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LITHUANIA – RUSSIA CROSS-BORDER COOPERATION PROGRAMME 2014-2020

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1. INTRODUCTION

The Lithuania–Russia Cross-border Cooperation Programme 2014–2020 (hereinafter – the Programme) is being co-financed by the European Union (hereinafter – EU) and the Russian Federation and has been developed within the framework of the *European Neighbourhood Instrument* and the national legislation of Lithuania and Russia. The Programme will promote and broaden the cross-border cooperation (hereinafter – CBC) between the border regions of Lithuania and Russia, which so far has been pursued under the *2004–2006 TACIS Neighbourhood Programme Lithuania–Poland–Russia* and *2007–2013 European Neighbourhood and Partnership Instrument CBC Programme Lithuania–Poland–Russia*.

The Programme document was developed jointly by the participating countries. The Joint Programming Committee was set-up for the drafting of the Programme document. The Joint Programming Committee was co-chaired by the representatives of the Ministry of Interior of the Republic of Lithuania and the Ministry of Economic Development of the Russian Federation (at the initial programming stages – by the Ministry of Regional Development of the Russian Federation) and involved representatives of national and regional authorities of both countries. A representative of the European Commission participated in the works of the Joint Programming Committee as an observer. Public consultations on the draft Programme document were organised in both countries – the draft Programme document was published on the websites of the Ministry of Interior of the Republic of Lithuania, Ministry of Economic Development of the Russian Federation, Kaliningrad Region Agency for International and Interregional Relations and public entity Joint Technical Secretariat (*Viešoji įstaiga Jungtinių techninių sekretoriatas*). The recommendations from public consultations have been taken into account in the final draft of the Programme.

With regards to Lithuania, following the requirements of the Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment, initial procedures of scoping and screening of the strategic environmental assessment (hereinafter - SEA) were carried out as a part of the programming process. The SEA found that the Programme is unlikely to have a significant negative impact on the environment. Recommendations made during the SEA and subsequent consultations have been considered and taken into account in the final draft of the Programme.

The Programme will address four priorities within the selected thematic objectives (hereinafter – TO):

- TO3: Promotion of local culture and preservation of historical heritage. Priority: Restoration and adaptation of historical and natural heritage, promotion of culture, cultural networking and tourism development;
- TO4: Promotion of social inclusion and fight against poverty. Priority: Promotion of social inclusion and cooperation in CBC region through improved health, social and

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education services and community led initiatives;

- TO5: Support to local and regional good governance. Priority: Promotion of cooperation between public authority institutions and strengthening local communities;
- TO10: Promotion of border management and border security, mobility and migration management. Priority: Ensuring efficient functioning of border crossing.

The selected thematic objectives and priorities of the Programme will directly contribute to the overall objective of progress towards an area of shared prosperity and good neighbourliness between Lithuania and Russia.

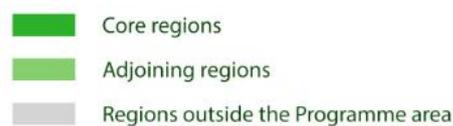
An important element in addressing the objectives of the Programme will be promotion of local cross-border people-to-people cooperation actions. These actions will include support for enhanced cooperation among local communities, non-governmental organisations (hereinafter – NGO), education institutions, etc. The people-to-people actions will be cross-cutting element of the Programme and will be supported under 3 thematic objectives of the Programme – Promotion of local culture and preservation of historical heritage, Promotion of social inclusion and fight against poverty and Support to local and regional good governance.

2. DESCRIPTION OF THE PROGRAMME AREA AND SOCIO-ECONOMIC ANALYSIS

Area and population

The Programme area lies in the east of the Baltic Sea and covers the whole Kaliningrad region of the Russian Federation as well as the western and southern parts of Lithuania. The cross border region includes the following areas:

- Lithuania (core regions): Klaipėda, Marijampole, Taurage counties;
- Lithuania (adjoining regions): Alytus, Kaunas, Telsiai and Siauliai counties;
- Russia (core region): Kaliningrad Oblast.



The decision to include the adjoining regions into the Programme is based on the experience from the predecessor programme (Alytus, Kaunas, Telsiai and Siauliai counties were included as adjacent regions in the 2007-2013 *Lithuania–Poland–Russia CBC programme*) and will

allow ensuring continuity and sustainability of the already developed and new cooperation links.

Projects financed by the Programme may be partially implemented outside the Programme area provided that they are necessary for achieving the Programme's objectives and they benefit the Programme area. Total allocations under the Programme to the activities outside the Programme area shall not exceed 10 % of the EU contribution at the Programme level¹. The conditions for activities implemented outside the Programme area will be determined by the Joint Monitoring Committee (hereinafter – JMC) in the relevant calls for proposals.

According to the applicable legal framework in duly justified cases, major social, economic or cultural centres in the Member States or in other cross-border cooperation participating countries that do not adjoin eligible territorial units may be included on condition that such participation contributes to the objectives laid down in the programming document. The conditions under which such centres may participate in cooperation shall be laid down in the joint operational programmes.

Participation of Vilnius is limited to the participation of the State Border Guard Service of the Ministry of the Interior of the Republic of Lithuania and the Directorate of Border Crossing Infrastructure of the Ministry of Transport and Communications of the Republic of Lithuania that shall implement the large infrastructure project (hereinafter - LIP) 'Construction of border-crossing point "Rambynas" and second stage of reconstruction of inspection quay of incoming and outgoing small vessels in Klaipeda (Kopgalis Cordon)' under the thematic objective 'Promotion of border management and border security, mobility and migration management', priority 'Ensuring efficient functioning of border crossing'. The main activities of the LIP will be implemented in the core regions of the Programme, the Klaipėda county (inspection quay of incoming and outgoing small vessels in Klaipeda (Kopgalis Cordon)) and the Tauragė county (the border-crossing point "Rambynas"). The abovementioned entities are national bodies, covering whole territory of the Republic of Lithuania, including the Programme territory. Their participation will bring substantial added value for the core eligible border area, and will strongly contribute to the achievement of the cross-border cooperation impact in the core eligible border area, and is essential to achieving the Programme's objectives in a sustainable way.

The population of this centre (the capital Vilnius and territory of the municipality of Vilnius) shall not be counted in calculating the indicative financial allocation for the Programme.

The total Programme area covers 55 587 km², out of which 26 404 km² constitute the adjoining regions. 15 100 km² belong to the Russian Federation (Kaliningrad region) and 40 487 km² to Lithuania (including the adjoining regions). 72.8 % of the area (including the adjoining regions) belongs to the EU, and 27.2 % to the Russian Federation.

¹ Technical assistance budget is not included within this limitation. Technical assistance can be used outside the Programme area beyond the 10% limit of the EU contribution to the Programme.

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The Programme area is divided by Lithuanian-Russian border (which also constitutes the border between the EU and Russia) – 255 km of land border, 18 km of water border on the Curonian Lagoon and 22 km water border on the Baltic sea.

The population data² of the Programme area is presented in the table below (thousands, 2014):

	Lithuania	Russia	Total
Core regions	585.0	963.1	1 548.1
Adjoining regions	1 162.3		1 162.3
Total	1 747.3 (64.5%)	963.1 (35.5%)	2 710.4

The general population density in the Programme area varies from 24.9 in Taurage county to 75.7 in Kaunas county constituting an average population density of 45.4 inhabitants per km². In Lithuanian Programme regions, the average population density is 44 inhabitants per km² while in the Kaliningrad region of the Russian Federation it is 63 inhabitants per km².

The demographic situation in the most parts of the Programme area is characterized by low birth rates and aging population. Over the last decade the natural increase of the population has been negative and even though the mortality rate is not growing a lot, the population follows a declining trend, given the falls in birth-rate and minor increase in the life expectancy. The recorded life expectancy in Lithuania is 74 years, with no major differences in different Programme areas – 68 years for men and 79 years for women. The life expectancy in Russia (Kaliningrad region) is 71 years.

History of cross-border cooperation in the eligible area

Since 1946 until the beginning of the 1990s, the actual Kaliningrad region of the Russian Federation and the actual Programme regions of the Republic of Lithuania were not separated by state borders. Close interrelations and institutional ties, numerous contacts between organisations and private persons characterise that period and explain nowadays' mutual understanding of each other. There are some active Lithuanian communities in Kaliningrad region and active Russian communities in the Programme regions of Lithuania.

In 1990 Lithuania declared independence and the Russian–Lithuanian border was drawn. This resulted in an enclave character of Kaliningrad region of the Russian Federation, now surrounded by the EU territory and the Baltic Sea.

Relationship between Lithuanian regions and Kaliningrad region of the Russian Federation is regulated by the *Agreement on cooperation on economic and social-cultural development of*

² Source of data provided in the Programme document – Statistics Lithuania (www.stat.gov.lt) and Federal State Statistics Service (www.gks.ru), unless specified otherwise.

the Kaliningrad region. In 1998 Lithuanian–Russian intergovernmental commission established a working group for the development of cooperation between Lithuanian regions and the Kaliningrad region of the Russian Federation. Another important document legally defining the relationship between Lithuanian regions and the Kaliningrad region of the Russian Federation is *Russian-Lithuanian inter-governmental agreement on long-term cooperation between Kaliningrad region of the Russian Federation and Lithuanian regions* signed in 1999. Based on this agreement *Lithuanian-Russian Council for Long-term Cooperation Between Regional and Local Authorities* was established in 2000. The Council is chaired by the Governor of the Kaliningrad region of the Russian Federation and the vice-minister of the Ministry of Foreign Affairs of the Republic of Lithuania. Nine different commissions work within the framework of the Council dealing with the following thematic issues: agriculture; culture, education, sport and healthcare; economic cooperation, trade and energy; cross border cooperation and euroregions; environmental protection; transport: work of frontiers; prevention and liquidation of effects of extreme situations; legislation: law enforcement authorities.

After the EU enlargement in 2004, a new EU financial support programme for the EU neighbouring regions, in this case the Kaliningrad region of the Russian Federation and its regional neighbours from Lithuania and Poland was launched: the *Neighbourhood Programme Lithuania, Poland and the Russian Federation*. More than EUR 44,5 million were allocated to the Programme for the period of 2004-2006, which resulted in 53 cross-border projects granted along two priorities: competitiveness and productivity growth of the cooperation area through development of cross-border infrastructure and border security, economic and scientific/technological cooperation (priority 1); and people to people cooperation, socio-cultural integration and the labour market (priority 2).

The European Neighbourhood and Partnership Instrument (hereinafter – ENPI) was introduced in 2007 and supported various national, regional and CBC programmes. The agreement between the European Commission and the Russian Federation on financing and implementing of the *Lithuania – Poland – Russia Cross-border Cooperation Programme 2007-2013* was signed in November 2009 in Stockholm. As of March 2015, there were 60 projects financed by this programme. Total programme contribution was EUR 124.2 million of EU funding and EUR 21.6 million of the Russian Federation funding divided among projects from 6 measures of 2 priorities.

Transport and infrastructure

The Kaliningrad region is located on the south-eastern coast of the Baltic Sea. This is the westernmost territory of the Russian Federation which is enclave and is not joined with the rest of the Russian territory by land. Geographically the Kaliningrad region is one of the most advantageous regions in Russia for cooperation with the EU and the Baltic countries in particular. As the Programme area is set at an intersection of sea, river and air corridors, both motorways and railways, there is much potential for development of cargo flows and

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passenger traffic between the EU and Russia. Therefore transport has traditionally been a mainstay of the economy of the Kaliningrad region, generating 7.6 % of the regional GDP. Regional transport infrastructure is based on three major components - trains, ports and road transport, while the importance of air transport increases as well. Klaipeda, on the other hand, is also an important multimodal junction of a transport corridor connecting Scandinavia and the Black Sea region.

In 2014, the total freight processed in Klaipeda sea port and Butinge terminal amounted to 43.7 million t. This constitutes an average annual growth of 4% during the last 5 years. The number of passengers in 2013 amounted to 280.5 thousands and constituted an approximate annual growth of 7% during the last 5 years.

The commercial Sea Port of Kaliningrad is the only ice-free Russian port on the Baltic Sea and one of the largest regional port complexes both in terms of volumes of processed goods, and in terms of technical support and services provided to cargo owners. Ferry service is rapidly expanding in the Kaliningrad region through construction and development of railway-ferry terminal in Baltiysk.

In the port of Kaliningrad, the total freight processed in 2014 amounted to 13.9 million tonnes (1.4% growth to compare with previous year). The main types of freight include oil products, coal, cox, wood products, metals, ferrous materials, mineral materials, food products and wheeled transport.

The Programme area is crossed by two EU railway transport corridors: North-South direction Corridor I Tallinn-Riga-Kaunas-Warsaw with its branch IA Siauliai-Kaliningrad-Gdansk, and the branches IXB Kiev-Minsk-Vilnius-Kaunas-Klaipeda and IXD Kaunas-Kaliningrad of the East-West direction Corridor IX.

Proximity to the EU countries and the availability of ice-free port increases the value of the Kaliningrad railway for all economic activities in the region. Approximately 70% of all railway freight goes to the seaport of Kaliningrad.

The region has a dense network of railways and, hence, significant opportunities for processing of goods along the east-west branch (from the Lithuanian border to the coast and ports). The narrow gauge railway section from Kaliningrad to Poland makes the area unique in Russia (were railways have broad gauge tracks) and provides additional opportunities for cargo handling. The estimated freight capacity of the railways of Kaliningrad is more than 25 million tonnes per year, therefore there is high potential and capacity to increase the actual freight amount in the region and it is one of the main priorities in the development of railway freight transport in the region.

The current directions for passenger railway traffic in the Kaliningrad region are Belarus and major cities of Russia (Moscow, Sankt Petersburg and others). The number of passengers that

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used railway transport in 2014 was 0.45 million and has decreased by 39.2 % since 2007 (0.74 million passengers). With the view to increasing the accessibility of the region and promoting tourism the future development of passenger train traffic should focus on fast passenger train passages from and into the region.

The technical level of the Lithuanian railway infrastructure in the Programme area as well as in the whole country is still below the European level. The priority in the Lithuanian railway sector is given to the renovation and modernization of the infrastructure on the international transport corridors. The attention is concentrated on ensuring technical interoperability with the European railways.

In Kaliningrad, road transport remains one of the main means of passenger traffic. Internal regional bus transport serves 40 million passengers per year. The recent years have seen further development of road transport in the region – a number of roundabouts have been developed or are in the process of development. In terms of cross border development, under the agreement with Lithuania, a new bridge over the river Nemunas/Neman is being built between cities Sovetsk and Panemune. Around 1400 Kaliningrad enterprises with total fleet of approximately 8 200 trucks are involved in trade relations between Russia and the EU.

There are 4 road and 2 railway border crossing points between Lithuanian and Russian parts of the Programme area. Despite attention towards and funding for the development of the border crossing infrastructure during the previous programming period of 2007–2013, these are still often blocked by long queues. On the other hand, due to different taxation policies in different Programme regions, smuggling (cigarettes, alcohol, fuel) is another important issue where mutual cooperation in the area of border crossings and border security is of vital importance. Therefore this was and still remains one of the main obstacles for a better integration of the cross-border regions – efficient border management and border security remains an important issue in border crossing, which is important both for regional economic development and for cooperation between respective communities of the border regions.

Regional economy

In 2011–2014 the average annual growth of the Lithuanian economy amounted to 4 % (6.1% in 2011, 3.8% in 2012, 3.3% in 2013 and 3.0% in 2014). The major growth was recorded in construction, real estate, rent, wholesale, retail, transport, warehousing and communication sectors. The respective economic growth in Russia in 2011 was 4.3%, in 2012 – 3.4%, in 2013 – 1.3% and in 2014 – 0.6%. The economic growth in both countries was slowed down by the global financial and economic crisis – in 2009 the real GDP in Lithuania decreased by 14.8 % (7.8 % in Russia). As a result, the level of unemployment increased, while the level of average household income fell. The positive turnaround point for Lithuania was observed from 2011, economy has been growing since then. In Russia, the economy has been growing at a 3 % average rate since 2010.

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The main economic indicators of the Programme area are presented in the table below (2014 data).

Region	Indicator	
	GDP per capita (thousand EUR)	Inflation rate (%)
Core regions		
Kaliningrad	6.95	5.6
Klaipėda	12.7	0.1
Marijampolė	7.6	
Tauragė	6.7	
Adjoining regions		
Alytus	7.7	0.1
Kaunas	11.7	
Telšiai	9.3	
Šiauliai	8.9	

As table above shows, the level of economic development in the Programme area is relatively different – GDP per capita in Klaipėda county (12 700 EUR) boosted by Klaipėda port is nearly two times higher than in Tauragė county (6 700 EUR) and is the second largest in Lithuania. In Kaliningrad region, the GDP per capita in 2014 was 6 950 EUR and was lower than average of the Russian Federation (8 710 EUR) constituting the second lowest GDP per capita in the Programme area.

The different levels of GDP could be considered an opportunity for cooperation; increased intensity of economic relations could foster economic development and decrease economic disparities among regions. Another challenge is to spread the incentives for economic development from the existing growth centres into their hinterlands.

In the recent years Lithuania marked a fast development of the free economic zones. The Programme area is no exception. The Klaipėda Free Economic Zone (hereinafter – FEZ) is one of the first and the most effectively managed free economic zones in the region. Within its 412 ha area, companies are provided with specific preferential economic and legal conditions for their production and warehousing operations. An engineering infrastructure has been created and continuously developed in the area in which more than 21.5 million EUR has been invested up to date from the European Union, national and private funds. So far Klaipėda FEZ has signed agreements with 23 foreign and Lithuanian companies, and 17 of these have already commenced their activities. Since the start of their operation, these companies have invested more than 493 million EUR in this economic zone. The Klaipėda FEZ is a recognised economic project of national significance. Kaunas FEZ has an area of

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more than half thousand ha, and has already attracted investments of 0.35 billion EUR, more than 70 % of which are foreign investments. Furthermore, the Kaunas FEZ has already signed investment contracts with 18 Lithuanian and foreign capital companies. Currently there are more than 500 people employed there by 7 companies.

Special Economic Zone in the Kaliningrad region of the Russian Federation (hereinafter - SEZ) covers the entire territory of the Kaliningrad region and provides a special legal regime for economic, investments and other activities. SEZ was originally created in the Kaliningrad region in 1996. As of 1 January 2015, 99 organisations have been registered as SEZ residents. The total investment of SEZ residents at that time reached 89 billion rubles.

In 2014 to compare with 2013 the social and economic development of the Kaliningrad region was marked by a moderate increase of industrial production index (108.7%), growth of manufacturing activities, house construction (1.8 times), retail trade (102.5%). Among negative trends the one to be mentioned is the high rate of inflation in the Kaliningrad region (the index of consumer prices in December 2014 to December 2013 is 115.6%), it was mainly caused by the change of the ruble exchange rate.

According to the Federal State Statistics Service the Gross Regional Product (GRP) of the Kaliningrad region in 2012 totalled 264.6 billion rubles (approximately 5 billion EUR) and marked an average annual growth of 4% in the recent years. In the structure of Kaliningrad's GRP in 2012, the largest share was generated by manufacturing (22.3%); real estate, rent and business activities (17.2%); wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods for personal use (13.2%); public administration (8.0%); transport and communication (7.7%); construction (7.2%); mining (4.8%). The largest share in the total output of the industry in 2013 was taken by manufacturing of vehicles and equipment (57.6%), production of food products, beverages and tobacco (22.4%), production of electrical and optical equipment (8.0%).

According to the Bank of Russia's survey, in December 2014 economic situation of enterprises deteriorated a bit in the Kaliningrad region. A large portion of the enterprises surveyed (71.0 %) rated it as satisfactory. Survey participants noted improvements in the production of goods and services, positive changes in demand for shipping products.

The structure of investment of large and medium-sized enterprises in fixed assets in January-September 2014 shows that the largest share of investments (58.8 %) was made from borrowed funds. The share of enterprises own funds constituted 41.2 % of the total investment.

The largest volume of investment by large and medium-sized enterprises was aimed at transport and communications (31.9 %), production and distribution of electricity, gas and water (14.2%), mining and manufacturing (9.1%).

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In 2014 foreign capital in the economy of the Kaliningrad region totalled RUB 58 501.1 million.

As reported by the North-East Custom Department, foreign trade of the Kaliningrad region of the Russian Federation and Lithuania in January-September 2014 reached 380.3 million U.S. dollars, that is was by 16.9% higher than in the similar period of 2013, including export – 71.5 million U.S. dollars (-55.99%), and import – 308.8 million dollars (+56.4%).

The Kaliningrad region of the Russian Federation is one of the most attractive markets for investing to Lithuanian companies. The most popular fields of investment are manufacturing, real estate, rent, wholesale and retail, transport, warehousing, communications. Lithuanian companies are among the most common foreign companies in Kaliningrad. 102 Lithuanian companies were registered in Kaliningrad Region of the Russian Federation in 2014.

Tourism

The Programme area has favourable conditions for the development of practically all kinds of tourism, which is already an important segment of the Region's economy.

One of the main assets of the Programme area is its valuable and untouched natural environment, including outstanding features such as lagoons separated from the sea by picturesque narrow sandy spits. Programme territory has important biosphere reserves (Žuvintas and the mouth of the Nemunas/Neman River), nature park Vistytis, beautiful large dune formations, white sandy beaches and large unspoiled forests. The unique landscape and cultural complex of the Curonian Spit is a UNESCO World Heritage Site and is one of the major tourist attractions of the region. The area is rich in natural resources; here is the world's largest amber deposit. Most of the amber jewellery produced in the world is made from raw amber mined in the Kaliningrad Region of the Russian Federation.

The Programme area covers a section of international water route E-70, which is considered an important impetus for the development of inland water tourism. The large number of lakes in the region creates excellent conditions for the development of sailing, kayaking, wind surfing, other water sports and leisure activities.

Cultural landscape and cultural heritage closely linked together by common history is another asset of the Programme area. The Kaliningrad Region is one of the most unique regions of the Russian Federation. Before World War II, it was part of East Prussia. Due to its unique geographical position, the whole Programme area has always been at the crossroads of common history. The main attractions encompass Teutonic Order castles, churches, and fortifications. The distinguishing features of the Programme area include products associated with cultural traditions, such as handicrafts and souvenirs, as well as amber, which constitute an important interest area for the tourists. All this creates preconditions for the Programme area to be a very attractive tourism region.

In the Kaliningrad Region tourism is one of the key sectors of the regional economy and its development is emphasised by the regional authorities. The main tourist centres are the city of Kaliningrad, two seaside resorts Svetlogorsk and Zelenogradsk. The proximity of the Curonian Spit national park makes this corner of the Kaliningrad coast popular both among tourists and local residents. In addition to that, the World Ocean Museum and Amber Museum in Kaliningrad, the Curonian Spit national park and Amber factory are the most popular attractions for tourists and local residents. The inner territory of the region provides opportunities for various types of tourism, including educational and cultural tourism. Finally, the Kaliningrad region is one of the most active Russian regions in terms of business and congress tourism due to its geographical position, developed congress infrastructure and a number of modern hotels.

Currently about half a million tourists visit the Kaliningrad Region annually. Mostly they are from mainland of Russia – 86%, foreign tourists – 14%. Among the Russian tourists the majority is from Moscow, Saint-Petersburg, Smolensk and Murmansk Regions, as well as from Siberia and Urals. The majority of foreign tourists come from Germany (about 50%), Poland (18%), Baltic States (15%), Scandinavian countries (9%), Belarus (4%). Russian tourists consider the Kaliningrad Region as the region for primarily wellness tourism (48%), combined with culture and educational tourism (28%). In the structure of incoming tourism culture-educational (46%) and business tourism (35%) prevails. Domestic tourists prefer coastal tourism (34%) and primarily wellness tourism (13%) in the coastal area of the Kaliningrad Region. The share of business tourism is also growing. Ecological tourism is mainly located in the Curonian Spit and around Vistytis Lake (7%). The number of tourists arriving to the Kaliningrad Region is constantly growing (10-12% per year). There are about 300 SMEs rendering tourism related services registered in the Kaliningrad Region. The official statistics reveals that the tourism sector currently employs about 4500 persons. Different tours combining the visit to the Kaliningrad region and adjacent areas of Baltic countries are very popular among Russian tourists.

The tourist traffic has been growing rapidly in the Lithuanian regions as well. In fact, the majority of points of interest for tourists in Lithuania are located in the Programme regions. Smiltyne, Juodkrante, Pervalka, Preila and Nida – the enchanting small towns of the Curonian Spit have plenty of interesting spots, recommended to visit for each enthusiast of fishing, swimming, sightseeing and bike riding. Situated on the Curonian Spit, Lithuanian Sea Museum, Aquarium and Dolphinarium are known for their sea lions and seals shows, aquariums with marine creatures, fish and plants.

Lithuanian resorts and modern SPA centres offer a wide variety of services. Druskininkai is the oldest, most famous healthcare resort in Lithuania. The city has 7 mineral water springs, 9 sanatoriums and 1 balneological treatment facility. Another well-known healthcare resort situated in the Nemunas Loops Regional Park is Birštonas. The city is famous for its balneological treatment facilities. The SPA centres here use natural medical mud and mineral

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water from springs. The sea resort of Palanga offers a variety of entertainment and remedial procedures, there are lots of cafes, night clubs and casinos.

Statistically, in 2013, about 2 million tourists visited Lithuania. The comparison of the number of foreign tourists in Lithuania in 2013 and 2008 reveals a 25% growth. In 2013 the highest number of foreign tourists recorded in Lithuania was from Belarus (20%), Russia (18%), Latvia (10%), Poland (9%) and Germany (8%). These countries alone generated 65 percent of tourists flow to Lithuania.

Although Lithuanian regions have become quite popular destinations due to improvements in tourism infrastructure and price attractiveness there is still a lack of properly catered tourist products of transnational character.

Labour market

The rate of unemployment in Lithuania at the end of 2014 constituted 10.7 % (11.0 % in the Lithuania part of the Programme territory). The respective figure for Kaliningrad region of the Russian Federation at the end of 2014 was 5.1 %.

Region	Unemployment rate (% , 2014 data)
Core regions	
Kaliningrad	5.1
Klaipėda	7.7
Marijampolė	13.0
Tauragė	11.6
Adjoining regions	
Alytus	18.5
Kaunas	8.9
Telšiai	12.4
Šiauliai	12.9

As the table above illustrates, in terms of employment, there are high disparities in the Programme territory. The unemployment rate in the Kaliningrad Region of the Russian Federation (5.1%) is the lowest among all regions of the Programme. Economically active population, according to the Federal State Statistics Service of the Russian Federation (Rosstat), in the Kaliningrad Region is 531 thousand people. As of December 2014 there were 9 600 vacant work places.

As of December 2014, there were 5769 unemployed persons registered at the employment centres of the Kaliningrad Region. Women predominate gender composition of the

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unemployed persons (3551 or 58.8%). Young people of 16-29 years of age constitute 23.3% of all unemployed (1 407 people); citizens living in rural areas – 2 451 or 40.6%. A recent analysis of the situation in the labour market of the Kaliningrad Region showed a downward trend in registered unemployment and tensions in the labour market.

The reduction of tensions on the labour market in the region was influenced by the implementation of targeted programs to promote employment of the Kaliningrad region of the Russian Federation for 2012-2016 and additional measures to reduce tensions on the labour market for persons with disabilities.

The unemployment in Lithuanian Programme regions also followed a downward tendency and descended from 17.8% in 2009 to 11.0% in 2014; however it still remains much higher than in the Kaliningrad region. The unemployment rate in Alytus region (18.5%) is more than three times higher than in Kaliningrad.

The reduction of rate of unemployment in Lithuanian regions was most likely mainly associated with the growth of the services sector. Another reason was growing number of self-employed. The number of employed persons in the public sector in Lithuania remains nearly unchanged, which means that employment is growing mainly due to the increasing number of employed in the private sector.

The differentiation of the situation on the regional and local labour markets in the Programme area is an important challenge, but also an opportunity to enhance cross-border cooperation. This cooperation should increase the intensity of economic relations and thus support the creation of new jobs, particularly in the regions affected by high unemployment. It is also clear that the shortage of the labour force might soon become an important developmental constraint for some parts of the Programme area. By alleviating the existing mental and cultural barriers and improving transport and border crossing infrastructure cross-border cooperation might create important preconditions for diminishing this constraint, provided that visa policy supports it.

Education and research

In the recent years higher education has become an important development factor, which in particular is reflected by the increasing number of students. The backbone of the educational system in the Programme area is the universities in Kaunas, Klaipeda and Kaliningrad, which cover almost all faculties of education and research. There are more than 20 institutions of higher education in the Kaliningrad region, including federal universities, branches of federal universities and private universities. All of them play an important role in the development of the regions. They participate in numerous transnational projects and stand behind regional and spatial strategic documents. They also play this role indirectly by concentrating and developing the necessary human capital, knowledge and know-how. Science and technology parks were created around some universities, e.g. in Klaipeda. A science and technology park

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Factory was opened in 2014 at Baltic Federal University named after I. Kant. The science and technology park includes a number of laboratories, including coherent optical system, X-ray optics, research of micro- and nanostructures, thin film coating, 3D-modelling and robotics, nanomagnets, energy efficiency centre, publishing house of the university.

As many of the universities of the Programme area are relatively young, they are rapidly developing cooperation networks with the public, private and social partners. Student exchange programmes and international cooperation of higher education institutions offer good development opportunities for the Programme area.

Apart from that, Lithuania is developing five integrated science, research and business centres (valleys) located in the country's three largest cities: the capital city Vilnius and two Programme area cities – the second largest Lithuanian city and industrial capital Kaunas and the seaport city Klaipėda. Each valley will specialize in a number of scientific research fields, including laser and light technologies, nanotechnologies, semiconductor physics and electronics, civil engineering, biotechnology, innovative medical technologies, molecular medicine and biopharmacy, ecosystems and sustainable development, informatics and communication technologies, mechatronics and related electronic technologies, future energy, forestry, food technology, marine environment and technologies.

Valleys, located in the Programme area (Lithuania) are listed below:

Valley	Scientific centres
Santaka Valley (Kaunas)	National Open-access Centre of R&D Centre of Sustainable Pharmacy and Health Technologies National Open-access Centre of Future Energy
Nemunus Valley (Kaunas)	Centre of Agriculture and Forest Sciences
Baltic Valley (Klaipėda)	National Centre of Marine Sciences and Technologies

The main advantages provided by the valleys could be summarised as follows:

- Concentration of scientists, researchers, developers and university academia, close collaboration of knowledge-intensive businesses with science and study institutions, opportunity to be co-located with other companies in the same sector (clusters);
- Research excellence – open access labs, research and development (hereinafter – R&D) projects supported by EU/state, application of research results in industry and business;
- High-quality infrastructure and premises – infrastructure for research, innovation and new technology development and comfortable conditions to establish new technology-oriented businesses – offices, labs, business incubators;
- Increased international competitiveness.

The R&D spending in Kaliningrad accounted for 0.4% of GDP and was much lower than average level in Russia (1.1% of GDP). The respective indicator in Lithuania was 0.9% of

GDP. In both regions this indicator was much lower than the EU average (2.06% of GDP) and even lower than the target level indicated in the Europe 2020 strategy (3.0% of GDP).

Environment and nature

Due to proximity to the sea, the region's climate is temperate with mild winters and relatively warm summers. Average January temperature ranges from -3°C to -5°C, in July - from +15°C to +17°C. Rainfall reaches 700 mm per year.

The nature of the Programme area is known for a large number of national parks and protected natural areas³. Large part of those is legally protected due to unique environmental value. The recent years had seen significant investments into creation of general tourism infrastructure in these territories, nevertheless there is still high need for further development of sightseeing tracks for pedestrians and bikes, water tracks, etc.

The whole Programme territory could be defined as having relatively dense forest coverage. In Lithuania, this coverage approximates to around 33% and is growing. Development of forests was one of the activities financed by the European Agricultural Fund for Rural Development in 2007–2013. The support was granted for planting of new forests as well as for increasing the economic value of the existing ones. The support had an effect of increasing the size of forests by 17.2 thousand hectares that constituted 32% of the total increase.

As a result of intensive modernisation of wastewater treatment, water quality in Lithuanian rivers has improved significantly in the past decade. Over 90% of wastewater is now treated in accordance with EU requirements. The only remaining problematic areas are agglomerations with less than 2000 inhabitants. In 2012 the rate of households connected to the centralised drinking water and wastewater systems amounted respectively to 81% and 79%. Despite these investments, the seashore of the Baltic Sea as well as approximately two thirds of Lithuanian rivers and one third of Lithuanian lakes still do not qualify as having good quality water under the EU general water directive.

The Curonian Lagoon is the largest and from ecologic point of view the most important accumulation of internal waters whose ecosystem mostly depends on the water flow from rivers and the Nemunas/Neman in particular. On the territory of the Kaliningrad region, the river Nemunas/Neman flows through Neman and Sovetsk towns, that is why the pollution of the river mainly depends on the wastewaters of housing and utilities enterprises located in these towns. The water in the Nemunas/Neman could be characterized as very polluted. Since 2012 water quality has worsened. Monitoring data on the water quality of the Curonian Lagoon shows constant decrease of pollutants flow. This primarily could be associated with

³ Designated IUCN areas, included in the UN List of Protected Areas and in the World Conservation Union's (IUCN) management categories

the implementation of environmental measures related to agriculture, industry and wastewater treatment of cities in particular. The flow of sea water to Lagoon was also smaller than average of the last ten years.

Public administration

Effective public management is an important factor in any country development. During the period of 2007–2013 for the first time in Lithuania the support of structural funds could be used for the development of administrative capacity of public institutions. Though the survey of 2011⁴ shows signs of positive change in public management, regions of Lithuania still have many issues to deal with in terms of effectiveness of public institutions.

The identified problems with regard to management of public institutions in Lithuanian regions include lack of orientation to results, lack of systemic monitoring and evaluation of performance, results of previous decisions not sufficiently included in the new decision making process (lack of evidence based management). All these weaknesses on the other hand constitute good opportunities for cooperation between the Programme regions, as the aforementioned problems are common for both sides. Support to local and regional good governance could be seen as one of the priorities of the Programme where mutual cooperation and sharing of experience and best practices could greatly facilitate the development.

Six multipurpose centres were opened in the Kaliningrad region in 2014; there were 132 units based on single window principle installed. Thus, more than 60% of the regional population gets the state and municipal services through single windows. In August 2016 in total 24 multipurpose centres are functioning in the Kaliningrad region. The last one (24th) was opened on the 1st of August 2016. In 2016 more than 500 000 applications were handled (statistical data as of 1 August 2016). The number and quality of services provided by multipurpose centres are constantly increasing, therefore they become popular among the population of the region.

Cooperation among public institutions, especially territorial self-governments, is of high importance and has a big potential for cross-border cooperation. Joint initiatives, development and dissemination of good practices in public governance should therefore constitute one of the thematic objectives of the Programme. Successful cross-border cooperation in this area could be a good stimulus for other sectors and promote social, cultural and economic cooperation.

⁴ Evaluation of implementation of priority No 4 of Operational Programme for the Development of Human Resources for 2007–2013 (Final report). Public Policy and Management Institute, 2011.

3. A DESCRIPTION OF THE PROGRAMME STRATEGY INCLUDING THE CHOICE OF THEMATIC OBJECTIVES AND CORRESPONDING PRIORITIES

3.1. Description and justification of the Programme strategy and choice of thematic objectives

Results of the analysis of socio-economic situation and the identified common challenges of the Programme area are summarised in the SWOT analysis table below.

STRENGTHS	WEAKNESSES
Economy	
<ul style="list-style-type: none"> • Favourable geographic location for the development of trade with the EU, Eastern Europe and Asia • Traditions of economic cooperation • Good cultural understanding • Steady economic growth 	<ul style="list-style-type: none"> • Legal and administrative barriers to business cooperation, including visa requirements • High level of smuggling
Infrastructure	
<ul style="list-style-type: none"> • Convenient transit location for passenger and cargo traffic • High density of transport network • High transport network capacity 	<ul style="list-style-type: none"> • Border crossing points are still often blocked by long queues. • Transit requirements still impeding freight flows
Labour market, education, social issues and institutional capacity	
<ul style="list-style-type: none"> • Fast developing higher education infrastructure • Fast developing educational cooperation networks • High quality of human capital in terms of education and skills • Relatively low labour cost • Existing inter-institutional relations, experience in cooperation and common understanding 	<ul style="list-style-type: none"> • High diversity and high level of unemployment in parts of the Programme territory • Relatively low level of per capita income • High level of population experiencing risk of poverty and social exclusion • Management of public institutions • Insufficient accessibility and quality of healthcare systems and promotion of healthy lifestyle
Environment, tourism and culture	
<ul style="list-style-type: none"> • Large area of protected zones, including UNESCO sites • High biodiversity, especially of the forest and water and marsh 	<ul style="list-style-type: none"> • Lack of common environmental programming, prevention and monitoring • Insufficient quality standards of

<p>ecosystems</p> <ul style="list-style-type: none"> • Outstanding natural landscape • Numerous sites of high therapeutic value - SPAs, springs, health resorts etc. • Common cultural and historical heritage • High number of places of historical interest and tourism potential 	<p>tourism facilities</p> <ul style="list-style-type: none"> • Shortage of high quality accommodation in motels and hotels • Inadequate sport and leisure infrastructure • Underdeveloped tourist information systems • Bad condition of monuments and historical sites • Lack of common tourism strategy for border regions • Poor promotion of regional tourist products
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OPPORTUNITIES	THREATS
Economy	
<ul style="list-style-type: none"> • Development of cross-border business cooperation, reduction of legal and administrative barriers • Reduced level of smuggling • Alleviation of visa requirements for business • Joint/coordinated strategic cross-border regional development planning • Development of special/free economic zones • High potential for tourism development • Higher investment into R&D. 	<ul style="list-style-type: none"> • Increasing development gap between urban and rural areas • Continued lack of joint / coordinated economic and spatial planning • Competition for inbound investments • Administrative barriers for free market competition, • Insufficient use of tourism potential
Infrastructure	
<ul style="list-style-type: none"> • Development of border crossing infrastructure and related systems • Modernisation and extension of roads, including highways and expressways • Development of existing transport systems which may be used for international cargo transit • Development of tourist infrastructure along highways • Development of technology and industrial parks 	<ul style="list-style-type: none"> • Continued impediment of transport flows by border crossing infrastructure and related systems • Negative environmental impact caused by development of transport infrastructure • Lack of funds for development and modernisation of transport and communication infrastructure, including new border crossing points • Lack of joint/coordinated cross-border spatial planning

Labour market, education, social issues and institutional capacity	
<ul style="list-style-type: none"> • Higher accessibility and quality of educational system, including cross-border programmes and staff / student exchange • Increased accessibility and integration of local labour markets • Cross-border transfer of know-how and skills • Facilitation of relations between local self-governments and local communities • Use of existing inter-institutional relations, experience in cooperation and common understanding for common social issues • Common approach to risk of social exclusion and poverty, • Sharing of good practice and experience of social programmes • Efficient use of financing from CBC and similar programmes 	<ul style="list-style-type: none"> • Structural non-adjustment of the labour market • Social exclusion and poverty • Insufficient authority and funds on the local level • Emigration and brain-drain, especially among young and qualified people • Insufficient social and health care
Environment, tourism and culture	
<ul style="list-style-type: none"> • Cooperation in respect to trans-boundary protected areas • Development and coordination of a common sustainable environmental policy • Development of tourist facilities • Development of high quality accommodation • Development of sport and leisure infrastructure, tourist information systems • Implementation of joint cross-border strategy for tourism • Renovation of monuments and historical sites • Promotion of regional tourist products • Development and improvement of cultural cooperation and networks • Development of cultural products, 	<ul style="list-style-type: none"> • Insufficient level of environmental investments • Lack of funding for protection of unique wildlife and environment • Continued pollution of surface waters and lakes • Unsustainable economic development, especially increasing economic activities in protected areas • Risk of ecological catastrophes • Climate change • Insufficient level of investment in the tourism sector, including sports and leisure • Lack of common tourism development strategy • Lack of non-commercial regional tourism promotion • Unsustainable tourism development

<p>events and initiatives, including those of cross-border and international character</p>	<ul style="list-style-type: none"> • Insufficient funding for cultural cooperation and networks • Further deterioration of cultural heritage
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Due to unique geographical position the Programme regions have always been at the crossroads of European history and are rich with both natural landscape and cultural heritage. Preservation and adaptation of these assets for the use for tourist needs has huge socio-economic potential – natural and cultural heritage must be saved for future generations and could be used to generate substantial financial benefits from attracted tourists. Nevertheless the current state of these assets is poor and impedes exploitation of the potential of the regions. To address this issue, the Programme will pursue the thematic objective “Promotion of local culture and preservation of historical heritage”.

High disparities of employment levels as well as risks of poverty and social exclusion are observed in the Programme area. Due to the complexity of the issues (unemployment rate, risk of poverty and social exclusion are influenced by and influence many different economic and social aspects) the respective corrective actions are not straightforward and simple. Cross-border and inter-institutional cooperation as well as sharing of experience could be of great value. Furthermore, cooperation could also greatly contribute to the mitigation of negative social effects caused by unemployment and risks of poverty and social exclusion. These problems will be the target of the selected thematic objective “Promotion of social inclusion and fight against poverty”.

The Programme territory covers many common natural assets such as the Baltic Sea, the Curonian Lagoon and Curonian Spit, the Nemunas/Neman river basin and other resources the planning and management of which requires concerted institutional efforts from both countries. The same applies to the development of infrastructure – to ensure greater efficiency the development of infrastructure with cross-border importance must be coordinated. Cooperation of the various types of services (fire rescue services, emergency services, police, etc.) is necessary both in their daily operation and during emergency situations. A vital role in terms of cooperation and regional development is played by active civil society. Fostered by previous CBC programmes, local and regional government institutions have already developed good inter-institutional relations, and have built up experience of successful cooperation, however it is necessary to further foster cooperation habits and culture. Promotion of cross-border cooperation as part of the chosen thematic objective “Support to local and regional good governance” could also be a good stimulus for other sectors and set background for wider social, cultural and economic cooperation.

Another area of particular importance for strengthening cross border cooperation and identified as one of the thematic objectives of the Programme is “Promotion of border management and border security”. Proximity to EU countries, availability of ice-free ports and the developed network of transport infrastructure provides the Programme territory with

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unique opportunities and potential for freight and passenger traffic. Nevertheless actual freight and passenger traffic is still far below the maximum capacity and is one of the main priorities of economic development of the regions. Efficient border management and border security could enhance transport flows across the border and could significantly foster regional economic development and cooperation between respective communities of the regions.

The selected thematic objectives of the Programme will directly contribute to the overall *European Neighbourhood Instrument* (hereinafter – ENI) objective of progress towards an area of shared prosperity and good neighbourliness between Lithuania and Russia and will also contribute to all 3 ENI CBC strategic objectives:

- *Promotion of economic and social development of the CBC region* by promoting local culture and preserving historical heritage as well as by supporting local and regional governance;
- *Addressing common challenges in environment, public health, safety and security* by promoting social inclusion and fight against poverty and supporting local and regional governance;
- *Promotion of better conditions and modalities for ensuring the mobility of persons, goods and capital* by promoting border management and border security.

The thematic objectives of the Programme will directly contribute to the implementation of the strategic goal of the *Strategy for the Social and Economic Development of the Northwestern Federal District (hereinafter – NWFD) of the Russian Federation for the Period up to the Year 2020* aimed at a sustained improvement in living standards and reduction of differences in living conditions in the NWFD regions, based on the:

- Accelerated development of the innovation economy;
- Boosting investment policy;
- Inter-regional and international cooperation.

The thematic objectives of this Programme are defined in accordance with the main measures of the *Action plan of the NWFD Strategy 2020*:

- Economic development;
- Removal of the transport, energy, information and other infrastructural limitations and barriers;
- Social development of the NWFD;
- Tackling environmental problems.

The CBC programmes with Russian participation are to be implemented within following guidelines for actions stipulated in the *Concept of Cross-Border Cooperation of the Russian Federation*. These guidelines are: a) cooperation in cross-border trade; b) cooperation in investment projects; c) cooperation in transport and logistics and communication; d) cooperation in sustainable exploitation of natural resources and environmental protection; e)

cooperation in law-enforcement; f) cooperation in regulating migration and labour market; g) cooperation in science and research and people-to-people contacts.

An important element in addressing the objectives of the Programme will be promotion of local cross-border people-to-people cooperation actions. These actions will include support for enhanced cooperation among local communities, NGOs, education institutions, etc. People-to-people actions will be cross-cutting element of the Programme and will be supported under 3 thematic objectives – “Promotion of local culture and preservation of historical heritage”, “Promotion of social inclusion and fight against poverty” and “Support to local and regional good governance”.

3.2. Description of thematic objectives and corresponding priorities

3.2.1. Thematic objective: Promotion of local culture and preservation of historical heritage

Priority: Restoration and adaptation of historical and natural heritage, promotion of culture, cultural networking and tourism development

Rich cultural and historical heritage is a very important resource of the region. The CBC region is defined by close historical and cultural relations – relations resulting from being a part of the same state in the second part of XXth century, etc. The region is also rich with vast natural resources such as the Baltic Sea, the Curonian Lagoon and the Curonian Spit, which is a UNESCO World Heritage Site. The combination of these cultural, historical and natural heritage assets makes the region very attractive for educational and recreational tourism. Tourism development is an important driver for the region’s social and economic development, while cross-border cooperation is vital for the expansion of educational and cultural tourism routes.

Another important element for promotion of cross border cooperation in the region is reinforcement of cross-border cooperation between the local people and communities. In the framework of this cooperation, cultural awareness and cooperation plays a critical role. With a view to building up such cooperation links, support will be provided for cultural exchanges, joint cultural programmes, preservation and cultivation of traditional crafts and customs as well as other related activities.

To sum it up, the thematic objective of promotion of local culture and preservation of historical heritage will have a twofold target:

- Restoration and adaptation of historical, natural and cultural heritage of the CBC region for tourism development;
- Supporting cultural cooperation of local communities, supporting traditional crafts and customs.

Actions to be supported under the priority

The indicative list of activities to be supported includes:

- Conservation, preservation, restoration and adaptation of historical and natural heritage for tourism or other community use (social, cultural, educational and/or other community purposes);
- Joint projects concerning preparation and realisation of investments in tourist infrastructure and services; increasing the use of cultural and nature heritage for tourism purposes, including complementary tourist infrastructure;
- Development of joint natural, cultural and educational tourism routes (including small scale public tourism infrastructure) and products, development of relevant IT tools (dedicated websites, common databases of cultural and historical monuments and other tourist attractions), joint marketing and branding;
- Organization of joint initiatives and events regarding promotion and preservation of local culture and history (festivals, fairs, art exhibitions, cultural exchange activities and events, trainings for craftsmen and artists, etc.);
- Promotion of local and regional community initiatives in the area of culture, traditional crafts and customs;
- Joint training, transfer of knowledge, exchange of experience and good practice:

Investments in infrastructure shall be targeted at core regions of the Programme.

For the Lithuanian side, the activities to be funded under this priority should be complementary to those of the 2014-2020 Rural Development Programme for Lithuania, particularly those undertaken under measure 7.6 ("Investment support to cultural and natural heritage and landscape in rural areas") and double funding should be avoided. The obligation to avoid double funding also applies to the beneficiaries from Russia that will receive EU funding under the programme.

Large infrastructure projects and indicative list of other projects that will be selected without call for proposals

Large infrastructure projects:

- Water tourist route E-70, as the development of the tourism potential of the Kaliningrad region and the Taurage municipal district.

Provisional information on the project is summarised in the table below.

PROJECT TITLE	Water tourist route E-70, as the development of the tourism potential of the Kaliningrad region	
POTENTIAL LEAD BENEFICIARY	Administration of Gvardeyskiy Municipal District (Russia)	

<p>POTENTIAL BENEFICIARY</p>	<p>Administration of Taurage District Municipality (Lithuania)</p>
<p>PROJECT OBJECTIVE</p>	<p>Strengthening of the tourism potential of the project partners through the development of nautical tourism with the use of the international waterway E-70. The rich historical - architectural heritage of Gvardeyskiy and the Tauragė districts promote the creation of tourism - an attractive appearance for visitors from Russia and neighboring European countries.</p> <p>The most popular historical heritage sites in Gvardeysk are situated along the rivers Damien and Pregel; in Taurage district - along the river Jura (tributary of river Neman). These rivers are parts of an international waterway E -70 Rotterdam – Klaipeda.</p> <p>Administration of Gvardeyskiy municipal district has been developed dozens of tourist routes (including nautical tourist routes), which includes nine castles (including The Castle of the Teutonic Knights - the only survived castle of the 13th century in Kaliningrad region); Houses of the world famous German artists - Lovis Corinth and Ernest Mollenhauer; stopping points of Peter the Great, Alexander Suvorov, Napoleon Bonaparte and other famous people.</p> <p>The rich cultural and historical heritage of Tauragė district also stands out for its natural beauty and has an important historical significance – among the greatest tourist attractions are: majestic castles, ancient villages, churches and monuments. However, due to lack of water infrastructure, the tourist potentials of the both regions are not fully used.</p> <p>Also in both districts is planned to create informational and navigational system for tourists (to make the designation, to prepare information materials). These actions will not only solve the problem of nautical tourism development, but will also help to strengthen contacts and cooperation partners with each other as well as with other international colleagues.</p> <p>Undertaken activities will give a good opportunity to the touristic companies of both cities to develop new common touristic products which could be attractive not only for citizens of the Kaliningrad and Taurage regions but also for the tourists outside the project area (specifically from the rest of Russia and European Union).</p>
<p>JUSTIFICATION OF DIRECT AWARD</p>	<p>According to the Water Code of the Russian Federation Chapter 2, Art. 8 "The ownership of water bodies" coastline is a federal property. The mooring area on the banks of the rivers Pregel and Damien goes to municipal ownership and all the activities on that surrounding area can be made only on request and with the permission of the Administration of Gvardeyskiy Municipal District.</p>
<p>PLANNED ACTIVITIES</p>	<ul style="list-style-type: none"> • Construction of a parking lot (harbour) on the right bank of the river Pregel and the left bank of the river Deima for boats and yachts in Gvardeysk.

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	<ul style="list-style-type: none"> • Development of a joint plan of the development of nautical tourism in Gvardeysk and Taurage region. • Extension of the information system of the waterway (the creation of information stands and signs, advertisements for the tourism potential of Gvardeysk). • Holding of joint conferences, seminars, workshops, educational tours to promote tourism potential of the project partners.
ESTIMATED BUDGET	3 300 000 EUR
ESTIMATED PROGRAMME FUNDING	3 000 000 EUR
Amount of infrastructure component	2 830 000 EUR

Indicators

Result indicators

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data
Number of tourists accommodated in Programme's core regions	Number of accommodations, thousands	761.6	2013	875.8	Statistical information

Output indicators

Indicator (name of indicator)	Measurement unit	Target value (2022)	Source of data
Number of improved sites of cultural, natural and historical heritage as a direct consequence of Programme support	Cultural, natural and historical heritage sites	3	Project reports
Number of organisations using Programme support for promoting local culture and preserving natural and historical heritage	Organisations	15	Project reports
Number of cross-border cultural events organised using Programme support	Events	12	Project reports

3.2.2. Thematic objective: Promotion of social inclusion and fight against poverty

Priority: Promotion of social inclusion and cooperation in CBC region through improved health, social and education services and community led initiatives

Reducing social exclusion, ensuring better access and quality of health care, social services and education are crucial for the economic and social development of the region. Some of these challenges are common or closely related throughout the Programme region.

Promotion of cooperation in education and building-up of knowledge about the cross-border neighbours will facilitate better mutual understanding, closer cooperation and diminishing of internal borders. Therefore, support is envisioned for educational programmes, initiatives aimed at improvement of education quality, exchanges of students, teachers and lecturers, promotion of access to life-long learning (including new forms of education such as distance learning which is of particular importance for the peripheral regions) and better linkage to labour market needs.

To combat social exclusion and unemployment it is important to address the specific challenges faced by the border regions and to minimise the effect of their peripheral profile. Joint efforts and cooperation will facilitate more targeted focus and better quality of the social services; investments into the improvement of the quality of social services will first of all be channelled into the most socially deprived and the most peripheral regions. Other initiatives related to the inclusion into labour market will be supported as well, support will be provided for mobility of labour, local and regional employment initiatives and other measures aimed at tackling unemployment.

Due to the nature of social services system build in the region, inpatient institutional care is more developed than community care. Social services concern mostly people with disabilities, mental health problems, older people, children deprived of parental care, etc. Institutions were originally seen as the best way of caring for vulnerable children and adults with a variety of support needs. However, evidence has shown that institutional care provides poorer outcome in terms of quality of life compared with quality services in the community as they cannot ensure the person-centred approach and appropriate support needed to bring about full inclusion. In order to increase the quality and accessibility of social services in the CBC region the Programme will support joint local and regional community initiatives and services targeted at promotion of social inclusion. Community-based services could cover all forms of in-home, family-based, residential and other community services which support the right of all persons to live in the community with equality of choices and which are aimed at preventing isolation or segregation from the community.

Actions to be supported under the priority

The activities to be supported under this priority shall be directed at the development of

common approaches and solutions to promote social inclusion, employment, health and to combat poverty in the cross-border area. The indicative list of activities to be supported includes:

- Cooperation and joint actions in improving quality of social and health care services;
- Cooperation and joint actions aimed at improving quality of education, development of joint educational programmes and initiatives, increasing access to lifelong learning;
- Cooperation and joint actions aimed at promotion of social inclusion and employment, targeted at unemployed, marginalised groups, elderly, immigrants, ethnic minorities and other social groups at risk;
- Investment, pilot and demonstration projects of cross-border relevance in the area of health, labour market, social services and education;
- Joint trainings, transfer of knowledge and exchange of experience and good practice to improve efforts of regions and different actors in promoting employment, labour mobility, education, social inclusion and combating poverty;
- Cooperation and joint actions in prevention, monitoring and treatment of communicable diseases (including tuberculosis and HIV/AIDS), alcohol/drug dependency;
- Support to joint local and regional community initiatives and services targeted at promotion of employment and social inclusion;
- Promotion of healthy lifestyle.

Investments in infrastructure will be targeted at core regions of the Programme.

Large infrastructure projects and indicative list of other projects that will be selected without call for proposals

Large infrastructure projects:

- Establishing the system of social adaptation by forming a social multifunctional centre, case study of the towns of Gusev and Kazlu Ruda.

Provisional information on the project is summarised in the table below.

PROJECT TITLE	Establishing the system of social adaptation by forming a Social Multifunctional Centre
POTENTIAL LEAD BENEFICIARY	Administration of Gusev District Municipality (Russia)
POTENTIAL BENEFICIARY	Administration of Kazlu Ruda Municipality (Lithuania)
PROJECT OBJECTIVE	Setting conditions for combating individual poverty among the working-age population by establishing the Social Multifunctional Centre. The main directional effect of the project is the solving of social

	<p>problem for increasing motivation and access towards culture and education sphere, forming of conditions for creative protection development, formation of stable psychological conditions for better social adaptation, as well as boost self-esteem and rehabilitation for those in difficult straits.</p> <p>The project combines three elements important for social economy: empathy – we understand what people do not know and what they need; innovations – we are searching for efficient, innovative solutions; progress – we support the local development.</p> <p>Activities implemented during the project will contribute into the improvement of the life quality and reduction of disproportions between regions, make full use of regional features and preserve their identity.</p> <p>The experience gained during the project implementation help to develop and modernize infrastructure of social services and education on both sides of the border.</p>
JUSTIFICATION OF DIRECT AWARD	<p>The project meets the national social development strategies of the Russian Federation</p> <p>The building, where the Social Multifunctional Centre in Gusev is planned to be located is the object of cultural heritage. The reconstruction of such a building may be done only by the specialized organisations under strict technical control of local authorities and Culture Monuments Protection Service.</p>
PLANNED ACTIVITIES	<ul style="list-style-type: none"> • Reconstruction of the buildings in Gusev and their adaptation for public, social and educational demands of the vulnerable groups of population, thus creating the Social Multifunctional Centres. • Technical equipment of the buildings for conducting social activities and vocational trainings in Gusev. • Development of the syllabus for trainings and integration classes. • Pilot training for one group by the developed syllabus of education and integration program. • Conferences, best practice exchange seminars, working meetings, promotion activities within the project.
ESTIMATED BUDGET	2 950 000 EUR
ESTIMATED PROGRAMME FUNDING	2 050 000 EUR
Amount of infrastructure component	2 749 603 EUR

Indicators

Result indicators

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data
Persons served by improved social, healthcare and educational services	Persons	0	2013	300	Project reports

Output indicators

Indicator (name of indicator)	Measurement unit	Target value (2022)	Source of data
Number of organisations cooperating in the area of improving social and other services for vulnerable groups	Organisations	8	Project reports
Number of social service and other professionals participating in cross-border exchanges or activities	Persons	24	Project reports
Number of developed/improved social, education and health care services for vulnerable groups	Services	8	Project reports

3.2.3. Thematic objective: Support to local & regional good governance

Priority: Promotion of cooperation between public authority institutions and strengthening local communities

Progress towards territorial cohesion entails a permanent and cooperative process involving various actors and stakeholders of territorial development at political, administrative and technical levels. The essence of cross-border and transnational cooperation is seen in the facilitation of contacts between people, institutions, businesses and social organisations in order to increase the capacity of local and regional authorities, promote/improve the coordination of their planning and management activities, promote legal and administrative cooperation as well as public-private partnerships. This means reducing the external costs resulting from incompatible administrative routines, insufficient infrastructure, different laws, cultures and languages, and nurturing cooperation habits and relations. Concerted institutional efforts could be required, for instance, in the management of common natural assets such as

the Baltic Sea, the Curonian Lagoon, the Curonian Spit and the Nemunas/Neuman River, or in the prevention of, and response to, natural or man-made disasters.

Such an approach requires the creation of appropriate institutional structures, activation of market forces, and establishing territorial marketing, while respecting ecological systems as well. With the view to achieving closer integration of the cross-border region, the Programme will support knowledge transfer and promotion of cooperation culture between public authorities, social and economic partners.

A vital role in terms of cooperation and regional development is played by active civil society. To pursue this objective the Programme will support people-to-people actions and joint local and regional community initiatives aimed at promoting traditions and culture of cooperation, strengthening local ties and mutual understanding, strengthening the capacities of local communities to provide community led services, etc.

Actions to be supported under the priority

The indicative list of activities to be supported includes:

- Promotion of cooperation and coordination of planning and management of joint natural assets (the Baltic Sea, the Curonian Lagoon and Curonian Spit, the Nemunas/Neman river basin and other natural assets), infrastructure and public services of cross-border importance;
- Cooperation and joint actions to reinforce the capacities to respond to emergency situations and natural or man-made disasters;
- Cooperation in solving common environmental problems, including the construction of the necessary infrastructure;
- Supporting knowledge transfer, capacity building and promotion of cooperation culture between public authorities, social and economic partners, etc.
- Promoting people-to-people actions and supporting joint local and regional community initiatives aimed at promoting tradition and culture of cooperation, strengthening local ties and mutual understanding, strengthening the capacities of local communities to provide community led services, etc.

Investments in infrastructure will be targeted at the core regions of the Programme.

Large infrastructure projects and indicative list of other projects that will be selected without call for proposals

Large infrastructure projects:

- Quality of municipal water resources management – the basis for sustainable development.

Provisional information on the project is summarised in the table below.

PROJECT TITLE	Quality of municipal water resources management – the
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		basis of sustainable development
POTENTIAL LEAD PARTNER		Administration of Sovetsk City District (Russia)
POTENTIAL PARTNER		Administration of Taurage District Municipality (Lithuania)
PROJECT OBJECTIVE		<p>Improving the system of water resources management at the municipal level</p> <p>River Tilia flowing through the center of the town of Sovetsk, and the river Agarwala, which flows near the villages Jegichagi, Bartininkai, Kaschei (Tauragė district) experiencing strong anthropogenic pressure due to contamination by sewage, pollution, shallow riverbed, rivers lose not only environmental properties, but also recreational. Due to the poor condition of rivers Tilia and Agarwala contamination of transboundary the Niemen river and the Baltic sea.</p> <p>The result of the work is improvement of rivers Tilia and Agarwala, and as a consequence the improved ecological status of the river Neman and the Baltic sea in a whole. Moreover this object will become more attractive for the population as a recreational area.</p>
JUSTIFICATION OF DIRECT AWARD	OF	In accordance with the Federal Law of the Russian Federation dated 06.10.2003 № 131-FZ "On General principles of organization of local self-government in the Russian Federation" the issues of local importance include: the organization of measures for the protection of the environment within the boundaries of the urban district and implementation within the authority of the owner of water bodies, establishment of rules of usage of water objects, as well as the organization of improvement of the territory of the city district.
PLANNED ACTIVITIES		<ul style="list-style-type: none"> • Upgrading sewage pumping stations in Sovetsk; • Construction of local treatment facilities in Sovetsk; • Cleaning of the riverbed Tilia from bottom sediments; • Improvement of the coastal zone of the river Tilia; • Conduct coordination meetings, training, workshops, and conferences on water resources management at the municipal level and rational use of water in municipal services;
ESTIMATED BUDGET		3 900 000 EUR
ESTIMATED PROGRAMME FUNDING		3 510 000 EUR
Amount of infrastructure component		3 670 000 EUR

Indicators*Result indicators*

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data
Number of institutions that have established durable cross-border cooperation links as a direct consequence of the Programme	%	0	2013	10	Project reports

Output indicators

Indicator (name of indicator)	Measurement unit	Target value (2022)	Source of data
Number of participating organisations cooperating across borders for improved governance (ENI/CBC 14)	Organisations	10	Project reports
Number of local and regional communities and NGOs, involved in cross-border cooperation initiatives	Organisations	10	Project reports

3.2.4. Thematic objective: Promotion of border management and border security, mobility and migration management**Priority: Ensuring efficient functioning of border crossing**

A higher throughput capacity at border crossing points and their security is extremely important both for overall development of social and economic potential of the region (cargo flows, etc.) and for promoting cooperation links of the local communities (public and private transport, etc.). Support will be targeted at increasing the transparency and efficiency of border controls and customs procedures, which will allow speeding up border procedures and will result in fast and secure border passage.

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The popularity of water transport is growing, the number of small boats is increasing therefore in addition to developing the infrastructure of land border crossing points it is important to also focus on water border crossing points. That will facilitate promotion of shipping and water tourism.

Indicative list of activities:

The Programme will contribute to upgrading of border-crossing infrastructure and equipment as well as enhancing of professional knowledge and skills of the staff. The indicative list of activities to be supported includes:

- Development and upgrading of border-crossing infrastructure;
- Acquisition and installation of new equipment and software;
- Exchange of experience and good practice in areas of common interest between border-crossing management services – customs, border guard services, etc.

Large infrastructure projects and indicative list of other projects that will be selected without call for proposals

Large infrastructure projects:

- Construction of border-crossing point “Rambynas” and second stage of reconstruction of inspection quay of incoming and outgoing small vessels in Klaipeda (Kopgalis Cordon).

Provisional information on the project is summarised in the table below.

PROJECT TITLE	Construction of border-crossing point “Rambynas” and second stage of reconstruction of inspection quay of incoming and outgoing small vessels in Klaipeda (Kopgalis Cordon)
POTENTIAL LEAD BENEFICIARY	State Border Guard Service at the Ministry of the Interior of the Republic of Lithuania (Lithuania)
POTENTIAL BENEFICIARY	Directorate of Border Crossing Infrastructure under the Ministry of Transport and Communications (Lithuania) Kaliningrad Regional Authority of the Federal Agency for the Development of the State Border Facilities of the Russian Federation (Rosgranitsa) (Russia) or Ministry of Transport of the Kaliningrad Region
PROJECT OBJECTIVE	Opening the Lithuanian-Russian border in the Curonian Lagoon for passengers travelling by means of water transport and land border crossing point leading to newly built bridge over the river Nemunas/Neman
JUSTIFICATION OF DIRECT	The State Border Guard Service at the Ministry of the Interior of the Republic of Lithuania has the exceptional competence of building or

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AWARD	reconstructing infrastructure for border security and the Directorate of Border Crossing Infrastructure under the Ministry of Transport and Communications has the exceptional competence of building or reconstructing border-crossing points in the Republic of Lithuania
PLANNED ACTIVITIES	<ul style="list-style-type: none"> • Completing the reconstruction of the inspection quay of incoming and outgoing small vessels in Klaipeda (Kopgalis Cordon) • Constructing of border crossing point “Rambynas” (finalising creation of infrastructure – customs terminal and roads are already constructed) and connection of communications infrastructure
ESTIMATED BUDGET	5 175 632 EUR
ESTIMATED EU FUNDING	4 705 120 EUR

Indicators

Result indicators

Indicator	Measurement Unit	Baseline Value	Baseline Year	Target Value (2022)	Source of Data
Number of cars crossing the reconstructed border crossing point per year	Cars	272.000	2014	300.000	Data from State Border Guard Service under the Ministry of Interior of the Republic of Lithuania

Output indicators

Indicator (name of indicator)	Measurement unit	Target value (2022)	Source of data
Number of professionals participating in joint trainings or other experience exchange events	Persons	20	Project reports
Number of border crossing points with increased throughput capacity	Border crossing point	1	Project reports

4. COHERENCE WITH OTHER EU FINANCED PROGRAMMES AND WITH NATIONAL AND REGIONAL STRATEGIES AND POLICIES

4.1. Coherence with other Union financed programmes in the countries and regions concerned, coherence with national and regional strategies and policies

Coherence with other EU co-financed programmes

The Programme is coherent with and will complement other regional programmes with Russian participation, EU ENI and European Regional Development Fund (hereinafter – ERDF) European Territorial Cooperation (hereinafter – ETC) CBC programmes which will be active in the region in 2014-2020. Information on participation of the Programme regions in other CBC programmes is presented in the table below.

LT-RU CBC programme region	LT-PL ERDF ETC CBC programme	PL-RU CBC programme	LV-LT-BY ENI CBC programme	LV-LT ERDF ETC CBC programme
Kaliningrad region		+		
Klaipeda county				+
Marijampole county	+			
Taurage county	+			
Alytus county (adjoining region)	+		+	
Kaunas county (adjoining region)	+ adjacent territory		+ adjoining region	+ adjacent territory
Telsiai county (adjoining region)				+
Siauliai county (adjoining region)				+

Moreover, both Lithuania (whole country) and Kaliningrad Oblast of the Russian Federation will participate in implementation of the *Interreg Baltic Sea Region Programme* for the period 2014-2020. The Programme implementing projects under the thematic objective ‘Promotion of border management and border security, mobility and migration management’ in the priority ‘Ensuring efficient functioning of border crossing’ will contribute to the priority 3 ‘Sustainable transport’ of the *Interreg Baltic Sea Region Programme* when contributing to the development of social and economic potential of the region (cargo flows, etc.) and for

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promoting cooperation links of the local communities (public and private transport, etc.), also supporting increasing the transparency and efficiency of border controls and customs procedures (resulting in fast and secure border passage), developing the infrastructure of land and water border crossing points.

The Managing Authority of the Programme is also participating in the Interreg Baltic Sea Region Programme as body designated to carry out control tasks both the First Level Control (MA) and the Second Level Control (Internal Audit Unit of the MA) and is responsible for overall coordination of cross border cooperation programme implemented in Lithuania (Regional Policy department of the Ministry of Interior).

Lithuania–Russia CBC programme 2014-2020 will be targeted at promotion of cooperation links between the Programme regions of Lithuania and the Russian Federation and will contribute to social and economic development of the Lithuania-Russia border regions, which will distinguish it from other CBC programmes.

Lithuania–Russia CBC programme 2014-2020 is also coherent with the EU support which in 2014-2020 will be provided to Lithuania by the EU Internal Security Fund. Both the Lithuania–Russia CBC programme 2014-2020 and the Internal Security Fund will contribute to increasing the security and smooth functioning of the borders, therefore implementation of this Programme (and especially implementation of its thematic objective “Promotion of border management and border security”) will be closely coordinated with the actions of the Internal Security Fund. The Managing Authority will prevent duplication of activities among the projects and will ensure coordination, complementarity and synergies between these financial instruments. It is also important that the Ministry of Interior of the Republic of Lithuania will be the Managing Authority for the Lithuania–Russia CBC programme 2014-2020 and also the Responsible Authority for Internal Security Fund, which will contribute to effective coordination of financial instruments.

Lithuania–Russia CBC programme 2014-2020 will be closely coordinated with the assistance of the European structural and Cohesion funds provided to Lithuania under the Investments for growth and jobs goal, notably with the *2014-2020 EU Structural Funds Investments Operational Programme of the Republic of Lithuania* (hereinafter – 2014-2020 LT OP). Implementation of the *Lithuania–Russia CBC programme 2014-2020* will add the cross border dimension to investments targeted at promotion of economic and social cohesion in the Programme region, the Managing Authority will prevent duplication of activities among the projects and will ensure coordination, complementarity and synergies between the Lithuania–Russia CBC programme 2014-2020 and the 2014-2020 LT OP. It is also important that the Ministry of Interior of the Republic of Lithuania will be the Intermediate Body for the implementation of 2014-2020 LT OP also being responsible for the regional dimension of the 2014-2020 LT OP, which will contribute to effective coordination of financial instruments.

Coherence with national, regional and macro-regional strategies and policies

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The Programme is an important complement to the existing and foreseen national, regional and sectorial initiatives covering certain 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 multiplier and leverage effects of the Programme vis a vis other initiatives will stem from know-how exchange, benchmarking and transfer, as well as exposure to new ideas and solutions which are the core elements of cross-border cooperation.

EU 2020 Strategy

Implementation of the Programme will contribute to the *EU 2020 Strategy*. *EU 2020* strategy is targeted at turning the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. *EU 2020 Strategy* puts forward three mutually reinforcing priorities:

- Smart growth: developing an economy based on knowledge and innovation;
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy;
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

Pursuing the priorities and targets of the *EU 2020 Strategy* a wide range of actions at regional, national, EU and international levels will be necessary; the Programme will contribute to the *EU 2020 Strategy* at regional level within the CBC region.

The Programme will contribute: to sustainable growth of the region through restoration and adaptation of historical heritage, promotion of local culture and cultural networking and promotion of border management and border security; to inclusive growth by promoting social inclusion and cooperation in CBC region through improved health, social and education services and community led initiatives. Promotion of cooperation between public authority institutions and strengthening local communities will contribute to all priorities of *EU 2020 Strategy* and will help to capitalise results of the Programme.

Contribution to the common priorities of Russia-EU cooperation in the Baltic Sea Region

Implementation of the Programme will contribute to achieving common priorities of the *Strategy for the Social and Economic Development of the Northwestern Federal District for the Period up to the Year 2020* of the Russian Federation and the *EU Strategy for the Baltic Sea Region* (EUSBSR). Five common priority themes have been identified i.e. civil protection (emergencies on land and at sea), transport, environment (incl. agriculture), people-to-people issues and business cooperation/innovation.

The Programme can to contribute to the objectives and priorities of the EUSBSR), in particular:

- Thematic objective ‘Promotion of local culture and preservation of historical heritage’ to the EUSBSR objective ‘Increase prosperity’;
- Thematic objective ‘Promotion of border management and border security, mobility

and migration management’ to the EUSBSR objective ‘Connect the Region’. Practical coordination and information exchange mechanisms to promote synergies in the thematic areas which are common to the Programme and the EUSBSR shall be established. It is foreseen to ensure the coordination between the Programme and the EUSBSR by inviting the National Coordinator of the EUSBSR in Lithuania and Russian subcommittee of the Baltic Sea Region Programme to participate in the meetings of the JMC of the Programme (as a non-voting observer).

The EUSBSR does not have its own financing, but helps to mobilise all the existing EU instruments and funds, as well as other financing sources. Therefore, actions contributing to the implementation of the EUSBSR might be supported under different operational programmes. This Programme shall also contribute to the efforts aimed at developing the Baltic Sea Region, since all participating countries are part of it. Therefore, where it is appropriate, actions relevant for the EUSBSR shall be implemented within the framework of this Programme. In particular, the Programme could contribute to the implementation of the EUSBSR through projects carried out in the areas relevant to the strategy (identified in the EUSBSR Action Plan). In order to assess the degree of contribution of the Programme’s projects to the EUSBSR, a requirement to explain the ways (if any) in which a project might contribute to the implementation of the strategy shall be included in the project application form.

Where appropriate, activities relevant for the EUSBSR shall be coordinated via the National Authorities.

The Ministry of Interior, acting as the Managing Authority of the Programme, is involved in coordination of EUSBSR processes in Lithuania and therefore the related activities, where appropriate, will be discussed by the Programme bodies using the existing structures and procedures.

Coherence with legislation and strategic documents of the Russian Federation

Implementation of the thematic priority “Promotion of local culture and preservation of historical heritage” will facilitate the realization of the following Russian strategic documents:

- The *Concept of the Cooperation Development in Culture Between Cross-border Areas of the Russian Federation and Neighbouring Countries Till 2020* is the basis for constructive cooperation between public authorities of the Russian Federation and its regions, organizations and business community, public associations and creative circles. It aims at providing a complex problem-solving in the sphere of cultural development of cross-border areas of the Russian Federation. The main aims, tasks, expected results, principles, key directions, stages and development priorities of the cross-border cooperation of Russia in culture are stipulated in the concept. It also determines necessary conditions, the system of risk-management and control mechanisms for the concept implementation;
- Within the framework of this priority the Russian Federation will be able to contribute to some key-tasks of the *Federal Law on Objects of the Cultural Heritage (Monuments of History and Culture) of Nations of the Russian Federation* such as safeguarding, using and popularisation of objects of the cultural heritage which are in a federal

ownership;

- Within the scope of this priority Russia will be able to reach some tasks of the *Concept of Cross-border Cooperation in the Russian Federation* such as development and strengthening of economic, cultural and humanitarian relations between cross-border areas of the Russian Federation and neighbouring countries;
- The Programme activities will also help Russia in reaching the main purpose of the *Strategy of Tourism Development in the Russian Federation until 2020* to develop internal and incoming tourism in view of economic and sociocultural progress in Russian regions.

Implementation of projects within thematic objective “Promotion of social inclusion and fight against poverty” will result in realising the measures within following strategies:

- The *Concept of a Long-term Social and Economic Development of the Russian Federation till 2020* aims at establishing the ways and methods to ensure constantly improving well-being of the Russian population;
- The Programme activities within this priority will facilitate Russia to reach the following key-task of the *Concept of Cross-border Cooperation in the Russian Federation*: a joint resolution of sociodemographic, humanitarian and other problems of cross-border areas;
- Also these activities will facilitate Russia to improve life quality of Russian people and to improve standards of medical aid and a control of the quality, efficiency and security of medicine within the framework of The *Strategy of the National Security of the Russian Federation till 2020*.

The thematic priority “Support to local & regional good governance” will contribute to the following Russian documents:

- The *Ecological Doctrine of the Russian Federation* determines goals, directions, tasks and principles of the policy in the area of environmental protection in the long term and stipulates the development of system emergency response and system of warning in environmentally dangerous properties;
- The Federal Law on *Protection of the Population and Territory against Natural and Anthropogenic Catastrophes* aims at preventing and reducing the losses of the disasters and regulates the functioning of the united system of bodies for prevention and elimination of disasters. The united system has international cooperation in protecting population and territory against disasters as one of its main targets;
- Also these activities will facilitate Russia to reach following tasks of the *Concept of Cross-border Cooperation in the Russian Federation*: a support of mutual understanding and friendship between nations, which are located in frontier areas of the Russian Federations and neighbouring countries; a joint creation and effective developing economic and social infrastructures in the frontier areas.

Realisation of the Programme’s thematic objective “Promotion of border management and

border security, mobility and migration management” will help Russia to resolve some issues which are mentioned in the Federal law on *Customs Regulation of the Russian Federation* such as ensuring of economic security of the country within a foreign trade and improvement of state administration in custom sphere.

4.2. Lessons learnt from previous experiences in cross-border programmes

The Programme area has a long history of cooperation and joint participation in EU co-funded CBC programmes. This Programme will continue supporting cross-border cooperation between the Kaliningrad region of the Russian Federation and the neighbouring Lithuanian regions that in the previous programming periods was pursued by the *2004-2006 INTERREG IIIA/TACIS Neighbourhood Programme Lithuania-Poland-Russia* and *2007-2013 ENPI CBC programme Lithuania-Poland-Russia*, co-funded by the EU and Russian Federation.

In its early stages the *2007-2013 ENPI CBC programme Lithuania-Poland-Russia* has undergone a period of severe difficulties in developing cooperation and consensus between partners regarding the acceptance of vested operational responsibility for the Programme, strategy and selection of projects for funding. However, despite the initial arguments, delays and risk of early termination, the accomplishments of the programme in its operations and the implementation of projects are visible and supported by the commitment and efforts of all the involved parties. Challenges remain in relation to completion of projects/achievement of objectives by the established deadlines. Taking into consideration the lessons learnt from the previous programming period it was decided to split the previous Lithuania-Poland-Russia trilateral CBC programme into two bilateral CBC programmes – Lithuania-Russia and Poland-Russia and to continue cross-border cooperation in a simpler and easier bi-lateral format.

The previous experience shows that cross border cooperation is essential to ensuring smooth functioning of the borders, especially in terms of border crossing; cooperation is important in addressing common environmental challenges and management of common natural assets such as the Baltic Sea, the Curonian Lagoon and Curonian Spit, the Nemunas/Neman river basin and other common natural resources; cooperation of the various types of services (fire rescue services, emergency services etc.) is necessary both in their daily operation and during emergency situations, etc. Experience from the previous CBC programmes had been taken into account during preparation of this Programme.

4.3. Risk analysis and mitigating measures

The Programme will contribute to strengthening and development of cooperation links between Lithuania and Russia. The Programme will be implemented primarily at regional and local level, however for the cross border cooperation to be effective general cooperation links

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at state level between Lithuania and Russia and political commitment to implement the Programme are equally important.

Building on past experience associated with the implementation of CBC 2007-2013 activities, the following main types of risks associated with the implementation of the CBC concept were identified⁵:

- The partners’ capacity and preparedness to enter into a programme partnership (political commitment);
- The partners’ willingness and capacity to manage the Programme, and notably to establish a system of joint management responsibility;
- The partners’ knowledge and capacity to develop and implement project proposals;
- The national level’s support to the establishment and management of the Programme by local partners.

In order to address the above mentioned risks and to ensure commitment to implement the Programme, a Joint Programming Committee was established for preparation of the Programme draft. The Joint Programming Committee was composed of representatives of both participating countries; the representatives include stakeholders from central and regional levels, which should contribute to willingness, capacity, preparedness and commitment to implement the Programme. Also during Programme implementation period due attention should be paid to bilateral and multilateral agreements, etc., this will be especially important to implementing the thematic objective “Promotion of border management and border security”.

However, in the framework of this Programme, more specific risks should be considered. In the table below relevant risks on both programme and project levels, along with the respective mitigating measures, are listed.

Risk	Description of a risk	Likelihood of occurrence (from ‘very unlikely’ to ‘very likely’)	Mitigating measure
Programme level			
The Participating countries willingness and capacity to manage the Programme, and notably to establish a system of joint management	The Programme will newly establish Programme implementation structure and therefore there is a risk that the system will function	Likely	The Participating countries have jointly decided on the management structure and distribution of responsibilities and functions, that is

⁵ ENPI CBC Multi-annual Indicative Programme 2011-2013

Risk	Description of a risk	Likelihood of occurrence (from 'very unlikely' to 'very likely')	Mitigating measure
responsibility.	not smoothly.		described in detail in this document. Representatives of respective institutions shall seek compromise and communicate on regular basis.
Thematic objectives and priorities will not match the needs of potential applicants/ beneficiaries and target groups.	The thematic objectives and priorities were selected by the participating countries after explicit socio-economic analysis of the regions comprising the Programme area, therefore the risk that the selected thematic objectives and priorities will not meet need of potential applicants/ beneficiaries from Programme territory is less likely to occur.	Less likely	During the period of the call for proposals consultations and information events will be organised for potential applicants/ beneficiaries from the Programme area and
Double funding of selected projects	There is a risk that some projects might apply for funding from the Programme and finance their activities from several funding sources.	Unlikely	The MA will consult the list of projects recommended for funding with the European Commission and NAs to avoid double funding and promote synergies with the existing projects, where possible. Following this consultation, the JMC may decide to reject

Risk	Description of a risk	Likelihood of occurrence (from 'very unlikely' to 'very likely')	Mitigating measure
			initially recommended proposals.
Project level			
Lack of applications submitted for funding	The risk that not sufficient amount of applications will be submitted for funding from potential applicants/ beneficiaries is unlikely because the funding possibilities and requirements will be similar to the previous trilateral Lithuania-Poland-Russia ENPI CBC 2007-2013 and to other former ENPI CBC programmes and the need for funding of cross-border cooperation projects is still high.	Unlikely	Potential applicants/ beneficiaries have experience in participating in ENPI CBC projects and applying for EU funding from different EU instruments. They also have long-term partners for cooperation and constantly looking for new partners. The partner search forums will be organised during the information events therefore the new participants will be able to connect with possible partners and to prepare project applications.
Complicated project implementation	Despite experience of organisations (potential applicants/ beneficiaries) in implementing of projects financed by the EU (structural funds, CBC and other financial instruments) the risk is very likely due to change of staff (project managers and financial managers), different	Very likely	The risk will be mitigated by preparing detailed guidelines for applicants and beneficiaries. For selected projects beneficiaries trainings and individual consultations will be organised, timely feedback and assistance from JTS staff during day-to day project monitoring provided.

Risk	Description of a risk	Likelihood of occurrence (from 'very unlikely' to 'very likely')	Mitigating measure
	Implementing rules and requirements of the Programme, new partnerships, etc.		
Challenges in reporting	The risk is very likely because submission of reports in due time and of sufficient quality was also a challenge in the previous trilateral Lithuania-Poland-Russia ENPI CBC programme. As the Russian Federation allocates funds for projects financed by the Programme, new reporting requirements will be introduced and therefore new challenges for beneficiaries arise.	Very likely	The risk will be mitigated by preparing detailed guidelines for applicants and beneficiaries. For selected project beneficiaries trainings on reporting will be organised, instructions prepared and individual assistance from JTS staff provided if needed.

4.4. Cross-cutting Issues

During preparation of the Programme special attention was paid to mainstreaming cross-cutting issues, such as local democracy, environmental sustainability, gender equality and HIV/AIDS. These cross-cutting issues shall also be of a particular importance in the course of implementation of the Programme.

An important role in terms of cooperation and regional development is played by active civil society. To pursue this objective the Programme will support people-to-people actions, joint local and regional community initiatives and initiatives aimed at strengthening the administrative capacities of local communities to provide community led services. Such actions and activities will contribute to strengthening local governance and cross-border ties.

The Programme and projects funded under the Programme will contribute to the promotion of

principles of equal opportunities and non-discrimination. The Programme authorities will ensure that these principles are respected during evaluation of project applications and implementation of projects; project beneficiaries will ensure that project activities are open and the project results are available to both men and women, irrespective of their race or ethnic background, religion or belief, age and disability. Furthermore, the Programme will contribute to combating social exclusion and unemployment and address the specific challenges faced by the border regions to minimise the effect of their peripheral profile.

Information on strategic environmental assessment of the Programme is provided in chapter 6.8 of the Programme document. Due attention to environment protection and corresponding requirements (including those related to environmental impact assessment of planned economic activities) will be ensured under the Programme and projects funded by the Programme.

Considering the Programme strategic orientation and socio-economic analysis, the mainstreaming of HIV/AIDS appears less relevant and shall be indirectly addressed in the thematic objective ‚Promotion of social inclusion and fight against poverty’ under which the Programme will support joint local and regional community initiatives and services targeted at promotion of social inclusion and therefore support the right of all persons to live in the community with equality of choices and which are aimed at preventing isolation or segregation from the community.

5. PROGRAMME IMPLEMENTATION STRUCTURES AND DESIGNATION OF COMPETENT AUTHORITIES AND MANAGEMENT BODIES

According to Article 20 of the Commission Implementing Regulation (EU) No 897/2014 of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument (hereinafter – Implementing Rules) and provisions of the financing agreement the following institutions will be designated for Programme implementation:

Authority/body	Name of authority/body and department or unit
Managing Authority	Ministry of Interior of the Republic of Lithuania
Audit Authority	Internal Audit Division of the Ministry of the Interior of the Republic of Lithuania
National Authorities	Lithuania: Ministry of the Interior of the Republic of Lithuania Russia: Ministry of Economic Development of the Russian Federation
Joint Technical Secretariat, including the branch in Kaliningrad	Public Establishment “Joint Technical Secretariat” located in Vilnius Kaliningrad Regional Public Organisation “Transboundary Initiatives Support Center”
Control Contact Points	Lithuania Ministry of the Interior of the Republic of Lithuania Russia Ministry of Economic Development of the Russian Federation
Representatives to the Group of Auditors	Lithuania Internal Audit Division of the Ministry of the Interior of the Republic of Lithuania Russia Ministry of Finance of the Russian Federation
Joint Monitoring Committee (hereinafter – JMC)	The JMC shall be set up by the participating countries within 3 months of the date of the adoption of the Programme by the European Commission.

	The JMC shall be composed of a balanced number of representatives appointed by Lithuania and Russia.
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5.1. Joint Monitoring Committee

The Joint Monitoring Committee (JMC) shall be set up within three months of the date of the adoption of the Programme by the European Commission following its approval by the governments of the Russian Federation and the Republic of Lithuania. Pursuant to the Article 24 of the Implementing Rules the JMC will be set up to monitor implementation of the programme. The JMC will be composed of a balanced number of representatives appointed by Lithuania and Russia (up to 5 representatives from each country). Other persons may be appointed and invited as observers. The representatives of the European Commission will participate in the work of the JMC in an advisory capacity and will be invited to each meeting of the JMC at the same time as the representatives of the participating countries. The European Commission will be informed of the results of all JMC meetings. The JMC will meet at least once a year.

The JMC will be chaired by a representative of one of the participating countries; the chairman will be assisted by a co-chairman from the other participating country. The chair shall change annually on rotational basis.

Any conflict of interest within the JMC members is unwarrantable. Any decisions and/or assessment made by the JMC have to be free from bias and must not be influenced by partial interest of any of the individual members of JMC involved in the assessment of the projects. In order to avoid any conflict of interest, individual members of the JMC must not act as an applicant (lead beneficiary) or as any of the beneficiaries (project partners) and must not be financially involved in the project (as a beneficiary, partner, supplier, staff member, expert or consultant contracted by the lead beneficiary and/ or beneficiaries). Each member of the JMC, as well as observer, if applicable, will sign a declaration of confidentiality and impartiality applicable to the whole evaluation process and decision making. In case of the conflict of interest, the persons engaged in the latter shall declare it and shall not participate in the discussions and further in the decision making process.

The functions of the JMC secretariat will be performed by the Joint Technical Secretariat (hereinafter – JTS). The JMC will draw up and adopt its Rules of Procedure where information regarding its operating principles will be laid out in detail.

All decisions of the JMC will be taken by consensus where each country will have one vote regardless of the number of representatives.

The JMC will carry out its functions as listed respecting the principles of transparency, equal

treatment, non-discrimination, objectivity and fair competition:

- Approve the work programme and financial plan of the Managing Authority and the JTS;
- Approve the planned use of the technical assistance;
- Monitor the implementation of the work programme of the Managing Authority and the JTS and the financial plan;
- Approve the criteria for selecting the projects financed by the Programme;
- Be responsible for the evaluation and selection procedure applicable to projects to be financed by the Programme;
- Make the final decision on approval or rejection of the project applications and decide on the final sums granted to them;
- Take final decision on approval or rejection of complaints regarding evaluation and/or selection of projects;
- Take decisions concerning any proposal to revise the Programme;
- Examine all reports submitted by the Managing Authority and, if necessary, take appropriate measures;
- Examine any contentious cases and all important issues concerning the Programme brought to its attention by the Managing Authority or the National Authorities;
- Be final instance Programme structure in resolving conflicts;
- Examine and approve the annual report together with annual monitoring and evaluation plan and annual information and communication plan;
- Issue recommendations to the Managing Authority and the JTS regarding the implementation of the Programme and its evaluation and monitor actions undertaken as a result of its recommendations;
- Approve the application package (guidelines for applicants, application forms, etc.) before launching the Call for Proposals;
- Take decision on large infrastructure projects and other projects that shall be selected without call for proposals.

5.2. Managing Authority and its Designation Process

During the Programme preparation phase the participating countries agreed that the functions of the Managing Authority will be carried out by the Ministry of the Interior of the Republic of Lithuania, the decision was taken on the second meeting of the Joint Programming Committee, which took place on 14 October 2014 in Nida (Lithuania).

Pursuant to Article 25 of the Implementing Rules, the Minister of the Interior of the Republic of Lithuania shall, by issuing an official order, designate the Ministry of the Interior of the Republic of Lithuania as Managing Authority of the Programme. The designation of the Managing Authority shall be based on a report and an opinion of an independent audit body that assesses the compliance of the management and control system, including the role of intermediate bodies therein, with the designation criteria laid down in Annex I to the Implementing Rules. The independent audit body shall be the Audit Authority, or another

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public or private law body with the necessary audit capacity, which is functionally independent of the Managing Authority. It shall carry out its work in accordance with internationally accepted audit standards. The designation process of the Managing Authority shall be started after the approval of the Programme by the Commission and is expected to be completed in 2017.

The Ministry of the Interior of the Republic of Lithuania will act as both Managing Authority (hereinafter – MA) and Audit Authority (hereinafter – AA). The separation of functions between the MA and the AA will be guaranteed within the organisational framework of the Ministry. In particular, the tasks of the MA and the AA will be performed by separate and mutually independent departments of the Ministry of the Interior of the Republic of Lithuania, namely the Regional Policy Department (sharing functions with the Economics and Finance Department) and the Internal Audit Division, respectively. The Regional Policy Department is subordinate to the Vice-Minister, the Economics and Finance Department - to the Chancellor, while the Internal Audit Division - to the Minister of the Interior.

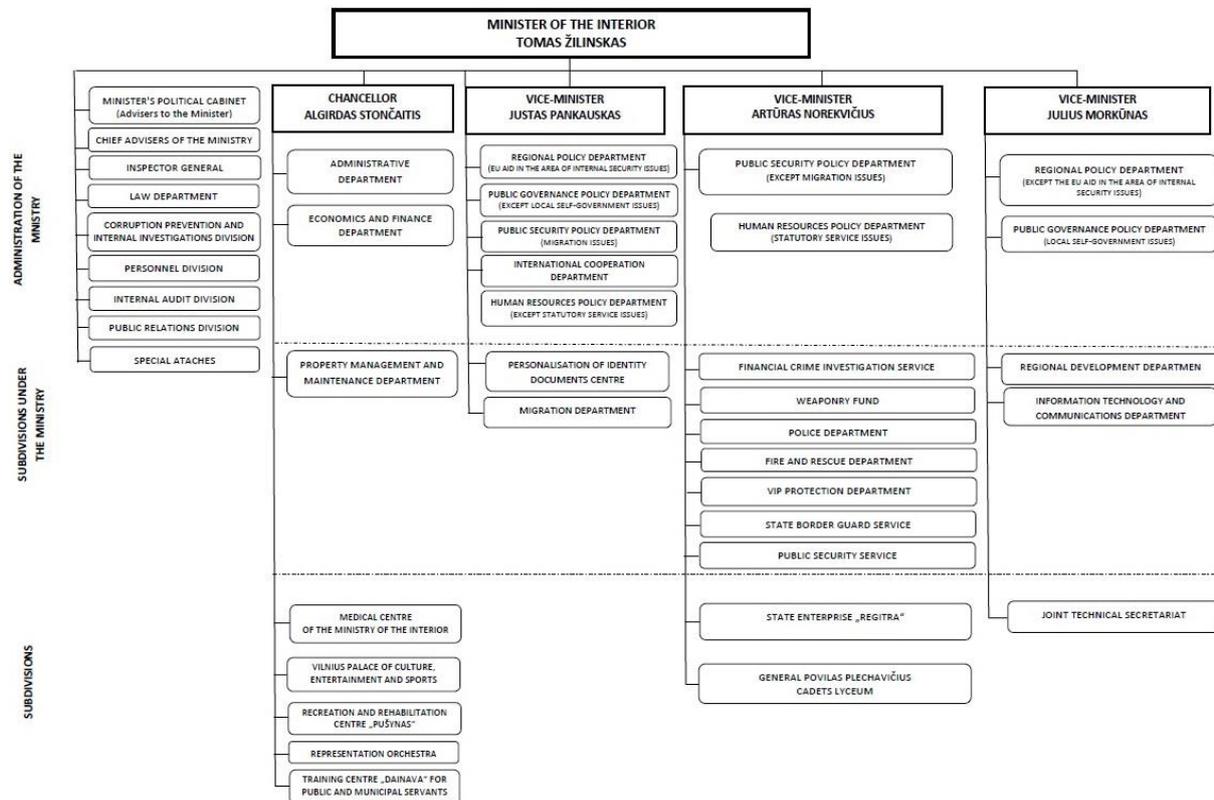


Figure 1. The organigram of the Ministry of the Interior of the Republic of Lithuania

According to Article 26 of the Implementing Rules, the Managing Authority shall be responsible for managing the programme in accordance with the principle of sound financial management, and for ensuring that decisions of the JMC comply with the regulations and provisions in force. The Managing Authority shall be responsible for all functions and tasks specified in Article 26 of the Implementing Rules.

Pursuant to the provisions of Article 20(3) of the Implementing Rules JTS shall be appointed to carry out certain tasks of the Managing Authority related to operational management of the Programme under the responsibility of Managing Authority. Information on the Managing Authority tasks delegated to JTS is provided in Chapter 5.4 of the Programme document. The Managing Authority shall monitor execution of tasks delegated to JTS (through regular JTS reporting, access to and screening of the working procedures of JTS and verifications).

5.3. National Authorities

The participating countries shall support the Managing Authority in its obligation to ensure that the management and control systems for the Programme are set up in accordance with the provisions of the Implementing Rules and these systems function effectively.

Each participating country shall appoint a National Authority assuming ultimate responsibility for the implementation of the Programme in its own territory – for Lithuania such authority will be the Ministry of the Interior of the Republic of Lithuania, and for Russia – the Ministry of Economic Development of the Russian Federation.

The National Authority shall:

- Support the Managing Authority in the management of the Programme in accordance with the principle of sound financial management;
- Be responsible for the set up and effective functioning of management and control systems at national level;
- Ensure the overall coordination of the institutions involved at national level in the Programme implementation, including, *inter alia*, the institutions acting as control contact points and as member of the group of auditors;
- Represent its country in the JMC;

For Russian Federation, the National Authority is the ultimate responsible body for implementing the provisions set out in the financing agreement between the EU and the Russian Federation referred to in Articles 8 and 9 of the Implementing Rules.

5.4. Joint Technical Secretariat

The JTS shall assist the Managing Authority, the JMC, the National Authorities and, where relevant, the Audit Authority in carrying out their respective functions. In particular, it shall inform potential beneficiaries about funding opportunities under the Programme and shall provide support to beneficiaries with regard to implementation of projects.

The functions of JTS will be carried out by the public establishment Joint Technical Secretariat (*Viešoji įstaiga Jungtinis techninis sekretoriatas*) established by the Lithuanian Ministry of the Interior. The public entity “Joint Technical Secretariat” was established on 23

December 2004. It is recommended that persons from the whole Programme region participate in the work of the JTS. Since its establishment the public entity “Joint Technical Secretariat” has been involved in the administration of the following CBC programmes:

- *Lithuania, Poland and Kaliningrad region of Russian Federation PHARE Cross-border Cooperation Programme;*
- *Lithuania, Poland and Kaliningrad Region of Russian Federation INTERREG IIIA/TACIS Neighbourhood Programme 2004-2006;*
- *Lithuania-Poland-Russia ENPI Cross-border Cooperation Programme 2007-2013;*
- *Latvia-Lithuania-Belarus ENPI Cross Border Cooperation Programme 2007-2013;*
- *Lithuania-Poland European Territorial Cooperation Objective Cross-border Cooperation Programme 2007-2013.*

The JTS shall also act as an intermediate body, which will carry out certain tasks of the Managing Authority under the responsibility of the latter. As an intermediate body JTS:

- As regards the Programme management :
 - Carry out functions of JMC secretariat and support its work;
 - Draw up annual report together with annual monitoring and evaluation plan and annual information and communication plan;
 - Provide information to the Managing Authority that is relevant to the execution of its tasks;
 - Provide information to beneficiaries and applicants that is relevant to the implementation of projects and preparation of project applications;
 - Establish and maintain a computerised system to record and store data on each project necessary for monitoring, evaluation, financial management, control and audit;
 - Implement the information and communication plans;
 - Implement the monitoring and evaluation plans;
 - Provide information to the National Authorities on request;
- As regards the selection and management of projects :
 - Draw up the application package and, once approved by the Managing Authority and the JMC, launch call for proposals;
 - Manage project evaluation procedures;
 - Prepare grant contracts;
 - Carry out operational follow-up and management of the projects.
- As regards the technical assistance allocated to JTS :
 - Manage contract award procedures;
 - Sign contracts with contractors;
 - Carry out operational follow-up and management of the contracts.
- As regards the financial management and control of the programme:
 - Verify that the co-financed products and services have been delivered and that expenditure declared by the beneficiaries has been paid by them and complies with the applicable EU and/or national law, Programme rules and conditions

for support of the projects. In this respect pursuant to Article 32(1) of the Implementing Rules the JTS will make sure that the expenditure declared by each beneficiary in support of a request for payment has been examined by an auditor. In addition to that, the JTS shall perform its own administrative verifications in respect of each payment request by beneficiaries and on-the-spot verifications of projects (on a sample basis);

- Ensure that beneficiaries involved in the implementation of projects maintain either a separate accounting system or a suitable accounting code for all transactions relating to a project (for these verifications pursuant to Article 32(1) of the Implementing Rules the auditors will be drawn upon);
- Put in place effective and proportionate anti-fraud measures taking into account the risks identified;
- Set up procedures to ensure that all documents regarding expenditure and audits required to ensure a suitable audit trail are held in accordance with the requirements of applicable requirements;
- Draw up the management declaration and annual summary and submit these documents to the Managing Authority;
- Draw up and submit payment requests to the Managing Authority;
- Draw up annual accounts;
- Take account of the results of all audits carried out by or under the responsibility of the Audit Authority when drawing up payment requests;
- Maintain accounting records in a computerised form of expenditure declared to the Managing Authority and European Commission and of the payments made to beneficiaries;
- Keep an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for a project.

The functions of the branch office of the JTS will be carried out by the Kaliningrad Regional Public Organisation “Transboundary Initiatives Support Centre”. The branch office of the JTS will be financed by the Russian financial contribution to the programme only and will be empowered to fulfil the following functions:

- Assist the JTS in carrying out communication and information activities, participate in the implementation of the information and communication plan;
- Work with communication and information in line with the Programme’s communication strategy and annual communication plans and requirements of the Russian legislation, EU Visibility Guidelines and Russian visibility and information rules with the cooperation of the JTS;
- Support the JTS in follow-up of the project implementation;
- Consult national and regional authorities on the Programme related issues at their request;
- Assist the Managing Authority /JTS in its contacts with Russian beneficiaries;
- Send reports on Programme implementation to the Russian authorities on quarterly basis and at their request;

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- Organise and finance Programme events in the Russian territory and finance participation of Russian authorities in Programme events, etc.;
- support in the organisation of the meetings of the JMC and other important Programme events;
- Monitor the projects implemented in the Russian territory;
- Participate in the process of project evaluation;
- support the MA in the development of various documents of the programme including guidelines of the calls for proposals and follow-up of the projects implementation;
- take part in administrative checks and eligibility verifications of the applicants located in Russia;
- monitor the projects activities implemented in the Russian territory;
- participate in the evaluation of implemented projects;
- consult potential participants of the programme on legal conditions of participation in the programme, project management etc., assist them in finding partners and preparing project proposals;
- providing information for the MA, JTS and project partners from Lithuania on Russian legislation;
- collection of data to improve the monitoring of projects;
- other tasks supporting MA and JTS in their day-to-day implementation of the Programme;
- providing the support to the National Authority and Control Contact Point in Russian Federation in performance of their tasks;
- provide information, consultation and support to project partners and give guidance to potential applicants and beneficiaries/partners;
- assist the national and regional authorities in their work with the Programme;

Procurement rules applied by the Russian Branch Office will be described in the financing agreement between the EU and the Russian Federation.

The contract with the Kaliningrad BO will be implemented also in accordance with the legislation of the Russian Federation.

The Team Leader of the Kaliningrad BO will be appointed in cooperation between the MA and the Russian NA.

In no event, may the branch office be entrusted with a task involving exercise of public authority or the use of discretionary powers of judgment regarding projects.

5.5. Audit Authority and the Members of the Group of Auditors

The functions of the Audit Authority shall be carried out by the Internal Audit Division of the Ministry of the Interior of the Republic of Lithuania, which is functionally independent from other units of the Ministry of the Interior of the Republic of Lithuania, acting in the capacity of the Managing Authority.

The Audit Authority for the Programme shall be assisted by a group of auditors including

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representatives of Lithuania and Russia. Representatives of the Internal Audit Division of the Ministry of the Interior of the Republic of Lithuania (Republic of Lithuania) and of the Ministry of Finance of the Russian Federation (Russian Federation) shall be nominated to the group of auditors.

The Audit Authority assisted by the group of auditors shall perform the following functions:

- Within 9 months of the signature of the financing agreement between the EU and the Russian Federation, prepare and submit to the European Commission and the Government of the Russian Federation an audit strategy for performance of audits. The audit strategy shall be updated annually from 2017 until the end of 2024;
- Ensure that audits are carried out on the management and control systems, on an appropriate sample of projects and on the annual accounts of the Programme (for these tasks external service providers may be drawn upon);
- Shall draw up an audit opinion on the annual accounts for the preceding accounting year and an annual audit report.

The Audit Authority shall ensure that the audit work complies with internationally accepted audit standards. Where audits are carried out by a body other than the Audit Authority, the Audit Authority shall ensure that any such body has the necessary functional independence.

5.6. Control Contact Points

Carrying out the functions delegated by the Managing Authority, the JTS shall perform its own administrative verifications and on-the-spot verifications of projects.

For the purpose of carrying out verifications throughout the whole Programme area, the Managing Authority shall be assisted by the control contact points. For Lithuania control contact point shall be the Ministry of the Interior of the Republic of Lithuania, and for Russia – Ministry of Economic Development of the Russian Federation.

The control contact points shall perform the following functions:

- Provide clarifications on national rules;
- Support the Managing Authority and the JTS during on-the-spot checks and other controls of project beneficiaries and partners in the national territory;
- Support the Managing Authority and the JTS to ensure that the independent external auditors meet the legal requirements, including the necessary experience and know-how, provide guidelines and training for the independent external auditors.

6. PROGRAMME IMPLEMENTATION

6.1. A Summary Description of the Management and Control Systems

The Programme shall be implemented under shared management principles. The management and control systems shall be set up taking into account the requirements of the Implementing Rules and the financing agreement between the EU and the Russian Federation.

Information on institutions involved in management and control of the Programme, their functions and division of functions in accordance with the principle of separation of functions between and within such bodies and systems for monitoring and reporting where the responsible body entrusts execution of tasks to another body is provided in Chapter 5 of the Programme document.

Independent external auditors shall be drawn upon to ensure the correctness and regularity of the expenditure declared. The functions of independent external auditors shall include:

- Verifying that the co-financed products and services have been delivered and that the expenditure declared by the beneficiaries has been paid by them and complies with the applicable EU and/or national law, Programme rules and conditions for support of the projects;
- Verifying that beneficiaries and partners involved in the implementation of projects maintain either a separate accounting system or a suitable accounting code for all transactions relating to their project.

The independent external auditors and their expenditure verification procedures shall meet the requirements provided in Article 32(1) of the Implementing Rules.

In addition to the work carried out by the external independent auditors, the JTS shall perform its own administrative verifications in respect of each payment request by beneficiaries and on-the-spot verifications of projects (on a sample basis).

Information on electronic data systems for accounting, storage, monitoring and reporting is provided in Chapter 6.13 of the Programme document.

Information on arrangements for auditing the functioning of the management and control systems is provided in Chapter 5.5 of the Programme document.

The grant contracts will include the requirement that beneficiaries and partners involved in the implementation of projects maintain either a separate accounting system or a suitable accounting code for all transactions relating to a project and requirements concerning retention of documents. Standard terms of reference and contracts with independent external auditors will also include the requirements concerning retention of documents related to their

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expenditure verification work. Systems and procedures to ensure an adequate audit trail shall be also detailed in the working procedures of institutions involved in management and control of the Programme.

The MA shall in the first instance be responsible for preventing and investigating irregularities and for making the financial corrections required and pursuing recoveries. Information on prevention, detection and correction of irregularities, including fraud and the recovery of amounts unduly paid, together with any interest, is provided in Chapter 6.11 of the Programme document.

Necessary preventive and corrective actions

The MA shall in the first instance be responsible for making the financial corrections required and pursuing recoveries. In case of a systemic irregularity, the MA shall extend its investigation to cover all operations potentially affected. The MA evaluates the irregularity and if needed asks the NA/control contact point of the concerned country to undertake further investigation. On the basis of this investigation and results of NA/control contact point findings, the follow up measures shall be proposed and submitted to the NA of the concerned country for approval. In case of ENI funds the MA decides on follow up measures. The MA shall make the financial corrections required in connection with individual or systemic irregularities detected in projects, TA or in the Programme.

The European Commission shall make financial corrections by cancelling all or part of the European Union contribution to the Programme as laid down in Articles 72 and 73 of the Implementing Rules and the Financing Agreement.

Anti-fraud measures

One of the main tasks of the MA is to put in place effective and proportionate anti-fraud measures taking into account the risk identified. In order to protect EU and RF financial interests MA shall take all necessary measures to prevent, detect and correct as well as provide adequate deterrence against irregularities and fraud.

According to the EC, three selected key processes considered to be the most exposed to specific fraud risks and these shall be targeted: 1) selection of beneficiaries; 2) implementation and verification of the projects; 3) certifications and payments.

Monitoring may also include public procurements and TA expenditures.

MA shall not only recognise fraud risks, conduct self-assessment of the likelihood and impact of specific fraud scenarios and risks, assess the effectiveness of current control, but also assess the effect of planned additional controls and define the target risk with the risk level which MA considers tolerable.

Information on contract award procedures for TA and projects selection procedures is provided respectively in Chapters 6.5 and 6.3 of the Programme document.

Information on the role of national authorities and the responsibilities of the participating countries is provided in Chapter 5.3 of the Programme document.

6.2. A Timeframe for Programme Implementation

Pursuant to the financing agreement between the EU and the Russian Federation and Article 15 of the Implementing Rules the period of execution of the Programme shall start at the earliest on the date of the adoption of the Programme by the European Commission, following approval by the Government of the Russian Federation and end on 31 December 2024 at the latest.

Preparatory actions required to launch the Programme may start upon submission of the Programme to the European Commission after its submission to the Government of the Russian Federation; in particular, such preparatory actions include:

- The first meetings of the JMC;
- The establishment of the Managing Authority and the JTS;
- The preparation and launching of calls for proposals, project evaluation and selection and contract award procedures, with a suspension clause linked to the entry into force of the financing agreement between the EU and the Russian Federation.

Pending the entry into force of the respective financing agreement between the EU and the Russian Federation, no activities financed by the Programme may be launched, except for preparatory actions referred to above.

Direct award procedures shall be initiated after adoption of the Programme in order to provide full project application to the EC before 31st December 2017. Contracts for large infrastructure projects selected through direct award shall be signed before 30 June 2019. All other contracts shall be signed before 31 December 2021. All project activities financed by the Programme shall end on 31 December 2022 at the latest. Only activities linked to the closure of the Programme may be carried out between 1 January 2023 and 30 September 2024.

6.3. Project selection procedures

Financial contributions by the Programme to projects shall be provided through grants. Grants shall be awarded to projects selected through calls for proposals, except in the duly substantiated exceptional cases, in conformity with the rules set out in the Programme. A maximum 30% of the EU contribution may be allocated to large infrastructure projects.

Project selection procedures shall ensure that the principles of transparency, equal treatment, non-discrimination, objectivity and fair competition are followed. With a view to respect these principles:

- a) the projects shall be selected and awarded on the basis of pre-announced selection and award criteria defined in the evaluation grid. The selection criteria serve to assess the

applicant's ability to complete the proposed action or work programme. The award criteria shall be used to assess the quality of the project's proposal against the set objectives and priorities;

- b) the grants shall be subject to *ex ante* and *ex post* publicity rules;
- c) any conflict of interest shall be avoided;
- d) the same rules and conditions shall be applied to all applicants.

Conditions for financing

Projects may receive financial contribution from the Programme provided they:

- Deliver a clear cross-border cooperation impact and benefits as described in the Programming document;
- Are implemented in the eligible areas defined in the Programme;
- Fall within one of the following categories:
 - Integrated projects, where each beneficiary implements a part of the activities of the project on its own territory;
 - Symmetrical projects, where similar activities are implemented in parallel in the participating countries;
 - Single-country projects, where projects are implemented mainly or entirely in one of the participating countries but for the benefit of all or some of the participating countries, and where cross-border impacts and benefits are identified.

Projects meeting the criteria described above may be partially implemented outside the Programme area, provided that all the following conditions are satisfied:

- The projects are necessary for achieving the Programme's objectives and benefit the Programme area;
- The total amount allocated under the Programme to activities outside the Programme area does not exceed 10% of the EU contribution at Programme level;
- The obligations of the Managing Authority and the Audit Authority in relation to management, control and audit concerning the project are fulfilled either by the Programme authorities or through agreements concluded with authorities in the countries where the activity is implemented.

Calls for proposals, evaluation and selection of projects

Open calls for proposals shall be launched by the JTS following the decision of the JMC. All the information needed to apply for the funding will be included in the application package prepared by the JTS, coordinated with the Managing Authority and approved by the JMC. All the documents comprising the application package will be available on the Programme website. The project application shall be submitted to JTS by Lead beneficiary of the project.

The assessment of applications shall be carried out by the JTS with the assistance from BO in Kaliningrad. If assessment of the application requires specific knowledge, the JTS may draw upon external experts. The decision of drawing upon external experts should be adopted by the JMC. The JTS can invite experts for the purpose of specific technical aspects only. The evaluation of project applications shall be carried out in two stages:

- Assessment of administrative compliance and eligibility, and;
- Quality assessment of the application.

As a result of the assessment, summary reports (Ranking lists) shall be produced in respect of each call for proposals. The summary report shall include the summary results of quality assessment of applications which have passed the assessment of administrative compliance and eligibility. The summary report shall be presented by the JTS to the Managing Authority, National Authority and members of the JMC.

Members of the JMC shall carry out the strategic assessment of the submitted project proposals which shall be followed by funding decisions. The strategic assessment shall be based on the results of the quality assessment. In addition, the strategic assessment may take into account the analysis of the existing portfolio of approved projects, the availability of funds under each priority and the fulfilment of the result indicators of the Programme. Based on the motivated opinion, JMC may decide to request the JTS to carry out additional eligibility check or quality assessment of certain applications.

The MA will consult the list of projects recommended for funding with the European Commission to avoid double funding and promote synergies with the existing projects, where possible. Following this consultation, the JMC may decide to reject initially recommended proposals.

Funding decisions shall be made by the JMC. The projects that will receive Programme support will be selected from the abovementioned ranking lists starting from the highest ranking one. Following the decision of the JMC, the JTS shall prepare an individual letter (grant award letter or letter of rejection) informing the Lead beneficiary about the decision of the JMC. The grant letter shall also state all the conditions under which the application has been approved. If the grant requested is not awarded, the MA shall provide the reasons for the rejection of the application with reference to the selection and award criteria that are not met by the application.

The JTS shall be responsible for preparation of grant contracts. A grant contract shall set out the conditions to support the project and the specific requirements and shall be signed between the JTS and the lead beneficiary of the project.

Direct award

Projects may be awarded without a call for proposals only in the following cases:

- To bodies with a *de jure* or *de facto* monopoly, duly substantiated in the award decision;
- For actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power. These cases shall be duly substantiated in the award decision.

Information on large infrastructure projects that will be selected without a call for proposals is presented under the description of the Programme's priorities (Chapter 3.2 of the Programme document). The JMC may decide to select additional projects without a call for proposal at any time after the adoption of the Programme within the timeframe for Programme implementation stipulated in 6.2 of the Programme. In both cases, the prior approval by the European Commission shall be sought.

6.4. A description of types of support per priority, including a list of projects to be selected through direct award procedure, or contributions to financial instruments.

Information on large infrastructure projects and other projects to be selected through direct award procedure is provided under the description of the Programme's priorities (Chapter 3.2 of the Programme document).

The Programme shall not contribute to the financial instruments.

6.5. A description of planned use of technical assistance and applicable contract award procedures

Technical assistance is essential to facilitate effective implementation of the Programme. The technical assistance activities will include preparation, management, monitoring, evaluation, information, communication, networking, complaint resolution, control, audit and other Programme implementation activities as well as reinforcing the administrative Programme implementation capacities of both Programme management authorities and beneficiaries. Technical assistance will be primarily targeted at implementation of this Programme.

Technical assistance shall be used to finance activities necessary for a smooth and effective management of the Programme, setting up and running of the Programme management bodies (primarily - JTS), timely and efficient commitment and disbursement of Programme funds, widespread information about the Programme and dissemination of results, etc. The decision on the implementation of the technical assistance budget will be taken by the JMC following the proposal from the Managing Authority.

Indicative list of activities:

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Indicative actions/expenditure to be supported:

- Staff, office, equipment and other administrative costs of institutions involved in Programme management (primarily the JTS and its branch office in Kaliningrad);
- Activities related to Programme's information and visibility (Programme's website, information events, etc.);
- Organisation of JMC and other meetings (organisation of the meeting, travel and accommodation costs of JMC members, etc.);
- External expertise (external experts/services on management, legal, financial and audit advice, etc.);
- IT systems;
- Audit costs of the Programme;
- Programme evaluation costs;
- Trainings to beneficiaries;
- Other activities and costs related to implementation and management of the Programme.

Contract award procedure

Technical assistance contracts by the Programme institutions established in Lithuania (JTS, Managing Authority, Audit Authority, etc.) shall be awarded following the applicable Lithuanian public procurement law.

The procurement rules applicable to the contracts awarded by the institutions established in the Russian Federation shall be defined in the financing agreement between the EU and the Russian Federation.

Procurement by the branch office in Kaliningrad shall be limited to ordinary running costs and costs for communication and visibility activities.

Controls by the European Union and the Russian Federation

The Commission, the European Anti-Fraud Office, the European Court of Auditors and any EU external auditor authorised by these institutions and bodies may verify the use of Union funds by the Managing Authority, beneficiaries, contractors, subcontractors and third parties in receipt of financial support by examining documents and/or conducting on-the-spot checks. Each contract shall expressly stipulate that these institutions and bodies can exercise their power of control, concerning premises, documents and information, irrespective of the medium in which they are stored. The modalities of the checks in the territory of the Russian Federation are to be regulated by the Financing Agreement. The authorities of the Russian Federation are entitled to check the expenditures of the RF funds including programme co-financing and contribution to the TA on the territory of the Russian Federation.

6.6. A description of the monitoring and evaluation systems, together with an indicative monitoring and evaluation plan for the whole duration of the Programme

Programme monitoring and evaluation shall aim at improving the quality of design and implementation, as well as at assessing and improving consistency, effectiveness, efficiency and impact of the Programme. Monitoring and evaluation findings shall be taken into account in the Programme implementation cycle and in preparation for the subsequent programming period.

6.6.1. Monitoring

Monitoring activities shall include:

- **Project monitoring.** The day-to day project monitoring shall be carried out by the JTS on the basis of project monitoring reports, communication with project beneficiaries, on-the spot checks and using other means.
- **Programme monitoring.** The day-to day Programme monitoring shall be carried out by the JTS and the Managing Authority, information on Programme implementation shall be regularly presented to the JMC. The JTS shall be responsible for drafting of annual and final report of the Programme. The draft reports shall be coordinated with the MA and shall be submitted to the JMC for approval. After approval by the JMC, annual and final Programme reports shall be submitted to the European Commission and the Government of the Russian Federation.

In addition to the day-to-day Programme and project monitoring, results-oriented monitoring of the projects and evaluation of the Programme shall be performed. Such monitoring and evaluation activities shall be approved by the JMC.

The indicative monitoring plan of the Programme for its whole duration (encompassing result and output indicators for each priority, along with their measurement units, data sources, baselines, milestones and final targets) is provided below.

Programme Priority	Indicator	Type of indicator	Measurement unit	Data source	Baseline (2013)	Final target (2022)
Restoration and adaptation of historical and natural	Number of tourists accommodated in Programme's core regions	Result	Number of accommodations, thousands	Statistical information	761.6	875.8

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Programme Priority	Indicator	Type of indicator	Measurement unit	Data source	Baseline (2013)	Final target (2022)
heritage, promotion of culture, cultural networking and tourism development	Number of improved sites of cultural, natural and historical heritage as a direct consequence of Programme support	Output	Cultural, natural and historical heritage sites	Project reports	N/A	3
	Number of organisations using Programme support for promoting local culture and preserving natural and historical heritage	Output	Organisations	Project reports	N/A	13
	Number of cross-border cultural events organised using Programme support	Output	Events	Project reports	N/A	12
Promotion of social inclusion and cooperation in CBC region through improved health, social and education services and community led initiatives	Persons served by improved social, healthcare and educational services	Result	Persons	Project reports	0	300
	Number of organisations cooperating in the area of improving social and other services for vulnerable groups	Output	Organisations	Project reports	N/A	8
	Number of social service and other professionals	Output	Persons	Project reports	N/A	24

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Programme Priority	Indicator	Type of indicator	Measurement unit	Data source	Baseline (2013)	Final target (2022)
	participating in cross-border exchanges or activities					
	Number of developed/ improved social, education and health care services for vulnerable groups	Output	Services	Project reports	N/A	8
Promotion of cooperation between public authority institutions and strengthening local communities	Number of institutions that have established durable cross-border cooperation links as a direct consequence of the Programme	Result	%	Project reports	0	10
	Number of participating organisations cooperating across borders for improved governance (ENI/CBC 14)	Output	Organisations	Project reports	N/A	10
	Number of local and regional communities and NGOs, involved in cross-border cooperation initiatives	Output	Organisations	Project reports	N/A	10
Ensuring efficient functioning of border	Number of cars crossing the reconstructed border crossing	Result	Cars	Data from State Border Guard Service	272.000	300.000

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Programme Priority	Indicator	Type of indicator	Measurement unit	Data source	Baseline (2013)	Final target (2022)
crossing	point per year			under the Ministry of Interior of the Republic of Lithuania		
	Number of professionals participating in joint trainings or other experience exchange events	Output	Persons	Project reports	N/A	20
	Number of border crossing points with increased throughput capacity	Output	Border crossing point	Project reports	N/A	1

The European Commission and the Government of the Russian Federation shall have access to all monitoring and evaluation reports.

In compliance with Article 77 of the Implementing Rules, every year by 15 February the MA shall submit to the Commission an annual report approved by the JMC. That annual report shall include technical and financial part covering the preceding accounting year. The technical part shall describe:

- the progress achieved in implementing the Programme and its priorities;
- the detailed list of signed contracts as well as the list of selected projects not yet contracted, including reserve list;
- the TA activities carried out;
- the measures undertaken to monitor and evaluate projects, their results and actions undertaken to remedy the problems identified;
- the implemented communication activities.

In addition, the annual report shall contain the forecast of activities to be implemented in the following accounting year, including the annual monitoring and evaluation plan prepared in accordance with Article 78(2) of the Implementing Rules.

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The financial part shall be prepared in accordance with Article 68(2) of the Implementing Rules.

The MA by 30 September 2024 shall also submit to the Commission a final report approved by the JMC, containing the same elements as requested in the case of annual reports.

In accordance with Article 20(3) of the Implementing Rules, the JTS will be delegated certain tasks of the MA related to operational management of the Programme under the responsibility of the MA. The tasks delegated to the JTS shall be formally recorded in writing. The MA shall monitor execution of tasks delegated to JTS (through regular reporting by the JTS, access to and screening of the working procedures of JTS and verifications).

6.6.2. Evaluation

The JMC shall perform the evaluation that will be carried out to assess effectiveness, efficiency and impact of the programme on the basis of the monitoring and evaluation plan which shall be approved by the JMC at a later stage and might foresee self-evaluation activities to be performed in addition to further proposed actions. Taking into account shorter Programme implementation period due to late start of the Programme and very limited TA resources of the Programme only *ex-post evaluation* will be performed on all four thematic objectives and the Programme as a whole. This evaluation will be carried out by external experts and will focus on relevance, effectiveness, impact and sustainability of results. The *ex-post* evaluation shall be performed in the year following the end of the implementation phase of the projects financed by the Programme.

The European Commission and NAs shall have access to all evaluation reports and may carry out *ad hoc* evaluations (at any time) of the Programme or a part thereof. The results of these exercises shall be communicated to the JMC and MA and may, consequently, lead to adjustments in the Programme. Furthermore, the JMC and MA may consider necessary to carry out their own *ad hoc* evaluations of the Programme at any of its stages.

The Government of the Russian Federation shall have access to all monitoring and evaluation reports.

The indicative plan below gives an overview to the planned monitoring and evaluation activities. The JMC will annually review the plan before 15 February.

Calendar year/ Programme year	Monitoring	Evaluation
2016/ year 1	No day-to day project monitoring	
2017/ year 2	No day-to day project monitoring	
2018/ year 3	Day-to day project monitoring, monitoring visits (on the need), on-the-	

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Calendar year/ Programme year	Monitoring	Evaluation
	spot checks to the projects (on a sample basis).	
2019/ year 4	Day-to day project monitoring, monitoring visits (on the need), on-the-spot checks to the projects (on a sample basis).	
2020/ year 5	Day-to day project monitoring, monitoring visits (on the need), on-the-spot checks to the projects (on a sample basis).	
2021/ year 6	Day-to day project monitoring, monitoring visits (on the need), on-the-spot checks to the projects (on a sample basis).	
2022/ year 7	Day-to day project monitoring, monitoring visits (on the need), on-the-spot checks to the projects (on a sample basis). All project activities shall be finished.	
2023/ year 8		<i>Ex-post</i> evaluation of the Programme
2024/ year 9		Closure of the Programme

6.7. The communication strategy for the whole Programme period and an indicative information and communication plan for the first year

Main objectives of communication activities

The main objective of the communication activities is to provide the beneficiaries and potential applicants, as well as general public with a wide access to information on the Programme and its financing sources, capitalising on the achievements of the Programme. Such communication shall contribute to more efficient application process and smooth implementation of the projects and shall increase the awareness of the inhabitants of the

participating regions on the achievements of the Lithuanian-Russian cooperation.

The communication activities shall be targeted at:

- Providing a constant and numerous information on the possibilities of financing being granted and the steps that should be taken in order to be able to apply for the funds, as well as the criteria of project selection;
- Assisting the beneficiaries and their partners in successful implementation of the projects;
- Informing the general public on the state of the Programme's implementation and capitalising the results of the support and best practice in joint projects;
- Ensuring proper visibility of EU and Russian funding and the role played by the participating countries.

Target groups

The communication activities shall be targeted at the applicants and potential applicants of the Programme as well as general public:

- Regional and local authorities and other competent public institutions;
- Regional and local communities;
- Professional and business associations;
- Non-governmental and non-profit organisations, in particular organisations active in the field of environmental protection, supporting entrepreneurship, development of tourism, supporting education, training institutions, etc.;
- General public.

Internal communication targeted at ensuring efficient implementation of the Programme

Special communication activities shall target project beneficiaries and institutions involved in the implementation of the Programme. Such communication activities shall be aimed at strengthening the administrative capacities to implement the projects and the Programme, identification, promotion and dissemination of best practices, etc.

Corporate design, languages

The Programme has its logo and corporate design. Visibility measures of the Programme shall be aligned with the *Communication and Visibility Manual for EU External Actions* and Russian requirements and shall be applied by the institutions involved in implementation of the Programme (Managing Authority, National Authorities, JTS, etc.) and project beneficiaries to ensure Programme's identity and recognition.

To ensure efficient communication, the most important information on the Programme shall

be published in Lithuanian, Russian and English languages.

In the Russian territory, the visual demonstration of Russian financial participation in the Programme will consist of the Russian and the European Union flags along with the Programme logo. Such visualisation rules will only apply to project activities, carried out on the territory of the Russian Federation. Every mention of the EU co-financing of a project in the Russian territory shall be accompanied by the identical mention of the Russian co-financing.

Institutions involved in conducting and coordinating communication activities

The JTS shall be responsible for coordination and implementation of the Programme communication activities. In this respect the JTS shall be responsible for preparation of annual information and communication plan, coordination with the Managing Authority and presenting of this plan to the JMC for approval. After approval by the JMC, annual information and communication plan shall be submitted to the European Commission and the Government of the Russian Federation together with the annual Programme report. The JTS shall also ensure that visibility strategy and visibility measures undertaken by the project beneficiaries comply with the European Commission's guidance and the provisions of the financing agreement between the EU and the Russian Federation.

Main communication channels

The following communication channels shall be used to disseminate information on the Programme:

- Internet. The JTS shall be responsible for setting up and running of the Programme website. The website shall provide information on objectives and content of the Programme, legal basis, procedures for submitting application and selecting projects as well as contact persons. Moreover, it shall provide access to all important documents on the Programme and have useful links, including links to the institutions that coordinate the implementation of the Programme. The website shall also present information on the most important events, meetings and workshops related to the Programme. The list of the projects shall be published on the Programme website in accordance with Article 44 of the Implementing Rules. The Programme website shall also promote best practices.
- Mass and social media. Information on the Programme shall be published in the mass media. Modern channels of information shall also be used in order to reach wide and different audiences (e.g. on-line media and social media channels).
- Communication campaigns. A major communication campaign advertising the launch of the Programme shall be organised. In addition to that, at least one communication campaign a year which promotes the funding opportunities and the strategies pursued and presents the achievements of the Programme shall be organised. Events related to

such campaigns shall be carried out in both participating countries

- Publications and leaflets. The Programme document shall be available in an electronic form on the website. The brochures, leaflets and other information and promotion material shall be published in Russian, Lithuanian and English.
- Events. Such events as conferences, informational meetings, workshops and trainings shall be organised and shall be directed at general promotion of the Programme, strengthening the administrative capacity of beneficiaries and Programme management institutions, presentation of results achieved, sharing of the best practice examples, etc.

Indicative information and communication plan for the first year

The following information and communication activities will be carried out during the first year of Programme implementation:

- Development of information and promotion material of the Programme (brochures, leaflets, e-letter and other information and promotion material);
- Launching the website of the Programme;
- Organisation of a major communication campaign to advertise the launch of the Programme – organisation of a Programme launching conference and other information events in the Programme regions, information campaign in the mass media (press, Programme banners in popular internet portals, etc.), deployment of Programme banners on the websites of regional and local authorities, organisation of other information and communication activities.

6.8. Information on fulfilment of regulatory requirements laid down in Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment

The requirements for Strategic Environmental Assessment (hereinafter – SEA) are set out in the Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (OJ L 197, 21.07.2001, p. 30) (hereinafter – SEA Directive).

The screening procedure was conducted and the screening report was prepared on the draft of the Programme in accordance with the SEA Directive and applicable national legal acts of the Republic of Lithuania and the Russian Federation as well as SEA objectives and tasks.

Considering that the Programme does not meet conditions defined in the articles 6.1 – 6.4 of the resolution of the Government of the Republic of Lithuania No.1467 of the 23rd of December, 2014, “On amendment of the resolution of the Government of the Republic of Lithuania No. 967, of the 18th of August, 2004, “On approval of the Rules of Procedure for strategic assessment of the effects of plans and programmes on the environment””, where the assessment is required, and following the terms defined in the article 6.5, the screening procedure for the strategic environment assessment (hereinafter – SEA) of the Programme

was performed in parallel with the Programme preparation.

Screening procedure

Screening was performed and information for the screening document of SEA of the Programme has been prepared according to the “Rules of Procedure for strategic assessment of the effects of plans and programmes on the environment” (hereinafter - Rules of Procedures), approved by the order of the Minister of Environment of the Republic of Lithuania No. D1-456 of the 27th of August, 2004.

Aims of the Screening:

- to assess whether implementation of the Programme might have any significant negative effects on environment;
- to determine whether SEA is necessary for this Programme;
- to ensure consideration of the environmental issues in the earliest planning stage, anticipating the measures of prevention and avoidance of any negative effects.

Screening report

Screening report of SEA of the Programme contains the information on the Programme and the table No 3. “Significance of the Programme implementation effects on environment” (prepared according to the “Rules of Procedures for Strategic Environmental Assessment of Plans and Programmes”).

There are more protected areas in the territory of the Programme in Lithuania. The territories with the highest protection level – national parks, state nature reserves and state reserves – cover nearly 0.5 per cent of the Russian territory of the Programme, and 2 per cent of the Lithuanian territory of the Programme. The territories with lower protection level (regional parks) cover nearly 9 per cent of the Programme territory in Lithuania.

European ecological network “NATURA 2000”, which covers the territories significant for habitat protection and birds’ protection, functions only in Lithuania, where the territories significant for habitat protection cover nearly 17 per cent, and the territories significant for birds’ protection - nearly 11 per cent of the territory of the Programme. The biggest part of these territories overlap with other protected territories, thus, their areas cannot be summed up.

Based on the results of analysis of protected areas it can be stated that the protected areas, which determine significant barriers for investment, make nearly 25 per cent of the Programme implementation territory in Lithuania, and about 0.5 per cent – in Russian Kaliningrad region. The territory is rich in protected species of fauna and flora, natural habitats and other protected values of natural and cultural heritage.

According to the data provided in the table 3 of the screening document, the measures anticipated in the Programme will not determine neither positive nor negative significant effects on the surface water, underground water, environment air, climatic factors, soil, landscape. Due to activities planned or promoted by the Programme significantly positive or

positive effects are plausible for natural habitats and biodiversity (including effects on fauna and flora), cultural heritage, material anthropogenic resources, renewable and non-renewable natural resources, population health, population welfare and population safety, and for interrelation of environmental components and the impact of the Programme on these components.

The activities anticipated in the Programme basically include the measures on when particular actions will not be performed due to the risk of their negative effects on environment. Only a small part of the measures that have been pointed out in the Programme (infrastructure construction, development and modernisation) may have relatively insignificant short-term local effects on environment.

The measures anticipated in the Programme for the period on the development of the border crossing points (LIP - 'Construction of border-crossing point "Rambynas" and second stage of reconstruction of inspection quay of incoming and outgoing small vessels in Klaipeda (Kopgalis Cordon)') will be continuously applied on the basis of co-operation between the both countries in order to minimise plausible negative effects on environment. While planning investment measures, the most valuable nature territories will not be covered. It is noted that different types of construction and similar activities are legally banned in the protected, nature and cultural heritage territories. Thus, it is recommended to select locations of the planned objects in the way that any possible negative effect on the protected territories as well as nature and cultural heritage objects would be prevented.

Implementation of the Programme will not determine any background for the environment quality deterioration and discrepancy of the quality norms in the territories.

Some territories, where the Programme is due to be implemented, are sensitive and/or valuable from the point of view of environmental protection. However, implementation of the Programme will not determine any deterioration of the current state of the territories.

In the screening report is stated that the Programme will not have any negative effects on society and environment. On the contrary, main aims of the Programme are directed towards assurance of the social welfare, especially what concerns the most vulnerable society groups, and better integration. Thus, public discontent related to this Programme is not plausible.

Consultations

Prepared screening report together with the list of Large infrastructure projects and planned activities was submitted for consultations and assessment to participating countries' authorities in the Republic of Lithuania: the Ministry of Environment, Ministry of Health, Ministry of Culture and State Service for Protected Areas under the Ministry of Environment, and to the Ministry of Economic Development of the Russian Federation in order to get their conclusions on screening document and recommendations regarding determination of scope and level of detail of an assessment report in the event the authority shall recommend assessing the Programme.

Conclusion

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According to the screening report prepared after implementation of screening procedure to assess whether the Programme does meet criteria set out in the article 3.2 of the SEA Directive and requires a SEA and referring to the conclusions and recommendations of the participating countries' authorities and legal acts of participating countries it was concluded that the Programme is unlikely to have significant environmental effects and therefore a SEA is not required.

Information

A statement on the screening conclusions of the 2nd July, 2015, including all conclusions and recommendations received from authorities was published on the website of the JTS www.vilniusjts.eu in July 2015.

Information on the screening conclusions for general public was published on the websites of the administration of municipalities of the Klaipėda, Marijampolė, Tauragė, Alytus, Kaunas and Šiauliai counties.

An announcement on the prepared screening report of the Programme and conclusion was published in the national newspaper "Lietuvos žinios" on the 3rd of July, 2015, (p. 17).

6.9. Indicative financial plan

Indicative financing plan

	EC Funding	Co-financing	Co-financing rate (in %)	Russian Federation funding	Total funding
	(a)	(b)	(c)	(d)	(e)=(a)+(b)+(d)
Thematic objective 1 Promotion of local culture and preservation of historical heritage	3600000	360000	10%	2899908,95	6859908,95
Thematic objective 2 Promotion of social inclusion and fight against poverty	2454870,8	245487,08	10%	2168685,25	4869043,13
Thematic objective 3 Support to local & regional good governance	3300000	330000	10%	1734948,2	5364948,2
Thematic objective 4 Promotion of border management and border security	5102656,8	510265,68	10%	850442,8	6463365,28
Technical assistance	2551328,4	255132,84	10%	850442,8	3 656 904

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Total	17 008 856	1700886	10%	8504428	27 214 170
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Programme 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 -
2016				
Projects	5074473	0	0	0
TA		0	0	0
TOTAL 2016	5074473	0	0	0
2017				
Projects	7023068	4000	40000	0
TA		36000	360000	300000
TOTAL 2017	7023068	40000	400000	300000
2018				
Projects	1478002	300000	3000000	3003634
TA		36000	360000	330000
TOTAL 2018	1478002	336000	3360000	3333634
2019				
Projects	1705771	446293	4462934	2900000
TA		36000	360000	330000
TOTAL 2019	1705771	482293	4822934	3230000
2020				
Projects	1727542	420000	4200000	2900000
TA		36000	360000	330000
TOTAL 2020	1727542	456000	4560000	3230000
2021				
Projects	0	275459	2754594	2900000
TA		36000	360000	330000
TOTAL 2021	0	311459	3114594	3230000
2022				
Projects	0	0	0	2900000
TA		36000	360000	330000
TOTAL 2022	0	36000	360000	3230000
2023				

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Projects	0	0	0	93894
TA		36000	360000	330000
TOTAL 2023	0	36000	360000	423894
2024				
Projects	0	0	0	0
TA		3133	31328	31328
TOTAL 2024	0	3133	31328	31328
TOTAL 2015-2024	17008856	1700886	17008856	17008856
TOTAL COFINANCING RATE			10%	10%

In accordance with Article 12(3) of the Implementing Rules, the applicable EU rules on State aid will be taken into account during the implementation of the Programme on the territory of the EU. The relevant rules on competition will be applied on the territory of the Russian Federation.

Preparatory actions related to establishment of the JTS and preparation and announcement of the first call of proposals for projects will be covered by the TA budget of the Programme.

6.10. Rules on eligibility of expenditure

Grants shall not exceed an overall ceiling expressed as a percentage and an absolute value which is to be established on the basis of estimated eligible costs. Grants shall not exceed the eligible costs.

No grant may be awarded retroactively for projects already completed.

Grants may take any of the following forms:

- Reimbursement of a specified proportion of the eligible costs;
- Flat-rate financing, determined by the application of a percentage to one or several defined categories of costs;
- Lump sums;
- Reimbursement on the basis of unit costs;
- A combination of the forms referred to in the points above, only where each covers different categories of costs.

Exhaustive information on the forms of grants and eligibility of expenditure shall be presented in the application package. Due attention shall be paid to promotion of wide use of flat-rate financing, lump sums and unit costs, as this will reduce administrative burden related to

administration of the projects and will allow beneficiaries to concentrate on the content (rather than administration) of the projects.

6.10.1. Eligibility of costs

Eligible costs of the Programme are outlined in Article 48 Implementing Rules.

Eligible costs are costs actually incurred by the beneficiary which meet all of the following criteria:

- (a) they are incurred during the implementation period of the project. In particular:
 - (i) costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement; cash transfers between the lead beneficiary and the other beneficiaries may not be considered as costs incurred;
 - (ii) costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment;
 - (iii) an exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the project, which may be incurred after the implementation period of the project;
 - (iv) procedures to award contracts, as referred to in Article 52 of the Implementation Rules and following, may have been initiated and contracts may be concluded by the beneficiary(ies) before the start of the implementation period of the project, provided the provisions of Article 52 and following have been respected;
- (b) they are indicated in the project's estimated overall budget;
- (c) they are necessary for the project implementation;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the accounting standards and the usual cost accounting practices applicable to the beneficiary;
- (e) they comply with the requirements of applicable tax and social legislation;
- (f) they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency;
- (g) they are supported by invoices or documents of equivalent probative value.

The rules on eligibility of expenditure will be defined by the Programme in detail in the guidelines for applicants and in the grant contract in accordance with Articles 48, 49, 50, 51 of the Implementing Rules.

6.10.2. Non-eligible costs

Non-eligible costs of the Programme are outlined in Article 49 Implementing Rules.

The following costs relating to the implementation of the project shall not be considered eligible:

- (a) debts and debt service charges (interest);
- (b) provisions for losses or liabilities;
- (c) costs declared by the beneficiary and already financed by the Union budget;
- (d) purchases of land or buildings for an amount exceeding 10 % of the eligible expenditure of the project concerned;
- (e) exchange-rate losses;
- (f) duties, taxes and charges, including VAT, except where non-recoverable under the relevant national tax legislation, unless otherwise provided in appropriate provisions negotiated with the Russian Federation;
- (g) loans to third parties;
- (h) fines, financial penalties and expenses of litigation;
- (i) contributions in kind as defined in Article 14(1) of the Implementing Rules.

Other categories of costs may be declared as ineligible by the Programme in the guidelines for applicants and in the grant contract in accordance with Articles 48, 49, 50, 51 of the Implementing Rules.

6.10.3. Use of the euro

Expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiary using the monthly accounting exchange rate of the Commission of the month during which expenditure was incurred.

6.11. The apportionment of liabilities among the participating countries

The participating countries shall prevent, detect and correct irregularities, including fraud, and recover the amounts unduly paid, together with any interest, pursuant to Article 74 of the Implementing Rules and the financing agreement between the EU and the Russian Federation on their territories. They shall notify these irregularities without delay to the Managing Authority and the European Commission and keep them informed of the progress of related administrative and legal proceedings.

Pursuant to Article 75 of the Implementing Rules, the Managing Authority shall recover from the lead beneficiary the amounts unduly paid together with any interest on late payments. In doing this it shall be assisted by the JTS. The concerned beneficiaries shall repay the lead beneficiary the amounts unduly paid in accordance with the partnership agreement signed between them.

Pursuant to Article 74 of the Implementing Rules, where the recovery relates to a breach of legal obligations on the part of the Managing Authority stemming from the Implementing Rules and Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002, the Managing Authority shall reimburse the amounts concerned to the European Commission.

Where the recovery relates to systemic deficiencies in the Programme management and control systems, the Managing Authority shall be responsible for reimbursing the amounts concerned to the European Commission. The liabilities among Lithuania and Russia shall be apportioned in proportion to the share of expenditure which is affected by systemic deficiencies incurred in the relevant country. The level of responsibility of the Russian Federation shall be as laid down in the financing agreement between the EU and the Russian Federation.

Where the recovery relates to a claim against a beneficiary established in Lithuania and the Managing Authority is unable to recover the debt, the Lithuania shall pay the due amount to the Managing Authority and claim it back from the beneficiary.

Where the recovery relates to a claim against a beneficiary established in the Russian Federation and the Managing Authority is unable to recover the debt, the Russian Federation shall be responsible for recovering the debt. The level of responsibility of the Russian Federation shall be such as it shall be laid down in the financing agreement between the EU and the Russian Federation.

6.12. The rules of transfer, use and monitoring of co-financing

Payments from the European Commission to the Programme will be done in accordance with Art. 59 and 60 of Regulation (EU) No 897/2014.

The Russian Federation transfers its co-financing of the Programme to the financial agent. At the requests of the Managing Authority, the National Authority of the Russian Federation issues an order to the financial agent to transfer the money to the Managing Authority's special account. Both the co-financing of the Russian Federation and the European Union are used for funding the projects in the territory of the Russian Federation, in accordance with the terms of the Financing Agreement. Only the European Union's co-financing will be used for financing the actions within the projects on the territory of Republic of Lithuania.

The Managing Authority proceeds with payments to a lead beneficiary on the basis of a signed contract. The project beneficiaries will have to ensure at least 10% co-financing of the total eligible project costs.

Lead Beneficiaries prepare progress reports composed of financial and operational parts and a payment claim for the whole project. Financial reports include certified statements of expenditure of all partners. Lead Beneficiaries may request further pre-financing payments

and the final payment under conditions described in the contract. The progress reports and payment claims will be submitted to the JTS. Detailed verification process shall be described in the Guidance on expenditure verification elaborated by the Managing Authority/JTS in close cooperation with CCPs. This Guidance should be adopted by the JMC.

The Managing Authority shall make payments to the Lead Beneficiary in euro, in accordance with grant contract provisions.

6.13. A description of IT systems for the exchange of computerised data between the Managing Authority and the European Commission and the Government of the Russian Federation

The JTS shall be responsible for setting up and running of the IT system. The IT system shall be employed for the management of applications and projects and for the Programme management and monitoring.

The IT system shall be employed to record and store data on each project necessary for monitoring, evaluation, financial management, control and audit, including data on individual participants in projects, where applicable. In particular, it shall record and store technical and financial reports for each project. The IT system shall provide all data required for drawing up payment requests and annual accounts, including records of amounts recoverable, amounts recovered and amounts reduced following cancellation of all or part of the contribution for a project or the Programme.

The Programme will feed the KEEP database (www.keep.eu) with information on all projects that will be implemented under the Programme.

6.14. Language(s) adopted by the Programme

The working language of the Programme shall be English. The main Programme documents shall be translated into Lithuanian and Russian (such documents shall include the Programme document and application packages). In order to reach wider public and to ensure better promotion of the Programme, the Programme's website shall contain information in English, Lithuanian and Russian.

Interpretation and translation costs on the Programme level shall be financed from the TA budget. Interpretation and translation costs on project level may be financed from the project budget if foreseen in the application package.