

## Standard Summary Project Fiche

**Project Number LT 0006-01**

### 1. Basic Information

1.1. Désirée No.

1.3. Twinning Component Number: LT 2000/IB/SO/01

1.2. Title Preparation for Participation in European Employment Strategy

1.3. Sector Employment, Social Affairs and Health

1.4. Location Ministry of Social Security and Labour (MSSL); other beneficiaries include the Lithuanian Labour Exchange (LLE) with local offices, the Labour Market Training Authority (LMTA) and Ministry of Education (MoE).

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### 2. Objectives

2.1. Wider Objective

The Wider Objective of this **2.15 MEUR Project** is to:

- Support Lithuania's participation in European Employment Strategy, in particular its:
  - Harmonisation with European Employment Guidelines and practices;
  - Preparation for European Social Fund (ESF).

2.2. Immediate Objectives

The Immediate Objectives are to:

- Support the reorganisation and the decentralisation of Lithuanian employment and labour market policies by re-defining responsibilities and tasks at all levels (central, regional, local) of labour market management;
- Provide technical expertise for the further development of Lithuania's National Employment Action Plan and policy making, and of policy integration between the different ministries of the government;
- Develop the labour market institutions and strengthen implementing capacities at all levels (national, regional and local) through adapting these institutions to new employment and labour market policy objectives and tasks as well as preparing them for forthcoming participation in the ESF-type activities;
- Enhance information management and reporting among the labour market institutions, including the ability to monitor, analyse and forecast labour market trends.

2.3. Accession Partnership and NPAA Priorities

The Accession Partnership (December 1999) priority for employment and the social sector provides for preparation of a national employment strategy, with a view to later participation in the European Employment Strategy, including through the launch of a joint employment review.

The NPAA (May 1999) provides for preparation of a National Employment Action Plan, taking into consideration the recent developments of EU Employment Strategy as well as for activity related to decentralisation of the labour market institutions.

#### 2.4. Contribution to the National Development Plan

This Project, through its objectives, is also related to the National Development Plan and will contribute to the:

- Development of national employment policy, tailored to regional needs;
- Strengthening labour market institutions;
- Development of vocational education and training, based on the analysis of medium-term trends;
- Strengthen institutions to be involved in administration of ESF.

In particular, the Institution Building needs should be emphasised, with the goal being to strengthen the institutional network and administrative capacity to ensure effective planning and delivery of labour market/employment policy, on the basis of economic and social cohesion.

### 3. Description

#### 3.1. Background and Justification

Lithuanian labour market policy was initially developed in 1990-1991. Taking into account the peculiarities of transition period and overall economic uncertainty, labour market policy was strategically directed towards safeguarding people's social security and softening the negative social consequences of job loss. These priorities were legalised in the **Law on the Support of the Unemployed**, which was passed in 1990 (amended in 1996, 1998). According to this Law, people have the right to choose freely their field of employment, the nature of their business and their place of work. They also have the right not to work. The Law on the Support of the Unemployed as the main law regulating labour market policy:

- Ensures public employment guarantees and the right to get free services of vocational guidance and consultation, information about vacancies, free services of the Labour Exchange while getting a job, free vocational training in case of unemployment and compensation of income loss in case of unemployment;
- Provides for additional employment guarantees for the protection of social vulnerable persons against the unemployment: state and local employment programs which are prepared by Lithuanian Labour Exchange together with the state or municipal administration bodies, also quotas for employment or the number of jobs established;
- Provides for the duties of employers: in case of terminating labour contract, dismissing a group of employees, regarding registration of free jobs in the Labour Exchange;
- Defines the structure, functions of Lithuanian Labour Exchange.

Another Law that comes second in its importance to the labour market and which establishes the structure and administration of the vocational education and training is **the Law of the Republic of Lithuania on Vocational Education and Training** (1997). The law regulates vocational training including labour market vocational training necessary for adapting to the changing needs of the labour market.

To some extent labour market policy is regulated by other laws:

- Law On Labour Contract;

- Law On State Social Insurance;
- Law On Safety At Work;
- Law On Social Integration Of Disabled;
- Law On Population Income Guaranties.

The above-mentioned laws are prepared, adopted and regularly supplemented taking into account constantly changing needs of market economy and the labour market, as well as international experience, first and foremost the experience of the EU countries. They regulate interests of the state, employees and employers.

Priority objectives of the labour market and employment policy pursued are specified in the **Action Programme of the Government for 1999-2000** as approved by the Seimas of the Republic of Lithuania in the Resolution No VIII-1420 on 11 of November, 1999.

The Government, following the provisions that only efficient work can form the basis for welfare of the society, seeks that as many as possible individuals capable of work had employment, could realise themselves in their professional activity. In the chapter **Population Employment and Labour Market**, the Government seeking to increase employment and balance labour market provides for the following, to:

- Enhance employment policy integration and its orientation on combating regional problems;
- Carry out active labour market policy, related to the unemployment prevention, employment promotion, development of labour market training, assurance of equal opportunities in the labour market, development of regional employment and business` stimulation programmes;
- Implement measures that would enable employers and employees to better adapt themselves to the market changes;
- Improve the activities of labour exchanges and labour market training institutions;
- Promote legal employment, to strengthen prevention and control over illegal employment, to simultaneously increase the responsibilities of both employers and employees.

These main objectives are specified in the Governmental Resolution No 1497, **“On Approval of Implementing Measures for the 1999-2000 Action Programme of the Government of the Republic of Lithuania”**, adopted on December 28, 1999.

While improving the labour market policy in the nearest perspective (by 2002), the aim will be to increase employment possibilities for all persons in the labour market. Labour market policy will focus not on the financial support to the unemployed individuals, but on the support of their employment. Basic provisions of the state labour market policy in the future are the following:

- State labour market policy pursued should be, first of all, directed towards the preservation and improvement of professional skills of persons who lost their jobs, increase of their competitiveness in the labour market;
- Increase unemployment prevention. It is necessary to induce employers to take care of vocational training of their employees that allowed avoiding their dismissal due to the improvement of production technology;
- State labour market policy pursued must stimulate the unemployed individuals to work, at the same time expanding their possibilities to participate in the active labour market policy measures (public works, vocational training, etc.);
- Ensure reliable financing of labour market policy. It will be necessary to secure money allotted for the Employment Fund against possible redistribution to meet other social needs;

- Seek that money used for active labour market policy was considered as necessary investment into the most important production factor – human capital.

With the general economic situation changing and labour market situation worsening it has become clear that labour market policy measures and instruments are not sufficient to reduce unemployment and increase employment. The Government more attention has to pay for measures to improve conditions for employment and employability of the population, for encouraging the creation of new jobs. It requires a new integrated approach to the employment and labour market problems and involvement of all key actors.

The further development of employment and labour market policies and activities of labour market institutions is also related to the preparation for European employment policy co-ordination process.

Upon instruction of the Government, **the National Employment Action Plan for 2000-2002** is now in the final stages of drafting and should be adopted by the Government in the 2<sup>nd</sup> quarter of 2000 (*see Contents of the Plan in Annex 4*). This Plan is being prepared taking into account the EU Employment Guidelines for 1999 and Commissions proposals for the Employment Guidelines for 2000 as well as Lithuanian social and economic situation and peculiarities of employment and labour market development. In preparation of this Plan a number of Ministries has been involved: Ministry of Education and Science, Ministry of Economy, Ministry of Agriculture. Before submitting to the Government a draft of the Plan will be forwarded to the Ministries concerned and social partners for discussions. National Employment Action Plan shall contain an analysis of the current situation in the field of employment and labour market development. By doing that outcomes from the Background Study on Labour Market and Employment in Lithuania have been used. This Background Study was initiated, and carried out by the assistance of the Commission and should help to objectively evaluate processes and tendencies during 1991 – 1999.

In parallel the Ministry of Economics is preparing Programme for Promotion of Job Creation which should be adopted in the end of 1<sup>st</sup> half of 2000. In the 2<sup>nd</sup> half of 2000 the National Employment Action Plan for 2000-2002 and Programme for Promotion of Job Creation will be merged into one Governmental programme covering all aspects of employment and creation of new jobs.

In the 2000 budget the Government has allocated 2.0 MLitas (approximately 0.5 MEUR) for the development of local employment initiatives. These funds will be used to implement projects at the local level. The Ministry of Social Security and Labour will be the responsible Ministry.

Now it is established a working group which will design a model for an activity of such fund. It is foreseen that a part of this fund will be assign to the training of persons who will be initiators of local initiatives projects, other part will be for co-financing of projects.

Under the Order No 84 of the Minister of Social Security and Labour, dated 18 October 1999, a Working Group has been created in order to agree the main principles of labour market institutional reform and to present measures for rationalisation and decentralisation of the labour market institutions management and financing as well as to increase their flexibility and openness with the view to meet the EU requirements. In the course of preparation of the above-mentioned measures present labour market management structure has been analysed, labour market administration models of certain countries as well as directions of management reorganisation and modernisation in these countries have been evaluated. Although the Working Group did not come to common conclusion on the directions, content and timetable of the labour market institutions' reform, recommendations and proposals made by different experts have been discussed and presented in the form of the working document. The main proposals were made along the following lines:

- The necessity to reform the management of labour market institutions is based on constantly growing need to solve regional employment and labour market issues;
- The new social-economic environment requires higher capacity and effectiveness from the labour market institutions.

The present situation regarding labour market institutions could be described in the following way: the labour market institutions are relatively well developed, adequately staffed with the qualified personnel which is capable of using modern labour market policy instruments and methods of work oriented towards employers and jobless persons. In the first stage of labour market development capacity of the labour market institutions corresponded to the established requirements. However, current worsening economic situation, dynamic changes in the labour market as well as shifting of labour market policy emphasis onto regional and local level have unfolded shortcomings of the present model of the labour market management. The main shortcomings are as follows:

- ***Duplication of functions and lack of coordination of actions.*** Certain duplication of functions among the central labour market institutions as well as other reporting structures takes place. In addition, responsibility for the implementation of different labour market policy areas is not sufficiently divided among these institutions;
- ***Centralisation of management and decision-making.*** The decision-making process is still too centralised and the number of directly reporting institutions has exceeded 50. Involvement of lower-level institutions into decision-making process is not sufficient;
- ***The middle-level element of the system is underdeveloped in regions.*** Present system of the labour market institutions no more corresponds to the newly formed administrative structure in Lithuania as well as to the public administration reform in the course of implementation. The main problem is in not existent regional element of the labour market system. On the level of counties the corresponding public employment services (regional labour exchange offices) are still not established. Therefore there are no institutions capable to initiate and solve in coordinated manner regional employment and labour market problems;
- ***Problems of the financing of institutions unfolded.*** In the conditions then deductions to the Employment Fund decreased, the issue of further development of the labour market institutions as well as of their information systems becomes very complicated.

Nevertheless it was agreed that the reorganisation of the labour market management structure should be implemented through the following tasks:

- Decentralisation and rationalisation of the labour market management system;
- Adaptation of labour market institutions' management structure to new administrative structure in Lithuania through strengthening coordination functions of regional labour market institutions in solving employment and labour market issues;
- Creation of organisational conditions for absorption of assistance which will be provided from the EU structural funds;
- Cutting down administrative costs of labour market institutions at all levels through merging labour exchange and labour market training systems;
- Putting all labour market training institutions (public and emerging private) into equal conditions with the view to increase competition and raise quality of provided training.

**In the first half of 2000** the Governmental Resolution on division of institutions' responsibilities regarding administration of ESF will be drafted and adopted. Due to the nature of activities funded by ESF the Ministry of Social Security and Labour is expected to be the leading ministry in ESF administration. However, close cooperation with the Ministry of Economy, Ministry of Public Administration Reforms and Local Authorities, Ministry of Education and Science as well as Ministry of Finance will be ensured through establishment of Inter-ministerial Steering Committee.

### 3.2. Linked Activities

EU Phare support to the Social and Labour Sector began in August 1992 under LI-9201 (2.0 MEUR) and continued under LI-9302 (0.5 MEUR). The early assistance focused on the development of labour market, preparation of adult vocational training programmes and led to improvements in the employment services. Further Phare programmes of 1995 and 1996 did not concentrate on labour market issues, but put emphasis upon social insurance, improving occupational safety and health and starting up local employment initiatives.

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

This particular Twinning and Training project builds on previous experience and is foreseen as a continuation of Phare support to the labour market development in Lithuania.

**On the bi-lateral level** close co-operation with Denmark takes place on the following issues:

- Implementation of Policy Integration mechanism in Lithuania;
- Labour market institutional strengthening, establishment of Youth Labour Centre;
- Assistance in preparation of mass lay-offs procedures, improvement of labour market vocational training, preparation of Information Strategy in Lithuania.

Intensive preparatory actions are underway to implement the EC's structural policies. One of the main stages of this work is *the 1998 Special Preparatory Programme for Structural Policy (SPP)*. Measures to strengthen the legal basis and formulate necessary procedures and mechanisms of financing and control in Lithuania are provided for within the framework of SPP. One of the major measures is to *prepare the National Plan for Social and Economic Development* which should form the basis for Lithuania to make use of financial support instruments in the pre- accession to the EU period – PHARE, SAPARD, ISPA.

The Ministry of Social Security and Labour also takes part in horizontal SPP Programme, outputs of which bring basic knowledge on ESF as well as establishment of the National Training Institution (NTI) for preparation for the ESF. The NTI will provide training related to administrative capacity strengthening as well as to substance development. This training should provide knowledge on EU employment policy priorities and National Employment Strategy, objectives and priorities of labour market and vocational training. Regarding structural funds the training will concentrate on the possibility to use ESF as a financing tool: eligible areas, objectives, national administrative structure, application and programming procedure.

The current project is directly linked and complementary to **Phare 2000 investment in social and economic cohesion** in Klaipeda/Taurage, Utena and Marijampole target regions. The regional projects will aim at promoting regional development of the target regions, which face severe difficulties in overcoming economic transition and experience high unemployment levels. Investment support in these regions will promote human capital development and encourage trade and industry growth. This in turn will result in greater employment levels and improvement in social conditions. Investment in the target regions will be channelled through two funds in each target region – business development fund and human resource development fund.

The business development fund will support restructuring of existing enterprises, new business start-ups, innovation, export promotion measures, feasibility studies and strategic planning of business development.

The human resource development fund will promote employment, integration of socially vulnerable groups into the labour market, and prevent unemployment through subsidizing of training and retraining of labour force. The fund will also support the improvement of labour market and vocational training structures through support to labour market analysis, regional labour market forecasting, improvement of new vocational training modules, and programmes. Human resource development fund will also fund activities aimed at strengthening indigenous capacity to plan the development of the region and to implement economic development measures in the context of future Lithuanian membership in the EU and participation in the Community regional development and structural programmes.

Investment in the improvement of labour market structures at regional level will complement to activities under the current project, which will support overall development of institutions responsible for the labour market measures at national level. The regional labour market institutions involved in regional social and economic cohesion measures will be in favourable position to adapt to, contribute to and benefit from institution building activities envisaged under the current project at the national level. The national project on its turn will benefit from qualitative regional inputs generated by the improved regional structures and technical assistance capacity.

There is also a link with EU **Phare support to the Ministry of Education and Science**. The Phare-94 Programme served as a catalyst for wider and on-going VET reform. It changed attitude and raised awareness and understanding of current VET issues among individuals at all levels in the programme: Ministries, social partners, national bodies, directors and teachers in the VET system.

The production of the White Paper for VET is probably the most significant tangible outcome of the 94 Programme. The Programme also succeeded in consolidating valuable cooperation and working relationships between Ministry of Education and Science and Ministry of Social Security and Labour. This culture of joint working will serve the country well as it prepares for EU accession.

The Phare-97 programme continues reforming VET provision, initiates establishment of Regional Training Centres in the target regions to ensure that the training provision is linked to labour market needs. It also contributes to the developments at national level – the national Qualification Framework is under development. Upgrading on wider scale teacher/trainer skills is the high priority of the Programme.

### 3.3. Results / Outputs

In broad terms the Guaranteed Result will be composed of three components:

- Overall objectives for national employment and labour market policy reviewed with the view to participation in the European Employment Strategy and ESF-type activities;
- Labour market institutional set-up reorganised and overall tasks and responsibilities defined including administrative structures for participation in the ESF-type activities;
- Information management system including forecasting of the labour market situation developed to support fine-tuning of the national as well as the regional employment development and educational and training policy.

Specifically, Results / Outputs will include:

- Directions for further improvement of the National Employment Action Plan and the inter-ministerial co-operation;
- Action plan for the medium-term development of Lithuania's employment and labour market policies, both within an EU-accession and a regional context, leading to Lithuania's National Employment Strategy;
- Definition of new responsibilities and tasks for the labour market institutions at all levels, and an action plan for the decentralisation of the labour market management, (including training

of staff, improving administrative capacity and performance, drafts on related legislative amendments);

- Adaptation of existing Government mechanisms and of suitable delivery mechanisms and controls for the administration of ESF-type activities;
- Staff from relevant institutions trained and qualified to ensure implementation of ESF-type actions;
- A new information management system for the labour market institutions developed and implemented enabling them to exchange, collect and process information regarding local employment conditions and opportunities;
- Models for monitoring the labour market situation, for analysing the information and forecasting labour market trends introduced, and methodological training for the staff to use and further develop them organised.

### 3.4. Activities / Inputs

Two tenders/contracts are foreseen to be concluded under this Project:

- **A Twinning and Training Package(LT 2000/IB/SO/01)** to assist the development of national employment and labour market training policy and the promotion of employability for Lithuania's labour-force, within the context of economic and social cohesion and developing EU best-practice:
  - Strengthening capabilities of the policy making and implementation;
  - Drafting legislative amendments related to labour market institutional reform and strengthening capacity of employment labour market institutions;
  - Preparation and implementation of service oriented capacity building training programmes;
  - Enhancing information management, reporting and enforcement capabilities.
- An **Investment in Institution Building** component to assist:
  - Enhancing information management, reporting and enforcement capabilities, support to modelling and forecasting.

#### **3.4.1 Twinning and Training Package (LT 2000/IB/SO/01)**

The Twinning and Training Package will comprise the following elements:

- A 2-year PAA to support MSSL and provide overall management of the Project, linking the project to the other key institutions, particularly the MoE, LLE and LMTA.

The PAA will have in-depth experience of employment policy formulation and implementation. The PAA will lead a team of EU experts with hands-on experience of labour market analysis and support, as well as ESF administration.

In particular, the PAA, will:

- Provide general and technical support to senior and operational staff of the MSSL on enforcement procedures;
- Provide advice on and contribute to the management of the Twinning Package;
- Develop the detail activity plan;



- Ensure that all relevant information is provided to Short Term Advisers (STAs), and that STAs are sufficiently aware of status in their specific field before involving in discussions with Lithuanian partners.

The PAA must have a university degree or equivalent in a relevant field, proven professional experience and must speak, read and write in English fluently. The PAA should:

- Be capable of strategic planning with emphasis on labour and employment policies and have a working knowledge of the related EU legislation and policy provisions;
  - Have deep experience in ESF;
  - Have experience in employment measures in his/her own country;
  - Be capable of formulating policy and business plans;
  - Have a working understanding of linkage between the political and administrative systems;
  - Have practical experience of CEECs.
- In addition to the PAA, the Twinning and Training package will include a provision for input of short-term advisers (approximately 100 person-months), to advise, assist and train senior and operational staff from the beneficiaries relating to the revision of the national employment and labour market training policy, employment initiatives and ESF operations:
    - Preparation of NEAP;
    - Legal and institutional framework for the labour market system including the establishment of a regional level;
    - Analysis of the institution's tasks and responsibilities with a view to their involvement in administration of ESF;
    - Analysis of needs for enhancement of the information management, reporting and enforcement capabilities at every level;
    - Provision of extensive training, courses/seminars and fellowships.

The STAs must have a university degree or equivalent in a relevant field and must speak, read and write in English fluently. The STAs should have experience of and competence in:

- Inter-ministerial co-operation and drafting of NEAP;
  - Organisational development;
  - Legal matters on the labour market field;
  - European Employment Strategy, Member States' National Employment Plans and procedures;
  - ESF administration procedures and institutions;
  - Information management and reporting.
- In addition, the project will cover other supplies and services, including translation/interpretation costs, fellowships etc.

The Twinning and Training package will be implemented in 3 Phases:

*Phase 1 (first 10 months of project implementation)*

Will concentrate on the following areas:

- Review of medium-term employment and labour market policies and preparation of necessary legislative amendments;

- Advise on further development of Lithuania's National Employment Action Plan in line with the EU-guidelines and setting yearly procedures for reviewing it;
- Definition of new responsibilities and tasks for the labour market institutions at all levels and especially at the new county administration level with the view to decentralisation of the labour market management;
- Preparation of organisational framework and delivery mechanisms for institutions to be involved in administration of ESF as well as preparation of necessary legislative amendments;
- Preparation of an action plan for the implementation of the organisational changes;
- A seminar for all managers at existing labour market institutions presenting the visions for the new labour market administration and the future roles and the preconditions.

*Phase 2 (next 8 months of project implementation)*

Will concentrate on:

- Preparation and implementation of training programmes for the top management of the central labour market administration;
- Development of a new planning and management system (e.g. MBO) and a supporting economic administration system;
- Preparation and implementation of training programmes for the future managers of regional labour market institutions;
- Development of a training program for different groups of staff members in all restructured employment and labour market institutions in the new service concept covering e.g. tasks and roles and co-operation with regional and local stakeholders;
- In close co-operation with the NTI, preparation of training programmes for labour market institutions staff on ESF administration issues, covering as well the needed planning frames and the preparation of ESF-projects as monitoring ESF-funded activities. Train a team of trainers and supervise test-courses;
- The development of the scheme for information gathering, processing, management and exchange among the labour market institutions at all levels, and train a team as future trainers for LE-staff;
- Analysing and setting the specifications for the future information system;
- Development of nation-wide models for labour market situation analysis and forecasting taking into account experience of regional labour market forecasting models introduced in the three regions of social-economic cohesion.

*Phase 3 (next 6 months of project implementation)*

Will concentrate on:

- Analysis of the implementation of nationally funded local employment initiatives, implemented through newly developed delivery mechanisms for ESF-type activities in the three selected regions for social-economic cohesion; preparation of recommendations on the establishment of national system for the development of local employment initiatives;
- Procurement and installation of necessary information technology and software;
- Finalising of all activities;
- Preparing of the final report.

*Training Component of the Twinning and Training Package (see annex5)*

### **3.4.2 Investment in Institution Building**

A related investment component – for which the Twinning Team will provide support in terms of detailed analysis of needs, preparation of suitable technical specifications and documentation (by the end of month 6 of the Twinning Covenant), plus support for related software development, installation of necessary hardware and staff training – focused on the development of labour market information systems within Lithuania (in order to improve the management and exchange of information between district labour-market offices/training centres, regarding local employment conditions and opportunities). In particular activities will concentrate on:

- Development of the data base on labour supply and demand;
- Enhancing of users' capacities through implementing new internet-based technologies;
- Integration of Lithuanian Labour Exchange information system “DBirza-I” with information systems of the Ministry of Social Security and Labour, Ministry of Education and Science, Lithuanian Labour Market Training Authority to form a unified information system which will satisfying the needs of analysis and forecasts of integrated employment policy;

The information management system must be prepared for the establishment of connection to EURES network ensuring exchange of information on free movement of labour in a later stage (possible follow-up project).

Since Lithuania plans to apply the rules on free movement of workers in full extent from the day of accession, legal, administrative and technical changes enabling Lithuanian public employment services to join the EURES network will be necessary. This aim has been emphasised by the National Acquis Implementation Action Plan, which provides for a task of the MSSL to create by the end of 2003 technical and administrative pre-conditions (including additional training of personnel, creation of the information database as well as purchase of the necessary equipment) for participation of Lithuanian Labour Exchange in the EURES.

The exact list of the recipients of the investment component cannot be set at this stage because one of the important components of the Twinning and Training Package is to review the distribution of tasks and responsibilities at all levels.

## **4. Institutional Framework**

*The Employment Committee under the Government* was established the Government in the Resolution No. 344 adopted on 30 March 1999 for implementation of different employment programs prepared in the country. Ministers of Economy, Agriculture, Administration Reforms and Municipalities, as well as Finance were appointed as members to the Committee. Minister of Social Security and Labour chairs the Committee.

The principal institution responsible for formulating the state labour market policy and the organisation of its implementation is *the Ministry of Social Security and Labour*. Besides, the Ministry assures functioning and development of the systems for state mediation in employment and labour market vocational training, defines the objectives and allocates funds necessary for the implementation of the labour market policy, taking into consideration the changing needs on the Labour market.

A parallel system of two institutions has been formed in Lithuania to implement the labour market policy consisting of *the Lithuanian Labour Exchange* (established in 1991) and *the Lithuanian Labour Market Training Authority* (established in 1992). The main tasks for *the Lithuanian Labour Exchange* are to carry out mediation in employment and implementation of labour market policy measures. It consists of *the National Labour Exchange* and *46 local labour exchange*

*offices* covering the whole territory of the Republic of Lithuania. Territorial labour market posts are set up in large rural areas (totalling to approximately 100). About 1.2 thousand people are employed in the whole system, 68 per cent of them with high education. Local Labour Exchange offices are connected into unique IT system.

With the aim to improve provision of information to customers (job-seekers and employers) **four Job Centres** were opened in large cities and **38 Information-Consultation Offices** in other local labour exchanges. **33 computerised self-job-search Centres** were opened (two of them in public places frequented by the residents - at the shopping centre and the Central Post Office) where job-seekers can review information on vacancies available all over the country without registration and special training and obtain additional information on the questions that interest them.

Vocational training and counselling of the unemployed is provided by **the Lithuanian Labour Market Training Authority** with **6 subordinate regional labour market training services**. 460 persons are employed at the state labour market training institutions, including 220 certified teachers. According to the Law on Vocational Education and Training, this institution is an integral part of the system of Lithuanian vocational training due to solving a specific task of great importance - to mitigate differences in labour force supply and demand on the labour market. Organisation, implementation and supervision of labour market vocational training is delegated to the Authority. **There are 14 labour market training centres** under the competence of the Authority. Training centres offer over 300 various teaching programs, including over 80 modules, lasting up to 10 months. The graduates receive qualification certificates recognised by the State or a certificate of education. In addition there are 104 VET schools and about 50 colleges involved in providing continued training.

**Regional Services** carry out vocational guidance and consultation for both adults and young persons, organise job search groups of unemployed, distribute vocational training orders of the unemployed among vocational training institutions in the region. About 30 thousand people undergo training annually in the system of vocational training and similar numbers are dealt with at vocational consultation services. Surveys carried out since 1995 on effectiveness of the labour market training revealed, that about 60 per cent of graduates find employment upon graduation, and about 75 per cent find jobs within a year.

Solution of the main population employment issues is based on **the principle of tripartite partnership**, co-ordinating actions between the organisations of the state administration, employers and the employees. Tripartite advisory institutions, made up of an equal number of representatives of the state administration institutions, trade unions, employers organisations, operate at all levels of the labour market.

**The Employment Council** consisting of 15 members is established at the *Ministry of Social Security and Labour*. The Council is authorised to study population employment and influencing factors, to submit proposals to the Ministry of Social Security and Labour concerning the labour market policy, measures and funds for reducing unemployment.

**Tripartite Commissions are formed at the Lithuanian Labour Exchange** as well. The National Tripartite Commission (9 members) is formed at the National (central) Labour Exchange and territorial commissions (6 members) are functioning locally at local labour exchange offices. Their functions are to give proposals to labour exchange offices on labour market policy measures, priorities for implementation and financing, to discuss and consider reports on the activities of the labour exchange.

**The Council of Experts** (15 members) formed on a tripartite basis function at **the Lithuanian Labour Market Training Authority**. Its main task is to support the development of the labour market vocational training and counselling system, to improve its functioning and links with labour market partners, to encourage application of professionally qualitative and socially targeted working methods. There is also **the Management Conference** (11 members) - an institution adopting

collective decisions on issues related to the activities and development of labour market training centres.

The Lithuanian labour market and employment policy is being developed gradually taking into account the EU requirements.

**The legal basis regulating the labour market is further developed.** With the aim to harmonise legal regulation of dismissing employees in line with legal acts of the European Union, a draft law on amending certain Articles of the Law on Support of Unemployed has been drawn up and approved by the Government in the Resolution No. 642 of 24 May 1999. The amendments made shall enable regulation of dismissal of a group of employees in line with the Directive No. 98/59/EC of the Council of the European Community.

**A national version of the Lithuanian Register of Professions** was prepared following the international Register of professions (ISO-88). **Standards of the labour market vocational training** were approved for its implementation. Taking into account the Directive 92/51/EEC of the European Commission, **a draft of the list of professions regulated by the Government was compiled.**

## 5. Budget (in million EUR)

Project Components	Investment Support	Institution Building	Total Phare (= I + IB)	National Co-financing	IFI	TOTAL M€
Twining and Training Package		1.75	1.75			1.75
Investment in Institution Building	0.4		0.4	0.1		0.5
<b>Total</b>	<b>0.4</b>	<b>1.75</b>	<b>2.15</b>	<b>0.1</b>		<b>2.25</b>

## 6. Implementation Arrangements

### 6.1 Implementing Agency

The CFCU is the Implementing Agency responsible for tendering, contracting and accounting. Responsibility for technical preparation and control remain with the beneficiary institution, the Ministry of Social Security and Labour.

The PAO will be the Director of the CFCU, Mr Z Pajarskas, Ministry of Finance J. Tumo-Vaizganto 8a, 2600 Vilnius; telephone: +370 2 61 19 32, fax: +370 2 22 53 35 and e-mail: cfcu@takas.lt.

### 6.2. Twining

For the Twining and Training package, the Twining Team will primarily be located in the Ministry of Social Security and Labour. The Counterpart of the PAA will be Mr. Rimantas Kairelis, Vice-minister.

The following person is the responsible officer for the Project and will be the main contact point for the various aspects of the twinning: Evaldas Bacevicius, Senior Specialist, European Integration Division, Ministry of Social Security and Labour, A.Vivulskio str. 11, 2693 Vilnius, e-mail: [evaldasb@socmin.lt](mailto:evaldasb@socmin.lt)

### 6.3. Non-Standard Aspects

DIS rules and procedures will be applied fully. The project has two components: twinning and investment.

### 6.4. Contracts

There will be two contracts in this project:

- Twinning and Training Package = 1.75 MEUR
- Investment in Institution Building = 0.4 MEUR

## 7. **Implementation Schedule**

Start of Twinning Arrangements:	2Q/00	Start of Investment Tender Process:	3Q/01
Start of Twinning Activities:	2Q/01	Signature of Contract(s):	4Q/01
Completion of Twinning:	1Q/03	Finalisation of Supplies:	4Q/02

## 8. **Equal Opportunity**

Equal opportunity principles and practices in ensuring equitable gender participation in the Project will be guaranteed.

## 9. **Environment**

The investment components of this Project all relate to Institution Building activities.

## 10. **Rates of Return**

The investment components of this Project all relate to Institution Building activities.

## 11. **Investment Criteria**

The investment components of this Project all relate to Institution Building activities.

## 12. **Conditionality and Sequencing**

Success of this Project will heavily rely on the establishment of Inter-ministerial Steering Committees comprised of representatives from the Ministry of Social Security and Labour, Ministry of Economy, Ministry of Public Administration Reforms and Local Authorities, Ministry of Education and Science as well as Ministry of Finance.

Necessary co-financing in implementing local employment initiatives as well as in procurement of equipment shall be guaranteed from Lithuanian side.

Implementation of this Project will also be conditional upon assignment of overall responsibility for ESF-type activities to Ministry of Social Security and Labour.

MSSL will provide work accommodation to the Twinning team within MSSL. MSSL will assign a senior manager to the project and will integrate the project into the normal work of MSSL.

## Logframe Matrix

## Annex 1

<b>Development of National and Regional Employment Policy / Preparation for European Social Fund</b>	Project Number: <b>LT 0006-01</b>		
	Contracting Period Expires: 3Q/2002	Disbursement Period Expires: 3Q/2003	
	Total Budget: <b>2.25 MEUR</b>	Phare Contribution: <b>2.15 MEUR</b>	
<b>Wider Objective</b>	<b>Indicators of Achievement</b>	<b>Information Sources</b>	<b>Assumptions and Risks</b>
To support Lithuania's participation in European Employment Strategy, in particular:  Harmonisation with European Employment Guidelines and practices;  Preparation for European Social Fund (ESF).	National Employment Action programme prepared in the line of EU Employment Guidelines.  System of labour market institutions decentralised and restructured	National Employment Action programme  MSSL, LLE, LLMTA records	Timely technical assistance delivered via Twinning partner; support of Government, Minister and MSSL management
<b>Immediate Objectives</b>	<b>Indicators of Achievement</b>	<b>Information Sources</b>	<b>Assumptions and Risks</b>
Support improvement and decentralisation of Lithuanian employment and labour market policies by re-defining responsibilities and tasks at all levels (central, regional, local) of labour market management;  Support further development of Lithuania's National Employment Action Plan and policy making, and of policy integration between the different ministries of the government;  Develop the labour market institutions and strengthen implementing capacities at all levels (national, regional and local) through adapting these institutions to new employment and labour market policy objectives and tasks as well as preparing them for forthcoming participation in the ESF-type activities;  Enhance information management and reporting among the labour market institutions, including the ability to monitor, analyse and forecast labour market trends.	National Employment Action programme prepared in the line of EU Employment Guidelines  Legislation/regulations revised  Employment measures and operational procedures adapted  Institutional structures reviewed and adapted to objectives of the new employment and labour market policy  Organisational framework of institutions to be involved in administration of ESF established  Models for labour market situation analysis and forecasts developed and introduced; staff of responsible institutions trained to use these models  Information management system of labour market institutions developed and prepared for connection to EURES at a later stage.	MSSL, LLE, LLMTA records  Training programmes  Revised secondary legislation  Project reports	Active participation of all institutions concerned  Sufficient human resources (staff, skills)  Sufficient human resources (staff, skills)  Readiness of all actors to consider new options for policy making and implementation  A good understanding of ESF administration procedures
<b>Results / Outputs</b>	<b>Indicators of Achievement</b>	<b>Information Sources</b>	<b>Assumptions and Risks</b>

<p>National employment and labour market policy reviewed with the view to participation in the European Employment Strategy and ESF-type activities as well as legislative amendments supporting that policy and its delivery mechanisms made and adopted;</p> <p>Institutional structures ready to correspond to the objectives of the new employment and labour market policy, including forthcoming participation in the ESF-type activities, both in terms of medium-term analysis, planning and financing, but also in terms of adapted existing Government mechanisms and developed suitable delivery mechanisms and controls;</p> <p>Information management system developed to support fine-tuning of national employment and labour market training policy through information exchange as well as modelling and forecasts of the labour market situation.</p>	<p>Legal acts that regulate employment and labour market adopted</p> <p>Training of staff on preparation and implementation of ESF type projects implemented</p> <p>Responsibilities re-defined and agreed, trained staff, improved administrative performance, revised work practices</p> <p>Information management system functioning</p>	<p>Revised legislation</p> <p>Project reports</p> <p>MSSL records</p>	<p>Timely technical assistance delivered via Twinning partner</p> <p>Support of Government, Minister and MSSL management for restructuring labour market and employment policy, mechanisms and institutions</p>
<b>Inputs</b>			
<p>Twinning partner, training, software development and hardware</p> <p>Investment in Institution Building (Phare and state Budget financing)</p>			



## Detailed Implementation Chart for the Project

## Annex 2

Year	2000			2001												2002												2003											
Detailed Project Implementation	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S			
Institution Building																																							
Twinning and Training Package																																							
-Launch Twinning request to Member States (June 2000)																																							
-Selection of MS(s) for twinning	X																																						
-Elaboration of twinning covenant	X	X	X																																				
-Submit Twinning covenant to Commission & Steering Committee for approval				X	X	X																																	
-Twinning Package commences							X																																
Strengthening capabilities of the policy making and implementation							X	X	X	X																													
Strengthening of labour market institutions											X	X	X	X	X	X	X																						
Enhancing of the information management, reporting and enforcement capabilities, development of specialised software																	X	X	X	X	X	X																	
Preparation of recommendations on the establishment of national system for the development of local employment initiatives																								X	X	X	X	X											
Finalising of all activities																													X	X									
Investment in Institution Building																																							
- Tender Launch												X																											
- Contract Signature															X																								
-Finalisation of Supplies																								X															

**Cumulative Contracting and Disbursement Schedule for the Project (MEUR)****Annex 3**

Development of National and Regional Employment Policy / Preparation for European Social Fund

**Cumulative Quarterly Contracting Schedule (MEUR)**

<b>Project</b>	<b>4Q/00</b>	<b>1Q/01</b>	<b>2Q/01</b>	<b>3Q/01</b>	<b>4Q/01</b>	<b>1Q/02</b>	<b>2Q/02</b>	<b>3Q/02</b>	<b>4Q/02</b>	<b>1Q/03</b>	<b>2Q/03</b>	<b>3Q/03</b>	<b>Total</b>
Twinning			1.75	1.75	1.75	1.75	1.75	1.75	1.75				<b>1.75</b>
Procurement					0.4	0.4	0.4	0.4	0.4				<b>0.4</b>
<b>TOTAL</b>			<b>1.75</b>	<b>1.75</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>				<b>2.15</b>

**Cumulative Quarterly Disbursement Schedule (MEUR)**

<b>Project</b>	<b>4Q/00</b>	<b>1Q/01</b>	<b>2Q/01</b>	<b>3Q/01</b>	<b>4Q/01</b>	<b>1Q/02</b>	<b>2Q/02</b>	<b>3Q/02</b>	<b>4Q/02</b>	<b>1Q/03</b>	<b>2Q/03</b>	<b>3Q/03</b>	<b>Total</b>
Twinning			0.2	0.45	0.7	0.95	1.2	1.45	1.65	1.75	1.75	1.75	<b>1.75</b>
Procurement					0.12	0.36	0.36	0.36	0.4	0.4	0.4	0.4	<b>0.4</b>
<b>TOTAL</b>			<b>0.2</b>	<b>0.45</b>	<b>0.82</b>	<b>1.31</b>	<b>1.56</b>	<b>1.81</b>	<b>2.05</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>

## **1. Introduction - Development of the Labour Market**

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### ***1.1. Economic pre-conditions for the development of employment***

1.1.1. Agricultural reform

1.1.2. Industrial restructuring

1.1.3. Process of privatisation

1.1.4. Investment policy

1.1.5. Russian crisis

### ***1.2. Employment and unemployment***

1.2.1. Decrease in the number of job places

1.2.2. Employment: employment rate and structure

1.2.3. Unemployment: registered unemployment, unemployment in Labour Force Survey, territorial differences

1.2.4. Structure of the unemployed: youth, long-term unemployed

## **2. Employment Policy Strategy**

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***2.1. Macro-economic pre-conditions for employment: the main indicators of economic development***

***2.2. Unemployment forecasts***

***2.3. Employment and labour market policies: policy development, objectives and tasks***

## **3. Directions and Measures of Employment Policy Strategy**

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### ***3.1. Development of jobs creation system***

#### ***European Employment Strategy II pillar - Developing of entrepreneurship***

The main statement: encouraging of new jobs creation - the basis for increasing of employment

#### **Measures:**

3.1.1. Assurance of job places reproduction

3.1.2. Encouraging of jobs creation: Programme on promotion of new jobs creation, Programme on development of SME

3.1.3. Development of local employment initiatives: strategy, mechanism, making use of possibilities of service sector

3.1.4. Support for self-employment

### ***3.2. Improvement of employment promotion - employability***

#### ***European Employment Strategy I pillar - Improving employability***

The main statement: policy activation

#### **Measures**

3.2.1. Activation of labour market policy

### 3.2.2. Improving employability for:

- 3.2.2.1. the young people starting their working life: reduction of the number of young people who drop out of the school system early, support of the first job
- 3.2.2.2. the long-term unemployed: development of vocational rehabilitation, improvement of employability

### 3.2.3. Improvement of vocational training system:

- 3.2.3.1. development of basic vocational training
- 3.2.3.2. development of labour market vocational training

### 3.3. *Improvement adaptation to the structural changes*

<b><i>European Employment Strategy III pillar - Encouraging adaptability of businesses and their employees</i></b>
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The main statement: increasing adaptability of enterprises and employees to the market changes

#### Measures:

- 3.3.1. Development of flexible employment forms
- 3.3.2. Increasing of the role of social partners
- 3.3.3. Improvement of employees' qualifications
- 3.3.4. Development of unemployment prevention

### 3.4. *Increasing equal opportunities in the labour market*

<b><i>European Employment Strategy IV pillar - Strengthening equal opportunities policies for women and men</i></b>
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The main statement: ensuring an access to the labour market for all

#### Measures:

- 3.4.1. Assurance of equal opportunities for men and women in labour market
- 3.4.2. Employment promotion for disabled people: legal framework. Employment promotion.
- 3.4.3. Strengthening of employment and social cohesion: creation of social enterprises.

### 3.5. *Integration of employment policy*

The main statement: to ensure integration between employment and other governmental policies. Preparation for participation in the EU employment policy co-ordination process.

#### Measures:

- 3.5.1. Improvement of employment and labour market management: increasing policy integration and decentralisation, formulation of regional and local employment policies
- 3.5.2. Creation of pre-conditions for free movement of workers: harmonisation of legislation, development of bilateral agreements
- 3.5.3. Restructuring and strengthening of labour market institutions: adaptation of labour market institutions to the labour market needs, strengthening co-operation between labour market institutions and social partners, improvement quality of services provided, creation of organisational pre-conditions for the preparation for EU Structural Funds
- 3.5.4. Development of private employment agencies