

European Cohesion Policy in Lithuania

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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

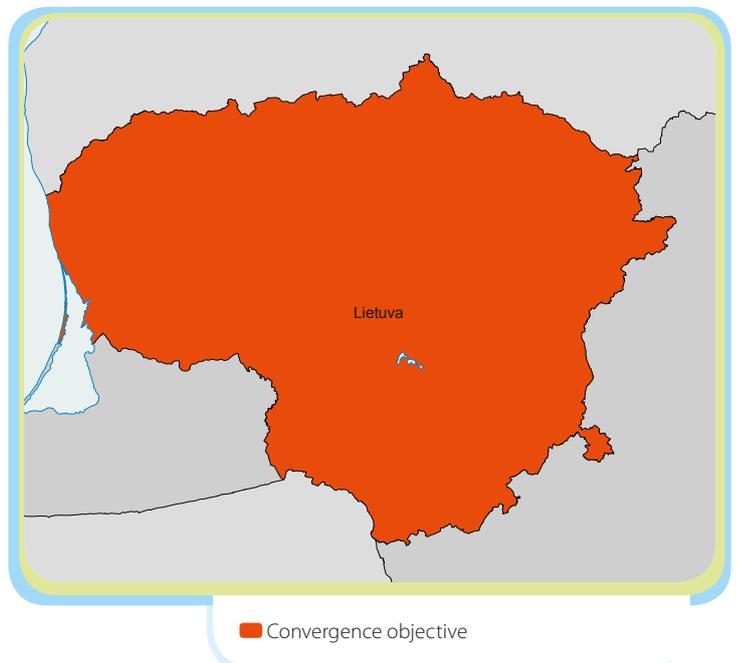
Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

IMPACT AND RESULTS OF COHESION POLICY IN LITHUANIA

- By 2020, it is estimated that gross domestic product (GDP) will be at least 50% higher than without Cohesion Policy intervention.
- Support from the Structural Funds accounted for approximately 18% of expenditure on research & development (R&D) over the period 2004–06.
- For the period 2007–13, Lithuania plans to allocate 8% of total Cohesion Policy resources to R&D and a further 8% to the information society.

Cohesion Policy 2007–13



A SNAPSHOT OF ACHIEVEMENTS

- Provided 18% of the funds spent on R&D in Lithuania
- Contributed to increasing GDP in Lithuania



EUROPEAN INVESTMENT IN LITHUANIA – 2007–13

For the period 2007–13, Lithuania has been allocated some **€6.8 billion** of Structural Funds and the Cohesion Fund under the Convergence Objective¹. All of Lithuania is covered by the Convergence objective.

Lithuania has four programmes: ‘Development of Human Resources’ and ‘Technical Assistance’ supported by the ESF, and ‘Economic Growth’ and ‘Cohesion Promotion’ supported by the ERDF and the Cohesion Fund.

FUNDS FOR LITHUANIA IN BILLION € 2007–13

Objective	Fund	EU	National Public	National Private	Total
Convergence	CF	2.3	0.4	0.1	2.8
	ERDF	3.4	0.5	0.4	4.3
	ESF	1.0	0.1	0.1	1.2
Total Convergence		6.7			
Total European Territorial Cooperation*	ERDF	0.1	–	–	0.1
TOTAL		6.8	1	0.6	8.4

Figures have been rounded up

* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The relaunch of the Union’s Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union’s agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called ‘Lisbon objectives’.

Lithuania has earmarked 54.6% of the 2007–13 Structural Fund investments for promoting the Lisbon Strategy objectives. This represents an increase from 49% in the previous period. The ‘Human Resources’ programme has the highest Lisbon earmarking of 80%, and will notably invest in creating efficient jobs, ensuring equal opportunities, developing lifelong learning opportunities, improving human resources in R&D, and enhancing administrative capacities.

MAIN PRIORITIES OF COHESION POLICY IN LITHUANIA, 2007–13

Lithuania has experienced impressive economic growth since 2000, achieving GDP growth of 6.7% in 2004. Foreign trade has also increased by 80%. However, Lithuania’s GDP per capita remains low (48% of the EU average in 2004) and wide and growing regional disparities exist. Another challenge is to reverse ‘brain drain’ trend which sees many young people emigrating to other Member States.

For 2007–13, Lithuania plans to invest over 23% of the total Structural Fund allocation (€1.57 billion) in improving **transport infrastructure and accessibility**, aiming to construct or rehabilitate 1 165 km of roads and 220 km of railways.

Improving the **R&D** potential of regions is a strategic priority in Lithuania. In financial terms, nearly €1.48 billion (22% of its total Structural Fund allocation) will be invested in promoting R&D. The objective is to increase R&D expenditure to 2.2% of GDP (up from 0.76% in 2005), and increase the number of researchers.

€516 million will be invested in **support for business**. Through public investment, Lithuania expects to generate over €600 million in private investments. Lithuania has also signed an agreement with the European Investment Fund to make use of the JEREMIE (Joint European Resources for Micro to Medium Enterprises) facility in respect of an amount of €80 million. This instrument is aimed at improving access to finance for small and medium-sized enterprises (SMEs) and to support business creation.

Lithuania will spend €240 million on developing and improving its **information and communication technologies (ICT) infrastructure and services**. The objective is to see 95% of the main public services offering online services (65% in 2005) and to make 70% of the population regular internet users (up from 30% in 2005).

Cleaning up the **environment**, promoting **sustainable growth** and combating **climate change** are key strategic priorities for Lithuania in the 2007–13 period. Investments of over €2.4 billion (nearly 36% of the total Structural Fund allocation) are planned. Of this amount, €1.1 billion will target the effects of climate change and €437 million to promote the use of renewable **energy** and improve energy efficiency.

THE ESSENTIALS, 2007–13

- €1.57 billion to improve transport infrastructures and accessibility
- €1.48 billion for R&D
- €2.4 billion dedicated to improving the environment, promoting sustainable growth and fighting climate change
- €516 million to support business

¹ The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.

● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

Under the European Territorial Cooperation Objective (ERDF contribution: €109 million), Lithuania is taking part in three

cross-border cooperation programmes and one transnational cooperation programme. Lithuania hosts the managing Authority (Ministry of Interior) for the Lithuania-Poland cross-border programme. In addition, Lithuania takes part in all four interregional cooperation programmes (total budget for all the 27 EU Member States: €443 million)²: INTERACT II, URBACT II, ESPON/ORATE and INTERREG IV C.



² URBACT (thematic city networks); INTERACT (support for cooperation programme management organisation); INTERREG IVC (promotes exchange of experience and good practices among the regions); ESPON (an observation network for spatial planning).

*Working with Warsaw
on cross-border cooperation*

● THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In 2005, Lithuania suffered €15 million in damage as a result of storms in neighbouring Latvia. It received €0.38 million in aid from the Solidarity Fund.

Lithuania

€6.8 billion
for 2007–13

**Boosting
growth, jobs and
competitiveness**



Regional Policy on the ground

► 'SAULĖTEKIO SLĖNIS' (SUNRISE VALLEY) – 1ST PHASE

Co-financed by the European Regional Development Fund, the Municipality of Vilnius and a private bank, a science and technology park for high-tech and start-up companies is being built on a university campus.

The Sunrise Valley development is centred on 156 hectares of the Sunrise academic campus in Vilnius, located 5 km from the city centre and 12 km from the airport. The 2.4 hectare site designated for Sunrise Valley business support infrastructure constitutes part of the university campus reserve in the immediate vicinity of the laboratories, research centres and institutes of Vilnius University and Vilnius Gediminas Technical University. In 2006 Sunrise Valley started the development of new business support infrastructure and office space for domestic companies and foreign investors (building potential of up to 50 000 m²).

The Sunrise Valley Science & Technology Park will be developed in phases over 10–15 years via public and private investment. In the medium term, as a way of attracting businesses to Sunrise Valley, it is planned that support infrastructure (sport, leisure and recreational facilities, student hostels, banks and shopping centres) will be developed by private investors.

The total cost of the project was €8.1 million, with an EU contribution of €3 million.

Website: <http://www.sunrisevalley.lt/>



Academia meets business in Vilnius' new science and technology park

► THE EXPANSION OF SERVICES BY THE TOURIST COMPLEX AT THE LITHUANIAN ETHNO-COSMOLOGY MUSEUM

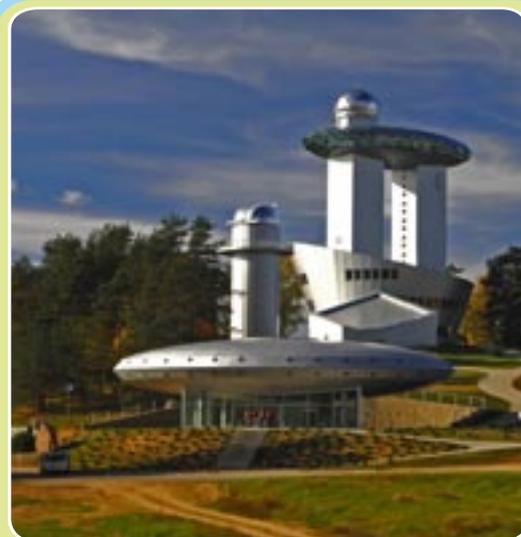
The main purpose of the project was to create a unique and modern tourist complex at the Lithuanian Ethno-Cosmology Museum. The museum, which is located in the Moletai district, is dedicated to the study of astronomy as reflected in history and culture, and offers views through one of the most powerful and modern telescopes in Europe in its observatory. In the course of the reconstruction, the old structure – exhibition premises and two towers on the top of a hill, connected by underground galleries – has remained unchanged; however, the complex has been supplemented with two 'ellipsoids', similar to flying saucers. The lower 'saucer' has premises for tourists, while the upper one has an observation floor. Visitor access will be via the underground gallery. The redeveloped museum is expected to work 24 hours a day, seven days a week, and attract around 80 000 tourists a year from around the world. The total cost of the project was €6.4 million, with an EU contribution of €4.3 million.

► MODERNISATION OF THE RUNWAY AT THE INTERNATIONAL AIRPORT OF PALANGA

Palanga Airport is the only international airport in the Western Lithuania region. The area serviced by Palanga Airport covers the counties of Klaipėda, Telšiai and Tauragė, and is, therefore, key for the industrial infrastructure of these counties.

The modernisation of Palanga Airport will improve connections between Klaipėda, Tauragė and Telšiai counties and the Baltic Sea, making the region more accessible and more attractive for investment and tourism.

The total cost of the project is €8 million, with an EU contribution of €3.4 million.



The Lithuanian Museum of Ethno-Cosmology is the first and only such museum in Europe and, indeed, the world



More information

EU Regional Policy

http://ec.europa.eu/regional_policy/

Cohesion Policy in Lithuania

http://ec.europa.eu/regional_policy/atlas2007/lithuania/index_en.htm

National website

<http://www.esparama.lt>

European Social Fund

<http://ec.europa.eu/social/>