

Dr. Laima Liucija Andrikiene
Member, European Court of Auditors

INTERNATIONAL CONFERENCE
DEVELOPMENT PROSPECTS FOR THE FUTURES ECOSYSTEM IN LITHUANIA

“Shaping of the futures policies in the EU institutions and opportunities for their implementation”

*Seimas of the Republic of Lithuania, Committee for the Future
Constitution Hall, Building 1 of the Seimas, Gedimino pr. 53, Vilnius
19th April 2024, 9h50*

Introduction

Dear Chairman,
dear participants,
ladies and gentlemen,

I am privileged to address you today on behalf of the European Court of Auditors at this essential international conference focusing on the development of Lithuania's future ecosystem.

I would like to express my gratitude for the opportunity to share our perspective on the current challenges faced by the European Union and the key areas that need to be addressed in the future as well as the role of the foresight and better regulation to overcome them. My 15 years work in the EU institutions – 13 years in the European Parliament and last 1 and a half year in the European Court of Auditors - have provided me with unique opportunities to have an insight into how the EU institutions shape long-term policy decisions, the information they use, the research they rely on, and the practical application of strategic decision-making and evaluation.

During my three terms in the European Parliament from 2004 to 2019, I focused on EU budgets, multiannual financial frameworks, EU foreign and security policy, international trade and human rights issues among others.

I would like to emphasise that in all of these areas, there is a very strong strategic approach based on facts, evidence, research and, of course, debate. The depth of analysis and expertise makes it possible to see phenomena from a strategic perspective, to anticipate their development and the possible alternatives for European politicians. It is like a bird's-eye view of the panorama and the strategic options. At the same time, it is a political rationale for national policies, the coherence of which with the EU's political documents is at the heart of the Europeanisation process. In this respect, it is essential to strengthen the channels of mutual communication, with a view to grounding national decisions, and vice versa: the ideas that emerge at national level are the basis for the formulation of EU strategic policies. Enhancing collective competence at different levels of the EU is a crucial requirement of modern life, in order to develop forward-looking policies based on evidence, intelligence and unique solutions. Only this form of action can be effective in this world of accelerating change and increasing uncertainty.

I am convinced that we have no time to waste - it is essential to increase the EU's global competitiveness capacity and speed, and to act as wisely and decisively as possible. This requires a more integrated intellectual and insightful common Euro-European space for strategic planning and political decision-making.

In my current role as Members of the European Court of Auditors and in conducting performance audits that prioritize environmental, economic, and social sustainability, I shall emphasize the fact that the European Court of Auditors remains committed to enhancing the efficiency and effectiveness of EU investments while safeguarding our shared values of democracy, autonomy, and security.

It is clear that Lithuania is ready for changes in order to make the most out of the opportunities offered by the EU institutions in terms of information, strategic planning, and effective practical application. It is necessary to look for ways to engage more integrally and effectively in the EU's long-term policy-making processes, to use the collective experience of the EU as a whole for the formulation of Lithuania's future policies and strategies, in order to increase competitiveness and resilience, to improve the maturity of society, and to pass on to the future generations the development of the historic cultural tradition in a changed context of global development.

The future is not seen as fantasy or prediction, but as scientifically modelled alternatives for the future in a digitalised global environment where conventional notions of time and space do not apply.

Lithuania could use the experience of the EU institutions to engage more actively in all processes - representation, research, projects, policy debates, communication and use of information, adoption of best practices and improvement of management processes and decision-making, etc. This requires closer links and improved communication channels with Lithuania's institutional representatives at the EU level, as the experience gained is invaluable for the country's political maturity and the justification of its strategic course.

Thank you very much for this opportunity to share my perspective on these critical issues. As we work together to address current challenges and seize future opportunities, our collaboration will be key to achieving success.

EU Challenges

As we stand at the crossroads of history, the European Union confronts a myriad of complex obstacles that demand our collective attention and are currently shaping the EU policy making. In a context of radical changes in society, culture and technology, Europe's drive to increase its global competitiveness is increasingly focused on new strategies based on new models of strategic thinking, evidence-based assumptions, data analysis, expert research, and insightful studies. These are not just nourished by individual stakeholders, but also at EU level, with the inter-institutional collaboration *European Strategy and Policy Analysis System (ESPAS)* or the *Joint Research Centre (JRC)* and their specialised national counterparts. All these stakeholders play an important role in the EU policy making by providing forward-looking and future oriented approaches and structures.

(1) EU open strategic autonomy

In this context, one of the main areas thanks to which the European Union intends to face current challenges is through the "EU open strategic autonomy" concept.

The EU is striving to build an **EU strategy autonomy while preserving an open economy**. Achieving open strategic autonomy means strengthening the EU's efficiency, independence, and resilience in

strategic areas, while remaining open for international cooperation. The concept is often referred to as ‘cooperating multilaterally wherever we can, acting autonomously wherever we must’. The strategic autonomy ranges from **security and defence, cyber security, industrial policies, economic and financial systems, to trade and energy, and to the EU values**, and beyond. The concept is vivid and continuously developing to better face new challenges and to entail different perceptions across the EU.

The EU is setting goals and takes concerted actions to achieve the open strategic autonomy. The range of activities is as broad as the concept. In this context, **the European Court of Auditors contributes to achieve EU strategic objectives by ensuring the best use of the EU money to these purposes**. In this respect, the Court has published several special reports and reviews related to energy policy, food supply, cybersecurity, defence research, industrial policy, circular economy and others.

For instance, **regarding the defence area** and the EU’s resilience to security threats, EU defence programmes and funds have as an overall objective to boost cross-border collaborative projects to beef up European defence capabilities. The ECA has already published some reports in this area, the Review on European Defence and the Special Report entitled “The Preparatory Action on Defence Research. – Some lessons learned but value as a testbed for increasing EU defence spending reduced due to time constraints and limited results”, in which we recommended to “Design a long-term strategy for the European Defence Fund to increase the presence of the developed technology in the EU defence sector”. In this context, the European institutions and their representatives seem to have overlooked the fundamental truth that peace should never be taken for granted.

In this regard, the European Defence Fund is the European Commission’s instrument to support research and development in this area by supporting companies across Member States develop competitive and collaborative defence projects that will deliver innovative and interoperable defence technologies and equipment, which reveals an acknowledgment of Europe’s perceived weaknesses. This EU programme with a budget of nearly €8 billion for 2021-2027 would be under the scope of the European Court of Auditors competencies to audit.

Likewise, closely linked with the European strategic autonomy, the European Commission communicated last June the **European Economic Security Strategy** at a time of growing geopolitical

tensions and profound technological shifts. The strategy sets out a common framework for achieving economic security by promoting the EU's economic base and competitiveness. It focuses on minimising risks arising from certain economic flows in the context of increased geopolitical tensions and accelerated technological shifts, while preserving maximum levels of economic openness and dynamism. More concretely, on the risks of

- (1) risks to the resilience of supply chains including energy security;
- (2) risks to the physical and cyber-security of critical infrastructure;
- (3) risks related to technology security and technology leakage; and,
- (4) risk of weaponization of economic dependencies or economic coercion.

In this sense, even if the EU is one of the world leaders of the advanced technologies, it is falling behind the US and China in some areas such as tech investments in which they present enormous growth potential. A global race for technology supremacy is ongoing, with artificial intelligence, quantum computing, biotechnologies and space technologies at the forefront. Maintaining a strong position in technology research, innovation while also ensuring application and regulation are essential to reap the benefits of technology and prevent risks for EU citizens.

(2) Climate change mitigation and adaptation

On another note, climate change represents a matter of **utmost urgency** – one that affects our present and the very future of humanity. Climate change and environmental degradation are not merely abstract concepts but **realities posing a confirmed existential and security threat to all of us**. Indeed, our collective ability to confront these challenges and to be resilient in face of their impacts will shape the course of history for generations to come.

In the European Union, climate change risks are present across the **whole territory**. Some regions are at risk of becoming inhabitable or non-productive in the EU because of heat and drought, while significant disruption of ecosystems and global food production systems, and extreme weather events increase migratory pressures.

At the ECA, our 2021-2025 strategy includes sustainability as a horizontal challenge and one of the strategic areas under Goal 2 relates to climate change. As a result, we perform yearly a substantial

number of audits relating to the sustainable use of natural resources, as the Special report on offshore renewable energy in the EU or the special report 22/2022 about EU support to coal regions.

(3) Protecting democracy

While we do witness progress in certain domains concerning the application of **EU core values**, it's equally crucial to acknowledge areas where **stagnation** or **regression** persists. These latter aspects demand heightened focus and the implementation of tailored interventions for enhancement. Specifically, prioritized attention is needed in upholding the **rule of law**, since the situation has deteriorated in some member states over the last decade.

The rule of law is one of the EU's fundamental common values, enshrined in **Article 2 of the Treaty of the European Union**, which needs to be preserved to keep the EU a safe space. In that context, the EU have different type of protective tools to uphold the rule of law in member states like the Conditionality Regulation or the Rule of Law Report. From the European Court of Auditors' side, as a result of the **foresight** policy perspective carried out, we followed out strategy planned by our foresight division and carried out audits in relation to the rule of law, with the result of meaningful contributions to recommend its better implementation.

In our recent Special Report 3/2024, we concluded that, together with other protective mechanisms under the Recovery and Resilience Facility and cohesion policy, the framework of the **Conditionality Regulation** provides for the possibility of budgetary measures against such breaches in member states. However, the fundamental values' shield in place has weak points, and does not yet guarantee full protection of the EU's financial interests. Likewise, in our recent Review about the Commission's Annual **Rule of Law Report**, we highlighted the challenge of ensuring synergy with the rest of the tools and the low implementation rate of the European Commission's recommendations for member states. In this respect, from 2022 to 2023, only 11% of the Rule of Law Report's recommendations were fully implemented, a little more than half were implemented at least partially, and more than a third saw no progress whatsoever.

Foresight and better regulation

In today's rapidly changing world, the **need for better law-making** is more crucial than ever. We need well-designed policies to strengthen the EU's resilience, seize opportunities in strategic sectors and address our vulnerabilities in line with the EU's overarching goals. We want to make sure that EU policies are fit for the future, then, strategic foresight should be taken into account when discussing major policy initiatives.

In this context, the **Commission's better regulation guidelines** include impact assessments, fitness checks and major evaluations in areas of rapid structural change. However, due to political urgency, the Commission sometimes does not comply with key elements of its better regulation guidelines. As pointed out by our recent Opinions concerning the proposal of the Ukraine Facility and the Reform and Growth Facility for the Western Balkans, the Commission did not prepare **impact assessments** alleging the urgent nature or political urgency of the proposal, which limited our, i.e. the European Court of Auditors, ability to issue a fully informed Opinion. Besides, in both cases, although planned, the absence of the Commission's analytical document presenting the evidence behind the proposals at the time of publishing our Opinions also hindered our work. The lack of appropriate use of better regulation in matters of political urgency can lead to drawbacks and weaknesses.

It is important to **avoid tunnel vision** when undergoing in a forward-looking strategy. By considering a broad range of trends and employing data analytics, organizations can make more informed decisions and adapt to changing circumstances. Adaptation is a core ingredient for resilience, and organizations must be agile and flexible in responding to new information and challenges.

Integrating strategic foresight into policymaking is crucial for anticipating future challenges and opportunities. By identifying emerging trends and using horizon scanning exercises, the EU can strengthen its resilience, seize opportunities in strategic sectors, and address vulnerabilities in line with its overarching goals. Strategic foresight will play a key role in ensuring that EU policies are fit for the future and contribute to the sustainable development goals.

In conclusion, by incorporating foresight and better regulation into policymaking, organizations can overcome challenges, adapt to change, and build long-term resilience. It is essential to look beyond the

present crisis and consider the long-term implications of our decisions. Let us work together to create a more sustainable, resilient, and better future for all.

Closing Remarks

In conclusion, as I reflect on the discussions and insights shared during this international conference on the development prospects for the future ecosystem in Lithuania, several key takeaways emerge.

Firstly, the concept of "EU open strategic autonomy" stands out as a crucial area where the European Union is working to strengthen its efficiency, independence, and resilience in strategic areas while remaining open for international cooperation. This concept encompasses various sectors such as security and defence, cyber security, industrial policies, and trade, among others. The European Court of Auditors plays a vital role in ensuring the best use of EU funds to achieve these strategic objectives.

Secondly, the urgent need for climate change mitigation and adaptation cannot be understated. As climate change poses a confirmed existential threat to humanity, it is imperative that we prioritize sustainability and the sustainable use of natural resources. By conducting audits related to climate change and sustainability, the European Court of Auditors is actively contributing to addressing this global challenge.

Thirdly, protecting democracy and upholding the rule of law within the EU are critical components of ensuring a safe and resilient future for all. As the EU faces challenges in certain member states regarding the rule of law, it is essential to implement tailored interventions to enhance the protection of fundamental common values. The European Court of Auditors continues to play a significant role in this area through audits and recommendations for better implementation of the rule of law.

Lastly, integrating foresight and better regulation into policymaking is key to anticipating future challenges and opportunities, building resilience, and ensuring that EU policies remain fit for the future. By adopting a comprehensive strategy that includes strategic foresight, planning, agility, and resilience, organizations can navigate uncertainties and adapt to changing circumstances effectively.

As we move forward, let us commit to working together to create a more sustainable, resilient, and equal future for all. By embracing these key takeaways and continuing to collaborate on addressing

current challenges and seizing future opportunities, we can collectively shape a better future for the EU and beyond.

Thank you once again for the opportunity to share my insights and expertise with this distinguished audience. I am honoured to have been a part of this important discussion on the future prospects for the ecosystem in Lithuania.