

REGIONAL AND STRUCTURAL POLICY

SPP-SPECIAL PREPARATORY PROGRAMME FOR STRUCTURAL FUNDS

Summary Project Fiche

Project n°: LI 9803.03

Title: SPP – Special Preparatory Programme for the Structural Funds in Lithuania

Location:² Lithuania

Objectives:

The aim of the SPP is to develop progressively the necessary structures within the Lithuanian administration for the sound and effective management of the Structural Funds and the Cohesion Fund so that they are fully operational at the date of Accession to the European Union. To reach this aim, the following intermediate targets should be met by the year 2000:

- the preparation and approval of a National Development Programme similar to those drawn-up for the EU cohesion countries (Greece, Ireland, and Portugal) where the whole national territory is covered by Objective 1;
- the preparation necessary for the full and effective use of new Pre- Accession instruments introduced from 2000 onwards;
- the preparation necessary for a progressive shift in Phare procedures towards the application of Structural Fund principles from 2000 onwards until Accession, enabling a smooth transition at the time of Accession.

Description:

On the basis of the proposals submitted by the Lithuanian authorities in their letter of 25 February 1998 and after discussions between the Lithuanian authorities and the Commission services in Vilnius on 23 and 24 March 1998, it is proposed to focus on two main areas, institution building and pilot projects. The following five tasks covering the Accession priorities will be included in the SPP: the aim is not to impose a standard institutional model but to ensure that the arrangements put in place meet a series of performance and transparency requirements which will be discussed in detail in the framework of the SPP. Wherever possible, the intention will be to build on existing arrangements and to concentrate on the essential up to the year 2000 and to add refinements progressively thereafter in the period leading up to Accession. It will be necessary to define in partnership what is essential and what can be left to later, bearing in mind that the intermediate targets impose certain requirements. The Partnership will also ensure close coordination and a proper allocation of tasks between this programme and other Phare-financed actions especially those relating to regional policies in Lithuania.

A. The legal framework for the preparation and implementation of a National Development Programme and for the use of EU co-financing:

This will include:

- the organisation of responsibilities assigned to different Ministries;
- the division of competences between central and local government;
- procedures for the preparation, approval and implementation of programmes;

- provisions governing the granting of public money to third parties, especially the business sector.

B. A Development Programme covering the whole national territory:

As is the case for the present Objective 1 regions, this programme should, inter alia, make an analysis of the current situation, make an environmental impact analysis, propose a development strategy to effect improvements, describe appropriate measures, assess whether the actions proposed comply with Community policies and regulations, identify the implementing agencies and the monitoring arrangements, prepare annual financial tables by measure and by source of finance for the entire period of the programme, as well as identify key objectives and targets, quantified if possible. It should aim for partnership with the private sector in defined ways.

The Development Programme will cover the following sectors:

- * Productive Investment (business support, competitiveness, inward investment, SME development);
- * Infrastructure (telecommunications, environment, transport, power generation.);
- * Human Resources (education, training, employment policy);
- * Development of rural and coastal areas and modernisation of the agricultural and forestry sector;

It will also provide special assistance targeted at individual disadvantaged regions.

It will identify priority areas for EC co-financing with available funds (e.g. ISPA, SAPARD and Phare) from 2000 onwards in accordance with the Accession Partnership.

C. Reinforce and where necessary, put in place, arrangements for the sound management of EC funds within the national budgetary framework and procedures :

The following topics will be considered:

- definition of budget concepts (in particular establishing the basis of eligible expenditure);
- management of financial flows, including co-financing;
- project selection and approval procedures;
- independent control and audit;
- monitoring and evaluation systems.

D. Identify specific actions needed to prepare institutional capacity for the ISPA and SAPARD instruments which will become available from 2000 onwards .

Specific training requirements in project identification and preparation and the development of appropriate guidance manuals for the ministries of Agriculture, Social Securities and Labour (SAPARD) plus the ministries of Environment and Transport (ISPA).

Pilot actions as a method of ‘learning by doing’:

Launch two pilot actions for integrated regional development in designated areas, according to Structural Fund principles.

Under the heading *Institution Building*, activities to be funded will include

- the start-up of a central unit to co-ordinate the SPP at the national level dealing with all aspects of Structural Fund operations which will work with all Ministries involved and the regional and local partners;
- workshops, seminars and training actions;
- the costs of medium and long-term detachments of civil servants in EU countries to candidate countries administrations;
- the costs of short to long term detachments of candidate country civil servants to selected EU 15 administrations;

Under the heading *Pilot projects*, the costs of the preparation and implementation of two pilot regional development programmes. The aim is to give the Lithuanian authorities direct experience of the operational aspects of the conception and implementation of “objective 1” type programmes in a specific zone or zones of the country. This will involve the ex-ante analysis of the region’s needs, a development strategy for priority actions, multiannual financial forecasting and budgeting, setting quantifiable objectives and targets, implementation and monitoring arrangements, project selection and approval procedures and the designation of the partnership involved. One project will be predominately rural in character (Utena County) and the other will be have an industrial/urban character (Klaipeda County). Human resources development will be an integrated element in both pilot projects.

Institutional framework:

The target group for the SPP within the Lithuanian administration are, the Ministry for Finance, the Ministry for Public Administration Reforms and Local Authorities, the Ministries of National Economy, Ministry of Environment, Ministry of Agriculture, Ministry of Social Security and Labour, and Ministry of Education. Interministerial institutions and regional and local authorities and social partners may also be involved in the project.

A specific structure i.e. a central co-ordination unit (CCU) within the national administration will be charged with coordinating the implementation of the SPP. It will provide the central point of contact with the Commission services regarding this programme; it will take the lead and coordinate action under this programme especially in relation to budgetary and administrative procedures, the strengthening as necessary of the legal framework and the organisation of co-financing of this programme. The CCU will, in cooperation with the key national line ministries coordinate the preparation of the National Development Programme. The CCU will be staffed from the national administration supported by long-term detachments of officials from EU 15 administrations. There will be minimal recourse to consultants.

Budget: (in 000ECUs)

	Investment	Institution Building	Total Phare (=I+IB)	Recipient*	IFI*	TOTAL*
A. Institution Building		2,000	2,000			2,000
B. Pilot Actions	1,000		1,000			1,000
TOTAL	1,000	2,000	3,000			3,000

* In cases of co-financing only

Implementation arrangements:

The Structural Funds Central Co-ordination Unit (CCU) in the Ministry of Public Administration Reform will be responsible for the technical design, monitoring and evaluation of the SPP, whereas the contracting will be carried out by the CFCU in the Ministry of Finance. The project will be implemented according to Phare DIS rules and procedures. It is envisaged that a proportion of the project will be provided through twinning.

Implementation schedule:

	Start of tendering	Start of project activity	Completion
Section A	Sept/Oct. 1998	December 1998	end- 1999
Section B	Oct/Nov. 1998	March 1999	end- 2000

Equal opportunity:

Section A: No special criteria to be applied.

Section B: Equal opportunities should be respected when selecting projects and participants. Target figures for the number of persons starting in each measure could be expressed by gender and the realisation of these targets could be measured.

Environment:

Section A: With respect to pre-accession actions, specific selection criteria and indicators will be introduced in accordance with the experience of the cohesion fund.

Section B: Specific selection criteria and indicators will be applied in accordance with the experience of structural funds activities.

Rates of return: N/A

Investment criteria:

As pilot actions under section B will be selected in accordance with structural fund eligibility rules, they will have to meet catalytic effect (in the local economy), sustainability and competition criteria.

Conditionality and sequencing:

The implementation of the Special Preparatory Programme for Structural Funds preparation (SPP) is conditional upon compliance with NPAA commitments, particularly in terms of setting up the

Central Co-ordinating Unit to coordinate cohesion policies and to coordinate preparations for the national development strategy.

The implementation of section B is conditional on the use of structural fund principles (programming, monitoring, evaluation and control etc.) at the national and sub-national level.

Relating to pilot actions , national co-financing will be provided at progressive rates, up to the minimum Objective 1 co-financing rate i.e. 25%.

LOGFRAME MATRIX for the Special Preparatory Programme (SPP) for the Structural Funds in Lithuania - LI 9803.03

Wider Objective	Indicators of Achievement	Sources of Information
<ul style="list-style-type: none"> ➤ Develop the capacity to absorb and manage Structural Funds following accession to the EU 	<ul style="list-style-type: none"> ➤ National Economic Development Plan. ➤ Readiness to make full and effective use of ISPA and SAPARD by start of 2000 ➤ Ability to introduce Structural Fund procedures for PHARE-funded economic development programmes from 2000 onwards. 	<ul style="list-style-type: none"> ➤ Seconded EC officials ➤ Information provided by European Commission
Immediate Objectives	Indicators of Achievement	Sources of Information
<ul style="list-style-type: none"> ➤ The preparation and approval of a National Development Programme similar to those drawn-up for the EU cohesion countries where the whole national territory is covered by Objective I (Greece, Ireland and Portugal). ➤ The preparation necessary for the full and effective use of the new pre-Accession instruments introduced from 2000 onwards. ➤ The preparation necessary for a progressive shift in PHARE procedures towards the application of Structural Fund principles from 2000 onwards until Accession, enabling a smooth transition at the time of Accession; 	<ul style="list-style-type: none"> ➤ National Plan Agreed ➤ Pilot projects launched ➤ ISPA/ SAPARD Guidelines and Procedures Manuals 	<ul style="list-style-type: none"> ➤ Draft National Economic Development Plan ➤ Government regional and sectoral programmes ➤ Published government development targets and objectives ➤ Reports produced by CCU ➤ Seconded EC officials ➤ Reports on pilot projects from monitoring committee

Results	Indicators of Achievement	Sources of Information
<ul style="list-style-type: none"> ➤ National Economic Development Plan produced and approved. ➤ Appropriate programmes and procedures identified from wide range of EU experiences. Best practice models adopted. ➤ Priorities for Institution Building identified. 	<ul style="list-style-type: none"> ➤ Draft National Development Plan published ➤ Development of 'Programming Manual' appropriate to CEEC conditions 	<ul style="list-style-type: none"> ➤ Government reports ➤ CCU publications and reports ➤ Training courses on programming and procedures
Outputs	Indicators of Achievement	Sources of Information
<ul style="list-style-type: none"> ➤ Central Coordinating Unit (CCU) established, staffed and equipped ➤ Exchanges of CEEC & EC officials ➤ Long term placements of CEEC staff in EC administrations ➤ Comprehensive programme of workshops and training courses. ➤ Pilot Actions 	<ul style="list-style-type: none"> ➤ Secondment and appointment of staff to CCU ➤ Increased awareness of EU Structural Funds programmes and procedures ➤ Increased numbers of trained staff in regional and central administrations 	<ul style="list-style-type: none"> ➤ Local and central government reports and statistics ➤ Awareness raising publications produced by CCU ➤ CCU technical reports ➤ Training materials sponsored by CCU
Inputs		
Financial: Phare: 3.00 MECU; national co-financing for pilot projects will be required at progressive rates, up to the minimum Objective 1 co- Technical Assistance: CEEC-EU institutional agreements; administrative support from EC officials/experts, provision of training and supply of		

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Implementation Schedule

Month	1998													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	S	O	N	D	J	F	M	A	M	J	J	A	S	O
A. INSTITUTION BUILDING														
Central Unit			SA											
Development Plan			SA											
Programming Manual				SA										
Legal Framework			SA											
ISPA & SAPARD Preparation			SA											
(B) Pilot Projects			ST											
						SA								
Tendering, contracting and coordination.														

(1) It is possible that the Central Coordination Unit will continue in operation after 1999 under revised funding arrangements.

Notes: ST = Start Tendering; SA: Start Activity; C = Completion

Annex 4																											
Programme No. LI9803.03														Document: Phare 98 Programme Fiches													
Contract (Commitment) Schedule of the Programme.																											
Date of Drafting: June 15, 1998														Planning Period: 1998 to 2000													
Programme Title: Special Preparatory Programme																											
Projects 																											

Programme No. LI9803.03								Document: Phare 98 Programme Fiches							
Disbursement Schedule															
Date of Drafting: June 5 1998								Planning Period: 1998 to 2000							
Programme Title: Special Preparatory Programme															
Projects 															

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Annex 2 : Detailed (indicative) cost breakdown

	Ecu 000s
Institution Building	
*Sub-project A	631.000
*Sub-project B	320.000
*Sub-project C	415.000
*Sub-project D	634.000
sub-total	2.000.000
Pilot Projects	
* two pilot projects (to be co-financed) - Total	1.000.000
<i>Rural project (Utena County)</i>	<i>500.000</i>
<i>Urban Project (Klaipeda County)</i>	<i>500.000</i>
TOTAL	3.000.000