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Partnership Instrument
2007–2013

Cross-Border cooperation

CROSS BORDER COOPERATION PROGRAMME LATVIA-LITHUANIA-BELARUS



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1. PROGRAMME SUMMARY

The Latvia, Lithuania and Belarus Cross Border Cooperation Programme within the European Neighbourhood and Partnership Instrument (hereafter referred to as the “Programme”) has been prepared jointly by the Latvian Ministry of Regional Development and Local Governments, the Lithuanian Ministry of Interior and the Belarusian Ministry of Foreign Affairs and other representatives of regional and national authorities of relevant countries following the good neighbourhood and partnership principles.

The Programme has been prepared in accordance with:

- Commission Regulation (EC) No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes (hereafter referred to as the “Implementing Rules”);
- Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument (hereafter referred to as the “ENPI Regulation”);
- Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities;
- Commission Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities;
- The European Neighbourhood & Partnership Instrument Cross-Border Cooperation Strategy Paper 2007-2013 (hereinafter referred to as “Strategy Paper”);
- The Practical Guide to Contract Procedures for the EC External Actions 2006 (hereinafter referred to as the “PRAG Rules”).

ENPI-CBC Programming Guidelines have also been taken into account when preparing the Programme.

The programming process started in October 2006 when an inter-ministerial meeting of representatives of all three participating countries took place in Vitebsk (Belarus). The Latvian, Lithuanian and Belarus counterparts created a Joint Task Force (JTF), composed of representatives of national and regional authorities. During the elaboration period, the following meetings of the Joint Task Force were organized:

1. 20 October 2006 in Vitebsk;
2. 27 March 2007 in Vilnius;
3. 26 June 2007 in Riga;
4. 8-9 October 2007 in Minsk;
5. 28 February 2008 in Vilnius;
6. 3-4 April 2008 in Riga;
7. 26 June 2008 in Vilnius.

In accordance with the European Union Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment (the SEA Directive) a strategic environmental assessment (SEA) was carried out.

As the first step, the environmental issues relevant to each priority/field of activity were selected as part of the “scooping” process, which is an essential basis for the SEA process.

In a second step, the strategic environmental assessment of the likely positive and/or negative impacts on the environment was carried out. The SEA report mainly examines impacts on

environmental resources and their quality, on the cohesion of protected areas, and on the principles of sustainable development.

The strategic environmental assessment qualitatively described the likely significant positive or negative effects that might be induced by the priorities and fields of activities laid out in the Programme document. Furthermore, the synergies and conflicts between the relevant environmental issues and priorities/fields of activities proposed in the programming document are analysed.

The strategic environmental assessment, on the level of fields of activities, resulted in suggestions for an alternative formulation of the fields of activities, and proposals for new activities and general project selection criteria. These measures to prevent, reduce and offset possible adverse effects are regarded as required, reasonable alternatives according to the SEA Directive.

The SEA report, together with its non-technical summary, was available for consultation alongside the seventh draft of the Latvia-Lithuania-Belarus ENPI CBC Programme on the website <http://www.interreg.lt>. The consultations with relevant subjects of the SEA were started on 28 April 2008.

In Latvia, the public consultations started on 30th of April. After public consultation process, the Strategic Environmental Assessment Report has been submitted for assessment by the Latvian Environment State Bureau. There were no any major comments on the draft Strategic Environmental Assessment Report received. These consultations were ended on 9th of June

In Lithuania, the public consultations started on 28th of April. The Strategic Environmental Assessment Report was submitted to the civil society as well as national and regional authorities for comments. These public consultations were ended on 11th of June and only minor comments were received on the draft Strategic Environmental Assessment Report.

In Belarus, the public consultations ended on 19th of June. Only minor comments on the draft Strategic Environmental Assessment Report were mainly received from national environmental institutions and they were taken into account or rejected with reason.

To ensure inclusion of other relevant partners in the programming process Latvia formed a National Sub-Committee (hereinafter referred to as “NSC”), which included representatives of national and regional authorities and line ministries interested in the preparation of the European Territorial Cooperation and European Neighbourhood Partnership Instrument programmes. Latvian NSC meetings took place once in 2 months and were the main forum for consultancy, co-ordination and information exchange regarding the programming process.

Public hearings for the development of the Programme for 2007- 2013 was held in Belarus on 21 December 2007. Priorities and measures of the Programme were discussed. The second round of consultations of the Programme in Belarus took place during the meeting of the Inter-ministerial Coordinating Council on trans-border cooperation, which involves the representatives of the ministries and oblasts of Belarus, on 27 March 2008.

Latvia, Lithuania and Belarus have agreed to establish the joint management structure for the joint implementation of the Programme, located in Ministry of the Interior of the Republic of Lithuania (Vilnius, Lithuania).

The Programme Document includes the description of the socio-economic analysis of the programme area for 2001-2006 and the SWOT analysis, a short overview of previous cross border

co-operation experience and other programmes and strategies in the Programme area. The following Section outlines two main programme priorities developed based on the socio-economic analysis. Each priority includes a number of measures and indicative activities to be funded. The Section on joint structures establishes a framework for the programme administration and management. The last Section sets the main implementation rules and procedures, including application and contractual process, financial procedures and requirements for monitoring, information and publicity.

2. DESCRIPTION AND ANALYSIS OF THE GEOGRAPHICAL AREAS CONCERNED BY THE PROGRAMME

2.1. Programme area and population

The Programme area (with adjacent regions) covers a territory of 187.479 km², of which 14.547 km² are located in the territory of Latvia, 38.327 km² in Lithuania and 134.605 km² in Belarus, i.e. 67.421 km² (35.96%) of the territory are situated inside and 134.605 km² (64.04%) outside of the European Union. The whole programme area lies within the Baltic Sea Region.

The length of the external EU border addressed by the programme is 835.3 km (170.6 km of Latvia-Belarus border and 664.7km of Lithuania-Belarus border).

The cross border region includes the following areas:

Latvia: Latgale Region - NUTS III

Lithuania: Utena, Vilnius and Alytus Counties - NUTS III

Belarus: Grodno and Vitebsk Oblasts

In addition, the following areas are considered eligible as adjacent¹:

Lithuania: Kaunas and Panevezys Counties – NUTS III

Belarus: Minsk and Mogilev Oblasts, Minsk City

Map 1. Programme area



¹ Funding to be allocated to the adjacent areas shall not exceed 20% of the total expenditure of the Programme

In 2006, the total population of the Programme area amounted to 9.34 million. Out of this figure 2.54 million (27.2%) people were living inside the EU (Latvia and Lithuania), and 6.80 million (72.8%) outside the EU (Belarus). The geographical conditions of the Programme area (mainly forest, woodlands and numerous lakes) influence the settlement structure, which is characterised by low density in most of the regions. An average population density is 49.8 persons per km², which is much below the EU average (114 inhabitants per km²).

The biggest concentration of the population can be found in the capital cities (Vilnius and Minsk), followed by the larger towns and urban centres: Daugavpils and Rezekne in Latvia; Kaunas, Panevezys, Utena and Alytus in Lithuania; Grodno, Mogilev and Vitebsk in Belarus.

The concentration of the working population and businesses are located in the larger towns creating less favourable conditions for the socio-economic development of settlements and rural areas, in turn even increasing migration to the urban centres. The depopulation trend is most pronounced in Latvia, where the largest part of the country's economies is concentrated in Riga.

Table 1. Population

<i>Area/Statistic</i>	<i>Area, km²</i>	<i>Population in 2006, thousand</i>	<i>Population density inhabitants/km²</i>
Latvia			
Latgale region	14 549	359.8	24.7
Lithuania			
Alytus county	5 425	180.8	33.3
Kaunas county	8 089	680.9	84.2
Panevezys county	7 881	289.6	36.8
Utena county	7 201	176.7	24.5
Vilnius county	9 731	848.3	87.2
Belarus			
Grodno oblast	25 100	1114.1	44.4
Minsk city	300	1797.5	5991.7
Minsk oblast	39 900	1466.8	36.8
Mogilev oblast	29 100	1137.5	39.1
Vitebsk oblast	40 000	1283.2	32.1
Total	187 276	9335.2	49.8

All bordering regions are inhabited by quite large minority populations, e.g. in the Latgale region the percentage of Russian speaking population is 32.45%. Belarus locates ethnic Lithuanian villages along its western border and Lithuania locates Belarusian villages in its south-eastern part.

The social and economic development of all border regions have been closely linked for centuries, therefore the cooperation is not likely to be hampered by cultural differences or a language barrier (Russian being widely spoken in the region, English becoming largely used by the younger generation). However, various barriers of political and economic nature impede sustainable development of the area: existing visa and custom regimes hamper free movement of goods and people from/to Belarus, economic differences are reflected in price levels and tax regimes, the regions differ with regard to their administrative status and degree of self-governance.

2.2. Demographic situation

In 2006, the Programme area was inhabited by a total of 9.34 million people. In 2001 the area comprised 9.56 million inhabitants, i.e. within 5 years the number of inhabitants declined by approx. 220 000 (-2.3%). The biggest decrease was noted in the Latgale region (-5.9%) and Utena county (-5.2%). Only in Minsk city the number of population increased by 4.9%.

The main reasons for the decrease of the population can be found in the increase in emigration to other areas of the country (In Latvia – to the capital) and abroad (after EU accession for Lithuania and Latvia), and a negative natural growth. A negative migration balance is most visible in rural areas and small urban centres and is caused mainly by the migration of young people seeking better education and employment opportunities. The long-term emigration in the Latgale region was increasing annually (from 928 people in 2001 to 1642 in 2006). Among Lithuanian border regions the largest increase of emigration was observed in Panevezys county (from 217 people in 2001 to 1085 in 2006). In 2006, only in Vilnius county the net migration ratio was positive (1941 people) due to in-country migration, however even in the capital county the migration balance (in-country and international together) was negative (-816 people).

An important trend to the programme is a constantly decreasing percentage of children and teenagers (under working age). From 2001 to 2006 the share of population of under working age decreased from 17.2% to 13.8% in Latgale region, from 22.2% to 17.3% in Lithuanian border counties and from 18.8% to 15.6% in Belarus border oblasts.

2.3. Labour market and employment

The labour market development in the last years outlines some disparities between the EU and the non-EU parts of the programme area.

Unemployment in the Latvian and Lithuanian border areas has considerably decreased from 2001 to 2006. A similar process was observed at the national level (in 2006, the average unemployment rate for Lithuania was 5.6% and for Latvia 6.8%, i.e. significantly below the EU-25 average of 8.2%; whereas in 2001 the unemployment level in Latvia reached 12.9% and in Lithuania 16.5%, i.e. almost double of the EU-25 average of 8.4%). However, the unemployment in Latgale region (11% in 2006) is still largely above the national average, being the highest in the programme area. This is mainly due to the concentration of businesses in the capital city, underdeveloped entrepreneurship and poorly developed communication infrastructure of the region. The lowest unemployment within the EU part of the programme area was observed in Vilnius county (5.0%), followed by Alytus county (5.1%)

The main reason for the decrease of the unemployment rate was due to some economic growth of both countries and to growing emigration to more prosperous EU countries.

The officially registered unemployment rate on the Belarusian part of the programme area is much lower comparing to Latvia, Lithuania and the EU average and even decreased from an average 2.36% in 2001 to 1.2% in 2006.

Table 2. Unemployment

Region	<i>Unemployment rate, %</i>	
	2001	2006
Latvia		
Latgale region	17.1 ²	11.0
Lithuania		
Alytus county	22.6	5.1
Kaunas county	17.8	5.9
Panevezys county	14.6	8.0
Utena county	16.6	5.9
Vilnius county	16.0	5.0
Belarus		
Grodno oblast	2.4	1.4
Minsk city	1.5	0.5
Minsk oblast	2.0	1.1
Mogilev oblast	2.8	1.5
Vitebsk oblast	3.1	1.5

Structural unemployment remains one of the problems of the EU part of the programme area, where the lack of qualified labour force in some sectors (construction, engineering, education, health care) can be observed. There is also a growing need for qualified managers. The continuous and growing economic migration and brain drain from the rural territories to larger urban centres and/or abroad (mainly UK, Ireland, Spain and Scandinavian countries) has become a significant problem. The main reason for this is a comparatively low salary level, which in turn equals a low-income level of the population. The structural unemployment is partially caused by discrepancies between rapidly changing market needs and inflexible educational programmes. In addition, the labour market lacks flexibility as regards the integration of socially vulnerable groups of the population. For example the (re)integration of young parents (especially women) into the labour market is hampered by difficulties in trying to combine work and child care (in Latvia and Lithuania). However, in Lithuanian border counties a higher unemployment prevails among man (average 6.58% for man and 5.38% for woman in 2006).

The cumulative fall in employment since 1990 in Belarus has been similar to other transition economies, leading to a sharp reduction of labour force. The youth unemployment remains higher than in other age groups of population. The mismatch in skills between the unemployed and the vacancies and the geographical mismatch shows a need of improving skills and increasing mobility. Also in Belarus the unemployment of men and women is presently decreasing, but higher unemployment prevails among woman (34.5% of man and 65.5% of woman of all unemployed persons in 2007).

There are opportunities for the improvement of the labour market in the Programme area. The Programme could contribute to the intensification of economic relations between the three countries and support the improvement of employment conditions to prevent brain drain, ensure better linkage between labour market and educational institutions and promote the establishment of new employment opportunities across the border. The improved accessibility and infrastructure of the border area as well as strengthening of the business sector should establish the necessary preconditions.

² Only data for 2002 available

2.4. Economic development

The most important indicator to illustrate the growth of economic potential is the GDP growth rate. In 2005-2006, the GDP growth in the programme area was several times higher than the EU-25 average of 2.9%: The Latvian average amounted to 6.8%, the Lithuanian to 6.5% and the Belarusian average amounted to 11.3% (national figures). The largest growth was observed in the capital cities Vilnius, Minsk and Riga (Riga is not located in the programme area). From 2001 to 2006 the GDP per capita in PPP (PPS – purchasing power parity) increased from 38.9% to 55.8% in Latvia and from 41.6% to 57.7% in Lithuania (EU-25=100). The GDP per capita in Belarus in 2006 was 2935 EUR.

However, the GDP level is very unequally distributed within the cooperation area. Among the rapidly growing regions, the programme territory includes the region with one of the lowest GDP per capita in the enlarged EU – the Latgale region, e.g. in 2005 the GDP per capita in Latgale amounted to only 48.4% of the national average, while in 2003 it constituted 52%.

Following the economic growth of the region, the average monthly wages have been growing accordingly. From 2001 to 2006 the average gross monthly wages in Latgale region increased by almost 87.7% (from 163.67 EUR to 307.25 EUR) (currency exchange rate of 01/01/2007). The increase in the Lithuanian part of the border region was more moderate amounting to 20% (from 279.89 EUR to 335.87 EUR). The highest monthly salary in the Programme area was in Vilnius county 502.2 EUR. However, the average gross salary level in the Programme area is still much below the EU-25 average (2589.6 EUR in 2005).

From 2001 to 2006 the inflation rate in Latvia and Lithuania was increasing (from 2.5% to 6.6% in Latvia and from 1.6% to 3.8% in Lithuania). However, a significant decrease was observed in Belarus (from 3.2% to 0.6%).

Although the existing differences in GDP and monthly wages are not destructive for cross-border co-operation, they create preconditions for some negative tendencies, like shadow economy, smuggling of alcohol and cigarettes. Therefore, efforts by all countries shall focus on strengthening the border control and management and combating illegal trade. In addition, these differences can be considered as opportunities to make better use of comparative advantages of the bordering countries, which could lead to the intensification of economic relations and cross border employment.

2.5. Regional economy

The service sector is predominant in the programme area (Latvia and Lithuania) when measured in terms of number of employees and the structure of gross added value. At the same time, Lithuanian and Belarusian regions have a strong industrial part.

The service sector is rapidly developing and a greater percentage of the working population finds employment in this sector. The most important branches in services are financial services, transport and trade, tourism and recreation; specialised services like SPA tourism, agro-eco and cultural tourism, communication.

Agricultural areas are primarily concentrated on food and beverage production (mostly farming, dairy and meat production and processing, sugar beet and grain harvesting). The industrial sector in the programme area is diversified. The area as a whole has important chemical industries, energy, electronics, food processing, engineering and metalwork, construction, textile and wood processing industries. The area locates the Ignalina Nuclear Power Plant.

Please find below a short description of each country.

Latvia: The **Latgale region** produced 8.3% of national GDP (2003). Economic activity is considerably less developed in the Latgale region in comparison with other regions of Latvia. Micro and small enterprises are predominant in the Latgale region and form 94.2% (2004) of all enterprises in the region although the average number of 10 economically active enterprises per 1000 inhabitants (2004) is twice less than the average in Latvia (22 enterprises). The main added value is produced in such sectors as service, industrial production and agriculture. Regional economy includes such main sectors as forestry, wood processing, agricultural processing, food production, industrial production, and transport. More than half of the economically active enterprises have been involved in forestry and **wood** processing with 80% of products being exported as raw materials, only a few of them have production with high added value (“Verems”, “Krebsar”, etc). **Food** production makes 30% of the total volume and its rate was 4% from national GDP in 2004. The leading industries are **milk** (“Preilu Siers” cheese factory with 95% of produce for export), meat (“Rezeknes galas kombinats”) and grain processing. The manufacturing industry is dominated by **machinery** and electronic appliances production (Rebir, Nook Ltd (circular saws and planes), “Dauer D” and they are mainly concentrated in regional cities – Daugavpils and Rezekne. The chemical industry is slowly developing with production of chemical fibre (“Rhodia”), plastic produce (“Polimers”), **optical** fibre (“Anda Optek”) and glass (“Lettglas”). Rezekne Special Economic Zone is located in rezekne and offers tax exemptions to companies. The production of building and construction materials is rather developed in the region. The **peat** production is developed in Struzani. The **transport**, storage and communication sector formed 15.7% of Latvia’s national GDP in 2005. Rezekne and Daugavpils are important transport hubs. Being on the crossing of international roads, Latgale region is seen as a transit region. The transit flows to Russia and Belarus go by road, back – mainly by rail.

Lithuania: The **Alytus county** produces about 3.7% of Lithuania’s national GDP. The leading industries are the refrigerator production (“Snaige” factory), the beverage industry (“Alita”) and wood processing. The Druskininkai spa resort is located in Alytus county. The manufacturing industry in **Utena county** is dominated by food processing, the textile industry (“Utenos trikotažas”), the production of construction materials and machinery as well as wood and metal processing. The Ignalina Nuclear Power Plant is located in the county. In **Panevezys county** the biggest share of the regionale conomy is taken by the food and beverage industry (54.5 per cent of industrial production). The county locates the largest milk processing factory in Lithuania “Rokiškio sūris”. **Kaunas county** produces about 19.4% of Lithuania’s national GDP. The county has long-standing traditions as a centre for textile and fibre, electronics and wood processing and furniture industries, and for production of medical, optical and precision instruments, foods, and chemicals. In the city of Kaunas, the light industry (mostly textile) makes up to 36% of the production sector, followed by machine building (22%) and food processing (17%). **Vilnius county** produces 35.8% of the national GDP. The County’s economy is dominated by the service sector - 70% of added value (the national average being 60%). The leading industries are machine building, chemical and pharmaceuticals, electronics.

Belarus: The **Grodno oblast produces** about 10% of Belarus GDP. The leading industries of the region are food (27.8% of industrial production), chemical and petrochemical (22.8%) as well as

mechanical engineering and metal processing (20.3%). The largest employers are chemical sector enterprises (“Grodno Azot”, “Grodno Khimvolokno”, “Lida Lakokraska”). Similarly, in **Mogilev oblast**, the largest share is taken by chemistry and petrochemistry (35.3%), machinery (20.9%) and food industry (14.8%). The region is the main manufacturer of tires and electric motors in Belarus. Among the largest employers are “Mogilevchimvolokno” and “Mogilev Metallurgical Factory”. In **Minsk oblast** (including Minsk city) mechanical engineering and metal processing industries (33.1%) are dominating, as well as chemical, biochemical (32.6%) and food (20.8%) industries. **Vitebsk oblast** makes about 13% of the industrial output of Belarus and is a large fuel production area (52%), followed by electric power (11%) and food industries (8%).

6 special (Free) Economic Zones (Grodno, Kaunas, Minsk, Mogilev, Rezekne and Vitebsk) are located in the programme area, contributing to the strengthening of import-oriented economies and capital formation in the regions. The free economic zone in Grodno region (GrodnoInvest) is one of the youngest and most rapidly developing in Belarus (>35 mln. USD attracted since its establishment in 2002).

The Rezekne Special Economic Zone (RSEZ) was established in 1997 and it is located in Rezekne, Latvia. Tax rebates are applied to the enterprises with RSEZ status. Since 2005 RSEZ has invested about 20m EUR in technologies and infrastructure development. The annual turn over of RSEZ enterprises is above 35m EUR. RSEZ has promoted creation of 2000 work places. It has also participated in establishment and creation of the Latgale Engineering Technology Centre (prototyping labs).

Notwithstanding that during the past few years foreign direct investment (FDI) has been growing in all countries, the FDI level in most of the border regions is low. The largest part of it is concentrated nearby capital cities. The FDI per capita for the Lithuanian counties of the programme are less than the national average of 2.034 EUR in 2005, with the exception of Vilnius (13.576 EUR). The FDI per capita has grown considerably in Alytus and Kaunas, for example from 207 EUR in 2001 to 635 EUR in 2005 for Alytus.

In 2006, the total flow of direct FDI on the Lithuanian side of the programme area amounted to 5.070m EUR. However, extremely large variation at county level is noted: from 0.11m EUR in Alytus county to 3.93m EUR in Vilnius. FDI from Belarus to Lithuania constituted 18.4m EUR and from Latvia to Lithuania 2.828m EUR.

On the Belarusian side of the programme the FDI amounted to 48.31m EUR, with half of this amount for Minsk city (24.19m EUR) but only 3.25m EUR for Mogilev region and 3.70 for Vitebsk region.

2.6. Entrepreneurship and SME development

The majority of employees in the Programme area are employed in small and medium size companies, which are important elements of regional economies due to their flexibility and fast adaptation to the changing market conditions. In 2006, 94 000 SMEs were registered in Lithuanian eligible territory (71.8% of total Lithuanian SMEs). Out of this number, 41 700 were operational (69.8% of total Lithuanian SMEs). 15 700 SMEs (including micro enterprises) were registered in Latgale region (13.1% of total Latvian micro, small and medium enterprises) and 31 400 in eligible territories of Belarus.

The most intensive concentration of SMEs can be found in Vilnius county (59 registered SMEs per 1000 inhabitants) and the lowest in Utena county (22.5), whereas the EU average is 40-60 per 1000 inhabitants. A positive sign is a constant growth of SME number in recent years.

However, any evidences of cross border manufacturing, cooperation in the development of joint products and technologies or service clusters in the programme area are hardly visible. Enterprise development is often hampered by the lack of investment and outdated technologies, shortage of support structures, limited access to capital and increasing lack of qualified workforce. SMEs of the region often lack sufficient capacity to enter foreign markets.

SMEs development is also hampered by administrative and legal barriers and limited cooperation with the public sector. The programme could contribute to the removal of cooperation barriers by establishing SMEs support system in relation to cross border cooperation, networking and entering neighbour's market, exchange of experience and knowledge, synergy of efforts in elaborating joint products. The Programme will ensure indirect impact on improvement of private-public cooperation as well. It is also important to improve the joint development and planning of territories and sectors to secure better integrated development of the whole region.

2.7. Education

The network of secondary schools and professional education institutions is rather well developed in the programme area. However due to deteriorative demographic indicators in Lithuania and as a consequence of the education reform the number of general schools in the eligible regions of Lithuania decreased by 33.3% from 1341 in 2001 to 894 in 2006, and the number of pupils from 371 000 to 318 700 (-14.2%). In Latgale region the number of general schools decreased from 220 to 203 (-7.7%) and the number of pupils from 55 700 to 42 900 (-23.0%). A similar decrease could be observed in Belarus: from 3204 to 2711 (-15.4%), and from 1 021 400 to 798 700 (-21.8%).

One of the main objectives of the education sector is to better adjust to the changing market needs. Opening of the EU borders for Baltic States has increased economic emigration and demonstrated a shortage of technical workers and engineering professions in Latvia and Lithuania. Therefore, life long education and training shall be strengthened and qualification raising and retraining systems introduced and/or readjusted to satisfy demands of the labour market. The sector still requires large investment into modernisation of infrastructure and equipment.

In the recent years higher education has become an important development factor. This is demonstrated by a sharp increase of higher education institutions and the number of students during the last years. The enrolment of students on the Lithuanian side of the border increased by 34.6%. The increase on the Belarusian side amounted to 22.1%. In Latgale region, the number of students has a tendency to decrease. The situation in Latgale (like in Latvia) shows that 1/3 of school graduates obtain professional education and 2/3 – academic education, while in the EU it is vice versa.

The problem of spatial accessibility to higher education is important in the programme area, whereas there are no universities located in Alytus and Utena counties. This problem could partially be solved by the development of more flexible forms of education (e.g. e-learning).

The CBC programme could contribute to the youth/student cooperation and strengthening of the education sector by the exchange of experience, elaboration of joint education and training programmes, introduction of distance education and educations networks.

2.8. Research & development & innovation

The Universities of Lithuania and Belarus cover almost all faculties of education and research, with the main emphasis on engineering and technology development as well as human and social sciences. They actively participate in international projects and innovation development, especially in the fields of laser, bio and nano technologies. In Latvia, the research facilities exist only in a few universities. In Latgale, Daugavpils University and Rezekne Higher Education Institution ensure a basis for human resource development in the region; they are also important educational and scientific research centres with a main focus on social sciences, natural sciences, engineering (Daugavpils), economics and engineering (Rezekne). Latgale region hosts several branches of universities located outside the region, i.e. Transport and Communication Institute (main focus on transport and logistics). Daugavpils University has established Innovative Microscopy Centre.

Besides the universities, there are numerous public scientific institutions and organisations, academic and research centres and science parks (including National Academies of Science) in Lithuania and Belarus, providing good scientific research potential. The Latgale region locates the “Latgale Engineering Technology centre” (establ. in 2005), which is the only Baltic centre producing plastic products prototypes.

From 2001 to 2006 the science/technology ratio with GDP in Lithuania increased from 0.67 to 0.76%, in Latvia from 0.38 to 0.56%. However, both figures are largely below the EU 27 average (1.84% in 2005) and, the more so, from Barcelona’s objective of approaching 3% of GDP by 2010.

Similarly, the introduction of innovations into business in the programme area is very slow. According to the summary innovation index (SII) published in the European Commission’s document “European Innovation Scoreboard 2005”³, Lithuania’s innovation performance has been rated as 0.27 and Latvia’s innovation performance has been rated as 0.20. According to its score Lithuania is as low as on the 19th position and Latvia on the 24th position among the EU-25 group. Lithuania’s and Latvia’s score is markedly below the EU-25 average and, the more so, from the average indicator of EU-15 (0.42 and 0.46 respectively).

The numbers of SMEs dealing with innovations are particularly low and the IT sector needs to be further developed in businesses. Links between enterprises and R&D institutions for the development of new products and services are weak, as is the reaction to some businesses to a more competitive market. Moreover, R&D infrastructure in higher education institutions falls below international standards. In Latvia and Lithuania, combined with the lack of funding and weak resources, students are not attracted to natural sciences and do not pursue post-graduate research in sufficient quantities to provide the necessary critical mass for research institutes.

In Belarus the central state regulation in the R&D&I sector belongs to the State Committee on Science and Technologies. Development of innovation activities became state priority. Technology parks and transfer technology centres have been established to serve predominant needs of the state sector. The level of introduction of innovations in small and medium business activities especially in non-governmental sector though continues to be not sufficient.

³ *European Innovation Scoreboard 2005: Comparative analysis of Innovation Performance*. The summary innovation index (SII) is obtained by recalculating 18 most popular statistical indicators used to compare innovation status in different countries. According to the methodology of calculation of the index, the lowest possible evaluation for EU-25 group is 0 and the highest - 1 score.

It is expected that the development of R&D&I sector and mainly its interrelation with business will be strengthened by the development of integrated science, study and business centres in Lithuania (programme launched in 2007). Additionally, the Latvian and Lithuanian regions are now at the implementation stage of their regional innovative strategies and creation of regional R&D support systems. Having very higher research potential Minsk as adjacent area can provide valuable input in development of cross border dimension in the innovation sector in the programme area. There is a potential for small and medium joint businesses development based on new technologies and innovations.

This programme will encourage the co-operation between scientific/academic institutions and the business community on all sides of the border as well as joint efforts in innovation sector as well as facilitate procurement of innovations from abroad.

2.9. Health and social care

As reflected in the section on demography, the population of the cross border area is rapidly ageing, hereby determining increasing needs to develop adequate services for elderly people. In the last years the number of nursing homes for elderly people was increasing very slightly in Lithuania: from 58 in 2001 to 62 in 2006. Although the needs are rising rapidly, the capacity of these institutions to accommodate people remains limited (from 2,808 people in 2001 to 3,094 in 2006 in Lithuanian border regions).

In Belarus, the existing network for social service institutions does not satisfy the increasing demand. At the beginning of 2007, 1370 persons were registered in queue waiting for placement in homes for elderly people and psycho neurological establishments. 10% of social care hostels require reconstruction of major overhaul, 8% require renovation of medical and technological equipment and 37% requires special means of transportation. 58% of territorial centres of social services require renovation. Home attendance is not available in 51% of rural settlements.

In addition to nursing homes, the demand for social care and nursing at home has been growing rapidly. However, the system of social care at home is not sufficiently developed and lacks experienced social workers.

Inhabitants of border areas experience difficulties in trying to combine work and child care. The network of pre-school child care institutions is not sufficiently developed (especially in the rural areas) and their working methods are not flexible (e.g. impossible to leave a child for a few hours or few days a week). This situation significantly hampers the (re)integration of young parents (especially women) into the labour market. Since the EU accession in Lithuania and Latvia the number of “temporarily abandoned children” has increased dramatically due to economic emigration of their parents to more prosperous EU countries. This in the region common problem occurs when parents are emigrating for some time to well developed countries of EU with the aim to earn more money and they leave their children with their grandparents or relatives. These “emigrants” come to visit their children only once a year and most of the time communicate with them via internet facilities.

Therefore, there is an urgent need to improve the situation in the social care area by strengthening social care infrastructure, introducing flexible schemes and possibilities to combine employment and childcare as well as to ensure proper care and support for temporarily abandoned children. Private innovative initiatives must be strongly encouraged. Positive changes are expected in the

upcoming years due to an increasing concern of political and governmental authorities (e.g. in autumn 2007 the Lithuanian government has adopted a pre-school care and education strategy for 2007-2012).

The accessibility of health and social care is another important issue that the programme shall address in order to improve the quality of life of the border population. As the income level in rural regions is relatively low, the provision and close proximity/accessibility of public primary health care is important for the population, which risks to not being able to afford private health care services. In addition, there is an important need to improve the overall quality of health care services. The number of physicians has decreased during the last few years (2001 to 2006) in all border regions of Latvia and Lithuania (the largest decrease, by 8.64%, being in Alytus County) with the exception of Vilnius County where a slight increase of 1% was observed. In Belarus the situation was opposite: the number of physicians increased in all oblasts, except of a slight decrease in Minsk City.

A growing number of tuberculosis and HIV infected patients is a common concern for the whole area. According to UNICEF data (end 2005), the estimated adult HIV prevalence rate⁴ (15 - 49) amounts to 0.2 in Lithuania, 0.3 in Belarus and 0.8 in Latvia. Active tuberculosis is particularly endangering in Lithuania: 222.1 registered cases per 100,000 inhabitants at the end of 2006 (amounting to 298.9 in Panevezys county). For Latvia and Belarus, these figures are respectively (67 cases per 100,000 inhabitants in and 52.8 cases per 100,000 inhabitants).

The spread of infectious diseases and of non-communicable health threats in the Programme area requires a rapid and coordinated response. In the programme area there is a high consumption of alcohol, drugs and cigarettes. The number of registered cases of alcoholism per 100,000 inhabitants from 2001 to 2006 increased from 228.8 to 334.4 in Belarus, from 79 to 132 in Latvia and slightly reduced in Lithuania (from 1834 to 1771). In 2006, the number of people dependant upon narcotic and psychoactive substances ranged from 86 in Belarus, 112 in Latvia to 164 in Lithuania (per 100,000 inhabitants).

The monitoring and control of communicable diseases must be improved at technical, administrative and professional levels. The cross border cooperation opens a large scope of opportunities for the exchange of experience and professionals as well as joint strategies and joint actions in the aforementioned fields.

2.10. Infrastructure

Border crossing: Lithuania and Belarus share 14 border-crossing points – 10 road and 4 rail crossings. Latvia and Belarus share 6 border crossing points – 5 road and 1 rail crossings. Lithuania and Latvia have made large investments in modernising the border infrastructure (both border crossing points and security cordons (zones)) over the past few years in order to meet Schengen requirements, yet the infrastructure and quality of services in a number of these points, especially on the Belarus side, does not meet the required standards. Smuggling and illegal migration are common problems and further common problem-solving plans and schemes are needed to promote a better crime fighting system. The CBC ENPI programme could contribute to the development/modernisation of the border crossing points as well as improvement of the border management, security situation and speeding up travel times for both light (automobiles, buses) and cargo traffic.

⁴ Percentage of adults (15-49 years) living with HIV/AIDS

The flow of persons (English-speaking ones as well), vehicles and goods crossing the Latvian-Belarusian and Lithuanian-Belarusian borders (mainly for relationship, tourism, economic and other reasons) has considerably increased in recent years. Considerable Schengen assistance has been provided to Latvia and Lithuania supporting the development of border infrastructure and training of staff. However, the Belarusian side of the border is urgently lacking modern facilities and possibilities to ensure convenient and attractive conditions for cross-border traffic. This imbalance causes long queues of vehicles, dissatisfaction among persons spending a lot of time at the border and subsequent economic losses. Border procedures on both sides of the border are currently not harmonised. In September 2007 the Belarus State Border Guard Committee announced the launch of its transition from a military organisation into a professional law enforcement agency. The main bottlenecks in the administrative capacity of the Border Guard are language skills, knowledge of state-of-the-art practices and a general lack of sufficient biometric control equipment for faster passport control and more effective dealing with modern challenges and threats such as international terrorism, illegal migrants, human trafficking etc.

The capacity of the border crossing points on the Belarusian side does not correspond to the capacity of the border crossing points on the Latvian and Lithuanian sides. The border crossing point “Privalka” situated in Belarus on the border with the Republic of Lithuania has an estimated capacity of 320 vehicles per day. At the same time the respective border crossing point “Raigardas” on the Lithuanian side has a capacity up to 1000 vehicles per day. Existing traffic flow on this part of the Belarusian-Lithuanian border is 790 vehicles per day.

The border crossing point “Grigorovshchina” situated in Belarus on the border with the Republic of Latvia has an estimated capacity of 200 vehicles per day. At the same time the respective border crossing point “Paternieki” on the Latvian side has a capacity up to 500 vehicles per day. Existing traffic flow on this part of the Belarusian-Latvian border is 340 vehicles per day.

On the Belarusian side the border crossing points are organized on the basis of a “stop-gap” scheme: infrastructure consists of a building with a minimal set of premises and facilities for border guards and customs services, and control lines with a shed. Other control services (veterinary, phytosanitary, sanitary-quarantine and transport), customs and insurance agents and bank structures are located in separate small “wagon-houses” in the territory of the border crossing. This situation does not favour a fruitful interaction. The engineering of the checkpoint is not enough to provide favourable conditions for functioning of control services and movement of persons across the border.

This unfavourable situation creates queues at the border crossing points and slow movement of persons and means of transport across the border and as such affects negatively the image of the region involved in the Programme and its social and economic development.

Transport: The programme area is covered by a basic network of transport infrastructure, but the internal accessibility and connectivity of the region is rather limited, mainly in relation to rural areas. Lithuanian and Belarus border regions are connected by two motorways of European significance (Vilnius-Minsk and Vilnius-Lyda), Lithuanian and Latvian – by one (Daugavpils-Zarasai-Ukmerge-Kaunas) which are well interconnected with TEN corridors Via Baltica and Via Hanseatica. The international motorway Riga-Daugavpils-Verkhnedvinsk-Polotsk-Vitebsk-Moscow and the road of local significance Riga-Daugavpils-Braslav-Glubokoe-Minsk connect Latvia and Belarus. The regional and local road networks are often described as well developed in terms of length and density, yet many of them are in poor technical quality and require substantial investment. The intensity of traffic largely differs: it is high on the major transport axes leading to the border crossing points and rather low on the roads of local importance. In 2006, the total length

of public roads was 34.400.km on the Lithuanian side, 4.600.km on Latvian and 61.500 km on Belarusian. The least developed road infrastructure is in the Latgale region and in the Panevezys and Utena counties.

The programme area is connected by railway network. However, the railway system in the programme area lacks coherency and efficiency. Sectors' potential is not fully used mainly as regards passenger traffic. The main reason for that is the outdated infrastructure, which imposes speed limits (average train speed is approx. 60km/h) and long waiting times at the border which makes travelling by train unattractive. The cargo transportation is better developed. In Lithuania, large investments were put into modernisation of railway infrastructure. In 2006, Lithuanian railways transported 50.4 million tones of cargo, 2.2 percent more than in 2005. Recently, as a result of the joint project of Lithuanian, Belarusian, Ukrainian railway and stevedoring companies and Klaipėda, Ilyichevsk and Odessa ports, the shuttle train Viking was launched for transportation of universal, refrigerating and tank containers, semi-trailers and auto-trains (containers) on platforms.

An important barrier to the cross border cooperation remains an underdeveloped and not well internally connected public transportation system (trains and long distance buses). There is a major need to coordinate the schedules of public transport across the border and use other means to make travel across border quicker and smoother.

The Vilnius, Minsk and Kaunas international airports are located in the programme area. After the renovation Daugavpils airport should also be certified for local and international flights.

Communication: The usage of internet in the urban areas is much higher than in rural regions (due to their poorer accessibility to IT, lack of IT skills and higher prices for internet). The low ITC use outside the regional centres creates further disparities in socio-economic development of the region. In 2006, the highest availability of computers was in Vilnius county (46.4% of population). In 2006, the access to internet was 41.3% of Vilnius, 30.9% of Kaunas, 28.5% of Alytus, 27.7% of Panevezys, 24.1% of Latgale and 21.2% of Utena inhabitants. According to statistical data for the 1st of January 2007, the number of internet users in Belarus amounted to 3.4 million (approx. 35% of population). Therefore, further improvement in the density and quality of the telecommunication infrastructure is required in order to equalize educational opportunities, improve competitiveness of local SMEs and create new employment opportunities.

2.11. Nature and environment

The territory of the Programme area is characterised as predominantly rural, including large forested plots, as well as numerous freshwater rivers, lakes and marsh complexes. The concentration of lakes in the Eastern part of the region covered by this priority is very high with the region of Latgale having more than 300 lakes.

In the border counties of Lithuania 2 national parks (Aukštaitijos and Dzūkijos), the Cepkeliai state natural reserve, 9 regional parks and the Zuvintas biospheric reserve are located. The Latgale region, crossed by the largest Latvian river Daugava, comprises four areas of protected landscapes (Augszemes, Augsdaugavas, Nicgalu meži, Kaucers), two largest of the Latvian lakes (Razna and Lubans), Drīdzis - the deepest lake in the Baltic states, 75 protected nature areas (almost 12% of such areas in Latvia) with special protection regime and limited economic activity (one of the largest is Razna Nature Park). On the Belarusian side there are 3 national parks, 1 nature reserve, 2

special nature reserves and 2 UNESCO world heritage objects (the Berezinsky biospheric reserve and the Belavezhskaya Pushcha national park). The Belarusian part of the programme area contains also other specially protected natural areas of national and local significance, including 20 landscape, 16 biological and 16 hydrological *zakazniks* (protected areas).

The border area contains multiple NATURA 2000 sites. Of them, 78 sites are located in the Latgale region and they are unique nature objects i.e. Salas swamp (one of the largest in the Baltic's).

The high quality natural resources face a risk of environmental pollution, in particular airborne pollution (due to increasing tourism flows and mobility for recreational purposes) and point sources pollution from agricultural and industrial sources. Despite numerous projects on wastewater and waste management in Latvia and Lithuania, the pollution from insufficiently cleaned wastewater and poorly managed waste collection and treatment is significant. Outside the larger cities, the water supply and sewage collection infrastructure is outdated or absent. Unprotected wells are still largely used in rural areas. However, positive developments are expected in this area due to large funding from the EU and national sources. In autumn 2007, the Lithuanian government has set a strategic goal to connect up to 95% of country's inhabitants to centralised water supply and sewage collection systems.

Belarusian regions still suffer from the consequences of the largest environmental disaster - the Chernobyl Nuclear Power Plant incident in 1986 when some 60% of the contamination fell on the area. Belarus has several old industrial and military sites that require recultivation/decontamination. Moreover, the Programme area also locates the Ignalina Nuclear Power Plant that requires close monitoring of pollutants and radiation.

A big part of energy in the Latvian and Belarus part of the programme area is produced from fossil fuels; in Lithuania nuclear energy is predominant. However, in Latvia the proportion of renewable energy sources currently amounts to 36% of the total consumption of energy sources, thus placing Latvia among European leaders. In Lithuania, renewable energy resources amount to approx. 8% only.

The Ignalina nuclear power plant in Lithuania should be decommissioned by 2009. The building of a new modern nuclear power plant by 2015 is foreseen with joint efforts and funding of Baltic States and Poland. Much remains to be done in the region to increase its energy efficiency and promote environmentally friendly energy sources. The area has a large potential for the development of clean energy. The cross border cooperation could contribute to the investments into renewable energy sources, pressure on industry and agriculture to reduce emissions to the atmosphere and promotion of moderate consumption across the border.

2.12. Tourism and culture

Tourism is an attractive development area for the cross-border region as it has great possibilities to use the existing natural resources – rivers and lakes for water tourism, and forests and farmsteads for eco and agro-tourism. The Programme area is rich in its historical and cultural heritage with numerous manors and surrounding parks.

In 2005, the Struve Geodetic Arc (Belarus, Latvia and Lithuania) was included in the list of the World Heritage Sites.

Latgale region is rightly called the 'Land of Blue lakes' and is famous for picturesque and diverse landscapes, comprising of lakes (*Dridzis*, the deepest lake Latvia is located in Latgale), hills (Lielais Liepukalns – 289 m, the highest hill in Latgale), often topped with forts and other geological curiosities like great stones, glens and slopes. Crucifixes at roadsides, steeples of white churches over coniferous forests, manor houses and castles characterize the region. Latgale is famous for its rich cultural environment comprising folk traditions, language, cultural and historical heritage objects, special cuisine, music, arts and crafts (especially pottery). The Aglona basilica, the world famous catholic centre is located in the region. Due to strong religious traditions, many churches are well maintained and so are the artefacts (mainly icons). Latgale cultural heritage comprises more than 600 various objects (castles, manor ensembles, churches, rural farms, urban areas). Some manor complexes have retained since 18th century. A major part of archaeological objects (hill forts, cult places, ancient burial places) are located along the Daugava River and in the central part of Latgale highlands, such as: the ancient Latgali hill-fort *Jersika*, ruins of the medieval castles from Livonia period - *Ludza*, *Rezekne*, *Dinaburga* etc, manor complexes built between the 16th and the beginning of the 20th century – *Preili*, *Kraslava* etc, or old fortification systems of *Daugavpils fortress*. The great number of lakes offer good recreation and tourism opportunities, especially due to fast developing services (boating, water skiing, fishing, horse riding, cycling, walking tours, saunas, local sports and cultural events, in winter – skiing tours) and rising number of guest houses and tourist accommodations. 17 tourism information centres provide support to visitors in Latgale. Nevertheless, the Latgale region still lacks adequate tourism infrastructure and accessibility, especially since many attractive sites are located far from the main roads and lack convenient access and information.

Of particular interest on the Lithuanian side is the Druskininkai Spa resort in Alytus County, which has a long history of spa treatments and is already a major attraction for tourist flows. A water park in Druskininkai opened at the end of 2006 and is already a centre of interest for family and group (weekend and off-season) holidays. Birstonas, in Kaunas County, also has the status of a spa town, though not as modern or developed as Druskininkai and investments are required to bring it up to national and European level. One barrier to the tourism development in Druskininkai is the vast amount of biting flies that hatch in the Nemunas river catchments area in the early summer to such an extent that tourists avoid it for most of June.

Several cultural heritage objects of international importance are located in the programme area. Among them are the towns of Trakai – with its island castle - and Kernave, located in Vilnius County. Trakai and Kernave were Lithuania's capitals at various times in the middle ages and both are the most popular day-trip tourist attractions from Vilnius city. The Kernave archaeological site is a UNESCO world heritage site. Many historical monuments and cultural objects are located in the border region. Vilnius shall become an European Culture Capital in 2009 and it is foreseen that tourism in Vilnius city alone shall grow by 15% in 2009 and further growth shall remain at 7-10% in 2010. Long-lasting cultural tourism routes to neighbouring areas of interest could be set up as pre and side-products of the festivities.

In addition to the Struve Geodetic Arc, three other world heritage sites are located in the Belarusian programme area: Belavezhskaya Pushcha, Mir Castle Complex and Architectural, Residential and Cultural Complex of the Radzwill Family at Nesvizh. Grodno oblast is one of the richest in historical and cultural region of Belarus, where the Grand Duchy of Lithuania (one of the biggest states in medieval Europe) was founded and Novogrudok - one of its early capitals - is located. In the same place the Polish-Lithuanian Commonwealth broke apart. Many historical and cultural reminders of these historical events are preserved in the oblast. Mir Castle Complex in Grodno Oblast is included in the list of UNESCO world heritage sites, while the Kolosha and Murovanka orthodox churches should be included in the list in the nearest future.

Belarus has a well-established network of resort and spa institutions with medical treatments. However, many of them require reconstruction. The best known are the Resort Naroch, situated in the National Park “Narochanskiy”, Resort Ozeri in Grodno Oblast, Resort Forest Lakes in Vitebsk Oblast and Resort Krinitsa near Minsk City. Well developed cross-country skiing centres Raubichi, Silichi and Logoisk are also located near Minsk City .

The Programme area is famous for traditional folk and contemporary artists and musicians holding numerous festivals and artistic events. Famous national song festivals (UNESCO heritage) are regularly organised in Vilnius and the largest festival of Slavonic people “Slavic Bazar” takes place in Vitebsk Oblast.

The attractiveness of the Programme area has increased significantly over the last several years for both foreign and domestic tourists. Latvia and Lithuania have both experienced extensive inflow of tourists after the EU accession. Between 2001 and 2006 the number of accommodated tourists in the Lithuanian eligible regions increased by 136.1% (from 430.1 thousand to 1015.5 thousand) and the number of accommodation establishments by 30% (from 256 to 334). In Latgale region in 2006 there were 42 establishments and the number of visitors reached 66.5 thousand (data for 2001 not available).

In Belarus the number of foreign tourists increased from 63.5 thousand in 2001 to 89.5 thousand in 2006 (national data only).

The main obstacle for further tourism development is the still inadequate tourism infrastructure in less popular destinations (including underdeveloped transport infrastructure), uncoordinated marketing activities and visa requirements for travelling to and from Belarus, which could hold down the potential of cross border tourism development. There is also a lack of cross border co-operation and information about tourism possibilities across the border as well as shortage of tourism information in foreign languages (e.g. information in museums, tourism attraction areas, etc.). Due to abundant natural resources of outstanding quality, the development of water, eco and rural tourism has a great potential in the programme area. However, increasing tourist flows pose a growing threat to environment and must be therefore developed very carefully and in accordance with environmental protection principles. Similarly, there is a growing need to preserve and renovate cultural heritage objects located close to the main tourism routes.

2.13. SWOT Analysis

Despite certain differences in the Programme area, common strengths to use and common weaknesses to overcome, common opportunities to exploit and common threats to tackle could be identified. The SWOT analysis contains mainly the elements of cross-border relevance as it is envisaged that the mainstream development of the border region will be addressed through national programmes and Convergence objective programmes in Latvia and Lithuania.

Potential	STRENGTHS	OPPORTUNITIES
Economic	S1 favourable geographic location between Western and Eastern markets; S2 sufficient number of border	O1 rapidly growing economies; O2 development of transit related business; O3 development of logistical/multimodal networks;

	<p>crossing points;</p> <p>S3 competitive position due to relatively low labour costs;</p> <p>S4 decreasing level of unemployment;</p> <p>S5 number of and active attitude of universities and science/research institutions in R&D&I area;</p> <p>S6 well developed primary infrastructure in terms of length and density;</p> <p>S7 developed basic business infrastructure;</p> <p>S8 abundance of natural resources and cultural/historical heritage objects.</p>	<p>O4 development of integrated transport systems;</p> <p>O5 improvement of employment conditions, development of cross border employment;</p> <p>O6 enhancement of R&D&I linkages between universities and businesses;</p> <p>O7 development of cross border tourism and culture;</p> <p>O8 Availability of funding of external border infrastructure and capacity on EU side.</p>
Ecological	<p>S11 high quality of natural resources and large biodiversity;</p> <p>S12 low population density.</p>	<p>O9 promotion of environmentally friendly transport and ecology-oriented technologies;</p> <p>O10 increased investment in the renewable sources of energy;</p> <p>O11 high potential for renewable energy sources.</p>
Human/social	<p>S13 well developed network of secondary education and professional education institutions;</p> <p>S14 increasing number of university students;</p> <p>S15 high number of higher education institutions, covering nearly all aspects of sciences and arts;</p> <p>S16 ethnic and cultural diversity;</p> <p>S17 common skills of Russian language.</p>	<p>O12 - promotion of increasing interest in people to people contacts and cultural events.</p>
Institutional	<p>S18 positive experiences with Euroregions' cooperation;</p> <p>S19 presence of bilateral agreements and twinning activities;</p> <p>S20 active local communities;.</p>	<p>O13 increased interest in co-operation and exchange of experiences and know-how.</p>

Potential	WEAKNESSES	THREATS
Economic	<p>W1 insufficient transport infrastructure and poor quality of local roads in many parts of the programme area;</p> <p>W2 concentration of economic and social development in larger urban</p>	<p>T1 barriers for cooperation due to the existence of external EU borders;</p> <p>T2 economic emigration and brain drain;</p> <p>T3 unequal economic development of EU and non EU countries;</p> <p>T4 lack of cohesive regional policies at</p>

	<p>centres;</p> <p>W3 poor accessibility of internet in rural areas and high telecommunication costs;</p> <p>W4 low income level; peripheral location and subsequently low inflow of FDI;</p> <p>W5 slow introduction of innovations into business;</p> <p>W6 insufficient infrastructure within the tourism sector and lack of cross-border tourism products;</p> <p>W7 lacking modern border-crossing facilities on BY side;</p> <p>W8 Border procedures on both sides of the border are currently not harmonized;</p> <p>W9 BY Border Guard lacks language skills, knowledge of state-of-the-art practices and sufficient biometric control equipment for faster passport control.</p>	<p>national level;</p> <p>T5 lack of sufficient energy supply and dependence on a single supplier;</p> <p>T6 increased competition by other low labour costs economies;</p> <p>T7 differences in national business laws;</p> <p>T8 negative impact on environment due to increasing tourist flows;</p> <p>T9 inability to absorb available EU and national funds; lack of domestic and foreign investment capital;</p> <p>T10 increased flow of cross-border traffic between LV-BY and LT-BY;</p> <p>T11 Long queues of vehicles, dissatisfaction among persons spending a lot of time at the border and subsequent economic losses;</p> <p>T12 International cross-border terrorism, illegal migrants, human trafficking on the rise.</p>
Ecological	<p>W10 high pollution level (mainly from agriculture and industry);</p> <p>W11 presence of contaminated sites;</p> <p>W12 insufficient ecological infrastructure;</p> <p>W13 insufficient management of protected territories;</p> <p>W14 lack of waste sorting and recycling system in many areas;</p> <p>W15 'biting fly' problem;</p> <p>W16 lack of public awareness and understanding of environmental problems.</p>	<p>T13 impact of the Chernobyl catastrophe;</p> <p>T14 risk of technological disasters;</p> <p>T15 increasing pollution due to economy growth and increasing traffic;</p> <p>T16 increasing consumption of natural resources.</p>
Human/social	<p>W17 shortage of technical workers;</p> <p>W18 worn out educational and social infrastructure;</p> <p>W19 long distances to higher education institutions from rural areas;</p> <p>W20 inadequate work opportunities in rural area;</p> <p>W21 shortage of children care institutions, mainly in rural areas;</p> <p>W22 shortage of nursing homes for elderly population and social workers;</p> <p>W23 large disparities in access to</p>	<p>T17 ageing population;</p> <p>T18 decreasing population in most parts of the programme area;</p> <p>T19 increasing differences in quality of life between urban and rural population;</p> <p>T20 increasing emigration of youth and educated/skilled people;</p> <p>T21 increasing number of 'temporarily abandoned children' due to economic emigration;</p> <p>T22 rapidly increasing need for social care;</p> <p>T23 social tension, alcohol/drugs consumption, crime and social exclusion.</p>

	health care services.	T24 spread of infectious diseases.
Institutional	W24 mental and cultural barriers; W25 high turnover of employees at local and regional institutions; W26 differences in administrative and institutional systems; W27 limited financial ability of local and regional actors.	T25 lack of political will to co-operate; T26 insufficient administrative capacities.

3. COHERENCE WITH OTHER PROGRAMMES AND EXISTING STRATEGIES

3.1. Previous co-operation experience in the Programme area

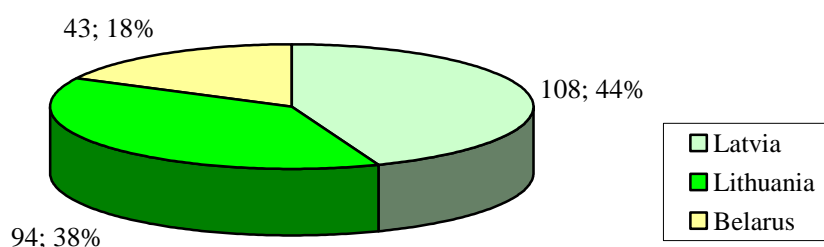
The Programme area has had a long history of successful co-operation. It has been intensive during different times, but was temporarily hindered after the retrieval of independence of Latvia and Lithuania in the beginning of 1990s, after the national borders were established.

The implementation of cross border activities between Latvia and Lithuania were stimulated in 1994, after establishment of the PHARE Cross Border Co-operation Programme by Commission Regulation (EC) No 1628/94. Lithuania and Latvia began participating in the CBC Programme from its onset. From 1994 to the present, the Programme was implemented via various instruments: National CBC Programmes, PHARE Small Project Facility and later Small and Medium Project Funds, CREDO Programme, ECOS-OUVERTURE, PHARE/TACIS and PHARE/INTERREG Programmes. Implemented projects aimed at economic and social development of the regions, tourism, people-to-people cooperation and improvement of quality of daily life, as well as some modernisation of transport and environment infrastructure.

The TACIS CBC Programme has become the major funding source of cross-border cooperation of Belarus with neighbouring countries. The fields of support included border networks (including a border management programme), environment and projects financed from the Tacis CBC Small Project Facility.

The three countries have built an intensive co-operation relationship during the implementation of the Latvia - Lithuania - Belarus INTERREG IIIA South Priority within the Baltic Sea Region INTERREG IIIB Neighbourhood Programme 2004-2006, which resulted in many new and renewed partnerships, and jointly implemented projects in various fields, all aiming at the wellbeing of inhabitants in the border area. Both soft components and small-scale investments have been implemented within the South priority in the areas of business development, culture management, environmental management, municipal and institutional cooperation and public services.

Figure 1. Priority South Project Partners per Country



Source: www.bsrinterreg3a.net

The INTERREG IIIA programme gave input for formation of a strong basis of local expertise and partnerships for the new programming period.

Besides the EU co-funded cooperation projects there have been independently established bilateral contacts between different organisations, mainly local and regional public authorities and NGOs. Most popular fields of such cooperation are culture and education, followed by tourism, environment and business. Many municipalities of the Programme area have bilateral cooperation and partnership agreements.

Parts of the territories of Latgale region, Utena county and Vitebsk oblast are united by the Euroregion “County of Lakes”, established in 1998. Its main cooperation areas are education, NGOs and sport, social care, culture, tourism and environmental protection, development of business and infrastructure and solving of problems related to border crossing.

Therefore, it can be concluded that the border regions have quite wide and successful cooperation experience, mainly on the municipal basis. It is expected that under the new ENPI CBC programmes more partners from Belarus will actively develop and participate in cross border projects and activities.

3.2. Coherence with other programmes and existing strategies

The ENPI CBC Programme shall operate within the territory of the Baltic Region together with a number of other bilateral and multilateral programmes. Now it is obvious that a lot still needs to be done in the region, thus the additional funding from other programmes and initiatives is rather the advantage contributing to the achievement of more tangible results for the region’s development and economy. However, an important task in order to avoid overlapping of activities is to ensure proper coherence and coordination among the operators of multiple programmes. For this purpose the selection of applications for all programmes shall be properly coordinated by their Managing Authorities and Joint Technical Secretariats.

In 2007-2013 the EC shall finance two European Territorial Co-operation (ETC) CBC Programmes - for Lithuania-Poland and Latvia-Lithuania, where territorial coverage shall partly overlap with the one of this Programme (see the table below). Lithuania shall also participate in one more ENPI Programme with Poland and Kaliningrad, and Latvia shall participate in ENPI programme with Estonia and Russia. However, these Programmes differ in objectives and priorities and shall involve actors from different countries, thus the risk of overlapping is low.

Lithuania and Latvia are recipients of EU assistance under the **Schengen Facility Programme**, which aims at strengthening the external EU borders. In the 2004-2006 programming period 151m EUR were allocated to Lithuania and 79m EUR to Latvia from above mentioned Programme. The funds are being used for the strengthening of border infrastructure and facilities, improvement of services and establishment of information systems. The ENPI CBC Programme shall be additional to the Schengen facility and mainly targeted at refurbishing of minor infrastructure and improvement of the quality and accessibility of border crossing services.

Table 3. Participation in CBC Programmes

<i>County/Region</i>	<i>LT-PL CBC</i>	<i>LT-PL-RU ENPI CBC</i>	<i>LT-LV CBC</i>	<i>LV-LT-BY ENPI CBC</i>	<i>EE-LV- RUS ENPI CBC</i>	<i>PL-BY-UA NEPI CBO</i>
Alytus (LT)	E	A		E		
Kaunas (LT)	A	A	A	A		
Panevėžys (LT)			E	A		
Utena (LT)			E	E		
Vilnius (LT)	A*			E		
Latgale (LV)			E	E	E	
Grodno (BY)				E		E
Minsk (BY)				A		E/A**
Minsk City (BY)				A		A
Mogilev (BY)				A		
Vitebsk (BY)				E		

E – eligible area

A – adjacent area

** excluding Vilnius City*

*** Western districts of Minsk region are eligible*

Baltic Sea Region Programme 2007-2013: The integration of the ENPI element for the new programming period extended the Programme's geographical coverage to the whole of Belarus. The Programme seeks *“to strengthen the development towards a sustainable competitive and territorially integrated Baltic Sea Region by connecting potentials over the borders”* through four priorities of transnational character: 1) fostering of innovations; 2) internal and external accessibility; 3) Baltic Sea as a common resource; 4) attractive and competitive cities and regions. This programme and the LV-LT-BY ENPI CBC programme are both seeking the achievement of similar or complementary objectives; however, the LV-LT-BY ENPI CBC Programme focuses more on a smaller geographical areas and on better integration of the three neighbouring countries. In order to prevent the overlapping of projects the BSR programming document provides the conditions that *“the BSR Programme will not consider eligible project proposals formulated by partnerships coming merely from inside the cross-border area. Thus, in order to become eligible for the BSR Programme the project should encompass partners from a wider geographical area than the one envisaged for the CBC co-operation. The BSR Programme will only support development actions for corridors and zones, which are not covered by cross-border programmes or go beyond the scope of cross-border co-operation, such as East-West corridors with neighbours in Belarus and Russia”*⁵.

The Programme is in line with the following National strategies and programmes.

⁵ Baltic Sea Co-operation Programme, of EC approved document endorsed by the Joint Programming Committee, 6 March 2006, CCI No. 2007CB163PO020, chapter 5.5

Document	Main targets of compliance
Lithuania	
<i>National Long Term Development Strategy</i>	<p>Regional Development area, which outlines the need to promote co-operation projects of the regions, develop the information infrastructure of the regions, develop their technical and social infrastructure on the basis of the principles of sustainable development and increase the competence of human resources;</p> <p>Tourism which points out to the need to actively create an image of Lithuania as an attractive tourism country; expand the diversity of the sector of accommodation, tourist services and entertainment at tourism centres and recreational areas;</p> <p>Environmental protection emphasizing the implementation of the principle of sustainable development; creation of preconditions for a rational use, preservation and recovery of national resources;</p> <p>Culture aiming at preservation and fostering the identity of national culture; promotion of openness of national culture; provision of conditions for the participation of the public in cultural activities</p>
<i>Regional Policy Strategy of Lithuania until 2013</i>	<ul style="list-style-type: none"> ➤ Strengthening the competitiveness of industry and businesses of the regional centres through the implementation of innovations and new technologies; ➤ Establishing favourable conditions for business development, co-operation and clustering in the regional centres; ➤ Supporting the development of human resources; ➤ Fostering the integration of the regional centres and surrounding areas <p>It is important to mention, that this strategy identifies 5 regional centres as main target for investment and priority centres for the development and implementation of its measures. Two of them (Alytus and Utena) are located in the area covered by this CBC Programme</p>
<i>Lithuanian Strategy for the use of EU Structural Assistance for 2007-2013 and Operational Programmes</i>	<p>Productive human resources for the knowledge economy through the increase of employment and economic growth, promotion of efficient working places, increase of potential and capacity of R&D, attraction of population to the labour market, promotion of active life-long learning and more active public administration to prevent “brain drain” to foreign countries (<i>OP for the Development of Human Resources</i>);</p> <p>Competitive economy through the development of high added value businesses, SME development, enhancement of investment into innovation and new technologies, strengthening of economic infrastructure (<i>OP for Economic Growth</i>);</p> <p>Quality of life and cohesion through the better use of regional and local resources, enhancement of tourism development and improvement of services, improvement of regional infrastructure, quality and accessibility of public services (mainly in education and health care), promotion of renewable energy sources, fostering of environmental protection with a particular focus on the improvement of energy efficiency, and improvement of social inclusion (<i>OP for Quality of Life and Cohesion</i>)</p>

Latvia	
<i>Latvian National Development Plan 2007-2013</i>	<p><i>Education and knowledge for the growth of the national economy and technological excellence:</i></p> <ul style="list-style-type: none"> – An educated and creative individual – Technological excellence and flexibility of companies – Development of science and research
<i>Latvian National Strategic Framework Document</i>	<p>The investments of SF and CF 2007-2013 in Latvia will be focused on such activities, which develop the knowledge as the main resource for growth and create favourable living environment for people as its holder. Three thematic axes are:</p> <ul style="list-style-type: none"> – development of human resources and its effective use;

2007-2013	<ul style="list-style-type: none"> – increasing the competitiveness and moving towards knowledge-based economy; – improvement of public services and infrastructure as precondition for the cohesive development of the state territory.
Thematic operational programmes under the Convergence Objective	<p>1) <i>Operational programme for the development of human resources and employment (ESF):</i></p> <ul style="list-style-type: none"> – development of education and science, – fostering of employment, – social integration and health of labour force, – strengthening of administrative capacity. <p>2) <i>Operational programme for the development of entrepreneurship and innovations (ERDF):</i></p> <ul style="list-style-type: none"> – development of the capacity of science and research sector to provide new ideas, – encouraging co-operation between researchers and businesses, – support to emerging merchants and improvement the competitiveness of existing companies. <p>3) <i>Operational programme for the development of infrastructure and services (ERDF; Cohesion Fund)</i> The priorities co-financed from the Cohesion Fund will support the development of the Trans-European transport network in Latvia and the development of sustainable transport, establishment and improvement of large-scale environmental infrastructure, as well as improvement of energy efficiency and production, and use of renewable energy. The priorities co-financed from the ERDF will provide complementary support to the Cohesion Fund in transport, environment and energy efficiency sectors, supporting the development of transport networks of regional significance, implementation of small-scale environmental projects, as well as energy efficiency of housing. Besides, the ERDF will provide support for the development of information and communication technologies and services, as well as facilitating the creation of information society in Latvia. Also tourism development will be promoted, and activities will be carried out for the maintenance and improvement of the cultural environment.</p>

Belarus	
Socio-Economic Development Programme of the Republic of Belarus for 2006–2010	<p>The programme aim is to achieve continued improvements in the standard of living and quality of life for all Belarusians, to strengthen the competitiveness of the national economy and to build a state fit for its citizens. Its prioritised sectors include, inter alia: health care, innovation-driven economic development and increased energy and resource efficiency, social infrastructure in rural areas and the development of small and medium-sized cities.</p>

Duplication with the Waste component under the Belarus ENPI AAP 2008 and with the Regional AP 2008 on "Waste governance" should be avoided.

4. OBJECTIVES, PRIORITIES AND MEASURES OF THE PROGRAMME

The Programme is consistent with **Regulation (EC) No 1638/2006** of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument. Thematic scope of the Programme derives from the description of the scope of the community assistance provided for in Article 2 of the aforementioned Regulation.

The Programme is in line with European Neighbourhood & Partnership Instrument Cross-Border Cooperation Strategy Paper 2007-2013 - COM (2004) 373 final, of 12 May 2004. The Programme aims at strengthening relations between Latvia, Lithuania and Belarus through enhanced bilateral and trilateral relationships, as it offers assistance that will stimulate economic and social development in the whole Programme area.

The ENPI CBC instrument for the Latvian-Lithuanian-Belarusian cross border region shall serve as a tool to facilitate the sustainable socio-economic development and cohesion of the border regions, and to secure an attractive living environment and welfare for its inhabitants. Cross border co-operation shall also be utilised to minimise the impact of national borders and contribute towards improved partnership and better cooperation of the three neighbouring countries. The Programme shall keep a purely cross border character and address only the issues that require intervention on at least two sides of the border. In addition, attempts shall be made to focus on the needs and interests of the local population across the border area to enable it to actively participate in funded activities and grasp tangible results of the Programme, thereby promoting social and cultural contacts of border communities and people.

The programme is an important complement to the existing and foreseen national, regional and sectoral initiatives covering parts of the Programme area. The Programme will add a cross-border dimension to those initiatives, looking at the Programme area development from a comprehensive socio-economic, environmental and cultural perspective.

The overall strategic goal of the Programme is to enhance the territorial cohesion of the Latvian, Lithuanian and Belarus border region, secure a high level of environmental protection and provide for economic and social welfare as well as promote intercultural dialogue and cultural diversity.

Taking into account the SWOT analysis, as well as having in mind the EU Strategy Paper 2007-2013 and Indicative Programme 2007-2010 on Cross-Border Cooperation within the European Neighbourhood & Partnership Instrument the following priorities can be established:

Priority 1: Promoting sustainable economic and social development

Priority 2: Addressing common challenges

By its Priority 1 this Programme seeks to encourage co-operation by connecting people, organisations of regions and sectors, for creating the opportunity to develop the region's strengths and help the achievement of the first Objective of ENPI Strategy Paper. By its Priority 2 this Programme is aiming to improve environmental conditions, solve various issues in social, educational and health spheres and help the achievement of the second Objective of ENPI Strategy Paper. Still Priority 2 is partly in line with third Objective as well as Priority 1 is in line with fourth Objective of ENPI Strategy Paper ("Promote people to people cooperation").

The core priorities the Programme is consistent with the four objectives set in European Neighbourhood & Partnership Instrument Cross-Border Cooperation Strategy Paper 2007-2013 and consequently repeated within the *EC Guidelines for preparing CBC Programmes under the ENPI* (see table below).

General objectives of the CBC ENPI programmes	Objective 1: Economic and social development	Objective 2: Common challenges	Objective 3: Secure and efficient borders	Objective 4: People to people co-operation
Measures of the programme				
1.1. Promotion of socio-economic development and encouragement of business and entrepreneurship	+			
1.2. Enhancement of local and regional strategic development and planning	+			
1.3. Improvement of cross border accessibility through the development of transport and communication networks and related services	+		+	
1.4. Preservation and promotion of cultural and historical heritage, promotion of cross border tourism	+			
1.5. Strengthening of social-cultural networking and community development	+			+
2.1. Protection of environmental and natural resources		+		
2.2. Enhancement of education, health and social sphere development		+		
2.3. Improvement of infrastructure and equipment related to the border crossing points		+	+	
2.4. Improvement of border management operations and customs procedures		+	+	

Taking into account the limited financial capacity of this ENPI CBC programme, major investments into physical infrastructure that could be funded using national or other sources, should not be financed under this Programme. However, the Programme intends to co-finance the building/reconstruction of infrastructure with cross-border impact. Being small and specific, this Programme shall mainly concentrate on solving the problems and exploring the opportunities of a clear cross-border character, focusing on support of cross-border synergies, networks, partnerships, transfer of know-how, people-to-people contacts and institutional co-operation. To this extent some large-scale projects, which are crucially important for the programme area, were defined. According to article 4 of the Commission Regulation № 951/2007 of August 9, 2007 the participating countries jointly identified construction and equipment of the border crossing point “Grigorovshchina” situated on the border of the Republic of Belarus with the Republic of Latvia and construction and equipment of the border crossing point “Privalka” situated on the border of the Republic of Belarus with the Republic of Lithuania as possible large-scale cross-border investment projects.

Particular attention will be paid to the mainstreaming of cross-cutting issues, in particular gender equality, the rights of the child, the rights of minorities and indigenous peoples, and the rights of persons with disabilities.

In order to promote high effects of the cross-border activities from possible synergies and coherence with projects and programmes funded under other EU policies as well as to avoid duplication, information on activity funding in the recent past may be exchanged as required between Directorate Generals before launching calls for proposals. The Commission's line Directorate Generals should be consulted on the proposals submitted within the call for proposals. For that purpose, AIDCO will request each DG to nominate one or more contact points

4.1. Priority 1: Promoting sustainable economic and social development

The sustainable economic and social development of the border region is a key objective of this Programme. Therefore, this priority shall try to turn these disparities into opportunities and use the potential of each country for the benefit of the whole region. The main areas to be addressed under **the economic development** are the promotion of business development and co-operation in order to increase the region's competitiveness, and the common regional and local development/territorial planning. These areas shall be facilitated by the improvement of accessibility/connectivity and the physical infrastructure (including tourism and cultural infrastructure) of the border region.

From the business point of view, it is important to use the strength of the favourable geographical position of the cross border region and the proximity of large CIS markets. Therefore, the Programme should focus on the establishment/strengthening of links between enterprises and business support structures across the border, co-operation in production development and technical expertise, development of joint products and economical diversification, improvement of the investment climate and SME conditions in order to facilitate a better use of the region's resources. It is equally important to promote scientific and technological co-operation as well as improvement of knowledge on the business environment/laws in neighbouring countries. It can also act towards the improvement of scope and efficiency of R&D and innovation in relation to business.

In order to secure the sustainability of the economic and social development it is necessary to

improve the **joint strategic development and planning** (including territorial, spatial and sectoral) at local and regional level and the investment climate. The assistance shall also be targeted at the identification of investment areas, etc. The outcomes of the assistance should contribute to a better-integrated and harmonious development of the region.

The economic and productivity growth is impossible without well-developed communication **and transport links and related infrastructure and services**. As the establishment of major roads and infrastructure are financed from national programmes, the ENPI CBC instrument could be used for preparatory studies and small-scale investment into local roads, logistics centres and communication networks leading to the border. Therefore, the emphasis shall be put on the improvement of the region's accessibility and connectivity, increase of transit and solution of common transport/communication problems. In order to focus the assistance, it shall be targeted at infrastructure objects located close to the border. Equally important is to make passenger and cargo transit through the border area faster, safer and more secure. Consequently, measures facilitating the accessibility and applying the customer oriented approaches (such as booking of tickets across the border, planning of new transport connections) should be financed.

Another area to be covered by the programme is the **development of the cross border tourism and preservation and promotion of cultural and historical heritage**, which shall lead to the improvement of internal and external attractiveness of the whole cross border area and shall help to maintain regional identity. It aims at renovation and renewal of architectural and cultural heritage sites, museums, libraries, historical and cultural data, art objects, etc. Taking into account the limited funding of the Programme, only small-scale investment into renovation of infrastructure shall be eligible.

The social development aspect shall be supported by strengthened links of local and regional authorities across the border and the co-operation of local communities and inhabitants. The history of the Latvian-Lithuanian-Belarusian cross border region determined strong contacts, co-operation and family connections of local population over centuries, long before the soviet times. The situation has changed after the collapse of the Soviet Union when the borders with Belarus were build and even reinforced upon Latvia's and Lithuanian's accession to the EU. Currently the countries encounter the difficult task of rebuilding the lost contacts and strengthening the existing ones.

Increasing of mutual understanding and successful co-operation to the benefit of the whole cross border area largely depend on the intensity of contacts among local and regional communities, NGOs and the media. Therefore, this priority aims at promoting **local and regional community initiatives**. Besides a traditional funding of the exchange of experiences and transfer of know how, it is intended that under this direction of support more strategic and complex joint operations shall be funded, such as coordinated local policy preparation and implementation, combating of social exclusion, NGO networking, etc. The priority shall be given to actions involving various level organisations and the wider public.

Permanent contacts between the local population and mutual understanding are important prerequisites for removing barriers of cross border co-operation and creating and promoting a positive joint image for the area. One of the most direct and efficient ways in ensuring such contacts is the **strengthening of the social-cultural networking** through the organisation of joint events, activities and exchanges. The success of such actions is demonstrated by the previous co-operation experience and shall be continued in the future. Closer daily co-operation between people, especially the young population, knowledge of one's neighbours' language(s), culture and history, would strengthen social cohesion, the sense of common trust, knowledge and understanding of each

other and would likely become a starting point for future business co-operation and/or joint actions at the local governance level. It will also help the various minorities across the border to preserve their cultural identity, maintain traditions and close contacts with their historical roots. However, it is important to ensure that the contacts established would be durable and events have a multi-annual perspective and continue after the completion of EU-funded projects. Therefore, it is important to ensure that the funding is mainly directed at the long lasting co-operation rather than single events and activities.

The promotion of socio-economic development and encouragement of business and entrepreneurship, enhancement of local and regional strategic development and planning, improvement of cross border accessibility through the development of transport and communication networks and related services, preservation and promotion of cultural and historical heritage, promotion of cross border tourism, promotion of local and regional community initiatives and strengthening of social-cultural networking and community development will be stimulated under this priority. According to the measures foreseen, the indicative activities are designed.

<i>Measures</i>	<i>Potential activities</i>
1.1. Promotion of socio-economic development and encouragement of business and entrepreneurship <i>(justification by SWOT elements: S3, W4, W5, O1, O6, T2, T6, T7, T9, T20)</i>	<ul style="list-style-type: none"> ➤ Business development and business institutions' co-operation, SME and trade development; ➤ Joint initiatives for intermediary support structures for SMEs; ➤ Development of entrepreneurs' contacts and networks; ➤ Joint development of specialised programmes to meet business needs, exchange of business knowledge and experience; ➤ Enhancement of R&D/innovation networks towards their better linkage to enterprises, promotion and exchange of know-how; ➤ Joint activities in improving cross border labour market and related employment measures (improvement of employment conditions, support for integration of economically inactive people into labour markets, etc.) ➤ Social economic projects/initiatives to meet the needs of local community
1.2. Enhancement of local and regional strategic development and planning <i>(justification by SWOT elements: W27, T4)</i>	<ul style="list-style-type: none"> ➤ Identification and preparation of joint development and planning concepts across the border with a view to improve competitiveness of the region; ➤ Support of local and regional development planning undertaken jointly between partners across the border; ➤ Strengthening of administrative capacities for strategic development and planning, support to the monitoring of implementation of joint strategic planning documents
1.3. Improvement of cross border accessibility through the development of transport and communication networks and related services	<ul style="list-style-type: none"> ➤ Small-scale investment into transport/communication infrastructure leading to the border and/or in close proximity to the border; ➤ Preparation and implementation of transport/communication development studies and plans; ➤ Joint actions targeted at the improvement of accessibility,

<i>(justification by SWOT elements: S6, W1, W3)</i>	<p>integration of different modes of transport and provision of better quality of services;</p> <ul style="list-style-type: none"> ➤ Joint actions targeted at the improvement of traffic security and introduction of environmentally friendly solutions ➤ Small-scale investments into transport/communication/logistics infrastructure/ supporting services leading to the border and/ or in close proximity to the border
<p>1.4. Preservation and promotion of cultural and historical heritage, promotion of cross border tourism <i>(justification by SWOT elements: S9, W6, W14, T7)</i></p>	<ul style="list-style-type: none"> ➤ Small-scale renovation of cultural/historical/tourism infrastructure and heritage/tourism objects of cross border importance; ➤ Joint cultural and historical studies and research activities, establishment of common databases of cultural and historical monument and/or objects; ➤ Development of cross border tourist routes, new tourism products, joint tourism strategies, promotion of exchange and experience and development of new contacts in the sphere of tourism
<p>1.5. Strengthening of social-cultural networking and community development <i>(justification by SWOT elements: S12, S13, O11, W17, W18, W19, W20, W22, W23, W24, T3, T19, T20)</i></p>	<ul style="list-style-type: none"> ➤ Joint actions for promotion of local and regional community initiatives: e.g. local democracy development, social inclusion, provision of social services, promotion of equal opportunities, integration of minority populations encouragement of involvement of wider scope stakeholders into decision making process; ➤ Competence building and co-operation between various level local and regional authorities and NGOs, promotion of joint initiatives, development of e-services ➤ Joint actions for promotion of rural development ➤ Community networking; ➤ Joint cross border cultural and sports events of durable character; ➤ Implementation of joint strategies, cross-border activities, visits and exchanges of experience in the areas of human resource development, sports, culture, health, education and social sphere; ➤ Youth co-operation (schoolchildren/student exchanges, summer camps, etc); ➤ People to people activities.

4.2. Priority 2: Addressing common challenges

The cross border region as a whole faces a number of serious challenges, mainly *environmental*, health and social, which could be best addressed by jointly coordinated and well planned actions. Rich natural resources of the region sometimes lack proper and equally balanced management by all

countries. Of special concern is the insufficient environmental monitoring and economic activities in the protected territories, which do not always comply with EU/international conventions and programmes. Another environmental/health problem to be solved by joint efforts is related to the abundance of biting flies harming cattle and other animals and creating a problem for people in Belarus and the southern part of Lithuania (predominantly in the Druskininkai (LT) Spa resort). Under this priority the focus should be placed on environmental monitoring, preservation of biodiversity and natural resources and limiting any possible negative impact of the increased intensity of economic activity in the region. This particularly concerns balanced development of protected territories, NATURA 2000 sites and forested/water areas, and calls for a further decrease of pollution emissions by different measures, including development of bio-energy.

*The **education*** sector requires increased flexibility and better linkage to the labour market. New educational programmes should be introduced (mainly as regards professional and vocational training) to better meet rapidly changing markets needs. For this purpose, it is important to strengthen the cooperation and exchange of experiences by the neighbouring countries. Also the improvement of accessibility of higher education through the introduction of new forms of educations (e.g. distance learning) is of particular importance for the peripheral regions.

Public health issues also take on a particular importance in relation to communicable diseases (mainly tuberculosis), which pose a problem in the Programme area. Prevention, monitoring and timely treatment are the key tools in combating communicable diseases and unhealthy habits. They require joint efforts by all border regions. The focus should be placed on the prevention of these diseases, public health surveillance and monitoring as well as public awareness and education campaigns in all countries. In addition, the region in general and Belarus in particular have still not fully recovered from the 1986 Chernobyl catastrophe. The promotion of a healthy life style among the young population of the region is important as well.

In the ***social sphere***, the population of the border regions is confronted with the serious problem of alcoholism, mainly among inhabitants of rural areas with a low-income level and high-level unemployment. Although this problem could not be solved separately from the general economic and social development of the region and unemployment tackling measures; yet some preventive actions could and should be undertaken. It is also important to improve the social adaptability of elderly, disabled and provisionally discharged persons. Particular attention should be placed on abandoned children, taking into account the new group of ‘temporarily abandoned’ children, whose parents are working abroad. In Lithuania alone, a recent survey shows that some 27.000 children have one or two parents working abroad (national figure). In this regard, it is necessary to enhance the co-operation and exchange of experience of local education, health and social care institutions and services.

Another important challenge to be addressed by the programme is the **development of the border-related infrastructure and services**. Upon EU enlargement, the Lithuanian and Latvian borders with Belarus (664.7 km and 170.6 km respectively) became external EU borders and must meet the criteria set by the Schengen Border Code. The *Schengen acquis* implies that the external EU borders must be both efficient and transparent (facilitating cross border movement of persons and cargo, legitimate trade and traffic), and secure (preventing illegal border crossing, illegitimate trade, smuggling, organized crime, etc). It is also very important to ensure that the control procedures at external borders do not constitute a major barrier to trade and social and cultural interchange of the neighbouring countries. Therefore, the efficient functioning of the border control and customs services, proper handling capacity and developed border infrastructure can be considered as crucial factors for the sustainable socio-economic development of the Latvian-Lithuanian-Belarusian border region.

Effective border management requires large investments for the construction/modernisation of the **border infrastructure**: border crossing and control points, customs facilities and related infrastructure (transport links, logistics centres).

In 2004-2007 in Latvia and Lithuania large investments for the modernisation of border infrastructure and application of relevant security measures were allocated from the EU Schengen Programme. With reference to the construction of new border crossing points in addition to the border infrastructure developments projects financed within the External Border Fund, any overlapping of financing between the two programs will be excluded. All the activities foreseen in this field will be in line with the Local Border Traffic regulation.

In many aspects, the border management issue can only be effectively addressed at the state level between the responsible authorities of Lithuania, Latvia and Belarus. However, the ENPI instrument can contribute to a certain extent at the local and regional level, for instance in funding small-scale infrastructure, equipment and facilities and mainly enhancing co-operation, exchange of experience and training of personnel involved in border control/management at the local level. The scope and character of the Programme does not allow making larger investments into border infrastructure. Therefore, the focus should be put on investments into equipment and small-scale infrastructure with particular emphasis on development of local border crossing points for pedestrians, water tourists and bicyclists.

Efficient border management and security largely depends on the good coordination of activities on both sides of the border, well-elaborated and unambiguous procedures, competent managers and trained staff. It is very important to make **border management** effective and customer-orientated thereby speeding up the control procedures and increasing the capacity of border crossing points. It is equally important to undertake effective and synergetic measures in combating illegal trade and organised crime. Therefore, this Priority seeks to contribute to the capacity building and alleviation of administrative gaps and institutional obstacles to the free movement of people and the increase of transparency and efficiency in trade and border passage.

Protection of environmental and natural resources, enhancement of education, health and social sphere development, improvement of infrastructure and equipment related to the border crossing points and improvement of border management operations and customs procedures is foreseen under this priority. Indicative activities are foreseen under these measures as well.

<i>Measures</i>	<i>Potential activities</i>
2.1. Protection and sustainable development of environmental and natural resources (<i>justification by SWOT elements: S11, W10, W11, W12, W15, T8, T13, T14</i>)	<ul style="list-style-type: none"> ➤ Development/improvement of small-scale environmental infrastructure; ➤ Joint monitoring and management of natural resources and protected territories, ecological corridors, establishment of cross-border systems of exchange of environmental data; ➤ Joint actions directed at decreasing pollution from economical activities (e.g. farms, tourism infrastructure); ➤ Joint actions directed at solving the 'biting fly' problem; ➤ Introduction of environmental standards; ➤ Strategies/pilot projects for recultivation of contaminated sites;

	<ul style="list-style-type: none"> ➤ Joint activities in the promotion and use of renewable energy; ➤ Development of energy saving strategies and facilities; ➤ Joint actions to improve environmental risk management, to promote cooperation of environmental organisations and to enhance local and regional preparedness in the case of natural and environmental disasters; ➤ Public campaigns aiming at the improvement of environmental awareness of population; ➤ Joint actions directed at protection and sustainable use of natural resources (e.g. cross-border tourism infrastructure, increase of general community habitat quality).
2.2. Enhancement of education, health and social sphere development <i>(justification by SWOT elements: S12, S13, W21, W22, W23, T2, T17, T18, T19, T20, T21, T22, T23, T24)</i>	<ul style="list-style-type: none"> ➤ Co-operation in prevention, monitoring and treatment of communicable diseases and alcohol/drug dependency, smoking; ➤ Joint actions aimed at increasing public awareness and education and promotion of a healthy lifestyle; ➤ Joint activities for solving the impact of the Chernobyl catastrophe; ➤ Joint actions aiming at improvement of education, health and social services, co-operation between institutions providing these services and professionals; ➤ Joint strategies/pilot projects on social assistance/adaptation for vulnerable, elderly, disabled persons, orphans, abandoned children.
2.3. Improvement of infrastructure and equipment related to the border crossing points <i>(justification by SWOT elements: S2, W7, W9, O8, T10, T11, T12)</i>	<ul style="list-style-type: none"> ➤ Small investments for border crossing (control, customs, veterinary/phytosanitary) infrastructure; ➤ Small investments for terminal and logistics premises and other infrastructure (parking areas, sanitary premises for drivers, ect.) related to border crossing; ➤ Small investments for the modernization of equipment at the border crossing points.
2.4. Improvement of border management operations and customs procedures <i>(justification by SWOT elements: S2, W8, W9, O8, T10, T11, T12)</i>	<ul style="list-style-type: none"> ➤ Joint actions of local level border control and customs administrations directed at the improvement of border security and management; ➤ Joint actions against organised crime and illegal migration; ➤ Joint rescue actions; ➤ Training, exchange of experience and networking of/between the border control and customs administrations (including at local level)

4.3. Technical assistance

Technical Assistance (TA) is essential for providing effective implementation of the Programme. It is earmarked for financing the preparatory stage, management, monitoring, evaluation, information and control activities of the Operational Programme as well as activities to reinforce the administrative ability to implement the funds.

In accordance with Article 18 of the Implementing Rules, 10% of the total Community contribution allocated to the Programme shall be used for TA purposes.

Technical Assistance (TA) from the Programme shall be used to finance activities necessary for a smooth and effective management of the Programme, timely and efficient commitment and disbursement of Programme funds as well as widespread information about the Programme and dissemination of results. It shall cover costs related to the administration and management, information, publicity and training, acquisition of necessary equipment, monitoring, evaluation, audit and control of the Programme. The Joint Managing Authority (partly), the Joint Technical Secretariat and the branch offices of the Programme shall be financed from the TA budget.

The assistance aims to provide high quality service of managing and implementing institutions. It covers expenditure associated with the preparation, follow-up, monitoring, auditing and evaluation activities directly necessary for the implementation of this Programme and for the achievement of its objectives, e.g. studies, meetings, information, awareness-raising, publication and training activities, including training and educational measures for partners enabling them to take part in the various stages of the programme, expenditure associated with computer networks for the exchange of information and any other administrative or technical assistance expenditure that the Joint Monitoring Committee may decide for the management of the Programme

5. STRATEGIC ENVIRONMENTAL ASSESSMENT

5.1. Introduction

This environmental statement is drawn up as a consequence of the adoption of the Programme in 2008.

In March 2008, a SEA scoping report was issued, where the environmental issues, objectives and indicators relevant to the environmental assessment were identified.

In April 2008, the strategic environmental assessment report was issued, providing the environmental assessment of the 7th draft of the Programme document dated April 2008.

Both the scoping report and the strategic environmental assessment report were submitted for consultation among national environmental authorities and public in Latvia, Lithuania and Belarus.

According to Article 9(b) of the Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment, an environmental statement is to be prepared on the basis of and attached to the final Programme and includes a summary of:

how environmental considerations have been integrated into the programme

how the recommendation and comments from the environmental report have been incorporated into the programme and how the consultation responses to the Scoping report and the Environmental report have been considered in both the SEA process and the Programme.

the reasons for choosing the plan or programme as adopted, in the light of the other reasonable alternatives dealt with.

5.2. Integration of environmental considerations into the Programme

The strategic goal, specific objectives and priority axis are examined in the strategic environmental assessment report in order to assess their likely significant environmental impacts.

The Programme document is not sufficiently detailed at any of the levels to provide for a quantitative assessment of proposed actions and initiatives.

5.2.1. General remarks to the Programme

The programme aim and the priorities of the programme are examined in order to assess if they give any overall directions for the implementation of the Programme which will make a significant impact on the environment.

The Programme aim highlights improvement of the environment equally with improvements of the social and economic situation. This indicates on the one hand, that environmental considerations must be taken in the implementation of the programme. On the other hand, nothing is said about how economic, social and environmental considerations should be balanced.

Priority 1 is aiming at the sustainable economic and social development of the border region as well as trying to turn existing disparities into opportunities and use the potential of each country for the benefit of the whole region.

Under this priority the enhancement of local and regional strategic development and planning, the preservation and promotion of cultural and historical heritage, the promotion of cross-border tourism and the strengthening of social-cultural networking and community development will be stimulated, and it mainly could have impact on the environment just by increasing awareness of people. On the other hand, such activities like improvement of cross-border accessibility could have negative results on the environment or encouragement of entrepreneurship could have indirect impact on the environment.

Priority 2 is aiming at environmental monitoring, the preservation of biodiversity and natural resources, and limiting any possible negative impacts of increased economic activity in the region. The focus will also be on educational issues, public health and the social sector. Another important challenge is the development of border-related infrastructure and services.

Activities that may be supported under priority 2 have been extended considerably including among others, projects aiming at managing and monitoring biodiversity in the border area, designation of cross border nature reserves and integrated management of cross border nature reserves, and preparation of joint action plans for the sustainable management of the cross border protected areas. On the other hand, the development of border-related infrastructure and services may have negative impact on the environment.

The **priorities** are assessed basing on a specific examination of the underlying potential activities. For each of the activities it is assessed if they are likely to have a positive or negative impact on the following environmental issues: air quality, climate change, maintenance of biodiversity, water pollution and waste management.

It is not possible to identify the likely significant environmental impacts for foreseen potential activities - by the simple fact that such processes may or may not be adopted - and may or may not work as intended. The strategic environmental assessment may only be meaningfully carried out at the stage when possible specific downstream activities are formulated.

The Programme does not include specific selection criteria for potential activities. Therefore, it is not possible to assess the likely significant environmental impacts at this level. This will only be possible in future downstream decision-making processes through which specific projects are formulated.

Thus, it has not been possible to say anything precisely about the environmental impact of implementing the JOP, other than it may have significant environmental impacts. These impacts may be positive as well as negative and may be expected on most of the environmental factors. The negative impacts will mainly be a consequence of activities focusing on the construction of new transport infrastructure and projects promoting tourism. The significant positive impacts will mainly occur as a consequence of projects aiming at protection of environment, promotion and use of renewable energy, promotion of energy saving and improving the environmental awareness of the population.

5.3. Integration of recommendations and comments received during public consultations

5.3.1. Public consultations on Scoping report

The draft Scoping report was submitted to the national and regional authorities for comments only in Lithuania (Lithuania is the only country involved in the Programme where is legally required to carry out the consultations on scoping report). The public consultations on scoping report were carried out in Lithuania as well.

Only minor comments on scoping report were received from the national and regional authorities in Lithuania, and they were taken into account or rejected with reason. No comments from public there received.

5.3.2. Public consultations on SEA report

The public consultations of the 1st draft of Strategic Environmental Assessment Report took place from April to June 2008.

In Latvia, the public consultations started on 30th of April and ended on 9th of June. The draft Strategic Environmental Assessment Report was performed in parallel with the consultation on the draft Latvia-Lithuania-Belarus CBC Programme 2007-2013. There were no any major comments on the draft Strategic Environmental Assessment Report and Programme document received from Latvian stakeholders. After public consultation process, the Strategic Environmental Assessment Report has been submitted for assessment by the Latvian Environment State Bureau which is designated national supervisory body on SEA. They issued the Statement including recommendations on monitoring report and requirements on publication of the final Environment Report and Programming document. Consequently, the monitoring report shall be submitted to the Latvian Environment State Bureau in 2010 and 2013.

In Lithuania, the public consultations started on 28th of April. The Strategic Environmental Assessment Report was submitted to the civil society and NGOs as well as national and regional authorities for comments. The public consultations ended with the event where the Programme document and Strategic Environmental Assessment Report were presented to the civil society. No comments from public were received. The deadline for consultations with national and regional authorities was 11th of June. Only minor comments were received from Ministry of Health Care and State Protected Service under Ministry of Environment. The comments were taken into account or rejected with reason. Some of comments relate to the Programme document rather than the Environmental Report. Obviously, these comments have not been incorporated into the environmental report.

In Belarus, the public consultations ended on 19th of June, when the event at the premises of Ministry of Natural Resources and Environment Protections of the Republic of Belarus was held. During this event the Programme document and Strategic Environmental Assessment Report were presented to the representatives of civil society, NGOs and national authorities, who actively took part in the consultations. The comments were mainly received from national environmental authorities and institutions and they were taken into account or rejected with reason.

5.4. Reasons for choosing the adopted Programme

Many alternatives were considered during the programming process. These alternatives have to some extent been considered because of their alleged environmental impacts.

It has only been possible to identify some general non-quantifiable significant positive as well as negative environmental impacts from some of the indicative activities. The assessment indicates that there are no obvious significantly or moderately negative effects of the Latvia-Lithuania-Belarus ENPI CBC Programme. On the contrary, many aspects under the second priority, which involves the environment and risk prevention, are likely to have positive effects on the environment of the eligible Programme area.

There are nevertheless, some areas where there might be a potential risk of negative effects later on in the implementation of the Programme. Due to the high level of this Programme much of the detail with regard to the choice of projects etc., is left until later when implementation rules will be drawn up together with an application manual and project assessment criteria.

The cumulative effect of the implementation of the Latvia-Lithuania-Belarus ENPI CBC Programme on air and water quality can be assessed as *positive*. The cumulative effect of the Programme on the maintenance of biodiversity and landscape is of a *mixed* character. In general, the assessment of the cumulative effect on climate change is *neutral* and on waste management rather *uncertain*.

It is difficult to assess the magnitude and importance of these potentials and of their possible non-existence, in the event the programme is not adopted (the zero alternative), however, it is clear that the synergies created between the regionally formulated project support opportunities and nationally adopted plans and/or projects is less likely to be influenced in an environmentally friendly way if the programme is not adopted. The Latvia-Lithuania-Belarus ENPI CBC Programme has the potential to reduce pressure on the environment. It could support the implementation of certain environmental policies, strategies and plans and striving for the same goals, support activities related to solving various environmental issues. Therefore, in the absence of the Programme, if it were not to be implemented, an opportunity to support these environmental issues would be lost.

6. INDICATORS

Considering the size and nature of the Programme, global and macro-economic impact indicators (impact on GDP, unemployment, education qualifications, population growth, etc) are not mandatory.

However, limited and simple indicators focusing on the Programme contribution to European cross-cutting themes, SEA and Strategy Paper objectives (Gender equality, Environment and sustainable development, sustainable cooperative networks, identity of regions, positive opinion on CBC) have been introduced:

Programme aim	Impact indicators	Measurement	Base line	Target value (2013)
Sustainable development	Number of projects having positive influence on environment and sustainable development	Number	0	20
Equal opportunities	Number of projects targeting disadvantaged groups or having positive influence on gender equality	Number	0	10
Territorial cohesion	Number of projects promoting balanced spatial development of the Programme area (creating sustainable and official co-operative networks and systems)	Number	0	20
Sources of information: Monitoring reports, surveys or studies; National / Regional statistic				
Method of measurement: Annually				

Indicators at priority level are necessary to evaluate and monitor the Programme. The defined result and output indicators are linked to the measures. Result indicators are expressed in number of projects and /or direct effects of priorities. Output indicators present the number of generic deliverables expected from the beneficiaries for the benefit of a specific target group (products, services, tools, material, events, sessions, methods, etc).

Priority 1. Promoting sustainable economic and social development

Measure	Results	Base line	Target value	Outputs	Base line	Target value
To promote socio-economic development and to encourage business and entrepreneurship	Number of projects supporting business development and labour market development in the border area	0	7	Number of operating networks created	0	7
				Number of business related infrastructure developed (objects)	0	2
To enhance local and regional strategic development and planning	Number of projects fostering locally based activities	0	5	Number of elaborated spatial/regional development strategies/plans/concepts for the CBC region	0	5
				Number of institutions involved in the development of joint plans	0	18
To improve cross border accessibility through the	Number of projects aimed at creating new or	0	4	Number of ICT tools/methods/model solutions developed/tested	0	2

Measure	Results	Base line	Target value	Outputs	Base line	Target value
development of transport and communication networks and related services	improving existing cross-border physical connection and ICT links			Number of transport communication infrastructure objects created/restored	0	2
To preserve cultural and historical heritage, and to promote cross border tourism	Number of projects creating new or improving existing products and services and infrastructure	0	15	Number of infrastructure objects created or restored	0	10
				Number of cross-border tourism services and cross border tourism products developed	0	6
				Number of joint events, research studies and information services	0	15
To strengthen social-cultural networking and community development	Number of projects involving municipalities, non-governmental organisations and other institutions	0	25	Number of joint actions in the field of culture, sport, education and social sphere	0	24
				Number of institutions involved in projects achieving educational / cultural / sport / social objectives	0	40
Sources of information: Monitoring reports, surveys or studies; National / Regional statistic						
Method of measurement: Annually						

Priority 2. Addressing of common challenges.

Priority aims	Results	Base line	Target value	Outputs	Base line	Target value
To protect environmental and natural resources	Number of projects with a direct positive impact on the environment	0	6	Number of joint planning activities/initiatives	0	6
				Number of public campaigns aiming at the improvement of environmental awareness of population	0	6
				Number of small scale environmental infrastructure objects developed/improved	0	6
To enhance education, health and social sphere development	Number of projects aimed at education, health and social sphere development	0	12	Number of tools/methods/model solutions developed/tested	0	4
				Number of institutions/ professionals/ associations involved in education, health and social sphere development	0	24
				Number of operating networks on education, social and health	0	12
To improve infrastructure and equipment related to the border crossing points	Number of projects improving cross border crossing	0	2	Number of small scale border crossing infrastructure objects built/improved	0	2
				Number of trainings and exchanges of experiences in border crossing points	0	2

Priority aims	Results	Base line	Target value	Outputs	Base line	Target value
To improve border management operations and customs procedures				Number of new solutions/systems in border security/management and speeding up of border crossing procedures implemented as a result of supported projects	0	2
Sources of information: Monitoring reports, surveys or studies; National / Regional statistic Method of measurement: Annually						

7. INDICATIVE FINANCING PLAN

The Programme's financial table describing the provisional yearly allocations of Programme's commitments and payments is included as Annex 1.

Below is presented table describing Programme's allocations per priority and technical assistance same as co-financing of projects and Technical Assistance.

Table 4. Priorities by source of funding (in euros)

	EC Funding (a)	Co-financing (b)	Co-financing rate (in %) (c)	Total funding (e) = (a)+(b)
Priority 1	18,781,500	1,878,150	10 %	20,659,650
Priority 2	18,781,500	1,878,150	10 %	20,659,650
Technical Assistance	4,173,666	1,177,188	22 %	5,350,854
Total	41,736,666	4,933,488	11.82 %	46,670,154

7.1. Technical Assistance Budget

As soon as the Programme is adopted by the EC, the Technical Assistance (TA) budget may be used to launch the Programme in conformity with Art.9 of the Commission Regulation no 951/2007 laying down implementing rules for cross border cooperation programmes financed under Regulation no. 1638/2006 of the European Parliament and of the Council Laying down general provisions establishing a European Neighbourhood and Partnership Instrument and following figures included in the programme's budget. The TA budget, within the annual limits established in the financial table, will be approved by the JMC at its first meeting. It will then be adopted regularly, on a yearly basis, at subsequent meetings of the JMC, similarly the detailed TA budget for the following years will be adopted regularly.

An estimated TA budget for the whole period of implementation can be seen below:

TA Interventions	Planned budget, EUR	% of the overall TA budget
Staff costs of the JTS including equipment and additional payments to cover lodging for foreign staff members	2,217,258	41.44%
Administrative costs of the JTS (office rent and maintenance, communication, office running, travel and accommodation, IT support and maintenance, accounting and legal advice and other services)	1,109,323	20.73%

Organisation of Joint Monitoring Committee meetings (at least twice per year, including travel and accommodation of JMSC members, other costs related to organisation of the meetings)	186,660	3.49%
Database (creation and maintenance, including purchase of necessary licences)	80,000	1.50%
Project evaluation services	125,000	2.34%
Information and promotion according to the Communication Plan (information, promotion, training, evaluation, web site, etc)	200,000	3.74%
External audit of JMA, sample checks	379,597	7.09%
Programme evaluation	50,000	0.93%
Staff costs of the Branch office in Vitebsk including equipment	219,535	4.10%
Administrative costs of the Branch office in Vitebsk	79,596	1.49%
Staff costs of the Branch office in Daugavpils including equipment	219,535	4.10%
Administrative costs of the Branch office in Daugavpils	79,596	1.49%
Staff costs of JMA (1 person for Internal Audit Service)	226,356	4.23%
Other (audit of the JTS, strengthening the administrative capacity of the JMA and JTS, reserve).	178,398	3.33%
Total	5,350,854	100%

The allocations of the TA budget are solely indicative. Any modification of the above table during implementation will not be subject to a modification of the programme.

Taking into account the limited amount of financial resources allocated for TA from Programmes budget, Latvia and Lithuania agreed to co-finance TA budget by 22 percent additionally to TA budget allocated from the ENPI. Allocation of each country (Latvia and Lithuania) of TA co-financing is proportional to allocations of country to a programme following Annex 2.2 of the Strategy paper and is showed in the table 6. Whole TA budget, including co-financing mentioned above, will be managed by the JMA.

Table 6. TA budget co-financing

Country	TA co-financing, EUR
Latvia	550,853
Lithuania	626,335
Total	1,177,188

8. JOINT STRUCTURES AND DESIGNATION OF COMPETENT AUTHORITIES

Joint programming process, joint management structures and joint selection process are key elements of the ENPI CBC Joint Operational Programme Latvia-Lithuania-Belarus.

The following structures will be involved in the management of the Programme:

Joint structures

Joint Monitoring Committee (JMC): supervising and monitoring the Programme implementation;

Joint Managing Authority (JMA): bearing overall responsibility for the management and implementation of the Programme towards the European Commission;

Joint Technical Secretariat (JTS): the joint operational body, assisting the Joint Managing Authority and the Joint Monitoring Committee in carrying out their respective duties;

The following National Authorities (NAs) collaborate with the JMA for the Programme preparation and implementation period, and are responsible for the coordination of the programming process in Latvia and Belarus:

- National Authority in Latvia: Ministry of Regional Development and Local Governments;
- National Authority in Lithuania: Ministry of Interior;
- National Authority in Belarus: Ministry of Foreign Affairs jointly with National Coordinating Unit for the EU Technical Assistance Programmes.

Joint structures are established in accordance with Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument, ENPI CBC Strategy Paper 2007-2013 and Regulation (EC) No 951/2007 of the European Commission of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument and PRAG rules.

8.1. Joint Monitoring Committee

In accordance with Article 11 of the Implementing Rules the Joint Monitoring Committee (JMC) shall be established for the Programme.

Considering the limited size of the Programme, the JMC will perform functions of Project Selection Committee by itself.

The JMC shall meet as often as necessary and at least once a year in one of the participating countries. It shall be convened by the Joint Managing Authority's (JMA) request or on duly justified request from one of its appointed members, or from the Commission. JMC may also take decisions through written procedure at the initiative of its chairperson, the JMA or one of the participating countries.

The Commission shall be invited to the meetings of JMC at the same time as other participants and shall have the right to take part in each meeting of the JMC at its own initiative as an observer. The Commission shall be informed of the results of the JMC meetings.

8.1.1. Functions of the JMC

In accordance with the Implementing Rules, the JMC shall perform the following functions:

- Approve the work programme of the Joint Managing Authority (hereinafter – JMA) and the Joint Technical Secretariat (hereinafter – JTS);
- Decide on the amounts and allocation of the resources of the Programme for technical assistance and human resources;
- At each of its meeting, review the management decisions taken by the JMA;
- Decide on the selection criteria for the projects and approve any revision of those criteria in accordance with Programme needs;
- Shall perform the functions of project selection committee by itself;
- Take the final decision on projects selection and on the grant amounts which are allocated to them;
- Take decision on strategic large-scale cross-border projects, which shall not be selected through calls for proposals in compliance with provisions of point 9.1.4 of the programme document;
- At each of its meetings and on the basis of the documents submitted by the JMA, evaluate and monitor accomplished progress to achieve the objectives of the Joint Operational Programme;
- At least once a year exams operational and financial reports submitted by the JMA and take the appropriate measures if necessary;
- Examine the contentious cases of recovery notified by the JMA;
- Examine and approve requests for Programme changes to be submitted to the EC.

Furthermore, the JMC shall perform the following tasks in addition to the functions mentioned above:

- Approve the Guidance for Applicants and any substantial changes to these documents;
- Approve the application package before launching the Call for proposals by JMA;
- Approve the JMA plan of the information and visibility actions, referred in Article 42 of the Implementing Rules;
- Review the results of the audit and control exercises by reviewing the annual audit reports and take decision on the necessary actions related to the recoveries;
- Establish Task Forces if necessary.

8.1.2. Composition, chairmanship and decision making of the Joint Monitoring Committee

The JMC shall include a balanced number of representatives appointed by each participating country (up to 5 persons from each country). The JMC shall include a representative from national, regional and local institutions responsible for co-ordination of ENPI CBC programme in participating country. Members of JMC shall be appointed as representatives of their country on a functional basis and not on personal basis.

Following the principle of partnership, in addition to the duly appointed representatives, the participating countries shall ensure the adequate participation of regional, social and economic partners as observers and advisors to the JMC prior the approval by the Chairperson of the JMC.

In accordance with Article 11 (3) of the Implementing Rules the EC must be informed about the organization and the conclusion of each JMC meeting. EC will be invited to each JMC meeting.

A representative of the institution responsible for co-ordination of ENPI CBC programme of one of the participating countries shall be elected as a chairperson of the JMC. Representative of JMA will act as a co-chairperson. The chair shall change annually on rotational basis. The chairperson (same as co-chairperson) acts as a moderator without voting right.

The JMC shall take all decisions by consensus. JTS will perform functions of secretariat of JMC.

The JMC in its work will be assisted by the JTS that will be responsible for the preparation of all documentation relating to the meetings and taking the minutes during the meeting. Minutes of the JMC meetings shall be produced, circulated and filed in electronic format. Minutes of the JMC meetings shall be sent to each member and participant of the JMC meeting and to the Commission.

8.1.3. Rules of Procedures of the JMC

In accordance with Article 12 of the Implementing Rules the appointed members of the JMC shall unanimously adopt rules of procedure, detailing further provisions of this document, and in particular laying down the detailed description of JMC tasks, responsibilities, composition, chair's responsibilities, meetings and rules for decision-making.

8.1.4. Conflict of interest

As the decisions on financing will be made by the members of the JMC as well as the members of the JMC will carry out the monitoring of the implementation of the Programme, any conflict of interest within the JMC members is unwarrantable. Any decisions and/or assessment have to be free from bias and must not be influenced by partial interest of any of the individual members of JMC and assessors involved in project assessment. In case of the conflict of interest the persons engaged in this conflict shall declare it and shall not participate in the decision making process.

To avoid any conflict of interest, individual members must not act as a beneficiary, or as any of the project partners. They must not be financially involved in the project, i.e. as a beneficiary, partner, supplier, staff member, expert or consultant contracted by the beneficiary and/or partners. Each member of the JMC and assessors will sign a declaration of confidentiality and impartiality applicable to the whole evaluation process.

8.1.5. National Sub-Committees

Partner countries may establish national advisory bodies – National Sub-Committees (NSC). NSC will be not financed from the EC contribution. The aim of the NSC is to ensure wider participation of Programme stakeholders (other national, regional and local institutions, social and economic partners, environmental bodies, NGOs etc.) in Programme development and monitoring and awareness rising. NSC shall act as forums for discussing and defining national opinion prior to the JMC meetings. NSC may also act as multipliers in distributing the information about the funding

opportunities Programme offers and disseminating Programme results. The national sub-committees will not be involved into evaluation process. The work of NSC should be organized and financed by each participating country.

8.2. Joint Managing Authority

In accordance with Article 10 of the ENPI Regulation, the Programme shall be implemented by JMA located in a Member State. The EU Member States participating in the Programme – Latvia and Lithuania as well as the Partner Country Belarus have agreed to designate the **Ministry of Interior of the Republic of Lithuania** to fulfil the functions of the JMA for the Programme.

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The Joint Managing Authority (JMA) is an executive body, having the overall responsibility for managing the Joint Operational Programme, including technical assistance, and implementing the decisions taken by the Joint Monitoring Committee. Head of JMA will be Undersecretary of the ministry responsible for regional development of the Ministry of Interior.

8.2.1. The responsibilities of the JMA

The JMA shall be responsible for managing and implementing the JOP, in accordance with the principle of sound financial management and the principles of economy, efficiency and effectiveness, on behalf of the participating countries, and carries out any controls and audits necessary in accordance with the rules and procedures provided for by the relevant Regulations and PRAG rules.

The JMA will sign an agreement with the Ministry of the Regional Development and Local Governments of Latvia on the implementation of the programme and, in particular, the duties of the JMA, management and financial procedures of the Programme, TA co-financing, responsibility of both countries participating in the programme in relation to the audit and control, and for the recoveries.

8.2.2. Financial commitments

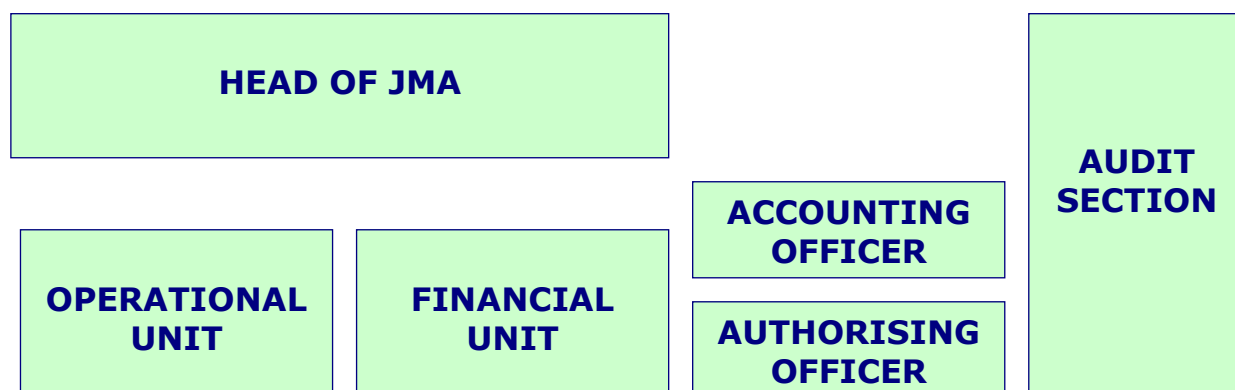
The functioning of the JMA (except equipment) shall be financed from the Community contribution for TA and from the Latvia's and Lithuania's co-financing. Staff costs of JMA mostly will be covered by hosting institution.

The JMA shall put in place procedures to ensure that expenses declared under the Programme are real and accurate and shall establish reliable computerised accounting, monitoring and financial information systems in accordance with Article 14 (7) of the Implementing Rules.

In accordance with Article 14 (8) of the Implementing Rules the JMA using appropriate verification procedures shall ensure that the funds paid under grant contracts (Annex VII of PRAG) are used only for the purposes for which they were granted.

8.2.3. Division of functions within units of the JMA

Figure 2. Structure of JMA



Operational unit of the JMA

The Regional Policy Department of the Ministry of Interior shall be responsible for operational management functions of the Programme and in particular for the following tasks listed in Articles 14 and 15 of the Implementing Rules:

- Organisation and the secretariat of the meetings of the JMC, including drawing-up the minutes of the meetings (function delegated to JTS);
- Drawing-up of the operational annual reports and their transmission to the JMC and to the Commission;
- Following the approval by the JMC, preparing and launching calls for tenders and calls for proposals for the selection of projects (function delegated to JTS);
- Receipt of project applications, as well as the assistance to the JMC in preparing project evaluation reports (function delegated to JTS);
- Following the selection of projects by the JMC, signature of contracts for projects with the beneficiaries and the contractors;
- Operational follow-up of the projects (function delegated to JTS);
- Preparation of possible environmental impact assessment studies;
- Implementation of the information and visibility plan (function delegated to JTS).

The Regional Policy Department of the Ministry of Interior, as operational unit, shall also:

- ensure the system for recording and storing in computerized form the accounting records for each project under the Programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation is collected,

- examine the progress made in implementing the Programme, the principle results achieved over the previous year, the financial implementation and other factors with a view to improving implementation,
- ensure that all the supporting documents regarding expenditure and audits on the Programme concerned are kept available for the EC and the Court of Auditors for a period of 7 years following the closure of the Programme,
- Organizing of contracting annual external financial audits on the direct expenditure of the JMA as well as on certifying the statement of revenue and expenditure presented by the JMA in its annual financial report. This audit shall also ensure the accuracy of JMA accounts. This audit will be provided by external auditors;
- Organizing of contracting of external auditors for sample checks of projects.

Contracts related to expenditures covered from TA budget of JMA will sign JMA, related to JTS and its branches – JTS. All these contracts signed by JTS are subject to be checked by JMA.

Financial management functions of the JMA

The Economics and Finance Department of the Ministry of Interior shall act as Financial unit of the JMA.

In accordance with EC Financial Regulation segregation of duties between Authorising and Accounting Officer will be ensured.

The responsibilities of JMA related to financial management functions shall include:

- In accordance with national law opening the single bank account in euro for the purposes of the Programme transactions by the service acting as Accounting Officer within JMA (Article 21 of the Implementing Rules) (function of Financial Unit);
- Keeping independent and separate accounts of the Programme in compliance with the requirements of Article 22 of the Implementing Rules. At least once a year presenting to the JMC the report reconciling these accounts with the balance in the bank account of the Programme (function of Operational Unit, Financial Unit and JTS);
- Preparation of the detailed annual budgets of the Programme (function of Operational Unit);
- Preparation of the payment requests to the Commission (function of Operational Unit and Financial Unit);
- Drawing-up of the financial annual reports and their transmission to the JMC and to the Commission (function of Operational Unit, Financial Unit and JTS);
- Financial management of the projects (function delegated to JTS);
- Notifying immediately (within five working days) the JMC of all contentious cases of recoveries (Article 15 (i) of the Implementing Rules) (function of Operational);

- Upon receipt of supporting documents and after operational and financial verification proceeding with payments of EU grant amounts or recovery orders towards projects (function of Operational Unit and Financial Unit);
- At the end of the project, and after the necessary verifications and audits have been carried out, the JMA Financial Section makes out final payments to the beneficiaries (Article 15 and 27 (1) of the Implementing Rules) (function of Operational Unit and Financial Unit);
- In any case, the JMA is responsible for the recovery of any unjustified or ineligible expenditure from beneficiaries established in the Member States and for the reimbursement to the EC of its share or amounts recovered, in proportion to its contribution to the Programme. In case the JMA could not recover the amounts due within one year of the issuing of recovery order, conditions of point 9.5 of this programme document apply ;
- Elaborate Guidelines to Applicants (function of Operational Unit and JTS);
- Certify that:
 - the statement of projects' expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents (function of Operational Unit and Financial Unit);
 - the expenditure declared on the basis of the PRAG expenditure verification report and has been incurred in respect of projects selected for funding in accordance with the criteria applicable to the Programme (function of Operational Unit and JTS);
- Take into account the results of all audits carried out by or under the responsibility of the Internal Audit Section of the JMA (function of Operational Unit and Financial Unit);
- In accordance with national law maintain accounting records of expenditure declared to the EC;
- Ensure that the beneficiaries receive the total eligible grant amount as quickly as possible and in full. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied that would reduce these amounts for the beneficiaries (function of Operational Unit and Financial Unit);
- Keep an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for a project. Amounts recovered shall be repaid to the general budget of the European Union prior to the closure of the Programme by deducting them from the next statement of expenditure (function of Financial Unit, Operational Unit and JTS);
- Monitor commitments and payments of EU funds on the Programme level (function of Operational Unit and Financial Unit).

For the purposes of the programme existing computerised accountancy tools will be used .

In carrying out its functions, the JMA shall be assisted by the JTS as it is indicated above and described in chapter 2.3 in more detail. The tasks delegated to the JTS shall be formally recorded in writing and implemented in the respect to a sound separation of functions.

Audit Section of the JMA

In accordance with Article 14 of the Implementing Rules, the Audit Section of the JMA lies with *the Internal Audit Service of the Ministry of Interior*, which is completely independent from the departments performing operational and financial management functions of the JMA.

According to the Implementing Rules, the main functions of the internal audit section of the JMA are as follows:

- Annual implementation of audit programme to check internal circuits and proper application of procedures within JMA. Audit Section of JMA shall draw up an annual internal audit report and send it to the representative of the Operational unit of JMA. The resulting annual reports shall be forwarded to the JMC and to the European Commission by Operational Unit of JMA (acc. to the Article 29 of the Implementing Rules);
- Preparing annual report on implementation of the audit plan for the projects and send it to the representative of the Operational unit of JMA. The resulting annual reports shall be forwarded to the JMC and to the European Commission by Operational Unit of JMA;
- From the end of the first year of the Programme, each year in co-operation with the operational and financial units of JMA ensuring the drawing up and supervising and monitoring the implementation of the annual audit plan for the projects financed by the Programme (Article 37 (1) of the Implementing Rules).

In addition to above mentioned audits, the JMA and the various project beneficiaries and partners may be subject to controls of the EC, European Court of Auditors, the EC's Anti-fraud Office (OLAF) and any external auditor authorised by these institutions.

8.3. Joint Technical Secretariat

In accordance with Article 16 of the Implementing Rules, in carrying out its functions the JMA shall be assisted by a JTS. The participating countries have agreed that the functions of the JTS shall be delegated to the existing **Joint Technical Secretariat**, public sector body, established by the Ministry of Interior for INTERREG, ENPI and European territorial cooperation programmes.

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The JTS shall be in charge of the day-to-day operational management of the Programme, operational follow-up and financial management of the projects and shall act as secretariat for the JMC. The JTS tasks will be carried out under the responsibility of the JMA.

8.3.1. Functions of the JTS

The tasks of the JTS shall include following:

- Assistance to the JMA, JMC;
- Financial management of the projects;

- Receiving project applications, organising and acting as secretariat for JMC, and sending reports including JMC recommendations to the EC;
- Operational follow up of the projects;
- Organising the JMC meetings and drafting the minutes, preparing, implementing and following up its decisions, including organising written procedures, etc.;
- Providing assistance to financed projects regarding implementation of activities and financial administration;
- Developing and implementing Programme's information and visibility plan;
- Collection and provision of reliable financial and statistical information on implementation required for proper monitoring of the Programme;
- Assistance to the JMA in elaboration of documents which are necessary for Programme implementation including application forms and guidelines/manuals (based on PRAG) for applicants/beneficiaries and reporting templates;
- Assistance to JMA in drawing up the annual reports;
- Distribution of information and implementation of publicity measures on the Programme and its operations;
- Organisation of activities to promote the Programme;
- Provision of information to applicants, beneficiaries and the general public based on equal treatment principle;
- Following the approval by the JMA and JMC launching calls for tenders and calls for proposals for the selection of projects;
- Registration and assessment of the technical eligibility of applications submitted;
- Following the selection of projects by the JMC, preparation of grant agreements;
- Monitoring of progress made by operations, including financial progress, made by financed projects by collecting and checking project monitoring reports, monitoring outputs, results and financial implementation;
- Carrying out the usual work of a secretariat, i.e. organisation of meetings, drafting of minutes, etc.

8.3.2. Staff within JTS

The detailed tasks of the JTS compliant with a programme document shall be recorded in a written agreement concluded between the JMA and the JTS, as well as in Rules of Procedures of the JTS. The JTS shall have international staff, representing citizens of countries participating in the Programme. The staff of the JTS shall be under the Labour Law of the Republic of Lithuania. The number and qualification of staff shall correspond to the tasks defined above. Staff of the JTS shall cover all relevant languages – Lithuanian, Latvian, Russian and English.

The JTS shall be funded from the Technical Assistance budget.

8.3.3. Branch offices

JTS branch offices will be established in Latvia (Daugavpils) and in Belarus (Vitebsk) with the purpose to inform potential beneficiaries in the countries concerned of the activities envisaged under the Programme. One JTS branch office in Belarus (Vitebsk) will operate in the Vitebsk oblast administration premises and the other one JTS branch office in Latvia will operate in the Latgale planning region Daugavpils information centre. JTS will sign contract with Latvian branch office hosting institution.

8.4. Overview of the Staff Resources Dedicated to Programme Management

The indicative number of staff to be employed in each of the bodies involved in Programme management shall be as follows (unless otherwise decided by the JMC):

- Operational Section of the JMA – 4 full-time / part-time employees;
- Financial Management Section of the JMA – 3 full-time / part-time employees;
- Audit Section of the JMA – 2 full-time / part-time employees;
- JTS – 8 full-time employees
- JTS Branch Offices – 2 full time employees (one full-time employee in each Branch Office).

8.5. Computerised Programme Management System

In order to ensure adequate storage and processing of Programme and project data a secure limited access computerised programme management system – programme database, shall be operated by the JMA and the JTS. The database ensures storage and processing of full Programme life-cycle information and is based on project level data. It is a tool used for project receipt, filing, assessment, reporting, monitoring and evaluation, payments and aggregating data on Programme level.

9. PROGRAMME IMPLEMENTATION

9.1. Management of the application process

9.1.1. Beneficiaries and Project Partners

Following Article 40 of the Implementing Rules, the Projects shall be submitted by applicants representing partnerships consisting of at least one partner from a Member State participating in the Programme (Lithuania and/or Latvia) and at least one partner from Belarus. The partnerships mentioned above shall be comprised of one Project Beneficiary and an unlimited number of project partner/-s. The Beneficiary and all Project Partners must be located in the eligible Programme area (as referred to in Chapter 2.1).

The programme will be implemented in compliance with:

- Commission Regulation (EC) No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes;
- Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument;
- Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities;
- Commission Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities;
- The Practical Guide to Contract Procedures for the EC External Actions 2006 (and its annexes).

In accordance with Article 14 of the EC Regulation No 1638/2006 establishing a ENPI instrument, the following become Project Beneficiaries and/or Partners:

- National and regional institutions;
- Decentralised bodies in the partner countries, such as regions, departments and municipalities;
- Joint bodies set up by the partner countries and regions and the Community;
- International organisations, including regional organisations, UN bodies, departments and missions, international financial institutions and development banks, in so far as they contribute to the objectives of this Programme;
- Community institutions and bodies, but only for the purposes of implementing support measures of the type referred to in Article 16 of the EC Regulation No 1638/2006;
- European Union agencies;
- Public or parastatal bodies, local authorities or administrations and consortia thereof;
- The following non-state actors:
 - non-governmental organisations;
 - organisations representing national and/or ethnic minorities;
 - local citizens' groups and traders' associations;
 - cooperatives, trade unions, organisations representing economic and social interests;

- local organisations (including networks) involved in decentralised regional cooperation and integration;
- consumer organisations, women's and youth organisations, teaching, cultural research and scientific organisations;
- universities;
- cross-border associations, non-governmental associations and independent foundations.

For each call for proposals the JMC will define a list of eligible types of applicants.

Co-financing of competitive activities in the meaning of State aid will not be provided from the Programme. The detailed eligibility requirements for potential beneficiaries shall be defined in the documentation for applicants.

The Beneficiary shall undertake full legal and financial responsibility towards the Managing Authority for the management of the Community funds. The agreement for the implementation of the Project shall be concluded with the Beneficiary.

Prior to the signature of the project contract, the beneficiary shall lay down the arrangements for its relations with project partners in the respect to a model of partnership agreement approved by JMC, comprising, inter alia, provisions guaranteeing the sound financial management of the Project.

9.1.2. Nature of Projects

Following Article 41 of the Implementing Rules, the Projects funded under this ENPI CBC Programme may be of three kinds:

- (a) integrated projects, where each partner carries out a part of the activities of the joint project on its own territory;
- (b) symmetrical projects, where similar activities are carried out in parallel in Member States and in partner country;
- (c) simple projects implemented mainly or entirely in a Member State or a partner country but for the benefit of all or some of the partners involved in the Joint Operational Programme.

9.1.3. Types of interventions

Programme funds shall be disbursed through two types of interventions:

- (a) Open calls for proposals: this is the most common type of intervention and it is estimated that the majority of the Programme's funds shall be distributed to finance projects following Programme objectives selected via this way. The projects shall be selected on a competitive basis through regular open calls for applications. The detailed description of the application and selection process is provided under points 9.1.4 – 9.1.5
- (b) Large Scale Projects: The projects solving essential problems, important for the stable development of the whole cross-border area and having a strong political backup at the national level can be considered of strategic importance. A list of such projects may be established and approved by the JMC. This list must be also

approved by the European Commission. Large scale projects must have a clear cross-border impact, be ready for implementation and address the objectives of the Programme priorities and eligibility rules. Large Scale Projects shall be financed without competition with other applications submitted through the open calls for applications. The co-financing rate for these projects shall be determined by the JMC on a case-by-case basis. The same application form as for other projects, as well as all relevant and supporting documents should be submitted to the JMC for decision making in the respect to Programme selection criteria.

Up to 30 % of the programme funds may be attributed to the large scale projects.

9.1.4. Large Scale projects

Additionally to the large scale projects which could be selected following the principle pre-described in article 9.1.3. (b) of the Programme, JTF decided to define following projects as strategic:

1. Construction and equipment of the border crossing point “Grigorovshchina” located at the border of the Republic of Belarus with the Republic of Latvia (estimated budget to be financed from a programme is 2.5m EUR);
2. Construction and equipment of the border crossing point “Privalka” located at the border of the Republic of Belarus with the Republic of Lithuania (estimated budget to be financed from a programme is 2.5m EUR).

The main project activities:

Enlargement of the border crossing point site. Construction of a single building with the capacity to locate all state control services, auxiliary constructions (sheds over the control lines, special constructions for cargo examination and boxes for more thorough examination of means of transport etc.) and engineering.

It is also foreseen to equip the border crossing points with radio communication equipment, telecommunication equipment, automated system of customs control of divided and radioactive materials, technical means of control, security system, computers and office facilities.

When implemented, the capacity of the border crossing points on the Belarusian side of the border will correspond to the ones on the Latvian and the Lithuanian sides of the border (Privalka-Raigardas, 500 vehicles per day), (Grigorovshchina-Paternieki, 1000 vehicles per day).

As these projects are already pre-approved by the countries participating in the Programme, they will be started being implemented after approval of the LSP's as such and the tender dossier by the European Commission. Contract for a project implementation will be signed by JMA only after submission of a tender dossier and all necessary documentation (including environmental impact assessment) to JTS and its eligibility evaluation. The JMA should be involved in reviewing the tender dossier as well once it is in the process of being launched.

Other large-scale cross-border investment projects can be selected at a later stage by the Joint Monitoring Committee and the prior approval of the European Commission.

The LSP will be fully documented (including feasibility study and environmental impact assessment). An Application Form will be developed for the LSP by the JTS. The projects will undergo a full administrative, eligibility and quality assessment in the JTS. The final decision on a LSP is taken by the JMC and after prior approval of the European Commission of the application form and the supporting documentation

The contractual procedures for the LSP's should be compliant with PRAG. Once the grant contract has been signed between the Managing Authority and the Beneficiary, the latter will prepare the complete tender dossier.

Taking into account the regional and cross-border dimension of the Programme as well as the size of the budget, the number of the projects and percentage of the Programme allocation spent on these kind of projects should be limited, therefore up to 30% of the total Programme budget can be spent on large scale projects.

9.1.5. Generation of Applications

The ENPI CBC Programme shall operate on the basis of a single application process and a single selection process covering all sides of the border. A single application form for each project shall be required, but with a clear separation of the activities to be carried out inside and outside the Member States.

Calls for proposals shall be launched by the JTS after the approval of JMC and JMA. The number of calls per year shall be flexible depending on the progress of the Programme. It is expected to launch the first call for proposals in the first half of the year 2009.

Application packages (including application forms) and guidance for applicants shall be elaborated by the Joint Technical Secretariat. They shall be made available for download at the Programme website and upon request at the Joint Technical Secretariat and Daugavpils and Vitebsk branches.

The JTS and its branch offices shall provide potential applicants with all necessary information on project preparation in accordance with the information, publicity and consulting measures described in Chapter 9.8.

The Lead Applicant (which shall become the Beneficiary after signing the grant contract) shall submit project applications (including e-version) directly to the Joint Technical Secretariat or its branch offices by hand or by courier. To ensure that all submitted applications are received by the JTS, e-version of the project application should be sent by the beneficiary via e-mail to JTS at the same time as submitting the paper version. Upon receipt, the Joint Technical Secretariat shall encode the applications.

9.1.6. Assessment and Selection of Project Applications

Assessment of applications shall be carried out in two stages:

1. Assessment of administrative compliance and eligibility of applicants, expenditure and activities (on the basis of administrative and eligibility criteria) carried out by the Joint Technical Secretariat. During the eligibility check, JMA and JTS can cooperate with national authorities in Latvia and Belarus to verify the legal status of the beneficiaries and project partners, as well as to determine if the project is not overlapping with other EU or public financed activities to ensure secure way of cooperation. These consultations shall be

- carried out in a way ensuring the impartiality and confidentiality of the selection process. Involved national authorities should remain independent in the selection process.
2. Evaluation of eligible applications (based on selection and award criteria) will be carried out by the assessors nominated by the JMC from the staff of JTS and (if necessary) independent assessors (JMC decision). Information officer of JTS will not act as assessor of applications; staff of JTS directly involved into evaluation of applications will not act as secretariat of JMC.

JMC shall act as project selection committee.

The criteria laid down in the Application package (guidance for applicants) shall be used for the assessment of applications.

Quality assessment based on selection and award criteria shall be done against qualitative judgement expressed in scores. “Four eyes” principle shall be applied – i.e. each application shall be read by at least two assessors. If necessary, additional specific (technical or thematic) expertise shall be engaged.

Assessment of applications shall begin from opening session – JMC meeting. After it administrative compliance and eligibility of applicants, partners, expenditure and activities shall be carried out by JTS in cooperation with JMA. The results of the opening session, of administrative compliance and eligibility check must be approved by the JMC (acting as selection committee).

After this co-chair of JMC shall initiate written procedure for appointing assessors (JTS and/or external assessors) for each call for proposals. After this is finalised, the quality assessment based on selection and award criteria shall start.

The quality assessment shall begin with an introductory session during where assessors shall receive instructions, agree on harmonised interpretation of assessment criteria and sign confidentiality statement and distribute applications among assessors. Introduction session shall be chaired by the JMA. Minutes of the introduction session shall be prepared by the JTS.

Further assessors shall carry out individual assessment based in their usual location. Assessment may be carried out using secured electronic copies of application forms and annexes from database of the Programme or secure single e-mail account. The output of the assessment for each application is individual evaluation grid with scores and comments.

The Quality assessment shall be finished with a closing session and with the participation of all assessors involved. During this session consolidated evaluation grids will be developed. No voting shall be used. Consolidated evaluation grids will include individual scores of each involved expert and consolidated comments. If the scoring of the assessors differs considerably, the proposal is evaluated by the Evaluation Committee, and all the comments shall be included into evaluation report. Closing session will be chaired by the JMA. Minutes of the closing session shall be prepared by the JTS. Together with consolidated evaluation grids Minutes of opening and closing sessions shall constitute the Evaluation Report (ranking list) which shall be approved by the JMC.

The Evaluation report, based on PRAG, should consist of summary assessment reports for each application, including evaluation grids, scores, comments from the assessors and the members of the JMC acting as members of the Selection Committee, and a list of non-eligible applications with justifications of their non-eligibility.

Projects for funding shall be selected and the funding amount for each Project decided by the JMC. The JMC can either approve or reject an application. It can also, when approving the proposal, indicate a list of minor corrections to be made to the proposal. Corrections should cover technical aspects only and not change the content or objectives, main outputs or activities of the proposed project. Funding decisions shall be made at the JMC by consensus.

Following funding decisions, the Joint Technical Secretariat shall immediately inform the Applicant about results concerning his/her proposal.

9.1.7. Contractual procedures

In accordance with the Article 23 of the Implementing Rules, the contractual procedures and relevant standard documents to be used for the implementation of the Programme shall be those included in the Practical Guide to Contract Procedures for EC External Actions (PRAG) in force at the time of launching of procurement procedures or calls for proposals. These contractual procedures shall be applicable to the entire geographical area of the Programme, both at the territory of the Member States participating in the Programme and on the territory of Belarus. In case of Latvian and Lithuanian beneficiaries, the rules governing sub-contracting for the implementation of the projects shall be in compliance with their public procurement law depending on legal status of beneficiary, as compliant with Community directives applicable to procurement procedures.

9.2. Audit and verification of expenditure

Required control and audit procedures according to ENPI regulatory framework are as follows:

- the verification of the project expenditure and the operational and financial verification of project reports (requirements of PRAG),
- Sample checks of the projects selected by the JMA in accordance to the Article 37 (2) of the Implementing Rules,
- Internal audit of the internal circuits and correct application of the procedures within the JMA in accordance to the Article 15 (2, d) of the Implementing Rules,
- Annual ex-post external audit of JMA accounts in accordance to the Article 14 (4) of the Implementing Rules.

9.2.1. Verification of project's expenditure based on the PRAG grant contract

In accordance with Article 15 (1) of the Implementing Rules the JMA shall be responsible for managing and implementing the Programme, including TA, in line with the principle of sound financial management and the principles of economy, efficiency and effectiveness, and shall carry out any controls necessary in accordance with the rules and procedures provided for by the relevant Regulations.

Each beneficiary at project level shall designate an Auditor that shall examine whether costs declared by the beneficiary and project partners are real, exact accurate and eligible in accordance with the grant contract and issue the expenditure verification report. 100 % of project expenditure must be verified and the results of the verification should be reflected in the expenditure verification report.

The verification reports shall be submitted to the JTS together with the payment request and in accordance with PRAG.

Costs for the verification of the expenditure shall be included in the budget of each project, the detailed procedures, compliant with PRAG, will be laid down in secondary documents/programme manual.

9.2.2. Sample checks of the projects

In accordance with Article 37 (1) of the Implementing Rules from the end of the first year of the Programme, the Internal Audit Section in cooperation with Operational and Financial Units of the JMA should ensure each year drawing up of an audit plan for the projects that the JMA finances in order to carry out the sample checks of the projects.

The independent external auditing body shall be contracted by the JMA and carry sample checks of the projects (at least 5 % of the projects should be checked) with respect to the audit plan for the projects. The Internal Audit Section of the JMA shall monitor the implementation of annual audit plan for the projects.

In accordance with Article 37 (2) of the Implementing Rules the controls referred to in paragraph above shall be conducted by examining the documents and conducting on-the-spot checks of a sample of projects selected by the JMA based on a random statistical sampling method taking account of internationally recognized audit standards, in particular having regard to risk factors related to the projects' value, type of projects, type of beneficiary or other relevant risks. The sample shall be sufficiently representative to ensure a satisfactory level of confidence in relation to the direct controls carried out by the JMA on the existence, accuracy and eligibility of expenditure claimed by the projects.

In accordance with Article 30 (1) of the Implementing Rules annually the Audit Section of the JMA shall draw up a report on the previous year's implementation of the audit plan for the projects and submit it to the head of JMA, JMC and EC as an annex to the Annual Report. The report shall describe in detail the methodology used for selecting a representative sample of projects, as well as controls carried out, recommendations made and conclusions drawn in relation to the financial management of the projects concerned.

9.2.3. Internal audit of the JMA

The internal audit of the JMA checks the internal circuits and proper application of procedures within JMA.

9.2.4. External audit of the JMA's accounts

Independently of the internal audits undertaken by the Internal Audit Service in the Ministry of Interior, an external approved auditor, contracted by the JMA, will carry out each year an ex-post verification of the expenditure and revenue presented by the JMA in its annual financial report. The scope of the external audit covers the JMA's direct expenditure incurred in the framework of the technical assistance and of its project management (payments to projects). The external auditor certifies the statements of expenditure and revenue presented by the JMA in its annual financial report, and in particular that the claimed expenditures have occurred and are accurate and eligible.

9.3. Evaluation and monitoring

In accordance with Article 6 of Implementing Rules, the Commission shall carry out a mid-term evaluation of the Joint Operational Programme and its results shall be communicated to the JMC and to the Joint Managing Authority of the Programme.

In accordance with Article 6 of the CBC Implementing Rules a mid-term evaluation of the joint operational programme shall be carried out as part of the programme review in accordance with the strategy paper. This evaluation shall be carried out by the European Commission and its results, which shall be communicated to the JMC and JMA may lead to adjustments in the programme.

In addition to the mid-term evaluation, an evaluation of the joint operational programme or a part thereof may be carried out at any moment by the European Commission.

In the year following the end of the implementation phase of the projects financed by the joint operational programme and ex post evaluation of the programme shall be carried out by the European Commission.

JMC may decide to carry out further evaluations of the programme at any of its stages.

The aim of monitoring and evaluation shall be to improve the quality, effectiveness and consistency of implementation. The recommendations of evaluations shall be taken into account in future programming or programme adjustment exercises.

The Joint Managing Authority and the Monitoring Committee shall ensure the overall quality of the implementation of this Programme. They shall carry out monitoring and evaluation by reference to financial indicators and the indicators for outputs and results specified in this Programme, chapter 6.

Monitoring carried out by the JMA and JMC shall make use of the grant contracts with Beneficiaries (setting up quantifiable outputs and results as well as indicators for their achievement for each project), regular reports from the Beneficiaries and the finding of the on-the-spot checks to assess the progress of projects against the Programme objectives.

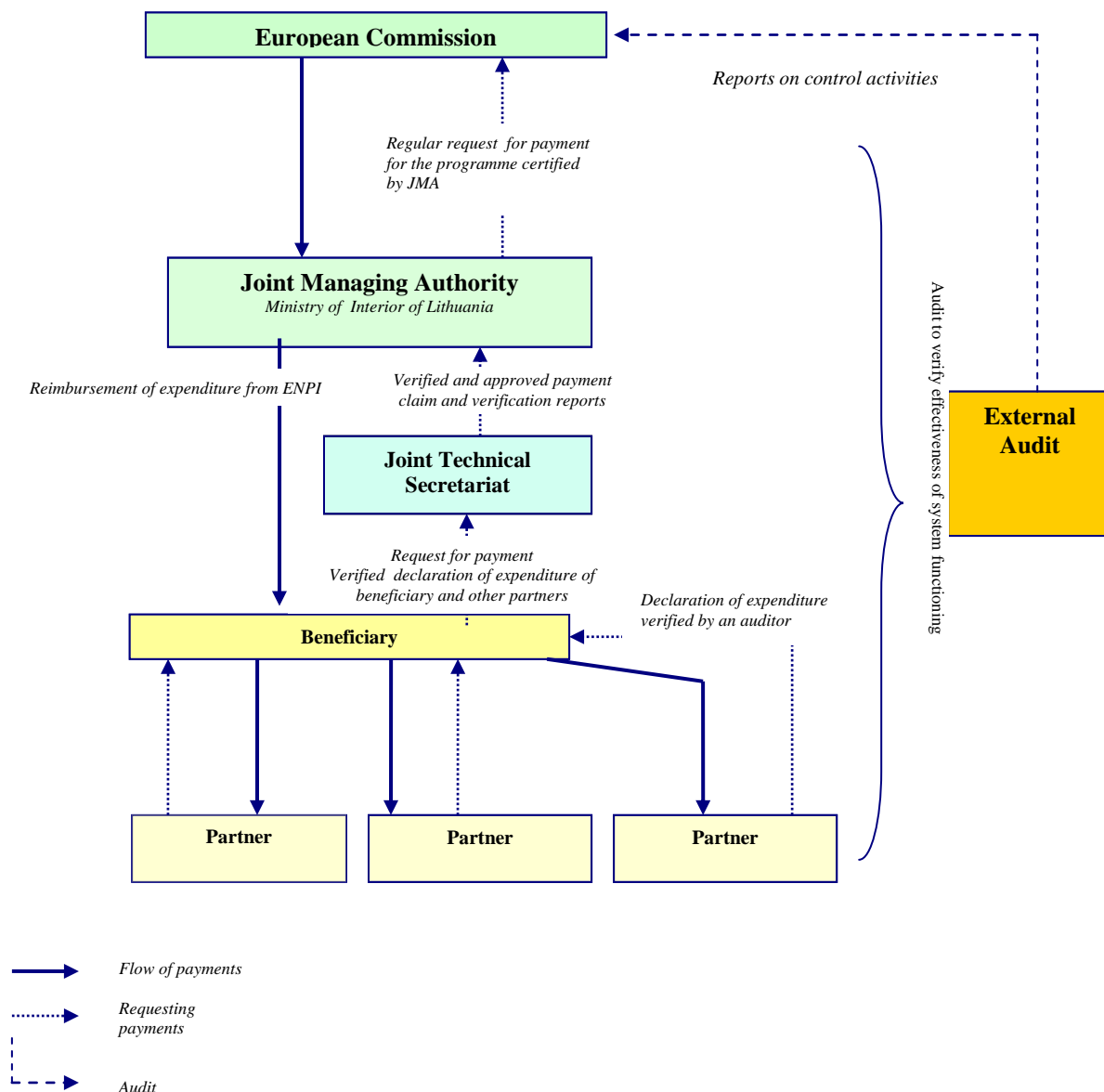
Project progress reports (technical and financial) by the Beneficiaries shall be submitted to the JTS on a regular basis as requested in the grant contract. The JTS shall collect and compile the data coming from these reports as well as data available on commitments and disbursements of Programme funds in order to allow for conclusions at the Programme level. This information shall be used to draft the annual and final implementation reports by the Joint Managing Authority following Article 28 of the Implementing Rules.

9.4. Financial procedures

A separate State Treasury bank account specifically dedicated to the Programme shall be opened in Euro in the Bank of Lithuania. Any interest generated by the pre-financing payments shall be assigned to the Programme and shall be declared to the Commission in the final report on the implementation of the Programme. All the bank transactions require signatures of both the

Authorising Officer and the Accounting Officer. Four-eye principle for signature of contract and payment will be followed.

Figure 3. Financial flows



The Financial Management Section of the JMA is responsible for receiving payments from the EC and for making payments to the beneficiaries.. Each beneficiary of a project is responsible for allocating the funding received from the JMA to the project partners of its project.

9.4.1. Contracting procedures within JMA

Contracting procedures within JMA will be organized as follows:

1. The JMA (operational unit with financial unit) prepares the draft of the contract, together with all the necessary supporting documents and submits them to the Law Department and other relevant departments of the Ministry of Interior.

2. The Law Department and other relevant departments verify if the draft contract fulfils the national and Community legislation and approves the contract from the legal point of view.
3. The head of JMA signs the contract with the Beneficiary (Lead Partner).

9.4.2. Payments flow

Payments flow within programme will be organized as follows:

1. Payment request provided by the beneficiary will be checked by the Operational Unit of the JMA. If it would be necessary, it could be also requested the projects to submit all or part of the supporting documents (copies or original) in order to verify the information included in the reports.
2. After this check Operational Unit it will send to Financial Unit after which check Authorizing Officer approves payment request.
3. Payment to beneficiary according to approved payment request from the programme will be proceed thru the accounting and payment system “VBAMS” managed by the Ministry of Finance of the Republic of Lithuania.

9.5. Recoveries

In accordance with Article 27 (1) of the Implementing Rules the JMA shall be responsible for the recovery of any unjustified or ineligible expenditure and for the reimbursement to the EC of its share or amounts recovered, in proportion to its contribution to the Programme.

Where ineligible expenditure is identified on receipt of the report for a contract or following a control or an audit, the JMA shall make recovery orders to the beneficiaries concerned.

In accordance with Article 27 (2) of Implementing Rules where the recovery relates to a claim against a beneficiary, contractor or a project partner established in a Member State, if the JMA is unable to recover the debt within one year of issuing the recovery order, the Member State in which the beneficiary or a partner is established shall pay the amount owing to the JMA and claim it back from the beneficiary or a project partner.

In accordance with Article 27 (3) of Implementing Rules where the recovery relates to a claim against a beneficiary, contractor or a project partner established in Belarus, if the JMA is unable to recover the debt within one year of the issuing of the recovery order, the JMA shall refer the case to the EC, which, on the basis of a complete file, shall take over the task of recovering the amounts owing from the beneficiary or a project partner established in the partner country or directly from the national authorities of that country.

In accordance with Article 27 (6) when the debt has not been recovered or a complete file, as referred above, has not been transferred to the Member State or the Commission, due to the negligence of the JMA, the JMA shall remain responsible for the recovery after the one year period has elapsed and the amounts due shall be declared ineligible for Community financing.

9.6. Reporting

In accordance with Article 28 (1) of the Implementing Rules each year, by 30 June at the latest, the JMA shall submit to the EC an Annual Report, approved by the JMC on implementation of the Programme from 1 January to 31 December of the previous year. The first Annual Report shall be submitted by 30 June of the second year of the Programme.

In accordance with Article 28 (2) of the Implementing Rules the Annual Report shall contain:

- the technical part describing the progress achieved in implementing the programme and its priorities, the detailed list of the signed contracts as well as possible difficulties encountered, the technical assistance activities carried out during the previous year, the measures undertaken to monitor, evaluate and audit projects, their results and actions undertaken to remedy to the problems identified, the information and communication activities, the programme of activities to be implemented the following year.
- the financial part, in euro, for each priority containing the information about the amounts allocated to the Joint Managing Authority by the Commission as the Community contribution and by the participating countries as co-financing, as well as any other possible revenue for the programme, the payments made and amounts recovered by the Joint Managing Authority for technical assistance and for the projects, as well as the report reconciling these with the bank account for the programme, the amount of eligible expenditure incurred by the projects as presented by the beneficiaries in their reports and payment requests, the provisional budget (commitments and expenditure) of the Joint Managing Authority for the following year.
- a declaration signed by the head of JMA assuring that the management and control systems set up by the Programme in the course of the previous year continue to comply with the model approved by the EC and that they have operated in such a way as to warrant a reasonable degree of confidence in the correctness of the financial report and in the legality and regularity of the transactions to which it relates.

In accordance to the Article 32 the Final Report on implementation of the Programme shall contain *mutatis mutandis* the same elements as Annual Reports, including their Annexes, for the entire duration of the Programme. It shall be submitted by 30 June 2016 at the latest.

9.7. Use of languages

Taking into account the fact that the Programme is by definition multinational, and in order to facilitate management and to shorten the completion periods, according to Article 8 of the *Implementing rules*, the official language used in the Programme is English.

The Programme and application packages will be translated into the national languages of the participating countries and will be available for download at the Programme website. Translation of the Programme and application packages will be financed from the TA budget.

9.8. Information, publicity and consulting

The main aim of the Programme information and communication measures are to ensure the widest possible participation of potential applicants, highlight the role of the European Community and to ensure that assistance from EC and national funds is transparent.

Pursuant to Article 41 of Implementing Rules, the Joint Managing Authority shall be responsible for the implementation of the information and visibility actions of the Joint Operational Programme. In particular, the Joint Managing Authority shall take all necessary steps to ensure the visibility of the Community financing or co-financing in relation to its own activities and to the activities of the projects financed under the Programme. It is planned that routine tasks in ensuring timely and efficient implementation of information, publicity and consultancy measures shall be delegated to the Joint Technical Secretariat. For this purpose, an Information and Communications Manager shall be appointed at the JTS. The Regional Points in Daugavpils (Latvia) and Vitebsk (Belarus) shall assist the JTS in publicising activities of the Programme and for providing information to the potentially interested bodies.

The national bodies responsible for Programme in Lithuania, Latvia and Belarus, regional and local authorities and development agencies of the border regions, Euroregions, economic and social partners and non-governmental organisations shall also be actively involved in disseminating information on the opportunities opened by the Programme as widely as possible.

A large range of publicity and information measures shall be targeted at the potential beneficiaries of the Programme. They shall be informed/consulted on the following main issues:

- the financial allocations for the CBC Programme;
- the conditions of eligibility to be met in order to qualify for financing;
- a description of the procedures for examining applications for funding and of the time periods involved;
- the criteria for selecting the projects to be financed;
- the contacts at national, regional or local level who can provide information on the Programme;
- the main rules governing project implementation.

Information and consultancy measures shall be conducted at each stage of the Programme: preparation, implementation and monitoring, and the share of experiences and best practices gained.

Information and publicity measures shall also aim at ensuring an adequate spread of information to the following target groups:

- EU authorities and citizens;
- Economic and social partners;
- Public authorities and non-governmental organisations;
- Euroregions operating in the CBC region;
- Media;
- General public.

In this regard, it is planned to use a wide range of information and publicity measures through the widest possible media coverage using suitable forms and methods of communication at the appropriate territorial level. Active public relations should also be pursued in collaboration with any existing regional and project management bodies and with any co-financing national authorities. The main foreseen activities in the field are listed in the table below.

Table 7. Measures of information and publicity

MEASURE	MAIN TARGET GROUP	FREQUENCY OF EVENTS
Information campaign publicising the launch of call for proposals	Potential applicants, general	After launching every call for proposals

	public	
Publishing the list of beneficiaries& projects and amount of public funding	General public	After signing contract agreements following calls for proposals
Partner search events	Potential applicants	For each call for proposals
Information and training events on preparation of applications	Potential applicants	For each call for proposals
Training on project management and reporting	Beneficiaries	For each call for proposals (after signature of contract agreements)
Consulting of applicants and beneficiaries	Applicants and beneficiaries	On daily basis
Written material and publications	All	Regular
Articles and press releases	All	For each call of proposals
Programme internet page	All	Permanent (www.enpi-cbc.eu)
Visual identity signs	All	As required by visibility rules

The Programme shall follow the visibility guidelines applicable to EC external actions as published on the EuropeAid Internet site
http://europa.eu.int/comm/europeaid/visibility/index_en.htm .

An appropriate chapter on information/publicity shall be included in the annual reports.

ANNEX 1. PROGRAMME'S FINANCIAL TABLE

	A	B	C	D
	INDICATIVE PROVISIONAL COMMITMENTS BY THE EC	CO- FINANCING	PROGRAMME'S INDICATIVE PROVISIONAL COMMITMENTS - EC funding -	PROGRAMME'S INDICATIVE PROVISIONAL PAYMENTS - EC funding -
2008				
Projects		516,362	0	0
TA	5,737,360	48,080	170,466	170,466
TOTAL 2008	5,737,360	564,442	170,466	170,466
2009				
Projects		564,479	3,155,548	1,262,219
TA	6,271,987	137,747	488,377	488,377
TOTAL 2009	6,271,987	702,226	3,643,925	1,750,596
2010				
Projects		575,768	8,853,799	4,488,184
TA	6,397,427	144,248	511,426	511,426
TOTAL 2010	6,397,427	720,016	9,365,225	4,999,610
2011				
Projects		738,467	8,448,725	10,483,306
TA	8,205,192	148,004	524,741	524,741
TOTAL 2011	8,205,192	886,471	8,973,466	11,008,047
2012				
Projects		750,214	9,937,585	8,199,397
TA	8,335,699	158,479	561,880	561,880
TOTAL 2012	8,335,699	908,693	10,499,465	8,761,277
2013				
Projects		611,010	7,167,215	8,829,437
TA	6,789,001	157,636	558,890	558,890
TOTAL 2013	6,789,001	768,646	7,726,105	9,388,327
2014				
Projects		0	N.A.	3,583,607
TA	-	157,370	557,945	557,945
TOTAL 2014	N.A.	157,370	557,945	4,141,552
2015				
Projects		0	N.A.	716,721
TA	-	149,540	530,318	530,319
TOTAL 2015	N.A.	149,540	530,318	1,247,040
2016				
Projects		N.A.	N.A.	0
TA	-	76,085	269,751	269,751
TOTAL 2016	N.A.	76,085	269,751	269,751
		X	X	
TOTAL 2007-2016	41,736,666	4,933,489	41,736,666	41,736,666
TOTAL CO FINANCING RATE			11.82%	11.82%

ANNEX 2. GLOSSARY OF TERMS

For the purposes of the Cross Border Cooperation Programme Latvia-Lithuania-Belarus and its related documents, the following definitions shall apply:

TERM	DEFINITION
Beneficiary (Lead Partner)	A body which signs a grant contract with the Joint Managing Authority and which assumes full legal and financial responsibility for project implementation vis-à-vis that authority; it receives the financial contribution from the Joint Managing Authority and ensures it is managed and, where appropriate, distributed in accordance with the agreements drawn up with its partners; it alone is responsible to the Joint Managing Authority and it is directly accountable to the authority for the operational and financial progress of activities. It is appointed by all project partners.
Budget of project	A presentation of the total costs of a project. Notes should be used to explain any assumptions made.
Call for proposals	A public invitation by the Joint Managing Authority, addressed to clearly identified categories of applicant, to propose operations within the framework of a specific EU programme.
Co-financing	Where two or more parties are involved in funding a project.
Consultants	People providing professional advice for a fee
Contract	An agreement, between two or more persons or entities, with specific terms and an undertaking to provide services and/or supplies in return for a financial consideration.
Contract budget	A summary of the costs of performing the contract. The total of these costs is the contract value. Where grants are concerned: the budget shows costs for funding requested from the Contracting Authority and the total costs. The income must also be detailed.
Contract value	The total budget of a contract.
Contractor	A body which signs a service, works or supply contract with the Joint Managing Authority or with the beneficiary of a grant and which assumes full legal and financial responsibility for implementation of that contract vis-à-vis the Joint Managing Authority/beneficiary of the grant.

Dissemination	distribution. Dissemination of project information might mean telling a wider audience about a project and its results. This may be by means of seminars, newsletters, press releases and similar methods. This can enable organizations to learn from others' experience.
Efficiency	Carrying out a task with the minimum necessary resources.
European Commission	The Commission of the European Communities.
Evaluation committee	A committee made up of an odd number of members (at least three) with the necessary technical and administrative expertise to give an informed opinion on tenders or grant applications.
Expert	A person engaged by a contractor to provide the expertise required for the proper performance of a contract.
Feasibility Study	An investigation which tries to clearly establish whether a project will work and achieve its expected results. Such a study usually evaluates in detail a project's technical design, its costs and benefits, social and environmental aspects, institutional issues, financial aspects, etc. Feasibility studies are usually carried-out in the preparation stage of the project cycle.
Final beneficiaries of a grant	Those who will benefit from the project in the long term at the level of the society or sector at large.
Financial Agreement	An agreement between the EC and the partner countries, co-signed by the Joint Managing Authority, which determines the objectives and rules applicable to the implementation of the programme.
Grant	A direct payment of a non-commercial nature by the Joint Managing Authority to a specific recipient to implement an operation (or in some cases to finance part of its budget) in order to promote an EC policy aim.
Guidelines for applicants	Document explaining the purpose of a Call for Proposals for grants. It sets out the rules regarding who may apply, the types of operations and costs which may be financed, and the evaluation (selection and award) criteria. It also provides practical information on how to complete the application form, what documents must be annexed, and rules and procedures for applying.
Large-scale projects	Projects comprising a set of works, activities or services intended to fulfill an indivisible function of a precise nature pursuing clearly identified objectives of common interest for the purposes of implementing cross-border investments.

Monitoring	The regular collection and analysis of information about a project (usually at least financial, technical and institutional) in order to check performance compared with its stated objectives, outputs, budget and work plan
Non Governmental Organization (NGO)	Independent, non-profit organizations pursuing a particular agenda or objective, e.g. environmental conservation, industry associations.
Own resources of the countries participating in the joint operational programme	Financial resources from the central, regional or local budget of the participating countries.
Participating countries	The Member States (Latvia and Lithuania) and partner country (Belarus) taking part in the joint operational programme
Partner country	Belarus, as listed in the Annex to Regulation (EC) No 1638/2006
Pre-Feasibility Study	Preliminary assessment of project viability that usually takes place in the Identification stage of the project cycle. Pre-feasibility studies generally cover the same subjects as feasibility studies, but do so in much less detail
Procurement	The purchase of goods, equipment, services, etc
Project Partner	Participant in a project, responsible for implementation of part of the project's activities, in accordance to the project plan and to the partnership agreement signed with the beneficiary (lead partner) of the grant.
Project Cycle	<p>A useful tool for understanding the various stages that any project will probably go through.</p> <p>The basic model includes the following stages:</p> <ul style="list-style-type: none"> Identification – ideas for potential projects are identified and explored Preparation – the project idea is carefully developed Appraisal – the proposed project is rigorously assessed and adjusted if necessary Funding – decision are taken about funding for the project and how it will be implemented Implementation and Monitoring – the project is carried-out and periodic checks made to ensure it is running according to plan Evaluation – the results of the project are assessed and new projects ideas may be generated
Soft Project	A project that is intended to bring about change and does not have a physical end product; a project which is not principally concerned with construction or equipment provision. 'Soft' projects include activities such as institutional strengthening, training, policy reform, exchange of experience.

Stakeholders	People with an interest, or involvement in a project, and/or who are directly or indirectly affected by its results. It should be noted that not all stakeholders are necessarily in favour of a proposed project.
Strategy	A comprehensive set of objectives, and plans for their achievement.
ENPI CBC Strategy Paper	The document which is referred to in Article 7(3) of Regulation (EC) No 1638/2006 and which establishes the list of the joint operational programmes, their multiannual indicative envelope and territorial units eligible within each programme.
Sustainable	A project is sustainable when it can provide an acceptable amount of benefits to the target group during a sufficiently long period after the funder's assistance ceases.
SWOT Analysis	A technique for identifying the Strengths, Weaknesses, Opportunities and Threats of the programme area as a basis for discussing programme objectives.
Target groups	The groups/entities that will be directly positively influenced by the project at the Project Purpose level.
Technical assistance	Preparatory work, management, monitoring, evaluation, information, audit and control, and any administrative capacity-building activities necessary for implementation of the joint operational programmes.
Technical assistance contract	A contract between a service provider and the Joint Managing Authority, under which the service provider exercises an advisory role, directs or supervises a project, provides the experts stipulated in the contract or acts as a procurement agent.
Tender	A written or formal offer to supply goods, perform services or execute works for an agreed price.
Tender procedure	The overall process of putting a contract out for tender, starting with the publication of a procurement notice and ending with the award of the tendered contract.