

Standard Summary Project Fiche
Project Number LT 01.09.02
Twinning Number LT/2001/IB/SPP/01

1. Basic Information

1.1. Désirée Number:

1.2. Title: Special Preparatory Programme for the Structural Funds in Lithuania II

1.3. Sector: Reinforcement of Institutional and Administrative Capacity

1.4. Location: Ministry of Finance, Vilnius, Lithuania

2. Objectives

2.1.Overall Objective

The overall objective of this **2.775 MEUR** project, of which **0.1125 MEUR** is national co-financing, is to prepare the Lithuanian authorities for the management of Pre-accession Funds and Structural Funds.

2.2.Project Purpose

- To assist the Lithuanian authorities to move towards and finalise a multi-annual Objective 1-type Single Programming Document based on the National Development Plan. To assess the need for additional legislation so that it becomes fully in line with EU requirements.
- To further develop the capacity of the relevant ministries and agencies at the national and regional levels which will be implementing the Pre-Accession Funds, especially Phare ESC, and later the EU Structural Funds, the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agriculture Guidance and Guarantee Fund (EAGGF) and the Financial Instrument for Fisheries Guidance (FIFG).
- To assist in setting up administrative procedures and systems for co-financing, monitoring, reporting, auditing and control of Pre-Accession Funds and for Structural Funds.
- To provide further support for the Sapard Agency Institution building needs.

2.3.Accession Partnership and NPAA priorities

In December 1999, the Council of Ministers adopted an updated Accession Partnership (AP) highlighting the principles, priorities and conditions as the basis for Lithuania's accession to the EU.

The short-term priorities (reinforcement of administrative and judicial capacity, including the management and control of EU funds) identified in the AP are to:

- Further develop the National Development Plan; adopt the legal, administrative and budgetary framework, including the introduction of environmental impact assessments and EU compatible public procurement rules for projects co-financed by Community Funds.
- Complete the legislative framework for internal and external financial control; establish a central organization within the government for harmonizing

internal audit/control functions; establish internal audit/control units in spending centres and improve internal control procedures; introduce “functional independence” for national internal controllers/auditors at both central and decentralized levels and “ex-ante” financial control.

The medium-term priorities (economic and social cohesion, reinforcement of administrative and judicial capacity, including the management and control of EU funds) identified in the AP are to:

- Develop national policy for economic and social cohesion in preparing for the implementation of regional development programmes and Community initiatives; improving the administrative structures, in particular clarifying allocation of responsibilities on regional policy issues; organizing the budgetary system and its procedures according to structural funds standards, including appraisal and evaluation.
- Strengthen public financial control functions through the provision of adequate staff, training and equipment, and make a clear separation of ex-ante internal control and monitoring.

In May 1999, the Government of Lithuania adopted its updated National Programme for the Adoption of the Acquis (NPAA). The chapter on economic and social cohesion describes regional policy, its legal background, and identifies a series of short- and medium-term priorities for the sector, including institutional and financial requirements.

One of the short-term priorities of the sector identified in NPAA is to:

- Improve the National Development Plan and development plans for target regions.

The medium-term priorities of the sector identified in NPAA are to:

- Improve and implement regional development planning documents (the National Development Plan and regional development plans).
- Strengthen administrative capacities in the field of regional development planning and implementation, by carrying out personnel training (organisation of workshops and conferences, provision of consultations).

2.4. Contribution to National Development Plan

The project will make a direct contribution to the National Development Plan. This project will be aimed at strengthening the strategic planning, managing, co-financing, monitoring, auditing, and evaluation capacity in the Lithuanian ministries, regional and local authorities. This will contribute to building Lithuanian capacity to plan and implement EU Structural Fund programmes when Lithuania becomes a member of the European Union.

3. Description

2.5. Background and justification

In the year 2000 Lithuanian institutions prepared and submitted to the European Commission a revised version of the preliminary NDP, which provides the basis for the PHARE 2001 Economic and Social Cohesion investment in Lithuania. In the

course of 2001 Lithuania will have to produce a strategic planning document in line with that required of a National Development Plan submitted by EU Member States for Structural Funds.

The preparation of the preliminary NDP has revealed shortcomings in the Lithuania administrative capacity to plan strategically (to carry out the analysis of the development trends of the country and its regions, to carry out SWOT analysis, to define the development strategy, to work out measures and activities to be financed by the Lithuanian and EU PHARE public investment, institutional structure and allocate financial weight to priorities and measures proposed), to co-ordinate effectively the planning exercise and to integrate the process with the programming for the state budget and capital investment programme. Furthermore the Lithuanian public administrative institutions have virtually no experience of the evaluation of the structural actions.

The project shall continue the activities launched under the EU PHARE 1998 Special Preparatory Programme for the Structural Funds. The latter support has been specifically concentrated on the improvement of the general administration, co-ordination, and national development planning, the development of the legal basis for the national regional development policy, the development of the sound financial management system, and the preparation for ISPA and SAPARD.

The 1998 SPP programme has been successful in improving the functioning of individual institutions and building administrative capacity in the Lithuanian administration where the support was targeted. However, due to the broad focus of assistance and the time span required for the major reforms (the introduction of strategic planning, programme budgeting, creation of the new regional policy institutions, to list just a few), the systemic change, required for the preparation of the Lithuanian administration to fully accept the obligations of membership in the field of structural / regional policy and to manage the Structural Funds, has not been accomplished. The extent of the remaining tasks, which need to be accomplished to become fully prepared for the effective use of the Structural Funds, is immense, and, therefore, the continuous efforts of the Lithuanian administration and the continuation of the Special Preparatory Programme is needed.

SPP II will start at the beginning of 2002 and will end just before the date presently estimated for Lithuania's accession to the EU. The SPP II project should therefore make a substantial contribution to ensuring that the underlying administrative structures and procedures to implement the EU Structural Funds are operational at the year of accession.

The SPP II will address changes and specific issues, which have not yet been covered by SPPI and a number of questions, which require additional intervention, especially further development of the administrative set-up, including the specific division of tasks between ministries and their subordinate bodies on the national and regional level and the establishment of monitoring, evaluation and financial control procedures and systems so that they can fulfill the roles of a Managing Authority and Paying Authorities in the implementation of the EU Structural Funds.

There will be a number of specialised PHARE 2000 projects (e.g. in the field of Internal Audit, Budgetary Procedures and Financial Control, European Employment Policy and ESF, Economic and Social Cohesion pilot actions in the target regions), which would be related to the preparation for the Structural Funds. SPP II will relate closely to these projects so as to avoid any risk of overlapping of activities.

3.1. Linked activities

Capacity building in central level (horizontal projects)

Phare assisted projects

- Phare Institutional Strengthening project
- 1998 SPP – ESF horizontal programme in Lithuania
- 1998 SPP – Special Preparatory Programme for the Structural Funds in Lithuania
- 1999 Project Preparation Facility
- 2000 Budget Management and Financial Control

Capacity building for the management of ISPA

Phare assisted projects

- 1997 Advisory Services to the Ministry of Transport project
- 1997 Institutional Development and Training for Lithuanian Civil Aviation
- 1998 Harmonisation of Transport Legislation
- 1998 Strengthening of Institutional Capacity of the Ministry of Environment in the EU integration process

Up to 5% of annual ISPA allocations could be used for technical assistance, including support to the institutional building measures.

Capacity building for the management of SAPARD

Phare assisted projects

- 1999 Modernisation of Rural Administrative System
- 2000 Strengthening the Capacity of the Ministry of Agriculture and Related institutions to Manage and Administer the EU Acquis for Agriculture (CAP) and Rural Development

Bilaterally assisted projects

- Danish bilateral project Accountant Advisory to Lithuanian Paying Agency
- Danish bilateral project Twinning Arrangement regarding a Paying Agency in Lithuania

2% of annual SAPARD allocations will be used for technical assistance, including support to the institutional building measures.

Related ESF projects

Phare assisted projects

- 2000 Preparation for Participation in European Employment Strategy
- Tripartite Development of Local Employment Initiatives at Local Level
- 1997 Phare CBC Education of Local Government Staff in Project Management and EU Integration
- 1998 Phare CBC Reinforcement of Institutional and Administrative Capacity
- Phare Regional Development Project in Klaipeda and Kaunas counties
- 1998 Phare Regional Development Project in Vilnius, Šiauliai and Panevezys counties
- 2000 National Regional Development Pilot in the Klaipeda and Taurage target region
- 2000 National Regional Development Pilot in the Marijampole target region
- 2000 National Regional Development Pilot in the Utena target region

Bilaterally assisted projects

- Danish bilateral project on Establishing Regional Structures
- Danish bilateral project Training of Civil Servants in EU regional policies and structural funds
- Danish bilateral project Regional Development in Klaipeda in the perspective of EU preparation
- Danish bilateral programme for Taurage and Telsiai Counties
- Finnish bilateral project Co-operation Development Project between Marijampole and Lahti Region
- Danish bilateral project Technical Assistance to the process of strengthening the Regional development Agency in Utena County, 2000
- Danish technical assistance to prepare a Regional Operational Plan in Utena County

(See Annex 5 for more details)

3.2.Results

- The capacities of strategic planning in the key development ministries, other central and regional authorities strengthened and objective 1 type Single programming Document worked out.
- The institutional network and the capacity of implementing agencies for the management of the Pre-Accession Instruments and the Managing Authority and Paying authorities for the EU Structural Funds after Lithuanian accession in terms of co-ordination, programme and project implementation optimised and improved.
- An efficiently functioning co-financing system developed.
- Monitoring and reporting procedures, including setting of quantitative and qualitative targets, and systems established and people trained.
- Legal, financial control and auditing framework brought fully in line with the EU requirements for Structural Funds.
- Future Implementing Agencies for the Pre-Accession Instruments and Managing Authority and Paying Authorities for the Structural Funds prepared for accreditation.
- The Law on Regional Development fully implemented.
- Other additional legislation prepared and implemented.
- The first SPD Objective 1 Programme finalised.

3.3. Activities

The key measures to be implemented under the current project are as follows:

- Measure 1: Assist the Lithuanian authorities with the finalisation and implementation of the legislative framework and provide advice and training in the preparation of the NDP and the production of an Objective 1-type Single Programming Document.
- Measure 2: Develop the administrative capacity of the future Managing Authority for the implementation of the Structural Funds.
- Measure 3: Develop the administrative capacity of the future Paying Authorities and other institutions, which will be involved in the management of Structural Funds.

The assistance will be delivered predominantly in the form of a single Twinning project with 2 Pre-Accession Advisers and a pool of medium and short-term experts. In addition, some limited technical assistance (under the coordination of the Twinning project) will be needed as a flexible way of helping the Twinning Team and the Lithuanian authorities to carry out very specific and technical skills linked to the development of IT systems.

3.4.1. Twinning and Training Package

Measure 1: Finalise and implement the legislative framework and start preparations for the production of an Objective 1-type Single Programming Document

Guaranteed Results

- High-quality and relevant Programming Documents for Economic and Social Cohesion prepared and the preparation of a first Objective 1-type Single Programming Document started. Preparation of the SPD should start by the middle of 2002, which is 18 month before the date presently estimated for Lithuania's accession to the EU.
- Consultation and partnership structures developed and established for the programming of Structural Funds actions.
- Finalised legal base for the implementation of the EU Structural Funds, including compliance with public procurement, state aids and environmental rules, in place.
- Project Pipeline in place.
- Approximately 100 officials and specialists trained in the programming and evaluation of Structural Funds
- Conference for awareness raising purposes and dissemination of information organised.

Scope of the Twinning

The following activities will be implemented:

- Assistance to the working groups and sector strategic planning groups, which will develop the objective 1 Single Programming of the first Objective 1-type Single Programming Document.
- Advice and training to the working groups and sector strategic planning groups to ensure that the SPD will be fully in line with the Community

policies such as sustainable development, equal opportunities and other relevant Community policies as described in the Commission's Guidelines on Structural Funds Programmes for 2000 - 2006.

- Assistance to the Lithuanian institutions in producing the development strategies / priorities and measures and contribution to the NDP process through training, advice and moderation.
- Assistance with the establishment of a project pipeline.
- Assistance with ensuring that an integrated regional development approach will be reflected in the SPD.
- 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 NDP/SPD.
- Assistance in assessing existing legislation related to Economic and Social Cohesion and in drafting additional legislation where necessary
- In co-operation with PAA-B assistance in building the evaluation capacity in the Lithuanian administration, including the abilities to carry out *ex-ante* evaluation, and with the need to ensure, during the programme implementation ongoing evaluation in the perspective of ex-post evaluation of the SPD-type NDP, including assistance in setting quantitative and qualitative targets.
- In co-operation with PAA-B advice and training in completing the transition to a fully programme based budgeting system.
- Assistance with developing the system of forecasting the national co-financing requirements for the EU Pre-Accession Instruments and the Structural Funds.
- Clarification of national expenditure eligible for the co-financing of the EU structural instruments in Lithuania.

Required Input

An 18-months Pre-Accession Adviser (PAA-A) in co-operation with short-term experts will provide operational advice to all relevant line ministries and their subordinated bodies on national and regional level involved in the programming and implementation of Pre-Accession Instruments for Social and Economic Cohesion and EU Structural Funds.

General profile of the PAA-A:

- Educational background in economics, public administration or law.
- Extensive relevant experience of working in national/central authorities, including at direct involvement in the preparation of preferably Objective 1 Programmes.
- Solid and relevant experience in the management of EU Structural Funds, including excellent knowledge of programming procedures.
- Good communication and team-building skills.
- Computer literacy and working command of English.

Operating environment of the Twinning

PAA-A will be based in the Ministry of Finance but must work closely with all Lithuanian institutions at national and regional level involved in the programming and implementation of Pre-Accession Instruments for Economic and Social Cohesion and later EU Structural Funds.

Measure 2: Optimisation of institutional arrangements and enhancing the capacity of the future Managing Authority for the EU Structural funds

Guaranteed Results

- Full assessment of institutional capacity of the implementing authorities for the Pre-Accession Instruments and the future Managing Authority of the EU Structural Funds carried out.
- Fully functional co-ordinating structures for Structural Funds implementation including the coordination mechanisms between the Managing Authority and the Paying Authorities in place.
- Monitoring Committee in place, and (computerised) systems for monitoring, evaluation and accounting and internal control of Structural Funds actions developed and established.
- 50 to 100 civil servants and managers trained in the monitoring, administration of Structural Funds.

Scope of Twinning

The following activities will be implemented:

- Assessment of the institutional arrangements at national and regional levels for administering the fully decentralised Pre-Accession Instruments (especially PHARE ESC) in the light of further extended decentralisation and multi-annual programming of Phare, and their capacity in the future to deal with EU Structural Funds. This would include performance audits of the Implementing Agencies and the future Managing Authority and Paying Authorities, proposals on the optimisation of the structure and indications for the further strengthening of the administrative capacity.
- Assisting together with PAA-A the Lithuanian administration in assessing and drafting necessary primary and secondary legislation to fulfil EU requirements for EU Structural Funds, including a review of the Law on Regional Development adopted in July 2000.
- Assistance with the setting up of coordinating mechanisms between the Management Authority and Paying Authorities and defining the specific duties and tasks of the paying authorities.
- Assistance with setting up a system to gather reliable and statistical information on implementation including definition of monitoring indicators and indicators for evaluation.
- Assistance with the setting up of a computerised system, preferably based on the existing Navision system, for the exchange of monitoring information with the European Commission.
- Assistance with the setting-up and training of the Monitoring Committee
- Assistance with ensuring separate accounting systems or an adequate code for all transactions in relation to Structural Funds assistance.

- Assistance with the elaboration of administrative practices and systems to ensure the correctness of operations financed under the assistance particularly by implementing internal control systems.
- Assistance with the strengthening of administrative capacity to assess compliance of measures and projects with Community policies.
- Assistance with the elaboration of procedures to ensure requirements concerning information and publicity.
- Assistance in ensuring the interface of the monitoring system with the presently developed General Budgeting and Accounting Program / NAVISION.
- Organisation of seminars and conferences to train civil servants and to disseminate information.
- Arrangement of study visits and trainee-ships for Lithuanian staff to Managing Authorities in the EU Member States in order to provide training in the management of the EU Structural Funds.
- Together with PAA-A assistance in the development of the “project pipeline”, which would help to create and develop a database of potential projects to be financed by the EU Structural Funds. While building up the project pipeline full conformity of the projects with the relevant EC legislation in the areas of state aids, public procurement, environment, and equal opportunities must be ensured. Furthermore, assistance must be provided concerning the specific requirements and procedures for major projects and revenues generation investments taking into account ISPA and the future Cohesion Fund.

Required Input

A 24-months Pre-Accession Adviser (Team leader PAA-B) with assistance from short-term experts will provide operational advice on developing administrative capacity of the future Managing Authority for EU Structural Funds.

General profile of the PAA-B:

- Educational background in economics, public administration or related fields.
- Extensive relevant experience from working in central or regional authority acting as the Managing Authority for Structural Funds.
- Solid and relevant experience in the daily management of the EU Structural Funds.
- Some training experience would be necessary.
- Good communication and team-building skills.
- Computer literacy and working command of English.

Operating environment of the Twinning

PAA-B will be based in the Ministry of Finance, but PAA-B must work closely with **all** Lithuanian institutions at national and regional level involved in the programming and implementation of Pre-Accession Instruments for Economic and Social Cohesion and later EU Structural Funds.

Measure 3: Provide on the job advice and training to the implementing agencies/ the future Paying Authorities as well as other ministries and bodies on national

and regional level , who will take part in the day- to- day administration of EU Structural Funds.

Guaranteed Results:

- 40 - 60 civil servants trained in programming, financial management and control of structural funds intervention.
- Financial control systems brought fully in line with the EU requirements for Structural Funds.
- Manuals on financial flow and payment procedures produced.
- Internal control systems and on the spot control systems in place.
- (Computerised) management information systems in place.

Scope of Twinning

The following activities will be implemented:

- In co-operation with PAA-A assist the Lithuanian authorities to develop measures and selection criteria's under specific priorities and develop quantitative and qualitative targets as input to the Objective 1-type SPD.
- Training and advice including the elaboration of manuals on financial flow and payment procedures of pre-accession funds and EU Structural Funds.
- Assistance with developing sound financial management and control of EU Funding enabling a smooth transition from the management of Pre-accession funds to the EU Structural Funds.
- Assistance and training with the setting-up of internal control systems and on-the-spot control systems.
- Assistance with the development of management information systems in close co-ordination with the information system developed for the Managing Authority.
- Assistance to ministries with programming and developing implementation arrangements for implementation of Phare Economic and Social Cohesion actions.

Required Input:

7 medium term experts with an input of 6 to 12 months over 18 months, with assistance from short-terms experts will be located within each of the following Ministries : Ministry of Economy, Ministry of Social Security and Labour, Ministry of Education and Science, Ministry of Environment, Ministry of Transport, Ministry of Interior and Ministry of Agriculture. They will provide advice to these Ministries and to other bodies on national and regional level, which will be involved in the day-to-day management of the Structural Funds.

General profile of the experts:

- Educational background in economics, finance or public administration.
- Relevant experience of working in national / regional authority acting as paying authority for administration of the Structural Funds.
- Solid and relevant experience of the EU Structural Funds and knowledge of national financial control systems.
- Some training experience would be necessary.
- Good communication and team-building skills.

- Computer literacy and working command of English.

Operating environment of the Twinning

Under measure 3, the actual location and the duration of the stay of the experts will be agreed between the team leader, the Ministry of Finance as co-ordinating ministry of the twinning project and the relevant ministries. This must be done on the basis of the government resolution outlining the allocation of responsibilities among the government institutions in the day to day management of the Structural Funds and reports provided by the Lithuanian authorities outlining the results achieved by other Phare projects, especially SPPI in the area and experience gained with the management of Pre-accession instruments.

Training

Upon the start of the project, on the basis of the project fiche as well as the findings and gaps to be identified, the Twinning PAAs together with Lithuanian institutions will compile a plan for the delivery of training indicating the means and methods of training, experts responsible and the detailed implementation schedule. The plan will become a part of the Twinning Covenant.

Short-term experts

Twinning PAAs should also draw on the support of the short-term experts from their member state institutions to provide specific training and inputs of expertise required by the Lithuanian authorities. The short-term experts should be highly qualified and have extensive working experience in the field where their expertise is required. The input required has been estimated at 30 man/months over the duration of the Twinning Covenant.

Local assistants

Each PAA would have one full-time local assistant to perform the functions of a local assistant, who would also take care of such organisational issues like organising the delivery and assisting in training events, organising meetings, keeping documents and files, taking minutes, translating or interpreting from Lithuanian to English and vice versa if required. Local assistants would work under the guidance of the PAAs and as needed for the implementation of the Twinning Covenant. Local assistants should have obtained a university degree in economics/public administration/law or in a related field and have meaningful working experience in the field of economic development. They should also be highly proficient in English and computer literate. The input required has been estimated at 42 man/months over the duration of the Twinning Covenant.

3.4.2 Technical Assistance

The Twinning project will be complemented by a Technical Assistance component covering the following tasks:

- Assistance with the upgrading of the existing General Budgeting and Accounting Program / NAVISION in order to comply with EU requirements for reporting and monitoring.

- Assistance with the implementation of the EDP system for the National Paying Agency under the Ministry of Agriculture (the specifications of which were developed with assistance from the SPPI project).
- Provision of training for the personnel of the beneficiaries to be involved in using the system.

The expected inputs will be provided by a consultancy with strong IT expertise and an understanding of the requirements for IT systems to operate EU Structural Funds Management. This contract is expected to amount to 325,000 euro.

3.4.3 Supply

An international Supplies Tender with a total value of 450.000 euro will be organised and will be divided into 2 lots, reflecting the needs of the 2 project beneficiaries :

- Lot 1 : purchase of hardware for the upgrading of the technical capacity of the Ministry of Finance and the Paying Agencies (excluding National Paying Agency under the Ministry of Agriculture). Lot 1 is expected to amount to 100.000 euro.
- Lot 2 : purchase of hardware and software (see Annexe 4) for the upgrading of the technical capacity of the National Paying Agency under the Ministry of Agriculture. Lot 2 is expected to amount to 350.000 euro.

4. Institutional Framework

The institutional set-up for the implementation of Structural Funds in Lithuania is currently under revision by the Lithuanian Government and the results of this process are expected in Spring 2001.

Therefore, the actual implementation of this project will be conditional on the final adoption of a government resolution on the allocation of responsibilities among the Government institutions in the management of the EU Structural Funds, including the number and location of future Paying Authorities.

Accordingly, it will be necessary, during the drafting of the Twinning Covenant, for the beneficiaries to establish a project Steering Committee chaired by the Ministry of Finance as the main coordinator of the project. This Steering Committee must ensure that the Covenant is drafted on the basis of :

1. the results obtained under SPPI (end date is September 2001)
2. the detailed plan for implementation of the Structural Funds drafted on the basis of the above-mentioned government resolution.

The paragraphs below outline some of the current developments.

According to the Concept Paper for the preparation of the National Development Plan adopted by the Lithuanian Government and the **draft** resolution regulating the institutional functions and responsibilities for the preparation of the NDP and the management of Structural Funds, the Ministry of Finance will after Lithuania's accession perform the role of the Managing Authority and Paying Authority of the EU Structural Funds. However, the role of the Paying Authority for a Fund (ERDF, ESF, EAGGF, FIFG) can be delegated to other ministries.

The other key ministries closely involved in the programming and management of Pre-accession funds for Structural support (Phare ESC, ISPA and SAPARD) and later the EU Structural Funds are:

The Ministry of Economy is responsible for the programming of economic development strategies, including business and enterprise development.

The Ministry of Interior is currently responsible for the programming and implementation of Phare ESC for 2000. It is planned that the Ministry of Interior should co-ordinate the preparation of strategies and programmes for regional and local development initiatives and ensure that an integrated regional development approach is reflected in the Structural Funds actions.

The Ministry of Social Security and Labour and the Ministry of Education and Science, who are responsible for the programming and implementation of Phare ESC assistance in the field of human resource development, are planned to be responsible for the administration of the European Social Fund.

The Ministry of Environment and the Ministry of Transport and Communications are partly responsible for ISPA (National ISPA Co-ordinator is the Ministry of Foreign Affairs). It is planned that the Ministry of Transport and Communications will be responsible for the programming and preparation of the interventions of the Cohesion Fund in the area of transport.

It is planned that the Ministry of Environment will be responsible for the programming and preparation of the interventions of the Cohesion Fund in the area of Environment.

The co-ordinating institution for the national agricultural and rural development policy and SAPARD is the Ministry of Agriculture. It is planned that the Ministry of Agriculture will be responsible for the programming and implementation of actions co-financed by the EAGFF and the FIGG.

The basic structure for the co-ordination of the national regional development actions, including the actions co-financed by the EU from the PHARE Economic and social cohesion instrument, as well as partnership with regional authorities and socio-economic partners, is established in the Law on Regional Development, which has been adopted by Seimas on 20 July 2000.

However the current law will be revised as it is limited to the process of regional policy making mainly on the regional level and fails to link national development priorities, regional development priorities, public investments and budgeting into one framework. Furthermore, the law needs to be revised so that it is fully in line with structures and mechanisms required for the programming and implementation of Structural Funds assistance.

As for the elaboration of the National Development Plan, the Ministry of Finance will be responsible for the overall co-ordination of the NDP, including the preparation of

macroeconomic forecasts, the setting of expenditure limits for public investments and the preparation of the fiscal plan.

The line ministries will draw up sector development strategies and priorities and measures under the co-ordination of the Ministry of Economy, who also prepares the sector development programmes, including the preparation of the national development strategy and proposing development priorities.

The Ministry of Interior co-ordinates the preparation of the regional development strategy on the basis of regional development strategies prepared by the regions.

All relevant ministries are directly involved in the NDP working group.

5. Budget (in €million)

| Project Components | Phare Support | | | National Co-financing | IFI | TOTAL |
|----------------------|--------------------|----------------------|----------------------|-----------------------|-----|--------------|
| | Investment Support | Institution Building | Total Phare (I + IB) | | | |
| Twinning Covenant | | 2.0 | 2.0 | | | 2.0 |
| Technical Assistance | | 0.325 | 0.325 | | | 0.325 |
| Supply | 0.3375 | | 0.3375 | 0.1125 | | 0.45 |
| TOTAL | 0.3375 | 2.325 | 2.6625 | 0.1125 | | 2.775 |

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

The Lithuanian authorities will provide the required office space, equipment and general support necessary to the tasks to be fulfilled by the PAAs and medium and short term experts.

An amount not exceeding 5% of the total budget can be used for supervision activities concerning the investment component of the project.

6. Implementation Arrangements

6.1. Implementing Agency

The Implementing agency will be the CFCU. It will be responsible for all contractual and financial aspects of the implementation of this project. The PAO will be the Director of the CFCU, Mr Zilvinas Pajarskas, Ministry of Finance J. Tumo-Vaizganto

8a/2-241, 2600 Vilnius; telephone: +370 2 22 66 21, fax: +370 2 22 53 35, e-mail: info@cfcu.lt.

6.2.Twinning

The Ministry of Finance will be in charge of the general coordination and monitoring of the project. The contact persons in the Ministry of Finance will be:

Mr. Rimantas Veckis, Director of the Budget Department, Ministry of Finance, J. Tumo-Vaizganto 8a/2, 2600 Vilnius; telephone: +370 2 39 00 20, fax: +370 2 39 01 15, e-mail: r.veckis@finmin.lt.

Ms Daiva Kirkilaite, Acting Director of the International Department, Ministry of Finance, J. Tumo-Vaizganto 8a/2, 2600 Vilnius; telephone: +370 2 39 01 86, fax: +370 2 22 74 24, e-mail: d.kirkilaite@finmin.lt.

The other beneficiaries will be: Ministry of Interior, Ministry of Economy, Ministry of Social Security and Labour, Ministry of Education and Science, Ministry of Environment, Ministry of Transport and Communication and Ministry of Agriculture and their subordinated bodies on regional and local level.

6.3.Non-standard aspects

PRAG and Twinning Manual will strictly be followed in the implementation of this project.

6.4.Contracts

Twinning Covenant – 2.0 MEUR

Service Contract (TA) – 0.325 MEUR

Supply Tender – 0.45 MEUR, of which 0.1125 MEUR is national co-financing.

7. Implementation Schedule

| Component | Start of Tendering | Start of Project Activity | Project Completion |
|------------------|---------------------------|----------------------------------|---------------------------|
| Twinning | 4Q/01 | 3Q/02 | 3Q/04 |
| T.A. | 4Q/01 | 2Q/02 | 1Q/03 |
| Supply | 4Q/01 | 2Q/02 | 1Q/03 |

8. Equal Opportunity

Lithuanian Constitution, the Law on Equal Opportunity between Men and Women, and other legal acts explicitly forbid the discrimination on the basis of sex, nationality, and religion. A Controller on equal opportunities between men and women is appointed by the Seimas (Parliament).

9. Environment

N/a

10. Rates of return

N/a

11. Conditionality and sequencing

The Government resolution on the allocation of the responsibilities among government institutions in the management of the EU Structural Funds including the location of the Managing Authority and the number and location of Paying Authorities for ERDF, ESF, EAGGF and FIFG adopted.

The Financing Memorandum signed.

The Twinning partners identified, training and equipment needs assessment carried out. Twinning Covenant prepared and signed.

The TORs for the TA and Supply Components worked out by the Lithuanian institutions.

ANNEXES TO PROJECT FICHE

- 1. Logical framework matrix in standard format**
- 2. Detailed implementation chart**
- 3. Contracting and disbursement schedule**
- 4. Reference to feasibility /pre-feasibility studies**
- 5. Linked activities**

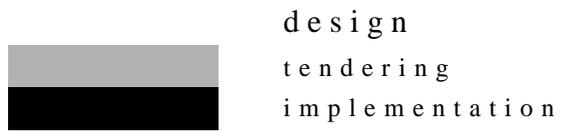
| LOGFRAME PLANNING MATRIX FOR | | Programme Name: PHARE AP 2001 Number: LT 01 09 02 | Special Preparatory Programme for the Structural Funds in Lithuania (II) |
|---|--|---|---|
| Project: Special Preparatory Programme for the Structural Funds in Lithuania | | Contracting Period Expires: 3Q/2003 | Disbursement Period Expires: 3Q/2004 |
| | | Total Budget: 2.775 MEUR | Phare Budget: 2.662 MEUR |
| Overall Objective To prepare the Lithuanian authorities on national and regional/local levels for the management of pre-Structural Funds and Structural Funds | Objectively Verifiable Indicators Administrative capacity increased Contracting rate on Phare ESC enhanced | Source of Verification Regular progress report Perseus database | |
| Project Purpose - To assist the Lithuanian authorities to finalise a multi-annual Objective 1-type Single Programming Document - To assess the need and draft additional legislation so that it becomes fully in line with EU requirements; - To further develop the capacity of the relevant ministries and agencies at the national and regional levels to manage the ERDF, ESF, FIFG and EAGGF - To assist in defining a co-financing system, monitoring, reporting auditing and control procedures | Objectively Verifiable Indicators - Draft objective 1 type SPD prepared - Legal framework for implementation of Structural Funds finalised - Managing authority established and functioning - Paying authorities for ERDF, ESF, FIFG and EAGGF units established and functioning. - Efficiently functioning co-financing system and monitoring and reporting system in place | Source of Verification Regular progress report State Journal Reports to JMC PAA' reports State Budget Ministry of Finance | Assumptions Responsibilities allocated for managing/paying authorities Legal Acts adopted by Seimas Decision on Budgetary allocations taken |
| Results - The capacities of strategic planning in the key development ministries, other central and regional authorities strengthened and SPD Objective 1-type Programme worked out - The institutional network of management and paying authorities for EU Structural Funds after Lithuanian accession optimised and co-ordination, programme and project implementation capacities improved - An efficiently functioning co-financing system developed - Monitoring and reporting infrastructure established and people trained - Legal, financial control and auditing framework brought fully in line with the EU requirements for Structural Funds - The Law on Regional Development fully implemented - Other additional legislation prepared and implemented | Objectively Verifiable Indicators - SPD-type NDP improved and approved by the Cabinet and the European Commission - managing and paying authorities prepared and the whole institutional framework well functioning and effective co-ordination achieved - 50-100 civil servants on national and regional level trained - New budgetary procedures adopted - High quality annual reports on monitoring published - Controller function established - Legislative framework in line with EU requirements - Concept for first objective 1 programme adopted | Source of Verification NDP State Journal Regular progress report Published material JMC reports PAA reports TA reports Draft SPD | Assumptions Cabinet adopts NDP Seimas adopts additional legislation Sufficient budgetary resources for co-financing allocated. |

| Activities | Means | Source of Verification | Assumptions |
|--|---|---|--|
| <p><u>Measure 1</u></p> <ul style="list-style-type: none"> - Assistance to develop the NDP and the first Objective 1-type Single Programming Document. - Development of partnership and consultation procedures - Assessment of existing legislation and assistance in drafting additional legislation - Assistance in building the evaluation capacity including the abilities to carry out ex-ante, mid-term, and ex-post evaluation and in setting quantitative and qualitative targets <p><u>Measure 2</u></p> <ul style="list-style-type: none"> - Assessment of the present institutional arrangements - Training and advice to the Managing authority - Advice on the setting-up of administrative procedures and systems for monitoring, reporting and control of EU Structural Funds - Organise seminars and traineeships - Setting-up and training of the monitoring committee <p><u>Measure 3</u></p> <ul style="list-style-type: none"> - Training and advice including the elaboration of manuals on financial flow and payment - Assistance with developing sound financial management and control of EU funding. - Assistance and training with the setting-up of internal control systems and on-the-spot checks - Assistance with the development of management information systems - Assistance to ministries with programming and developing arrangements for implementation of Phare Economic and Social Cohesion actions. <p><u>Technical Assistance</u></p> <ul style="list-style-type: none"> - Assistance to the upgrading of the existing General Budgeting and Accounting Program / NAVISION in compliance with EU requirements for reporting and monitoring - Assistance to implementation of EDP system for National Paying Agency under Ministry of Agriculture - Provide training for the personnel to be involved in using the systems | <ul style="list-style-type: none"> - Twinning covenant (2 PAAs, 7 medium term experts and 30 man/months of short term experts) - Technical assistance contract - Supply contract | <p>PAA reports STE reports TA reports JMC reports</p> | <p>PAAs with relevant experience identified and twinning covenant signed</p> <p>The involved Lithuanian authorities provide adequate human resources to the implementation of the project</p> <p>Advice/Training and other inputs are relevant, timely and consistent.</p> |

| | |
|--|---|
| | <p>Preconditions</p> <p>The Government resolution on the allocation of the responsibilities among government institutions in the management of the EU Structural Funds including the location of the Managing Authority and the number and location of Paying Authorities for ERDF, ESF, EAGGF and FIFG adopted.</p> |
|--|---|

Detailed Implementation Chart for the Project

| Year | 2001 | | | | | | 2002 | | | | | | 2003 | | | | | | 2004 | | | | | | | | | | | | | | | | | | | | |
|----------|------|---|---|----|----|----|------|---|---|---|---|---|------|---|---|----|----|----|------|---|---|---|---|---|---|---|---|----|----|----|---|---|---|---|---|---|---|---|---|
| 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 | 7 | 8 | 9 |
| Twinning | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TA | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Supply | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (Phare Contribution only - €Million)

| | Date | | | | | | | | | | | | | |
|--|-------|-------|-------|-------|---------------|---------------|--------------|--------------|------------|-------------|-------------|-------------|-------------|---------------|
| | 2001 | | | 2002 | | | | 2003 | | | | 2004 | | |
| | 30/06 | 30/09 | 31/12 | 31/03 | 30/06 | 30/09 | 31/12 | 31/03 | 30/06 | 30/09 | 31/12 | 31/03 | 30/06 | 30/09 |
| <i>Contracting</i> | | | | | | | | | | | | | | |
| • Twinning | | | | | | 2.0 | | | | | | | | |
| • TA | | | | | 0.325 | | | | | | | | | |
| • Supply | | | | | 0.3375 | | | | | | | | | |
| Total contracting (cumulative) | | | | | 0.6625 | 2.6625 | | | | | | | | |
| <i>Disbursement</i> | | | | | | | | | | | | | | |
| • Twinning | | | | | | 0.498 | 0.678 | 0.858 | 1.038 | 1.218 | 1.398 | 1.578 | 1.758 | 2.00 |
| • TA | | | | | 0.1 | 0.15 | 0.2 | 0.25 | 0.325 | 0.325 | 0.325 | 0.325 | 0.325 | 0.325 |
| • Supply | | | | | 0.2 | 0.2 | 0.2 | 0.2 | 0.3375 | 0.3375 | 0.3375 | 0.3375 | 0.3375 | 0.3375 |
| Total disbursement (cumulative) | | | | | 0.3 | 0.848 | 1.078 | 1.308 | 1.7 | 1.88 | 2.06 | 2.24 | 2.42 | 2.6625 |

Reference to feasibility /pre-feasibility studies

- National Paying Agency under the Ministry of Agriculture

A full Information Technology Strategy for the National Paying Agency under the Ministry of Agriculture was finalised and approved in March 2001. The following supplies were identified as crucial to the improvement of the capacity of the Agency :

| Item | Units | Unit Price | Total |
|--|-------|------------|---------|
| Personal computers for the strengthening of regional units for the administration of SAPARD support funds | 60 | 2,400 | 144,000 |
| Software (data transmission from regional offices to NPA central server and data control) | 20 | 2,350 | 47,000 |
| Central Software (data submission from regional offices, data control, relations with registers and assurance of audit inspection) | 1 | 97,000 | 97,000 |
| Central Computer Hardware (central software installation and required computer base for data safeguard) | 1 | 59,000 | 59,000 |

Linked activities**Capacity building in central level (horizontal projects)****Phare assisted projects**

- Phare Institutional Strengthening project
- 1998 SPP – ESF horizontal programme in Lithuania
- 1998 SPP – Special Preparatory Programme for the Structural Funds in Lithuania
- 1999 Project Preparation Facility
- 2000 Budget Management and Financial Control

Capacity building for the management ISPA**Phare assisted projects**

- 1997 Advisory Services to the Ministry of Transport project
- 1997 Institutional Development and Training for Lithuanian Civil Aviation
- 1998 Harmonisation of Transport Legislation
- 1998 Strengthening of Institutional Capacity of the Ministry of Environment in the EU integration process

Up to 5% of annual ISPA allocations could be used for technical assistance, including support to the institutional building measures.

Capacity building for the management SAPARD**Phare assisted projects**

- 1999 Modernisation of Rural Administrative System
- 2000 Strengthening the Capacity of the Ministry of Agriculture and Related institutions to Manage and Administer the EU Acquis for Agriculture (CAP) and Rural Development

2% of annual SAPARD allocations will be used for technical assistance, including support to the institutional building measures.

Bilaterally assisted projects

- Danish bilateral project Accountant Advisory to Lithuanian Paying Agency
- Danish bilateral project Twinning Arrangement regarding a Paying Agency in Lithuania

Related ESF projects**Phare assisted projects**

- 2000 Preparation for Participation in European Employment Strategy

Capacity building in regional/local level**Phare assisted projects**

- Tripartite Development of Local Employment Initiatives at Local Level
- 1997 Phare CBC Education of Local Government Staff in Project Management and EU Integration
- 1998 Phare CBC Reinforcement of Institutional and Administrative Capacity
- Phare Regional Development Project in Klaipeda and Kaunas counties
- 1998 Phare Regional Development Project in Vilnius, Šiauliai and Panevėžys counties
- 2000 National Regional Development Pilot in the Klaipeda and Taurage target region
- 2000 National Regional Development Pilot in the Marijampole target region

- 2000 National Regional Development Pilot in the Utena target region

Bilaterally assisted projects

- Danish bilateral project on Establishing Regional Structures
- Danish bilateral project Training of Civil Servants in EU regional policies and structural funds
- Danish bilateral project Regional Development in Klaipeda in the perspective of EU preparation
- Danish bilateral programme for Taurage and Telsiai Counties
- Finnish bilateral project Co-operation Development Project between Marijampole and Lahti Region
- Danish bilateral project Technical Assistance to the process of strengthening the Regional development Agency in Utena County, 2000
- Danish technical assistance to prepare a Regional Operational Plan in Utena County

1. Capacity building in central level (horizontal projects)

The **PHARE Institutional Strengthening** project assisted Lithuanian institutions in the initial phase of preparation of the National Development Plan. The EU and national project experts provided on the job training to Lithuanian officials on programming methodology for the EU Structural funds, on interpreting operational guidelines for EU pre-accession assistance, helped to aggregate the inputs of Lithuanian institutions and to do the technical drafting of the document.

The **SPP for the European Social Fund (SPP – ESF)** has provided training to Lithuanian civil servants mostly at the national level. The training encompassed European Employment Strategy, general and operational aspects of European Social Fund, experience of implementation of European Employment Strategy in the EU Member States. Part of the programme was also targeted at the local level and assisted in the preparation of the current ESF-type projects proposed to be financed from PHARE socio-economic cohesion component.

The **SPP – Special Preparatory Programme for the Structural Funds in Lithuania** is composed of four components: SPP TA project, SPP Twinning, SPP Klaipeda Pilot project (urban project), SPP Utena pilot project (rural project).

The **SPP TA (Technical Assistance)** Project of the SPP will assist to strengthening national structures for implementation of national regional policy, administration of EU pre-accession structural assistance instruments in Lithuania (PHARE, ISPA, and SAPARD), developing programming and evaluation capacities for the management of pre-accession instruments, examining legal framework, and establishing the system of sound financial management.

The **SPP Twinning** component has also started and brings technical assistance to Lithuanian administration directly from the administrations of EU Member States - Finland and Germany. The Pre-accession advisers and short-term experts from the Member States will provide assistance in programming for EU pre-accession instruments, and will consult and provide on the job, and regular training to Lithuanian civil servants at all the levels of administration, which will be involved in performing different functions in managing EU pre-accession instruments. The Twinning component will contain an extensive training package, which will be oriented towards strengthening programming and project management capacity at central and regional levels.

The **SPP Pilot Projects** will be located in the Klaipeda County and in the Utena County. It will develop local and regional partnerships needed to prepare development plans and fundable projects in accordance with the requirements of EU Structural Funds. The project will include a substantial training element and awareness raising on EU Structural Funds.

Completion of implementation of all SPP components will help finalize the preparation of Lithuanian public administration and social and economic partners for the EU pre-accession instruments and will ensure effective and efficient use of public and private investment funds to further social and economic cohesion in Lithuania as well as to bring Lithuania closer to EU economic and social welfare standards.

PHARE Project Preparation Facility (2 MEUR) will aim at providing technical assistance needed by Lithuanian regions for effective and sound investment in social and economic cohesion (projected start of the project in 2001). The target regions may benefit from this facility by receiving short term and twinning expertise inputs, tailored to strengthen the implementation of their programming, evaluation, sound financial management and monitoring functions.

A particular objective of 2000 Phare project **Budget Management and Financial Control** is development of sound financial management to enable the Government to comply with EU requirements with regard to sound financial management of EU funds.

2. ISPA Related Projects

1997 Advisory Services to the Ministry of Transport project - focused considerable resources on the development of a Transport Investment Programming and Implementation Process. Structures have also been strengthened by inputs under the LSIF programme.

The 1997 PHARE project **Institutional Development and Training for Lithuanian Civil Aviation** was completed in February 2000. The focus of this project was to assist with the implementation of an institutional reorganisation in the aviation sector. It was also to assist in developing the capacity of the MoTC and institutions under its responsibility to deal with integration issues as they affect the infrastructure of the aviation sector - airports, aviation safety and regulatory Institutions. The proposed change to a new Civil Aviation Administration reporting directly to the MoTC was the key driver of this project insofar as the change would affect decisions and activities in relation to aviation regulation.

The 1998 PHARE project **Harmonisation of Transport Legislation. Phase II** continued previous assistance from Phase I. Phase II involved two time frames: 1) preparing a strategy paper outlining objectives and priorities, with assessment of actions needed in regard to the adoption of the acquis and 2) legal reform which includes drafting of legislation, training of staff, translation of EU laws, formation of a data base. The project "Harmonisation of Transport Legislation. Phase III." approved under LI 9807 Programme, aims to continue of assessment of further actions and impact analysis of key components of the Accession Partnership; preparation of drafts laws and regulations; and development the capacity of the MoTC to implement most effectively integration requirements.

Finally, in the transport Sector a twinning project **Further Alignment with the Transport Acquis and Strengthening Administrative Capacity to Manage the Implementation of Transport Policy** provides: -

- A 2 year PAA, providing general management and institutional support to the MoTC and other administrative structures relating to the adoption of the Transport acquis and strengthening regulatory capacities, plus responsibility for overall management of the Project. The expert will be located at the MoTC and should provide broad strategic support across the whole project, including coordination of the inputs of the short-term experts.
- An extensive series of short-term experts (approximately 100 person-months), supporting:
 - Development/revision of a comprehensive, coherent strategy for adoption of the acquis in associated sectors (road transport, railways and civil aviation);
 - Strengthening institutional structures and procedures (legal and regulatory needs, financial planning, operational procedures, information/consultation procedures, strategy for

development of organisational/technical capacities etc.), in particular focused on traffic safety control and infrastructure management issues;

- Development and delivery of extensive staff training programmes/materials in the field of safety control procedures, financial management and planning, co-ordination/ liaison with public/private sector, etc.;
- Other services and supplies including development of computer/information systems software, interpretation and translation, study fellowships (conferences, seminars, fellowships in the Member States, etc.).

The 1998 Phare project **Strengthening of Institutional Capacity of the Ministry of Environment in the EU integration process** supports the strengthening the capacity of Lithuania's environmental administration and address recommendations made by the Commission: continuation of transposition of legislation, establishment and implementation of investment programmes, development of monitoring and implementation control structures.

Up to 5% of annual ISPA allocations could be used for technical assistance, including support to the institutional building measures.

3. SAPARD Related Projects

For SAPARD under the 1998 SPP will become available to Lithuanian agriculture during the lifetime of this project. The project will finance the foreign experts according to accreditation of National Paying Agency and manage structural funds, implementation of IT system; Education of lecturers who are going to provide further education for potential beneficiaries and regional administrators and improvement of Rural Development Plan.

1999 Phare project **Modernisation of Rural Administrative System** is expected to provide substantial inputs for developing a number of key components of an agricultural information system (EAA, FADN and IACS including assistance with the necessary parcel identification methodology). This project will support structural policy and direct management providing by National Paying Agency. The project is scheduled to start in the second quarter of 2000 (negotiation of the twinning covenant is expected to start in January 2000) and will provide some inputs underpinning the present Project.

2000 Phare project **Strengthening the Capacity of the Ministry of Agriculture and Related institutions to Manage and Administer the EU Acquis for Agriculture (CAP) and Rural Development** aimed at developing of administrative, managerial and information systems and capacities, to achieve compatibility with the *acquis* and EC best-practice in the application of CMO-type measures for Lithuanian agricultural products and of SAPARD measures for rural development, and supports development of appropriate CAP-type measures (CMO Quality monitoring, Market Information System, Market Regulation Agency, Paying Agency, IACS parcel register) for *acquis* product groups elaborated and applied, specific EC systems for market management and information systems planned and installed.

Technical assistance from a **Danish bilateral projects** are currently being provided to facilitate the start-up and accreditation of the Paying Agency.

2% of annual SAPARD allocations will be used for technical assistance, including support to the institutional building measures.

4. ESF Related Projects

The Phare 2000 institution building project **Preparation for Participation in European Employment Strategy** will support improvement and decentralisation of Lithuanian employment and labour market policies through assistance to formulation of regional employment policy and to re-defining of responsibilities and tasks at central and regional level of labour market management. It will also develop and strengthen the capacity of labour market institutions at central and regional levels through adapting these institutions to employment and labour market policy objectives and tasks in the context of Lithuanian participation in EU Employment Strategy and structural assistance programmes.

Investment in the improvement of labour market structures in Klaipeda/Taurage target region will complement to activities under the Phare Preparation for EES project, which will support overall development of Lithuanian labour market institutions at national and regional level. Regional labour market institutions involved in the implementation of regional social and economic cohesion measures will be in a favourable position to adapt to, contribute to and benefit from the institution building activities envisaged under the Phare IB project at the national level. The national project on its turn will benefit from the qualitative regional inputs generated by the improved regional structures and the increased technical assistance capacity. Furthermore, the regional labour market institutions will gain experience in the preparation and management of ESF-type projects through active participation in Phare social and economic cohesion component.

All of the above mentioned inputs and efforts will be taken into account and capitalised on while implementing the National Regional Development Pilot in Klaipeda/Taurage target region. This will be ensured through active involvement of key regional development players and social partners involved in previous projects, and active participation of central administrative institutions throughout the implementation of the current project.

5. Capacity building in regional/ local level

5.1. Phare supported projects

The Phare supported program **Tripartite Development of Local Employment Initiatives at Local Level** provided initial knowledge and experience in working with the EU Structural Funds. The Ministry of Social Security and Labour, the National Labour Exchange and Social Partners in co-operation with Phare experts were jointly implementing this programme in four regions of the country. Nine projects that best satisfied the assessment criteria and were chosen and implemented to contribute to the social and economic development of the regions. Main outcomes will possibly be transferred to national mechanism and fine-tuned during implementation of this Project.

The project **Education of Local Government Staff in Project Management and EU Integration**, aiming at strengthening regional development project preparation capacities, was approved for Phare CBC funding in 1997. During the first phase of the project, three training sessions were held in 1999, training 90 people from each of the 56 municipalities and 10 county administrations in project identification and management, regional and SME development and municipal communal services management. The second phase of the project aims at further training of the local and regional government of the target regions in regional planning and development, preparation and

management of regional programmes and projects. Training sessions in each target region will be held in March 2000.

In 1998, the project **Reinforcement of Institutional and Administrative Capacity** was approved for Phare CBC funding. The project aims at increasing the administrative capacity within Lithuania for the sound management of programmes and projects in the public sector and increase the ability to participate in inter-regional co-operation, and, in particular, to develop the management skills of people responsible for the Phare Programmes and projects in Lithuania. The activities under this project will be carried out in the year 2000.

2000 Phare Programme Economic and Social Cohesion projects in three target region, namely Klaipeda-Taurage, Marijampole and Utena promote business and human resource development by providing investment co-financing support, via the Business Development Fund and the Human Resource Development Fund, aimed at addressing regional development disparities between in the target regions and the national average.

5.2 Bilaterally assisted projects

The Danish bilateral aid project **Establishing Regional Structures** has provided assistance for the training of Lithuanian officials from all the 10 counties in the area of EU Structural funds, regional development, programming, roles and interaction of national, regional and local authorities in the course of programming, monitoring and implementation of regional development programmes with particular emphasis on Danish experience.

Danish project **Klaipeda Region Public Administration Infrastructure Reforms** in the perspective of preparation for EU Accession, aiming and supporting and improving the regional planning and policy formulation process in Klaipeda. The EU partners (Frederiks-borg Municipality and Hiller Municipality (DK)) transferred know-how and experience of management of the EU structural funds through a number of workshops.

Co-operation Development Project between Marijampole County and Lahti Region in Finland is implemented on bilateral basis throughout 2000. The project aimed at development of regional vocational training system in relation to the needs of the regional economy and in particular will address the establishment of Regional Training Centre. The Finish technical assistance also helps to improve planning and problem solving capacity in Marijampole County Administration. It helps to address specific deficiencies of regional vocational training system and aimed at facilitating the implementation of PHARE social and economic cohesion component in Marijampole County.

The **Danish Technical assistance to strengthen the Regional Development Agency** in Utena County (March-December 2000) concentrates on training of staff of the RDA as well as provision of office equipment to the Agency. The objective of the project is to enhance operational capacity and quality of the Agency in order to enable it manage EU assistance.

The **Danish technical assistance to prepare a Regional Operational Plan in Utena County** (March-June 2000) contributes to sharing the experience of Danish experts with public officials and social partners in the region as well as building the planning capacity.