

## SUMMARY

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### FINANCIAL IMPLEMENTATION OF THE PROGRAMME

In 2014–2023, EUR 2.85 billion was allocated for the implementation of Programme, of which EAFRD accounted for EUR 2.1 billion and EURI funds for EUR 139.9 million. In 2014–2023, EUR 2 648 million was contracted, which accounted for 93% of all funds allocated to the implementation of the Programme (6 percentage points (hereinafter– pp.) more than in 2022). The biggest share of the amount contracted was under Focus Area (hereinafter – FA) 2A and 6B, as well as under Focus Areas contributing to 4<sup>th</sup> priority. EUR 2 379 million was paid, i.e., 84% of all funds (9 pp. more than in 2022), out of which EAFRD, co-financing and additional national funding amounted for EUR 2 318 million, and EURI for EUR 60.2 million. EUR 2 173 million was paid and declared to the EC, i.e., 76% of all funds (8 pp. more than in 2022), out of which EAFRD, co-financing and additional national funding amounted for EUR 2 114.5 million and EUR 58.8 million for EURI funds.

At Focus Area level the biggest amount of support was paid under Focus Area 6C, which amounts to 100% of all funds allocated. The share of paid support under Priority 4 was 97% and under Focus Area 2B it was 91%. The lowest level of financial implementation was achieved under the following Focus Areas: 3A (50% of allocated support paid) and 5C (52% of allocated support paid).

### IMPLEMENTATION OF PROGRAMME'S PRIORITIES

#### Priority 1. Knowledge transfer and innovation in agriculture, forestry and rural areas

In 2014–2023, the total funds contracted under Priority 1 amounts to EUR 55.1 million (84% of all funds allocated), out of which EUR 43.6 million were paid (67% of all funds allocated) and the amount declared to the EC reached EUR 39 million (60% of all funds allocated). Compared to 2014-2022, the level of funds contracted has increased by 21 pp. and the level of funds paid and declared to the EC by 16 p.p.

By the end of 2023, 29 projects related to professional training have been completed (and 14 more were under implementation). 50 972 persons were trained as a result of these projects (15 thousand more than the number of participants achieved by the end of 2022). Also, 54 projects which related to demonstration projects and information activities have been completed (and 17 more were under implementation). The consultancy services provided under Measure M02 were used by 10 044 beneficiaries (of which 765 in 2023), most of whom were advised on agri-environmental issues (Priority 4). In 2014–2023, 52 projects supporting the European Innovation Partnership (EIP) action groups and their activities were being implemented (18 more projects than in 2014-2022), of which 21 projects have been completed and payments have been made to a further 5 projects (excluding the advance payment). In addition, 187 other cooperation projects were implemented during 2014-2022 (61 projects were completed in 2023).

#### Priority 2. Competitiveness of the agricultural sector and sustainable forestry

In 2014–2023, the amount of contracted funds under Priority 2 was almost EUR 1 billion or 88% of all allocated funds under this priority, the amount paid was EUR 863.6 million (or 76% of all allocated funds under this priority), EUR 798 million or 70% of all allocated funds under this priority was declared to the EC. EUR 764.4 million (67% of all allocated funds under this priority) has been paid and declared to the EC for completed projects. Compared to 2014-2022, the level of funds contracted has increased by 3 pp., paid by 9 pp. and declared to the EC by 10 pp.

In 2014–2023, 4 684 agricultural holdings (156 agricultural holdings supported in 2023) were supported to implement investment projects related to restructuring and modernization of agricultural holdings under the Priority 2. Set up projects of 1 762 young farmers were supported (361 projects completed in 2023) and 8 418 small farms (1 759 small farms supported in 2023) received support aimed at enabling them participate more actively in the market. Investments in the agricultural and forestry development, modernization or renovation of related infrastructure have also been made. 319 projects were implemented in these fields, with almost EUR 91 million of EU support paid and declared to the EC. Moreover, 19 projects aimed at improving the infrastructure of the forestry were completed and EUR 1.5 million were spent to do so. Under the Priority 2, support was also provided for the deforestation, roundwood and wood biofuel preparation technologies, and the conversion of young stands and shrubs. In this field, 240 projects were implemented by the end of 2023 (69 projects completed in 2023), and the amount spent to them was EUR 19 million.

In response to the high financing needs and the economic situation in 2020 which changed due to the COVID-19 pandemic, a decision was taken to set up a risk-sharing loan measure (hereinafter – financial instrument) to finance loans and to achieve the objectives of measure 4.1. From the start of the implementation of the financial instrument until 31 December 2023. The Financial Intermediary has signed 64 loan contracts with final beneficiaries (38 contracts in 2023). The total amount of loans granted amounts to EUR 6.065 million, of which EUR 3.037 million is from the financial instrument. From the start of the implementation of the financial instrument until 31 December 2023, the borrowers repaid the Financial Intermediary EUR 701.7 thousand for the loans, including EUR 350.8 thousand of the financial instrument. The amount of funds returned to the Fund by the end of the reporting period amounts to EUR 192.67 thousand.

### Priority 3. Promotion of food chains

In 2014–2023, the amount of contracted funds under Priority 3 was EUR 165.2 million or 89% of all allocated funds under this priority. EUR 103,2 million were paid (55% of all allocated funds under this priority), EUR 102.5 million were declared to the EC and it amounts to 55% of all allocated funds under this priority. EUR 97,6 million (52% of all allocated funds under this priority) has been paid and declared to the EC for completed projects. Compared to 2014-2022, the level of funds contracted has increased by 14 pp., paid by 4 pp. and declared to the EC by 5 pp.

In 2014–2023, EUR 73 million has been paid and declared to the EC for projects completed under Focus Area 3A. 175 projects have been implemented to support investments in agricultural holdings as well as in agricultural processing and marketing (56 projects completed in 2023). 363 agricultural holdings (10 more holdings than in 2014-2022) were supported, for the participation in the quality schemes, short supply chains and producer organizations: under Measure M03 payments were made to 163 agricultural holdings under commitments from the period 2007-2013, to 102 agricultural holdings who have been supported under the Programme, 43 holdings under the Activity Area 16.4 and 55 holdings participating in supported producer organisations (M09). Under Focus Area 3B, which aims to encourage the participation of agricultural holdings in risk management systems, EUR 21.4 million was paid and declared to the EC under Measure M17, benefiting 2 138 farm holdings (298 more farms compared to 2022), and EUR 3.1 million was paid and declared to the EC under Measure M05, benefiting 59 farm holdings (11 more holdings than in 2014-2022).

### Priority 4. Environment protection – biodiversity restoration and improvement of water and soil

To achieve the aims of Priority 4, 3 horizontal measures (M01, M02 and M16), 2 investment measures (M04 and M08) and 5 compensatory measures (M10, M11, M12, M13 and M15) are implemented. In 2014–2023, EUR 897 million was contracted under Priority 4 (98% of all amount allocated to this priority). The amount of funds paid under Priority 4 was EUR 883 million (97% of all amount allocated

to this priority), and EUR 808.8 declared to EC (88% of all amount allocated to this priority). Compared to 2014-2022, the level of funds contracted has increased by 5 pp., paid by 6 pp. and declared to the EC by 4 pp. The financial level of implementation of the priority is high. In 2023, in total 58 154 ha of agricultural land and 28 379 ha of forest land, in which various activities related to preservation of biodiversity and landscape protection activities were supported. In 2023, 7 539 ha has been supported to improve water management. In the same year, 269 095 ha of agricultural land was supported, aiming to prevent of soil erosion and improvement of soil management. These supported areas mainly covered farming activities in Natura 2000 areas, organic farming, farming in line with higher than mandatory environmental requirements under the activities of Measure M10 "Agri-environment-climate". While the forest land was mostly supported under measure M08 "Investments in development of forest areas and improvement of forest viability".

## Priority 5. Support for effective resource management

In 2014–2023 the amount of contracted funds under Priority 5 was EUR 102.6 million or 88% of all allocated funds under this priority, the amount of funds paid and declared to the EC under Priority 5 accounted to almost EUR 88.3 million or 75% of all amount allocated to this priority. Compared to 2014-2022, the level of funds contracted has increased by 20 pp., paid. and declared to the EC by 17 pp.

In 2014–2023 4 projects were implemented, contributing to the Focus Area 5C "Support for biogas production" (3 projects have been completed in 2023 and 4 more are under implementation). In 2023, in total 3 286 applications were funded, under which the activities related to the decrease of greenhouse gases and ammonia is being implemented. 814 agricultural holdings (29 more holdings than in 2022) received the support for afforestation, aiming to contribute to carbon conservation and sequestration in forestry. The total supported agricultural land area in which activities related to the reduction of greenhouse gas and ammonia emissions are being implemented amounted to 33 675 ha. The total area of agricultural and forest land supported under this priority aiming at carbon sequestration and conservation amounts 58 407 ha.

## Priority 6. Promotion for social inclusion, poverty reduction and promotion of economic development in rural areas

In 2014–2023, the amount of contracted funds under Priority 6 was EUR 322 million or 98% of all allocated funds under this priority. EUR 287.6 million or 88% all amount allocated to this priority was paid, and EUR 263.4 million (81% of all allocated funds under this priority) has been paid and declared to the EC for completed projects. Compared to 2014-2022, the level of funds contracted has increased by 6 pp., paid by 15 pp. and declared to the EC by 19 pp.

In 2014–2023, 2 105 projects for non-agricultural business in the rural areas were completed (315 projects completed in 2023). 8 262 projects also have been implemented to improve services and infrastructure (including cultural and natural heritage) in rural areas. At the end of 2023, the number of residents using better services and infrastructure reached 348 531 (or 33% of the total rural population).

In 2023, under Measure M19 "LEADER" 49 local development strategies were being implemented (46 rural and 3 multisector, which were financed under EAFRD and EMFF). The number of inhabitants in rural areas which are covered by LAGs amounts to 1 075 726 and includes all people living in Lithuania rural areas. During 2014–2023, under Measure M19 1 895 jobs were created (526 jobs created in 2023).

## Overview of support for investment in the agricultural sector

The overview of support for investment in agricultural sectors analysed the contribution Activity Areas 4.1, 6.1 and 6.3 to the development of key agricultural sectors. The livestock sector accounted for the largest share of the investment support – EUR 507.8 million or 58.8% of the contracted investment projects. Until the end of 2023, 9 593 projects were being implemented in this sector, for which EUR 403.1 million have been paid (58.2% of the total support paid for analysed investment activities). This is followed by the crop sector with 3 197 investment projects, for which the contracted amount of support amounted to EUR 168 million, or 19.5% of the total investment support, and for which EUR 146 million was paid (21.1% of the total amount of support paid under the analysed activities). For the 2 748 investment projects in the horticulture sector, the amount of support contracted amounted to EUR 142 million, or 16.5%, and the amount of support paid amounted to EUR 104.3 million (15.1%). Investment support for processing and marketing is also available under Activity Area 4.2. In 2014–2023, EUR 119.3 million has been contracted under this activity area. The largest number of projects (58) is in the area of crop production processing, with support payments amounting to EU 27.3 million. This is followed by support for investments in dairy processing (23 projects implemented with support payments amounting to EUR 17 million) and meat processing (28 projects implemented with support payments amounting to EUR 12.5 million).

### **KEY INFORMATION ON ACHIEVEMENTS TOWARDS MILESTONES SET IN THE PERFORMANCE FRAMEWORK**

In the performance framework which is included in the Programme there are specified goals that are planned to achieve, i.e., final indicator values that are planned to be achieved in 2025. In the performance framework for Lithuania there are 13 core indicators and 2 additional indicators foreseen. By the end of 2023, the final goals of 4 indicators had been reached and two more indicators were achieved over 95%. The performance indicators show that Priorities 2 and 4 are being successfully implemented and, with the exception of the target for the area indicators based on Priority 4, there is no risk that the objectives of these priorities will not be reached. Priority 3 is less well implemented and there is a risk that the indicator "Part of agricultural holdings receiving support for participation in quality schemes, local markets/short supply chains and producer groups/organisations" will not be fully achieved. For Priority 5, the indicators are likely to be achieved, given the amount of support approved and the project contracts signed. Priority 6 is unique in that the implementation rate for the indicator on total public expenditure is just over 80%, but the other indicators have already been reached and exceeded.

### **ACTIONS OF THE MANAGING AUTHORITY AND THE MONITORING COMMITTEE TO ENSURE THE QUALITY AND EFFECTIVENESS OF THE IMPLEMENTATION OF THE PROGRAMME**

In 2014–2023, in order to ensure the efficiency and quality of the implementation of the Programme, the following actions were taken: 1) amendments to the Programme made 2) amendments of the rules of administration of the Programme were made, as well as initiation or implementation of amendments of national legislation 3) amendments to the rules of implementation of the measure and other actions were made.

In 2023, two amendments of the Programme were adopted. The first was approved by the EC by Decision C(2023)629 of 18 January 2023. The second was approved by EC Decision C(2023)4287 of 20 June 2023. The first amendment made adjustments to three measures in relation to the requirements for the measures. In addition, the Programme's financial plan was amended to take into account the implementation situation of the Programme's measures and to rationalise the use of the Programme's funds (EUR 42.03 million was reallocated from measures, activities with a risk of under-implementation of their full allocation or with insufficient balances to measures, activities and areas requiring more funding. The second amendment made adjustments to five measures and changes to the financial plan (EUR 55.38 million was reallocated).

In order to address and control the problems encountered during the implementation of the measures, in 2023 changes were made to the implementing rules for almost all measures. The rules for obtaining support have been simplified and various other changes have been made.

Improvements in the effectiveness of the Programme were also sought through the Monitoring Committee meetings. In 2023, 4 meetings of the Monitoring Committee were held. During the meetings of the Monitoring Committee, the proposed amendments to the Programme were discussed, amendments to the financial plan were approved, and certain amendments to the measures were discussed and adopted.

### **ACTIONS AIMED AT IMPLEMENTING THE REQUIREMENTS OF TECHNICAL ASSISTANCE AND PUBLICITY OF THE PROGRAMME**

In 2014–2023, support for Technical Assistance is provided under three activities: 1) Implementation of the Programme (first activity); 2) Information and publicity of the Programme (second activity); 3) Lithuanian Rural Network (third activity).

Slightly more than EUR 94.2 million is allocated for the implementation of the Technical Assistance measure. 122 projects were being implemented under Technical Assistance measure in 2014–2023, of which 6 projects are continuous. 3 continuous projects are implemented under the first activity (by all three possible beneficiaries – Ministry of Agriculture, National Paying Agency and Agricultural Data Centre). 2 continuous projects are implemented under the second activity (by both possible beneficiaries – Ministry of Agriculture and National Paying Agency). Under the third activity, 1 continuous project is implemented by Lithuanian Rural Network Secretariat. Remaining 166 projects are being implemented by members of Lithuanian Rural Network. During 2014–2023, for all these projects almost EUR 88.3 million was paid (94% of the total amount assigned to Technical Assistance), and almost EUR 59.6 million was declared to the EC (63% of the total amount assigned to Technical Assistance).

In 2014–2023, EUR 75.1 million was paid and EUR 49.6 million was declared to the EC under the first activity. Under the first activity of the Technical Assistance the Ministry of Agriculture implements the project “Management, supervision and control of the Lithuanian Rural Development 2014–2020 Programme”. In 2023, during the implementation of this project, the Ministry of Agriculture, as the managing authority of the Programme, employed civil servants and employees (employed under employment contracts) who devoted all or part of their working time to work related to the implementation of the Programme. The costs of maintaining the staff, dedicating all or part of their working time to functions related to the implementation of the Programme, were paid from the funds of this project. In order to strengthen the administrative capacity of the staff of the Ministry of Agriculture and to share experience with other countries implementing rural development programs, the Ministry of Agriculture staff participated in various meetings (virtual or in person) of committees, working groups, seminars, conferences, trainings and other events organized by the EC in Lithuania and abroad. The project provided staff with stationery and other supplies needed to carry out the necessary work. Also, various virtual meetings, working sessions and other events related to the implementation of the Programme were organized.

National Payment Agency is implementing the project “Implementation of the Programme”. In 2023, during this project public servants and employees (working under employment contracts) were hired to implement functions assigned to National Payment Agency, who devoted all or part of their working time to evaluate applications, payment claims, carried out various checks, administered support funds and their disbursement. In order to ensure the proper administration of the assistance, the staff of the National Payment Agency participated in international conferences, committee meetings organized by the European Commission, working groups and other meetings. During this project, the services of experts and consultants were used, which included services of the identification and evaluation of

projects, grant applications, payment claims, overpricing of services and / or goods, and other services requiring specific knowledge. Services and goods required for on-the-spot checks were also purchased.

Agricultural Data Centre implements the project "Technical assistance during 2014-2020 (Implementation of the Programme)". In 2023 it aimed to ensure a smooth administration of the information system for the applications and the Register of Agriculture and Rural Business of the Republic of Lithuania, and the calculation or recalculation of the economic size of the agricultural holding expressed in units of economic size, as well as calculation or recalculation of the economic size of the agricultural holding expressed as a standard value of production. Employees were hired to perform these functions.

In 2014–2023, EUR 10 million was paid and EUR 7.2 million was declared to the EC. Under the second activity of Technical Assistance, Ministry of Agriculture implements project "Information and publicity of the Lithuanian Rural Development Programme for 2014–2020". In 2023, the dissemination of information about the Programme through the main media, such as radio, press, web portals were funded.

Project "Publicity and information of the Programme" is implemented by National Payment Agency. In 2023, during this project the following communication measures were implemented: articles published in national, specialized and regional newspapers, on online news portals and specialized agricultural news portals.

In 2014–2023, the support paid under third activity amounted to EUR 3,2 million: EUR 0.69 million for the project being implemented by the Lithuanian Rural Network Secretariat, EUR 1.66 million for 61 project to implement event communication tools (projects that are being implemented by members of the Lithuanian Rural Network) and EUR 0.6 million for 45 projects to implement electronic communication tools (projects that also are being implemented by members of the Lithuanian Rural Network). However, the amount of support declared to the EC is lower than the amount paid and amounts to EUR 2.7 million. The difference between the amount paid and the amount declared to the EC is due to the fact that advances paid under projects are not declared to the EC.

While implementing the Action Plan of 2023, the Lithuanian Rural Network Secretariat organized and contributed to the organisation of 30 events. 23 of them were thematic events of "The Lithuanian Rural Network Workshop". "The Lithuanian Rural Network Workshop" is a series of virtual events which bring together rural development actors for joint discussion and exchange of views, and promote more effective cooperation and the involvement of all stakeholders in the process of disseminating information and knowledge. After the selection of successful projects of the Rural Development Program for 2014-2020, the event "Awards for Rural Developers of the Future" was organized. In the awards for future rural developers, 5 nominations were announced according to the different measures of the Rural Development Program, i.e., "Innovative farm", "Innovative business", "Together with nature", "Wealth creators", "Youth initiatives" and later the winners of the 1st to 3rd places were announced.

In 2023, 12 periodical newsletters "The Lithuanian Rural Network News" were published, presenting relevant information to the Lithuanian Rural Network members, as well as potential members and other interested parties, changes in legal acts, EU-level networking news, information on calls for proposals for the Lithuanian Rural Network support projects, etc. Representatives of the Lithuanian Rural Network Secretariat periodically participated in meetings organized by the EU CAP Network, also participated in virtual meetings of representatives of the *Nordic-Baltic* rural network secretariats, conferences organised in Lithuania and implemented other activities.

The members of the Lithuanian Rural Network are implementing two types of projects: projects for the implementation of event communication measures and projects for the implementation of electronic communication measures. In 2023, 9 projects for the implementation of event communication measures

that were approved in the previous year were finalised. In 2023 188 thematic events, 39 Open Farm events, 39 RDP publicity campaigns were organised when implementing event communication projects.

In 2023, 23 projects for the implementation of electronic communication measures that were approved in the previous year were finalised. In 2023, 169 audiovisual productions, 28 virtual tours and 9 e-publications were produced as part of electronic communication projects.

## CONCLUSIONS AND RECOMMENDATIONS

The overall financial implementation of the Programme is high – 84% of the total funds allocated was paid and 76% of the total funds declared to the EC.

However, the level of financial implementation of the different Focus Areas and measures varies significantly. The level (in terms of funds paid and declared to the EC) of financial implementation of the Focus Areas and measures was considered to be high if it exceeds the overall level of implementation of the Programme (76%), moderate in case the level of implementation varies from 50 to 76%, and limited if it is less than 49%.

In 2014–2023, for the **Priority 1**, EUR 55.1 million was contracted, and it equals to 84% of the total funding allocated for this priority. EUR 43.6 million or 67% of the total funding was paid and EUR 39 million or 60% of the total funding paid and declared to the EC. The financial level of implementation of the priority is moderate.

Under **Focus Area 1A**, 84% of the total funding was contracted, 67% paid and 60% declared to the EC. Progress in this Focus Area is considered moderate, but taking into account contracted support the estimated level of implementation it is likely to increase with the completion of the projects. Assessing the progress of the target indicator (T1) of the Focus Area 1A, the target value reached at the end of 2023 was 1.32%. Compared to the value planned to achieve in 2025, 55% of the planned goal is reached. This shows that implementation progress under this FA is still quite limited, especially given that the implementation of the programme is near the end.

Measure M16 is the main contributor to target indicator T1. The amount of support contracted under Measure M16 amounts to 76% of the total funds allocated to the measure. For Activity Area 16.1, 99% of the support has been contracted. Under Activity Area 16.3, 75% of support has been contracted. Under Activity Area 16.4 the lowest level of support – only 47% is contracted. Despite active publicity actions for Activity Area 16.4, only 2 applications were received in 2023, of which 1 was approved. The decrease in the number of applications could be due to a lack of confidence in potential partners for the implementation of the project, as well as uncertainty in the market due to the economic situation.

- **Recommendation:** the last two years have seen a decrease in the number of applications submitted under Activity Area 16.4. Given that two calls for proposals will be organized in 2024, it is necessary to continue to pay sufficient attention to publicizing the activities and informing potential applicants by highlighting good practices and sharing personal experiences of beneficiaries who have implemented projects (the number of completed projects in 2023 was 18);
- In view of the planned evaluation of Priority 3, we recommend that the evaluation focuses more on the analysis of the implementation of Activity Area 16.4, and in particular on the identification of the reasons for the decrease in the interest of applicants in this activity. The identification of these reasons is also very important in view of the fact that a similar measure will be implemented under the Strategic Plan 2023-2027.

Under **Focus Area 1B**, 76% of the total funding allocated to this Focus Area was contracted, 59% paid and 49% declared to the EC. Financial implementation of this Focus Area is near moderate, but taking

into account the share of already contracted support, the level of implementation is likely to increase. The implementation of Activity Area 16.4 is under the biggest risk.

Until the end of 2023, under Measure M16, 21 cooperation action was completed and payments have been made to a further 5 projects (excluding the advance payment) aiming to develop the activities of the EIP action groups, and 187 other cooperation actions were implemented, out of which 169 projects were implemented under Activity Area 16.3 “Support for small business cooperation” and 18 under Activity Area 16.4 “Support for short supply chains and local markets at local level”. To sum it up, the target value (T2) reached at the end of 2023 was 82% of final goal. The achievement of the target indicator value is higher than the financial implementation of the measure, which has to be assessed positively.

- **Recommendation:** the relevant recommendation for action area 16.4 is attached to Focus Area 1A.

Under **Focus Area 1C**, 100% of the total funding allocated to this Focus Area was contacted, and 71% was paid and declared to the EC. Level of financial progress in this Focus Area is moderate (but very close to the average for Programme implementation). Taking into account the share of already contracted support it can be expected that all financial support will be used. At the end of 2023, the total number of participants in training was 50 972, and this is only 23% of final goal set up for 2025. According to the progress report of 2022, the number of training participants has increased by 15 413, but the progress of the target indicator is limited. The financial level of implementation of the Focus Area is higher than the level of implementation of the target indicator (T3), which indicates that the target indicator will not be achieved.

The main reason for the lower number of participants was that 2-day training sessions were often organised, which were popular among farmers. The thematic evaluations noted that the lower-than-expected number of participants could be partly due to the fact that the training did not always meet the current needs of farmers – the training was theoretical and lacked practical sessions that would help farmers to apply their knowledge on their farm. There was a perception that the training topics were more general than specific and related to issues of relevance to farmers.

- **Recommendation:** in future, when organising training and selecting training topics, it is advisable to consult with farmers or their associations in order to identify the most relevant and necessary topics for farmers, and that it is essential to ensure that the training is practical, so that the knowledge acquired can be applied in practice;
- It is also important to ensure that the planned evaluation of Priority 1 will identify the detailed reasons why the planned number of participants has not been achieved (e.g., over-ambitious planning, training topics that are not relevant to the needs of the target groups and/or other reasons).

In 2014–2023, under **Priority 2**, slightly more than EUR 1 billion was contracted, which is 88% of the total funding allocated for the priority. EUR 863.6 million was paid, which is 76% of the total funding allocated for the priority and EUR 764.4 for completed projects was paid and declared to the EC, which is 67% of the total funding provided for the priority. The level of financial implementation of the priority is moderate.

Under **Focus Area 2A**, 87% of the total funding provided in the Programme was contracted, 74% was paid and 67% for completed projects was paid declared to the EC. The level of financial implementation is moderate. The lowest level of financial implementation (64%) under this FA is observed under Measure M04, but the amount of support contracted for the measure represents 84% of the allocated funding. Calls for proposals are also being organised in 2024 for Activity Area 4.2 and for the financial instrument implemented under Activity Area 4.1. Meanwhile, the unspent funds for Activity 4.3.2 have been reallocated to other activities of the Programme by the 2024 Programme amendment.



Assessing the achievement of the 2A target indicator (T4), the percentage of holdings receiving support at the end of 2023 was 2.34% of all agricultural holdings registered in Lithuania. Therefore, during 2014–2023, 81% of planned indicator value was achieved. Given that 6 480 projects have been contracted for support under Activity Area 4.1 (of which 6 216 have been completed), it is likely that the target value of the indicator will be achieved.

Under **Focus Area 2B**, 97% of the total funding provided in the Programme was contracted, 91% was paid and 67% for completed projects was paid and declared to EC. The level of financial implementation, according to funds paid and declared to the EC, is moderate, but almost all funds allocated for the FA are already contracted. In 2023, the percentage of agricultural holdings that received investments for young farmers was 0.88% of all agricultural holdings registered in Lithuania, which means that 57% of target indicator (T5) was achieved during 2014–2023 (this is 3 pp. less than in 2022, but it should be noted that the increase in funding for Activity Area 6.1 in the 15th amendment of the Programme has also increased the target value for indicator T5 to 1.24%, or an additional 141 young farmers' holdings). Given the consistent year-on-year increase in the value of the target indicator, the popularity of the measure and the fact that by the end of 2023, 2 649 beneficiaries have been contracted for support, the target value of the indicator will be achieved in 2025. The analysis of specific indicators shows that the best achievements are observed in horticultural and berry farms (the target value was fully implemented and strongly exceeded). Such active participation of these types of farms was not expected when objectives were planned.

Under **Focus Area 2C**, 94% of the total funding provided in the Programme was contracted and 78% for completed projects was paid and declared to the EC. The financial level of Focus Area implementation is high. Until the end of 2023, 351 new job was created (76 jobs in 2023) and the implementation of the target indicator was 190%. Although in 2021 the target value has been increased from 120 to 185 jobs, the level of achievement of the target indicator still remains higher.

In 2014–2023, under **Priority 3**, EUR 165.2 million were contracted, which equals to almost 89% of the total funding provided for the priority in the Programme. EUR 103.2 million was paid, which is 55% of the total funding allocated for the priority and EUR 97.6 million or 52% for completed projects was paid and declared to the EC. The financial level of implementation of the priority is moderate and will increase with the successful completion of the projects still under implementation.

Under **Focus Area 3A**, 88% of the total funding provided in the Programme was contracted, 50% was paid and 46% was paid and declared to the EC. The level of FA financial implementation is limited. The lowest progress has been made in implementing Measure M02 and Activity Area 16.4. The amount paid for Measure M02 was 2% of the support allocated. For Activity Area 16.4, the amount of support paid was 17% and there is a reasonable risk that this activity area will not be fully implemented, in particular in the light of the challenges encountered, which are discussed in more detail under FA 1A. The share of aid contracted under Measure M03 was 59%, while the share of aid paid and declared to the EC was also 59%. Given that the measure is no longer open for calls for proposals from 2023 onwards, the 2024 amendment of the Programme reallocated the funds from this measure to other measures in the Programme in order to ensure an efficient use of funds.

Until the end of 2023, 363 agricultural holdings participating in quality schemes were supported, which accounted for 0.18% of the number of all agricultural holdings registered in Lithuania, therefore 72% of the final goal (T6) of 3A was achieved.

- **Recommendation:** having in mind that the amount paid for Measure M02 was 2% of the support allocated, it is recommended to further assess the reasons why beneficiaries do not take the opportunity to get advice related to FA 3A (this aspect is relevant for the planned evaluations of Priority 1 and Priority 3).
- Taking into account that the implementation of the Programme is coming to the end and call for proposals under Measure M02 are not organized from 2023, we also suggest that the unused

funds under Measure M02 for FA 3A could be reallocated to those focus areas where there is a greater need for consultation (e.g., FA 2A, P4). A recommendation also relevant to this FA is attached to FA 1A.

Under **Focus Area 3B**, 94% of the total funding provided in the Programme was contracted, 87% was paid and 85% for completed projects was paid and declared to the EC. The level of FA financial implementation is high. In 2023, under Measure M17, support to cover insurance fee was provided to 2 138 agricultural holdings, which accounted to 1.07 % of all land holdings and 147% of target indicator (T7) was achieved. No application for the establishment of agricultural risk management funds was submitted in 2023 under Activity Area 17.3 of Measure M17. It is likely that the activity area is not attractive to farmers as the fund has to be built up from their own contributions and farmers are reluctant to save for potential crises for fear of depreciation. Another reason is the lack of success stories.

- **Recommendation:** in view of the planned evaluation of Priority 3, we recommend that the evaluation focuses more on analyzing the reasons for the unpopularity of Activity Area 17.3.

In 2014–2023, under **Priority 4**, EUR 897 million was contracted or 98% of the total funding provided for the priority in the Programme, 97% of the total funding allocated for the priority was paid and 88% was paid and declared to the EC. The level of financial implementation of the priority is high. The lowest implementation rates under this priority were achieved under Activity Area 16.3 of Measure M16 (9% of contributed and paid support) and Activity Area 4.4 of Measure M04 (33% of contributed support and 31% of paid support). For Activity Area 16.3, a call for proposals is being organised for 2024, so the level of implementation may increase further. No calls for proposals are foreseen for Activity Area 4.4 in 2024. 2024 amendment to the Programme reallocated funds from this operational area to other Programme measures.

Under this priority, out of 4 target indicators 1 (T8) have already been reached and exceeded. The implementation level of target indicator T9 is 62% (3 pp. less than 2022). As T9 is an annual indicator, the value of the target decreases as some of the commitments expire. In 2023, applications for support were only accepted for commitments made in previous years, as similar Strategic Plan measures were launched. The highest value of the indicator was reached in 2022 at 65% of the target.

The implementation level of target indicator T10 is 41%. Although 2023 is the highest value achieved for the T10 indicator over the whole period of the Programme, the achievement of the target is rather limited (the area supported in 2023 has increased by 34 hectares compared to 2022, but the percentage has remained unchanged). Indicator T12 has an achievement rate of 96%. The highest level of achievement of the indicator is reached in 2023.

Indicator T10 "Percentage of agricultural land under management contracts for water management improvements" has the lowest implementation rate. Only two activities in Activity Area 10.1 contribute directly to target T10: 10.1.7 "Protection of water bodies from pollution and soil erosion on arable land" and 10.1.9 "Improvement of the status of water bodies at risk". It should be noted that from 2023 onwards, for most of the activities of measure M10, applications are only accepted on the basis of commitments made previously, which results in a decrease in the values of the supported area indicators as the commitments expire.

- **Recommendation:** Activity 10.1.7 "Protection of water bodies from pollution and soil erosion on arable land", which directly contributes to the achievement of target T10, supports a very small area (17.42 ha in 2023, 19.05 ha in 2022, and 21.6 ha in 2021, when the activity aims to support 10 thousand ha annually), which has led to a relatively low percentage of achievement of target T10. The evaluation of measure M10 showed that the low participation of applicants was due to the practical complexity of the implementation of the activity and that farmers did

not appreciate the importance of this activity, although it is very important from an environmental point of view as it depends on the quality of water and soil.

- In view of the experience of the Programme implementation, where farmers do not always appreciate the importance and significance of environmental measures/activities, during the implementation of the Strategic Plan 2023-2027 and in order to increase the awareness and interest of potential applicants in activities contributing to the achievement of environmental objectives, it is necessary to carry out an active promotion of such measures, highlighting their importance, by presenting examples of good practice (farmers' personal experiences). It is also important to highlight the importance of environmental measures through the training measures, dissemination of the results of research and the provision of advice to farmers.
- Given that the 2023-2025 Evaluation Plan foresees an evaluation of the Priority 4 and Priority 5 of the Programme, it is essential that the evaluation identifies and analyses in more detail the reasons for the non-achievement of the indicators' targets (e.g. over-ambitious planning, too low compensatory payments, etc.). Evaluation insights are particularly important given the strong focus on measures related to environmental protection and climate change impacts in Strategic Plan 2023-2027.

In 2014–2023, under **Priority 5**, EUR 103.6 million or 88% of the total funding provided for the priority in the Programme was contracted and EUR 88.3 million or 75% was paid and declared to the EC. The financial level of implementation of the priority is almost identical to average of the Programme.

Under **Focus Area 5C**, all of the total funding provided in the Programme was contracted and 50% was paid and declared to the EC. The target value for indicator T16 of this FA was achieved by 53%. The progress made during the year was very significant, with an increase of just over EUR 8 million or 39 pp. Under Activity 6.4.2 “Support for biogas production from renewable energy sources” of Measure M06 4 projects were completed (4 more projects are under implementation). The implementation of the remaining 4 projects should lead to a significant improvement in the progress of the product and result indicators. However, risks were noted in relation to the achievement of the indicators for Measure M02, which also contributes to FA 5C. This risk has been taken into account in the 2024 amendment of the Programme by reallocating support to FA 2A and P4.

It is likely that in the Lithuanian context support would be more attractive if it could be used by large enterprises, but the Regulation (Article 19 of 1305/2013) stipulates that beneficiaries may be persons corresponding to the status of micro and small enterprises. For small operators, this support is not cost-effective.

Under **Focus Area 5D**, 73% of the total funding provided in the Programme was contracted and 70% was paid and declared to the EC. The level of financial implementation of the FA is moderate (quite close to high). The lowest level of implementation (22%) was under Activity Area 16.3 “Support for cooperation of small economic entities”. In 2023, the value of the T18 target indicator was 1.23% which indicates that in 2023 this part of the land area that reduces GHG and ammonia emissions from agriculture was supported. To compare the achieved indicator value with the planned for 2025, it should be noted that 48% of the final target indicator value was achieved in 2023. As the T18 is an annual indicator, the value of the target decreases as some of the commitments expire. The highest value of the indicator was achieved in 2022 (64% of the target).

- **Recommendation:** taking into account that the implementation of the Programme is coming to the end, we suggest that the unused funds under Activity Area 16.3 for FA 5D could be reallocated to those focus areas where higher demand is observed (e.g., FA 2A).
- Challenges were also encountered in the implementation of Measure M10 activity "Management of specific grasslands". When implementing this activity, it was planned to support 22 thousand ha annually, but only 1 418 ha were supported in 2023 (6%), resulting in a lower than planned achievement of the T18 target indicator. The evaluation of measure M10 found that the lower interest in the activity was due to the too low compensation payment (which was too low in view

of the changed requirements in the course of the implementation of the activity) and the fact that another grassland activity, "Extensive grassland management through livestock grazing", was more attractive due to the higher compensation payment, although the requirements for participation in it were more complex. The strategic plan 2023–2027 includes an ecological scheme 'TI05eko6 – Integrated grassland and wetland management scheme'. In the light of the experience of the Programme, when implementing this ecological scheme and changing requirements for farmers, we recommend that the planned changes are accompanied by an assessment of whether they will lead to additional costs for farmers, which should lead to a recalculation of the compensation payment. Also relevant is the recommendation made in the Priority 4 on planned evaluation.

Under **Focus Area 5E**, 92% of the total funding provided in the Programme was contracted and 80% was paid and declared to the EC. The level of FA financial implementation is high. During 2023, the area of 58 407 ha of agricultural and forestry land was supported, which contributes to carbon sequestration and storage (15.4 thousand less than in 2022). It accounted for 1.17% of the total area of agricultural and forestry land registered in Lithuania. Although the indicator value has decreased compared to 2022 (as the target indicator is an annual indicator, it is decreasing because some of the commitments are coming to an end and, in 2023, for the activities of Measure M10, applications were only accepted for commitments made in the previous year), the value of the indicator achieved is higher than the target value to be achieved in 2025.

- **Recommendation:** although Measure M02 contributes only a small part to the implementation of this FA, the financial implementation of the Measure is only 7%. For the planned evaluation of Priority 1, we suggest to take into account the contribution of Measure M02 to FA 5E and to assess the reasons for the lower-than-expected level of consultation of beneficiaries under this FA.

In 2014–2023, under **Priority 6**, EUR 322 million or 98% of the total funding provided for the priority in the Programme was contracted, EUR 287.6 million was paid, or 88% of the total funding allocated for the priority and EUR 263.4 million or 81% for completed projects was paid and declared to the EC. The financial level of implementation of the priority is high.

Under **Focus Area 6A**, 93% of the total funding provided in the Programme was contracted, 84% was paid and 75% for completed projects was paid. Taking into account the amount of support contracted and all funds paid (including advances), the level of financial implementation should increase when all projects will be successfully implemented. In projects implemented in 2014–2023, 3 626 jobs were created, and this is 650 jobs more than in 2022, and this represents 121% of the target value (T20).

Under **Focus Area 6B**, 102% of the total funding provided in the Programme was contracted, 90% paid and 83% for completed projects was paid and declared to the EC. The financial level of FA implementation is high.

Measure M07 is being implemented successfully (implementation level is 98%). Measure M19 is also being implemented consistently and smoothly (implementation level is 75%).

All 3 of the target indicators for this Focus Area have already been achieved. Local development strategies are applicable to the entire rural population (102.3%, indicator T21), 33.1% of the rural population benefits from improved services/infrastructure (indicator T22) and 1 895 jobs have been created through local development projects (526 jobs created in 2023) (indicator T23).

Under **Focus Area 6C**, 100% of the total funding provided in the Programme was contracted and paid. The project aiming at the improvement of broadband infrastructure under activity 7.3 was completed in 2019 already, and the target indicator was reached and exceeded 2 times, so this FA is implemented.