUANIA

- Funds of FEI are allocated to :
 - 1) promote SMEs (soft loans, micro-loans, guarantees, credit insurance and venture capital investment); JEREMIE-type funds managed by EIF;
 - 2) increase energy efficiency in apartment buildings and student dormitories (soft loans); JESSICA Holding Fund Lithuania, managed by the EIB.



FINANCIAL ENGINEERING INSTRUMENTS LESSONS LEARNED

- Improved absorption- not necessary to finalize implementation of activity supported by FEI;
- Uncertainties in the regulation of FEIs could reduce their attractiveness;
- The revolving nature of the holding funds and the possibility to attract private investments to SMEs are identified as one of the main benefits of using FEIs rather than grants;
- Set a priority for the enterprises that obliges to use FEI;
- Set a new R&D type measures which would be financed via financial engineering mechanisms.



SIMPLIFIED COSTS

Options to manage expenditure co-financed by Structural Funds:

- real cost,
- simplified costs
 - flat rate for indirect costs,
 - standard scale of unit cost,
 - lump sums.



Lithuania experienced in applying of all costs options

- Not applicable to work or service contracts established following a public tender;
- Useful in case of small amounts that require many financial supporting documents, and difficult to justify financially.



RECOMMENDATIONS FOR SIMPLIFIED COST USE

- It is recommended to implement measures that are based only on simplified costs (especially in the small – scale ESF measures);
- Cost simplifications could also be applied for the financing of the indirect or overhead expenses in infrastructure development projects, financed by the ERDF and the CF;
- The requirements for large-scale, e.g. infrastructure, projects could be moderated by simplifying the accountability requirements for the indirect and (or) overhead expenses.



PROJECT SELECTION TYPES

- State project selection (non-competitive grant award based on strategic planning and prioritization);
 - For governmental institutions public sector projects oriented to national strategic aims.
- Regional project selection (competition only on project ideas);
 - Investment oriented to develop public sector at local regional or municipal level.
- Open competitions;
 - Investments oriented to innovative ideas and require more expert knowledge in specific fields;
 - Need for better competition, better quality of applications and projects.



RECOMMENDATIONS FOR SELECTION PROCESS IN PERIOD OF 2014-2020

○ State project selection:

- To apply the cost and benefit analysis before the approval of the preliminary list of the state planned projects;
- the preliminary list of the state planned projects shall be more flexible and encompass the “reserve” or additional projects.

○ Regional project selection:

- to adopt a more integrated approach and to reduce the fragmentation and the diversity of the investment areas;
- provide assistance taking into account region-specific factors or the real need for funding;
- establish a close cooperation between central and local governments when preparing the documentation that specifies the rules and requirements for the EU structural assistance.



RECOMMENDATIONS FOR SELECTION PROCESS IN PERIOD OF 2014-2020

- Involve partners in preparation of guidelines for applicants;
- Cost and benefit analysis it is recommended to apply only to high value, large-scale projects;
- Requirements for the small-scale project applicants could be simplified through the the simpler submission of applications (e.g. less complex form of application);

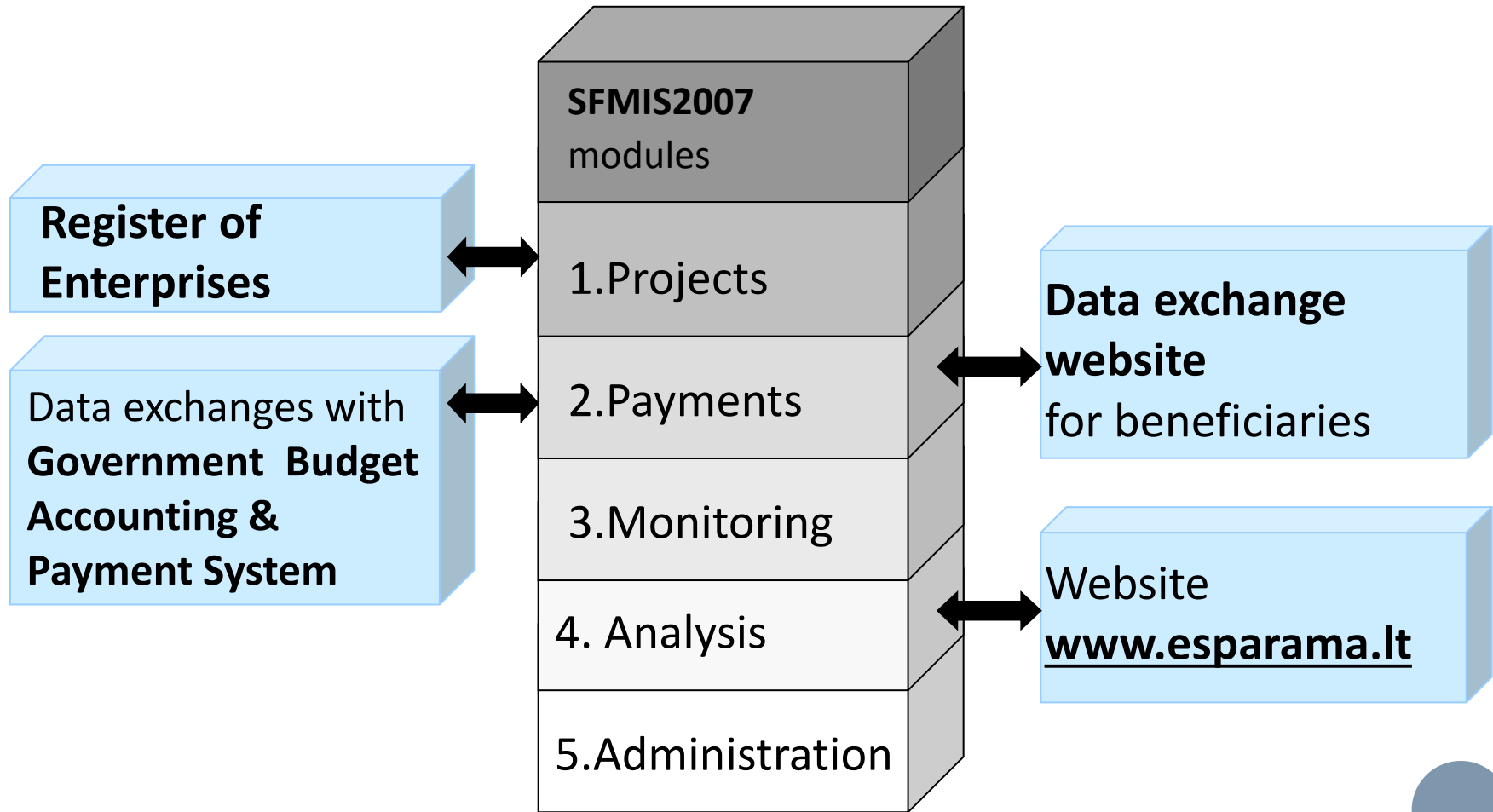


SELECTION CRITERIA (SC) LESSONS LEARNED

- SC shall perform their function- select projects with maximum added value;
- Systemic improvement of planning for the establishment of SC and approval by the Monitoring Committee is recommended;
- Interpretation of SC, transfer of information to assessors;
- Assessors availability planning;
- Sufficient feedback between the IB2 and IB1;
- SC shall be mainly product-oriented (assessing impact of the product) but not high scores assigned to project-oriented SC (e.g. applicant's PM experience, project maturity);
- SC shall include expert assessment criteria;
- Minimum score shall be defined.



IT SYSTEM – “SFMIS” FUNCTIONAL STRUCTURE



IT SYSTEM SIMPLIFICATIONS AND IMPROVEMENTS IN 2007-2013

- Only one e-application form for all beneficiaries for all funds;
- Publication of the project selection results directly from SFMIS to public website;
- Only one e-payment application form with included standard project progress information (activities, indicators, payment forecast);
- Almost paperless processes among institutions;
- Data exchange portal for beneficiaries;
- Scanned documents and e-data in SFMIS;
- standard and customizable e-reports for all institutions.



PUBLIC DATA EXCHANGE WEBSITE FOR PROJECT BENEFICIARIES

Beneficiaries can- upload, view, check & send:

- all information about project online;
- fill e-payment applications directly to SFMIS2007;
- download **pre-filled** e-payment application form;
- fill ESF participants report on-line;
- monitor implementation progress.

Sf projektų duomenų mainų portalas - Windows Internet Explorer
https://dms.fimn.lt/dms/faces/pages/welcome.jspx

BENDRAI FINANSUOJAMI IS EUROPOS SĄJUNGOS FONDŲ LŠŲ PROJEKTŲ
Duomenų Mainų Svetainė

Valstybės išdoro finansų valdymo ir apskaitos informacinės...
VP 1-4 2-VRM-03-V-01-080
Projekto vykdytojas: Lietuvos Respublikos finansų ministerija

Pradžia Sutarties situacija Mokėjimai Vykdyto priežiūra Pranešimai

Parsisiųsti MP
Parsisiųsti iš dalies užpildytą mokėjimo prašymo formą

Pateikti MP
Pateikti mokėjimo prašymą

Duomenų mainų svetainės Dalyvių mokymai

Detalesnė projekto informacija >>>

Elektroniniu būdu teikiamų mokėjimo prašymų sąrašas > Daugiau

Vykdytojo MP Nr.	MP data	MP tipas	MP būseną	Prašoma suma, Lt	Klaidos	Patikslinimo data	Peržiūrėti
15	2012-09-25	Tarpinis mokėjimas	Išleistas	19.319,30	-	-	

Paskutinis pateiktas mokėjimo prašymas > MP sąrašas

Vykdytojo MP Nr.	MP data	MP/MPD tipas	MP/MPD būseną	Prašoma suma, Lt	Patvirtinta suma, Lt	Būsenos data	Peržiūrėti
14	2012-06-25	Tarpinis mokėjimas	Baigtas	-	-	2012-07-13	
		MPD3	Apmokėta	78.544,82	78.544,82	2012-07-13	

Planuojamas teikti mokėjimo prašymas > MP grafikas

Planuojama data	MP tipas	Planuojama suma, Lt
2012-09-25	Tarpinis mokėjimas	304.806,54

Kontaktinis asmuo institucijoje

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http://www.esf.lt/contacts/listing

Pranešimai > Daugiau pranešimų

Nauji (11)

- 2012-07-12 buvo išmokėta mokėjimo prašymo dalies finansavimo suma (lir. 14, MPD3, 78.544,82 Lt)
- 2012-09-25 planuojamas pateikti tarpinis mokėjimo prašymas (304.806,54 Lt)
- 2012-07-03 buvo patvirtinta mokėjimo prašymo dalies išlaidų finansavimo suma (lir. 14, MPD3, 78.544,82 Lt)
- 2012-04-26 buvo atliktas sutarties keitimas
- 2012-04-17 buvo išmokėta mokėjimo prašymo dalies finansavimo suma (lir. 13, MPD3, 26.083,47 Lt)
- 2012-03-05 buvo išmokėta mokėjimo prašymo dalies finansavimo suma (lir. 12, MPD2, 541.957,69 Lt)
- 2012-03-05 buvo išmokėta mokėjimo prašymo dalies finansavimo suma (lir. 12, MPD3, 31.211,66 Lt)
- 2012-02-24 buvo patvirtinta mokėjimo prašymo dalies išlaidų finansavimo suma (lir. 12, MPD3, 31.211,66 Lt)
- 2012-02-24 buvo patvirtinta mokėjimo prašymo dalies išlaidų finansavimo suma (lir. 12, MPD2, 541.957,69 Lt)
- 2012-01-19 buvo išmokėta mokėjimo prašymo dalies finansavimo suma (lir. 11, MPD3, 1.767,25 Lt)

Naujienos > Daugiau naujienų

2012-08-22 įsteigta nauja DMS versija
Įdiegti nauji DMS funkcionalumai: - sukurta kontrolė, kuri tikrina visų grafikių planuojamų MP bendrą netiesioginių išlaidų sumą, ~...

2012-02-02 Paskelbtas mokymų grafikas, mokymų dalyvių lankomumo suvestinė bei tarpinio ataskaitų apie bendrą finansavimą S. Furmonė

Atlikti

Patikimos svetainės

100%

RECOMMENDATIONS FOR IT SYSTEM IN PERIOD OF 2014-2020

- Extension of the possibilities of an active electronic data exchange;
- Closer integration between the individual project management stages;
- Deeper integration between the SCF IT system and the other state registries or databases (e.g. e-procurement);
- Closer inter- connection between the SCF IT and the inner project management systems of the 2nd level intermediate bodies.



PUBLIC PROCUREMENT

- Over 90% of procurements in Lithuania are carried out according to the lowest price,
- Procurement financed by EU funds takes longer than non-EU-financed procurement due to their specificity;
- A wide scope of public procurement irregularities related with qualification requirements and application of brand marks / standards in the tender documents;
- The type of procurement procedure (international/simplified) has a significant influence on the duration of the procedure;
- Procurement claims and dispute setting mechanism have significant influents in absorption of the funds.



PUBLIC PROCUREMENT RECOMMENDATIONS

- Publication of tender documents before tender launch for consultations with potential bidders (for large and complex procurements);
- Wide use of various types of procurement and standardization of procurement documents;
- Use e-catalog and framework agreements of Central Purchasing Organization for standard goods/services/works;
- Reduce administrative burden of electronically executed public procurement control by IB2;
- Define the cases for application to the Public Procurement Office assistance in the revision of procurement documents.

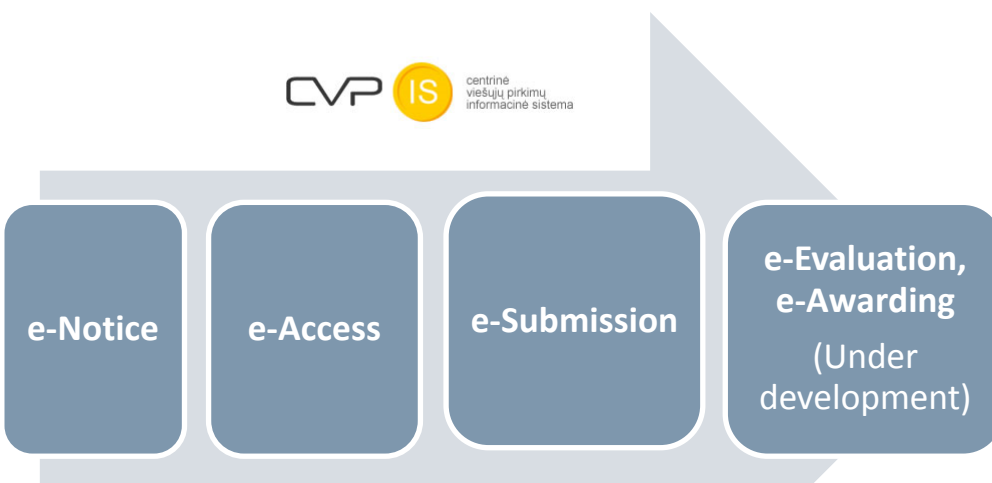


E-procurement solutions in Lithuania

Pre-awarding phase

(for all public e-procurements)

National Public Procurement Office



Benefits:

- Increased transparency and accessibility;
- Reduced administrative burden for suppliers and contracting authorities.

Post-awarding phase

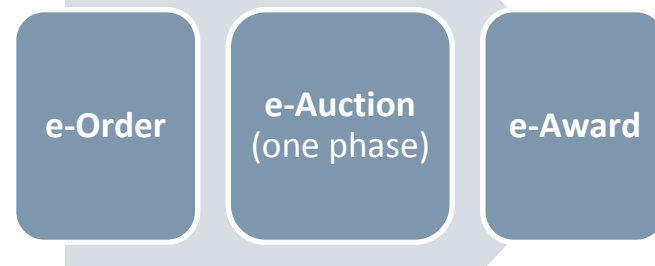
(for standard goods/services/works)

Central Purchasing Organization



E-catalogue

e- Framework agreements;
Dynamic Purchasing Systems



Benefits:

- Substantially reduced procurement process cycle from 46 days to 11 days;
- Significant price reductions (14-55%);
- Improved competition (supplier number in the tender increased 20%-90%).

CHALLENGES FOR 2014-2020

- Links of financial planning with Performance Framework;
- Integrated planning of intermediate targets for financial and physical indicators;
- Comprehensive and accurate planning of the Funds use must be done before the start of the programming period;
- Possible ways to reduce administrative burden.



CONCLUSIONS

4 aims:

- **absorption:** use funds (use 95-100%)
- **correctness:** use them without repayment and recoveries (error rates under 2%)
- **efficiency:** use them without additional costs (MS pay co-fin. + no more than additional 10-15%)
- **effectiveness:** use them with an impact (this is where the gap is the largest!)

○ Areas to focus for achievement above 4 aims:

- Principle of partnership and institutional system;
- Co-financing and use of financial engineering instruments;
- Simplified costs;
- Selection of projects;
- IT system;
- Public Procurement.



Hvala vam na pozornosti!
Thank you for your attention!