1. Basic Information
1.1. Désirée No:

1.2. Title: Phare Project Preparation Support

1.3. Sector: Economic and Social Cohesion

1.4. Location: Lithuania

2. Objectives

2.1. Overall Objective

The overall objective of this €2.0 Million project, which has a national co-financing of 500,000 €, is to facilitate the successful launch and implementation of Phare support to economic and social cohesion in 2002/2003 and Structural Funds upon Lithuania’s accession date.

2.2. Project Purpose

The purpose of the project is to ensure the speedy and efficient tendering of Phare investment support projects for economic and social cohesion in 2002/2003 and Structural Funds projects via provision of technical assistance for the preparation of investment support projects in economic and social cohesion.

2.3. Accession Partnership and NPAA Priorities

The project is in line with the 1999 Accession Partnership, which defines economic and social cohesion as a medium-term priority and which in this respect highlights the need to prepare for implementation of a regional development programme and Community initiatives by organising procedures for management of structural funds (including appraisal and evaluation). It also reflects the priorities set in the chapter on economic and social cohesion of the National Programme for the Adoption of the Acquis of May 2000, in particular the need for strengthening of administrative capacities in programming and implementation of Pre-accession Funds and EU Structural Funds.

2.4. Contribution to the National Development Plan

The project will contribute to the implementation of the NDP by preparing a number of investment support projects for implementation to be financed under the National Phare Program for economic and social cohesion and identified on the basis of the NDP.

2.5 Cross Border Impact

N/A

3. Description

3.1. Background and Justification

On the basis of the experiences with the LI9917.01.01 Phare Project Preparation Support 1999, which has proven extremely useful to prepare projects for implementation financed under the Phare National Program for 2000 and 2001, the National Aid Co-ordinator of
Lithuania has decided to propose a similar facility for the support for preparation of projects to be financed under the Phare National Program for 2002/03. The approximately 28 mio. EURO available for Phare Economic and Social Cohesion for 2002/3 are expected to have a substantial element of investment projects and grant schemes, were feasibility studies, preparation of tender dossiers and background documentation will be needed in order to prepare and implement these projects according to schedule. Even though the administrative capacity of Lithuanian authorities is increasing in this field with experience being gained with the support under Phare for Economic and Social Cohesion being available since 2000, it is also clear that there is still need for support to the Lithuanian authorities being involved in regional development to prepare documents of a very technical nature for the implementation of projects.

3.2. Linked Activities

LI9917.01.01 Phare Project Preparation Support seeks to facilitate the launch and implementation of Phare support to social and economic cohesion in 2000. By June 2001 about 80% of the project’s funds have been allocated to support the starting up of Phare 2000 and 2001 projects.

Within the 2001 Phare Programme, Lithuania will receive institution building support to further prepare Lithuanian authorities for the implementation of EU Structural Funds including preparation of the first Objective 1 Single Programming Document. This support also includes assistance to the relevant Lithuanian authorities to establish a project pipeline. However this support will concentrate only on establishment of structures including consultation procedures in identification of projects, while the Project Preparation Support Facility will support the technical preparations needed for implementation of projects.

3.3. Results

The project is expected to produce the following technical and implementation documents for the selected projects:

- Feasibility studies,
- Preparation of detailed technical designs and full tender dossiers (i.e. any part of required documentation specified in PRAG for works, supplies or mixed contracts),
- Documentation for grant schemes
- Environmental impact assessments to meet the requirement of European Community EIA legislation.

3.4. Activities

This project offers additional technical assistance support to Lithuania in its preparation efforts, specifically in the areas of feasibility studies, technical designs and specifications and environmental impact studies. This fiche also sets out the procedure for selecting the projects for preparation and the types of preparatory activates which can be undertaken.

3.4.1. Project selection

The National Aid Coordinator (NAC) will on the basis of the NDP and projects identified for support under the Phare National Programme for Economic and Social Cohesion 2002/3 onwards, and on the basis of potential projects for Structural Funds in areas to be identified in
future SPD, prepare and agree with the Commission a list of projects proposed to receive 
support under this project preparation facility. The use of this Project Preparation Facility will 
be linked to the institutional set up for identifying and preparing a project pipeline to be 
financed under Phare ESC and Structural Funds. The NAC's proposal will include a summary 
description of the preparatory support required by each of the target projects. The agreed 
summary descriptions will be developed into full TOR's by the relevant beneficiaries on the 
basis of standard terms of reference. Given the close linkage to programming, Commission 
delegation and headquarters shall be closely involved in discussing and refining this list before 
its formal submission.

While the main focus of the project preparation facility will obviously be on investment support 
to economic and social cohesion, some Phare investment in CBC and even in investment in 
EU compliance may also require preparation (e.g. border crossing improvements, etc). Such 
projects may also be prepared under this Facility on an exceptional basis.

Given that the NDP's have yet to be provided to the Commission, the selection of projects for 
preparation under this facility will take place after the approval of this Financing Proposal. To 
ensure prudent management of the facility, no project will be prepared under this facility unless 
it fulfils the following eligibility criteria:

- The project is derived from the NDP and clearly matches the priorities in the Plan or 
  the project falls within the area to be identified in future SPD.
- It is included in the NAC's proposal for projects to be prepared, as referred to above.
- The Commission (Delegation and Headquarters) agrees that the project has been 
  identified as a priority for programming under Phare in 2002/2003. However, projects 
  which fulfil the two above criteria may also be considered.

This facility is targeted on assisting Lithuania to prepare projects. It will not be used to cover 
the administration or supervision costs of projects (e.g. appraisal, tendering, etc).

3.4.2. Types of preparatory activities

Feasibility Studies
Many of the investment support projects under economic and social cohesion especially in the 
area of business related infrastructure will involve substantial construction work and thus 
require feasibility studies. Some of the projects proposed to Phare will have studies partially or 
fully completed. The facility therefore can finance not only entire studies but also can complete 
studies or test existing studies to ensure their recommendations are coherent and feasible. The 
most obvious types of work in this last area are cost benefit or financial analyses of a 
recommended solution or sensitivity testing the various assumptions made in the feasibility 
study.

Detailed technical designs including preparation of Full Tender Dossiers
The detailed technical preparation of a project involves developing the skeleton solution 
presented in the feasibility study with:

(1) detailed descriptions and technical specifications;
(2) bills of quantity for the necessary inputs;
(3) schedules for completion of the necessary deliveries and works;
(4) drafting of technical drawings and other documents required for carrying out
the supplies, works and supervision.

The degree of complexity or comprehensiveness of such technical documents and full tender
dossiers depends on the project itself.

All such documents prepared for Phare works and supplies support shall follow the standard
approaches specified in PRAG.

Grant Schemes
The facility will assist in preparing grant schemes for implementation. The most common types
of technical support such schemes need in the preparation stage are:

- Identifying real levels of demand in the market including the leverage of co-financing,
  so ensuring that the scheme when established will be taken up by the target groups.
  This involves identifying the target group and clearly identifying what support they are
  willing to take up and co-finance.
- Preparation of a full set of Operational Guidelines for the operation of the grant
  scheme including division of responsibilities/duties, reporting & approval procedures,
  project and evaluation/selection processes, financial flows, monitoring, control and
  audit mechanisms
- Preparation of Call for Proposals including preparation of “Applicants Pack”, with
  application form and a guide to applicants.

Environmental Impact studies
Where a programming authority has doubt over a project's environmental impact, the facility
will finance a screening and if necessary fuller and more detailed environmental impact studies
and assessments.

4. Institutional Framework
The National Aid Coordinator (NAC) in direct liaison with the Commission shall identify the
specific projects in these areas which the facility shall support. This will be done in close
coordination with the relevant ministries and other bodies involved in regional development in
Lithuania.

According to Resolution No. 440 adopted on 18 April 2001, the function of the National Aid
Coordinator will be performed by the Ministry of Finance as of 1st September 2001. The
Secretariat of the NAC will be the Financial Assistance Department, of the Ministry of
Finance.

The National Aid Coordinator will keep a database of all the projects that have received PPF
support for technical preparation.

The Implementing Agency for this facility is the CFCU.
A horizontal Steering Committee (SC) for all Phare 2001 ESC projects, chaired by the Ministry of Finance, will be set up. The SC will be linked to the SC for Phare 2000 ESC and will ensure close coordination between the measures and activities implemented under both programmes.

5. **Budget (in € million)**

<table>
<thead>
<tr>
<th>Project Components</th>
<th>Investment Support</th>
<th>Institution Building</th>
<th>Total Phare (I + IB)</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Preparation</td>
<td>1.5</td>
<td>1.5</td>
<td>0.5</td>
<td></td>
<td></td>
<td>2.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.5</td>
<td>1.5</td>
<td>0.5</td>
<td></td>
<td></td>
<td>2.0</td>
</tr>
</tbody>
</table>

The Phare amount is binding as the maximum amount available for the project. The ratio between the Phare and national co-finance amounts is also binding and has to be applied to the final contract price. The national co-financing commitment is a tax-excluded net amount.

6. **Implementation Arrangements**

6.1. **Implementing Agency**

**PAO:** Zilvinas Pajarskas, Director of the CFCU  
Address: J. Tumo Vaizganto 8A/2 - 241  
2600 Vilnius  
Lithuania  
Telephone: +370 2 22 66 21  
Fax: +370 2 22 53 35  
e-mail: Info@cfcu.lt

**SPO** Virgaudas Milusauskas, Acting Director, Financial Assistance Department, Ministry of Finance (National Aid Coordinator’s Secretariat)  
Address: J. Tumo Vaizganto 8A/2  
LT-2600 Vilnius  
Lithuania  
Telephone: +370 2 39 01 32  
Fax: +370 2 39 01 49  
e-mail: v.milusauskas@finmin.lt

6.2. **Twinning**

N/A

6.3. **Non-standard aspects**

The PRAG will be strictly followed.

6.4. **Contracts**

A number of Technical Assistance contracts will be tendered following the procedures set in PRAG.
7. Implementation Schedule

<table>
<thead>
<tr>
<th>Component</th>
<th>Start of Tendering</th>
<th>Start of Project Activity</th>
<th>Project Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Preparation</td>
<td>1Q/02</td>
<td>1Q/02</td>
<td>3Q/03</td>
</tr>
</tbody>
</table>

8. Equal Opportunity

Equal opportunity principles and practices in ensuring equitable gender participation in the Project will be guaranteed.

9. Environment

The technical support provided under the preparation facility has no environmental impact in itself (though it will finance inter alia environmental impact studies).

10. Rates of Return

N/A

11. Investment Criteria

N/A

12. Conditionality and sequencing

No project shall be financed under the facility unless it is included in the NAC’s approved list which shall be agreed with the Commission.

No Phare investment support project will be financed in the area of economic and social cohesion unless it is adequately prepared, be it from this facility or from other funds.

Sequencing is such that preparation activities shall be underway when programming Phare investment support takes place in 2001/2. As such, certain projects may be programmed by Phare conditional upon preparation reports and designs being completed and found to be acceptable.

Start up of facility assumes co-financing of the project confirmed by Lithuanian Government and that the Financing Memoranda is signed.
ANNEXES TO PROJECT FICHE

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule
4. Reference to feasibility /pre-feasibility studies
### LOGFRAME PLANNING MATRIX for Phare Project Preparation Support

<table>
<thead>
<tr>
<th>Programme Name and Number:</th>
<th>Project Preparation Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>National PHARE Programme</td>
<td>LT 01.15.01 Economic and Social Cohesion</td>
</tr>
<tr>
<td>Contracting Period Expires:</td>
<td>Disbursement Period Expires:</td>
</tr>
<tr>
<td>3Q/03</td>
<td>3Q/04</td>
</tr>
<tr>
<td>Total Budget: 2.0 MEUR</td>
<td>Phare Budget: 1.5 MEUR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Overall Objective:</th>
<th>Objectively Verifiable Indicators:</th>
<th>Source of Verification:</th>
<th>Assumptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>To facilitate successful launch and implementation of Phare support to economic and social cohesion in 2002/2003 and Structural Funds upon Lithuania’s accession date</td>
<td>• 100% of selected projects contracted by end 2003</td>
<td>Perseus financial reporting system</td>
<td>• Beneficiary institutions have appropriate institutional capacity • Smooth cooperation between beneficiaries, CFCU and Commission</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Purpose:</th>
<th>Objectively Verifiable Indicators:</th>
<th>Source of Verification:</th>
<th>Assumptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>To ensure speedy and efficient tendering of Phare investment support projects for economic and social cohesion and Structural Funds projects.</td>
<td>• Coherent tender documents for selected projects ready • Receipt of responsive proposals</td>
<td>Monitoring Reports</td>
<td>• Projects for preparation are selected on time • Projects are adequately prepared • TORs are adequate • Suitable consultancies are available</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Results:</th>
<th>Objectively Verifiable Indicators:</th>
<th>Source of Verification:</th>
<th>Assumptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Feasibility studies; • Detailed technical designs/bills of quantity; • Basis for grant schemes – market demand, project pipeline, due diligence analyses; • Procurement plans and tender documentation; • Environmental impact screens / assessments.</td>
<td>Required documentation delivered</td>
<td>Monitoring Reports</td>
<td>Beneficiaries participate fully in the preparatory process</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities:</th>
<th>Means:</th>
<th>Source of Verification:</th>
<th>Assumptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation of feasibility studies, technical designs and specifications, environmental impact assessments and other documents and analyses necessary to start implementing selected projects.</td>
<td>Technical assistance primarily through framework contracts</td>
<td>Monitoring Reports</td>
<td>• Projects for preparation are selected on time • Projects are adequately prepared • TORs are adequate • Suitable consultancies are available</td>
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<tr>
<td>Preconditions:</td>
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<td>---------------------------------------------------</td>
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<tr>
<td>• National co-financing confirmed</td>
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<tr>
<td>• Financing Memorandum is signed</td>
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<tr>
<td>• Preparation reports and designs are completed and acceptable</td>
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**DETAILED IMPLEMENTATION CHART FOR THE PROJECT**

*Phare Project Preparation Support*

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
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</thead>
<tbody>
<tr>
<td>Month</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

| Project preparation* | | | | | | | | | | | |

| design | tendering | implementation |

*This is the duration of the whole project preparation facility. Individual contracts will be designed, tendered and implemented following PRAG’s rules and procedures within the time-frame of the facility.*
CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (Phare Contribution only - € Million)

Phare Project Preparation Support

<table>
<thead>
<tr>
<th>Date</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
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<td>30/09</td>
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<td>31/12</td>
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**Contracting**

<table>
<thead>
<tr>
<th>Project Preparation</th>
<th>1.5</th>
</tr>
</thead>
</table>

**Total contracting (cumulative)**

| 1.5 |

**Disbursement**

<table>
<thead>
<tr>
<th>Project Preparation</th>
<th>0.45 0.575 0.7 0.825 0.95 1.075 1.2 1.5</th>
</tr>
</thead>
</table>

**Total disbursement (cumulative)**

| 0.45 0.575 0.7 0.825 0.95 1.075 1.2 1.5 |
Reference to feasibility /pre-feasibility studies

Feasibility / pre-feasibility studies do not exist as they are being produced under the facility.