1. Basic Information

1.1 Désirée No.: LT 0009-02

1.2 Title: National-Regional Development Pilot in the Marijampole Region, Lithuania

1.3 Sector: Economic And Social Cohesion / Regional Development

1.4 Location: Marijampole Region (Marijampole County)

2. Objectives

2.1 Wider Objective

The Wider Objective of this 4 MEUR Investment Project (plus 1.3 MEUR co-financing) is to:

- Promote national-regional development, within the context of strengthening economic and social cohesion, and accession to the EC's Structural Funds focused on the development of the Marijampole 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 addressing regional development disparities between in the Marijampole target region and the national average.

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.

The current project will contribute to implementation of the following short-term priority identified in the AP:

- 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.

The current project will contribute to implementation of the following medium-term priority identified in the AP:

- 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; organizing 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 West Lithuania/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 overall aims of the NDP are to:

- Achieve accelerated growth in real GDP and employment and higher living standards relative to the more prosperous regions in Europe;
- Achieve greater competitiveness in the national economy relative to the more developed regions of Europe; and
- Reduce regional disparities within the county by creating favourable conditions for socio-economic development in the most underdeveloped regions.

The NDP identifies three key priorities for national-regional development, to be supported with PHARE co-financing:

- 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 last one reflects the importance of human resource development. Human resource development is one of the cornerstones of the NDP, 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 labor 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 the Marijampole Regional Development Plan

The Marijampole target region has drafted the Regional Development Plan for 2000-2002 (broadly modelled on Regional Development Plan methodology), submitted to the EC in early January 2000. The current project will directly contribute to implementation of the following regional development priorities outlined in Marijampole Regional Development Plan:

- Regional priority 1: Promotion of business and industry;
- Regional priority 2: Vocational training;
- Regional priority 3: Tourism development;
- Regional priority 4: Development of business-related infrastructure;
- Regional priority 5: Development of regional institutions;
- Regional priority 6: Agriculture and rural development.
All regional investment priorities aim at increasing the economic growth potential in the Marijampole target region. Activities planned under these priorities in the short-term will be focused on soft investment measures in business and human resource development (first of all stimulating demand side), which will enable to achieve fastest improvement of economic and social climate in Marijampole target region. In the medium-term perspective investment of much greater intensity will be required, including hard public investment support to structural change.

3. Description

3.1 Background / Justification

Marijampole region has been identified in the NDP as a target for initial PHARE funding to stimulate social and economic development. It has been selected on the basis of key indicators demonstrating its wealth and unemployment level in comparison to other regions in Lithuania (see Chapter 4 of the National Development Plan).

The transition to market economy in Marijampole region has proven to be more difficult than in more prosperous Lithuanian regions. Restructuring of industry has resulted in bankruptcy of enterprises, sharp decline of production volumes and rise in unemployment level. The growing service sector has not been able to absorb all the surplus labour. Employment in agriculture became a social survival strategy for labour force with non-marketable skills and unable to find other sources of income. Lithuanian and EU PHARE public investment intervention in regional economy by providing indirect assistance to economic actors could help to complete the restructuring of regional economy and help to address the social consequences.

Marijampole region has generally more favourable natural conditions for agriculture than in most other Lithuanian regions. This sector has traditionally played an important role in regional economy. In 1997, 37% of labour force engaged in economic activities worked in the agricultural sector, which was high even compared to national average of 22%. While the region makes up only 7% of the territory of the country and has around 5% of its inhabitants, it produces 23.2% of total Lithuanian sugar beet, 34.5% - of flax, 10.4% - of cereal crops, 9% - of meat, and 12% - of milk. However, small size of agricultural holdings, poorly functioning land market and low productivity of labour remain as the major obstacles to development of internationally competitive agricultural production. Modernisation, restructuring of and increase of labour productivity in agricultural sector without expansion of other sectors of economy will inevitably raise unemployment levels.

In the past years service sector in Marijampole region enjoyed rapid growth. The retail commodity turnover in the region increased by 2.2 times in 1995-1997. In 1997 it made up 5.9% of the overall retail turnover of Lithuania. Restaurants and other catering institutions of the region increased their sales 3.4 times during the period of 1993-1997. The amount of payable services rendered in 1997 in Marijampole region amounted to 223 LTL per capita, i.e. almost 20 LTL more than in 1996. However, the region is still in shortage of high quality accommodation facilities. The quality or marketing of services are still below Western standards. The opportunities for the expansion of service sector lie in exploiting rich natural and cultural environment better utilisation and improvement of existing infrastructure, improved marketing and quality of services.

Industry in the Marijampole region produced just 3.5% of total Lithuanian industrial output in 1997. From 1997 to 1998 the value of industrial production in the region decreased by nearly 17%. The structure of industry in Marijampole region is dominated by large enterprises, which have been built during the years of planned economy. The process of restructuring and increasing productivity of labour has led to firing of a number of employees working for the largest companies of the region. In 1998 the number of employees of joint stock company "Marijampoles Pieno Konservai" (manufacturing dairy products) decreased by 240, of joint stock company "Vernitas" (manufacturing of yarn and knitwear) – by 191, of joint stock company "Fasa" (manufacturing of weighing-and-packaging machines for food products)– by 179 and of joint stock company "Marijampoles Cukrus" (manufacturing of sugar) – by 324. During the period of 1994-1997, the
number of the industrial personnel decreased by nearly 9%. Restructuring of industry with outdated energy intensive technologies and old management methods, and creating alternative sources of income generation and employment are among the major tasks of regional economy.

Regional enterprises have been hit by Russian economic crisis, which started in 1998. In September 1998, the export in Marijampole region made up 3.7% of the overall export of the country, while in February of 1999, it amounted only to 2.2%. Enterprises have reduced production volumes, working hours and laid off part of their workers. Despite generally dissatisfactory trends, the enterprise survey data also reveal certain positive aspects such as the increase in the number of companies exporting more than 31% of their products in total sales in 1998 compared to 1997. Still reorientation of exports from declining Russian market to growing Western economies is hindered by low competitiveness of the enterprises.

The lack of domestic capital and low levels of FDI are the major bottlenecks to introduction of modern production technologies and management methods. In 1998 foreign direct investments in Marijampole region made up just 0.32% of total FDI in Lithuania over that period. Cheap labour force, relatively well developed regional transport, communications and energy infrastructure as well as international transport corridor No 1 (motor-way Via Baltica and railway line Tallinn – Riga – Kaunas – Warsaw) integrating the region into transeuropean transport network could be the major opportunities for attracting FDI in the region.

Limited purchasing power of the local residents implies that expansion of regional economy can primarily be achieved by increasing exports and to limited extent – by substituting imports. The increase in exports can be attained through improving competitiveness of regional enterprises via the introduction of innovative technologies and management methods, increasing skills and productivity of labour, and improving marketing of production.

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 labor market services could be achieved through the existing regional infrastructure or through better accessibility of such services in the adjacent Lithuanian regions. Marijampole region has quite extensive VET and labor market training infrastructure. However, this system is plagued by the lack of highly qualified trainers, adequate training programs, modern teaching equipment, and insufficient links to the trends in regional labor 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 programs in order to meet existing and future labor market demand.

3.2 Linked Activities

3.2.1 Related regional development projects

**PHARE assisted projects**
- PHARE Institutional Strengthening project
- SPP – ESF horizontal programme in Lithuania
- SPP Technical Assistance Project
- SPP Twining Project
3.2.2 Cross Border Co-operation programmes
- Education of Local Government Staff in Project Management and EU Integration
- Reinforcement of Institutional and Administrative Capacity
- Regional Youth Policy in Lithuania
- Municipal Work Improvement

3.2.3 Related Business Development Projects Assisted by PHARE
- PHARE Regional Property Development Fund Project
- PHARE SME Development Project

3.2.4 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 project in support of the tri-partite local employment initiatives
- TRANSFORM Consulting Programme of the German Government
- Bilateral assistance programme of Danish Government for VET and labour market structural reforms
- PHARE 2000 project Preparation for Participation in European Employment Strategy

3.2.5 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 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 (Measure 1: Promoting the Development of Favourable Investment and Innovation Environment):
- 30 regional business development projects carried out; 150 regional business enterprises having received advice on the development of new products, processes and technology; two pilot projects carried out;
- 600 regional business enterprises or entrepreneurs having received business advisory services and training as well as 10 business advise and training projects carried out.

Main results to be produced via the Business Development Fund are as follows:
- Increasing private investment in innovation, research and development by enterprises involved in the project
- New links between regional business enterprises as well as vocational training schools and universities based inside and outside the region
- Increasing number of applying environmentally friendly and energy efficient technologies
- Increasing number of new products/processes introduced and marketed by assisted enterprises
- Increasing export sales in turnover of assisted enterprises
Final Draft: 04/09/2000

- New business start-ups
- Regional enterprises becoming new exporters
- Entrepreneurs successfully completing training courses

Outputs to be delivered via the **Human Resource Development Fund** include the following:

- 2,600 beneficiaries having completed training courses leading to a diploma or certificate (Measure No. 1: Training for Economic and Social Development);
- Training manual produced for all training modules; 70 civil servants/regional socio-economic partners/local experts having raised their skills and qualifications in five training areas and 20 three-day training sessions carried out covering each training module (Measure No. 2: Enhancing Public Administration Capacity);
- 15 training programs or curriculum developed or introduced in regional VET/labour market institutions and 5 'in-house' training programmes developed for regional business enterprises; 60 teachers/trainers and 8 assessors/inspectors trained; 2 distance learning/IT centres established in the region with basic equipment needed to provide distance learning and ICT services; 5 new distance learning programmes developed or introduced in the distance learning centres; and 6 regional trainers and teachers trained in distance learning and 1 demonstration project or information campaign launched and carried out about distance learning possibilities in the region (see Measure No. 3: Training Initiatives below).

Main results to be produced via the **Human Resource Development Fund** are as follows:

- Regional working force with more relevant skills and qualifications;
- Improved social partnership relations;
- Increase in the duration of work experience;
- Improved quality of the training delivery;
- Improved regional development management capacity in the Marijampole target region;
- Increased public awareness of EU pre-accession assistance in the Marijampole target region;
- More developed technical advice and assistance capacity in the Marijampole target region.

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:

- employment created and safeguarded in the Marijampole target region;
- improved GDP per capita compared to the national average;
- improved business environment in the Marijampole target region.

### 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.

#### 3.4.1 Business Development Fund

The Business Development Fund with a balance of 3.25 MEUR will provide co-financing support for individual projects selected following a Call for Proposals in the following measure area:

**Measure 1:** Promoting the Development of Favorable Investment and Innovation Environment (3.25 MEUR) with objectives to:

- Increase the FDI inflows to the region
- Foster the internationalization of regional business enterprises
- Improve the competitiveness of regional enterprises both domestically and internationally
- Promote co-operation between SMEs, large companies and research institutions
- Facilitate the diversification of economic activities
Develop favorable environment for the sustainable operation of existing regional SMEs and for the establishment of new SMEs

Under this measure, support will be provided for the following activities:

- Analysis of regional business advice and training needs through regional market studies, regional enterprise surveys, etc.
- Provision of business advisory services and training: 90% subsidy for new entrepreneurs and micro business (defined as being in existence less than 1 year and having less than 10 employees respectively), 80% subsidy for new small and medium-sized businesses (defined as being in existence less than 1 year and having less than 250 employees), and maximum 75% subsidy for established enterprises (established for more than 1 year, having less than 250 employees)
- Organization of and participation in conferences, exhibitions, trade fairs and other events
- Transfer of knowledge and information through exchange visits
- Projects involving collection, publication and dissemination of business information
- Preparing business plans associated with applications for business development grants/loans
- Preparation of business documentation, including analysis of regional business opportunities, regional market studies and feasibility studies
- Promotion of quality standards (ISO 9000 and 14000)
- Support to the co-operation between regional business enterprises as well as training and research institutions located inside and outside the region.
- Technology and innovation audits
- Environmental and energy audits
- Advisory services and training in relation to the introduction of new technologies
- Two pilot projects involving new technology audit and advisory services prior to the transfer of technology, the actual purchase of technology (to be co-funded from private sources at a rate of 50%), training and dissemination of outcomes
- Assistance to the development and introduction of modern IT in regional business enterprises (Internet, e-commerce, etc.)

It is expected that the implementation of this measure will result in:

- 30 regional business development projects carried out;
- 150 regional business enterprises having received advice on the development of new products, processes and technology;
- Two pilot projects carried out;
- 600 regional business enterprises or entrepreneurs receive business advisory services and training; and
- 10 business advise and training projects carried out.

### 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 MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Promoting Development of Favorable Investment and Innovation Environment</td>
<td>2.45</td>
<td>0.8</td>
<td>3.25</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>2.45</strong></td>
<td><strong>0.8</strong></td>
<td><strong>3.25</strong></td>
</tr>
</tbody>
</table>

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

### 3.4.2 The Human Resource Development Fund

This fund with a balance of 2.05 MEUR will provide co-financing support for individual projects selected following a Call for Proposals in the three Measure areas.

Since the regional labor market training system still remains biased towards the training of the unemployed, the adaptation of regional labor force to the changing market conditions is not sufficiently extensive and fast. Subsidized labor market and vocational training can contribute to higher accessibility of regional labor force to labor market training and, in turn, its faster adaptation
to the changing regional labor market conditions. Measure No. 3 will primarily support activities aimed at expanding the potential of regional training institutions to design and deliver high-quality training programs in order to meet existing and future labor market demand.

Training courses should be accredited by the Ministry of Education and Science, although since at this stage of project preparation specific service providers are not selected, accreditation will therefore take place later.

**Measure 1:** Training for Economic and Social Development (1.35 MEUR) throughout the region with objectives to:

- Foster the adaptation of regional labor force to the changing labor market conditions
- Promote employment and a flexible labor market in the Marijampole target region that responds to the changes in the market economy and to local and regional needs
- Improve the level of skill and entrepreneurship of the labor force and
- Promote integration of young people and women into the labor market

Under this measure the Human Resource Development Fund will support:

- training for socially disadvantaged groups (youth and women without qualifications and skills, handicapped, migrants, school drop-outs, former convicts, etc.): 100% of all training costs will be covered by the Human Resource Development Fund;
- training for the unemployed: 100% of all training costs will be covered by the Human Resource Development Fund;
- training for employees of regional business enterprises: 80% of all training costs will be covered by the Human Resource Development Fund.

All training requests can be satisfied by vocational training, labor market training and other training institutions located inside or outside the Marijampole target region. It is forecast that 2,600 beneficiaries having completed training courses leading to a diploma or certificate.

**Measure 2:** Enhancing Public Administration Capacity (0.3 MEUR) with the objective to increase regional development planning, programming, implementation, monitoring and evaluation capacities in the Marijampole target region that are necessary to ensure the effective and efficient management of EU pre-accession programs (PHARE 2000, ISPA and SAPARD) and, after Lithuania's accession to the EU, structural funds.

Specifically this measure aims to:

- Facilitate the implementation of PHARE 2000 interventions in the Marijampole target region
- Increase public awareness of EU pre-accession assistance
- Increase the involvement of regional socio-economic partners and local experts in regional development management
- Develop technical advice and assistance capacity in the Marijampole target region
- Improve capacity for regional development co-ordination in the Marijampole target region
- Develop the regional ability to use the EU-funded assistance programs in an effective and efficient way

The training mechanisms for implementing this measure will be designed to provide training in the following five areas:

- Understanding and preparing for EU structural funds and regional policy
- EU pre-accession instruments for the candidate countries
- Regional development planning and programming skills
- Project design and preparation
- Project implementation, monitoring and evaluation, including PHARE procedures.

It is forecast that 70 civil servants/regional socio-economic partners/local experts will have raised their skills and qualifications beneficiaries having completed training courses leading to a diploma or certificate (in total, 5 training areas will be covered and 20 three-day training sessions for each area carried out).
Measure 3: Training Initiatives (0.4 MEUR) are designed to achieve the following objectives:

- Strengthen vocational education and training capacity and quality in order to match market demand and foster social and economic development of the region;
- Foster the adaptation of regional vocational education/labor market training institutions to the changing labor market conditions;
- Promote and strengthen social partnership.

The activities eligible for support under this measure include:

- Development of new training programs in order to meet future labor market demand and foster the employability and entrepreneurship of regional labor force; to expand the potential of regional training institutions by developing new training programs and curriculum
- Development of the regional ability to effectively provide VET/labor market training programs (based on analysis of and forecast trends of regional labour market and business demand), as well as capacity to assess the quality of regional training programs through training of teachers and trainers from regional VET/labor market training institutions and their staff primarily in training management, curriculum development, pedagogical methods, information technology, dissemination of curricula and training materials
- Establish a regional distance learning capacity through the adaptation of ‘tailor-made’ distance learning programs in regional distance learning centers by training of regional teachers and trainers and producing demonstration projects and information campaigns to increase the regional knowledge of distance learning possibilities

Through this measure, it is forecast to produce:

- 15 training programs or curriculum developed or introduced in regional VET/labor market institutions and 5 ‘in-house’ training programs developed for regional business enterprises;
- 60 teachers/trainers and 8 assessors/inspectors trained;
- 2 distance learning/IT centers established in the region with basic equipment needed to provide distance learning and ICT services; 5 new distance learning programs developed or introduced in the distance learning centers; and
- 6 regional trainers and teachers trained in distance learning and 1 demonstration project or information campaign launched and carried out about distance learning possibilities in the region.

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 MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Training for Economic and Social Development</td>
<td>1.05</td>
<td>0.3</td>
<td>1.35</td>
</tr>
<tr>
<td>2</td>
<td>Enhancing Public Administration Capacity</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td>3</td>
<td>Training Initiatives</td>
<td>0.3</td>
<td>0.1</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1.55</strong></td>
<td><strong>0.5</strong></td>
<td><strong>2.05</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 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 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.

The Marijampole County Governor’s Administration shall be the Regional Project Implementing Agency, and the County Governor shall head the RPIU (SPO). Day-to-day functions of the RPIU
shall be entrusted, under the Governor’s supervision, to the Director of County Regional Development Department.

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>Fund Mechanism</th>
<th>Investment Support</th>
<th>Institution Building</th>
<th>Total PHARE (=I+IB)</th>
<th>National Cofinancing*</th>
<th>IFI *</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Development Fund</td>
<td>2.45</td>
<td>2.45</td>
<td>0.8</td>
<td>3.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resource Development Fund</td>
<td>1.55</td>
<td>1.55</td>
<td>0.5</td>
<td>2.05</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4.0</td>
<td>4.0</td>
<td>1.3</td>
<td>5.3</td>
<td></td>
<td></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 the County Administration to delegate the contracting of the fund mechanisms to the latter.

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: cfcu@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/2001

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 assure 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 fund activity.

Up to 100% of the project's eligible expenditures can be financed out of the grant unless lower proportion is required (see Measure Sheets below). However, under both funds projects will be evaluated, among other things, against the ability of project applicants to secure additional co-financing. Therefore, and in order to demonstrate local commitment, project applicants should make every effort to attract private co-financing in the form of both cash or in-kind.

Co-financing cannot come from any program and project funded or co-funded by the EU.
11.3 Fund and Investment Project Readiness and Size:

Fund mechanisms must comply with minimum size requirements (MEUR 2). To achieve full fund readiness, all conditionalities (see Section 12 below) should be met.

In addition, investment proposals must comply with the minimum (EUR 10 000) and maximum (EUR 300 000) grant requirements. Investment projects between EUR 150 000 and EUR 300 000 should be endorsed by the EC Delegation prior to their implementation. PHARE will only finance investment projects once they are fully ready for contracting and implementation.

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.
Logframe Matrix

<table>
<thead>
<tr>
<th>Project Title: Economic and Social Cohesion &amp; Pilot Regional Development in the Marijampole Target Region</th>
<th>Project Number: LT 0009-02</th>
<th>Disbursement Period Expires: 3Q/2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracting Period Expires: 3Q/2002</td>
<td>Total Budget: 5.3 MEUR</td>
<td>PHARE Contribution: 4.0 MEUR</td>
</tr>
</tbody>
</table>

### Wider Objectives

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased economic growth potential</td>
<td>National and regional statistics</td>
<td>National, regional and local authorities support sustainable regional development</td>
</tr>
<tr>
<td>Improved regional socio-economic characteristics</td>
<td>Economic and financial appraisals</td>
<td>National public co-funding available</td>
</tr>
<tr>
<td>Strengthened administrative capacities and institutional framework for future management of the EC's Structural Funds</td>
<td>EC assessment reports</td>
<td>Legal and administrative framework established</td>
</tr>
<tr>
<td>Promote national-regional development, within the context of strengthening economic and social cohesion, and accession to the EC’s Structural Funds</td>
<td>Commission’s Regular Reports of Lithuania's achievements</td>
<td></td>
</tr>
<tr>
<td>Facilitate the accession to the EC's Structural Funds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>National and regional statistics</td>
<td></td>
</tr>
<tr>
<td>Economic and financial appraisals</td>
<td></td>
</tr>
<tr>
<td>EC assessment reports</td>
<td></td>
</tr>
<tr>
<td>Commission’s Regular Reports of Lithuania's achievements</td>
<td></td>
</tr>
</tbody>
</table>

### Immediate Objectives

<table>
<thead>
<tr>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased economic growth potential</td>
<td>National and regional statistics</td>
<td>National, regional and local authorities support sustainable regional development</td>
</tr>
<tr>
<td>Improved regional socio-economic characteristics</td>
<td>Economic and financial appraisals</td>
<td>National public co-funding available</td>
</tr>
<tr>
<td>Strengthened administrative capacities and institutional framework for future management of the EC's Structural Funds</td>
<td>EC assessment reports</td>
<td>Legal and administrative framework established</td>
</tr>
<tr>
<td>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 addressing regional development disparities between in the Marijampole target region and the national average</td>
<td>National and regional statistics</td>
<td></td>
</tr>
<tr>
<td>Business Development Fund and Human Resource Development Fund established and operational</td>
<td>Economic and financial appraisals</td>
<td></td>
</tr>
<tr>
<td>Managing Authority and RMCs set up and operating</td>
<td>EC assessment reports</td>
<td></td>
</tr>
<tr>
<td>Viable development projects selected and implemented/improved GDP in the region, reduced unemployment, increased FDI and increased exports originating in the region</td>
<td>Commission’s Regular Reports of Lithuania's achievements</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>National and regional statistics</td>
<td>National, regional and local authorities support sustainable regional development</td>
</tr>
<tr>
<td>Economic and financial appraisals</td>
<td>National public co-funding available</td>
</tr>
<tr>
<td>EC assessment reports</td>
<td>Legal and administrative framework established</td>
</tr>
<tr>
<td>Commission’s Regular Reports of Lithuania's achievements</td>
<td></td>
</tr>
</tbody>
</table>

### Outputs

<table>
<thead>
<tr>
<th>The Business Development Fund: Measure No. 1: Promoting the Development of Favorable Investment and Innovation Environment</th>
<th>The Human Resource Development Fund: Measure No. 1: Training for Economic and Social Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicators of Achievement</td>
<td>Sources of Information</td>
</tr>
<tr>
<td>30 business development projects, 150 business enterprises having received advice, two pilot projects carried out; 600 business enterprises/entrepreneurs having received business advisory services and training as well as 10 business advise and training projects carried out; 2,600 beneficiaries completed training courses leading to a diploma or certificate; training manual produced for all training modules; 70 civil servants/regional socio-economic partners/local experts having raised their skills and qualifications in five training areas 20 three-day training sessions carried out covering each training module</td>
<td>Project reports, databases Surveys Meetings of Monitoring Committees Evaluation</td>
</tr>
<tr>
<td>Project reports, databases Surveys Meetings of Monitoring Committees Evaluation</td>
<td>Adequate take-up capacity for fund measures</td>
</tr>
<tr>
<td>Adequate project implementation and monitoring capacity</td>
<td>Proper co-ordination of activities</td>
</tr>
<tr>
<td>Co-operation of institutions and partners involved</td>
<td></td>
</tr>
<tr>
<td>Adequate project implementation and monitoring capacity</td>
<td></td>
</tr>
<tr>
<td>Proper co-ordination of activities</td>
<td></td>
</tr>
</tbody>
</table>

### Inputs

<table>
<thead>
<tr>
<th>Indicators of achievement</th>
<th>Sources of information</th>
<th>Assumptions and risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHARE assistance: 4.0 MEUR National public co-funding: 1.3 MEUR</td>
<td>PERSEUS database Contracting and disbursement information Project reports Evaluation</td>
<td>Availability of skilled staff</td>
</tr>
<tr>
<td>Implementation and monitoring activities</td>
<td></td>
<td>Timely provision of inputs</td>
</tr>
<tr>
<td>Calls for proposals launched Projects evaluated and selected by the Managing Authority Funds committed and disbursed Other implementation and monitoring activities take place</td>
<td></td>
<td>Proper planning and implementation of activities</td>
</tr>
</tbody>
</table>
### Detailed Implementation Chart for the Project – LT 0009-02

#### Economic And Social Cohesion & Pilot Regional Development in the Marijampole target region

<table>
<thead>
<tr>
<th>Detailed Project Implementation</th>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>O</td>
<td>N</td>
<td>D</td>
<td>J</td>
</tr>
<tr>
<td>Prepare legal background for regional co-financing</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guidelines for the fund mechanisms approved by the EC Delegation</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-financing endorsed by the Government/verified by the EC Deleg.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Authority contracted with specific tasks delegated from the CFCU</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal basis for the NRDC and RMC approved by Government</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Personnel appointed to NRDC and RMC</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deadline for submission of 6-month program for each of the fund mechanisms</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Call for proposals launched for both funds</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project selection deadline</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts signed and grants allocated through both funds</td>
<td></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>First and subsequent meetings of NRDC and RMC</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JMC and RDMSC Meetings</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final payments</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 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>1.23</td>
<td>1.23</td>
<td>1.23</td>
<td>1.23</td>
<td>2.45</td>
<td>2.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.45</td>
</tr>
<tr>
<td>Human Resource Development Fund</td>
<td>0.78</td>
<td>0.78</td>
<td>0.78</td>
<td>0.78</td>
<td>1.55</td>
<td>1.55</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.55</td>
</tr>
<tr>
<td>Total</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td>4.00</td>
<td>4.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.00</td>
</tr>
</tbody>
</table>
# Cumulative Quarterly Disbursement Schedule by Fund and Measure (MEUR) – LT 0009-02

<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>0.12</td>
<td>0.31</td>
<td>0.43</td>
<td>0.86</td>
<td>1.16</td>
<td>1.59</td>
<td>1.90</td>
<td>2.27</td>
<td>2.45</td>
<td></td>
<td></td>
<td></td>
<td>2.45</td>
</tr>
<tr>
<td>Human Resource Development Fund</td>
<td>0.08</td>
<td>0.19</td>
<td>0.27</td>
<td>0.54</td>
<td>0.74</td>
<td>1.01</td>
<td>1.20</td>
<td>1.43</td>
<td>1.55</td>
<td></td>
<td></td>
<td></td>
<td>1.55</td>
</tr>
<tr>
<td>Total</td>
<td>0.20</td>
<td>0.50</td>
<td>0.70</td>
<td>1.40</td>
<td>1.90</td>
<td>2.60</td>
<td>3.10</td>
<td>3.70</td>
<td>4.00</td>
<td></td>
<td></td>
<td></td>
<td>4.00</td>
</tr>
</tbody>
</table>
MEASURE SHEETS – LT 0009-02

The Business Development Fund

**Measure 1: Promoting the development of favorable investment and innovation environment**

*Objectives*

**General:**
To promote the development of favorable investment and innovation environment in the Marijampole target region

**Specific:**
- To increase the FDI inflows to the region
- To foster the internationalization of regional business enterprises
- To improve the competitiveness of regional enterprises both domestically and internationally
- To promote co-operation between SMEs, large companies and research institutions
- To facilitate the diversification of economic activities
- To develop favorable environment for the sustainable operation of existing regional SMEs and for the establishment of new SMEs

*Description of eligible activities*

Under this measure, support will be provided for the following activities:

- organization of and participation in conferences, exhibitions, trade fairs and other events
- preparing business plans associated with applications for business development grants/loans
- preparation of business documentation, including analysis of regional business opportunities, regional market studies and feasibility studies
- promotion of quality standards (ISO 9000 and 14000)
- support to the co-operation between regional business enterprises as well as training and research institutions located inside and outside the region.
- technology and innovation audits
- environmental and energy audits
- advisory services and training in relation to the introduction of new technologies
- two pilot projects involving new technology audit and advisory services prior to the transfer of technology, the actual purchase of technology (to be co-funded from private sources at a rate of 50%), training and dissemination of outcomes
- assistance to the development and introduction of modern IT in regional business enterprises (Internet, e-commerce, etc.)
- analysis of business advice and training needs in the region through regional market studies, regional enterprise surveys and other instruments
- provision of business advisory services and training: 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 new small and medium-sized businesses (defined as being in existence less than 1 year and having less than 250 employees) and maximum 75% subsidy for established enterprises (established for more than 1 year, having less than 250 employees)
- transfer of knowledge and information through exchange visits
• projects involving collection, publication and dissemination of business information

_Project selection criteria_

The projects will be evaluated against general and specific criteria.

General:
• 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 projects or building upon outcomes of previous projects
• projects respecting principles of equal opportunity and sustainable development
• projects covering several eligible activities

Special:
• projects involving networking and co-operation between SMEs and larger companies
• projects involving the diffusion of technology in the SME sector
• project involving the introduction of environmentally-friendly and energy-efficient technologies
• projects assisting higher internationalization and export-orientation of enterprises
• projects involving new environmental and quality management instruments

Criteria with regard to the selection of service providers:
• competence and experience of service providers
• service providers offering new training programs
• 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

Special priority shall be given to the proposals involving exporters or enterprises, which will develop exporting potential as a result of implementation of the project, enterprises introducing quality standards, innovative, energy efficient and environment friendly technology, and new work organization and management methods.

Outputs, results and impact

Outputs:
• 30 regional business development projects carried out
• 150 regional business enterprises having received advice on the development of new products, processes and technology
• 600 regional business enterprises or entrepreneurs having received business advisory services and training
• 10 business advise and training projects carried out
• two pilot projects carried out

Results:
• increasing private investment in innovation, research and development by enterprises involved in the project
• new links between regional business enterprises as well as vocational training schools and universities based inside and outside the region
• increasing number of applying environmentally friendly and energy efficient technologies
• new business start-ups
• regional enterprises becoming new exporters
• increasing number of new products/processes introduced and marketed by assisted enterprises
Final Draft: 04/09/2000

• increasing export sales in turnover of assisted enterprises

Impact:

• increasing number of assisted enterprises purchasing patents and licenses
• increasing values added of assisted enterprises
• employment created and safeguarded in the region
• increasing the regional share in the national GDP
• positive environmental impact of assisted business enterprises in terms of decreased pollution
• increasing export sales in turnover of assisted enterprises.

Grant recipients

All companies, institutions and organizations suitably experienced and qualified, although the main target groups are regional business enterprises, future entrepreneurs, regional SMEs.

Financing

3.25 MEUR
The Human Resource Development Fund

Measure 1: Training for Economic and Social Development

Objectives:
To foster the adaptation of regional labor force to the changing labor market conditions
To promote employment and a flexible labor market in the Marijampole target region that responds to the changes in the market economy and to local and regional needs
To improve the level of skill and entrepreneurship of the labor force and
To promote integration of young people and women into the labor market

Description of eligible activities:
- training for socially disadvantaged groups (youth and women without qualifications and skills, handicapped, migrants, school drop-outs, former convicts, etc.): 100% of all training costs will be covered by the Human Resource Development Fund;
- training for the unemployed: 100% of all training costs will be covered by the Human Resource Development Fund;
- training for employees of regional business enterprises: 80% of all training costs will be covered by the Human Resource Development Fund.

All training requests can be satisfied by vocational training, labor market training and other training institutions located inside or outside the Marijampole target region.

Project selection criteria:
The following criteria will guide the selection of requests:
- projects involving high number of participants
- projects that are most likely to lead to new employment
- projects that can be satisfied by vocational training/labor market institutions based within the Marijampole target region
- projects involving reskilling of youth, female and long-term unemployed
- projects involving reskilling of employees employed in regional companies facing job losses
- projects attracting additional funding
- projects respecting principles of equal opportunity and sustainable development
- projects complementing other projects or building upon outcomes of previous projects
- projects covering several eligible activities

Priorities with regard to the selection of service providers:
- competence and experience of service providers
- service providers offering new training programs
- 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
Special priority shall be given to the proposals, aimed at developing skills demanded in exporting sectors, non-traditional manufacturing sectors, services, and developing skills related to utilization of information technologies in a variety of economic activities.

**Outputs, results and impact**

**Outputs:**
- 2,600 beneficiaries having completed training courses leading to a diploma or certificate

**Main results:**
- regional working force with more relevant skills and qualifications
- improved employment opportunities in the region
- high satisfaction rate of beneficiaries

**Impact:**
- unemployment reduction as well as new employment created and safeguarded
- increased placement rate of beneficiaries into permanent employment
- reduction of long-term, female and youth unemployed
- higher integration of socially-disadvantaged people into the labor market
- higher productivity of regional business enterprises as a result of increased skill levels
- new businesses launched by project beneficiaries

**Grant recipients:**
All companies, institutions and organizations suitably experienced and qualified, although the main target groups are the socially disadvantaged groups, employees of regional business enterprises and the unemployed

**Financing:**
1.35 MEUR
Measure No. 2: Enhancing Public Administration Capacity

Objectives:
General:
To increase regional development planning, programming, implementation, monitoring and evaluation capacities in the Marijampole target region
Specific:
To facilitate the implementation of PHARE 2000 interventions in the Marijampole target region
To increase public awareness of EU pre-accession assistance
To increase the involvement of regional socio-economic partners and local experts in regional development management
To develop technical advice and assistance capacity in the Marijampole target region
To improve capacity for regional development co-ordination in the Marijampole target region
To develop the regional ability to use the EU-funded assistance programs in an effective and efficient way

Description of eligible activities:
Training in the following five areas:
EU structural funds and regional policy
- EU structural funds (ERDF, ESF, EAGGF, FI), Cohesion Fund and Community initiatives: objectives and beneficiaries, eligible areas and activities, financial resources and indicative allocation by county
- main principles of structural funds, including partnership, programming and additionality
- EU programming documents, including National Development Plan, Community Support Framework, Regional Operation Programs, Sectoral Operational Programs, Single Programming Document
EU pre-accession instruments for the candidate countries
- EU pre-accession programs (PHARE 2000, SAPARD, ISPA) and Cross Border Co-operation: objectives and beneficiaries, eligible areas and activities, financial resources and indicative allocation by county
- institutional arrangements: EC Commission, EC Delegation, National Fund, CCU, CFCU, National Regional Development Committee, line ministries and development agencies
- management of PHARE 2000: National Development Plan, regional development plans and regional operational programs
Regional development planning and programming
- National Development Plan and regional development plans: scope, objectives and structure
- regional operational programs and sectoral operational programs: scope, objectives and structure
- socio-economic baseline study, SWOT analysis, definition of development priorities and objectives, preparation of technical measure sheets
- institutional set-up for regional development planning and programming, including the involvement of regional socio-economic partners and publicity requirements
Project preparation
- project design, including PHARE 2000 project fiche, application forms for ISPA (both transport and environment), SAPARD (both primary production and manufacturing) and Cross Border Co-operation
Final Draft: 04/09/2000

- techniques for project preparation and identification: project cycle, logframe, work plan, socio-economic cost and benefit analysis, including measuring employment impact, institutional analysis, effective project clustering, third-party financing
- identification and collection of statistical data necessary for project preparation: socio-economic baseline study, instruments of data gathering (including surveys) and analysis
- application of EU public policies (environmental impact assessment, state aid, public procurement, equal opportunities)

**Project implementation, monitoring and evaluation**

- implementation of work plans, tendering and contracting tasks
- public procurement, including contract types (services, supplies, works)
- preparation of necessary public procurement documentation
- development of financial plans
- sound financial management, including internal financial control, accounting, payments, verification and endorsement of invoices, financial reporting
- preparation of grant application forms and management of grant applications, including appraisal of grant applications
- evaluation and monitoring of regional development interventions, including drawing up monitoring indicators, managing of ex-ante and mid-term evaluation, ensuring the impact of monitoring and evaluation, handling the dissemination of evaluation results
- data collection and processing in light of monitoring indicators
- management of consulting inputs into the implementation of regional development projects

**Project selection criteria**

Priorities with regard to the selection of service providers:

- competence and experience of service providers
- service providers offering new training programs
- consortiums involving regional service providers
- capacity of service providers to carry out business advisory/training activities in the region
- availability of trainers qualified in EU structural funds and regional development.
- well balanced team of trainers
- detailed training implementation plan

**Outputs, results and impact**

Main outputs:

- training manual should be produced for each training module and distributed to the participants of training sessions at least one week before their actual implementation. Training manual should be produced for every training module. Training sessions should combine presentations by trainers and work in small groups with practical examples, and training sessions should be conducted by the contractor in an interactive manner
- 70 civil servants/regional socio-economic partners/local experts having raised their skills and qualifications in five training areas (EU structural funds and regional policy, EU pre-accession instruments for the candidate countries, regional development planning and programming, project preparation, project implementation, monitoring and evaluation)
- 20 three-day training sessions carried out covering each training module (EU structural funds and regional policy, EU pre-accession instruments for the candidate countries, regional development planning and programming, project preparation, project implementation, monitoring and evaluation)
Main results
- Participants satisfied with training sessions carried out by the contractor
- Training manual developed for each training module
- Improved regional development management capacity
- Increased public awareness of EU pre-accession assistance
- Increased involvement of regional socio-economic partners in regional development management
- Developed technical advice and assistance capacity

Impact
- More effective and efficient implementation of PHARE 2000 interventions at the regional level
- Increased regional participation in other EU pre-accession assistance programs (SAPARD, ISPA), inter-regional co-operation programs (particularly Cross Border Co-operation) and small investment programs (including the Small Project Fund)
- Improved quality of regional development planning and programming documents

Grant recipients:
All companies, institutions and organizations suitably experienced and qualified, although the main target groups are:
- Regional civil servants employed in the Marijampole county administration, local authorities and other public institutions based in the target region provided that they will be linked to the implementation of PHARE 2000 assistance in the Marijampole target region through the decentralized Managing Authority, the Regional Monitoring Committees or other ways (approximately 30 persons)
- Regional socio-economic partners, including the Territorial Labor Exchange, the Chamber of Trade, Industry and Commerce, associations of employers and employees, main regional employers and other institutions (approximately 25 persons)
- Local experts based in the Marijampole target region, particularly experts with knowledge and experience in the fields of SMEs, business infrastructure, tourism and vocational training (approximately 15 persons)

Financing:
0.3 MEUR
Measure No. 3: Training Initiatives

Objectives:
To strengthen vocational education and training capacity and quality in order to match market demand and foster social and economic development of the region;
To foster the adaptation of regional vocational education/labor market training institutions to the changing labor market conditions;
To promote and strengthen social partnership.

Eligible activities:

Program development
Specific objectives: to develop new training programs in order to meet future labor market demand and foster the employability and entrepreneurship of regional labor force; to expand the potential of regional training institutions by developing new training programs and curriculum through the following eligible activities:
- development of new training programs and curriculum
- actions aimed disseminating 'tailor-made' curriculum and training material to the region, their adaptation and introduction in regional VET/labor market institutions
- development of new ‘in-house’ training programs for regional business enterprises jointly by VET/labor market institutions and regional business enterprises and business associations
Main outputs: 15 training programs or curriculum developed or introduced in regional VET/labor market institutions as well as 5 ‘in-house’ training programs developed for regional business enterprises

Training of teachers, trainers and assessors
Specific objective: to develop the regional ability to effectively VET/labor market training programs as well as to assess the quality of regional training programs through the following eligible activities:
- training of teachers and trainers from regional VET/labor market training institutions and their staff primarily in training management, curriculum development, pedagogical methods, information technology, dissemination of curricula and training materials
- training of assessors and inspectors.
Main outputs: 60 teachers/trainers and 8 assessors/inspectors having obtained higher skills and qualifications

Distance learning and IT activities
Specific objective: establish a regional distance learning capacity and ICT capacity through the following eligible activities:
- establishment of distance learning/IT facilities capable of providing access to distance learning as well as ICT
- assistance to the development of new distance learning programs and to the adaptation of ‘tailor-made’ distance learning programs in regional distance learning centers
- training of regional teachers and trainers, including in supervising the delivery of distance learning programs and ICT courses
- demonstration projects and information campaigns to increase the regional knowledge of distance learning possibilities
Main outputs: 1 distance learning/IT center established in the region with basic equipment needed to provide distance learning and ICT services; 5 new distance learning programs developed or introduced in the distance learning centers; 6 regional trainers and teachers trained in distance learning and ICT; 1 demonstration project or information campaign launched and carried out about distance learning possibilities in the region

**Regional labor market analysis**

Specific objective: to develop regional capacity for labor market analysis through the following eligible activities:

- regional labor market demand surveys and regional labor force and business surveys
- annual regional labor market reviews
- regional partnership meetings to disseminate labor market information to regional VET/labor market training institutions
- advice to regional VET/labor market institutions on the methodology concerning the regional labor market analysis

Main outputs: 2 regional labor market demand surveys and 3 regional labor markets reviews carried out and published; 3 regional partnership meetings held; regional VET/labor market institutions having acquired experience and knowledge relevant to labor market analysis

**Project selection criteria:**

Priority will be given to the following projects:

- projects involving dissemination of information from other regions and countries
- 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 projects or building upon outcomes of previous projects
- projects respecting principles of equal opportunity and sustainable development
- projects covering several eligible activities

Priorities with regard to the selection of service providers:

- competence and experience of service providers
- service providers offering new training programs
- 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

**Main results and impact:**

Main results:

Improved quality of the training delivery;
Regional vocational education/ labor market training institutions more adapted to the changing labor market conditions;
Improved social partnership relations.

Impact:

- unemployment reduction as well as new employment created and safeguarded
Final Draft: 04/09/2000

- increased placement rate of beneficiaries into permanent employment
- higher integration of disadvantaged groups into the labor market
- reduction of long-term, female and youth unemployed
- higher productivity of regional business enterprises as a result of increased skill levels
- new businesses launched by project beneficiaries

Grant recipients:
All companies, institutions and organizations suitably experienced and qualified, although the main target groups are Regional vocational training and education institutions, regional labor market training institutions, regional business enterprises

Financing:
0.4 MEUR
Activities linked to National Regional Development Project in the Marijampole target region

LI 2000-H-02

1. Related regional development projects

1.1 PHARE assisted projects

- PHARE Institutional Strengthening project
- SPP – ESF horizontal programme in Lithuania
- SPP Technical Assistance Project
- SPP Twining Project
- PHARE project preparation facility

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 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.

1.2 Bilaterally assisted projects

- Danish bilateral aid project “Establishing Regional Structures”
- Co-operation Development Project between Marijampole County and Lahti Region

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. Under this project one official of Marijampole County administration has received training, which is useful in the preparation for and absorption of investment from PHARE 2000.

Co-operation Development Project between Marijampole County and Lahti Region in Finland is to be implemented on bilateral basis throughout 2000. The project will be aimed at development of regional vocational training system in relation to the needs of the regional economy and in particular will address the establishment of Regional Training Centre. The Finish technical assistance will also help to improve planning and problem solving capacity in Marijampole County Administration. Co-operation Development Project is particularly significant to the current project. It will help to address specific deficiencies of regional vocational training system and will be aimed at facilitating the implementation of PHARE social and economic cohesion component in Marijampole County.

2. Cross Border Co-operation programmes

- Education of Local Government Staff in Project Management and EU Integration
- Reinforcement of Institutional and Administrative Capacity
- Regional Youth Policy in Lithuania
- Municipal Work Improvement

During the last 6 years, Lithuania has participated in a number of Phare Cross-Border Co-operation (CBC) Programmes: in the National CBC Programme from 1994, in the Baltic Project Facility (BPF) from 1996 and Credo Programmes from 1997.

While the National Phare CBC Programme was mainly funding large infrastructure projects and only small amount of funds was allocated for the ‘soft’ projects, the BPF supported local and regional co-operation projects in the fields of human resource development, economic development & tourism, transport, development of local services, local democracy, education & culture and institution-building.

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.

BPF co-funded project ‘Regional Youth Policy in Lithuania’, aiming at developing regional youth policy to promote the educational, cultural and social needs of youth in four Lithuanian counties. Marijampole county was represented by Vilkaviskis district municipality. Danish experts trained 12 persons as consultants on youth policy formulation.

The project ‘Municipal Work Improvement’ was approved for CREDO co-funding in 1998. The project aims at developing and implementation of CBC strategies and projects, contributing to the economic development of the region. Training seminars will be organised with objective to analyze regional administration and management policies and improve skills of the society leaders. Project partners: Marijampole town municipality and Welfare Service College of Poland.

3. 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 Marijampole target region will be complementary to PHARE Social and Economic Cohesion investment for the implementation of Marijampole regional development priorities. The complementarity will be ensured by the presence of the 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 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 capitalise 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.

4. 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 project in support of the tri-partite local employment initiatives
- TRANSFORM Consulting Programme of the German Government
- Bilateral assistance programme of Danish Government for VET and labour market structural reforms
- 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 the unemployed (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 methodological 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).

Development of the distance vocational education, as one of the forms of continuing adult education, has been started in 1994 through the PHARE multi-country distance education programme. The National projects started in 1998. The main contractor of distance education and the leader of this area of education is Kaunas University of Technology (for more details refer to the Case Study “International and National projects in Lithuania”).

**Lithuanian Institute of Management was founded with support of European Union PHARE and European Training Foundation.** The purpose of the Institute is to promote management education as the pre-condition for competitiveness of Lithuanian enterprises in the European and international markets. The aim of the Institute is to encourage progress of business management and education of executives, to disseminate the management expertise, to develop the management information network, to initiate the education programmes for business executives. The Institute also has the task to generalise the experience in the new expanding markets, and to enrich the fundamental academic programmes with practical business management research.

The National Observatory in Lithuania at the Methodical Centre for VET is another important structure established with the assistance of European Training Foundation in 1996. As other 25 analogous Observatories set up in PHARE and Tacis partner countries it joined the National Observatory Network. The National Observatory carries out a wide range of activities: detailed country reports and key indicators, ad hoc studies, publications, national and international seminars.

During the implementation of the **PHARE project in support of the tri-partite local employment initiatives** in Marijampole County, the Centre for Social Support was established in Marijampole town, as well as a juvenile work centre in Sangruda (Marijampole District). The Sangrūda Centre, outfitted with necessary working equipment, is oriented at the vocational training and employing of children who are experiencing problems in the mainstream education system and are a potential source for the already-high pool of employees. The Marijampole Social Support Centre provides similar services, along with counselling, to handicapped people. In the future, it is planned to extend its services to other risk groups (such as the homeless) as well. The employment initiative has allowed to keep a number of people from becoming unemployed and to lessen the burden on the social welfare system.

Bilateral assistance has also brought significant inputs in the development of Lithuanian VET and labour market training system. Support was received for several years through **TRANSFORM Consulting Programme of the German Government.** Contacts have been established with Denmark, Norway, Sweden, Finland, Canada, Austria, the United Kingdom and the Netherlands. In 1992, Lithuanian Labour Market Training Authority (LLMTA) received financial and methodological support in adult education planning as a part of **co-operation agreement between the Lithuanian Ministry of Social Protection and Labour and the Danish Ministry of Labour.** One of the outputs of the on-going two-year co-operation and methodical support project between the Lithuanian Ministry of Education and Science and the Danish Ministry of Education is the standard for training business managers, prepared in 1999.

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 at regional level 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 the above mentioned inputs and efforts will be taken into account and capitalised on while implementing the National Regional Development Pilot in Marijampole 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.

5. 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.
Chairman of Regional Monitoring Committee (RMC):
Mr. K. Jankauskas- Marijampole County Governor
Address: Vytauto 28, LT-4520 Marijampole, tel. +370 43 50250, fax. +370 43 91240,
email: KJankauskas@marijampole.aps.lt

Regional Project Implementing Unit (RPIU):
Director of the RPIU- Mr. V. Tumelis, Director of Regional Development Department, Marijampole County Governor’s Administration,
Address: Vytauto 28, LT-4520 Marijampole, tel. +370 43 91355, fax. +370 43 91240,
email: VTumelis@marijampole.aps.lt

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Telephone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. V. Lugauskas</td>
<td>Head of Division for Agriculture and Land-Reclamation of Rural Affairs Department</td>
<td>“-“ 91257</td>
<td><a href="mailto:Vlugauskas@marijampole.aps.lt">Vlugauskas@marijampole.aps.lt</a></td>
</tr>
<tr>
<td>Mrs. D. Micutiene</td>
<td>Counselor of Culture of the County Governor</td>
<td>“-“ 91363</td>
<td><a href="mailto:Dmicutiene@marijampole.aps.lt">Dmicutiene@marijampole.aps.lt</a></td>
</tr>
<tr>
<td>Mr. S. Kasparatis</td>
<td>Counselor of Economics of the County Governor</td>
<td>“-“ 91363</td>
<td><a href="mailto:Skasparatis@marijampole.aps.lt">Skasparatis@marijampole.aps.lt</a></td>
</tr>
<tr>
<td>Mrs. B. Plikyniene</td>
<td>Director of Legal Department</td>
<td>“-“ 91253</td>
<td><a href="mailto:Bplikyniene@marijampole.aps.lt">Bplikyniene@marijampole.aps.lt</a></td>
</tr>
<tr>
<td>Ms. L. Navickaite</td>
<td>Director of Accounting and Finance Department</td>
<td>“-“ 91258</td>
<td><a href="mailto:Lnavickaite@marijampole.aps.lt">Lnavickaite@marijampole.aps.lt</a></td>
</tr>
<tr>
<td>Mr. S. Luobikis</td>
<td>Director of Social Affairs and Public Education Department</td>
<td>“-“ 91358</td>
<td><a href="mailto:Sluobikis@marijampole.aps.lt">Sluobikis@marijampole.aps.lt</a></td>
</tr>
<tr>
<td>Mrs. A. Cipariene</td>
<td>Head of Division for Economic and Social Development of the Regional Development Department</td>
<td>“-“ 91355</td>
<td><a href="mailto:Acipariene@marijampole.aps.lt">Acipariene@marijampole.aps.lt</a></td>
</tr>
<tr>
<td>Mr. A. Subacius</td>
<td>Chief Officer of Division for Economic and Social Development of the Regional Development Department</td>
<td>“-“ 91355</td>
<td><a href="mailto:Asubacius@marijampole.aps.lt">Asubacius@marijampole.aps.lt</a></td>
</tr>
</tbody>
</table>

There will be five persons in each Fund Management Working Group (FMWG) if agreed and convened by RMC:

Chair of the HR Fund Management Working Group
Mr. S. Luobikis, Director of Social Affairs and Public Education Department, tel. +370 43 91358, email: SLuobikis@marijampole.aps.lt
Final Draft : 18/04/00

Chair of the BD Fund Management Working Group

Mr. V. Mizevas, Administrator of Marijampole branch of Kaunas Chamber of Commerce, Industry and Crafts, Address: Laisves 18, LT-4520 Marijampole, tel. +370 43 53761, fax. +370 43 55568, email: marijampole.chamber@mari.omnitel.net