

# Growing with EU

## Lithuania's Human Resources, Economy, Cohesion

European Social Fund  
European Regional Development Fund  
Cohesion Fund



### No. 3

Valleys shall attract investments to Lithuania

Global Grant will increase Lithuanian scientists competitiveness

EU structural assistance for the transport sector is a prop for the Lithuanian economy

Great attention reflects the need to promote Lithuanians entrepreneurship

*EU structural assistance for innovative solutions - a key to country's competitiveness.*

Lithuania is renowned for its scientific achievements and scientists. Lithuanian universities prepare many engineers and other highly-skilled specialists in technologies. How to ensure that this know-how, skills and capacities do not leave Lithuania and are used to assist Lithuanian economy and society to respond faster to the challenges of the present economic situation? How to ensure that business has the conditions to look for new and

innovative solutions as well as have access to various financial means to implement them?

These are the answers that are provided in the articles below. With the help of EU structural assistance, small and medium enterprises are provided with a financial help to establish a business or to develop it. With the help of EU structural assistance, Lithuanian scientists

and universities, businesses and public institutions are given support in order to implement research and development programmes and give a strong background for the newly established valleys or science and technology parks. Finally, with the help of EU structural assistance, a number of people are presented with new job opportunities – a boost for our economy and progress.

### VALLEYS SHALL ATTRACT INVESTMENTS TO LITHUANIA

A place where new ideas are born. A place where progressive enterprises that attract scientific forces and foreign investment are being established. That is how one may describe the creation of the Science, Studies and Business Valleys, that at the moment is being particularly promoted in Lithuania. Currently, five integrated science, studies and business valleys are being developed in Lithuania, i.e. Klaipeda "Sea Valley", Kaunas "Santaka Valley" and "Nemunas Valley" and Vilnius "Santara Valley" and "Sauletekis Valley". Two ministries are responsible for the development of the valleys – the Ministry of Science and Education as well as the Ministry of Economy. It has been planned to provide over a billion litas for the activities of the Science, Studies and Business Valleys.

The creation of the valleys will encourage the cooperation of business and science, ensure the spread of innovation, the development and production of high value-added products, and thereby it will increase the competitiveness of the country.

#### 2 Modern marine research

Klaipeda University is set to implement

the project valued at over 89 million litas and to create the core of "Sea Valley". A new laboratory building will be built, four modern laboratories will be established, investments into a modern equipment and auditorium will be made and the infrastructure of the studies will be renovated at the territory of University campus. A modern research vessel will be procured for these funds. In the near future competitions on designing a laboratory building and research vessel will be announced. It is planned this year to renovate the field research facilities of the Ecology and Botanical Institute of Vilnius University located in Vente and Juodkrante, and the study equipment of Lithuanian Maritime Academy.

#### Construction work is taking place already

Though the construction work is just being planned at Klaipeda "Sea Valley", the companies and organizations established at Vilnius "Santara Valley" have already started the actual work.

Public establishment "Visoriai Information Technologies Park" (VITP) is getting ready for the public procurement of the design and installment work of the infrastructure of the communications and territorial engineering network. Biotech science and technology park territorial preparatory work will be funded by the EU structural funds of year 2007 – 2013.

"Our main goal is to create the infrastruc-



Valleys are being created in the biggest Lithuanian cities.

ture and to establish a package of services provided for the high-technology companies, which would encourage further integration of technology business, science and studies in Visoriai" – Saulius Arelis, the Development Director of VITP, said.

According to him, while looking for the investors, the first view goes to the

technology business, which would be oriented towards exports. A status of importance granted to the project by the Government, a cooperation with the Ministry of Economy, and a dialog with the Faculty of Mathematics and Informatics of Vilnius University as regards the closer cooperation, had helped to attract the foreign investments.

“Companies, that develop technologies, treat positively a participation of the sectors of scientific research and studies in the project. This is a sort of guarantee of quality” – S. Arelis said. To date there are 700 IT specialists working at the information technology companies and organizations in Visoriai. 250 of them are the employees of Mathematics and Informatics Institute.

### Attracted investors' attention

European scientific research, technology, service and product development center of the US company “Moog Medical Devices” will be established at the science, studies and business valley “Santara” located in Vilnius. German investors in conjunction with the company “BOD Group” intend to create solar cells in the valley. The investments of the companies' group may reach up to 150 million litas, and for year 2015 the turnover of the solar cells created in the valley is planned to reach 415 million litas.

Biotech pharmaceutical companies are going to invest in the development of the modern scientific research centers and production facilities in the “Santara Valley”. The biopharmaceuticals produced in this valley are already being exported to the European Union and more than 20 countries around the world. It is expected that the investments in new technologies will further expand exports. “In

the future we plan to open a high-tech medical center in the valley, with more than 50 new job vacancies” – Dr. Anatolijus Faktorovičius, the Director General of the company “Viltechmeda”, said.

US company “Moog” acquired the company “Viltechmeda” for 52 million litas a bit more than a year ago. At the moment, “Viltechmeda” sells its products in 90 countries worldwide. Once the new center starts operating, the range of the models of produced medical equipment will be extended. Equipment will be made not only for Europe, but also adapted for the US market specifically.

### Cradle of the investments

In addition to the valleys mentioned above, two more contracts on the projects of integrated science, studies and business valleys “Santaka” and “Nemunas” in Kaunas have been concluded. 120 million litas have been foreseen for the national open access scientific research and experimental development center which is being established in the “Santaka” valley by Kaunas Technology University, and 53 million litas – for the Modern pharmaceutical and medical technology center, which is being established by Kaunas University of Medicine. Promotion of investments is one of the priority directions in the project of economic stimulation. Investors are primarily looking for places that offer attractive



*The creation of valleys will ensure the spread of innovation and development of high-added value products and services.*

operating conditions and infrastructure.

For those reasons, the valleys' infrastructure works are financed with the EU structural funds. It is expected that the valleys that are being created will attract both local and foreign investors' attention and will become an integral part of Lithuania's economic growth. Companies established in the valleys may be eligible for the 2007-2013 EU structural funds

for the development of infrastructure and innovation, and for the creation of new job vacancies; the researchers and scientists may be eligible for the funds for the scientific research and competence improvement.

“If not the EU funds we could hardly imagine the birth of the high-tech business research complex” – S. Arelis said. According to him, all the companies co-

operating with VITP intend to make use of the EU structural funds while establishing scientific research and production centers.

### Establishing business incubators and entrepreneurship development center

Kaunas Technology University has submitted a project of a creation of business incubator base and a technology transfer of "Santaka Valley". The project will seek to establish a business incubators, technology transfer and youth entrepreneurship development center, which would develop the scientific research and technological development (SRTD) policies of "Santaka Valley". EU structural funds and state budget funds of 23 million litas are intended for the implementation of the project.

Public establishment "Visoriai Information Technologies Park" has submitted a project of installment of information and communication technology (ICT) and biotechnology parks, and corporate investments in greenfield areas of engineering networks, and of a construction and equipment of the ICT business incubator and technology center. The project seeks to create a supportive infrastructure for the development of sector of information and communication technology and biotechnology, to enable the creation of new technologies and the commercialization of scientific results, to enable the integra-

tion of business companies and science. EU structural assistance and state budget funds of 21 million litas are intended for the implementation of the project.

Up to 18 million litas of EU structural assistance and state budget funds are intended for the project submitted by Klaipeda University on creation of engineering networks, and development of infrastructure of Klaipeda science and technology park in the marine valley. The main goal of this project is to create an infrastructure for the development of marine research and to develop the activities of Klaipeda science and technology park by constructing technology business companies incubator.

### Further three projects

Three more projects, which are intended to be funded by the European Union structural assistance, complemented the list of the projects in March this year. They will be implemented in the "Santara Valley" and "Nemunas Valley".

Innovative Medical Center of the National Scientific Research Institute submitted the project of the construction and installation of the biotech park business incubator 1st and 2nd sections at "Santara Valley". The project will establish an infrastructure of the biotechnology park business incubator, where new companies will be established to provide clinical research of phase I to IV management



*Pharmaceutical companies are going to invest in the development of the modern scientific research centers and production facilities in one of the valleys.*

and implementation services, that have not been developed in Lithuania ever before. EU structural assistance and state budget funds of 10 million litas are intended for the implementation of the project.

Institute of Horticulture, Lithuanian Research Center for Agriculture and Forestry, has submitted the first phase project of the establishment of the Communication and Technology Transfer Center (CTTC) and its infrastructure in "Nemunas Valley". The project will establish the

simulation laboratory of the open access technologies processing fruits and vegetables, develop its infrastructure. The laboratory will enable the development and implementation of production of innovative niche products competitive in the world market; development and production of new, biologically valuable and environmentally friendly high-value-added products, which provide many export opportunities. EU structural assistance and state budget funds of 3 million litas are intended for the implementation of the project.

The second phase project of the establishment of CTTC and its infrastructure in the integrated science, studies and business Centre (Valley) "Nemunas" was submitted by the Lithuanian University of Agriculture. The second phase project seeks to form the CTTC infrastructure and its material base. The aim of the project is to create CTTC infrastructure and to enable the knowledge-receptive

companies and academic institutions to cooperate in the field of scientific research and experimental development, to strengthen the synergy of the use of scientific potential, to create a continuously operating innovation support system. EU structural assistance and state budget funds of 7 million litas are intended for the implementation of the project.

### Facts and figures on the scientific and business cooperation in Lithuania:

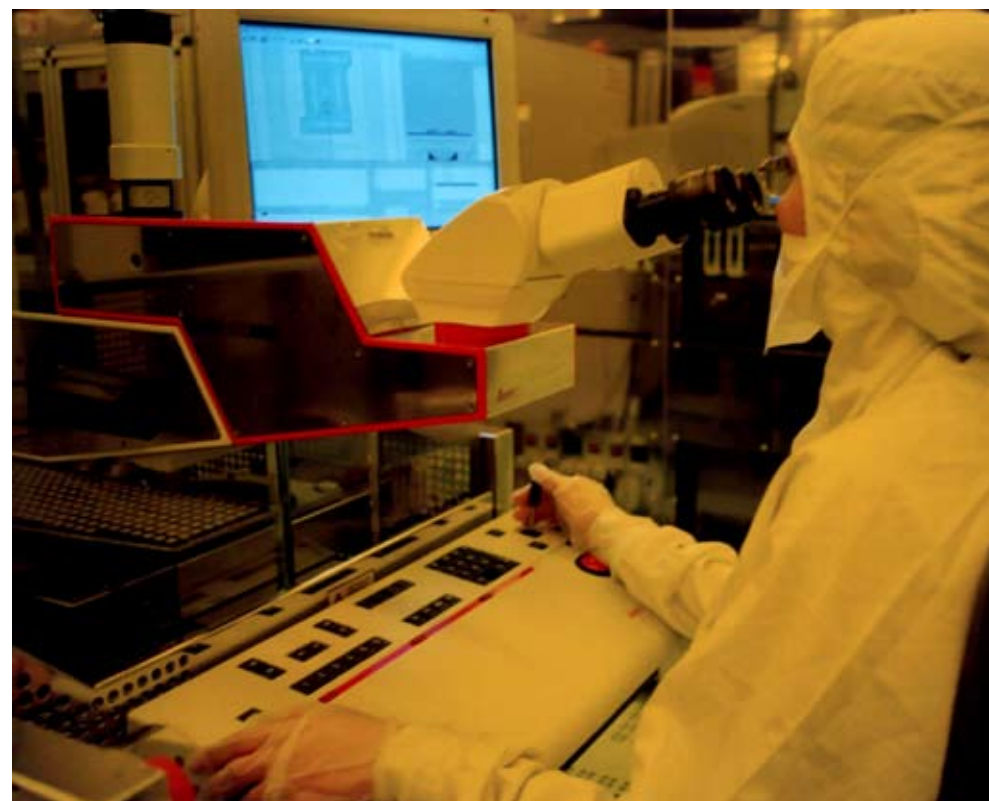
- When establishing the science, studies and business valleys it is sought to update Lithuanian research infrastructure and to create conditions for active science and business cooperation, which generates high added value.
- The analysis has identified the most promising scientific research and experimental development directions, according to which past-detached research institutes were being connected to larger, intellectually more capable science centers. Four sectors open to the interaction of science and business are distinguished: natural resources and agriculture, biomedicine and biotechnology, material science, physical and chemical technology, engineering and information technology.
- 831 million litas are estimated for fourteen valley projects of the EU funds administered by the Ministry of Education and Science. Approximately 40% of funds will be allocated to renovate infrastructure, about 60% - for the modern scientific equipment. Another 525 million litas will be available for scientific research and for competence improvement of the scientists and researchers working in the valleys. Another 132 million litas are estimated for the valley projects under the measures administered by the Ministry of Economy.
- In February the Government approved the Lithuanian Innovation Strategy for year 2010-2020. This is the first large-scale long term planning document, which lays down long term goals, objectives and results to achieve in the field of innovation. The establishment of Science, innovation and technology agency has also been endorsed. The latter will be responsible for the implementation of innovation and technology development policies, will encourage high value-added business creation and development.

### GLOBAL GRANT WILL INCREASE LITHUANIAN SCIENTISTS COMPETITIVENESS

In December 2009, the Research Council of Lithuania called for proposals of high-level international researchers for scientific research funding under the Global Grant measure. Call for proposals was

published under the measure "Support for the scientists' and other researchers' scientific activities (Global Grants)" implemented under the Research Council of Lithuania programme for year 2007-2013 of Operational Programme for the Development of Human Resources - Researchers capacity strengthening VP1-3.1-ŠMM-07-K.

This measure is made for the scientists to implement the most ambitious sci-



Scientists will implement the most ambitious scientific research projects that meet high international level scientific research requirements.

entific research projects that meet high international level scientific research requirements. The research initiated by the researchers themselves of 2-4 years duration, with the 100% coverage of all the costs necessary for the implementation, are being financed for the first time in Lithuania.

In total the amount of EU structural assistance estimated for the implementation of scientific ideas under the Global Grant measure amounts to 190 million litas. The same funds will be used to implement around 200 high-level international projects initiated by the researchers in Lithuanian academic institutions by the year 2015.

### Where do the funds go to?

Global Grant support is intended to cover the costs of the high-level international scientists' wage, equipment acquirement, secondments and project administration. Applications for Global Grants support could be provided by the Lithuanian and foreign scientists, meeting the high-level international scientists requirements, together with the "host" institutions – the Lithuanian academic institutions. The latter will be responsible for managing the project and for providing the available infrastructure to carry out the scientific research. "The grant does not limit the topics of the research, and the key project selection criteria are the applicant's scientific qualification, project quality and viability of the research," – Egle Vaitkute,

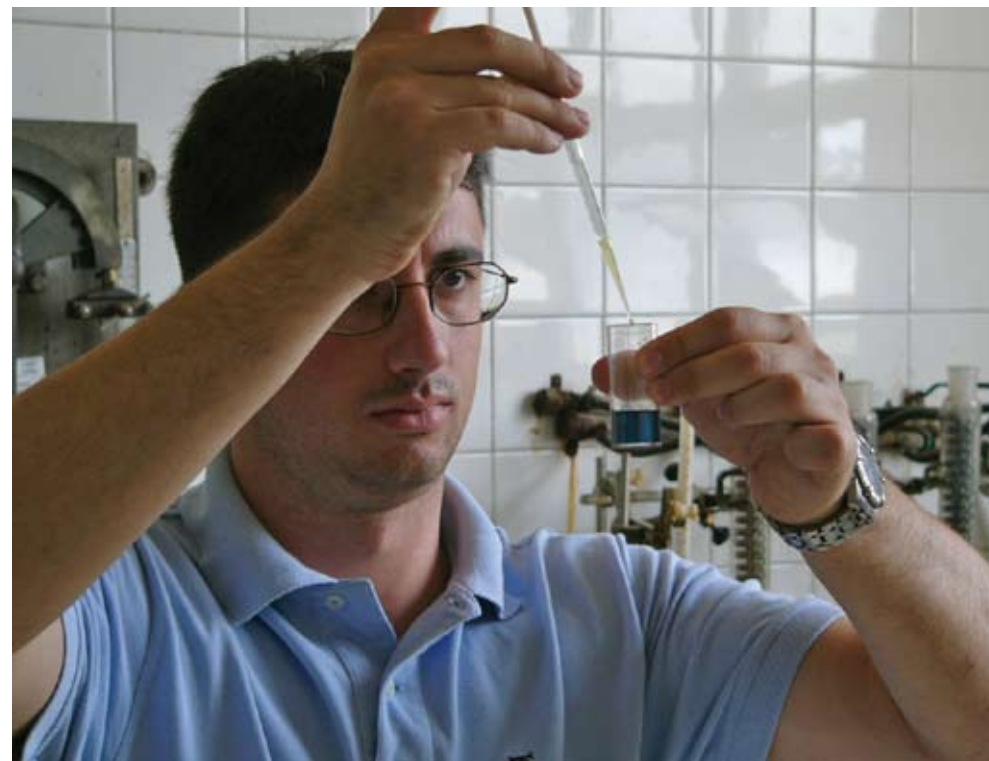
the Head of the Individual Grants Unit, Research Council of Lithuania, and project manager, explained.

On the 1st of March the term for the admission of applications under the first Global Grant measure call ended. 173 national and abroad working researchers have expressed their interest to carry out the scientific research in Lithuania funded by the European Union funds. The total amount of funds requested under the first Global Grant measure call implemented by the Research Council of Lithuania, reaches 222 million litas, 21.3 million litas of which is required to acquire the scientific and laboratory equipment.

### Research will be carried out by Lithuanian and foreign scientists

"At this stage (2009-2011) 40 million litas will be distributed for the implementation of projects, however it is clear that the Global Grant support will refrain a fair number of the state's science representatives from leaving to work abroad, as there are plans to publish more calls for proposals," – Egle Vaitkute, the Head of the Individual Grants Unit, Research Funding Department, Research Council of Lithuania, said. There are 17 Lithuanian and foreign scientists currently living and working abroad who lay claim to carry out the scientific research in Lithuania under this measure.

The authors of applications would like to carry out the scientific research in 33



*Research will be carried out by Lithuanian and foreign scientists*

There are 120 international level scientists who claim to carry out scientific research in the academic institutions located in Vilnius district; 44 scientists – in Kaunas district; 8 – in Klaipeda district; 1 scientist – in Alytus district. They will conduct research individually or in conjunction with the scientific research group.

Currently, the Research Council of Lithuania conducts the administrative compliance and eligibility for funding assessment of the applications, received under

quality will be assessed by the experts from Lithuanian and foreign countries in accordance with the relevant science areas. According to E. Vaitkute, it is envisaged that the applications tendered for the competition will be assessed and the contracts with applicants, whose research was allocated with the funding, will be concluded before the month of July of current year. The Research Council of Lithuania intends to publish the second call under the Global Grant measure at the end of this year.

### EU STRUCTURAL ASSISTANCE FOR THE TRANSPORT SECTOR IS A PROP FOR THE LITHUANIAN ECONOMY

The transport sector, creating as many as 10% of the country's gross domestic product, is undoubtedly one of the most important sectors of the economy in Lithuania. You can safely assume that this result is largely influenced by the European Union structural assistance, which helps not merely to raise the economy of Lithuania, but also to improve the country's transport infrastructure, fight unemployment, increase employment and thereby reduce social exclusion.

5.3 billion litas. This is the amount intended for the country's transport sector of the EU Structural Funds for the period of 2007-2013. Up to now, more than 1.2 billion litas has already been paid. The development of transport infrastructure has a huge impact to the State's economy in particular during the recession.

A workshop "Influence of Transport Sector on the Lithuanian Economy and Quality of Life" carried out as per order of the Ministry of Transport and Communications has shown that effective investments in transport infrastructure result in the increased transportation capacity, efficiency, reliability and service levels. Therefore, the transport costs decrease, transit time shortens, and development of business is encouraged. All of these

factors lead to the increased productivity, which in turn leads to the increasing competitiveness and economic growth.

"More and more cars and trucks are driven on the Lithuanian highways each year. When assessing the benefits of investment in transport, it should be noted that, despite the recession, in 2009, domestic transport services balance remained positive: service export amounted to 5.18 billion, and import – to 2.67 billion litas. Thus, even during the crisis, after a significant decrease in exports of transport services, foreigners have paid to the Lithuanian carrier companies 2.5 billion litas more than the Lithuanians to the foreign carriers. Naturally, the more comfortable, safer, better roads and other transport infrastructure in the country are, the higher the income follows." – Alminas Maciulis, the Chancellor of the Ministry of Transport and Communications, stated.

"The effective use of structural assistance to transport sector is also enabled by the outstanding job performance: one working hour creates almost twice as much added value than the overall average for the country's economy. Each litas invested in the country's transport infrastructure guarantees the double return over five years," – A. Maciulis stated.

The benefits of EU structural assistance have certainly been experienced already by business companies as well. "In the absence of EU-funded projects, our company would have made nearly half the workers redundant, would have sold all the hardware out, and I would have to quit my job" – Vaidotas Vickacka, Tech-



*Lithuanian transport sector funded by EU structural assistance creates as many as 10% of the country's GDP.*

nical Director of the roads and bridges construction company "Žemaitijos keliai" said. "The project funded from the structural funds helped us significantly to reduce the consequences of recession. As much as 80% of the conducted works consist of EU-funded works", – collocutor said.

This year, in 2010, 1.5 billion litas is intended to be invested in the Lithuanian transport sector, 1.1 billion litas of those funds will come from EU structural assistance. Most of the funding will be allocated to the country roads: the gravel roads will continue to be asphalted, trans-European highways will be reconstructed, bypasses will be constructed, streets and bridges of the cities will be upgraded.

It is important to note that the EU invest-

ments shall not bypass other important areas of the country's communication. In the railways sector is it planned to modernize the radio system this year, to expand Klaipeda's junction, to install traffic control center. In order to improve the region's tourism development, the works have also been projected for the country's air and sea ports. Changes will continue: the country's airports performance, the passenger service quality and safety will be improved. Vilnius International Airport is intended to extend the north platform, and Palanga International Airport is intended to modernize the passenger terminal. In order to increase tourist flows in the Klaipeda region, it is also expected to begin building passenger and cargo ferry terminal facilities at Klaipeda Seaport, fixing access roads this year.

## GREAT ATTENTION REFLECTS THE NEED TO PROMOTE LITHUANIANS ENTREPRENEURSHIP

On 30 December, 2009, while implementing the measure “Promotion of Entrepreneurship” of Human Resources development programme, the Entrepreneurship Promotion Fund established by the Ministry of Finance and the Ministry of Social Security and Labour together with a company “Investicijų ir verslo garantijos” (INVEGA) has already attracted the attention of many Lithuanians.

The objective of the measure “The Promotion of Entrepreneurship” is to enable very small and small enterprises, natural persons to start their own businesses, as well as social enterprises to develop their business using financial engineering instruments and thus promoting the entrepreneurship and self-employment and creation of new job vacancies. When implementing the measure, the provision of loans will be combined with early-stage business consulting and training, assistance in preparing and implementing business plans.

Entrepreneurship Promotion Fund offers an opportunity for individuals, small, very small and social enterprises to obtain loans in order to start businesses. 50 million litas of the 2007-2013 European Union (EU) Structural Funds are intend-



*Entrepreneurship Promotion Fund will create the opportunities of self-employment by supporting very small and small enterprises as well as natural persons.*

ed for the activities of the Fund.

“The great interest is natural – it is almost the first tool enabling small, very small and social enterprises and individuals to receive funding from the European Social Fund. Only those enterprises will be eligible for the support, which operate less than a year. The essence of the measure “Promotion of Entrepreneurship” envisaged in the Human Resources Develop-

ment Programme is the following: business training, consulting and provision of micro-loans up to 86 thousand litas. Synergy of financial and consulting measures will enable even those without entrepreneurial experience to gradually acquire necessary skills and knowledge in order to start own business. Furthermore, small and medium businesses, which acquired a loan, will be able to use state guarantees provided by INVEGA, the

partial compensation of interest on loans and other privileges.

## Consultations are very important part of the project

Natural persons may lack the necessary experience or expertise, thus it is important that after the provision of the loans, they are also provided with the knowledge on how to manage it. For this purpose, general education courses on business start-ups, business plan development, financial accounting and so on are projected. Later, after the opening of business, there will be opportunities to consult on various issues.

Training and consultation activities will be implemented in stages. There will be an assessment of personal entrepreneurial skills. For those without the knowledge and entrepreneurial experience, general trainings will be organized (e.g., on business start-ups, business plan development, financial accounting, etc.), consulting on business planning will be carried out, and advice for those who received loans and start their business will be provided.

It is planned that the Entrepreneurship Promotion Fund will start training, consulting and lending activities in July – August. According to Vilija Šveikauskienė, INVEGA's project manager, the financial engineering instrument “Promotion of Entrepreneurship” attained great interest: “We get a lot of questions by phone and e-mail.”