1. Basic Information

1.1 Désirée No.: LT 0009-01

1.2 Title: National-Regional Development Pilot in the Klaipeda and Taurage target region, Lithuania

1.3 Sector: Economic And Social Cohesion / Regional Development

1.4 Location: Klaipeda-Taurage (West Lithuania) Target Region

2. Objectives

2.1 Wider Objective

The Wider Objective of this 6 MEUR Investment Project (with 2 MEUR co-financing) is to:

Promote national-regional development, within the context of strengthening economic and social cohesion focused on the development of the Klaipeda-Taurage Target Region and based on the broad principles and methodology for co-financing support under the EC’s Structural Funds.

2.2 Immediate Objectives

The Immediate Objectives of this Project are to:

Promote business and human resource development by providing investment co-financing support, via the Business Development Fund and the Human Resource Development Fund, aimed at promoting economic growth in the Klaipeda-Taurage target region.

2.3 Accession Partnership / NPAA

In December 1999, the Council of Ministers adopted an up-dated Accession Partnership (AP) highlighting the principles, priorities, objectives and conditions as the basis for Lithuania’s accession to the EU.

One of the short-term priorities identified in the AP is to:

Further develop the National Development Plan and the Rural Development Plan; adopt the legal, administrative and budgetary framework (audit manual and audit trail) to programme and manage ISPA and SAPARD, including the introduction of environmental impact assessments and EU compatible public procurement rules for projects co-financed by Community Funds; establish a functioning paying agency for SAPARD.

One of the medium-term priorities identified in the AP is to Develop national policy for economic and social cohesion in preparing for the implementation of a regional development programme and Community initiatives; improving the administrative structures, in particular clarifying allocation of responsibilities on regional policy issues; organising the budgetary system and its procedures according to structural funds standards, including appraisal and evaluation.

In May 1999, the Lithuanian Government adopted its up-dated National Programme for the Adoption of the Acquis (NPAA). The chapter on economic and social cohesion describes regional policy, its legal background, plus identifies a series of short- and medium-term priorities for the sector, including institutional and financial requirements.
2.4 Contribution to National Development Plan

The Preliminary National Plan Of Social And Economic Development (NDP) for 2000-2002 was submitted to the EC in December 1999. This comprehensive document is in four parts:

Part 1 provides an Economic and Social Diagnosis by examining macroeconomic, international and sector trends and identifying development gaps between Lithuania and the EU average;

Part 2 expounds an overall development strategy, consisting of specific development aims and targets with an appropriate strategy and associated development priorities;

Part 3 suggests sectoral development strategies covering industry and SMEs, agriculture, rural development and fisheries, transport and environment infrastructure, and human resource development;

Part 4 lays out a framework for promoting a balanced indigenous local development, which describes the territorial administrative divisions in Lithuania and identifies and justifies the selection of three target regions (Marijampole, Utena and Klaipeda-Taurage);

The NDP is completed with a review of how regional policy might be implemented in the target regions. The NDP is augmented with an outline of possible sources of funding and an annex describing the relationship between the NDP and the NPAA.

The key priorities of the Phare 2000 "Social and Economic Cohesion" component, which will be supported with Phare co-financing, are to:

- Increase activity of the productive sector in the selected target regions;
- Improve business-related infrastructure in the selected target regions; and
- Strengthen the capacity of human resources in the selected target regions.

All three of these priorities are addressed in this project fiche and the first two reflect the importance of human resource development. Human resource development is one of the corner stones of the NDP is, which is entirely compatible with the Accession Partnership priorities and the NPAA priority measures. The fiches continue this integrated approach and in all three-target regions projects have designed to support this investment in human resources by increasing the adaptability and employability of the labour force as well as developing a quality vocational training system. The fiches are also compatible with the NDP by ensuring integration of the principle of equal opportunities into the definition and implementation of national investment measures outlined in this fiche and the NDP.

2.5 Contribution to Klaipeda-Taurage regional development plan


These documents provide supporting information for this Project Fiche, in particular they provide additional background information:

- Description of the regional situation in particular with regard to regional development disparities between the Klaipeda-Taurage target region and the national average;
- Regional SWOT analysis and description of regional development strategy for 2000-2002;
- Main regional development priorities, objectives and measures in the Klaipeda-Taurage target region;
- Implementation structure for the fund mechanisms with the distribution of functions for financial payments, tendering, contracting, financial control, implementation, monitoring and evaluation;

For the programming period of 2000-2002 the overall priorities of the Klaipeda-Taurage Regional Development Plan are the following:
3. Description

3.1 Background / Justification

Klaipeda – Taurage region has been identified in the NDP as a target for initial Phare funding to stimulate social and economic development. All the target regions were selected on the basis of key indicators demonstrating their comparative wealth (measured in terms of GDP per capita) and unemployment level (see Chapter 4 of the National Development Plan).

Klaipeda-Taurage target region does not form an integral economic system. Klaipeda and its immediate surroundings remain the economic and cultural centre of the region. The scale of business and services of other centres – Silute, Kretinga, Taurage, Jurbarkas, etc. – cannot compare to that of Klaipeda. Industrial and commercial activity plays only a secondary role in a large part of the territory against the background of agriculture and forestry. Actually we are able to clearly distinguish two highly distinctive areas with different economic background:

- Klaipeda and its immediate surroundings with highly developed and successful economic infrastructure (compared to national averages).
- Other rural areas (Skuodas, Kretinga, Silute, Silale, Taurage, Jurbarkas). These mainly agricultural areas are facing big problem in transition to the market economy, requiring increasing state subsidies to support them.

Klaipeda and immediate surroundings currently represent one of the most successful and economically dynamic areas in Lithuania. Due to the only ice-free port and developed transport infrastructure the region is able to attract substantial investments both from Lithuania and abroad. While economic development in other areas remains stalled and the gap between the two areas is widening.

Regional investment priorities and objectives should aim at increasing the economic growth potential in all of the Klaipeda – Taurage target region. Accelerated economic growth should increase employment and raise regional incomes. However, given limited amount of public investment resources available in the three-year programming period, in the short-term public investments should build on major regional strengths and address major weaknesses hindering the development of the regional economy. In the medium- and long-term perspective investment of much greater intensity will be required to ensure that much wider scope of regional strengths and weaknesses are covered by public investment interventions.

One of the most important factors in building successful SME-based economies in the region is entrepreneurship culture and activities here. It is widely recognised that the vast number of start-ups do not survive their first several years of operation. Although various measures to lower the closure rates of new enterprises are undertaken, this process is unavoidable and in successful regional economies is compensated through the big number of the new start-ups.
As clearly shown in the table above the business activity of the population in rural areas, such as Skuodas, Silute, Silale is very low. In fact it is more than two times lower than in developed urban areas such as Klaipeda city or district or even regional averages. This inactivity of local population largely contributes to poor economic indicators of these areas. The main reason for this is low interest of population to venture into new activities and lack of knowledge and support in this area. Therefore we expect that steps to support the process of establishing new start-ups should be undertaken.

In order to have a successful SME-based economy, it is very important to have a constant ‘pool’ of would-be entrepreneurs. Also it is very important to have the underlying structure, which would be favourable and encouraging to start a new enterprise. Also it is very important to build a ‘you can do it’ attitude for prospective entrepreneurs and encourage them to act after they conceived a business idea. It is necessary to create a positive attitude to business and favourable conditions for start-ups.

The development of the SME sector in the Klaipeda – Taurage target region is marked by high rate of failure. On average, 70 per cent of SMEs fail within the first five years of business start-up. The relatively low levels of sustainability of existing businesses are partly attributable to unfavourable business environment, limited tradition of local entrepreneurship and inadequate human resource base in the region. This reflects relatively low level of competitiveness of regional SMEs. Also the recent survey showed that most of businessmen are starting their businesses without any feasibility study or business plan. Most of them are even not able to answer the questions: what needs of the market your business will address and how will you be better then your competitors? Therefore measures for support of early start-ups also will be necessary.

At present, a lot of the existing jobs of region's industry, agriculture, construction and even services cannot be perceived as sustainable because of low efficiency of work and low purchasing power of the population.

The levels of productivity are completely different in Klaipeda and Taurage Counties. Taurage County creates only 2.6 per cent of country’s GDP. It is the lowest index among the 10 counties of Lithuania (the second lowest is in Telsiai County – 4.5 per cent). The lack of the new technologies is one of the main reasons of low productivity. The key of this activity could be the preparation of the overall strategy for the new technologies promotion (through the attraction of direct foreign investment et cetera). The cooperation of the key actors of the region (local authorities, public non-profit institutions, business structures) is necessary.

In the light of country’s preparation to the EU accession and the adoption of the acquis Communautaire the necessity is to adopt various EU standards relating to environment, transport, business infrastructure and other important areas. One of the most important consisting parts of this process is the promotion of quality and environmental standards (ISO 9000 and 14000) both within SME’s and larger enterprises of the region. This could be one of the key priorities to be financed by the Business Development Fund.

One of the restraints for the growth of the successful enterprise is a small market of Lithuania. One way to solve this problem for a growing company is to enter export markets. However the barriers facing companies entering new markets are very high. This is particularly true for SME’s, which
lack the resources and experience to research and develop new markets. Therefore activities helping companies to export their products are needed.

Transit transport related services are the biggest industry in the region. One of the main National Priorities of Lithuania is to increase transit traffic through Lithuania. Although this industry was growing very fast during several years, the growth slowed dramatically during 199. The amount of cargo going through the port of Klaipeda is decreasing and Klaipeda port is losing competitive advantage to other Baltic ports. One of the measures to improve the situation would be the creation of logistics centre in Klaipeda.

In the field of tourism, it is important to emphasize that the unexplored possibilities are related to the development of various recreation areas in the Klaipeda-Taurage target region: the Nemunas delta regional park et cetera. In this respect, additional marketing and promotion efforts are desirable. However no clear strategy for the tourism development in the region has been elaborated and most of the measures that are implemented seem to lack prior justification. Therefore the regional tourism strategy has to be developed prior to supporting any tourism related measures.

Restructuring of regional economy could be supported by offering retraining opportunities for labour force, subsidising the improvement of key management and marketing functions of the enterprises, training for trainers, promoting constant functioning of research on profile of workforce demanded by productive sector and improvement of training modules. Regional entrepreneurship and business climate could be promoted by subsidising the accessibility of qualitative advisory services to business, innovative activities and marketing of production, through ensuring better accessibility of information on investment opportunities, and the rules on market entry and exit.

Much of the demand for business support and labour market services could be achieved through the existing regional infrastructure or through better accessibility of such services in the adjacent Lithuanian regions. Klaipeda/Taurage region has quite extensive VET and labour market training infrastructure. However, this system is plagued by the lack of highly qualified trainers, adequate training programmes, modern teaching equipment, and insufficient links to the trends in regional labour market. These shortcomings could be addressed by additional supply-side interventions with the general objective of expanding the potential of regional training institutions to design and deliver relevant training programmes in order to meet existing and future labour market demand.

3.2 Linked Activities

3.2.1 Related regional development projects

Phare assisted projects

- Phare Regional Development Project in Klaipeda and Kaunas counties
- Phare Regional Development Project in Vilnius, Šiauliai and Panevėžys counties
- Phare Institutional Strengthening project
- SPP – ESF horizontal programme in Lithuania
- SPP Technical Assistance Project
- SPP Twining Project
- SPP Klaipeda Pilot Project
- Klaipeda Region Public Administration Infrastructure Reforms in the perspective of preparation for EU Accession
- Regional Youth Policy in Lithuania
- Basic Course on Andragogy and Preparation for Development of Adult Educational Centres in the Ten Counties of Lithuania
- The south East Baltic – Future Transport Pattern and the TEM/TER Development Zone
- LITLA: Co-operation for Expansion of Economic, Public and Cultural Ties
- Establishment of Co-ordination Centre
- Co-operation of the Border Schools
3.2.2 Related Business Development Projects Assisted by Phare
- Phare Regional Property Development Fund Project
- Phare SME Development Project

3.2.3 Related VET and labour market development projects
- EU PHARE programme for the development of the labour market training system
- EU PHARE Programme for Vocational Training and Education Reform in Lithuania
- Project for Dissemination of the Results from PHARE VET Reform Programme’94
- PHARE multi-country distance education programme
- PHARE assistance to establishment of Lithuanian Institute of Management
- EU PHARE technical assistance programme for National Observatory in Lithuania
- Phare 2000 project Preparation for Participation in European Employment Strategy

[see Annex 5 for more detailed description of linked activities]

3.2.4 Co-ordination with SAPARD
[see Annex 5 for more detailed description of linked activities]

3.3 Results / Outputs

The Outputs to be delivered via this Project are all directly linked to the range of individual projects, to be selected for co-financing via the Business Development Fund or the Human Resource Development Fund, following a Call for Proposals/tenders to be managed at regional level, on the basis of consultation with national, regional, local authorities and economic and social partners.

Outputs to be delivered via the Business Development Fund include the following:
- 1500 inhabitants receive start-up training and support
- 200 new enterprises established
- 700 enterprises receive training and support
- 25 regional innovative projects implemented
- a number of FDI investment projects prepared
- feasibility study and investment dossier for logistics centre prepared, letters of intent with potential investors/operators signed
- tourism strategy for the region prepared, several pilot projects implemented

Main results to be produced via the Business Development Fund are as follows:
- increasing number of new products/processes introduced by assisted enterprises
- increasing export sales in turnover of assisted enterprises
- increasing private investment in assisted enterprises
- increasing flow of FDI into the region
- new business start-ups
- regional enterprises becoming new exporters

Outputs to be delivered via the Human Resource Development Fund include the following:
- 2300 beneficiaries having completed training courses leading to a diploma or certificate;
- 2 distance training centres, 9 distance training terminals, 3 internet cafés established and equipped
- knowledge evaluation, verification and recognition system established and certified
500 persons trained
strategy for women’s integration into the social and economic life elaborated and implemented;
5 employment centres for women established
2 employment centres for women in Kretinga and Taurage upgraded
1 000 women are expected to be involved in the activities of the centres.

Main results to be produced via the Human Resource Development Fund are as follows:
- regional working force with more relevant skills and qualifications;
- regional working force more adapted to market demands;
- improved employment opportunities in the region;
- improved social partnership relations;
- higher integration of women into the regional labour market.

The Impact that will be achieved by the end of the Project through both Funds are directly linked to the deficiencies in the selected target regions:
- Improve the GDP per capita compared to the national average;
- Reduce unemployment rate as reported by the labour exchange compared to the national average;
- Strengthen marketing capacities and exporting potential of regional enterprises;
- Improve business related infrastructure;
- Increase FDI in the target regions; and
- Increase the total sales and the share of exported goods in total sales.

Normally it would be expected that these results would be quantified in terms of percent increases, number of jobs created and gross FDI; however, the state of regional statistics is such that it will not be possible to quantify these statistics until the end of 2002. However, this project will serve as a benchmark for future activities.

3.4. Activities / Inputs

This Project consists of two core activities, by which a number of project Activities linked to the promotion of economic and social cohesion in key development areas (Measures), will be co-financed with Inputs from Phare investment support: (1) Business Development Fund; (2) Human Resource Development Fund.

Under all activities to be funded by the Business Development Fund and the Human Resource Development Fund, preference shall be given to activities that have most tangible effect on export promotion (increase in exports, exports to new markets), increase in the enterprises’ work efficiency and in sales, innovations, introduction of information technologies. Potential impact shall be assessed against specific features of each concrete project application.

3.4.1 Business Development Fund

The Business Development Fund, with a balance of 5.5 MEUR (Phare + co-financing), will provide co-financing support for individual projects selected following a Call for Proposals/tenders. The amount of projects supported will depend on the amount and quality of projects submitted through the Call for proposals under following Measure (for some specific projects – logistics center, tourism strategy, tenders to select the best proposal to carry out specific tasks will announced):

**Measure 1:** Creation of New Business Start-ups and Promotion of Entrepreneurship (1.5 MEUR) with objectives to:
- facilitate the establishment of new businesses in the region
- improve the business environment in the region
- promote the co-operation between SMEs and large enterprises
- diversify the structure of economic activity in the region

Under this measure, eligible activities would include:
actions raising awareness, promoting more positive attitudes towards entrepreneurship, featuring success stories and outlining the ways to start new businesses

business advisory services aimed at promoting entrepreneurship for regional residents and new business start-ups

assistance to the development of informal business advice and support system, including ‘peer-groups’, business clubs, business angels networks

analysis and assistance to the development of SME-related administrative systems in local municipalities

pre-start-up support facility: feasibility studies preceding the establishment of new companies, other studies related to the identification of new business opportunities in the region and business plans for new business start-ups associated with applications for business development grants/loans

start-up support facility: start-up/investor matchmaking, start-up costs, manager and employee training, actions supporting innovative activities in SMEs

assistance to the development of business advisory system and business support structures in the region, in particular assistance to the development of business advisory and support centres in different municipalities of the region providing ‘one-stop-shop’ support services for new business start-ups

networking and co-operation between large enterprises and new SMEs, including actions facilitating sub-contracting, spin-offs from large enterprises

Phare will provide 90% subsidy for new entrepreneurs and micro business (defined as being in existence less than 1 year and having less than 10 employees respectively) and 80% subsidy for small and medium-sized businesses (defined as being in existence less than 1 year and having less than 250 employees).

Through this measure, it is expected that 1500 inhabitants will receive assistance under this measure and, consequently, 200 new business enterprises will be established in the region.

Measure 2: Promoting Competitiveness of Existing Business Enterprises (2.0 MEUR) with objectives to:

facilitate the sustainable operation of existing business enterprises in the target region

lower the failure rate of existing business enterprises

improve the competitiveness of existing business enterprises both domestically and internationally

assist business enterprises developing new technologies and products as well as entering new export markets

Under this measure, assistance will be provided for:

support for the introduction of new products and technologies in existing business companies

support for the implementation of quality/environmental management systems, promotion of quality standards (pilot ISO 9000 & 14000)

support for export initiatives, including organisation of and participation in trade fairs, exhibitions and conferences, feasibility studies, market research

business advisory services and consulting activities for existing business enterprises

promotion of international co-operation to facilitate exporting, sub-contracting, joint ventures, etc.

technology and innovation audits for regional business enterprises

support to the introduction of new products and processes, including actions to inform regional business enterprises about new technological developments as well as external assistance and advice in introducing new products and processes
Several measures have been identified to support the development of new businesses in the region.

**Measure 2**: Assistance to the Exchange of Innovative Practices amongst SMEs and Larger Businesses in the Region

- Assistance to the exchange of innovative practices amongst SMEs and larger businesses in the region.
- Assistance to the development and introduction of modern IT in regional business enterprises (Internet, e-commerce, etc.).
- Support for the co-operation between regional business enterprises as well as training and research institutions located within the region.

The Fund will provide up to 75% subsidy for existing small and medium enterprises as defined by EU regulations.

Through this measure, it is expected that 700 regional business enterprises will receive business advisory services and support in their activities as well as 25 projects, which are eligible under this measure, will be carried out.

**Measure 3**: Improvement of Business and Investment Related Infrastructure and Environment (2.0 MEUR) with objectives to:

- Improve the economic infrastructure and services in the region.
- Increase the FDI inflows to the region.
- Improve the transport related infrastructure in the target region.
- Establish pre-requisites for the development of tourism-related infrastructure in the region.

Under this measure, assistance will be provided for:

- Support for the identification of greenfield and brownfield investment sites as well as business premises.
- Technical studies and other documentation associated with the development of greenfield and brownfield investment sites/business premises with possible support for implementation.
- Assistance to the improvement of transport-related infrastructure, including feasibility study and investment dossier for the logistics centres, events and activities promoting the centre for potential investors.
- Assistance to the preparation of tourism development strategy and other documents necessary for its implementation (pre-feasibility and feasibility studies, detailed lay-out schemes for tourism infrastructure objects and other technical studies).
- Pilot projects in the area of tourism associated with the tourism development strategy.

The outputs under this measure would be related to the main goals mentioned above and would significantly contribute to the further successful development of the region.

The necessary documentation and studies for FDI related initiatives will be prepared and several pilot projects when/if eligible under general Phare guidelines and not able to receive financing through other mechanisms available in Lithuania will be funded.

The feasibility study and investment dossier for the establishment of logistics centre in the region will be prepared and number of events and activities to attract investors/operators in the centre will be undertaken. The work under this measure should provide the framework for attracting at least 15 MEUR in private investments into the infrastructure of the centre and creating 300 jobs in the region.

The tourism development strategy for the region will be prepared under this measure and several pilot projects outlined in the strategy will be funded.

The activities of feasibility study for logistics centre and tourism strategy were included as projects of highest priority and importance for the region. These activities were selected and approved during the process of preparation for Phare 2000 and development of regional strategy. However, the tender will be announced to select the organisations, to carry out research and studies under these activities.
Indicative Breakdown of the Business Development Fund resources by measure

<table>
<thead>
<tr>
<th>No</th>
<th>Title of measure</th>
<th>Phare</th>
<th>State</th>
<th>Total MEURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Promotion of the entrepreneurship and start-ups in the region</td>
<td>1.125</td>
<td>0.375</td>
<td>1.5</td>
</tr>
<tr>
<td>2</td>
<td>Company competitiveness promotion programme</td>
<td>1.5</td>
<td>0.5</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Improvement of business and investment related infrastructure and environment</td>
<td>1.5</td>
<td>0.5</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>4.125</strong></td>
<td><strong>1.375</strong></td>
<td><strong>5.5</strong></td>
</tr>
</tbody>
</table>

[See Annex 4 for more detailed description of measures under the Business Development Fund]

3.4.2 Human Resource Development Fund

This fund with a balance of 2.5 MEUR will provide co-financing support for individual projects selected following a Call for Proposals for Measure 1 and tenders for Measures 2 and 3: training for economic and social development throughout region; establishment of the distance training system in the Klaipeda-Taurage target region; and the establishment of women occupation centres in the target region.

Rapidly changing labour market situation has a direct influence on the development of human resources in the region. To hold out market competition, only highly qualified workforce is required by employers. The adaptation of regional labour force to the changing market conditions is not sufficiently extensive nor and fast enough. As the existing regional labour market training system is mainly labour market supply but not demand orientated, it is not efficient enough. It is foreseen that The Human Resource Development Fund will help to satisfy the needs of the market. Through the implementation of a number of measures, the fund will initiate demand orientated training and re-qualification activities, improve the accessibility to the training resources and support integration of socially disadvantaged groups into the economic and social life.

**Measure 1**: Training for economic and social development throughout region. The main objectives of this measure are to:

- Create the necessary conditions for the unemployed and those in danger of becoming unemployed to acquire desirable and perspective occupations;
- Improve actual labour market qualification taking into account the changes in the labour market and technologies;
- Satisfy the needs of employers by training employees and giving them an opportunity to acquire an occupation and the necessary qualification;
- Decrease the level and duration of unemployment in the Klaipeda-Taurage target region;
- Facilitate the creation of new jobs.

The objectives of this measure will be achieved through the following activities:

- elaboration of training and re-qualification programmes and delivery of training for the unemployed;
- elaboration of training and skills improvement programmes and delivery of training for employees in order to meet labour market demands;
- carrying out of a regional labour market need analysis through labour demand and supply surveys and elaboration of employment programmes and recommendations for training;
- establishment of sound and easily accessible labour information data bases, facilitating the meeting of employers and potential employees;
consultancy and advising on staff recruitment for employers and employees;
provision of psychological advise services for the unemployed and those in danger of becoming unemployed.

It is expected the detailed analysis of the current situation and development trends in labour market will be carried out in the region which will provide better understanding of what kind of training is required most and lacking in the region. This analysis will enable regional partners to react proactively to arising developing problems and will allow to elaborate new labour force training programs, necessary for sustainable development of the region. A tender (call for proposals) will be announced to select the organisations which will carry out the research.

It is planned that under this measure training and re-qualification programmes will be developed and up to 2300 population of Klaipeda-Taurage target region, including employers, unemployed and socially disadvantaged, will be trained, with priority given to the regional population living outside the Klaipeda city.

**Measure 2**: Establishment of distance training system in Klaipeda-Taurage target region. The general objectives of this measure are to improve the qualification and professional skills of the region’s population living outside of Klaipeda city through the establishment of a sound distance training system. Specifically to:

- Ensure accessibility to training and education irrespective of place of residence;
- Create suitable conditions of improving skills or changing qualifications without leaving the job and place of residence;
- Create suitable conditions for disadvantaged social groups enabling them to acquire an occupation, improve qualification or re-qualification;
- Facilitate the return of the unemployed to the labour market.

The objectives of this measure will be achieved through the following activities:

- market research and identification of in-great-demand programmes which could be transformed into a modular distance training form;
- transformation of the actual in-great-demand programmes into distance training form;
- preparation of new distance training form professional training programmes;
- creation of a knowledge evaluation, verification and recognition system;
- formation and training of distance learning teachers and trainers;
- establishment of physical infrastructure for distance training;
- renovation/updating of technical and technological bases;
- activities, promoting distance training (information campaigns, seminars, project demonstration, publicity, etc.).

It is planned that under this measure 2 distance-learning training centres, with 9 distance-learning terminals of these centres and 3 internet cafes established in Palanga, Šilutė, Šilalė, Klaipėda (x2), Smalininkai, Žemaicių, Pajūris, Jurbarkas, Skuodas, Kretinga, Gargždai, new training programmes in distance training form adopted and knowledge evaluation, verification and recognition system established and certified. The distance training system will be introduced to the region’s population through the carrying out of information campaigns and seminars, with 500 people trained.

**Measure 3**: Establishment of Women Employment Centres; the objectives of this measure are to:

- Elaborate and implement the strategy of women’s employment, education, independence, and raising leadership in the Klaipeda-Taurage target region;
- Popularise and ensure a practical use for men and women of the Law on Equal Opportunities;
- Facilitate women’s integration into the business environment;
- Help overcome psychological problems caused by long-time unemployment;
- Stimulate women’s integration into social activities.
The measure will be implemented through the following activities:

- carrying out of a unemployed women’s needs assessment, taking into account various features within the district;
- establishment/upgrading of employment centres for women and training of staff;
- Elaboration of a strategy for women’s integration into economic and social life on the basis of the needs assessment and experience of already operating employment centres for women;
- preparation and implementation of activity programmes/projects, aiming at raising women’s education, qualification, leadership and self-confidence (i.e. professional training, computer, language courses, etc.);
- provision of psychological/social/legal advice services;
- stimulation of women’s creative activity (artistic weaving, patterns, drawing, etc.).

It is planned that under this measure the strategy for women’s integration into the social and economic life will be elaborated and implemented, 5 women employment centres established and 2 existing upgraded. It is estimated that during the project implementation, approximately 1000 women of the region will be involved in the activities provided by the centres. Also, psychological/social and legal advice will be provided for women.

### Indicative Breakdown of the Human Resource Development Fund resources by measure:

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of measure</th>
<th>Phare</th>
<th>State</th>
<th>Total MEURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Training for economic and social development</td>
<td>0.8</td>
<td>0.2</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Establishment of distance training system</td>
<td>0.9</td>
<td>0.3</td>
<td>1.2</td>
</tr>
<tr>
<td>3.</td>
<td>Establishment of women employment centres</td>
<td>0.175</td>
<td>0.125</td>
<td>0.3</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1.875</strong></td>
<td><strong>0.625</strong></td>
<td><strong>2.5</strong></td>
</tr>
</tbody>
</table>

[See Annex 4 for more detailed description of measures under the Human Resource Development Fund]

### 4. Institutional Framework

Project implementation will be in accordance with Phare’s “National Fund Operational Manual” and the Memorandum of Understanding on the National Fund, the key actors are:

**Joint Monitoring Committee** (consisting of the National Aid Coordinator, the National Authorizing Officer, the European Commission, secretariat - the Ministry of Foreign Affairs) shall evaluate the progress of implementation against set objectives, and endorse and make recommendations following discussion of monitoring reports.

**Monitoring Sub-Committee** (consisting of the National Aid Coordinator, National Authorizing Officer, CFCU, representatives of ministries concerned, representatives of Regional Project Implementing Units, secretariat - Ministry of Public Administration Reforms and Local Authorities - MoPARLA) - shall be responsible for evaluating implementation of “Social and economic cohesion” projects, ensuring compatibility with EU requirements, technical reporting to the Joint Monitoring Committee.

**Implementing Agency** will be the CFCU. However, in order to build up and strengthen the regional capacities with the county administration, the CFCU may delegate part of the responsibilities for project implementation to the regional project-implementing units (RPIU). The amount of responsibilities delegated will depend on the administrative capacities of the respective RPIU. As a rule, county governor’s administration shall be the RPIU. The RPIU is solely responsible for the management of the funds which will include technical sub-project implementation, organizational aspects of sub-project selection and tendering, progress reporting, and, if so agreed, handling accounting, initial verification of invoices, financial and technical
reporting and payment. The RPIU will report to the Monitoring Sub-Committee (through the Ministry of Public Administration Reforms and Local Authorities) and the CFCU. If so specified in the Agreement between the CFCU and the RPIU, fund management working groups may be formed. The tasks of the groups shall be specified in the respective agreement.

It is expected that after Lithuania’s accession to the EU Regional Policy Implementation Units (RPIUs) will become Managing Authorities for Regional Operational Programmes (ROP) under the Community Support Framework. However, their precise role shall depend on the structure and functions of the County Governors’ Administrations in the future. If Single Programming Documents, not CSFs are to apply to Lithuania, the RPIUs shall not be any longer needed.

**EC Delegation** in Lithuania shall endorse (ex-ante) project selection, tendering and contracting. In case no ex-ante control for procurement would be carried out by the Delegation from the year 2001, this function would be done by the CFCU in relation to the RPIU.

The detailed functions of these bodies are indicated in the Memorandum of Understanding on the National Fund and in the National Fund Operational Manual. In addition to these Phare mechanisms, a national structure will be established to ensure that political direction to regional development is in line with the National Development Plan. It will consist of the National Regional Development Council (NRDC) and the Regional Monitoring Committees (RMC).

Political responsibility at regional level will be provided by the RMC; it will consist of the mayors in the region, local civil servants and other social partners; it will be chaired by the County Governor in the region or an official delegated by him/her under his/her responsibility; if more than one county is represented in the region, the RMC shall elect the chairperson. The RMC will not be involved in the management of the regional projects; it will merely ensure that the regional activities meet the strategic objectives of the National Development Plan. Meetings of the RMC shall be called and minutes kept by the respective county administrations and report directly to the NRDC. The RMC shall decide the frequency of the meetings, which shall be at least once a quarter.

Should the County Governor/Director of the RDA so decide, subject to the inclusion of respective provisions in the Agreement between the CFCU and the RPIU, fund management working groups may be formed. Being composed of representatives of the county administration, the local governments, the ministries concerned, and, if necessary, independent experts, the fund management working groups shall carry out functions of evaluation and selection of applications, evaluation of project performance, etc. The precise range of functions of the working groups shall be specified in the agreement between the CFCU and the RPIU.

Detailed management and administrative structures of the Funds, application forms, procedures for calls for proposals and project selection etc. will be elaborated within the Operational Guidelines. These Operational Guidelines will be submitted to the EC Delegation for approval prior to the start of detailed project implementation and a call for proposals.
5. Detailed Budget (in million EUR)

<table>
<thead>
<tr>
<th></th>
<th>Phare</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Investment Support</td>
<td>Institution Building</td>
</tr>
<tr>
<td><strong>Business Development Fund</strong></td>
<td>4.125</td>
<td>4.125</td>
</tr>
<tr>
<td><strong>Human Resource Development Fund</strong></td>
<td>1.875</td>
<td>1.875</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6.0</td>
<td>6.0</td>
</tr>
</tbody>
</table>

6. Implementation Arrangements

6.1 Implementing Agency

The CFCU will be the Implementing Agency and will be responsible for contracting and overall financial management of the funds. The Implementing Agency may establish a Financing Agreement with Klaipeda Regional Development Agency (RDA) to delegate to the latter the contracting of the fund mechanisms.

The PAO will be the Director of the CFCU, Mr Z Pajarskas, Ministry of Finance J. Tumo-Vaizganto 8a, 2600 Vilnius; telephone: +370 2 61 19 32, fax: +370 2 22 53 35 and e-mail: efcu@takas.lt; the PO will be the County Governor.

6.2 Twinning

N/A

6.3 Non-standard aspects

The rules and procedures for the operation of each fund and their constituent measures, outlined in this fiche and annexes will be developed in detail with assistance from a short term adviser from the Technical Assistance Team to the National Aid Coordinator, plus via the 1999 Programme Project Preparation Facility. S/he will draft an Operational Manual describing the procedures for the operation and management of the funds, which will be revised by the Ministry of Public Administration Reform and Local Authorities and be submitted to the Commission for its approval by the August 2000.

6.4 Contracts

Number and size of the contracts within the two funds will depend on the outcomes of the calls for proposals/tenders.

7. Implementation Schedule

7.1 Start of tendering/call for proposals

Call for proposals 1Q/2001 and 1Q/2002

7.2 Start of project activity

Start of fund activity 2Q/2001

7.3 Project Completion

Last date of payment 3Q/2003
8. Equal Opportunity

All fund mechanisms will have equal access for women, men and disadvantaged groups. Relevant Managing Authorities and project contractors will ensure their participation. Every effort will be made to ensure equal access to project benefits. The principle of equal opportunity will be integrated into project selection criteria for all regional development measures under both funds. In addition, this principle will be applied to the composition of Regional Monitoring Committees. The relevant indicators for its monitoring and evaluation will be measured according to EC guidelines currently based upon Working Paper 3, Indicators for Monitoring and Evaluation: An indicative methodology (The New Programming period 2000-2006: methodological working papers).

9. Environment

All project applications with environmental effects should include a description of the major positive, negative and neutral environmental effects, information on environmental screening and other relevant information. If relevant, the Environment Protection Departments under the Ministry of Environment will exercise the environmental monitoring function through their representatives in the framework of Regional Monitoring Committees.

10. Rates of return

N/A.

11. Investment criteria

11.1 Catalytic Effect and Additionality:

Measures proposed under both the Business Development Fund and the Human Resource Development Fund correspond to the principle of catalytic effect. Neither national nor local authorities, which have public investment powers, foresaw the implementation of similar investment measures.

In their project applications project applicants should demonstrate the application of these principles, including catalytic and additional nature of private investment.

11.2 Co-financing:

Phare must use its grants to attract as much co-financing as possible from all sources.

The Community contribution may amount to up to 75% of the total eligible public expenditure. National and local authorities from their respective budgets of the year 2001 and other sources will earmark 25% of the total eligible public expenditure. Co-financing from central and local government should be endorsed by the Government and verified by the EC Delegation prior to the start of the project activity.

Project beneficiaries should make every effort to attract private co-financing from other sources. Under both funds projects will be evaluated, among other things, against the ability of project applicants to secure additional co-financing.

11.3 Project Readiness and Size:

Investment projects must comply with minimum project size requirements (2 MEURO). Phare will only finance projects once they are ready for contracting and when all necessary technical documentation have been completed. Therefore all project conditionalities (see Section 12 below) should be met in order to achieve full project readiness.
11.4 Sustainability:
Investment actions to be supported should be sustainable in the long term, i.e. beyond the date of accession. All projects must comply with EU norms and standards, be in line with EU sector policies and respect the principle of sustainable and environmentally sound development enshrined in Article 2 of the Amsterdam Treaty. They should be financially sustainable to cover future maintenance and operating costs. In their project applications project applicants should provide a detailed justification concerning the sustainability of project outcomes.

11.5 Compliance with state aids provisions
Investments must respect the state aids provisions of the Europe Agreement and national legislation.

12. Conditionality and sequencing
Conditionalities and key milestones of the project in terms of impact are:

- Operational Guidelines for the fund mechanisms, Terms of Reference for each measure and other fund documentation (including grant application forms) drafted and approved by the Government and endorsed by the EC Delegation
- Co-financing from central and local government endorsed by the Government and verified by the EC Delegation
- The Managing Authority contracted in each target region with specific tasks delegated from the CFCU, subject to approval by the Commission
- Legal basis for the NRDC and RMCs drafted and approved by the Government
- Personnel appointed to the NRDC, RMCs and Managing Authorities in each target region
- Function of internal control and audit established.
- Submission of first 6-month programme for each of the fund mechanisms by the Managing Authority
- First and subsequent meetings of the NRDC and RMCs in each target region
- JMC and RDMSC meetings
- After one year of implementation, achievements of all regional funds will be assessed. Based on this assessment, reallocations may take place among the various measures and/or among the various funds.
### Wider Objectives

**Indicators of Achievement**
- Increased economic growth potential
- Improved socio-economic characteristics
- Strengthened administrative capacities and established institutional framework for future management of the EC's Structural Funds

**Sources of Information**
- National and regional statistics
- Economic and financial appraisals
- EC assessment reports
- Commission’s Regular Reports of Lithuania's achievements

**Assumptions and Risks**
- National, regional / local authorities support sustainable regional development
- National public co-funding available
- Legal and administrative framework established

### Immediate Objectives

**Indicators of Achievement**
- BD and HRD Funds established / operational
- Viable development projects selected and implemented. Improved GDP in the region, reduced unemployment, increased FDI and increased exports originating in the region

**Sources of Information**
- Reports of the Managing Authorities
- Project information and reports
- National and regional statistics
- Evaluation missions
- Meeting of the Monitoring Committees

**Assumptions and Risks**
- All necessary fund documentation drafted / approved by Government; managing Authority contracted in each target region
- Personnel appointed to NRDC, RMCs and Managing Authorities
- Projects make significant impact

### Outputs

**The Business Development Fund:**
- Creation of new start-ups and promotion of entrepreneurship
- Promoting competitiveness of existing business enterprises
- Improvement of business and investment related infrastructure and environment

**The Human Resource Development Fund:**
- Training for Economic and Social Development
- Creation of distance training system
- Creation of women employment centres

**Indicators of Achievement**
- Business Development Fund: 1500 inhabitants get start-up training; 200 new enterprises established; 700 enterprises get training/support; 25 innovative projects implemented; FDI increased; tourism strategy prepared; several pilot projects implemented
- Human Resource Development Fund: 2300 beneficiaries completed training courses; 2 distance training centres, 9 training terminals and 3 internet cafés established / equipped; 500 persons trained; women’s integration into social/economic life (5 new employment centres; employment centres for women in Kretina and Taurage upgraded - 1,000 women involved)

**Sources of Information**
- Project reports, databases
- Surveys
- Meetings of Monitoring Committees Evaluation

**Assumptions and Risks**
- Adequate project preparation capacity
- Adequate take-up capacity for fund measures
- Adequate project implementation and monitoring capacity
- Co-operation of institutions and partners involved
- Proper co-ordination of activities

### Inputs

**Phare assistance: 6.0 MEUR**

**National public co-funding: 2.0 MEUR**

**Implementation and monitoring activities**

**Indicators of achievement**
- Calls for proposals launched
- Projects evaluated and selected by the Managing Authority
- Funds committed and disbursed
- Other implementation and monitoring activities take place

**Sources of information**
- PERSEUS database
- Contracting and disbursement information
- Project reports
- Evaluation

**Assumptions and risks**
- Availability of skilled staff
- Timely provision of inputs
- Proper planning and implementation of activities
### Annex 2

#### Detailed Implementation Chart for the Project - LT 0009-01

<table>
<thead>
<tr>
<th>Economic And Social Cohesion &amp; Pilot Regional Development in the Klaipeda/Taurage target region</th>
<th>Year 2000</th>
<th></th>
<th>Year 2001</th>
<th></th>
<th>Year 2002</th>
<th></th>
<th>Year 2003</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare legal background for regional co-financing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guidelines for the fund mechanisms approved by the EC Delegation</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-financing endorsed by the Government/verified by the EC Deleg.</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Authority contracted with specific tasks delegated from the CFCU and Financial approved by the Commission</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal basis for the NRDC and RMC approved by Government</td>
<td>X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel appointed to NRDC and RMC</td>
<td>X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deadline for submission of 6-month programme for each of the fund mechanisms</td>
<td>X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Call for proposals launched for both funds</td>
<td>X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project selection deadline</td>
<td>X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts signed and grants allocated through both funds</td>
<td>X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First and subsequent meetings of NRDC and RMC</td>
<td>X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JMC and RDMSC Meetings</td>
<td>X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final payments</td>
<td>X X X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Cumulative Quarterly Contracting Schedule (MEUR)

Cumulative Quarterly Contracting Schedule by Fund and Measure (MEUR)

<table>
<thead>
<tr>
<th>Project</th>
<th>4Q/00</th>
<th>1Q/01</th>
<th>2Q/01</th>
<th>3Q/01</th>
<th>4Q/01</th>
<th>1Q/02</th>
<th>2Q/02</th>
<th>3Q/02</th>
<th>4Q/02</th>
<th>1Q/03</th>
<th>2Q/03</th>
<th>3Q/03</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Development Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.06</td>
<td>2.06</td>
<td>2.06</td>
<td>2.06</td>
<td>4.13</td>
<td>4.13</td>
<td></td>
<td>4.13</td>
</tr>
<tr>
<td>Human Resource Development Fund</td>
<td>0.94</td>
<td>0.94</td>
<td>0.94</td>
<td>0.94</td>
<td>1.88</td>
<td>1.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.88</td>
</tr>
<tr>
<td>Total</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>6.00</td>
<td>6.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.00</td>
</tr>
</tbody>
</table>
**Cumulative Quarterly Disbursement Schedule (MEUR) – LT 0009-01**

<table>
<thead>
<tr>
<th>Project</th>
<th>4Q/00</th>
<th>1Q/01</th>
<th>2Q/01</th>
<th>3Q/01</th>
<th>4Q/01</th>
<th>1Q/02</th>
<th>2Q/02</th>
<th>3Q/02</th>
<th>4Q/02</th>
<th>1Q/03</th>
<th>2Q/03</th>
<th>3Q/03</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Development Fund</td>
<td>0.41</td>
<td>0.96</td>
<td>1.51</td>
<td>2.20</td>
<td>2.96</td>
<td>3.58</td>
<td>3.58</td>
<td>4.13</td>
<td>4.13</td>
<td>4.13</td>
<td>4.13</td>
<td></td>
<td>4.13</td>
</tr>
<tr>
<td>Human Resource Development Fund</td>
<td>0.19</td>
<td>0.44</td>
<td>0.69</td>
<td>1.00</td>
<td>1.34</td>
<td>1.63</td>
<td>1.63</td>
<td>1.88</td>
<td>1.88</td>
<td>1.88</td>
<td>1.88</td>
<td></td>
<td>1.88</td>
</tr>
<tr>
<td>Total</td>
<td>0.60</td>
<td>1.40</td>
<td>2.20</td>
<td>3.20</td>
<td>4.30</td>
<td>5.20</td>
<td>5.20</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td></td>
<td>6.00</td>
</tr>
</tbody>
</table>
The Business Development Fund

Measure 1: Creation of new business start-ups and promotion of entrepreneurship

Objectives

General:
To facilitate the establishment of new businesses in the region

Specific:
To improve the business environment in the region
To promote the co-operation between SMEs and large enterprises
To diversify the structure of economic activity in the region

Description of eligible activities

Following activities are eligible under this measure:

- actions raising awareness, promoting more positive attitudes towards entrepreneurship, featuring success stories and outlining the ways to start new businesses
- business advisory services aimed at promoting entrepreneurship for regional residents and new business start-ups
- assistance to the development of informal business advice and support system, including ‘peer-groups’, business clubs, business angels networks
- analysis and assistance to the development of SME-related administrative systems in local municipalities
- pre-start-up support facility: feasibility studies preceding the establishment of new companies, other studies related to the identification of new business opportunities in the region and business plans for new business start-ups associated with applications for business development grants/loans
- start-up support facility: start-up/investor matchmaking, start-up costs, manager and employee training, actions supporting innovative activities in SMEs
- assistance to the development of business advisory system and business support structures in the region, in particular assistance to the development of business advisory and support centres in different municipalities of the region providing ‘one-stop-shop’ support services for new business start-ups
- networking and co-operation between large enterprises and new SMEs, including actions facilitating sub-contracting, spin-offs from large enterprises

Project selection priorities

The projects will be evaluated against such priorities.
- projects that are most likely to create high number of jobs
- projects that are most likely to continue for a substantial period after assistance had been given
- projects attracting additional funding
- projects involving more than one or two individual enterprises
- projects complementing other assisted projects
- projects respecting principles of equal opportunity and sustainable development
- projects involving areas outside the Klaipeda city

Priorities with regard to the selection of service providers:
- competence and experience of service providers
- service providers offering new training programmes
- consortiums involving regional service providers
- capacity of service providers to carry out business advisory/training activities in the region
- well balanced team of trainers
- detailed training implementation plan

*Outputs, results and impact*

Outputs:
- 1500 inhabitants having received assistance under this measure
- 200 new enterprises established in the region

Results:
- increasing private investment in assisted enterprises
- increasing flow of FDI into the region
- regional enterprises becoming new exporters

Impact:
- increasing export sales in turnover of assisted enterprises
- increasing values added of assisted enterprises
- employment created and safeguarded in the region
- increasing the regional share in the national GDP

*Main beneficiaries*

Regional population, new business enterprises, current and future entrepreneurs

*Financing*

1.5 MEUR
Measure 2: Promoting competitiveness of existing business enterprises

Objectives
General:
To facilitate the sustainable operation of existing business enterprises in the target region
Specific:
To lower the failure rate of existing business enterprises
To improve the competitiveness of existing business enterprises both domestically and internationally
To assist business enterprises developing new technologies and products as well as entering new export markets

Description of eligible activities
Under this measure, support will be provided for the following eligible activities:
• support for the implementation of quality/environmental management systems, promotion of quality standards (pilot ISO 9000 & 14000)
• support for export initiatives, including organisation of and participation in trade fairs, exhibitions and conferences, feasibility studies, market research
• business advisory services and consulting activities for existing business enterprises
• promotion of international co-operation to facilitate exporting, sub-contracting, joint ventures, etc.
• technology and innovation audits for regional business enterprises
• support to the introduction of new products and processes, including actions to inform regional business enterprises about new technological developments as well as external assistance and advice in introducing new products and processes
• assistance to the exchange of innovative practices amongst SMEs and larger businesses in the region
• assistance to the development and introduction of modern IT in regional business enterprises (Internet, e-commerce, etc.)
• support for the co-operation between regional business enterprises as well as training and research institutions located within the region

Project selection priorities
The projects will be evaluated against the following sets of criteria:
General:
- projects that are most likely to create high number of jobs
- projects that are most likely to continue for a substantial period after assistance had been given
- projects attracting additional funding
- projects involving more than one or two individual enterprises
- projects complementing other assisted projects
- projects respecting principles of equal opportunity and sustainable development
- projects involving areas outside the Klaipeda city
Special:
- projects involving networking and co-operation between SMEs and larger companies
- projects assisting higher internationalisation and export-orientation of enterprises
- projects involving new environmental and quality management instruments

Priorities with regard to the selection of service providers:
- competence and experience of service providers
- service providers offering new training programmes
- consortiums involving regional service providers
- capacity of service providers to carry out business advisory/training activities in the region
- well balanced team of trainers
- detailed training implementation plan

Outputs, results and impact

Outputs:
- 700 regional business enterprises having received business advisory services and training
- 25 projects that are eligible under this measure carried out

Results:
- increasing private investment in assisted enterprises
- increased competitiveness of regional business enterprises
- increased exports in the region
- regional enterprises becoming new exporters

Impact:
- increasing export sales in turnover of assisted enterprises
- increasing values added of assisted enterprises
- employment created and safeguarded in the region
- increasing the regional share in the national GDP

Main beneficiaries
Regional business enterprises

Financing
2.0 MEUR
Measure 3: Improvement of business and investment related infrastructure and environment

Objectives
General
To improve the economic infrastructure and services in the region
Specific
To increase the FDI inflows to the region
To improve the transport related infrastructure in the target region
To establish pre-requisites for the development of tourism-related infrastructure in the region

Description of eligible activities
Under this measure, support will be provided for the following activities:
- support for the identification of greenfield and brownfield investment sites as well as business premises
- technical studies and other documentation associated with the development of greenfield and brownfield investment sites/business premises, implementation of pilot projects
- assistance to the improvement of transport-related infrastructure, including feasibility study and investment dossier for the logistics centre, events and activities to attract investors/operators to the centre
- assistance to the preparation of tourism development strategy and other documents necessary for its implementation (pre-feasibility and feasibility studies, detailed lay-out schemes for tourism infrastructure objects and other technical studies)
- a number of pilot projects in the area of tourism associated with the tourism development strategy

Project selection priorities
The projects will be evaluated against general and specific priorities.
General
- projects that are most likely to create high number of jobs
- projects that are most likely to continue for a substantial period after assistance had been given
- projects attracting additional funding
- projects complementing other assisted projects
- projects respecting principles of equal opportunity and sustainable development
Special:
- projects establishing preconditions for the implementation of transport and tourism-related infrastructure projects
- projects involving areas outside the Klaipeda city

Outputs, results and impact
Outputs:
- feasibility studies for FDI related initiatives prepared, with pilot projects carried out
- feasibility study and investment dossier for the logistics centre prepared, letters of intent with possible investors/operators signed

1 The site for the Logistics Centre shall be identified and concrete feasibility study shall be prepared on the competitive basis. Applications for this assistance can be submitted by entrepreneurs/organizations – beneficiaries.
- tourism development strategy prepared
- a number of pilot projects associated with the tourism strategy carried out

Results:
- Increased amount of FDI in the region
- Improved economic infrastructure in the region
- Improved transport related infrastructure
- Increased tourism activities in the region

Main beneficiaries
County administrations of the target region, regional municipalities, regional business enterprises, transport and tourism companies

Financing
2.0 MEUR
Human Resource Development Fund

Measure 1: Training for Economic and Social Development

Background
Although there is a quite well developed network of vocational, higher and high training institutions - 16 vocational schools, 8 higher school, 1 university , fast changing economics, application of advanced technologies, sudden changes of business environment create conditions for one kind of employers to reduce the number of jobs, for another - to create new ones. Fast changing situation requires a constant knowledge renovation and improvement. Raising of qualification, requalification becomes an integral part of work prevention..

Objectives:
- to create the necessary conditions for the unemployed and those in danger of becoming unemployed to acquire desirable and perspective occupations;
- to improve actual labour market qualification taking into account the changes in the labour market and technologies;
- to satisfy the needs of employers by training employees and giving them an opportunity to acquire an occupation and the necessary qualification;
- to decrease the level and duration of unemployment in the Klaipeda-Taurage target region;
- to facilitate the creation of new jobs.

Description of eligible activities:
The priorities of this measure will be achieved through the following activities:
- carrying out of a regional labour market need analysis through labour demand and supply surveys and elaboration of employment programmes and recommendations for training;
- elaboration of training and re-qualification programmes and delivery of training for the unemployed;
- elaboration of training and skills improvement programmes and delivery of training for employees in order to meet labour market demands;
- establishment of sound and easily accessible labour information data bases, facilitating the meeting of employers and potential employees;
- consultancy and advising on staff recruitment for employers and employees;
- provision of psychological advise services for the unemployed and those in danger of becoming unemployed.

In order to avoid an overlap of activities, close co-ordination with the programmes and projects implemented by regional labour exchange and labour market institutions must be ensured.

Project selection criteria:
The following criteria will guide the selection of requests:
- projects involving a high number of participants;
- projects that are most likely to lead to new employment;
- projects that can be executed by vocational training/labour market institutions based within the Klaipeda-Taurage target region;
- projects involving reskilling of youth, women, the disabled and long-term unemployed;
- projects involving reskilling of employees employed in regional companies facing job loses.
- projects attracting additional funding;
- projects involving participants outside the Klaipeda City area;
- projects respecting the principles of equal opportunity and sustainable development.

Priorities with regard to the selection of service providers:
- competence and experience of service providers;
- service providers offering new training programmes
- consortiums involving regional service providers;
- capacity of service providers to carry out business advisory/training activities in the region
- well-balanced team of trainers;
- detailed training implementation plan.

Outputs, results and impact

Outputs:
- the studies of the trends of regional labour market development carried out. New training programs, based on the result of the studies elaborated.
- 2300 persons in the Klaipeda-Taurage target region having completed training courses with the priority given to those living outside of Klaipeda city. The breakdown of trainees is planned to be as follows:
  - socially disadvantaged - 300 (up to 100% of all training costs will be covered by the Human Resource Development Fund);
  - employees - 1000 (up to 80% of all training costs will be covered by the Human Resource Development Fund);
  - unemployed - 2000 (up to 100% of all training costs will be covered by the Human Resource Development Fund).
- labour information data bases introduced (accessible on the Internet) and regularly updated;

Main results:
- skills and qualification of regional working force improved and better adapted to market demands;
- improved employment opportunities in the region;
- high satisfaction rate of beneficiaries.

Impact:
- unemployment level reduced and new employment created and safeguarded;
- increased placement rate of beneficiaries into permanent employment;
- reduction of long-term unemployed of women and youth;
- higher integration of socially-disadvantaged people into the labour market;
- higher productivity of regional business enterprises as a result of increased skill levels;
- new businesses launched by project beneficiaries.

Main beneficiaries
Regional labour force, regional business enterprises.

Financing

1.0 MEUR

The average cost for one person training is 250 EUR taking into account various training costs for different professions and inflation rate.
Measure 2. Establishment of distance-learning training system in Klaipeda-Taurage target region

Background

The main economic activities of the Klaipeda-Taurage target region are concentrated in Klaipeda city and its immediate surroundings (49 percent of the region’s enterprises are located in Klaipeda city). Main training institution are also located in the city, thus limiting the opportunities of people living in more remote districts to get access to the educational, training and re-skilling activities provided by these institutions. For the rest of the population (non-Klaipeda City inhabitants) the establishment of 2 distant training centers is necessary with the purpose to improve the qualification of the inhabitants, increase their knowledge and to integrate these people into the society. It is planned that these centers in Klaipeda Labour Market Education Center and Tauragė School of Agriculture will be established. Also the terminals and internet cafes in Tauragė, Jurbarkas, Šilalė, Šilutė, Kretinas, Palanga, Skuodas and Gargždai will be established. Klaipėda Labour Market Education Center and Tauragė School of Agriculture are the most suitable places for the establishment of the distant training centers. Klaipėda Labour Market Education Center was selected because:

1) it has a good technical basis which is conditionally adapted for the needs of the project and must only to be renewed;
2) all the information from all labour markets of the region is accessible;
3) well-qualified staff of the center with the good potential capacities to organize the activities of the project in Tauragė and Klaipėda counties.

Tauragė School of Agriculture was also selected as a location for implementation of the project because it has an adapted technical basis. Meanwhile, a regional computer center in Tauragė School of Agriculture is under establishment.

In addition, 9 learning terminals (in Šilalė; Smalininkai Higher Education School; Kretinas Higher Agriculture School; Skuodas at the labour market; Šilutė, Palanga, Klaipėda School of Builders and Klaipėda Higher Technical School; and Gargždai) and 3 internet cafes (in Žemaicių Naumiestis Polytechnical School; Jurbarkas Teacher Education Center and Pažėris School of Agriculture) will be established, where the inhabitants of the region could get an access to the internet and the training courses.

At present two distant training centers – in Vilnius and Kaunas – are established. But the distant training programmes in these centers are adapted only to the needs of University level education. The qualification of the labour market on the 2nd, 3rd and 4th levels is not the focus of these centers. And with the introducing of the distant training system in Klaipėda and Tauragė counties the new possibilities for the lower education level will be found. It will serve as a method for the increased qualification and requalification of the participants of the labour market, education of the unemployed and disadvantaged social groups and will help to acquire a profession in labour markets, higher and VET schools.

The essence of rapidly developing a distance training system is the distribution of knowledge and skills throughout the electronic network. This method would enable improving the accessibility to the training and qualification and skills raising activities of the rest of the population as well as increasing the number of trainees getting labour market demand orientated training. The distance training system will provide:
- geographically unlimited accessibility;
- unlimited use in respect of intensity and time;
- quick and simple control of knowledge and skills acquired.
Objectives:

General:
- to improve the qualification and professional skills of the region’s population living outside of Klaipeda city through the establishment of a sound distance training system

Specific:
- to ensure accessibility to training and education irrespective of place of residence;
- to create suitable conditions of improving skills or changing qualifications without leaving the job and place of residence;
- to create suitable conditions for disadvantaged social groups enabling them to acquire an occupation, improve qualification or re-qualification;
- to facilitate the return of the unemployed to the labour market.

Description of eligible activities:

The measure will be implemented through the following activities:
- market research and identification of in-great-demand programmes which could be transformed into a modular distance training form (I, II quarter, from the beginning of the programme implementation);
- transformation of the actual in-great-demand programmes into distance training form (III quarter of year 2001, from the beginning of the programme implementation);
- preparation of new distance training form professional training programmes (IV and V quarter from the beginning of the programme implementation);
- creation of a knowledge evaluation, verification and recognition system (III, IV quarter from the beginning of the programme implementation);
- establishment of physical infrastructure for distance training (V, VI quarter from the beginning of the programme implementation);
- formation and training of distance learning teachers and trainers (VI quarter from the beginning of the programme implementation);
- renovation/updating of technical and technological bases (VI, VII quarter from the beginning of the programme implementation);
- activities, promoting distance training (information campaigns, seminars, project demonstration, publicity, etc.) (VII, VIII quarter from the programme implementation);
- running of distance training system (IX, X quarter from the beginning of the programme implementation).

The preliminary structure of means (in per cent) for the programme implementation is the following:

1. Monitoring of market demands for professional training by multimedial form: 13 %
2. The transposition of actual programmes to the multimedial form: 10 %
3. The preparation of new training modules by using multimedial form or transformation of the functioning models: 31 %
4. The creation of physical infrastructure for the multimedial training: 25 %
5. Training of staff: 16 %
6. The running of distant training system: 5 %

Priorities with regard to the selection of service providers:

- competence and experience of service providers;
- experience in using distance training utilities;
- service providers offering new training programmes and ‘user-friendly’ technologies;
- consortiums involving regional service providers;
- capacity of service providers to carry out training activities in the region;
- well-balanced team of trainers;
- detailed training programme and time-schedule.

**Outputs, results and impact**

- **Outputs:**
  - The establishment of two distant training centers in Klaipėda Labour Market Education Center and Tauragė School of Agriculture;
  - The establishment of 9 distant training terminals in Šilutė, Smalininkai Higher Education School; Kretininga Higher Agriculture School; Skuodas at the labour market; Šilutė, Palanga, Klaipėda School of Builders and Klaipėda Higher Technical School; and Gargždai;
  - The establishment of 3 internet cafes in Žemiaių Naumiestis Politechnical School, Jurbarkas Teachers Education Center and Pajūris School of Agriculture.

- knowledge evaluation, verification and recognition system established and certified (adopted);
- public information campaign carried out;
- 500 persons trained.

- **Main results:**
  - increased opportunities for population of the region to receive required training;
  - skills and qualification of regional working force improved and better adapted to market demands;
  - improved employment opportunities in the region;
  - high satisfaction rate of beneficiaries;
  - if the effectiveness of introducing of the distant training system proves correct and if the possibility to get further Phare assistance remains, it is planned to further develop the distant training system by the establishing new internet cafes in the most towns, involving the larger enterprises of the region and by using an existing training programmes.

**Impact:**

- more favourable conditions for new employment;
- equal opportunities to get necessary training for regional population living in Klaipeda city and surrounding areas;
- higher productivity of business enterprises outside of Klaipeda city as a result of increased skill levels;
- higher integration of socially-disadvantaged people into the labour market;
- new businesses launched by project beneficiaries.

This project was prepared taking into consideration Your suggestions and comments, the recommendations of the key actors of the Klaipeda and Tauragė counties, the Ministry of Education and the Ministry of Social Security and Labour.

**Main beneficiaries**

Regional labour force, regional business enterprises.

**Financing**

1.2 MEUR
**Measure 3: Establishment of Women Employment Centres in Klaipeda, Skuodas, Silute, Silale, Jurbarkas improvement of already existing centres in Kretinga and Taurage**

**Background:**

In accordance with national statistics, women’s salary rates are approximately 1.4 times lower than those of men occupying the same positions. Despite equal qualifications and experience, men usually have better employment opportunities.

Aiming at ensuring equal employment opportunities for both sexes, in addition to the establishment of a legal basis, major efforts must be made to integrate women into the business environment, increase their self-confidence and leadership.

In 1998, in the Klaipeda-Taurage target region, women constituted 55 percent of all of the unemployed of the region (national average - 49 percent). Obviously, if no measures are taken, quick changes in the labour market can not be expected. Due to social and financial problems, unemployed women often face psychological problems such as depression, lose of self-confidence, and isolation from society.

Establishment of employment centres for women would stimulate women’s integration into the business environment, introduce new employment opportunities, and solve unemployment problems. It would also form a strategy for women’s employment, education, independence, raising of leadership in the region, popularise and help to put the Law on Equal Opportunities into practice.

**Objectives:**
- to elaborate and implement the strategy of women’s employment, education, independence, and raising leadership in the Klaipeda-Taurage target region;
- to popularise and ensure a practical use for men and women of the Law on Equal Opportunities;
- to facilitate women’s integration into the business environment;
- to help overcome psychological problems caused by long-time unemployment;
- to stimulate women’s integration into social activities.

**Description of eligible activities:**

The measure will be implemented through the following activities:
- carrying out of a unemployed women’s needs assessment, taking into account various features within the district;
- establishment/upgrading of employment centres for women and training of staff;
- elaboration of a strategy for women’s integration into economic and social life on the basis of the needs assessment and experience of already operating employment centres for women;
- preparation and implementation of activity programmes/projects, aiming at raising women’s education, qualification, leadership and self-confidence (i.e. professional training, computer, language courses, etc.)
- provision of psychological/social/legal advice services;
- stimulation of women’s creative activity (artistic weaving, patterns, drawing, etc.).

**Project selection criteria:**

The following criteria will guide the selection of requests:
projects involving high number of participants;
- projects involving experience of already operating employment centres for women in Lithuania and abroad;
- projects promoting co-operation and implementation of common activities with analogous institutions;
- projects that are most likely to lead to new employment;
- projects attracting additional funding.

Priorities with regard to the selection of service providers:
- competence and adequate experience of service providers;
- service providers offering innovative training programmes;
- consortiums involving regional service providers;
- well-balanced team of experts/trainers;
- detailed activity implementation plan.

Outputs, results and impact

Outputs:
- needs assessment carried out;
- strategy for women’s integration into the social and economic life elaborated and implemented;
- 5 employment centres for women established (in Klaipeda, Skuodas, Silute, Jurbarkas and Silale);
- 2 employment centres for women (in Kretinga and Taurage) upgraded;
- 1 000 women are expected to be involved in the activities of the centres.

Main results:
- improved possibilities for regions’ women to integrate into the business environment;
- improved women’s skills and qualifications and strengthened personal qualities such as leadership and self confidence;
- more active involvement of women in social life;
- improved social partnership relations.

Impact:
- reduction of women’s unemployment level;
- increased placement rate of beneficiaries into permanent employment;
- higher integration of the socially-disadvantaged part of the population into the labour market;
- improved ‘social health’ conditions for the region’s women;
- higher productivity of regional business enterprises as a result of increased skill levels;
- new business initiatives launched by women.

Main beneficiaries
Unemployed women of the target region, regional business enterprises

Financing
0.3 MEUR
Activities linked to National Regional Development Project in the Klaipeda target region
LI 2000-H-01

1. Related regional development projects
1.1 PHARE assisted projects

- Phare Regional Development Project in Klaipeda and Kaunas counties
- Phare Regional Development Project in Vilnius, Šiauliai and Panevežys counties
- Phare Institutional Strengthening project
- SPP – ESF horizontal programme in Lithuania
- SPP Technical Assistance Project
- SPP Twining Project
- SPP Klaipeda Pilot Project
- Klaipeda Region Public Administration Infrastructure Reforms in the perspective of preparation for EU Accession
- Regional Youth Policy in Lithuania
- Basic Course on Andragogy and Preparation for Development of Adult Educational Centres in the Ten Counties of Lithuania
- The south East Baltic – Future Transport Pattern and the TEM/TER Development Zone
- LITLA: Co-operation for Expansion of Economic, Public and Cultural Ties
- Establishment of Co-ordination Centre
- Co-operation of the Border Schools
- Education of Local Government Staff in Project Management and EU Integration
- Reinforcement of Institutional and Administrative Capacity

EU PHARE national programme is the most important source of technical and investment assistance to Lithuania. The overall objective of PHARE support to regional development is based on the founding principles of the EU, namely the promotion of harmonious and balanced development of economic activities, based on a high level of employment and social protection and economic and social cohesion and solidarity among Member States. While PHARE has financed activities in the field of economic and business development and labour-market and skills development since its beginning, as Lithuania has transformed its market economy, so a recent emphasis for PHARE has been placed on the promotion of economic and social cohesion.

PHARE has provided assistance, throughout its existence, at national, county and local levels, with the provision of extensive training relating to the planning/programming process, plus project preparation and appraisal. However, starting with the 1997 PHARE Programme, PHARE’s emphasis has changed, with the planning of national and regional development now modelled on the EU’s Structural Funds.

The PHARE "Institutional Strengthening" project assisted Lithuanian institutions in the initial phase of preparation of the National Development Plan. The EU and national project experts provided on the job training to Lithuanian officials on programming methodology for the EU Structural funds, on interpreting operational guidelines for EU pre-accession assistance, helped to aggregate the inputs of Lithuanian institutions and to do the technical drafting of the document.
The **SPP for the European Social Fund** (SPP – ESF) has provided training to Lithuanian civil servants mostly at the national level. The training encompassed European Employment Strategy, general and operational aspects of European Social Fund, experience of implementation of European Employment Strategy in the EU Member States. Part of the programme was also targeted at the local level and assisted in the preparation of the current ESF-type projects proposed to be financed from PHARE socio-economic cohesion component.

The **SPP Klaipeda Pilot Project** will be located in the Klaipeda County. It will develop local and regional partnerships needed to prepare development plans and fundable projects in accordance with the requirements of EU Structural Funds. The project will include a substantial training element and awareness raising on EU Structural Funds.

The **SPP TA (Technical Assistance)** Project of the SPP will assist to strengthening national structures for implementation of national regional policy, administration of EU pre-accession structural assistance instruments in Lithuania (PHARE, ISPA, and SAPARD), developing programming and evaluation capacities for the management of pre-accession instruments, examining legal framework, and establishing the system of sound financial management.

The **SPP Twinning** component has also started and brings technical assistance to Lithuanian administration directly from the administrations of EU Member States - Finland and Germany. The Pre-accession advisers and short-term experts from the Member States will provide assistance in programming for EU pre-accession instruments, and will consult and provide on the job, and regular training to Lithuanian civil servants at all the levels of administration, which will be involved in performing different functions in managing EU pre-accession instruments. The Twining component will contain an extensive training package, which will be oriented towards strengthening programming and project management capacity at central and regional levels.

Completion of implementation of all SPP components will help finalize the preparation of Lithuanian public administration and social and economic partners for the EU pre-accession instruments and will ensure effective and efficient use of public and private investment funds to further social and economic cohesion in Lithuania as well as to bring Lithuania closer to EU economic and social welfare standards.

**PHARE Project Preparation Facility** (2 MEUR) will aim at providing technical assistance needed by Lithuanian regions for effective and sound investment in social and economic cohesion (projected start of the project in 2001). The target regions may benefit from this facility by receiving short term and twinning expertise inputs, tailored to strengthen the implementation of their programming, evaluation, sound financial management and monitoring functions.

Three **BPF** co-funded projects in the area of Urban & Regional Services & Policies and Local & Regional Democracy were implemented in the target region.

Project ‘**Klaipeda Region Public Administration Infrastructure Reforms in the perspective of preparation for EU Accession**’, aiming and supporting and improving the regional planning and policy formulation process in Klaipeda. The EU partners (Frederiks-borg Municipality and Hiller Municipality (DK)) transferred know-how and experience of management of the EU structural funds through a number of workshops.

Project ‘**Regional Youth Policy in Lithuania**’, aiming at developing regional youth policy allowing the meeting of educational, cultural and social needs of youth in four Lithuanian counties. Klaipeda county was represented by Kretinga municipality. Danish experts trained 12 person as consultants on youth policy formulation.

Project ‘**Basic Course on Andragogy and Preparation for Development of Adult Educational Centres in the Ten Counties of Lithuania**’. Lithuanian Ministry of Culture and Education, three Lithuanian counties (including Klaipeda) and county of Funen (DK) participated in the project. The
project aimed at developing and making acceptable new teaching methods for adult education (a course on andragogy) through research and delivery of courses for teachers, principals of schools and county education inspectors.

The project ‘The south East Baltic – Future Transport Pattern and the TEM/TER Development Zone’ is being funded by PHARE/INTERREG. The objective of this project is to promote the use of transport corridors, modes and technologies that support a sustainable economic and social development of the regions involved. Project partners: Klaipeda and Kaunas counties (LT), Vaxjo municipality (S).

Three CREDO funded projects in economic development and socio-cultural co-operation were implemented in the region: in 1997 - the project ‘LITLA: Co-operation for Expansion of Economic, Public and Cultural Ties’ in the Lithuanian-Latvian border region; in 1998 – two Lithuanian-Kaliningrad common projects: ‘Establishment of Co-ordination Centre’ in order to solve common problems in the areas of economic development, environment, spatial planning, social service, culture, education and national minorities; and ‘Co-operation of the Border Schools’ of Taurage county and Kaliningrad region.

The project ‘Education of Local Government Staff in Project Management and EU Integration’, aiming at strengthening regional development project preparation capacities, was approved for Phare CBC funding in 1997. During the first phase of the project, three training sessions were held in 1999, training 90 people from each of the 56 municipalities and 10 county administrations in project identification and management, regional and SME development and municipal communal services management. The second phase of the project aims at further training of the local and regional government of the target regions in regional planning and development, preparation and management of regional programmes and projects. Training sessions in each target region will be held in March 2000.

In 1998, the project ‘Reinforcement of Institutional and Administrative Capacity’ was approved for Phare CBC funding. The project aims at increasing the administrative capacity within Lithuania for the sound management of programmes and projects in the public sector and increase the ability to participate in inter-regional co-operation, and, in particular, to develop the management skills of people responsible for the Phare Programmes and projects in Lithuania. The activities under this project will be carried out in the year 2000.

1.2 Bilaterally assisted projects

- Danish bilateral aid project “Establishing Regional Structures”
- Danish bilateral aid programme for Taurage and Telsiai Counties

The Danish bilateral aid project “Establishing Regional Structures” has provided assistance for the training of Lithuanian officials from all the 10 counties in the area of EU Structural funds, regional development, programming, roles and interaction of national, regional and local authorities in the course of programming, monitoring and implementation of regional development programmes with particular emphasis on Danish experience.

2 Business development projects assisted by PHARE

- PHARE Regional Property Development Fund Project
- PHARE SME Development Project

All business infrastructure development activities/loans to be carried out through the PHARE assisted Regional Property Development Fund (5 MEUR) are ineligible under the PHARE Social and Economic Cohesion support:

- provisions of services and infrastructure of a greenfield site in public ownership;
• clearing (including the removal of environmental dereliction) and upgrading brownfield sites in public ownership;
• building small manufacturing units on greenfield sites in public ownership; and
• renovating, converting or upgrading existing buildings in public ownership for industrial, commercial use, service, etc).

Investment in infrastructure supported by Regional Property Development Fund in Klaipeda/Taurage target region will be complementary to PHARE Social and Economic Cohesion investment for the implementation of Klaipeda/Taurage regional development priorities. This will be ensured through the amendment of funding priorities and the presence of National Regional Development Institution (Ministry of Public Administration reforms and Local Authorities) in the Board of the Regional Property Development Fund.

The PHARE SME Development Project (0.9 MEUR) will provide support to SMEs through the following five measures:

• New Start and Outreach Programme.
• Business Growth Programme.
• Business Incubator Support.
• Supplier Development Programme.
• Institutional Building and Sectoral Initiatives.

Some overlap between the SME Development Project project and the PHARE Social and Economic Cohesion Support project is inevitable (in particular in relation to the Measure No. 1 and 2) and even necessary in order to capitalize on the achievements of the SME Development Project in the target regions. There will be no overlap between these two projects in terms of timing - the SME Development Project will be completed in 4Q 2000, whereas the actual implementation of the PHARE Social and Economic Cohesion Project will not start until 1Q 2001.

3 VET and labour market development projects

- EU PHARE programme for the development of the labour market training system
- EU PHARE Programme for Vocational Training and Education Reform in Lithuania
- Project for Dissemination of the Results from PHARE VET Reform Programme’94
- PHARE multi-country distance education programme
- PHARE assistance to establishment of Lithuanian Institute of Management
- EU PHARE technical assistance programme for National Observatory in Lithuania
- Phare 2000 project Preparation for Participation in European Employment Strategy

EU PHARE assistance to Lithuanian VET and labour market training system started as early as 1993. In 1993-94, the EU PHARE programme for the development of the labour market training system of (2 MEUR) was implemented. The PHARE funds (2 MEUR) and the support from the Government of Denmark were joined together; thus created conditions to the LLMTA to upgrade qualification of the labour market training centers’ trainers, to renew equipment of training centres, to draft the modular structure of training, and to design the training modules.

A particularly strong impulse to VET reform has been given by the EU PHARE Programme for Vocational Training and Education Reform in Lithuania, which started in 1995. The general objective of this programme was to assist the Government of Lithuania in modernising and reforming the secondary and adult vocational education and training system as the key elements in
the social and economic reform process. PHARE VET reform programme has assisted in preparation of the White Paper on VET, which was the first official document that expressed the necessity to introduce the non-university higher education sector, and proposed to form this sector through the further development of the existing college-type schools. Directly, the programme has influenced less than 20% of all the vocational training and education institutions (12 vocational schools, 12 college type schools and 3 labour market training centres), indirectly, it has stimulated the entire system.

The project “Dissemination of the PHARE VET Reform Programme’94” is designed for those vocational and college-type schools that had no possibility to participate in the PHARE programme. It has been planned to organise 52 seminars, 24 of which will be designed for managers, other 28 for teachers. During the seminars 12 specially trained teachers (possessing qualification of an expert in the course taught) will train teachers in development of education programmes, quality assurance, teaching and learning methods, management and leadership, assessment and development of methodical material. Unfortunately, due to lack of resources and specialists only 60 representatives of vocational schools will have a possibility to participate in the courses (4 from each school). This makes only a small part of teachers employed in the VET system (in total, there are 174 vocational and college-type schools, which employ some 9,6 thousand teachers; only 27 schools participated in the PHARE project).

The Phare 2000 institution building project Preparation for Participation in European Employment Strategy will support improvement and decentralisation of Lithuanian employment and labour market policies through assistance to formulation of regional employment policy and to re-defining of responsibilities and tasks at central and regional level of labour market management. It will also develop and strengthen the capacity of labour market institutions at central and regional levels through adapting these institutions to employment and labour market policy objectives and tasks in the context of Lithuanian participation in EU Employment Strategy and structural assistance programmes.

Investment in the improvement of labour market structures in Klaipeda/Taurage target region will complement to activities under the Phare Preparation for EES project, which will support overall development of Lithuanian labour market institutions at national and regional level. Regional labour market institutions involved in the implementation of regional social and economic cohesion measures will be in a favourable position to adapt to, contribute to and benefit from the institution building activities envisaged under the Phare IB project at the national level. The national project on its turn will benefit from the qualitative regional inputs generated by the improved regional structures and the increased technical assistance capacity. Furthermore, the regional labour market institutions will gain experience in the preparation and management of ESF-type projects through active participation in Phare social and economic cohesion component.

All of the above mentioned inputs and efforts will be taken into account and capitalised on while implementing the National Regional Development Pilot in Klaipeda/Taurage target region. This will be ensured through active involvement of key regional development players and social partners involved in previous projects, and active participation of central administrative institutions throughout the implementation of the current project.

4. Co-ordination with SAPARD

The Ministry of Agriculture has elaborated the agriculture and rural development strategy as well as priorities for SAPARD assistance. The strategy of agriculture and rural development and priorities for SAPARD assistance has been integrated into the Preliminary National Development Plan for 2000-2002.

Generally, the nation-wide SAPARD assistance will focus on investment support to agricultural holdings, agri-food enterprises and small-medium rural businesses, as well as will cover direct
needs of farmers in terms of training. Meanwhile, Phare 2000 Socio-Economic Cohesion assistance, which will be concentrated in three target regions throughout 2001-2003, will complement SAPARD assistance in the following areas:

- training for socially disadvantaged and excluded groups, as well as employees of regional business enterprises;
- supporting training initiatives (including development of new training programmes, training of teachers and trainers, development of distance learning programmes, etc.);
- promotion of business advisory services and training (including consultancy services, quality management, environmental management services, etc.);
- promotion of regions for favourable investment climate;
- promotion of innovative activities (including technology and innovation audits, support to introduction of new products and processes, etc.).

To avoid overlap between SAPARD and Phare 2000 assistance in target regions, necessary co-ordination will be achieved at two levels:

- national policy-making level with the co-ordination function carried out by the National Regional Development Council, and
- regional policy implementation level with the co-ordination role carried out by Regional Project Implementation Units in every target region.
REGIONAL PROGRAM IMPLEMENTING UNIT
LI 2000-H-01

The administration/secretariat services will be provided by Klaipeda regional development agency. The costs of administration will be financed by direct agreement with Klaipeda and Taurage Counties. The amount of funds allocated for administration are estimated to be 80 000 Euros annually, of which 50 000 will be provided by Klaipeda County and 30 000 will be provided by Taurage County.

This operating/financing scheme was already adopted by Klaipeda Regional Development Agency acting as a secretariat for Euroregion Baltic on behalf of Klaipeda County Administration. In April 1999 Klaipeda RDA signed a direct agreement with Klaipeda County Administration to act as a secretariat of Euroregion Baltic. Klaipeda county provided financing in amount of 55 000 Euros for related activities. Both Klaipeda County Administration and Klaipeda RDA were completely satisfied with the operations of the Secretariat in 1999.

In December of 1999 Klaipeda RDA signed Agreement with CFCU, approved by EC Delegation and Klaipeda County administration to act as a Regional Program Implementing Unit for administration of Special Preparatory Program Pilot Project in Klaipeda County. The project is aimed at building regional administrative capacity to work with EU structural funds and creating of regional development plans according to EU rules and Regulations. The project should be completed in the third quarter of the year 2000. During the implementation of the project we expect to further enhance the administrative capacities and skill of Klaipeda RDA to be able to act as a secretariat for PHARE2000 program. Currently Klaipeda RDA employs 6 persons and the amount of employees is expected to increase to 10 during this year.

List of staff of RPIU:
Director Stanislovas Bielinis
Accountant: Ona Rimkuviene
Manager Amelija Rudenko
Manager Marina Skripnik
Manager Mindaugas Buivydas
Manager Lina Kavaliauskiene