

Standard summary project fiche
Project N° 2002/000.620.02.01

1. Basic Information

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|-------------------------------|---|
| <u>1.1 CRIS Number</u> | 2002/000.620.02.01 |
| <u>1.2 Title</u> | Promotion of Adaptability, Skills and Social Inclusion |
| <u>1.3 Sector</u> | Economic and social cohesion, social policy and employment |
| <u>1.4 Location</u> | Ministry of Social Security and Labour of the Republic of Lithuania (MSSL); Ministry of Education and Science; Pre-ESF Joint Agency |

2. Objectives

2.1 Overall objective(s)

The overall objective of this **3.4 MEUR project** out of which **0.75 MEUR** is covered by national co-financing is to increase the Economic and Social Cohesion based on contribution to employment growth via improving employability, adaptability to structural changes and promotion of social inclusion.

2.2 Project purpose

To pilot-test future ESF Intermediate Body and Final Beneficiary through running of the ESF-type Grant Scheme;

To build on the experiences learned through the implementation of PHARE ESC 2001 project "Vocational Training for Economic and Social Cohesion" by pilot testing other ESF-type measures in employability and social inclusion through a Grant Scheme.

2.3 Accession Partnership and NPAA priority

Accession Partnership 2001 in the Economic Criteria puts a requirement to:

- Take measures to reduce unemployment, in particular long-term unemployment, notably by promoting adequate re-training and improving the business environment with a view to attract green-field investments and enhance the creation of new enterprises.

Moreover, the Regular Report 2001 emphasises that *"High unemployment is one of the significant macro-economic problems facing Lithuania. This assessment has also identified a number of important structural aspects of the country's labour market problems – including the relatively low employment and high unemployment levels for men, extremely high youth and long-term unemployment, and wide regional variations in employment. Employment policies will thus have a crucial role to play in supporting sustainable macro-economic policies and the programme of broad economic reforms in order to ensure the competitiveness of Lithuania and thus underpin economic and social progress"*.

In addition, the NPAA 2002 provides for strengthening of institutional and administrative capacities in relation to preparation for structural assistance.

3. Description

3.1 Background and justification

Apart from a brief period from 1997 to 1999, employment has fallen continuously during the whole period from the beginning of reforms. By 2000, the employment rate had fallen to 60%, significantly below the level in the EU and a further substantial fall in employment seems to be occurring in 2001. While unemployment fell from 17% in 1994 to 13% in 1998, it has now risen back to approximately 16% - approximately twice the level in the EU. The most recent increase in unemployment has taken place despite continuing sharp declines in labour force participation, which has now fallen below the EU level. There are significant structural aspects to the problems in the labour market: youth unemployment is approaching 30%; over half of the unemployed are long-term; and there are wide regional variations in employment and unemployment levels. Further displacement of workers is also likely in the industrial sector, including the nuclear-dominated energy industry. Though the unemployment rate is lower among women than among men, other indicators (lower employment rate, wage differences, women and men's professional distribution) demonstrate the continuing obstacles to women's integration into the labour market. While the workforce of Lithuania has a relatively high level of education, the professional qualifications and knowledge acquired by at least part of the labour force fail to meet the requirements of the changing labour market.

The number of registered disabled people has stabilised over the last years and makes approximately 4.400 per year. More than half of the disabled are unqualified and have never been in any kind of labour relations. Every third of them is under the 25 years of age. In 2001 there were 126,911 disabled persons of working age. In accordance with SoDra data there are 27,906 currently employed disabled persons. The main factors preventing the disabled from employment are the following: college and university education is not adequately accessible for the disabled; public and working environment is not adapted for the needs of the disabled; system of professional rehabilitation does not exist; employers are not encouraged to employ disabled people.

In recent years the number of ex-prisoners looking for employment has noticeably increased. If in 1999 the number of registered ex-prisoners was 4,800, in 2001 this number was 8,200. Therefore social integration of this category of people is a problem which needs urgent attention. Starting from 1997 the number of convicted individuals in Lithuanian prisons has been constantly increasing and in 2001 has reached 10,807, i.e. 290 convicted individuals for 100,000 of the population. The biggest part of them is of the active working age: 85% of convicted individuals are under 40 years of age. 45 % of convicted individuals have secondary education and 46 % lower than secondary education. In the places of imprisonment only 8 % of all convicted individuals receive an education certificate, less than 25% of them have an opportunity to work. After the return to civil society ex-prisoners are falling under the category of those unemployed who face the biggest problems in finding employment.

One of the objectives of the Government is to help national minorities to preserve their identity, to integrate into the public, political, economic life. So far, the Government has failed to achieve a full integration of the Roma people into Lithuania's society, which is mostly due to their linguistic, cultural and ethnic peculiarities. At present there are 3000 Roma people residing in Lithuania and 11 public organisations are functioning with a view to ensure the solutions of social and cultural problems of Roma community. The main problems Roma people are facing are: lack of housing, high unemployment, lack of qualification and even basic education, negative attitude of employers towards Roma people, high poverty level. The Vilnius Roma community is currently being linked to the major drug-trading place in the Lithuanian capital.

Having regard to this situation, on July 1, 2000, the Government of the Republic of Lithuania approved a Programme for the Integration of the Roma in the Lithuania's Society for 2000 – 2004. The main objective of the Programme is to create conditions for persons belonging to the Roma ethnic minority to fully integrate into the public life of Lithuania. With these aims in view, the construction of a Roma community centre was begun in the Kirtimai Gypsy Encampment in 2000. LTL 550,000 were provided for the construction of this centre in the investment programme for 2001 –2003. The construction was completed on August 24, 2001. The centre is to house pre-school educational groups, children's groups of additional education, Lithuanian language training courses, etc.

Despite of this, recently the Committee on the Elimination of Racial Discrimination noted that the Roma population experienced difficulties in enjoying their fundamental rights in the fields of housing, health, employment and education, and were the subject of prejudicial attitudes. The Committee recommended that the State party, in its next periodic report, include detailed information on the measures aimed at protecting Roma as well as the results of their implementation.

The proposed project is compatible with the priorities and objectives of the following documents: National Development Plan (2002-2004), Joint Assessment Paper on Lithuanian Employment Policy Priorities, Employment Increasing Programme for 2001–2004 of the Government of the Republic of Lithuania, Draft of Single Programming Document for Objective 1 for 2004-2006.

The **National Development Plan (2002 - 2004)** indicates that in the long-term the level of qualification of the labour force will be a fundamental factor of economic development. Many employment possibilities, which have been created by emerging new sectors, require a higher level of qualification and (or) technical skills. Competition in such conditions is inhibited by the fact that most working people lack computer literacy, knowledge of foreign languages, entrepreneurship, of communication skills, etc. To make the development of human resources effective, the system of the vocational training must guarantee accessibility to vocational orientation and consultation and vocational training, adequacy of the provided competencies to market needs. The NDP also emphasises that special attention has to be paid to training of unqualified adults and adults having low qualification, since need for unqualified labour is rapidly vanishing, and such people are potential long-term unemployed. This is especially true when talking about young people. Attention must be also paid to the integration of the socially

vulnerable groups of society – the disabled, prisoners and people who have been released from imprisonment establishments etc.- into the economic activities. Vocational training must be made accessible to all the socially vulnerable groups and on all the levels.

The National Development Plan in the area of Human Resource Development is aimed at the implementation of the following goals:

- Increasing the competence of the labour force;
- Improving the accessibility and quality of the vocational training system;
- Promotion of social involvement.

The National Development Plan states that PHARE 2002-2003 Economic and Social Cohesion support will focus on a few priority areas.

“On one hand, financial support is foreseen to be given to the training of personnel of those enterprises which plan to install new technologies or create new products, as well as to the training of leaders of small and medium enterprises and employees (especially in the area of new information technologies (ICT) and entrepreneurship). The administration of support in this area will be based on the experience of administering Phare 2001 ESC support to human resource development.

At the same time, PHARE ESC will be targeted to increase employment among the socially vulnerable groups, namely disabled, prisoners, temporary unemployed, young people who left the system of education early, etc. The support will be co-ordinated with the respective national programme which are being prepared at the moment, such as the Programme for the Promotion of Local Employment Initiatives.”

The proposed project also reflects priorities and tasks identified in the **Joint Assessment Paper on Lithuanian Employment Policy Priorities**, which was signed on 12 February 2002 between European Commission and Lithuanian Government.

This Joint Assessment Paper has identified a number of priority policy areas where progress is still needed in the Lithuanian labour market. This includes the following of direct relevance to this project:

- Expansion of active labour market programmes, while re-balancing provision away from temporary work in favour of training and other measures designed to increase employability;
- Finalising arrangements for the use of ESF funds in support of employment policies, with particular attention to strengthening administrative capacity in the areas of financial management, monitoring and evaluation.

The Government of the Republic of Lithuania has already identified promotion of employment as one of its strategic priorities, and approved the **National Programme for Promotion of Employment during 2001–2004**. This was an essential step towards approximating the Lithuanian employment and labour market

policy to the structure and aims of EU employment policy. The project falls under several priorities of this Programme. *Vocational education and training* priority has foreseen the implementation of State distance education development programme, to prepare and implement targeted labour market vocational education and training to special groups of unemployed persons. The project also falls under *Long-term and youth unemployed employability increasing* priorities, which foresee the preparation and implementation of vocational education and training programmes tailored for young and long-term unemployed. In addition the project falls under the priority of *Enhancing equal opportunities* in the labour market. *Development of labour market accessible to all* priority foresees to provide additional employment guarantees to socially vulnerable groups of unemployed. The current project would directly contribute to implementation of these goals through creating conditions to acquire skills demanded in the labour market.

The proposed project is also related to five areas of interventions for the ESF as it is set out in the Regulation 1784/1999 on the European Social Fund:

- (a) Developing and promoting active labour market policies to combat and prevent unemployment, to facilitate the reintegration of the long-term unemployed and young people into the labour market;
- (b) Promoting equal opportunities for all in accessing the labour market, with particular emphasis on those exposed to social exclusion;
- (c) Promoting and improving training, education, counselling as part of lifelong learning policy;
- (d) Promoting a skilled, trained and adaptable workforce, innovation and adaptability in work organisation, developing entrepreneurship and conditions facilitating job creation, and enhancing skills and boosting human potential in research, science and technology;
- (e) Improving women's access to and participation in the labour market, including their career development, their access to new job opportunities and to starting up of businesses, and to reduce vertical and horizontal segregation on the basis of sex in the labour market.

The Grant Scheme support under this project will mainly contribute to the achievement of objectives b) and d) by implementing activities aimed at improving social inclusion and promoting skilled, trained and adaptable workforce, innovation and adaptability in work organisation, developing entrepreneurship. Whereas PHARE LT 01.13.01 project "Vocational Training for Economic and Social Cohesion" will contribute to the achievement of objectives a) and c).

In the Decree No.649 of 31 May, 2001 of the Government of the Republic of Lithuania on **Distribution of Responsibilities among State Institutions for Implementation of the Support from the EU Structural Funds** Lithuania has identified the Ministry of Social Security and Labour and the Ministry of Science and Education as potential Intermediate bodies of the Managing Authority in the field of human resources and vocational training. In accordance with the ESF Support Administration Concept paper which has been agreed with the Ministry of Finance, the Support Fund of Human Resource Development Programmes (SFoHRDP), established under PHARE ESC 2001 project "Vocational Training for Economic and Social Cohesion", will perform functions of the Final Beneficiary.

The decision on the exact delegation and distribution of tasks between the Managing Authority of all Structural Funds (MoF), Intermediate bodies (MSSL and MES) and Final Beneficiary (SFoHRDP) is now being finalised.

Therefore this project will concentrate on practical implementation of procedures and pilot testing of systems, including project management system, created with assistance of PHARE LT0006.01 "Preparation for Participation in European Employment Strategy" and LT01.09.02 "Special Preparatory Programme for Structural Funds II" projects.

3.2 Linked activities

This project has links and could be considered as a follow-up project to of **PHARE LT 01.13.01 project "Vocational Training for Economic and Social Cohesion"**.

There are also links with the following projects:

LT0006.01 "Preparation for Participation in European Employment Strategy" which assists the MSSL in defining ESF implementation structure, in introducing necessary systems and controls as well as in training of staff.

LT01.09.02 "Special Preparatory Programme for Structural Funds II" project to be carried out by the Ministry of Finance which will deal with development of administrative capacities of ESF Intermediate bodies and development of Paying Authority functions in the Ministry of Social Security and Labour. PHARE SPP II project will concentrate on developing necessary structures and capacities related to functioning of Paying Authority and Intermediate bodies in the field of human resources and will train the staff of these institutions to perform their duties. The TA component in this project is, however, only related to operating the grant scheme under Phare rules, which will allow the opportunity to pilot test structural funds type projects.

LT02.XX.XX (Project Fiche Proposal) Preparation for the Community Initiative Programmes and increasing of absorption capacity for Structural Funds and Cohesion Fund in Lithuania project to be carried out by the Ministry of Finance which will enhance the capacity of Lithuania to fully absorb the opportunities provided by Structural Funds from the day of accession to the EU.

LT0009.01-0009.03 National regional Development in the Phare ESC 2000 target regions of Klaipeda-Taurage, Marjampole, Utena (Human Resource Development), Ministry of Interior. In the projects it is foreseen to further develop education and training capacities, including distance learning, training for economic and social development throughout the regions, etc. The grant scheme under this project will be contracted during 2002, so there will be no overlapping in time with the proposed grant scheme. Absorption capacity building and project management experience that has been gained amongst final recipients will be further enhanced through this project.

Comparative table of different types of training to be provided by the above projects is attached in Annex 6.

3.3. Results

- Competencies in the management and operation of aid schemes in the Support Fund of Human Resource Development Programmes (SFoHRDP) increased;
- Management and administrative capacities within the Ministry of Social Security and Labour - future ESF Intermediate body - developed;
- Partnership between training providers¹, companies, social partners, NGOs and local/regional authorities in the delivery of pilot projects increased;
- Between 10 – 20 projects funded in relation to the measure “Promoting adaptability and skills”;
- Between 5 – 15 projects funded in relation to the measure “Social Inclusion”;
- Absorption capacity of future final recipients pilot-tested.

3.4. Activities

3.4.1. Technical Assistance:

There will be one technical assistance contract with a very small supply component:

1. Support to the Ministry of Social Security and Labour and Ministry of Education and Science:

- Producing a report evaluating Phare Pilot Grant Schemes (2000, 2001), and other national financed measures, which have activities similar to that which will be used under ESF in Lithuania. A series of recommendations will be produced, including the role of the Ministry, proposals to amend documentation, changes in prioritisation, measures to enhance absorption capacity, proposals for future pilot assistance, etc.;
- Assistance in the development of policy guidance within the two ministries related to the Phare ESC Grant Scheme.

2. Support to the Support Fund of Human Resource Development Programmes (SFoHRDP) facilitating Implementation of Phare 2002 ESC Grant Schemes:

TA support will advise and assist the SFoHRDP in their performance of the following tasks:

- Functioning of the “Help-Desk” for the existing staff and assistance in “on the job training” operating as on-going advice for the new staff of the agency in all aspects of their work;

¹ Training providers are training institutions which provide training services. There are training institutions under the competence of MoES, there are 14 labour market training centers as well as a number private training companies which have been licensed by the MoES to do their job.

- Development of well-functioning reporting system including support to the information flows and network (including purchase of software licences where this is required)
- Identifying in more detail the project target group and establishing the level of demand for project's services;
- Providing information to potential final recipients and all interested members of the public concerning the possibilities offered by PHARE 2002 ESC, and information on Project Preparation, Grant Application, Grant Management. The information should be available on an Internet Site;
- Assisting and training to consultants of final beneficiary (local offices of the Lithuanian Labour Exchange and regional Information Centres for Adult Education) to facilitate their role on providing information to the beneficiaries about the assistance offered through the Phare 2002 ESC Grant Scheme;
- Providing advice to applicants in relation to drafting applications;
- Carrying out a series of seminars in all the counties of Lithuania presenting the possibilities to receive funding from the Grant Scheme and related assistance for applicants available under the current project;
- Training for recipients of grants in matters related to receiving and ensuring sound and effective management of grants assistance.

3. Development of a Project Pipeline in areas with the highest unemployment:

The NDP identifies three areas with the highest annual number of unemployed registered: Akmene region, Pasvalys, Druskininkai as well as the town of Visaginas and Ignalina region as an area which will be facing big restructuring problems. In order to ensure that projects are developed to target those most in need, Technical Assistance will be provided in the form of a pilot project to assist these four areas in developing a project pipeline.

- Through working with the Local Government, Unemployed, Labour Exchange, Training Institutions, NGOs, etc. identify strategies and possibilities for tackling the problems of unemployment in these regions through active labour market measures;
- On the basis of existing strategies and available funds, create an assessment framework to enable prioritisation of projects for further development;
- Creation of a long list of potential projects and assist in establishing a sustainable basis for a project pipeline;
- Focus support for the concrete preparation of project documentation for a limited number of priority "pilot" projects.

A minimum of 3 projects will be identified and developed under this activity in each of the identified target areas ready for financing under the Grant Scheme.

The Terms of Reference for the Technical Assistance project will be developed through the Phare 2001 Project Preparation Facility.

3.4.2. Grant Schemes

This project will be implemented in a similar way to and using the same project monitoring procedures as of the Grant Scheme of the above-mentioned PHARE ESC 2001 project. The two Grant Schemes will be managed by the Support Fund of Human Resource Development Programmes (SFoHRDP) established by the Ministry of Education & Science together with the Ministry of Social Security and Labour. This body will become the future Final Beneficiary under ESF in Lithuania (see Annex 6 for background information on this SFoHRDP).

The scope of the two Grant Schemes support under this project will be expanded to cover the two following measures:

- Promoting Adaptability and Skills - Grant Scheme 1;
- Social Inclusion - Grant Scheme 2.

and will be targeted at the following groups of population:

- Employees in the SME's and restructuring enterprises;
- Socially vulnerable groups: disabled people, convicted individuals, ex-prisoners and ethnic minorities.

It is planned to fund within the two Grant Schemes approximately 1 bigger project in the size of M€ 0.5 to M€ 1.0 and up to 35 projects in size of €50,000 to €200,000. It is expected that only 1-2 projects in size of €20,000 will be funded under the Grant Scheme 2 (mainly supporting national and ethnic minorities). Detailed description of activities to be funded by the Grant Schemes and requirements for the projects are presented in Annexe 4.

3.4.3. Lessons learnt

Following the experience gained from implementation of previous PHARE Programmes, a Steering Committee, involving representatives from MSSL, MoES, Lithuanian Labour Exchange (LLE), Lithuanian Labour Market Training Authority (LLMTA), key social partners organisations (trade unions and employers), State Council for Affairs of the Disabled People, Lithuanian Department of National Minorities, Information Society Development Committee under the Government to co-ordinate the activities outlined in this fiche will be set up. It will be linked to the one central Horizontal Steering Committee for the Phare ESC. If the need be, representatives from other NGOs could be invited to the meetings of the Steering Committee. The MSSL will ensure provision of adequate administrative resources for the project administration.

This project will build on experience gained by the SFoHRDP in running the Grant Scheme under the PHARE ESC 2001 project "Vocational Training for Economic and Social Cohesion".

4. Institutional Framework

The main institution dealing with employment policy matters at national level is the Ministry of Social Security and Labour. The MSSL is designated as the Intermediate Body and the Paying Authority for ESF in Lithuania. However, it is recognised that the programmes and policies of other ministries have a major influence on employment developments. These include most notably the Ministry of Education and Science, the Ministry of Economy, and the Ministry of Finance.

The main implementing bodies for labour market policies and programmes are the Lithuanian Labour Exchange (established in 1991) and the Lithuanian Labour Market Training Authority (established in 1992). These are two independent institutions under the Ministry of Social Security and Labour. In addition, within this project there will be active involvement of the Local Labour Exchanges and the Regional Information Centres for Adult Education. In total there are 46 territorial labour exchanges, and 10 regional information centres (one for each administrative region).

In order to administer ESF funds, the Ministry of Education and Science and the Ministry of Social Security and Labour have established a Support Fund of Human Resource Development Programmes (SFoHRDP) that will implement the Phare 2001 and 2002 ESC Grant Scheme, and will become the Final Beneficiary for ESF activities under Structural Funds.

The Ministry of Education and Science together with the Ministry of Social Security and Labour is designated as a member of the Management Board of the SFoHRDP and retains primary responsibility for Vocational Education and Training.

The contact persons are:

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Ms. Lingailė Biliūnaitė, Senior Specialist of Labour market and Equal Opportunities Division, MSSL, A.Vivulskio str. 11, Vilnius. Tel.: +370 2 33 02 13, Fax: +370 2 33 00 81, e-mail: lingab@socmin.lt

Mr. Antanas Levickas, Ministry of Education and Science, A. Volano g. 2/7, 2691 Vilnius, e-mail: a.levickas@smm.lt

Mrs. Gražina Kišiūnienė, Representative of Support Fund of Human Resource Development Programmes (SFoHRDP), A. Volano g. 2/7, 2691, Vilnius, e-mail: grazinak@auste.elnet.lt

5.Detailed Budget (in M€)

| | Phare Support | | | | | |
|------------------------|--------------------|----------------------|---------------------|----------------------|-----|------------|
| | Investment Support | Institution Building | Total Phare (=I+IB) | National Cofinancing | IFI | TOTAL |
| Technical Assistance | | 0.4 | 0.4 | | | 0.4 |
| Grant Scheme Measure 1 | 0.75 | | 0.75 | 0.25 | | 1.0 |
| Grant Scheme Measure 2 | 1.5 | | 1.5 | 0.5 | | 2.0 |
| Total | 2.25 | 0.4 | 2.65 | 0.75 | | 3.4 |

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

Please note that the allocation of funds within the Grant Schemes is indicative. Depending on demand, funds can be reallocated between the Grant Schemes.

6. Implementation Arrangements

6.1.Implementing Agency

PAO: **Zilvinas Pajarskas**, Director of the CFCU
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2600 Vilnius Fax: + 370 5 212 53 35
Lithuania E-mail: Info@cfcu.lt

The CFCU, the Implementing Agency responsible for tendering, contracting and accounting; apart from the management of the assistance provided, which will be carried out by the Ministry of Social Security and Labour.

Lithuania is currently developing an action plan for EDIS with full accreditation foreseen in December 2003. Upon that date the financial and contractual responsibility for the project will be transferred to the Support Fund of Human Resource Development Programmes (SFoHRDP), which is expected to take over the role of Implementing Agency.

6.2.Non-standard aspects

Implementation will be managed in accordance with the relevant PHARE regulations and guidelines.

All documentation should be fully in line the PRAG.

However, one derogation from the PRAG is foreseen: it is expected that 1-2 projects in size of €20,000 (mainly supporting national and ethnic minorities) will be funded by the Grant Scheme for measure 2.

In addition, it is expected to fund 1 bigger project in approximate size of M€1.0 dealing with establishment of distance learning infrastructure for socially vulnerable groups and development and delivery of distance learning courses under the Measure 2 (see Annexe 4). As all the potential applicants and the nature of the projects which they would propose are known and their number is too limited to justify the publication, the procedure of the direct award could be used. In such a case, all the potential applicants will be consulted.

6.3.Contracts

The following contracts will be concluded:

- Grant Scheme Measure 1 of M€ 0.75 (incl. National co-financing of M€ 0.25);
- Grant Scheme Measure 2 of M€ 1.5 (incl. National co-financing of M€ 0.5);
- Technical Assistance contract of M€ 0.4;
- Expected 15-35 contracts for implementation of the Grant Scheme projects.

7. Implementation Schedule

| Component | Start of tendering | Start of Project Activity | Project Completion |
|----------------------|---------------------------|----------------------------------|---------------------------|
| Technical Assistance | 4Q/02 | 1Q/03 | 3Q/04 |
| Grant Schemes | 2Q/03 | 3Q/03 | 1Q/05 |

8. Involvement of civil society groups

Involvement of civil society groups in the project will be ensured through the functioning of the Steering Committee.

9. Equal Opportunity

The principle of equal opportunity will be integrated into project selection criteria for all development measures. In addition, this principle will be applied to the composition of Monitoring Committees. Every effort will be made to ensure equal access to project benefits. 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).

10. Environment

There are no discernible effects on the environment from this project in general. All projects to be funded within the grant schemes will be required to produce a declaration in relation to the environmental impact. In addition, for any project

involving investment in infrastructure there will need to be an Environmental Impact Assessment produced as a prior condition for the provision of funds for the investment element.

11. Rates of return

The project is an institution-building project. Rates of return calculations are not applicable.

12. Investment criteria

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 within the Grant Scheme 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.

12.1. Co-financing:

The Community contribution may amount to up to 75 % of the total eligible public expenditure. National and local authorities from their respective annual budgets and other sources will earmark 25 % of the total eligible public expenditure. Co-financing from central and local government will be endorsed by the Government and verified by the EC Delegation prior to the start of the project activity.

Project beneficiaries will make every effort to attract private co-financing from other sources. Under both funds projects will be evaluated, among other things, against the ability of project applicants to secure additional co-financing.

12.2. Project Readiness and Size:

PHARE will only finance projects once they are ready for contracting and when all necessary technical documentation has been completed. Therefore all project conditionalities (see Section 15 below) will be met in order to achieve full project readiness. Full Terms of References for the Technical Assistance are being prepared from the Project Preparation Facility and this documentation will be ready prior to the commencement of the project.

12.3. Sustainability:

Investment actions to be supported should be sustainable in the long term, i.e. beyond the date of accession. All projects will 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 will provide a detailed justification concerning the sustainability of project outcomes.

12.4. Compliance with state aids provisions:

Investments will respect the state aids provisions of the Europe Agreement and national legislation.

13. Conditionality and Sequencing

The Project is conditional on:

- Availability of co-financing;
- Support Fund of Human Resource Development Programmes (SFoHRDP) having adequate staffing levels and resources in place.

With regard to sequencing, the launching of the grant scheme should take place after the appointment of the technical assistance (to enable full training to be provided prior to the call for proposals).

Annexes to project Fiche

- 1. Logical framework matrix in standard format**
- 2. Detailed implementation chart**
- 3. Contracting and disbursement schedule**
- 4. Types of activities to be financed under proposed Grant Scheme**
- 5. Background on Structure and functions of the Implementation framework for the project**
- 6. Comparative table on training activities**



LOGFRAME PLANNING MATRIX

Promotion of Adaptability, Skills and Social Inclusion

| | | | |
|---|---|---|--|
| <p>Programme name and number</p> <p>Contracting period expires: 3Q/2004</p> <p>Total budget: 3,4 MEUR</p> | | <p>Sources of Verification</p> <ul style="list-style-type: none"> Commission's Regular Reports Labour Exchange statistics | |
| <p>Overall objective(s)</p> <p>Economic and social cohesion based on contribution to employment growth via improving employability, adaptability to structural changes and promotion of social inclusion.</p> | <p>Objectively verifiable indicators</p> <ul style="list-style-type: none"> Regional differences in employment and professional qualification decreased; Unemployment rate decreased; Number of persons from socially vulnerable groups integrated into society increased. | | |
| <p>Project purpose</p> <p>To pilot-test future ESF Intermediate Body and Final Beneficiary through running of the ESF-type Grant Scheme;</p> <p>To build on experiences learned through implementation of Phare ESC 2001 project "Vocational Training for Economic and Social Cohesion" by pilot-testing other ESF-type measures in employability and social inclusion.</p> | <p>Objectively verifiable indicators</p> <ul style="list-style-type: none"> Institutional framework for the implementation of the ESF in line with ESF requirements. | <p>Sources of Verification</p> <ul style="list-style-type: none"> National statistics and appraisals Commission's Regular Reports Register of Study and Training Programmes | |
| <p>Results</p> <ul style="list-style-type: none"> Competences in the management and operation of aid schemes increased Management and administrative capacities within the MSSL developed Partnership between training providers in the delivery of pilot projects increased Between 10-20 projects funded in relation to the measure "Promoting adaptability and skills" Between 5-15 projects funded in relation to the measure Social Inclusion Absorption capacity of future final recipients pilot-tested. | <p>Objectively verifiable indicators</p> <ul style="list-style-type: none"> Operational Guidelines tested by a Pilot scheme for an ESF-type Grant Scheme at national level, regional and local levels 60 persons trained within the SFoHRDP and its local consultants on matters related to the running of the Grant Scheme and assistance offered through the Grant Scheme; 15-35 projects implemented through the Grant Scheme; Distant learning system for socially vulnerable groups established and functioning; At least 1 social enterprise for disabled and other target groups established and functioning; 1500 employees and persons from socially vulnerable groups trained and re-qualified to match labour market changes; 1-2 modern work or work organisation forms pilot tested in enterprises | <p>Sources of Verification</p> <ul style="list-style-type: none"> Register of Study and Training programmes Project reports Reports of sectoral studies National statistics and appraisals Reports from Grant Scheme projects | |
| <p>Activities</p> <p>Grants to support the promotion of adaptability and skills and social inclusion. These grants will be targeted on specific groups (details in Project Fiche annexe)</p> <p>Support to MSSL and MoES in</p> <ul style="list-style-type: none"> evaluating pilot grant schemes and other national measures. assistance in policy guidance within the two ministries; <p>Support to SFoHRDP in relation to Phare 2002 Grant Scheme</p> <ul style="list-style-type: none"> Support in function of helpdesk and information network/reporting improved; Identification of target group Information to recipients and advice on drafting applications, including seminars and a publicity campaign. Assistance & training to consultants of final beneficiary Training for final recipients in project management. | <p>Means</p> <ul style="list-style-type: none"> Two Grant Schemes Technical Assistance contract | | |
| <p>Preconditions</p> <ul style="list-style-type: none"> Functioning SFoHRDP with adequate staffing level and resources Availability of co-financing | | | |

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Annex 2
Detailed Implementation Chart for the Project

| Year | | 2002 | | | | | | | | | | | | 2003 | | | | | | | | | | | | 2004 | | | | | | | | | | | | 2005 | | | | | |
|-------------------|---|------|---|----|----|----|---|---|---|---|---|---|---|------|---|----|----|----|---|---|---|---|---|---|---|------|---|----|----|----|---|---|---|---|---|---|--|------|--|--|--|--|--|
| Month | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | 2 | 3 | 4 | 5 | 6 | | | | | | | |
| TA | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Grant schemes (2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

design
tendering
implementation

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Annex 3
Cumulative contracting and disbursement schedule

| | Date | | | | | | | | | |
|--|-------|-------|-------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|
| | 2002 | | 2003 | | 2004 | | 2005 | | | |
| | 30/06 | 30/09 | 31/12 | 31/03 | 30/06 | 30/09 | 31/12 | 31/03 | 30/06 | 30/09 |
| Contracting | | | | | | | | | | |
| • Technical Assistance | | | | 0.4 | | | | | | |
| • Grant Schemes (2) | | | | | 2.25 | | | | | |
| Total contracting (cumulative) | | | | 0.4 | 2.65 | | | | | |
| Disbursement | | | | | | | | | | |
| • Technical Assistance | | | | 0.12 | 0.166 | 0.212 | 0.258 | 0.284 | 0.31 | 0.4 |
| • Grant Schemes (2) | | | | | | 0.6 | 1.2 | 1.8 | 1.8 | 2.25 |
| Total disbursement (cumulative) | | | | 0.12 | 0.166 | 0.812 | 1.458 | 2.084 | 2.11 | 2.2 |
| | | | | | | | 2.2 | 2.2 | 2.2 | 2.65 |

TYPES OF ACTIVITIES TO BE FINANCED UNDER THE PROPOSED GRANT SCHEMES

GRANT SCHEME MEASURE 1: PROMOTING ADAPTABILITY AND SKILLS

The main goal of this measure is to increase the skills level of labour force and improve adaptation to structural and technological changes.

It is planned to have three types of activities:

- Delivery of various on-the-job training courses including traineeships and apprenticeships;
- Elaboration and delivery of re-qualification and skills development programmes;
- Elaboration and pilot testing modern work and work organization forms in enterprises.

Eligible Applicants

The following institutions/agencies will be eligible to apply for grants:

- Training providers, labour market institutions, counselling centres, regional and local administrations, NGOs, and enterprises.

These institutions, once approved, will be able to provide services to address the following target groups:

- Employees in SMEs;
- Employees at the restructuring enterprises;
- Employees at risk to be dismissed.

Selection Criteria

Projects must meet one or more of the following criteria:

- Project that are most likely to lead to new employment;
- Projects which are in areas where there is a clear gap in existing facilities/infrastructure;
- Projects that are jointly submitted by training providers together with enterprises and/or employer groups/associations, and other social partners;
- Projects that involve collaboration between different training providers and regional or local authorities;

- Projects which have a demonstration effect (i.e. can serve as a model for development of provision in other areas);
- Projects promoting principles of equal opportunity and sustainable development.

Co-financing rates

The following co-financing rates will apply:

| | |
|--|------|
| Grants provided to public sector institutions and non-profit bodies. | 100% |
| Grants provided to private sector enterprises | 75% |

Grant Size

Grants of between €50,000 – €200,000 would be available under this measure. Private sector applicants would only be eligible for a maximum grant of €100,000.

GRANT SCHEME MEASURE 2: SOCIAL INCLUSION

The main goal of this measure is to improve integration of socially vulnerable groups into the labour market and reduce social exclusion.

It is planned to have five types of activities:

- Career guidance, information, vocational and psychological counselling as well as delivery of various on-the-job training courses including traineeships and apprenticeships;
- Elaboration and delivery of vocational training and skills development programmes;
- Establishment of distance learning infrastructure, development and delivery of distance learning courses;
- Adaptation of work places, vocational training facilities and re-skilling programmes to the needs of the disabled;
- Establishment and development of social enterprises for disabled and other target groups.

Eligible Applicants

The following institutions/agencies will be eligible to apply for grants:

- Training providers, labour market institutions, counselling centres, regional and local administrations, NGOs, and enterprises, Lithuanian Council of the Affairs of the Disabled.

These institutions, once approved, will be able to receive grants to provide facilities/services to address the following target groups:

- Disabled persons;
- Convicted individuals;
- Ex-prisoners;
- National and ethnic minorities (in particular Roma population).

Selection Criteria

Projects must meet one or more of the following criteria:

- Project that are most likely to lead to new employment;
- Projects supporting other employment creation activities;
- Projects which are in areas where there is a clear gap in existing facilities/infrastructure;
- Projects that are jointly submitted by training providers together with enterprises and/or employer groups/associations, and other social partners;
- Projects that involve collaboration between different training providers and regional or local authorities;
- Projects which have a demonstration effect (i.e. can serve as a model for development of provision in other areas);
- Projects promoting principles of equal opportunity and sustainable development.

Co-financing rates

The following co-financing rates will apply:

| | |
|--|------|
| Grants provided to public sector institutions and non-profit bodies. | 100% |
| Grants provided to private sector enterprises | 75% |

Grant Size

Grants of between €20,000 – M€1.0 would be available under this measure. Private sector applicants would only be eligible for a maximum grant of €100,000.

Background on Structure and functions of the Implementation Framework for the project

Promotion of Adaptability, Skills and Social Inclusion

Support Fund of Human Resource Development Programmes: Management of the Project

Under the overall responsibility of the Steering Committee the actual management of the project will be undertaken by the Support Fund of Human Resource Development Programmes (SFoHRDP) established by the Ministry of Social Security and Labour together with the Ministry of Education & Science. The SFoHRDP is already operational and is responsible for the implementation of the Phare 2001 ESC project for VET. Its tasks within the project are part of the preparation for its future role as Final Beneficiary (Implementing Institution) as set out in the ESF Support Administration Concept paper prepared by the Ministry of Social Security and Labour.

The Grant Scheme Management functions will be undertaken by the SFoHRDP (whose operational costs are financed by the Ministry of Education and Science and the Ministry of Social Security and Labour). Technical Assistance is being provided within this project to strengthen the capacity of the SFoHRDP in their management of the Grant-Scheme and specifically in relation to their promotion of the Grant Scheme amongst potential applicants.

In this context it should also be mentioned that in the implementation of this project the SFoHRDP will work very closely with the representatives of the Lithuanian Labour Exchange, its territorial offices and regional Information Centres for Adult Education. Within the MSSL Concept paper on ESF Support Administration, these representatives are identified as "Consultants" to assist in the promotion of projects by the beneficiaries or final recipients. This group will be included in the Technical Assistance activities where it is appropriate.

In line with the approach taken for the Phare ESC 2001 VET project, for all aspects of the project implementation it is proposed that the Implementing Agency (CFCU) will delegate tasks as appropriate to the SFoHRDP. This will be done in accordance with the Practical Guide to Phare, ISPA and SAPARD, and the Phare Programme Guide on Management of Grant Schemes. The CFCU, as the Implementing Agency (IA), will retain overall responsibility for the sound financial management of the Project.

The specific functions and responsibilities of the SFoHRDP are being developed as part of the implementation of the Phare ESC 2001 VET project. This 2002 project will utilize the work done, whilst ensuring that the specific issues related to the promotion and management of measures related to employment are taken into consideration and that the role of the Labour Exchanges in implementation are recognized. A component of the Technical Assistance within the project will assist the MSSL, MoES and the SFoHRDP in adapting the work done for 2002 to the specific requirements of the new measures.

In order to fulfil the requirements of this project the SFoHRDP staffing levels will be increased to 8 before implementation of the project.

Comparative table on training activities

| Project | Type of training to be provided |
|----------------|--|
| PHARE IB 2000 | Training of MSSL staff dealing with preparations for ESF on intuitional set-up, division of functions, duties and responsibilities. |
| | General training (elaboration of training programmes and the actual delivery of training) for the staff of MSSL and SFoHRDP, labour market institutions, social partners, NGOs on the EU structural funds and ESF in particular: policy framework and legal basis, objectives, principles, programming, administration and implementation; relation with the pre-accession assistance, etc. |
| | Training consultants of final beneficiary (local offices of the Lithuanian Labour Exchange and regional Information Centres for Adult Education) to facilitate their role on providing information and counselling to the beneficiaries about the assistance offered through the future ESF. |
| | Training of trainers from selected Lithuanian institutions (to be agreed later) on preparation of projects for future ESF. |
| PHARE ESC 2000 | Training (including elaboration of training programmes and the actual delivery of training) and counselling services (on various issues of human resource and personality development) for employers, employees and the unemployed in the Klaipėda-Tauragė target region. |
| | Training in the broad sense of the word - including elaboration of training programmes, training of unemployed, employees, training of trainers in the Marijampolė target region. |
| | Training in the broad sense of the word - including elaboration of training programmes, training of unemployed, employees, training of trainers in the Utena target region. |
| PHARE ESC 2001 | Advice and training to the Ministry of Education and Science to ensure that concepts and methodologies for strategy/policy development are fully in line with the Community policies in relation to VET, CVT and Lifelong Learning |
| | Training of the SFoHRDP in relation to the effective operation of the practical management of the Pilot Grant Scheme (project generation, appraisal/evaluation, monitoring) |
| | Advice and training to the development of partnership and consultation procedures in order to strengthen the Lithuanian authorities in co-ordinating and managing various inputs coming from the central, regional and local institutions as well as from economic and social partners and integrating them into the various strategy documents. |
| | Training of regional consortia staff and disseminators in management, delivery aspects of Life Long Learning and innovative approaches to VET/CVT, ICT |
| PHARE ESC 2002 | Functioning of the "Help-Desk" for the existing staff and assistance in "on the job training" operating as on-going advice for the new staff of the Joint Pre-ESF Agency in all aspects of their work |
| | Assisting and training to consultants of final beneficiary (local offices of the Lithuanian Labour Exchange and regional Information Centres for Adult Education) to facilitate their role on providing information to the beneficiaries about the assistance offered through the Phare 2002 ESC Grant Scheme. |
| | Training for recipients of grants in matters related to receiving and ensuring sound and effective management of grants assistance |
| SPPII | On-the-job training will be one of the key activities during the implementation period. The aim is that the civil servants working together with the Pre-Accession Advisers (PAAs) and the Medium Term Experts (MTEs) in the main line ministries (paying authorities and intermediate bodies) will be trained in SF management issues in Lithuania so that they can work as trainers in their own administration. |
| | Additional training and work shops will be organised according to the work plan and gap analysis. |