

METHODOLOGICAL APPROACHES FOR THE EVALUATION OF PROJECTS INNOVATIONS

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INTRODUCTION

- The overarching goal of the future EU CAP is to modernize the sector by accumulating and exchanging knowledge, innovating and improving digitization in agriculture and rural areas, as well as promoting their practical application.
- With limited funding resources, each project is evaluated to make the right funding decision. When evaluating CAP SP projects, special attention will be paid to innovation, therefore, in order to determine the amount and priority of their support, it is necessary to follow a high-quality and correct evaluation methodology. During this research, taking into account the experience of evaluating the innovativeness of EU countries and the possibilities and threats of its application in Lithuania, a project innovativeness evaluation methodology will be developed, after which Innovation evaluation recommendations will be prepared and adapted to evaluate CAP SP projects.
- This research results will contribute to a more efficient, transparent implementation of support tenders, and at the same time to a more efficient use of support and implementation of the objectives of the Rural Development Program.
- **The aim of the research** – to prepare methodological recommendations for innovation evaluation, on the basis of which it would be possible to evaluate the projects of the CAP SP.
- **Key words:** innovation evaluation criteria, innovation in agriculture, project innovation.

THE EXPERIENCE OF PROJECT INNOVATION EVALUATION IN LITHUANIA IN 2014-2020

- Searching for, creating and implementing innovations in Lithuanian farms is not a new practice – such activities were supported under the Lithuanian Rural Development Program 2007–2013.
- The European Innovation Partnership (EIP) initiative for the period 2014-2020 aimed to address the shortcomings and obstacles in the European research and innovation system that prevent or delay addressing the specific problems faced by farmers and to introduce innovations that are important for the development and marketing of competitive agricultural products.
- A review of the relevant rules shows that currently (in fact since 2017) **none of the RDP measure project selection criteria gives a priority points for project innovation.**
- **The innovativeness of projects is only reflected in the eligibility assessment, where the project must correspond to at least one priority,** target area of the EU rural development policy and contribute to the implementation of at least one cross-cutting objective, including the promotion of innovation. The applicant is free to choose from several options, **so projects may be innovative, but not necessarily.**

ANALYSIS OF CRITERIA FOR EVALUATION OF PROJECT INNOVATION IN LITHUANIA

CRITERIA

1. **Product and / or service innovation**
2. **Technological process innovation, modernization**
4. **Reduction of harmful effects on humans and the environment**
5. **Use of alternative renewable energy sources**
6. **Application of the precision farming system and / or computerized process management**
6. **Application of new production technological processes**

JUDGEMENT

- Innovativeness is assessed in relation to the entity submitting the application, thus **the market in which a product or service is innovative is unclear.**
- The description is not up-to-date,** does not include digitization, sensory data collection and transmission processes, artificial intelligence solutions, climate mitigation measures, etc.
- There is a **lack of GHG emission reductions compared** to the entity's current emissions before the project.
- It **has not been determined to what extent the installation is considered sufficient** to keep the tool installed.
- The description **does not include horticultural, horticultural, forestry investment projects,** as well as **business creation and development projects** that envisage the implementation of smart or artificial intelligence solutions. The name of the sub-criterion **does not reflect the challenges of modern digitization and smart solutions.**
- It is **unclear whether changes are quantified.**

ANALYSIS OF GUIDELINES FOR PROJECT INNOVATION ASSESSMENT PROPOSED BY EU INTERNATIONAL ORGANIZATIONS

- **OECD FRASCATI MANUAL** – the R&D criterion can also be included in the assessment of project innovation in the agricultural sector.
- **OSLO GUIDE 2018** – guidelines for the collection, provision and use of data on innovation distinguish eight typical types of activities that companies pursue in order to innovate. This can be applied to agricultural sector as well.
- **THE GUIDELINES FOR THE EVALUATION OF BIO-PROJECTS** – are linked to the implementation of the SDG. The guidelines justify the integration of SDG into projects at the concept development stage and provide for the possibility to measure and monitor the contribution of projects to SDG during their implementation. The thresholds help to assess whether SDG has contributed to the implementation, i.e. whether there were changes due to the project. The starting point is the situation identified at the beginning of the project.
- **THE IFAD EVALUATION MANUAL** – states that innovations and their dissemination (implementation) must be analyzed and evaluated together and provide a unified result, an indicator. It is proposed to use quantitative indicators or rating scales for evaluation.
- **EVALUATION HELP DESK PROPOSED METHODOLOGY** – the methodology takes into account the priorities and measures of the country's RDP, as well as the indicators of progress of the measures provided for in the program. However, data sources can pose challenges for experts assessing the innovativeness of projects if the country does not have a database of the required indicators.

THE ROLE OF DIGITISATION

- The pressures of climate change mitigation, consumption patterns and technology have led to the EU CAP post-2020 complex goal of modernizing the agricultural sector by accumulating and sharing knowledge, introducing innovations, improving digitization in agriculture and rural areas, and promoting their practical application. Member States are called upon to become more market-oriented and competitive, to focus more on research, technology and digitalisation, and to focus on performance rather than compliance.

MUST BE REFLECTED IN THE EVALUATION OF PROJECT INNOVATION

MAIN CONCLUSIONS & RECOMMENDATIONS

After the analysis of project innovation assessment tools and methods, it is possible to offer different methodological approaches for creating a project innovation assessment instrument:

1. The methodology for project innovation must be sufficiently clear and transparent to allow each project to be assessed in the light of limited funding resources in order to make the right funding decision. That is, the selection criteria would aim to assess the degree of innovation of the project by converting the results of the quantification into a specific amount of priority points, or to a higher grant as a percentage of the project's eligible costs or in absolute terms. It is discussed separately how to differentiate the evaluation criteria according to the individual instruments: investment in tangible assets, economic and business development, cooperation, including EIP, as well as knowledge transfer and information activities.

2. The methodology has to provide criteria to answer the question whether the project is innovative and meets the concept of innovative project as provided in the EU CAP priorities, descriptions of target areas and cross-cutting objectives, using project innovation assessment at the project eligibility assessment stage. This methodology would make it possible to link project evaluation more clearly to the evaluation of measures and the program in order to identify and assess the impact of program innovations on the achievement of SP objectives.