COMMISSION DECISION
C/2005/2918 of 02/08/2005
on the financial contribution of Transition Facility for strengthening institutional
capacity to the Republic of Lithuania
(Only the Lithuanian text is authentic)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to the Act of Accession 2003, in particular Article 34 thereof,

Whereas:

(1) Article 34 of the Act of Accession provides the possibility of granting a temporary financial assistance, the Transition Facility, to the new Member States to address the continued need for strengthening institutional capacity in certain areas through actions which cannot be financed by the Structural Funds.

(2) The actions funded by this Decision in the areas of justice and home affairs, financial control and protection of the Communities’ financial interests and the fight against fraud, internal market including customs union, administrative and control structures for agriculture, and veterinary services, are eligible for funding according to Article 34(2) of the Act of Accession. In addition, several needs have been identified in the Commission’s comprehensive monitoring report, which are not covered by the Structural Funds. The actions funded by this Decision in relation to those needs in the area of overall administrative capacity are therefore also eligible for funding under Article 34(2) of the Act of Accession.

(3) Pursuant to Article 34(4) of the Act of Accession, the Transition Facility is implemented in accordance with Article 53(1)(b) of Council Regulation 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.

(4) An Implementing Agency should be designated complying with the criteria set out in Article 164 of the Financial Regulation and having adequate staff resources. The Commission has satisfied itself in the context of preparation for conferral of management of aid provided under Phare, as well as through a number of other checks, that those criteria are fulfilled by the Central Project Management Agency.

(5) The measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries in Central and Eastern Europe, rendered on 07.07.2005.
HAS ADOPTED THIS DECISION:

Article 1

The Commission approves a financial contribution of € 9,274,000 as Transition Facility to the Republic of Lithuania to finance projects set out in point 4 of the Annex.

Article 2

1. This Decision shall be implemented on a decentralised basis, in accordance with the Memorandum of Understanding on the Implementation of the Transition Facility, signed with the Republic of Lithuania on 12/11/2004.

2. The Central Project Management Agency shall be Implementing Agency for the Programme.

Article 3

1. Contracts covered by the financial contribution shall be signed no later than 15 December 2007.

2. The deadline for execution of contracts shall be 15 December 2008.

Article 4

This Decision is addressed to the Republic of Lithuania.

Done at Brussels,

For the Commission

Member of the Commission
1. **IDENTIFICATION**

**Beneficiary**
The Republic of Lithuania  

**Programme**
Implementation of the Transition Facility in the Republic of Lithuania for 2005  

**CRIS-Number**
2005/017-494-01.01 to 2005/017-494-05.01  

**Year**
2005  

**Cost**
The total value of the actions to be financed from the Transition Facility € 9 274 000.  

**Implementing Authority**
Central Project Management Agency  

**Expiry Date**
**Contracting:** 15.12.2007  

**Execution of contracts:** 15.12.2008  

**Sector Code**
Objective 1: Justice and home affairs – 15030  
Objective 2: Public Finance - 15020  
Objective 3: Agriculture – 31110 and 31195  
Objective 4: Internal Market, including Customs Union - 33110  
Objective 5: Overall Administrative Capacity - 43010  

**Budget Line**
22 03 01  

**Commission Task Manager**
Gudrun Scheffer  

2. **SUMMARY**

The aim of this Financing Proposal regarding the National Transition Facility Programme 2005 for Lithuania is to further strengthen the administrative and institutional capacities of the Lithuanian administration in certain areas following accession. The programme comprises 11 projects designed to deliver assistance in 4 priority areas as well as an Unallocated envelope for institution building needs which arise unexpectedly between Financing Decisions. The following priorities are planned:
1. **Justice and Home affairs** including projects aiming at supporting efforts in the field of anti-corruption; strengthening the prosecutor general’s office in the area of economic fraud as well as improving the capacity of the police in view of counterfeit money and other payment instruments;

2. **Public Finance**, in particular the protection of the Communities’ financial interests and fight against fraud, as well as the modernisation of the accounting system;

3. **Agriculture**, to further strengthen administrative and control capacities regarding the management of the CAP and to improve institutional capacity in the area of animal health;

4. **Internal Market, including Customs Union** to further enhance integration of the Lithuanian National Standards body into the European standards system, and to fully implement the export control system and improve customs services to traders.

3. **Strategy**

The priorities of the Transition Facility Programme 2005 for Lithuania correspond to those outlined in Article 34 of the Act of Accession. In particular, the priorities addressed reflect findings of the monitoring exercise identifying areas where further improvements in terms of implementation and enforcement capacity of the *acquis* are necessary. The programme is to provide assistance in those areas which in comparison with old Member States still show weaknesses in terms of administrative and technical capacity. It also takes into account recent developments in the *acquis*.

The Transition Facility Programme is based upon a careful selection of projects submitted by the Lithuanian authorities. The main criteria for selection of the projects are relevance, timeliness and quality of individual proposals. Projects have been consulted and discussed with relevant Commission Services.

The experience gained during the implementation of previous Phare projects in a specific sector has been taken into account. Lessons Learned are generally based on a case by case basis, building on relevant experience acquired during the implementation of previous Phare projects in a specific area. Information on supporting concept papers is provided for on a case by case basis in each project fiche.

The projects to be funded will not overlap with any action that can be financed by other financial assistance programmes such as the Schengen Facility or the Structural and Cohesion Funds. Actions, studies and all other types of activities eligible for support under Structural Funds technical assistance measure (Article 2.4 of Council Regulation (EC) No. 1260/1999 and Article 23 of Council regulation (EC) No. 1260/1999) or the Rural Development Programme Technical Assistance Measure (Article 33e of Council Regulation (EC) No. 1257/1999 as amended by the Act of Accession) are excluded from the scope of this programme. Attention was paid to co-ordinating with previous and ongoing pre-accession assistance and to building on the results achieved.
4. **OBJECTIVES AND DESCRIPTION**

**OBJECTIVE 1: JUSTICE AND HOME AFFAIRS**

**2005/017-494-01-01 Further enhancement of anti-corruption efforts**

In Lithuania, the Special Investigation Service (STT) is the key institution in the fight against corruption. It is responsible for coordinating the implementation of the National anti-corruption programme and for providing methodological assistance to other institutions. The current national anti-corruption programme covers the period 2002 – 2006, but is reviewed every two years for further and more effective actions.

The project aims at assisting the Special Investigation Service to ensure further implementation of the national anti-corruption programme and at setting up a three pillar approach on prevention, enforcement and education so as to create an effective tool to deter and curb corruption. This will also involve a review of relevant legislation including criminal procedures as well as training for members of the STT to enhance their analytical skills and foster cooperation with other EU law enforcement bodies as well as awareness raising measures. The project is planned to be implemented by technical assistance.

**2005/017-494-01-02 Strengthening prosecution of fraud in Lithuania**

*Twinning Contract LT/2005/JH-01*

Fight against economic fraud is amongst the priorities of the Prosecutor General’s Office. The functions of the Prosecutor’s Office include the organisation and supervision of the pre-trial investigations of fraud involving several institutions, such as the Financial Crime Investigation Service under the Ministry of Interior (FCIS), Police, Customs Criminal Service and Special Investigation Service. Efficient and effective cooperation and co-ordination are therefore crucial to ensure prosecution of economic crimes. Some specialised prosecutors have been nominated to ensure economic crime prosecution in co-operation with the Lithuanian Anti-Fraud Co-ordinating Structure.

The project is to provide assistance to the Prosecutor General’s Office as the main beneficiary to increase the efficiency of criminal prosecution procedures related to economic fraud. Specifically, this will include recommendations for improving the current legal framework, specialised training to enhance the specific knowledge of prosecutors in various areas of economic fraud and an assessment of the current situation and proposals on how to improve inter-institutional co-operation and co-ordination.

**2005/017-494-01-03 Strengthening the capacities of the police in view of crimes related to counterfeit money and other payment instruments**

*Twinning Contract LT/2005-JH/02*

Since the new Penal Code came into effect in 2003 and Seimas ratified the International Convention for the Suppression of Counterfeiting Currency in 2004, the police department under the Ministry of Interior acts as a central office in this matter. Investigations on counterfeit money and other payment instruments are carried out by regional police units. To this end, specialised subdivisions of the Lithuanian Criminal Police Bureau were established in July 2004.
The project aims at strengthening the analytical, preventive and investigative capacities of the police force, in the context of counterfeit money and fraud related to other payment instruments. Specifically, the project is to provide recommendations to improve prevention and investigation methods in this area, to analyse related legal acts, to provide relevant training programmes as well as to provide training to police officers to improve their qualifications. The project may also include some small scale equipment.

**OBJECTIVE 2: PUBLIC FINANCE**

**2005/017-494-02-01 Protection of the Communities’ financial interests and fight against fraud**

_Twinning contract LT/2005/FI-01_

The Financial Crime Investigation Service acts in Lithuania as the Anti-fraud Co-ordination Service (AFCOS). Its functions also include disclosure and investigation of criminal acts and other offences related to EU or other financial support. Moreover, it is also charged with analysing reported irregularities and frauds related to EU funds.

The aim of the project is to enhance the administrative and technical capacity of the Financial Crime Investigation Service to ensure proper analysis of information in carrying out anti-fraud and prevention of irregularities work. Specifically, the project is to support the development of an effective risk assessment methodology and to provide a corresponding training strategy, as well as training of staff. The project may also include some specialised equipment for investigation purposes.

**2005/017-494-02-02 Modernisation of the public sector accounting system**

Some initial preparatory steps have already been undertaken by the Ministry of Finance in view of the modernisation of the public sector accounting system. On the basis of a thorough analysis of the existing system of budget accounting and financial reporting at various levels of the public sector, the Lithuanian Ministry of Finance plans to further strengthen and reform the accounting system from modified cash basis towards accrual accounting.

The project is to assist the Ministry of Finance to start preparations for reforming the accounting system to create conditions for more efficient public sector management. Specifically, the project is to improve the legal basis taking into account international public sector accounting standards, to prepare instructions regarding transition from modified cash basis accounting to accrual accounting including preparation of supporting documentation material as well as relevant training schemes. The activities are to include a feasibility study regarding the development of appropriate IT solutions.

**OBJECTIVE 3: AGRICULTURE**

**2005/017-494-03-01 Administration of Import/Export, Market Information System, effective use of Farm Accountancy Data Network (FADN) and organic agriculture**

_Twinning contract LT/2005/AG/01_

Though the system of Common Market Organisations has been operational, specific systems and networks linked to Common Market Organisations still require further adjustments so as
to ensure effective functioning of the systems in practice. Further strengthening regarding inspection and control bodies for organic farming and related systems is also necessary.

The aim of this project is to further improve the administrative and control capacities of the Ministry of Agriculture and related institutions, including a) to strengthen administration of the import/export licence system, b) to ensure effective use of the Farm Accountancy Data Network, c) to strengthen the capacity of the Agri-Information and Rural Business Centre in view of price reporting and related issues; and d) to improve the information system for certifying and monitoring organic agriculture and to ensure effective functioning of the control and inspection system.

**2005/017-494-03-02 Further strengthening administration and control of intervention measures in agriculture**

*Twinning contract LT/2005/AG/02*

The Lithuanian Agriculture and Food Products Market Regulation Agency is in charge of the administration of intervention measures. Its tasks also include control of aid schemes in compliance with the criteria applicable to intervention measures. Special attention is also to be paid to improve grain quality evaluation.

The aim of the project is inter alia to assist the Agriculture and Food Products Market Regulation Agency to further strengthen management and control capacities related to intervention measures and aid schemes as well as to ensure effective cooperation amongst related bodies, to provide training to inspectors and administrators, to upgrade IT systems for the administration of intervention measures including accountancy and reporting modules, to strengthen the institutional capacity of the State Seed and Grain Service, to modernize the grain quality testing laboratory in view of its accreditation as well as relevant staff training.

**2005/017-494-03-03 Strengthening animal health control and contingency planning capacities**

*Twinning contract LT/2005/AG/03*

The objective of the project is to strengthen the administrative and technical capacities at central and regional animal health control centres and contingency planning capacities. The main beneficiary is the State Food and Veterinary Service and related institutions. The project will help to further strengthen the institutional setup concerning animal health requirements in accordance with Council Directives 2001/89/EC, 2003/85/EC and 92/119/EEC. It is to assist with the setup of the Infectious Disease Control Centre Eradication Group, to develop and implement control and eradication programmes for outbreaks of infectious animal diseases as well as relevant training, so as to enable staff to effectively cope with outbreaks of infectious animal diseases.
OBJECTIVE 4: INTERNAL MARKET INCLUDING CUSTOMS UNION

2005/017-494-04-01 Full integration of the Lithuanian National Standards Body into the European standards system

Twinning contract LT/2005/EC/01

The project aims at strengthening the administrative and technical capacities of the Lithuanian National Standards Body in view of its full integration into the European standards system (“European standardization culture”). Specifically, the project is to develop inter alia a strategy paper 2006-2010, to further strengthen the institutional capacity of the Lithuanian National Standards Body, to further promote the use of standards in legislation, to develop curricula and training modules on environmental aspects in the context of standards, to assist in the follow-up of CEN/CENELEC meetings, to increase awareness of standards amongst interested stakeholders. The project will also provide for further SMIS software development and limited small scale specialised equipment.

2005/017-494-04-02 Implementation of the export control system and improvement of quality of customs services provided to traders

The aim of this project is to improve the quality of customs services and the interoperability with EU Member States customs administrations. In particular, the project is to enhance the quality of customs services provided to traders and to implement the export control system. The project will include as a first component an assessment and feasibility study on how to facilitate cooperation with economic entities and to improve understanding of business requirements in the area of international trade. The second and third components are designed to set up the export control system including some small-scale related equipment.

OBJECTIVE 5: OVERALL ADMINISTRATIVE CAPACITY

2005/017-494-05-01 Unallocated institution building envelope

The Unallocated institution building envelope shall provide the possibility to respond, in a flexible way, to needs which arise between Financing Decisions in order to address specific self-contained institutional issues of limited scope, i.e. the structures are not complex and existing ones need little adjustment. The projects will be selected according to relevance and quality in order to address administrative and institutional capacity issues in the Lithuanian administration. The projects will be implemented by means of twinning light. Only in those cases where twinning light does not seem to be appropriate, projects may be implemented by technical assistance. Twinning light project proposals shall be approved by the European Commission.
5. **Budget**

*In million €*

<table>
<thead>
<tr>
<th>CRIS number</th>
<th>Objective</th>
<th>Institution Building (IB)</th>
<th>Investment (INV)</th>
<th>TOTAL €</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005/017-494-01</td>
<td><strong>Objective 1:</strong> Justice and home affairs</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>- 01 Further enhancement of anti-corruption efforts</td>
<td>0.900</td>
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<td>0.900</td>
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<td></td>
<td>- 02 Strengthening prosecution of fraud</td>
<td>0.500</td>
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<td></td>
<td>- 03 Strengthening the capacities of the police in view of crimes related to counterfeit money and other payment instruments</td>
<td>0.550</td>
<td>0.150</td>
<td>0.700</td>
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<td>2005/017-494-02</td>
<td><strong>Objective 2:</strong> Public Finance</td>
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<td>- 01 Protection of the Communities’ financial interests and fight against fraud</td>
<td>0.560</td>
<td>0.105</td>
<td>0.665</td>
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<td></td>
<td>- 02 Modernisation of the public sector accounting system</td>
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<td>2005/017-494-03</td>
<td><strong>Objective 3:</strong> Agriculture</td>
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<td></td>
<td>- 01 Administration of Import/Export, Market information system, Farm Accountancy Data Network (FADN) and organic agriculture</td>
<td>0.371</td>
<td>0.514</td>
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<td>- 02 Administration and control of intervention measures in agriculture</td>
<td>0.400</td>
<td>0.297</td>
<td>0.697</td>
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<td></td>
<td>- 03 Strengthening animal health control and contingency planning capacities</td>
<td>0.320</td>
<td>0.056</td>
<td>0.376</td>
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<td>2005/017-494-04</td>
<td><strong>Objective 4:</strong> Internal Market including Customs Union</td>
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<td>- 01 Full integration of the Lithuanian National Standards body into the European standards system</td>
<td>0.650</td>
<td>0.224</td>
<td>0.874</td>
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<td></td>
<td>- 02 Implementation of export control system and improvement of quality of customs services provided to traders</td>
<td>0.442</td>
<td>0.095</td>
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<td>2005/017-494-05</td>
<td><strong>Objective 5:</strong> Overall administrative capacity</td>
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<td></td>
<td>- 01 Unallocated institution building envelope</td>
<td>1.5</td>
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<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
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<td>7.833</td>
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Co-financing for Institution Building projects is provided by the beneficiary bearing certain infrastructure and operational implementation costs, through financing the human and other resources, required for effective and efficient absorption of Transition Facility assistance.
Investments in small equipment must receive co-financing from national public funds. The Community contribution may amount to up to 75% of the total eligible public expenditure.

6. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Government of Lithuania, the Commission may review the programme with a view, at the Commission's discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Transition Facility.

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