STANDART SUMMARY PROJECT FICHE

Project number: LT 0009-03

1. Basic Information

1.1 Désirée No.: LT 0009-03

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

1.3 Sector: Economic And Social Cohesion / Regional Development

1.4 Location: Utena Target Region (Utena County)

2. Objectives

2.1 Wider Objective

The Wider Objective of this 4 MEUR Investment Project (with 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 Utena 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 Utena 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.

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

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

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

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

In May 1999, the Lithuanian Government adopted its updated 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);

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

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

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

2.5 Contribution to the Utena Regional Development Plan

The Utena 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.

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

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

Investment framework for the Utena target region;

Administrative Structure of the County that will administer and manage the fund mechanisms;

For the programming period of 2000-2002 the overall priorities of the Utena Regional Development Plan are the following:

- Priority No. 1: Promoting Business Environment.
- Priority No. 2: Developing Human Resources.
- Priority No. 3: Improving Small Business-Related Infrastructure.
- Priority No. 4: Developing Regional Administrative Capacities to Plan and Implement EU Assistance Programmes

Priorities No. 1, 2 and 3 are regional investment priorities aiming at increased economic growth potential in the Utena target region. All of these priorities are directly addressed by this project fiche. Highest emphasis is placed on the first two priorities due to their potential to contribute to the achievement of regional development strategy outlined in the Utena Regional Development Plan. In the medium-term perspective investment of much greater intensity will be required.

3. Description

3.1 Background / Justification

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

At present, the structure of economic activity in the Utena region is plagued by little economic diversity and relatively low competitiveness of industrial enterprises. The structure of industrial production is dominated by few large enterprises. Their distribution in the region is very uneven: the majority of industrial enterprises are located in the Utena district, while such districts as Moletai and Zarasai have very limited industrial presence. Also, the regional industrial structure features such traditional sectors as food processing, wood processing, machinery production and metal processing, textiles and construction.

Another significant problem is the excessive domination of agriculture in the regional employment structure (29 per cent of the working population compared to the national average of 21.7 per cent), albeit the Utena region features unfertile soils and high ratio of forestation. The prospective restructuring of agricultural sector is likely to bring considerable reduction in the share of working population employed in agriculture and related activities. Another significant source of employment reduction is the prospective decommissioning of the Unit 1 of the Ignalina nuclear power plant by 2005.

Despite the expansion of some sectors the rate of new company formation remains too low to achieve the sustainable creation of new jobs. Besides the export-orientated manufacturing sectors in the Utena County, there is relatively high potential for the expansion of the service sector whose share in the regional employment structure (42 % in 1997) still falls below the national average (55% in 1997).

These threats point to the need to support the expansion of other economic activities that are most capable to absorb the increasing pool of the unemployment in the region. Because of their flexibility and capacity to swiftly adapt to the evolution and specialisation of market demands, small and medium-sized businesses are considered to be a major instrument for new job creation.

However, in order achieve increased and sustainable economic growth needed for new job creation in the region, existing industrial enterprises should increase their ability to compete both domestically and internationally. In order to contribute to the achievement of this objective,
measures aimed at rendering business and investment climate more favourable are considered to be most effective in the short term.

Activities aimed at increasing the internationalisation of regional business enterprises and the inflow of FDI into the region can contribute to the expansion of export-oriented sector and, in turn, new job creation. Moreover, the promotion of business advisory services and innovative activities can contribute to the improved competitiveness of regional enterprises both domestically and internationally as well as the increased diversification of regional economic activities.

At the same time, the region experienced a downward trend in employment levels. According to register-based unemployment data provided by the Labour Exchange, in 1997 the unemployment rate in the Utena region was 6.7 %, in 1998 – 7.5 % and in the middle of 1999 – 7.7 %. In 1999 long-term unemployed made 12.4 % of all the registered in the Labour Exchange. In contrast, labour-force surveys point to much higher unemployment rate: in 1998 the total unemployment rate in the Utena county amounted to 15 %.

In order to achieve higher rates of employability in the regional labour market, it is necessary to improve the:

- Adaptation of regional labour force to changing labour market conditions;
- Accessibility of vocational training;
- Entrepreneurship of regional labour force.

In 1998 in the Utena county there were 46 pre-school institutions, 72 primary schools, 44 basic schools, 1 youth school, 46 secondary schools, 6 gymnasiums, 4 specialised schools, 21 institution providing complementary training, 4 vocational schools, 3 colleges, 4 adult training centres and one Labour Market Training centre offering education and training at five levels (see the Human Resource Development Profile below).

However, the ability of this system to provide training services corresponding to regional labour market demand is hindered by such factors as the lack of highly qualified trainers and assessors, the lack of high-quality training programmes and modern teaching equipment as well as insufficient monitoring of regional labour market trends. To achieve higher adaptation of regional labour force to changing labour market demand, it is necessary to expand the potential of existing regional training institutions to design and deliver training programmes.

Another important weakness of regional training system is low accessibility of regional labour force to instruments of life-long training. The labour market training system remains biased towards the training of the unemployed. Life-long-training of the unemployed is underdeveloped. According to survey data only 5-10% of the adult population in Lithuania take part in adult education and training programmes, whereas in more developed EU Member States this rate exceeds 40%.

Accessibility to life-long training instruments can be best enhanced by reducing training costs (in particular through the provision of subsidised training) coupled with the development of an open distance learning system, providing adults with the possibility to learn at a chosen pace and without the need to leave the work place.

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 Utena Pilot Project on Rural Development
- SPP Technical Assistance Project
- SPP Twinning Project
The EU PHARE project: The Establishment of Public Administration Reform - Regional Development and Local Authorities. Particularly the regional components. August 1998 - September 1999;

EU PHARE Cross Border Programme, which supports programme and project management training for local and regional administrations in Lithuania.

The EU Baltic Project Facility

Bilaterally assisted projects:

The Danish bilateral programme: Technical assistance to the process of strengthening The Regional Development Agency in Utena County (March-December 2000)

The Danish bilateral programme: Technical assistance to the process of preparing a Regional Operational Plan in Utena County (January-June 2000).

“Development of the rural tourism in Utena County” funded by GTZ (Gesellschaft für technische Zusammenarbeit – Germany) 1996 – 2000

Other bilateral co-operation projects at Utena County and municipal level

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:

PHARE Regional Property Development Fund Project

PHARE SME Development Project

Establishment of Zarasai Business Information Centre, UK funded project

“Promotion of SME’s by implementation of tourism development programme in Utena County”. Funded the Ministry of Agriculture, The Ministry of Economy, the Municipality and administration of Utena County, the Ignalina Municipality and The National Tourism Board. 1999

The PHARE BSPF project TICET (Tourism Information Centres Eastern European Countries). 1998 – 1999

3.2.4 Related VET and labour market development projects:

Dissemination of the PHARE VET Reform Programme’94

EU PHARE Programme for Vocational Training and Education Reform in Lithuania

PHARE programme for the development of the labour market training system

The project “Dissemination of the PHARE VET Reform Programme’94”

PHARE BSPF Project “Multipurpose Adult-education centre”1998- 2000

PHARE Multi-country programme in Distance Education

PHARE 2000 institution building 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 Outputs/Results

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:

350 regional business enterprises or entrepreneurs receive business advisory services, 50 potential foreign investors receive advisory services concerning opportunities for locating in
Utina region, 30 projects for the technical evaluation of new business opportunities for Utina region, including 2 pilot projects associated with the regional tourism strategy (Measure 1: Promotion of Business Advisory Services, Development of Favourable Investment Climate);

- 30 innovation projects and 120 regional business enterprises having received advice on the development of new innovative products, processes and technology (Measure 2: Promoting the Development of Innovative Activities).

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
- increasing private investment in assisted enterprises
- increasing flow of FDI into the region
- new business start-ups
- regional enterprises becoming new exporters

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

- 2,800 beneficiaries having completed training courses leading to a diploma or certificate, with 5 placement schemes established and 60 young people having completed short-term on-the-job training courses (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 programmes or curriculum developed or introduced in regional VET/labour market institutions and 5 'in-house' training programmes developed for regional business enterprises, based on regional labour-market demand analysis and surveys; 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 employment opportunities in the region;
- improved quality of the training delivery in the region;
- improved social partnership relations;
- increase in the duration of work experience;
- improved regional development management capacity in the Utina target region;
- increased public awareness of EU pre-accession assistance in the Utina target region;
- increased involvement of regional socio-economic partners in regional development management;
- more developed technical advice and assistance capacity in the Utina 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 Utena target region;

improved GDP per capita compared to the national average;

improved business environment in the Utena 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 2.8 MEUR will provide co-financing support for individual projects selected following a Call for Proposals in the following three measure areas:

**Measure 1**: Promotion of Business Advisory Services, Development of Favourable Investment Climate (1.8 MEUR) in the region with objectives to:

- Improve the competitiveness of regional enterprises both domestically and internationally
- Develop favourable environment for the sustainable operation of existing regional SMEs and for the establishment of new SMEs in the Utena region
- Increase the FDI inflows to the region
- Increase the internationalisation of regional business enterprises
- Promote co-operation between SMEs and large companies
- Diversify the structure of economic activity in the region
- Develop favourable environment for the sustainable operation of existing regional SMEs and for the establishment of new SMEs in the Utena region

Under this measure, support will be provided for the following business advisory services and activities:

- business advisory and consultancy services aimed at promoting entrepreneurship for regional residents and new business start-ups, including advice on preparation of business and financial plans, applications for business related infrastructure development grants/loans, business accounting, marketing, management, product design and development etc.
- assistance to the development of informal business advice and support system, including ‘peer-groups’, business clubs, business networks
- support for the implementation of quality management, standardisation, certification, environmental management etc. (in particular ISO 9000 & 14000)
- information and marketing actions to promote the region as an attractive location for investment
- business advisory services for foreign investors seeking to potentially locate in Utena
- promotion of business supplier development linkages (to facilitate exports, sub-contracting, joint ventures etc. with international enterprises and between regional large and small enterprises)
- technical studies to identify new business opportunities in the region
- organisation of and participation in conferences, exhibitions and trade fairs
- assistance to the preparation of regional tourism development strategy and other documents necessary for its implementation (pre-feasibility and feasibility studies, detailed lay-out schemes for tourism infrastructure objects and other documents), plus two pilot projects in the tourism area

PHARE will provide 90% subsidy for new entrepreneurs and micro business (defined as being in existence less than 1 year and having less than 10 employees respectively) and 80% subsidy for small and medium-sized businesses (defined as being in existence less than 1 year and having less than 250 employees) and maximum 75% subsidy to established enterprises (defined as being in existence for more than 1 year and having less than 250 employees).
Through this measure, it is expected that 350 regional business enterprises or entrepreneurs will receive business advisory services, 50 potential foreign investors will receive advisory services concerning opportunities for locating in Utena region, 30 projects for the technical evaluation of new business opportunities for the Utena region will be carried out including 2 pilot projects associated with the regional tourism strategy.

**Measure 2:** Promoting the Development of Innovative Activities (1.0 MEUR) with objectives to:
- promote co-operation between regional business enterprises and universities
- promote competitiveness of regional business enterprises through the promotion of innovative activities
- develop favourable environment for innovative activities in the region.

Eligible activities under this measure include:
- technology and innovation audits,
- support to the introduction of new products and processes,
- assistance to the development and introduction of modern IT in regional business enterprises (Internet, e-commerce, etc.),
- innovation/technology transfers and diffusion,
- support to the introduction of environment friendly and energy efficient technology, environmental and energy audits, support for the development of eco-products, support for improved waste-management techniques,
- establishment of research and technological development centres,
- support to the co-operation between enterprises as well as vocational training schools and universities based inside and outside the region,
- access to national and European research and technological development programmes

Through this measure, it is forecast to carry out 30 innovative projects, including technology/innovation or environmental/energy audits, business plans/feasibility studies co-operation projects between regional business enterprises as well as vocational training schools and universities based inside and outside the region carried out in regional business enterprises, provide advice to 120 regional business enterprises on the development of new products, processes and technology.

**Indicative Breakdown of the Business Development Fund resources by measure**

<table>
<thead>
<tr>
<th>No.</th>
<th>Title of measure</th>
<th>PHARE</th>
<th>State</th>
<th>Total MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Promotion of Business Advisory Services, Development of Favourable Investment Climate</td>
<td>1.34</td>
<td>0.46</td>
<td>1.8</td>
</tr>
<tr>
<td>2</td>
<td>Promoting the Development of Innovative Activities</td>
<td>0.76</td>
<td>0.24</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>2.1</strong></td>
<td><strong>0.7</strong></td>
<td><strong>2.8</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 2.5 MEUR will provide co-financing support for individual projects selected following a Call for Proposals in the three Measure areas.

Since the regional labour market training system still remains biased towards the training of the unemployed, the adaptation of regional labour force to the changing market conditions is nor sufficiently extensive and fast. Subsidised labour market and vocational training can contribute to higher accessibility of regional labour force to labour market training and, in turn, its faster adaptation to the changing regional labour market conditions.
Despite its relative extensiveness, the existing training system in the Utena target region cannot provide training services corresponding to regional labour market demand largely due to the lack of qualified trainers, high-quality training programmes and insufficient regional labour market monitoring function.

It is expected that training subsidies channelled through the Human Resource Development Fund will facilitate necessary supply-side adjustments, in particular the development of new high-quality training programmes corresponding to the needs of regional labour market. However, one cannot expect that without direct assistance to the regional training system it will be capable to adjust to the growing demand for training in an extensive, co-ordinated and sustainable way.

Therefore it is proposed that about 30% of the Human Resource Development Fund resources will be channelled with the objective to achieve supply-side objectives (primarily through the Measure No. 3 with a balance of 0.7 MEUR). These supply-side interventions will primarily concern activities aimed at expanding the potential of regional training institutions to design and deliver high-quality training programmes in order to meet existing and future labour market demand.

**Measure 1:** Training for Economic and Social Development (1.5 MEUR) throughout the region with objectives to:

- Foster the adaptation of regional labour force to the changing labour market conditions
- Promote employment and a flexible labour market in the Utena 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 labour force
- Promote integration of women into the labour market
- Establishment of targeted apprenticeships to provide young people with the access to high-quality work-based training and to assist their placement into permanent employment.

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 and entrepreneurs: 80% of all training costs will be covered by the Human Resource Development Fund;
- placement of young people in business enterprises, for short-term on-the-job training courses.

All training requests can be satisfied by vocational training, labour market training and other training institutions based inside or outside the Utena target region. Training and placement courses under this measure shall be accredited by the Ministry of Education or the Ministry of Social Security and Labour.

It is forecast that 2,800 beneficiaries having completed training courses leading to a diploma or certificate, with 5 placement schemes established and 60 young people having completed short-term on-the-job training courses.

**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 Utena target region that are necessary to ensure the effective and efficient management of EU pre-accession programmes (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 Utena 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 Utena target region

Improve capacity for regional development co-ordination in the Utena target region

Develop the regional ability to use the EU-funded assistance programmes 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.

**Measure 3**: Training Initiatives (0.7 MEUR) are designed to achieve the following objectives:

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

The activities eligible for support under this measure include:

- Development of new training programmes in order to meet future labour market demand and foster the employability and entrepreneurship of regional labour force (assessed via market analysis and surveys); to expand the potential of regional training institutions by developing new training programmes and curriculum
- Development of the regional ability to effectively VET/labour market training programmes as well as to assess the quality of regional training programmes through training of teachers and trainers from regional VET/labour 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 programmes in regional distance learning centres 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 programmes or curriculum developed or introduced in regional VET/labour market institutions
- 2 regional labour market demand surveys carried out and published;
- 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.
All training courses and training/learning centres will receive assistance from either the Ministry of Education or the Ministry of Social Security and Labour in order to ensure quality standards leading to accreditation of courses.

**Indicative Breakdown of the Human Resource Development Fund resources by measure**

<table>
<thead>
<tr>
<th>No</th>
<th>Title of measure</th>
<th>PHARE</th>
<th>State</th>
<th>Total MEURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Training for Economic and Social Development</td>
<td>1.2</td>
<td>0.3</td>
<td>1.5</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>0.5</td>
<td>0.2</td>
<td>0.7</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1.9</strong></td>
<td><strong>0.6</strong></td>
<td><strong>2.5</strong></td>
</tr>
</tbody>
</table>

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

4. **Institutional Framework**

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

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

**Monitoring Sub-Committee** (consisting of the National Aid Coordinator, National Authorizing Officer, CFCU, representatives of ministries concerned, representatives of Regional Project Implementing Units, secretariat - Ministry of Public Administration Reforms and Local Authorities - MoPARLA) - shall be responsible for evaluating implementation of “Social and economic cohesion” projects, ensuring compatibility with EC 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/Director of the RDA so decide, subject to the inclusion of respective provisions in the Agreement between the CFCU and the RPIU, fund management working groups may be formed. Being composed of representatives of the county administration, the local governments, the ministries concerned, and, if necessary, independent experts, the fund management working groups shall carry out functions of evaluation and selection of applications, evaluation of project performance, etc. The precise range of functions of the working groups shall be specified in the agreement between the CFCU and the RPIU.

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

5. **Detailed Budget (in million EUR)**

<table>
<thead>
<tr>
<th></th>
<th>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><strong>Business Development Fund</strong></td>
<td>2.1</td>
<td>2.1</td>
<td>0.7</td>
<td>2.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Human Resource Development Fund</strong></td>
<td>1.9</td>
<td>1.9</td>
<td>0.6</td>
<td>2.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></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 Utena County Administration to delegate to the latter the contracting of the fund mechanisms.

The PAO will be the Director of the CFCU, Mr Z Pajarskas, Ministry of Finance J. Tumo-Vaizganto 8a, 2600 Vilnius; telephone: +370 2 61 19 32, fax: +370 2 22 53 35 and e-mail: 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 4Q/2000 and 4Q/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 ensure their participation. Every effort will be made to ensure equal access to project benefits. The principle of equal opportunity will be integrated into project selection criteria for all regional development measures under both funds. In addition, this principle will be applied to the composition of Regional Monitoring Committees. The relevant indicators for its monitoring and evaluation will be measured according to EC guidelines currently based upon Working Paper 3, Indicators for Monitoring and Evaluation: An indicative methodology (The New Programming period 2000-2006: methodological working papers).

9. Environment

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

10. Rates of return

N/A.

11. Investment criteria

11.1 Catalytic Effect and Additionality:

PHARE's support must catalyse a priority, accession driven action which would otherwise not have taken place or which would have taken place at a later date. PHARE grants shall not displace other financiers especially from the private sector or IFIs.
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 programme 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.

Investment projects above 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 Utena Target Region</th>
<th>Project Number: LT 0009-03</th>
<th>Contracting Period Expires: 3Q/2002</th>
<th>Disbursement Period Expires: 3Q/2003</th>
<th>Total Budget: 5.3 MEUR</th>
<th>PHARE Contribution: 4.0 MEUR</th>
</tr>
</thead>
</table>

### Wider Objectives

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

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

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

### Immediate Objectives

**Indicators of Achievement**
- 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 the Utena target region and the national average

**Sources of Information**
- Business Development Fund / Human Resource Development Fund established and operational
- Managing Authority / RMCs set up and operating
- Viable development projects selected and implemented/Improved GDP in the region, reduced unemployment, increased FDI and increased exports originating in the region

**Assumptions and Risks**
- Reports of the Managing Authorities
- Project information and reports
- National and regional statistics
- Evaluation missions
- Meeting of the Monitoring Committees
- All necessary fund documentation drafted / approved by the Government Managing Authority contracted
- Personnel appointed to the NRDC, RMCs and Managing Authorities
- Projects make significant measurable impact on region's development

### Outputs

**The Business Development Fund:**
- Measure No. 1: Promotion of Business Advisory Services, Development of Favourable Investment Climate
- Measure No. 2: Promoting the Development of Innovative Activities

**The Human Resource Development Fund:**
- Measure No. 1: Training for Economic and Social Development
- Measure No. 2: Enhancing Public Administration Capacity
- Measure No. 3: Training Initiatives

**Indicators of Achievement**
- 350 regional business enterprises / entrepreneurs receive business advisory services
- 30 projects for the technical evaluation of new business opportunities in Utena county, including 2 pilot projects associated with regional tourism;
- 50 potential foreign investors receive business advisory services;
- 30 innovation projects, 120 regional business enterprises received advice on development of new products, processes and technology
- 2,800 beneficiaries completed training courses; training manual produced for all training modules;
- 5 placement schemes established and 60 young people complete short-term on-the-job training;
- 70 civil servants/ regional socio-economic partners/local experts with raised skills / qualifications in five training areas and 20 three-day training sessions carried out

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

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

### Inputs

**PHARE assistance: 4.0 MEUR**
**National public co-funding: 1.3 MEUR**

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

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

**Assumptions and risks**
- Availability of skilled staff
- Timely provision of inputs
- Proper planning and implementation of activities
## Detailed Implementation Chart for the Project - LT 0009-03

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

---

**Project Fiche LT 0009-03**
### 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>1.05</td>
<td>1.05</td>
<td>1.05</td>
<td>1.05</td>
<td>2.10</td>
<td>2.10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.10</td>
</tr>
<tr>
<td>Human Resource Development Fund</td>
<td>0.95</td>
<td>0.95</td>
<td>0.95</td>
<td>0.95</td>
<td>1.90</td>
<td>1.90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.90</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 0009-03

<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>0.16</td>
<td>0.37</td>
<td>0.53</td>
<td>0.84</td>
<td>1.16</td>
<td>1.47</td>
<td>1.68</td>
<td>2.00</td>
<td>2.10</td>
<td>2.10</td>
<td></td>
<td></td>
<td>2.10</td>
</tr>
<tr>
<td>Human Resource Development Fund</td>
<td>0.14</td>
<td>0.33</td>
<td>0.48</td>
<td>0.76</td>
<td>1.05</td>
<td>1.33</td>
<td>1.52</td>
<td>1.81</td>
<td>1.90</td>
<td>1.90</td>
<td></td>
<td></td>
<td>1.90</td>
</tr>
<tr>
<td>Total</td>
<td>0.30</td>
<td>0.70</td>
<td>1.00</td>
<td>1.60</td>
<td>2.20</td>
<td>2.80</td>
<td>3.20</td>
<td>3.80</td>
<td>4.00</td>
<td>4.00</td>
<td></td>
<td></td>
<td>4.00</td>
</tr>
</tbody>
</table>
MEASURE SHEETS – LT 0009-03

The Business Development Fund

Measure 1: Promotion of Business Advisory Services, Development of Favourable Investment Climate

Objectives

General
To promote the competitiveness of regional micro-business and SMEs.

Specific
To improve the competitiveness of regional enterprises both domestically and internationally
To expand the export base in the Utena region by increasing the internationalisation of regional business enterprises and the inflow of FDI into the region
To promote the development of favourable investment climate in the Utena county
To develop favourable environment for the sustainable operation of existing regional SMEs and for the establishment of new SMEs in the Utena region
Promote co-operation between SMEs and large enterprises (domestic and international)

Description of eligible activities

Under this measure, support will be provided for the following business advisory services:

- business advisory and consultancy services aimed at promoting entrepreneurship for regional residents and new business start-ups, including advice on preparation of business and financial plans, applications for business related infrastructure development grants/loans, business accounting, marketing, management, product design and development etc.
- assistance to the development of informal business advice and support system, including ‘peer-groups’, business clubs, business networks
- support for the implementation of quality management, standardisation, certification, environmental management etc. (in particular ISO 9000 & 14000)
- information and marketing actions to promote the region as an attractive location for investment
- business advisory services for foreign investors seeking to potentially locate in Utena
- promotion of business supplier development linkages (to facilitate exports, sub-contracting, joint ventures etc. with international enterprises and between regional large and small enterprises)
- technical studies to identify new business opportunities in the region
- organisation of and participation in conferences, exhibitions and trade fairs
- assistance to the preparation of regional tourism development strategy and other documents necessary for its implementation (pre-feasibility and feasibility studies, detailed lay-out schemes for tourism infrastructure objects and other documents), plus two pilot projects in tourism

PHARE will provide 90% subsidy for new entrepreneurs and micro business (defined as being in existence less than 1 year and having less than 10 employees respectively), 80% subsidy for small and medium-sized businesses (defined as being in existence less than 1 year and having less than 250 employees) and maximum 75% subsidy to established enterprises (defined as being in existence for more than 1 year and having less than 250 employees).

Project selection priorities

The projects will be evaluated against general and specific priorities.
General:
- projects that are most likely to create high number of jobs.  
- projects that are most likely to continue for a substantial period after assistance had been given.  
- projects attracting additional funding.  
- projects 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  

Special:
- projects involving networking and co-operation between SMEs and larger companies.  
- projects assisting higher internationalisation and export-orientation of enterprises.  
- projects involving new environmental and quality management instruments.  
- projects involving Visaginas.  

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

Particular attention will be paid to assisting sectors of economy with the biggest potential to generate higher value-added and with the best exporting capabilities.  

Outputs, results and impact

Outputs:  
- 350 regional business enterprises or entrepreneurs having received business advisory services  
- 50 potential foreign investors will receive advisory services concerning opportunities for locating in Utena region,  
- 30 projects for the technical evaluation of new business opportunities for the Utena region will be carried out including 2 pilot projects associated with the regional tourism strategy.  

Results:  
- new business start-ups  
- entrepreneurs successfully completing vocational training courses  
- increasing private investment in assisted enterprises  
- increasing flow of FDI into the region  
- regional enterprises becoming new exporters  

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

Grant recipients
All companies, institutions and organisations suitably experienced and qualified, although the main target groups are: regional business enterprises, current and future entrepreneurs  

Financing
1.8 MEUR
Measure 2: Promoting the development of innovative activities

This measure aims at developing innovative potential of regional business enterprises in order to improve the competitiveness of regional enterprises both domestically and internationally as well as facilitate the diversification of regional economic activities.

Objectives

General
To promote the development of innovative activities in the Utena county to strengthen the competitiveness of regional enterprises and to facilitate the diversification of regional economic activities

Specific
To promote co-operation between regional business enterprises and universities
To promote competitiveness of regional business enterprises through the promotion of innovative activities
To develop favourable environment for innovative activities in the region

Description of eligible activities

Under this measure, support will be provided for the following activities:
- technology and innovation audits.
- support to the introduction of new products and processes, including actions to inform regional business enterprises about new technological developments, technical studies as well as external assistance and advice in introducing new products and processes
- assistance to the development and introduction of modern IT in regional business enterprises (Internet, e-commerce, etc.).
- innovation/technology transfers and diffusion.
- support to the introduction of environment friendly and energy efficient technology.
- environmental and energy audits.
- support for the development of eco-products.
- support for improved waste-management techniques.
- establishment of research and technological development centres.
- support to the co-operation between regional business enterprises as well as training and research institutions located inside and outside the region.
- access to national and European research and technological development programmes.

Project selection priorities

The projects will be evaluated against general and specific priorities.

General
- projects that are most likely to create high number of jobs.
- projects that are most likely to continue for a substantial period after assistance had been given.
- projects attracting additional funding.
- projects 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

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 internationalisation and export-orientation of enterprises.
- projects involving new environmental and quality management instruments.
- projects involving Visaginas.

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

Particular attention will be paid to assisting sectors of economy with the biggest potential to generate higher value-added and with the best exporting capabilities.

Outputs, results and impact

Outputs:
- 30 innovation projects, including technology/innovation or environmental/energy audits, business plans/feasibility studies co-operation projects between regional business enterprises as well as vocational training schools and universities based inside and outside the region carried out in regional business enterprises
- 120 regional business enterprises having received advice on the development of new products, processes and technology

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
- regional enterprises becoming new exporters
- increasing number of new products/processes introduced and marketed by assisted enterprises
- 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.

Grant beneficiaries

All companies, institutions and organisations suitably experienced and qualified, although the main target groups are: regional business enterprises as well as universities and vocational training schools based inside and outside the target region.

Financing
1.0 MEUR
The Human Resource Development Fund

**Measure 1: Training for Economic and Social Development**

**Objectives:**
To foster the adaptation of regional labour force to the changing labour market conditions
To promote employment and a flexible labour market in the Utena 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 labour force and
To promote integration of young people and women into the labour 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.
- placement of young people in business enterprises, for short-term on-the-job training courses

All training requests can be satisfied by vocational training, labour market training and other training institutions based inside or outside the Utena target region. Either the Ministry of Education or the Ministry of Social Security and Labour must accredit all courses and placements.

**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/labour market institutions based within the Utena target region
- projects involving reskilling of youth, female and long-term unemployed
- projects involving reskilling of employees employed in regional companies facing job loses
- projects attracting additional funding
- projects involving Visaginas
- projects respecting principles of equal opportunity and sustainable development
- projects complementing other projects or building upon outcomes of previous projects

Priorities with regard to the selection of service providers:
- competence and experience of service providers
- service providers offering new training programmes
- consortiums involving regional service providers
- capacity of service providers to carry out business advisory/training activities in the region
Final Draft: 04/08/2000

- well balanced team of trainers
- retailed training implementation plan

Particular attention will be paid to assisting sectors of economy with the biggest potential to generate higher value-added and with the best exporting capabilities.

 Outputs, results and impact

Outputs:
- 2,800 beneficiaries having completed training courses leading to a diploma or certificate
- 5 placement schemes established and 60 young people having completed short-term on-the-job training courses

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 labour 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 organisations suitably experienced and qualified, although the main target groups are: socially disadvantaged groups, employees of regional business enterprises and the unemployed

Financing
1.5 MEUR
Measure No. 2: Enhancing Public Administration Capacity

Objectives:

General:
to increase regional development planning, programming, implementation, monitoring and evaluation capacities in the Utena target region

Specific:
to facilitate the implementation of PHARE 2000 interventions in the Utena 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 Utena target region
to improve capacity for regional development co-ordination in the Utena target region
to develop the regional ability to use the EU-funded assistance programmes 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 Programmes, Sectoral Operational Programmes, Single Programming Document

EU pre-accession instruments for the candidate countries
- EU pre-accession programmes (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 programmes

Regional development planning and programming
- National Development Plan and regional development plans: scope, objectives and structure
- regional operational programmes and sectoral operational programmes: 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
- 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
The project selection will be guided by the following priorities:
- competence and experience of service providers
- service providers offering new training programmes
- consortiums involving regional service providers
- capacity of service providers to carry out business advisory/training activities in the region
- 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 in the Utena target region
- increased public awareness of EU pre-accession assistance in the Utena target region
- increased involvement of regional socio-economic partners in regional development management
- developed technical advice and assistance capacity in the Utena target region

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

Grant recipients
All companies, institutions and organisations suitably experienced and qualified, although the main target groups are:
- regional civil servants employed in the Utena 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 Utena target region through the decentralised Managing Authority, the Regional Monitoring Committee or other ways (approximately 30 persons)
- regional socio-economic partners, including the Territorial Labour Exchange, the Chamber of Trade, Industry and Commerce, associations of employers and employees, main regional employers (such as the Ignalina Nuclear Power Plant) and other institutions (approximately 25 persons)
- local experts based in the Utena 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/ labour market training institutions to the changing labour market conditions;
To promote and strengthen social partnership.

**Eligible activities:**

**Programme development**
Specific objectives: to develop new training programmes in order to meet future labour market demand and foster the employability and entrepreneurship of regional labour force; to expand the potential of regional training institutions by developing new training programmes and curriculum through the following eligible activities:

- development of new training programmes and curriculum, including training curriculum and programmes targeted at socially-disadvantaged groups youth without qualifications and skills, (handicapped, migrants, language minorities, school drop-outs, former convicts)
- actions aimed disseminating 'tailor-made' curriculum and training material to the region, their adaptation and introduction in regional VET/labour market institutions

Main outputs: 15 training programmes or curriculum developed or introduced in regional VET/labour market institutions

**Training of teachers, trainers and assessors**
Specific objective: to develop the regional ability to effectively VET/labour market training programmes as well as to assess the quality of regional training programmes through the following eligible activities:

- training of teachers and trainers from regional VET/labour 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 programmes and to the adaptation of ‘tailor-made’ distance learning programmes in regional distance learning centres
- training of regional teachers and trainers, including in supervising the delivery of distance learning programmes and ICT courses
demonstration projects and information campaigns to increase the regional knowledge of
distance learning possibilities

Main outputs: 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; 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 labour market analysis

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

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

Main outputs: 2 regional labour market demand surveys and 3 regional labour markets reviews
carried out and published; 3 regional partnership meetings held; regional VET/labour market
institutions having acquired experience and knowledge relevant to labour 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 involving Visaginas
- projects respecting principles of equal opportunity and sustainable development

Priorities with regard to the selection of service providers:

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

Main results:
- improved quality of the training delivery;
- regional vocational education/ labour market training institutions more adapted to the changing labour market conditions;
- improved social partnership relations.

Impact:
- unemployment reduction as well as new employment created and safeguarded
- increased placement rate of beneficiaries into permanent employment
- higher integration of disadvantaged groups into the labour 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 organisations suitably experienced and qualified, although the main target groups are: regional vocational training and education institutions, regional labour market training institutions, regional business enterprises

Financing
0.7 MEUR
Activities linked to National Regional Development Project in the Utena target region

LI 2000-H-03

1. Related regional development projects

1.1 PHARE assisted projects

- PHARE Institutional Strengthening project
- SPP – ESF horizontal programme in Lithuania
- The PHARE BSPF project TICET (Tourism Information Centres Eastern European Countries). 1998 – 1999
- SPP Utena Pilot Project on Rural Development
- SPP Technical Assistance Project
- SPP Twining Project
- The EU PHARE project: The Establishment of Public Administration Reform - Regional Development and Local Authorities. Particularly the regional components. August 1998 - September 1999;
- EU PHARE Cross Border Programme which supports programme and project management training for local and regional administrations in Lithuania.
- The EU Baltic Project 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 Twinning 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.

Assistance to rural development in the Utena target region will be provided by the SPP Utena Pilot Project on Rural Development (0.5 MEUR) with the general objective to assist private farmers and agricultural companies in less favoured areas to restructure and diversify their agricultural activities. More specifically, this project aims to:

- increase efficiency and competitiveness of production, processing and marketing of dairy and beef cattle husbandry products, while establishing viable commercial operations, complying with the EU requirements;
- promote and support production, processing and marketing of competitive, marketable, non-traditional crop and livestock products;
- Under the project investment assistance will be provided to the following measures:
  - support to alternative economic activities in rural areas, meat processing SMEs, agro-tourism and training.

It is expected that about 30 rural development projects will be funded under this project. The implementation of this project will contribute to the diversification of regional economic structure and higher competitiveness of regional business enterprises both nationally and internationally.

1.2 Bilaterally assisted projects

- Danish bilateral aid project “Establishing Regional Structures”, 1999
- The Danish bilateral programme: Technical assistance to the process of strengthening The Regional Development Agency in Utena County (March-December 2000)
- The Danish bilateral programme: Technical assistance to the process of preparing a Regional Operational Plan in Utena County (January-June 2000).
- “Development of the rural tourism in Utena County” funded by GTZ (Gesellschaft für technische Zusammenarbeit – Germany) 1996 – 2000

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 Utena County administration has received training, which is useful in the preparation for and absorption of investment from PHARE 2000.

The Danish Technical assistance to strengthen the Regional Development Agency in Utena County (March-December 2000) will concentrate on training of staff of the RDA as well as provision of office equipment to the Agency. The objective of the project is to enhance operational capacity and quality of the Agency in order to enable it manage EU assistance.

The Danish technical assistance to prepare a Regional Operational Plan in Utena County (March-June 2000) will contribute to sharing the experience of Danish experts with public officials and social partners in the region as well as building the planning capacity. Preparation of the ROP is important in order to start PHARE 2001 programming phase.

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.

3. Business development projects

- PHARE Regional Property Development Fund Project
- PHARE SME Development Project
- Establishment of Zarasai Business Information Centre, UK funded project
• “Promotion of SME’s by implementation of tourism development programme in Utena County”. Funded the Ministry of Agriculture, The Ministry of Economy, the Municipality and administration of Utena County, the Ignalina Municipality and The National Tourism Board. 1999.

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 the Regional Property Development Fund in the Utena target region will be complementary to PHARE Social and Economic Cohesion investment for the implementation of Utena 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 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.

The UK provided assistance to the project concerning the establishment of the Zarasai Business Information Center. This project was designed in partnership with the British Partnership Scheme/Small Grants Scheme, Zarasai district municipality and Ministry of Economy. The purpose of the center is to assist potential entrepreneurs and existing SME to start or develop their business by provision of information, consulting and other advice.

**The PHARE BSPF project TICET** (Tourism Information Centres Eastern European Countries) 1998 – 1999 provided support to Utena and Anyksciai municipalities in developing tourism industry and encouraging cross border cooperation projects. The feasibility study and marketing materials were prepared as a result of the project. Tourist information centers have been established in Utena and Anyksciai.

4. **VET and labour market development projects**

- Dissemination of the PHARE VET Reform Programme’94
- EU PHARE Programme for Vocational Training and Education Reform in Lithuania
- PHARE programme for the development of the labour market training system
• The project “Dissemination of the PHARE VET Reform Programme’94”
• PHARE BSPF Project “Multipurpose Adult-education centre”1998- 2000
• PHARE Multi-country programme in Distance Education
• PHARE 2000 institution building 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 methodical material. Unfortunately, due to lack of resources and specialists only 60 representatives of vocational schools will have a possibility to participate in the courses (4 from each school). This makes only a small part of teachers employed in the VET system (in total, there are 174 vocational and college-type schools, which employ some 9,6 thousand teachers; only 27 schools participated in the PHARE project).

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.

The PHARE BSPF Project “Multipurpose Adult-Education Centre” 1998- 2000 was undertaken by the Danish Fyns county in co-operation with the Zarasai district municipality. The objectives of the project are to improve quality of VET in the area in order to foster job creation. The computer classroom will be established and several training programmes will be designed.

Due to the PHARE Multi-country programme in Distance Education (15 MECU for all participating countries) a National Centre for Open and Distance Learning and two study centres have been created (1996-1999). The Government has given additional funding to the study centre in Kaunas, which has enabled it to take a leading position in ODL. It is planned to fund additional regional centres in Klaipeda, Panevezys, Siauliai and Utena.

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

Investment in the improvement of labour market structures in Utena target region will complement to activities under the PHARE Preparation for EES project, which will support overall development of Lithuanian labour market institutions at national and regional level. Regional labour market institutions involved in the implementation of regional social and economic cohesion measures will be in a favourable position to adapt to, contribute to and benefit from the institution building activities envisaged under the PHARE IB project at the national level. The national project on its turn will benefit from the qualitative regional inputs generated by the improved regional structures and the increased technical assistance capacity in Utena County. 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 Utena 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.
Regional Administrative Structure responsible for administering and managing the funds mechanisms LI 2000-II-03

The Responsible Person for Programme Administration:
RIMANTAS DIJOKAS, County Governor, Aušros str.22, 4910 Utena, Lithuania, tel. (office) 370 39 57500, 53359, mobil.8 286 43314, fax. 370 39 59536, E - mail : apskvirs@utena.aps.lt;

The Secretariat of Regional Monitoring Committee (The RPIU):
VIDMANTAS VALINČIUS, County Secretary, Aušros str.22, 4910 Utena, Lithuania, tel. (office) 370 39 53572, mobil.8 286 43313, fax. 370 39 59536, E - mail : apsksekr@utena.aps.lt;

Accounting and Finance Department:
1. JANINA LASKAUSKIENĖ, Director of Accounting and Finance Department, Aušros str.22, 4910 Utena, Lithuania, tel. (office) 370 39 56649, fax . 370 39 59536, E - mail : janina@utena.aps.lt;
2. ROMUALDA KAULAKIENĖ, Economist of Accounting and Finance Department, Aušros str.22, 4910 Utena, Lithuania, tel. (office) 370 39 58543, fax. 370 39 59536;
3. LILIJŲ RYBAKOVA, Book - keeper of Accounting and Finance Department, Aušros str.22, 4910 Utena, Lithuania, tel. (office) 370 39 58676, fax. 370 39 59536;
5. GENĖ BALTUŠKIENĖ, Book - keeper of Accounting and Finance Department, Aušros str.22, 4910 Utena, tel. (office) 370 39 58768, fax. 370 39 59536;
6. VIKTORAS DORDZIK, Computer Specialist of Accounting and Finance Department, Aušros str.22, 4910 Utena, tel. (office) 370 39 53974, fax. 370 39 59536, E - mail : viktoras@utena.aps.lt;
7. VIDMANTAS INDRAŠIUS, Director of Rural Affairs Department, Aušros str.22, 4910 Utena, Lithuania, tel. (office) 370 39 57425, mobil. 8 298 03512, fax. 370 39 59536, E - mail : direkt- k@utena.aps.lt;
8. ANTANAS BAURA, Head of Anykščiai Rural Affairs Section, J.Biliūno str.19, 4930 Anykščiai, Lithuania, tel.(office) 370 51 59262, fax. 370 51 59303;
9. DANUTĖ KARDELIENĖ, Head of Ignalina Rural Affairs Section, Laisvės str.32, 4740 Ignalina, Lithuania, tel. 370 29 52262, mobil. 8 29 033102, fax.370 29 52262;
10. JONAS VAITĖNAS, Head of Molėtai Rural Affairs Section,Vilniaus str.44, 4150 Molėtai, Lithuania, tel.370 30 52267, fax. 370 30 51586;
11. JONAS GUIGA, Head of Utęna Rural Affairs Section, Utenio sq.4, 4910 Utena, Lithuania, tel.370 39 51262, fax. 370 39 54820;
12. RIČARDAS GREIČIŪNAS, Head of Zarasai Rural Affairs Section, Sėlių sq.22, 4780 Zarasai, Lithuania, tel.370 70 51262, fax. 370 70 52948;

Personnel and Economy Department :
1. ALDONA BALTAUKIENĖ, Head of Personnel and Economy Department, Aušros str.22, 4910 Utena, Lithuania, tel.370 39 54798, fax. 370 39 59536, E - mail : aldonas@utena.aps.lt;
2. AUDRONĖ MAČERAUSKAITĖ, Office Clerk of Personnel and Economy Department, Aušros str.22, 4910 Utena, Lithuania, tel.370 39 55846, fax. 370 39 59536; 

3. AUŠRA BIELIŪNAITĖ, Office Secretary of Personnel and Economy Department, Aušros str.22, 4910 Utena, Lithuania, tel.370 39 59536, fax. 370 39 59536, E-mail: ausra@utena.aps.lt; 

4. ARŪNAS GARUNKŠTIS, Driver of Utena County Administration, Aušros str.22, 4910 Utena, Lithuania, tel.370 39 54798, fax. 370 39 59536;

Personnel of the Fund Administering Secretariat:

I. SME support and tourism:

1. NERIJUS ĖPEAUSKAS, Head of Regional Economic and Social Development Department, Aušros str.22, 4910 Utena, Lithuania, tel.370 39 51259, mobil.8 298 00823, fax. 370 39 59536, E-mail: nerijus@utena.aps.lt; 

2. SERGEJUS RYBAKOVAS, Director of Utena Industry and Trade Palace, Maironio str.7, 4910 Utena, Lithuania, tel.370 39 55897, fax. 370 39 56933; 


4. VYDA KRASASISKENĖ, Tourism Specialist of Utena County Administration, Aušros str.22, 4910 Utena, Lithuania, tel.370 39 51259, mobil. 8 298 12020, fax. 370 39 59536, E-mail: vyda@utena.aps.lt; 

5. RENATA DUBAUSKIEIŠ, Foreign Affairs Adviser of Utena County Governor, Aušros str.22, 4910 Utena, Lithuania, tel.370 39 55838, fax. 370 39 59536, E-mail: renata@utena.aps.lt; 

II. Human Resources and Vocational Training:

1. VIDAS RUZGUS, Director of Social Affairs and Education Department, Aušros str.22, 4910 Utena, Lithuania, tel.370 39 53892, fax. 370 39 59536, E-mail: vidas@utena.aps.lt; 

2. VIDA STASIULIONIENĖ, Headmaster of Utena Business College, Maironio str.7, 4910 Utena, Lithuania, tel.370 39 51516, fax. 370 39 51516; 

3. ANGELĖ KAUŠYLIENĖ, Headmaster of Utena Medical College, Utenio sq.2, 4910 Utena, Lithuania, tel.370 39 55260, fax. 370 39 50818; 

4. SKIRMANTAS TRAPNAUSKAS, Headmaster of Agriculture and Food Industry College, Aukštaitių str.5, 4910 Utena, Lithuania, tel.370 39 69901, fax. 370 39 69901; 

5. EDVARDAS ŠAKALYS, Director of Labour Market Educational Centre, J.Basanavičiaus str.90, 4910 Utena, Lithuania, tel.370 39 58908, fax. 370 39 52839;