

Assessment of the impact on society of EU funds and other investments in projects promoting participation in cultural activities

Summary

For: The Ministry of Culture of the Republic of Lithuania
Vilnius, 2023

Summary

At the end of the 2014-2020 Operational Programme (OP) for EU funds' investments, it is necessary to analyse and assess the success of the implementation of the investments financed by EU funds and other progress funds in order to properly account for the use of EU funds and to properly and efficiently plan the progress activities to be implemented in the period 2021-2027, The EU and national strategic objectives in the cultural sector have been met, and the results of projects funded by EU and other investments have contributed to economic and social change. The evaluation sought to assess the socio-economic impact of EU and other investments on the cultural sector (infrastructure, CCI sector, services, etc.). The objective of the evaluation was to assess and identify the socio-economic impact of EU funds and other investments in the cultural and CCI sector in the context of the EU and national strategic objectives as well as the thematic objectives of the OP for the sector, to ensure proper accountability for the use of EU funds.

The evaluation was structured and carried out against 3 main objectives:

- To determine the socio-economic impact of interventions in cultural infrastructure and activities (i.e. how investments in the cultural and CCI sector affect employment, changes in tourism flows, changes in the visibility and visitation of sites, local community involvement, volunteering and community spirit, real estate values, personal income, etc.), based on the methodology developed for assessing the socio-economic value of and impact on the culture and CCI sector, using the methodology developed for assessing the socio-economic value of investments in cultural and CCI sector infrastructure and activities.
- To assess the appropriateness and effectiveness of investments in infrastructure and activities in the cultural and CCI sector by EU funds and other funding sources.
- Provide conclusions and recommendations on the need for investment in the CCI sector and the potential for more efficient use of investment in the future.

In line with the Evaluation Objective, all 11 evaluation questions have a set of follow-up questions to assess various aspects relevant to the objectives. The evaluation questions also raise hypotheses to confirm or refute them.

EU investment funds	
European Structural and Investment Funds (Operational Programme) No. 05.4.1-CPVA-V-301 Updating cultural heritage sites No. 05.4.1-CPVA-R-302 Updating municipal cultural heritage sites No. 05.4.1-CPVA-K-303 Updating public and private cultural heritage No. 05.4.1-FM-F-307 Adapting public and private cultural heritage for public use No. 07.1.1-CPVA-K-306 Modernise public and private cultural infrastructure No. 07.1.1-CPVA-V-304 Modernising cultural infrastructure No. 07.1.1-CPVA-R-305 Modernising municipal cultural infrastructure No. 13.1.1-LVPA-V-308 Incentives for designers: "Design Wings" No. 13.1.1-LVPA-K-309 Incentives to improve infrastructure for cultural and creative industries businesses No. 13.1.1-LVPA-K-310 Incentives for the cultural and creative industries to develop competitive cultural products	European Neighbourhood Instrument 2014–2020 Cross-border Cooperation Latvia-Lithuania-Belarus Programme 2014–2020 Thematic objective 3: Promoting local culture and preserving historical heritage. Priority: Restoring and adapting historic and natural heritage, promoting culture, cultural networking and tourism development. Interreg Baltic Sea Region 2014–2020 4 prioritetas: EU strategy support 4.1 objektas: Seed money Interreg Lithuania–Russia Cross-border Cooperation Programme 2014–2020 Priority 3: Supporting local culture and preserving historical heritage Objective 3.1: To promote and preserve cultural and historical heritage and traditional skills Interreg Lietuva - Polska 2014–2020 Priority 1: Preserving and protecting the environment and promoting resource efficiency Objective 1.1: To increase the sustainable use of natural and cultural heritage for tourism in cross-border area Interreg South Baltic Programme 2014–2020 #076 Development and promotion of cultural and creative assets in SMEs #091 Development and promotion of the tourism potential of natural areas #120 Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies, including through sectoral and territorial pacts to mobilise for reform at the national, regional and local levels #096 Institutional capacity of public administrations and public services related to implementation of the ERDF or actions supporting ESF institutional capacity initiatives Horizon 2020 Creative Europe
National funds	
Culture Support Fund	Lithuanian Film Centre's state funding for cinema

Figure 1. The scope of the evaluation analyses the programmes/funds and their relevant priorities, objectives, investment targets etc. for the cultural sector.

Source: compiled by the Evaluator

The evaluation assesses all the investment interventions outlined above. It is underlined that the initial analysis of the activities and objectives funded by the investments showed that Horizon 2020 investments were not targeted at activities to improve the cultural or CCI sector, and therefore Horizon 2020 was not analysed in the further analysis.

The evaluation report consists of 5 chapters. In the evaluation chapters 1 and 2, evaluation methods are presented, which were drafted according to main evaluation questions and clarifying questions. Limitations of the evaluation are presented. In chapter 3 of the evaluation, the section reviews investment activities financed by the EU and other investments in the cultural and CCI sector during the period of 2014 – 2020. The chapter also reviews the scale of the investments, the products being developed/the results sought. The chapter also reviews how the implemented projects improved the financed and how the created products / achieved results affect other socio-economic aspects. Chapter 4 of the assessment assessed the link between investment interventions and the state's cultural policy, as well as performed calculations indicating the quantitative economic-social benefits of investments and the created value of the multiplier, reviewed the challenges in implementing investments and their effects on the scale of investments. Chapter 5 provides recommendations for proper and effective investment planning.

FINANCING AND PERFORMANCE OF INVESTMENT INTERVENTIONS IN THE CULTURE AND CCI SECTORS | All the interventions evaluated invested EUR 527,42 million in the CCI sector. In 2014-2020, the majority (57%) of these investments came from the OP. The Lithuanian Council for Culture (LCC) programme accounted for 26% of the total investments evaluated, while public funding for cinema accounted for 5%. A smaller share of investments in this period was accounted for by the Interreg South Baltic Programme (5%), the Interreg Lithuania-Poland Programme (4%), the European Neighbourhood Instrument (ENI) Latvia-Lithuania-Belarus Programme (2%), the ENI Lithuania-Russia Programme (1%), and the Creative Europe Programme (~1%).

The OP priorities foresaw the main interventions aimed at the renewal and rehabilitation of infrastructure (relevant OP Priority 5 Measures 301, 302, 303, 307 and OP Priority 7 Measures 304, 305, 306). It is estimated that about 96% of the total interventions foreseen under the OPs were targeted at hard activities: renewal, modernisation, creation of infrastructure, acquisition of equipment, etc., while the remaining 4% were targeted at financial measures (OP Priority 13 Measures 308 and 310) that promote the competitiveness of the CCI sector, the development of services, or the administrative capacity.

The Lithuanian budget financed two main investment interventions: the LCC programmes (financed by the Culture Support Fund (CSF) until 2021) and the financing of State Cinema. Their funding in 2014-2020 amounted to EUR 134,6 million (26%) and EUR 27,3 million (5%). The LCC programmes covered a wide range of soft activities relevant to different parts of the cultural sub-sectors and different types of arts. Although the LCC programmes represent the largest share of public budget investment in the CCI sector, they do not cover all the needs of the sector. It has been found that the interventions of the LCC programme cover only one third of the demand for applications. The main reason for this is the limited funding possibilities (low funding intensity of applications, limited number of applications that can be funded). A proportion of low-quality applications also contributes to the low number of applications.

The ENI and Interreg programmes promote cultural cooperation with the EU's neighbours and countries outside the EU. Funded activities vary between soft and hard, creating relevant infrastructure for cultural development and improving/updating local cultural sites and adapting them to tourism and local community needs. The total investment by the ENI and Interreg programmes in culture and the CCI sector was EUR 62.8 million (12%) respectively.

Comparing all the programmes analysed in the scope of this study¹, the largest interventions in Lithuania in the CCI sector are the OP instruments and the LCC programmes funded by the CSF, with an investment of EUR 134.6 million between 2014 and 2020 (see Figure 2 below). In 2014-2020, funding for hard and soft activities accounted for 61% and 39% respectively.

¹ Only the culture-related parts, priorities or measures of the programmes are evaluated.

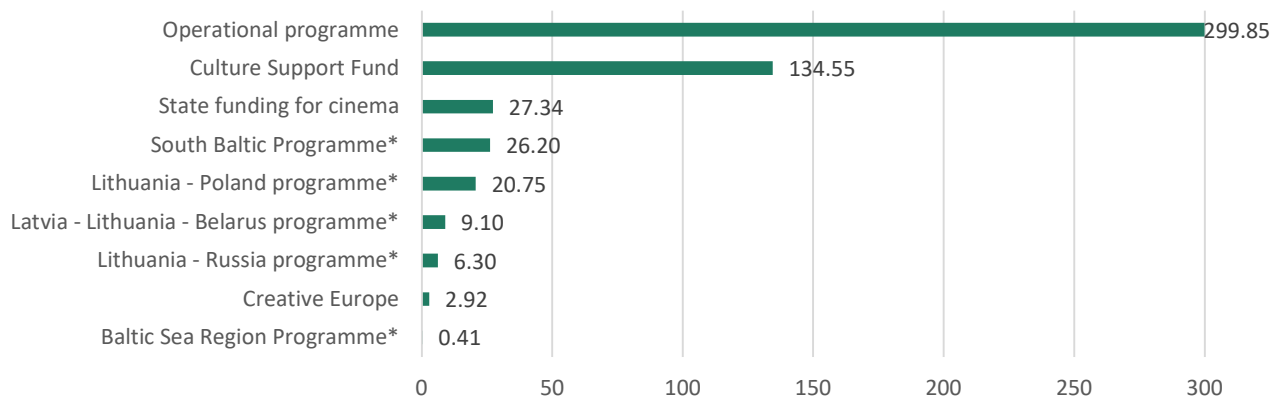


Figure 2. Funding of the programmes analysed in the evaluation scope Actual total funding EUR million, 2014-2020

* Funding is not indicated for the programme, but for priorities (or projects) that target the culture and CCI sector

Source: compiled by the Evaluator based on data provided by the SFMIS and the implementing authorities

PRODUCTS AND RESULTS TO BE ACHIEVED FROM INVESTMENTS IN THE CULTURE AND CCI SECTOR | Indicators 5 and 7 of the OP priorities focus on the management/upgrading of culturally relevant sites and attracting additional investment to open sites and attract visitors (product indicators). These products aim to encourage people to visit cultural heritage sites, arts events, museums, galleries, exhibitions, and libraries (result indicator). Visits of the population to cultural heritage sites and arts events are measured at national level and therefore results cannot be measured at project level, although project promoters assess that the investments have increased visitor flows to cultural sites and their visibility through the renovation/upgrading of their site. Projects are assessed to contribute to national targets such as attracting people to performing arts events, museums, galleries and exhibitions, libraries after implementation.

The other group of OP indicators (Priority 13) - the number of support/subsidies provided to CCI sector actors (product indicators) and the resulting economic-financial value generated (result indicators) - has already partially achieved its objectives at the time of the preparation of the Evaluation, by providing subsidies to relevant CCI sector applicants. The financial results generated by the OP Priority 13 Measures will only be determined after the implementation of the projects.

The indicators of the ENI and Interreg programmes are focused on the renovation of cultural facilities, the organisation of events, the provision of relevant training for cultural stakeholders and the attraction of visitors/tourists (except for the Interreg Baltic Sea Region Programme projects, which contribute indirectly to the field of culture and CCIs). For both programmes, both the implementing authorities and the project authorities assess that the indicators will be achieved.

The objectives for the funding of the LCC and State Cinema are defined in the strategic action plans of the Ministry of Culture's management areas and the indicators are set at national or institutional level. The objectives of the LCC programmes were more often achieved than not (e.g., the indicators 'number of children and young people involved in educational activities'; 'number of new professional visual arts products created' were achieved. In 2018 and 2019, 14 out of the 20 output and result indicators foreseen in the LCC CSF were achieved). These targets were formulated in line with the objectives of the cultural policy of the time, to achieve the strategic objectives. The frequent changes in the indicators and in the programmes, themselves do not allow for a consistent monitoring and long-term evaluation of the results of the products developed. The targets for public funding for cinema, although not for a specific funding initiative but for the institution's activities, are also achievable.

THE IMPACT OF INVESTMENT IN THE CULTURE AND CCI SECTOR | The impact of EU and other investments on the CCI sector has been mixed. A questionnaire survey of project promoters and interviews with the bodies administering the measures showed that all investments had a direct and/or indirect impact on culture: the investments improved the quality, accessibility, visibility and attracted more visitors to the cultural and CCI sector (see Figure 3 below).

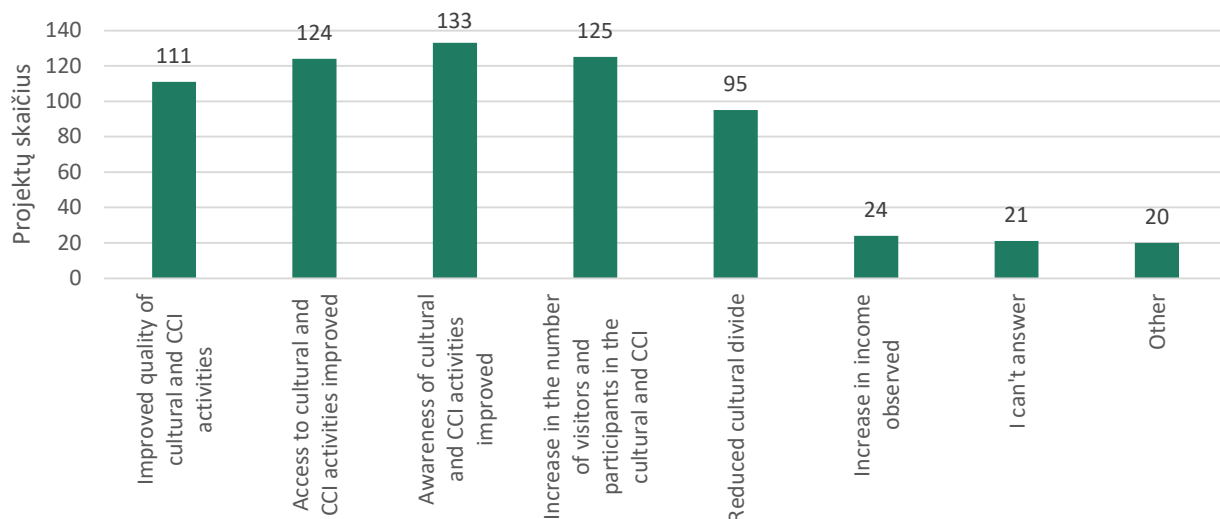


Figure 3. Impact of projects implemented under the analysed instruments on the cultural and CCI industries (n=275)

Source: compiled by the evaluator based on questionnaire survey data

The impact of Priority OP 5 is manifested through the valuable characteristics and significance (authenticity, uniqueness) of cultural heritage sites or areas, the additional visitor flows generated, the promotion and awareness of cultural heritage and the accessibility of heritage (ensuring the object's accessibility and openness to the public). The impact of OP Priority 7 was manifested through an improvement in the accessibility, quality, and visibility of the cultural object (or service), and it was also found that projects targeting hard and soft activities (with a combination of different cost groups) attracted a higher level of public attention and increased visitor flows. The impact of OP Priority 13 was characterised by an improvement in the quality and visibility of the services provided in the cultural and CCI sector (the introduction of new technologies increased the supply of services).

The impact of the Interreg programmes has been through intercultural and regional cooperation, with projects adopting good practices and addressing the specific problems of the area(s) concerned and contributing to the reduction of the cultural divide by targeting mainly the regions, with a consequent reduction in social and economic exclusion. The programmes are unique in their active involvement of the community and different social groups. The good practices of the cross-border cooperation programmes are reflected in the cooperation between the countries, the transfer of good practices and the new partnerships between cultural institutions; the programmes have also contributed to the quality, visibility, and accessibility of cultural and CCI activities, which has increased the number of visitors and the cultural exclusion of the local community.

The impact of Creative Europe comes through cooperation between countries in pursuit of common goals, including making culture accessible to all users (including regions).

The good practice of the CSF-funded programme administered by the LCC can be seen in improving the visibility and quality of the CCI sector and the accessibility of the CCI sector to a wide range of visitors. The LCC programmes were characterised by their versatility and their close link to national cultural objectives. The Lithuanian Film Centre (LFC) promotes the long-term development of Lithuanian cinema and contributes to the process of visual literacy and education; its projects help children and young people to discover Lithuanian cinema, encourage them to analyse, understand, discuss, and learn to critically evaluate the films they see and the world they see.

It is worth underlining the link between investments in the cultural and CCI sector and the tourism sector, given that the ENI and Interreg programmes have sought to link local cultural, tourism and economic potential through their indicators. Tourists visiting a cultural site contribute to the local economy by using accommodation, catering and/or other services.

The evaluation found that the highest potential **multiplier effect** of all investment interventions was EUR 1 080,7 million of additional economic activity and the lowest potential multiplier effect was EUR 589,5 million. Applying the average multiplier estimate of EUR 735,6 million for investments in culture, the impact on economic indicators mainly generated by the OP interventions contributed to the growth of employment of the population and

changes in tourism flows. They aim at increasing the added value of the cultural and CCI sector and creating new jobs. Comparing the programmes, it is notable that the most significant contribution to the Lithuanian economy has been made by the OP and CSF measures, followed by Interreg and ENI (see table below).

Table 1. Comparison of the multiplier effect created by different programmes, 2014-2020.

Programme	Average multiplier effect applied (1.50), EUR	Minimum multiplier effect applied (1.20), EUR	Maximum multiplier effect applied (2.20), EUR
OP	449,0 mln.	359,8 mln.	659,7 mln.
CSF	201,5 mln.	161,5 mln.	296,0 mln.
Interreg	23,5 mln.	18,8 mln.	34,5 mln.
ENI	16,2 mln.	13,0 mln.	23,9 mln.
Creative Europe	4,4 mln.	3,5 mln.	6,4 mln.
State funding for cinema	40,9 mln.	32,8 mln.	60,1 mln.
Viso:	735,6 mln.	589,5 mln.	1080,7 mln.

Source: compiled by the Evaluator

THE IMPACT OF INVESTMENT IN THE CULTURE AND CCI SECTOR ON ECONOMIC AND SOCIAL WELL-BEING | At project level, the activities funded have contributed to socio-economic change in a few ways, mostly indirectly, as a spillover effect of the objective/outcome. For example, Interreg programmes often involve the local community in project implementation to better understand and respond to their needs, thus fostering community spirit (including volunteering). Project promoters from all programmes who took part in the questionnaire survey indicate that the projects have contributed to socio-economic change. The 172 projects analysed in the survey were found to have contributed to the promotion of creativity and 124 to the development and promotion of community (n=275).

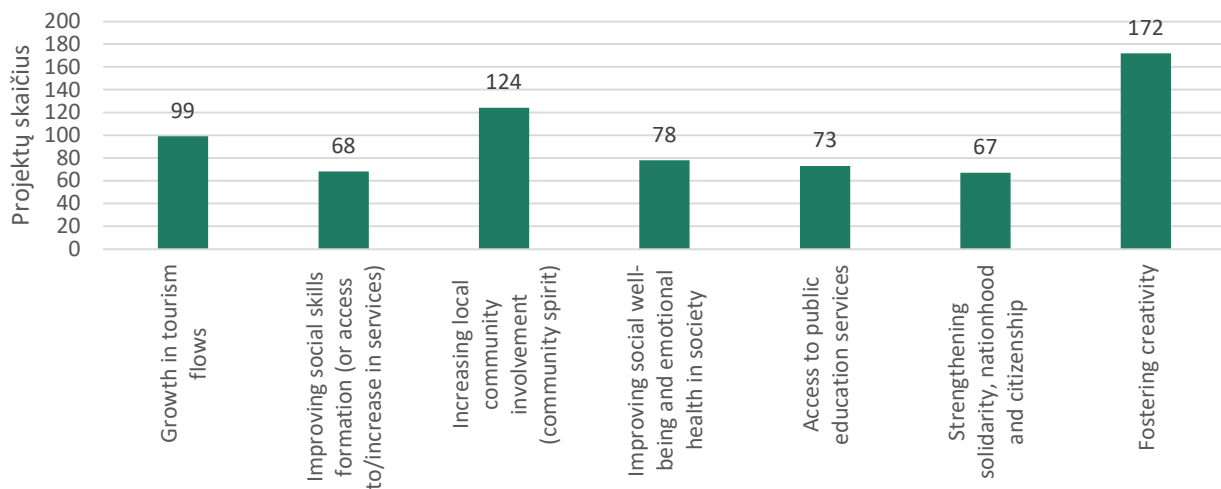


Figure 4. Number of projects that contributed to socio-economic change in 2014-2020 (n=275)

Source: compiled by the evaluator based on questionnaire survey data

Major infrastructure renewal projects that renovate community attractions such as libraries, sacred places, cultural heritage sites, etc., become spaces for developing local initiatives for social and emotional well-being, citizenship, national identity, etc. Interreg and ENI investments in the cultural field stand out from the rest because they create new communities in different countries (i.e., cross-border cooperation) that share their experiences and learn from each other.

The evaluation identified the aspects of investment in the cultural and CCI sector with the highest socio-economic impact:

- Integrating local communities. The ENI and Interreg programmes have invested in the culture and CCI sector and have made a distinctive contribution to two aspects: tourism development and community building / solving local problems. Investments in the cultural and CCI sector not only create new

economic opportunities (tourism, upgrading of sites for business needs, etc.), but also become spaces for local people to address local community problems, develop civic identity, etc.

- Cultural accessibility/inclusion. The investment in the cultural and CCI sector by the OP, Creative Europe, CSF and LCC programmes has contributed to the involvement of the population in cultural activities (participation in events, exhibitions, theatre or cultural facilities). Project promoters assess that the completion of the projects has led to an increase in the number of visitors to the facilities and their satisfaction with the services provided by the cultural facility.
- Employment and added value in the cultural sector. The questionnaire survey showed that the CSF, the ENI and the OP instruments have made the most significant contribution to job creation. In most cases, cultural facilities expand their services or open new exhibitions or spaces that require human resources to maintain. Accordingly, attention is paid to the development of staff competences. It is estimated that the jobs created by the investment, the innovative solutions, and the support to the productive part of the CCIs have contributed to the recovery of the added value of the cultural sector, not only returning to, but also surpassing, the pre-pandemic level.

The evaluation found that the interventions evaluated generated a total of EUR 1,011.4 million in socio-economic benefits. The largest socio-economic benefits were generated by the CSF (EUR 354.7 million) and the OP measures (EUR 618.2 million). On a measure-by-measure basis, the highest socio-economic benefits per euro invested are generated by the ENI programmes (return of EUR 3.64), the OP (EUR 2.20) and the CSF (EUR 2.64).²

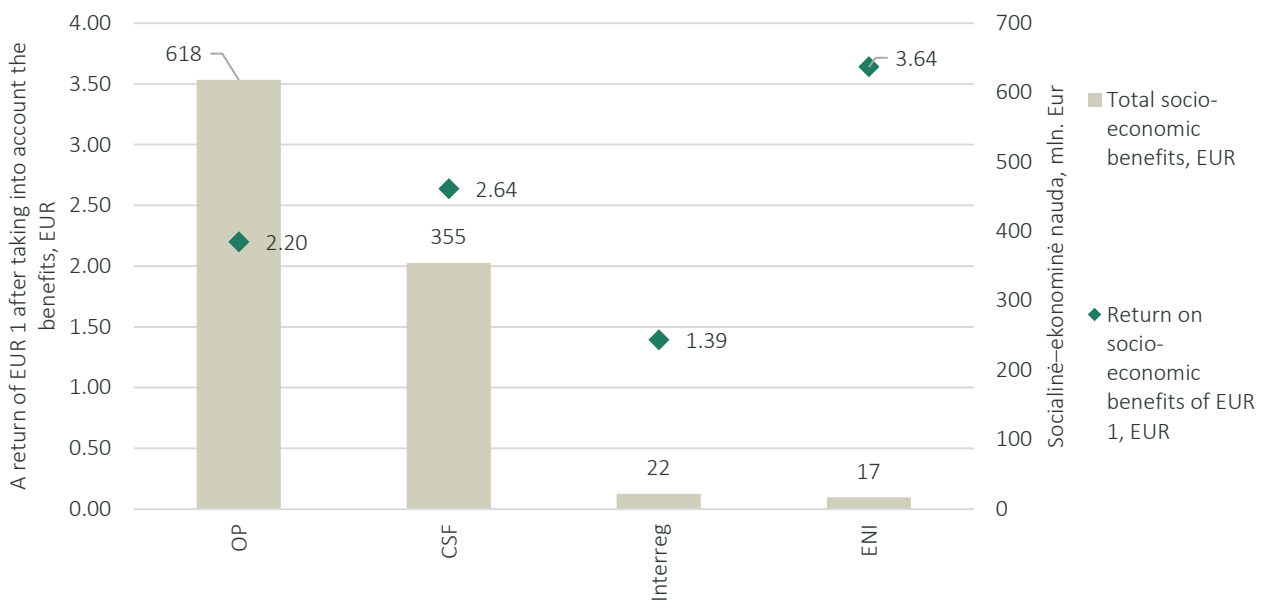


Figure 5. Socio-economic benefits of the programmes/measures analysed and return per EUR 1
Source: compiled by the Evaluator

THE LINK BETWEEN INVESTMENT INTERVENTIONS AND THE NATIONAL PROGRESS PROGRAMME (NPP) PRIORITY "CULTURE" AND CULTURAL POLICY OBJECTIVES | Given the broad aims and objectives of the NPPs and the implementation axes foreseen for the Culture priority, the objectives and activities of the programmes analysed are partly in line with them. The measures under Priority OP 7, which invest in the development of infrastructure, correspond to the objectives of the NPP priority "Culture" 6.1.1 "Preserve and update cultural heritage and adapt it to the needs of public education, strengthening of cultural identity, cultural and cognitive tourism" and "6.2.1 Modernise the physical and informational infrastructure of culture and develop public spaces for the development of cultural competences of the public, and to develop the competence of cultural workers".

² It should be noted that the socio-economic benefits of the OP and LCC CSF programmes are calculated by applying the travel and time cost of visiting a cultural site, while the ENI and Interreg programmes are calculated by applying the cost of a tourist day

The measures under Priority OP 13, due to their targeted support to the business sector and CCIs, are in line with the objective of the "Culture" priority "6.2.2 Promote the development of creative and cultural industries, innovations related to art and culture, and the cross-sectoral development of these innovations, and the export of culture".

The ENI, Interreg, CSF-funded LCC programmes and Creative Europe, due to their wide range of investment activities, provide investments under the remaining objectives of the NPP priority "Culture", which are not directly related to heavy infrastructure development (6.1.1 "To preserve and update the cultural heritage, to make it suitable for the education of the public, the strengthening of its cultural identity, and for the cultural and cognitive tourism", 6. 6.1.2 "Promote creativity, leadership, participation in cultural activities, cultural activity and integration of communities", 6.1.3 "Strengthen and develop the identity of Lithuanian citizens and foreign residents of Lithuanian origin in the context of globalisation, create a positive public space", 6.2.3 "Conduct research in the field of culture, analysis of the needs of cultural services, and culture-related R&D").

Of the criteria set out in the Culture Action Plan 2014-2020, 8 are the same as those foreseen in the CSF and OP measures. Most of the other indicators in the OP and CSF - especially those related to training or involvement of individuals in social or educational activities - partially mirror the NPP's targets, e.g., by developing educational activities for a group of individuals, but without distinguishing which educational activities are specifically related to the development of creativity. However, this implies that projects implemented by the OP (which do not focus exclusively on the cultural or CCI sector) include a wide range of activities that also touch the cultural and CCI sector. However, in such a case it is not possible, without knowing the specificities of all the projects, to deduct an indicator which is in the NPP.

It is estimated that the investments respond to the objectives and goals of the Concept of the Internationality of Culture Policy (approved by the order of the Minister of Culture of December 18, 2018 No. KV-977), the goals of the 2014-2020 Program for the Actualization of Cultural Objects (approved by the Minister of Culture on October 6, 2014 . by Order No. KV-711) tasks and the tasks of the Development Directions of the Culture and Creative Industries Policy 2015-2021 (approved by the Minister of Culture on July 31, 2015 by Order No. KV-524).

THE RELEVANCE AND SCALE OF INVESTMENT IN A CHANGING SOCIO -ECONOMIC CONTEXT | The questionnaire survey found that half of the respondents had encountered difficulties in implementing the project. Figure 6 below highlights the externalities faced by project promoters. Most projects faced the consequences of the COVID-19 pandemic. Some respondents cited other difficulties, such as changes in the geopolitical situation and insufficient funding.

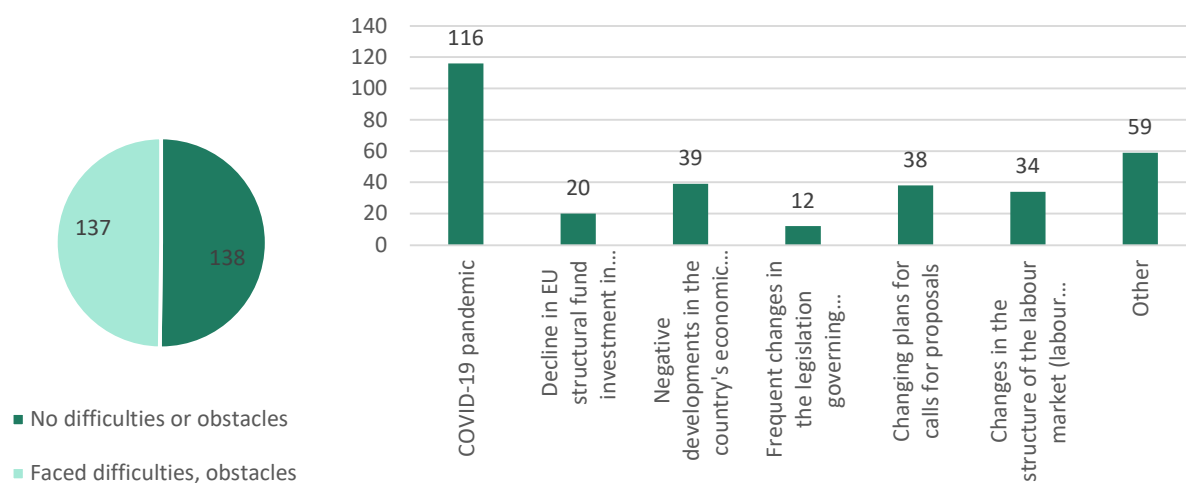


Figure 6. Number of projects that encountered difficulties in the 2014-2020 period (left) and the most common reasons for these difficulties (right) (n=275)

Source: compiled by the Evaluator from questionnaire survey data

COVID-19. Interviews with the Central Project Management Agency (CPMA) revealed that the implementation of Measures 304, 305 and 306 experienced delays in the supply of necessary construction materials due to the

COVID-19 pandemic, which resulted in higher costs for equipment works and a shortage of human resources (i.e. the supply of staff was also reduced due to the constraints imposed during the pandemic).

The raw materials crisis has had a major impact on programmes and measures targeting hard activities, due to difficulties in obtaining the necessary materials, work stoppages and rising raw material prices. Interviews with the CPMA revealed that many contracts had to be indexed, contractors did not agree to carry out the works at the prices foreseen, and additional funding was needed.

The geopolitical situation (war in Ukraine) has had an impact on the price of raw materials, which has led to a shortage of funding to finish the work on time. Interviews with the CPMA revealed that in order to successfully manage the situation, project deadlines were extended, monitoring was carried out and close cooperation with the Ministry of Culture of the Republic of Lithuania (MoC) was established. Amendments to contracts were allowed in exceptional cases.

Administrative difficulties occurred in all programmes, the most common being the turnover of human resources, which created additional difficulties for project implementation (but were managed effectively).

Other challenges. During the implementation of OP 7 Priority 304 and 305, which are intended to finance the modernisation of cultural heritage sites, unforeseen works (e.g., restoration or conservation of the site³) often occurred, requiring time and additional funding⁴.

INCLUSIVE, SUSTAINABLE AND SMART GROWTH | Projects in the CCI sector contribute to smart growth, i.e. they provide opportunities to increase knowledge of current innovations and their application/use in everyday life. Around 20% of the project promoters in the questionnaire survey indicated that the project they had implemented (are implementing) contributed to smart growth (see Figure 7 below). 16% of the projects invested in information technologies that allow visitors to experience the cultural object themselves (e.g. virtual guides/tours, QR codes, etc.), and a proportion also invested in information technologies that allow visitors to experience and learn about the cultural object in a different way (e.g. audio-visual effects, augmented reality, 4-sensory experience, etc.).

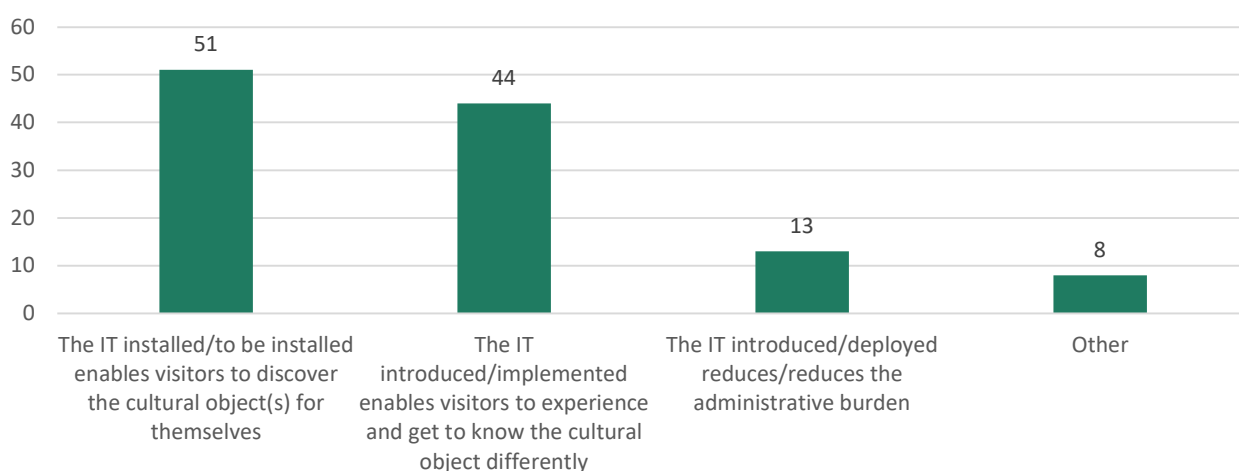


Figure 7. Number of projects that contributed to smart growth 2014-2020 (n=275)

Source: compiled by the Evaluator from questionnaire survey data

At project level, all programmes were found to have contributed to smart growth. However, the largest number of projects contributing to smart growth came from the Latvia, Lithuania-Belarus Cross Border Cooperation Programme, the South Baltic Programme, and the OP Priority 13. It should be noted that the first programme aimed to improve the quality of life in border regions, the second to increase the use of green technologies and the third to revitalise the economy through forward-looking measures to facilitate digital and green

³ In this context, conservation is the use of specific measures to halt the effects of the factors that are destroying the architectural heritage or parts of it, to record the existing condition and to reinforce the objects. This helps to preserve the objects and to prevent loss of authenticity. Lithuanian Encyclopaedia. Conservation. Accessed online: <https://www.vle.lt/straipsnis/konservavimas-1>

⁴ Based on interviews with CPMA.

transformation. Thus, the use of information and other technologies is foreseen in the objectives of the two programmes, and in the case of the Latvia, Lithuania and Belarus cross-border cooperation programme, technologies are used to improve the quality, visibility, and accessibility of cultural services.

Projects in the cultural and CCI sector contribute to sustainable growth by enabling the development of resource-efficient, sustainable, and competitive activities, new processes, and technologies, including green technologies, accelerating the development of smart grids through information technology, strengthening business competitiveness, and helping consumers to value resource efficiency. Around 29% of the project promoters in the questionnaire survey indicated that their project/implementation had contributed to the visual improvement of a cultural object (see Figure 8 below). Around 10% of the projects have contributed to the knowledge of the cultural object in an augmented reality, thus contributing to the preservation of natural resources.

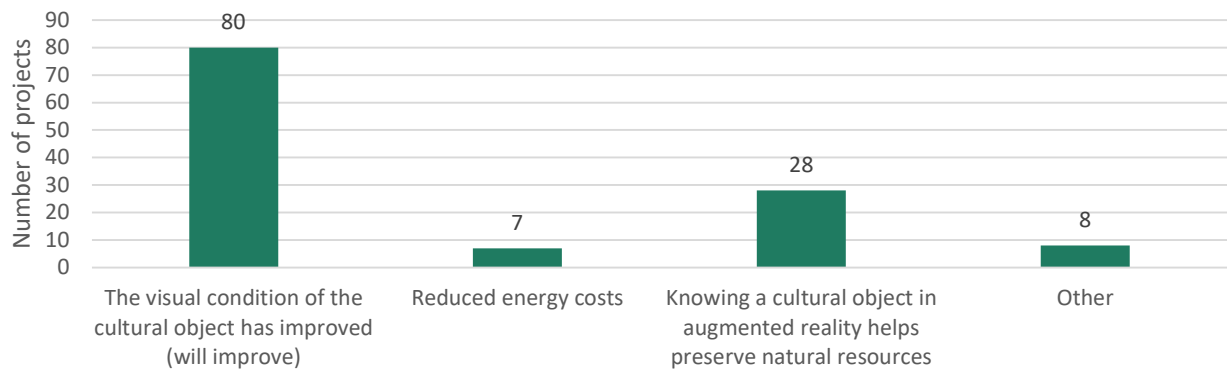


Figure 8. Number of projects that contributed to sustainable growth 2014-2020 (n=275)

Source: compiled by the Evaluator from questionnaire survey data

All measures were found to have contributed to sustainable growth at project level, but often indirectly. Some projects focusing on hard activities contributed to improving the visual condition of a cultural object (e.g., OP 7 Priority, Lithuania-Poland Programme, Latvia-Lithuania-Belarus Cross Border Cooperation Programme). Renovating or modernising a cultural object not only improves its visual condition, but also represents a long-term investment in the object's durability (i.e., reducing the risk of unexpected situations (accidents), improving the indoor microclimate, temperature, and humidity, preventing mould, reducing noise, reducing maintenance and upkeep costs, increasing the value of the real estate, and improving the social infrastructure).

Projects in the CCI sector contribute to inclusive growth by ensuring high levels of employment, investing in skills, tackling poverty, and modernising labour markets, training, and social protection systems so that people can prepare for and manage change and build a more cohesive society. 75% of the projects presented in the survey contributed to the creation of new knowledge or skills for visitors (see Figure 9 below). Around 23-24% of the projects contributed to the development of civil society and to increasing the employment rate of the population.

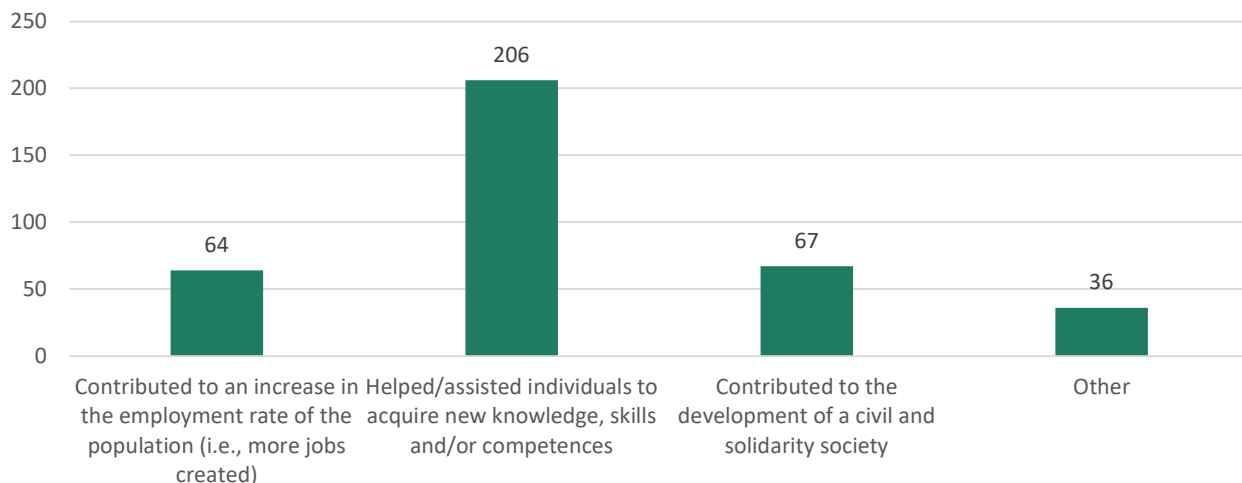


Figure 9. Number of projects that contributed to inclusive growth (n=275)

Source: compiled by the Evaluator from questionnaire survey data

At project level, all programmes were found to have contributed to inclusive growth. It should be noted that all cross-border cooperation programmes have contributed to inclusive growth, promoting cooperation and community spirit between countries, regions, or local communities. It was also found that around 82% of the projects funded by the CSF contributed to the acquisition of new knowledge or skills by visitors.

It is important to underline that the measures under Priority 7 of the OP have contributed most to the growth of employment levels. Investments in the modernisation of culture have stimulated the creation of new jobs through the opening of new exhibitions or spaces that require human resources to maintain.

RECOMMENDATIONS | The following recommendations are made based on the results and conclusions of the evaluation.

Table 2. Recommendations for further implementation of investment interventions

Siūlymas / rekomendacijos	
1.	It is proposed to continue (during the 2021-2027 funding period) cultural heritage actualization activities: the arrangement, renovation, restoration, creation of objects and their related infrastructure in response to the needs of the local community, cultural community, and business. This infrastructure should be further updated for the needs of local or state culture, for the development of the CCI sector.
2.	Due to the high investment demand in the market, it is proposed to continue to increase funding for these programs consistently every year, as was done before the pandemic period. The proportion of hard and soft investments, based on a retrospective assessment, could be 60 percent for hard and 40 percent for soft activities to ensure consistent infrastructure renewal. Considering that during 2014-2020 to fix the period 3 percent of all immovable cultural heritage values, the need for solid activities remains relevant. Keeping 60% financing of these activities, conditions are created for the modernization of cultural objects on a no less scale, but when investing in hard activities, investments must be selected not only by performing detailed cost-benefit analyses, but also by additionally evaluating the issues of infrastructure support/relevance and human resources.
3.	In order to manage the risk of budget change (expenditure growth), indexation of project budgets is proposed (especially in relation to renovation/building modernization measures) in order to ensure the implementation of projects in the face of increasing inflation. Budget indexation is one of the instruments that protect against the abandonment, change or non-implementation of project activities due to increased costs. A funding source must also be provided for indexation, considering the 2014-2020 period, budget funds can be used for indexation, but this is also a limited source of funding, as alternatives, the establishment of a fund / application of a lottery mechanism could be considered - a separate study is recommended to determine the most appropriate mechanism. Together with the PIP, detailed estimates and/or technical projects should be submitted (in the period 2014-2020, technical projects were not required for the provision of the PIP for measure 304, therefore more deviations from the planned budget were recorded than in other infrastructural measures), in order to avoid larger delays during the implementation of the projects deviations from planned budgets.
4.	When planning investments, it is suggested to evaluate the possibilities of planning measures directed specifically at the CCI sector. Activities supported by investments should promote the development of the infrastructure of CCI companies and improve CCI activities that create new products and/or services. It is important to ensure a separation between KM interventions and measures directed at the business sector in general (responsible for EIM).
5.	It is suggested to avoid indicators that are difficult to measure results. It is recommended to measure the result according to the actual increase in the company's income (increase in the income of the company that received the investment (percent)). In the selection criteria, it is proposed to continue to use the indicator of planned revenue growth, but it should be linked to monitoring and reporting, thus avoiding overly optimistic indicators. If the measure is aimed at the development of a new product/service, it is possible to assess both the novelty of the product on the market (at the level of the company, the country, etc.)

and its thinking (how big is the demand for the market), as an additional indicator the use of universal design solutions could be included.

6. Based on the good practice of other sectors and the lessons learned during the implementation of measure 307, it is proposed to combine financial measures with subsidies. Based on the good practice of other instruments, the financing of the funds established under the instrument can be combined with other instruments based on the financing of repayable subsidies. Fund managers should set loan requirements that focus not only on financial returns, as projects do not generate sufficient cash flows.
7. taking this into account, it is recommended to link the indicators of investment interventions financed by the national budget more precisely with the NPP priority "Culture" or with another national strategic document that forms cultural policy. Indicators that do not correspond to national strategic documents could be labelled as special. This is relevant for all institutions under KM management and investment interventions administered by them. Monitoring is carried out more effectively, the contribution to achieving national goals is assessed, the ability to measure and compare change, efficiency, effectiveness. Accurate quantitative indicators will allow more effective assessment of the contribution of investment instruments to national policy and their effectiveness.
8. When applicants from two or more countries participate in the program, it is proposed to diversify the values of the targeted indicators for each country, for example, to measure the expected increase in tourists in the territories of Lithuania and Latvia, where the projects were implemented, separately. The intended overall indicator would be the sum of the country indicators. The expected values of the indicators would allow the participating countries to measure the effectiveness of the program more accurately in terms of a specific territory and to more accurately assess the impact of investment interventions on the region and sub-region.

Source: compiled by the Evaluator