



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

**COUNCIL DECISION**

**concerning the Community position within the Association Council on the participation of Lithuania in the Community programme in the field of small and medium-sized enterprises**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

On several occasions, the European Council has recognised the opening up of Community programmes to the participation of the associated countries of Central Europe as an important step forward in their preparation for accession. To this end, Additional Protocols to the Europe Agreements were established. In the conclusions of its meeting of 12 and 13 December 1997 in Luxembourg, the European Council reiterated the importance of such participation, as a tool for making candidate countries acquainted with the Union's policies and working methods.

The Third Multiannual Programme is the cornerstone of the Community's SME Policy. It provides the basis for actions which aim at raising the awareness of a significant number of SMEs to the challenges of a business strategy which increases their competitive position towards improving their share of transnational and international trade. A positive effect of this would be to generate employment opportunities.

In line with the analysis presented in the Commission's SME policy Paper for the Madrid European Council<sup>1</sup>, the following five priority policy objectives are set out together with an outline of the actions which need to be taken at Community level:

1. simplify and improve the administrative and regulatory business environment;
2. improve the financial environment for enterprises;
3. help SMEs to Europeanise and internationalise their strategies, in particular through better information services;
4. enhance SMEs' competitiveness and improve their access to research, innovation and training;
5. promote entrepreneurship and support special target groups.

In view of maximising efficiency in the support to the SME sector in Central Europe, the Community should aim at a high degree of coherence between the opening up of the Third Multiannual Programme for SMEs, the opening up of other Community Programmes that contain actions directed towards SMEs, the national Phare Programmes, and other existing or planned support activities directed towards SMEs in the candidate countries.

The Third Multiannual Programme is focused on SMEs, irrespective of their sector, legal form or location within the European Economic Area. The Third Multiannual Programme covers the period 1 January 1997 to 31 December 2000.

The number of small and medium-sized enterprises and their share of employment is growing in the Central European countries, and this development is likely to continue over the coming years. The governments in the candidate countries have begun to

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<sup>1</sup> "SMEs: a dynamic source of employment, growth and competitiveness in the European Union", Report presented by the Commission to the Madrid European Council, CSE(95) 2087.

recognise the political and economic importance of supporting SMEs and, on the whole, policies to that effect have become a significant part of the transition process.

Despite considerable progress, SMEs in candidate countries are still a long way from having the level of support and resources that exist in the EU, e.g., in support services, policy co-ordination, or in development of appropriate legal and regulatory frameworks. The enterprises in the candidate countries need to prepare for EU membership and the increased competitive pressures to which they are likely to be exposed.

In this context, the opening up of Community programmes is an important element of the pre-accession strategy. The participation in this particular programme can in a positive manner contribute to preparing SMEs and their SME representative organisations for future accession.

According to the provisions of the Europe Agreements or their Additional Protocols, participating candidate countries will meet themselves the costs resulting from their participation; they are, however, entitled to use part of their National Phare allocations for complementing their contributions from their own budgets. Lithuania has confirmed to the Commission in writing its willingness to participate in the Community programme in the field of small and medium-sized enterprises as from 1999 and to make available the necessary budgetary appropriations, as calculated by the Commission services. Lithuania envisages paying part of its financial contribution from its national budget and part from its Phare allocation.

A question of particular importance to Lithuania, as to other participating candidate countries, is the way in which it will be associated to the management and decision making process of the programme to which it will contribute financially. As mentioned in the Presidency conclusions of the Luxembourg European Council of 12 and 13 December 1997, its participation will be an opportunity to get acquainted with the Community's legislation and proceedings. In the draft Association Council decision, it is proposed that Lithuania will be closely involved in the evaluation of its participation in the programme, be invited to co-ordination meetings prior to the meetings of the Management Committee, and informed about its results.

The main issues addressed in the annexed draft Decision of the Association Council adopting the terms and conditions for the participation of Lithuania in the Community programme in the field of small and medium-sized enterprises are the following:

- Lithuania shall participate in actions of the Third Multiannual Programme for SMEs (1997-2000); conditions for submission, assessment and selection of applications will be the same as for the Member States of the Community (Annex I, paragraphs 1 and 2), up to the level of the country's financial contribution (Annex II, paragraph 2).
- the financial contributions of Lithuania and the rules governing their contributions are defined in Annex I, paragraph 4 and in Annex II.
- Lithuania shall be associated to the evaluation of their participation in the Programme (Annex I, paragraph 6).

- Lithuania shall be invited to co-ordination meetings prior to the meetings of the Programme Committee and will be informed about its results (Annex I, paragraph 7).
- the Decision shall apply for the duration of the Programme (i.e. 31.12.2000, Article 2 of the Association Council Decision).

The adoption of Association Council Decisions to allow Lithuania to participate in the Community programme in the field of small and medium-sized enterprises as from 1999 will offer them the opportunity to actively integrate the Community's policy in this area, in the framework of the pre-accession strategy. It is, therefore, of considerable political importance.

In order to allow the participation of Lithuania in the Community programme in the field of small and medium-sized enterprises as early as possible in 1999, the Council is requested to adopt the annexed proposal for a Council Decision.

Proposal for a

## COUNCIL DECISION

### **concerning the Community position within the Association Council on the participation of Lithuania in the Community programme in the field of small and medium-sized enterprises**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 157, paragraph 3, in conjunction with Article 300, paragraph 3, 1st alinea thereof,

Having regard to the proposal from the Commission,<sup>2</sup>

Having regard to the opinion of the European Parliament,<sup>3</sup>

- (1) Whereas the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, entered into force on 1 February 1998;
- (2) Whereas according to Article 110 of the Europe Agreement, Lithuania may participate in Community framework programmes, specific programmes, projects or other actions notably in the field of small and medium-sized enterprises and the terms and conditions for participation of Lithuania in the activities shall be decided by the Association Council,
- (3) Whereas Council Decision 97/15/EC of 9 December 1996 on a Third Multiannual Programme for Small and Medium-sized Enterprises (SMEs) in the European Union (1997 to 2000)<sup>4</sup> and in particular Article 7(1) thereof, provide that this programme shall be open to the participation of associated Central European countries in accordance with the conditions set out in the Additional Protocols<sup>5</sup> to the Association Agreements on participation in Community programmes;
- (4) Whereas successful participation in the programme requires competent management and a well-prepared administration;

HAS DECIDED AS FOLLOWS:

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<sup>2</sup> OJ C

<sup>3</sup> OJ C

<sup>4</sup> OJ L 6 of 10.1.1997, p. 25.

<sup>5</sup> In the case of Lithuania, the conditions for participation in Community programmes are set out in Article 106 and Annex XI of the Association Agreement.

The position to be taken by the Community within the Association Council established by the Europe Agreement between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, concerning the participation of Lithuania in the Community programme in the field of small and medium-sized enterprises is the attached draft decision of the Association Council.

Done at Brussels,

*For the Council*  
*The President*

**Draft Decision n°.../99 of the EC-Lithuania Association Council of.....1999  
adopting the terms and conditions for the participation of Lithuania in the  
Community Programme in the field of small and medium-sized enterprises**

**THE ASSOCIATION COUNCIL**

Having regard to the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, and in particular Article 110 thereof,<sup>6</sup>

Whereas according to Article 110 of the Europe Agreement, Lithuania may participate in Community framework programmes, projects or other Community actions in the fields laid down in Annex XX, which include the field of small and medium-sized enterprises,

Whereas Council Decision 97/15/EC of 9 December 1996 on a third multiannual programme for small and medium-sized enterprises (SMEs) in the European Union (1997 to 2000) adopts a programme for Community policy for SMEs, including craft and very small enterprises, for a period of four years from 1 January 1997, and its Article 7 (1) provides that this programme shall be open to the participation of the associated Central European countries,

Whereas according to Article 110 of the Europe Agreement the terms and conditions for the participation of Lithuania in the activities referred to in Annex XX are to be decided by the Association Council,

**HAS DECIDED AS FOLLOWS:**

*Article 1*

Lithuania shall participate in the Third Multiannual Programme for Small and Medium-sized Enterprises (SMEs) in the European Union (1997 to 2000) according to the terms and conditions set out in Annexes I and II which shall form an integral part of this Decision.

*Article 2*

This Decision shall apply for the duration of the programme.

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<sup>6</sup> OJ L51 of 20.2.1998, p.3.

*Article 3*

This Decision shall enter into force on the first day of the month following its adoption.

Done at

*For the Association Council  
The Chairman*

## ANNEX I

### **Terms and conditions for the participation of Lithuania in the Third Multiannual Programme for Small and Medium-sized Enterprises (SMEs) in the European Union (1997 to 2000)**

1. Lithuania will participate in the activities of the Third Multiannual Programme for Small and Medium-sized Enterprises (SMEs) in the European Union (1997 to 2000) (hereinafter called "the Programme") in conformity, unless otherwise provided in this Decision, with the objectives, criteria, procedures and timelimits laid down in Council Decision (97/15/EC) of 9 December 1996 on a Third Multiannual Programme for Small and Medium-sized Enterprises (SMEs) in the European Union (1997 to 2000) and in particular Article 7(1) thereof.
2. The terms and conditions for the submission, assessment and selection of applications related to eligible institutions, organisations and individuals of Lithuania will be the same as those applicable to eligible institutions, organisations and individuals of the Community.
3. Where appropriate, in order to ensure the Community dimension of the Programme, transnational projects and activities proposed by Lithuania will be required to include a minimum number of partners from the Member States of the Community. This minimum number will be decided in the framework of the implementation of the Programme, taking into account the nature of the various activities, the number of partners in a given project, and the number of countries participating in the Programme.
4. Lithuania will pay each year a contribution to the general budget of the European Communities to cover the costs resulting from its participation in the Programme (see Annex II). The Association Committee is entitled to adapt this contribution whenever necessary.
5. The Member States of the Community and Lithuania will make every effort, within the framework of the existing provisions, to facilitate the free movement and residence of all eligible persons to the Programme moving between Lithuania and the Member States of the Community for the purpose of participating in activities covered by the Decision.
6. Without prejudice to the responsibilities of the Commission and the Court of Auditors of the European Community in relation to the evaluation of the Programme according to the Decision on a Third Multiannual Programme for Small and Medium-sized Enterprises (SMEs) in the European Union (Article 6), the participation of Lithuania in the Programme will be continuously evaluated on a partnership basis involving Lithuania and the Commission of the European Communities. Lithuania will submit the necessary reports to the Commission and take part in other specific activities set out by the Community in that context.
7. Without prejudice to the procedures referred to in Article 4 of the Decision on a Third Multiannual Programme for Small and Medium-sized Enterprises

(SMEs) in the European Union, Lithuania will be invited to co-ordination meetings on any question concerning the implementation of this Decision prior to regular meetings of the Programme Committee. The Commission will inform Lithuania about the results of such regular meetings.

8. The language to be used as regards the application process, contracts, reports to be submitted and other administrative arrangements for the Programme, will be one of the official languages of the Community.

## ANNEX II

### **FINANCIAL CONTRIBUTION OF LITHUANIA TO THE THIRD MULTIANNUAL PROGRAMME FOR SMALL AND MEDIUM- SIZED ENTERPRISES (SMES) IN THE EUROPEAN UNION (1997 TO 2000)**

1. The financial contribution of Lithuania will cover;
  - financial support from the Programme to the participation of Lithuanian entities in activities as defined in Annex I.1,
  - supplementary costs of an administrative nature related to the management of the Programme by the Commission stemming from Lithuania's participation.

2. For every financial year, the aggregated amount of subsidies or any other financial support received from the Programme by the Lithuanian beneficiaries will not exceed the contribution paid by Lithuania, after deduction of the supplementary administrative costs.

Should the contribution paid by Lithuania to the general budget of the European Communities, after deduction of the supplementary administrative costs, be higher than the aggregated amount of subsidies or other financial support received by the Lithuanian beneficiaries from the Programme, the Commission will transfer the balance to the next budgetary exercise, and it will be deducted from the following year's contribution. Should such a balance be left when the Programme comes to an end, the corresponding amount will be reimbursed to Lithuania.

3. Lithuania's annual contribution will be of EURO 384,130 from 1999. From this sum, an amount of EURO 25,130 will cover supplementary administrative costs related to the management of the Programme by the Commission stemming from Lithuania's participation.
4. The financial regulations applicable to the general budget of the Community will apply, notably to the management of the contribution of Lithuania.

Upon entry into force of this Decision and at the beginning of each following year, the Commission will send to Lithuania a call for funds corresponding to its contribution to the costs under this Decision.

This contribution will be expressed in EURO and paid into an EURO bank account of the Commission.

Lithuania will pay its contribution to the annual costs under this Decision according to the call for funds and at the latest three months after the call for funds is sent. Any delay in the payment of the contribution shall give rise to the payment of interest by Lithuania on the outstanding amount from the due date. The interest rate corresponds to the rate applied by the ECB, for the

month of the due date, for its operations in EURO, increased by 1.5 percentage points.

5. Lithuania will pay the supplementary administrative costs referred to in paragraph 3 from its national budget.
6. Lithuania will pay € 107,700 (30%) of the remaining costs of its participation in the Programme from its national budget in 1999, and € 179,500 (50%) in the year 2000.
7. Subject to regular Phare programming procedures, in 1999 the remaining € 251,300 will be paid from Lithuania's annual Phare allocation, and in the year 2000 the remaining € 179,500 will be paid from Lithuania's annual Phare allocation.

## **FINANCIAL STATEMENT**

### **1. TITLE OF OPERATION**

Participation of Lithuania in the Third Multiannual Programme for SMEs.

### **2. BUDGET HEADING INVOLVED**

B7-503 - Opening of Community Programmes to the associated countries of Central Europe

### **3. LEGAL BASIS**

Treaty establishing the European Community, and in particular Article 157, article 3, in conjunction with Article 300, article 3, 1st alinea thereof,

Article 110 of the Europe Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Lithuania, of the other part, providing for the opening-up of Community programmes (OJ L 51 of 20.2.1998, p.3),

Council Decision (97/15/EC) of 9 December 1996 on a Third Multiannual programme for small and medium-sized enterprises (SMEs) in the European Union (1997 to 2000) (OJ L 6, 10.1.1997, p. 25) and in particular Article 7(1) thereof.

### **4. DESCRIPTION OF OPERATION**

#### **4.1 General objective**

The Third Multiannual Programme for SMEs has the following priority policy objectives:

1. simplify and improve the administrative and regulatory business environment;
2. improve the financial environment for enterprises;
3. help SMEs to Europeanise and internationalise their strategies, in particular through better information and co-operation;
4. enhance SME competitiveness and improve access to research, innovation and training;
5. promote entrepreneurship and support specific target groups.

Lithuania's participation in the Community programme for SMEs will contribute to its preparation for accession as a key feature of a reinforced preaccession strategy. It will also enable Lithuania to familiarise itself with the procedures and methods used in the Community programme in the field of small and medium-sized enterprises.

The decision-making process for the opening-up of programmes involves a decision by the Association Council between the Union and the associated country. This decision also lays down the practical arrangements for opening up the programmes.

The Europe Agreement with Lithuania entered into force on 1 February 1998, Article 110 provides for Lithuania's participation in a wide range of areas, amongst which small and medium-sized enterprises.

Lithuania has confirmed its willingness to participate also in other Community programmes, notably in the fields of education, vocational training, youth, environment, health and research and technical development.

#### **4.2 Period covered and arrangements for renewal**

Until the end of the Community programme concerned, i.e. 31.12.2000. The Phare contribution, however, is dependent on decisions concerning the budget after 1999.

### **5. CLASSIFICATION OF EXPENDITURE OR REVENUE**

#### **5.1 Non-compulsory expenditure**

#### **5.2 Differentiated appropriations**

#### **5.3 Type of revenue involved**

Since Article 110 of the Europe Agreement stipulates that Lithuania itself will meet the costs resulting from its participation, it will be invited to transfer its contribution to item 6091 of the EU's budget receipts. However, as Article 110 states that the Community may supplement Lithuania's contribution (through its national Phare allocation), Lithuania will contribute only part from its national budget, with the remainder being charged to heading B7-503. A transfer from the relevant Phare appropriations (article B7-500) to article B7-503 will be made upon receipt of Lithuania's contribution.

### **6. TYPE OF EXPENDITURE OR REVENUE**

- subsidy for co-financing with other sources in the public and/or private sector
- studies, training sessions, running costs of instruments, information
- no provision for all or part of the Community contribution to be reimbursed

As far as revenue is concerned, provision for Lithuania's contribution to cover the cost of its participation is made under item 6091. The revenue will be allocated to the items for expenditure on the programme in question and, where appropriate, to the relevant items of operating expenditure.

The total revenue expected is given under item 7.4.

## **7. FINANCIAL IMPACT**

### **7.1 Method of calculating total cost of operation for 1999 and 2000 financial years (link between individual costs and total cost)**

The calculation is based on the following preconditions:

- each partner country's contribution to the financing of the activities referred to in the Protocol is calculated according to the principle that the country bears the cost of participation itself. Heading 6091 has been created in the statement of budget revenue for that purpose;
- the Community may decide on a case-by-case basis to pay a supplement to the partner country's contribution. The supplement may be in the form of a contribution under the national PHARE programme.

Based on the Europe Agreement with Lithuania, the financial and budgetary arrangements for the programme concerned are as follows: Among four alternatives, Lithuania has opted for a contribution based on the estimation of the real cost of participation in all the strands of the SME programme except IBEX.

This allows for financial contributions in the following areas (guideline for maximum levels indicated within parenthesis):

- Actions within the field of Distributive Trade (130,000 EURO)
- Actions within the field of Crafts and Small Enterprises (30,000 EURO)
- Support to the Euro Info Correspondence Centres (EICC), based on the current number (EICC and substructures) (40,000 EURO x 2 centres plus 20,000 EURO for a decentralised information campaign = 100,000 EURO)
- Participation in Europartenariat events based on the current average participation of the country (35 enterprises/event x 2 events/year x 700 EURO paid to the National Counsellor per SME for costs, promotion, etc. = 49,000 EURO)
- The subvention for one INTERPRISE event per year in the country (the maximum contribution from the EU is 50,000 EURO, and this must not exceed 50% of the total budget for the event)

The cost of Lithuania's participation in the Third Multiannual programme for small and medium-sized enterprises (SMEs) in the European Union (1997-2000) from 1999 will thus be EURO 384,130 per year, including 7% administrative cost.

The above-mentioned figure, from which the supplementary administrative costs - to be borne exclusively by Lithuania - have to be deducted, is divided per year as follows: in 1999, 107,700 EURO of the operational costs will be covered from Lithuania's national budget and - subject to the procedures for programming the Phare programme - 251,300 EURO from the annual PHARE allocation for Lithuania. In the year 2000, 179,500 EURO of the operational costs will be covered from Lithuania's national budget and - subject to the procedures for programming the Phare programme - 179,500 EURO from the annual PHARE allocation for Lithuania. A transfer from the relevant Phare appropriations from article B7-500 to

B7-503 will be made upon receipt of the 1999 (107,700 EURO) and 2000 (179,500 EURO) national contribution.

## 7.2 Itemised breakdown of cost

in EURO					
Programme	1999	2000	Total	of which Lithuania	of which Phare
Small and medium-sized enterprises	359,000	359,000	718,000	287,200	430,800

Breakdown of costs per strand where financial contributions can be received:

Programme strand	1999	2000	Total
Actions within the field of Distributive Trade	130,000	130,000	260,000
Actions within Crafts & Small Enterprises	30,000	30,000	60,000
Support to the EICCs	100,000	100,000	200,000
Business Co-operation			
- Europartenariat	49,000	49,000	98,000
- INTERPRISE	50,000	50,000	100,000

## 7.3 Operational expenditure for studies, experts etc. included in Part B of the budget

None

## 7.4 Schedule for multiannual operations

Amounts to be charged to item B7-503

	1999	2000	subsequent years	TOTAL
<b>Commitment appropriations</b>	251,300	179,500	0	430,800
<b>Payment appropriations<sup>(*)</sup></b>				
1999	50,260			50,260
2000	150,780	35,900		186,680
subsequent years	50,260	143,600		193,860
<b>Total</b>	<b>251,300</b>	<b>179,500</b>		<b>457,800</b>

(\*) Schedule based on the method of payment currently applying to this programme.

The foreseeable annual receipts are as follows:

<b>Item 6091</b>	<b>1999</b>	<b>2000</b>	<b>subsequent years</b>	<b>TOTAL</b>
operational part	107,700	179,500	0	287,200
administrative part	25,124	25,124	0	50,260
<b>Total</b>	<b>132,830</b>	<b>204,630</b>	<b>0</b>	<b>337,460</b>

## **8. FRAUD PREVENTION MEASURES**

All the Commission's contracts, agreements and other legal commitments provide for on-the-spot checks by the Commission and Court of Auditors. Among other things, the beneficiaries of the operations are obliged to file reports and financial statements. These are analysed from the point of view of their content and the eligibility of the expenditure in line with the objective of Community financing.

The anti-fraud provisions of the basic budget headings apply to this heading too when adapted to the case of the countries of Central and Eastern Europe.

## **9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS**

### **9.1 Specific and quantified objectives; target population**

The Third Multiannual Programme for SMEs is the cornerstone of the Community's SME Policy. It provides the basis for concrete actions which help to exploit the SMEs' full potential for job creation, in particular by helping to increase the number of SMEs participating in the Internal Market and promote their internationalisation.

In principle, the actions in the Third Multiannual Programme for SMEs could possibly interest all the SMEs in Lithuania. However, the number of SMEs which benefit from transnational actions will necessarily be more reduced according to the typology and the activity of the enterprises and of the nature of the actions developed.

For example, among the 15 million SMEs in the European Union, 1.5 million are most likely to be targeted for an action regarding Community information. As a second example, one million SMEs in the EU could be targeted by the partnership actions. The same proportions could be taken as an orientation also for Lithuania. The target of the actions varying according to the nature of these actions.

Furthermore, the actions aim at the professional organisations, the Chambers of Commerce and Industry, the Trade Associations and other intermediaries of the business sector.

## 9.2 Grounds for the operation

It is largely recognised that enterprises, and in particular, small and medium sized enterprises (SMEs) represent a key element in the efforts towards job creation and growth. Indeed, the job creation rate of SMEs is higher than that of the big enterprises.

It is, however, necessary to recognise the fact that SMEs are inherently more vulnerable particularly in the first years following their creation. This weakness stems, in particular from the following five factors:

- an increasingly complex legal, fiscal and administrative environment;
- difficulty in participating in R&D programmes and in exploiting the results;
- structural weakness of SMEs with regard to their management abilities as well as to the inappropriateness of training programmes;
- difficulty in obtaining finance at a reasonable cost;
- difficulty in accessing markets for products and services.

It is necessary to underline - with regard to the subsidiarity approach - that the actions developed at Community level are taken in a context which ensures a significant added-value, resulting in particular from the dimension of the networks and of the actions developed, the objectivity and the neutrality of the decisions taken at central level as well as of the attention paid to regional equilibrium.

In particular, if most actions in favour of enterprises are developed by the Member States, it is up to the Community to take measures having a transnational nature, to implement networks that have a Community dimension. To confine such activities to the national level would not only be impossible and less efficient, but it would also distort competition to the extent that the level of support of each Member State would be extremely diverse.

As a result of the reform policy creating a market economy and supported by the privatisation process, the number of private companies has grown rapidly. The SMEs' contribution to employment has increased annually. The Lithuanian economy is likely to remain characterised by a large percentage of SMEs over the coming years. These enterprises will need to prepare for EU membership and the increased competitive pressures this is likely to expose them to. In this context, the opening up of Community programmes is an important element of the pre-accession strategy. The participation in this particular programme can in a positive manner contribute to preparing SMEs and SME representative organisation for future accession.

– Need for Community financial aid

In view of the substantial financial contribution of Lithuania to the programme and Lithuania's precarious budgetary situation, assistance from PHARE as provided for in Article 110 of the Europe Agreement is essential.

- Choice of ways and means

With a contribution from Lithuania's national budget, supplemented by one from PHARE, Lithuania's participation will contribute to getting acquainted with the internal policies and proceedings of the Community in the field of Small and medium-sized enterprises. The integration of Lithuanian nationals in Community networks will make a definite contribution to preparing Lithuania for future membership.

- Main factors of uncertainty which could affect the specific results of the operation

Since projects will be selected according to qualitative criteria, it will only be possible to measure the real impact on the basis of Lithuanian citizens' and SMEs' capacity to respond to the calls for proposal to be launched by the Commission under the programme.

### **9.3 Evaluation of the operation**

The evaluation procedures included in the Third Multiannual programme for SMEs will also cover operations financed for Lithuanian beneficiaries.

#### *9.3.1. Performance indicators*

The indicators are chosen in function of the type of action undertaken.

As an example, in the field of Euro Info Centres (EICs), there is a contract with an external audit firm that evaluates the quality systems set in place by the EICs as well as their activity in relation to set objectives. For each EIC, an evaluation grid containing 13 criteria relating, among other, to quality is applied and the "performance" of each EIC is rated on a scale of 1 to 4 for each criteria. In adding up the points for each EIC, it is then possible to determine whether or not it satisfies the minimum criteria. If this is not the case, the EIC is excluded from the network and the procedure for finding a replacement is initiated. An evaluation report is published every six months.

For the business co-operation networks, an annual evaluation of the network members is based on the number of co-operation profiles introduced into the databases, the respect of the code of professional conduct, promotional activities in the network, rate of participation in events organised by the Commission (e.g. monitoring, annual conference), and the contributions of members to the working groups.

For other actions, the immediate impact of the activities undertaken can be measured by the participation in conferences and seminars organised to assure the implementation of the foreseen actions, the feed-back in media, the interest of professional organisations, reactions from entrepreneurs, the number of enterprises participating in pilot actions, and the distribution of publications.

In the case of actions specifically in favour of crafts and small enterprises, the indicators include the number of craft enterprises and micro-enterprises benefiting from finance stemming from the action.

### *9.3.2. Modalities and periodicity of the foreseen evaluation*

The Council Decision of 9 December 1996 regarding the Third Multiannual Programme for SMEs (Article 6) obliges the Commission to submit to the European Parliament, the Council, the Economic and Social Committee and the Committee of the regions, no later than the end of 1999, an external evaluation of the implementation of the Decision, in order to assess whether the original objectives have been met, including a cost-effectiveness evaluation.

### *9.3.3. Assessment of results*

The results of the evaluations are generally diffused to the concerned population and can give rise to modifications regarding actions undertaken or new proposals for actions.

A report on the execution of the Multiannual Programme is submitted every year to the Management Committee established by the Council Decision. Reports on the results of the participation of the associated Central European countries concerned in the programme would in the same manner be submitted to the Committee as well as to the countries concerned.

## **10. ADMINISTRATIVE EXPENDITURE (SECTION III, PART A OF THE BUDGET)**

The allocation of required administrative resources for this action will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional credits authorised by the budget authority. The supplementary needs can not, in any case, prejudice the decision that the Commission will need to take concerning:

- a) the request of new posts in the framework of the APB
- b) the resources allocation

### 10.1 Effect on the number of posts

Type of post		Staff to be assigned to managing the operation		Source		Duration
		Permanent posts	Temporary posts	Existing resources in the DG or department concerned	Additional resources	
Officials or temporary staff	A	0.5		0.5		
	B	0.2		0.2		
	C	0.2		0.2		
Other resources						
Total		0.9		0.9		from 1999

### 10.2 Overall financial impact of additional human resources

EUR

	Amounts	Method of calculation
Officials		
Temporary staff		
Other resources (indicate budget heading)		
Total	0	

### 10.3 Increase in other administrative expenditure as a result of the operation

EUR

Budget heading (No and title)	Amounts	Method of calculation (total cost of the action for the period 1999-2000)
A7002 - technical assistance	16,940	Technical assistance € 8,470/year.
A701 - missions	6,600	3 missions per year for the whole Programme (annual cost € 3,300).
A7030 - meetings	10,020	Participation of 4 Lithuanian representatives per year in meetings organised under the different Programme strands (annual cost of participation in meetings € 5,010).
A7031 - meetings of committees	16,700	Cost of the presence of 1 Lithuanian representative at consultative meetings (5-6/year) - exchange about the Programme and information about the work in the Management Committee (annual cost of participation in meetings € 8,350).
Total	<b>50,260</b>	