

IGNALINA NUCLEAR POWER PLANT REGION - LITHUANIA



There are 10 counties in the Republic of Lithuania. INPP region belongs to Utena County, which covers the municipalities of Anykščiai, Ignalina, Molėtai, Utena and Zarasai regions also, Visaginas town. Ignalina Nuclear Power Plant region respectively joins Ignalina, Zarasai regions and Visaginas town in order specific socio-economic situation of the region could be overcome. The INPP region is situated on the north eastern edge of Lithuania. The northern part borders Latvia and the eastern –

the Republic of Byelorussia. The Region covers a total area of 2839 km² – an area of 4,3% of Lithuania.

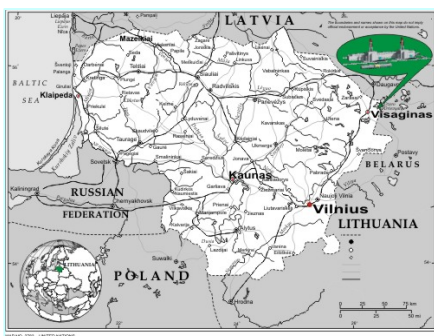
The INPP region is relatively scarcely populated. The town of Visaginas is the most densely populated area in the INPP region (3179,4 citizens per km² at the beginning of 2003); Zarasai (16,9 citizens per km²) and Ignalina (15,2 citizens per km²) regions are among the most scarcely populated regions in the entire country.



The region has the biggest number of lakes in the entire country. There are 505 lakes of different sizes in the Ignalina and Zarasai regions with a total area of 24,9 thous. ha (7,7% in Ignalina and 10,0% in Zarasai regions). The INPP region is also known for large areas of forest. Forests in Ignalina and Zarasai regions cover about 90,8 thous. ha (38,7% in Ignalina and 33,7% in Zarasai regions). This is much more than the country average of 30,6%. The INPP region is also rich in timber and peat.



Lithuanian enterprises are adapting to the competitive environment arising from EU membership and growing internalization. The growth of industry was particularly dynamic in 2002 when sales grew by 7.5% with more than half of this production exported. Growth in GDP is buoyant with growth of 9% in 2003 giving a GDP per capita of 4,673 at the end of 2003.



Currently the largest and most important enterprise and employer in the INPP region is Ignalina Nuclear Power Plant producing electricity and heat. Data from the International Atomic Energy Agency in 2002, shows Lithuania to be the first in the world in terms of the ratio of power produced to power consumed in atomic power plants. A large part (80%) of the electricity produced in Ignalina NPP is exported. The employees of the INPP (about 3,500 workers) are generally highly qualified or trained. The Power Plant is being decommissioned and is programmed to shut down in 2009.

Small scale industrial enterprises prevail, with 10% of the region's industrial enterprises in wood processing, saw milling, and journey works.

In 2002, output sales per inhabitant in the Ignalina NPP Region (1,4 thous. litas) was almost 4,7 times less than the national average.

Social data

Lithuania has a total population of 3.4 million, with 74,000 resident in the Ignalina NPP region where unemployment levels are 7.8%. The national unemployment rate is 6.4%. Most of the unemployed (43%) in the INPP region were from the service sector, with 25,2% from construction, 21,3% from industry, 8,5% from agriculture and about 2% people who had never worked before. The structure of the unemployed in Ignalina region and Visaginas, in contrast to the Zarasai region, has a larger percentage of women and youth. Here arises the specifics of the INPP region. The majority of employed in the region are the workers of Ignalina Nuclear Power Plant. In recent years there has been a decrease in the population here. Firstly, because of a low birth rate and the highest mortality rate in the country. Secondly, a clear trend of emigration. That is especially true of Visaginas town. High proportion of pensioners in rural areas has a great effect on the growth of the future labour force especially in agriculture. Another related demographic problem is the decrease of young people population. In 2003, the proportion of youth in the total population of the INPP region (18,3%) was markedly less than the national average (19,9%). Public services (health care, social services, social protection and public security) in the region are catered for enough with a network of wide standard medical and dental care facilities, also various community centers, social insurance for the pensioners and disabled also, public order protection institutions. Poor accessibility of such services can be noticed in truly rural areas.

Framework of Structural Funds and programmes operating in the region

In Lithuania EU Structural Funds concentrate on the Objective 1 – to catch-up for regions lagging behind in development.

According European Commission, Structural funds programme for Lithuania (EUR 895 million) will concentrate on improving social and economic infrastructures, human resources development, productive sector development, rural and fisheries development. Priority sectors were agreed within approved Single Programming Document for the period of 2004-2006. In the SPD there are strategic and operational frameworks included.

Lithuania is recognized as one single region and there are operating Regional Operational Programmes, supported by four Structural Funds:

1. the European Regional Development Fund (ERDF) for infrastructures and investments, generating jobs and SMEs;
2. the European Social Fund (ESF) for training, social integration and employment;
3. the European Agricultural Guidance and Guarantee Fund (EAGGF, Orientation section) for rural development and aid to farms, and the Financial Instrument for Fisheries Guidance (FIFG) for the adaptation of the fisheries sector;
4. the Cohesion Fund supports environmental and transport projects.

INPP RDA supports regional initiatives while applying to these Structural Funds, managed by:

- central project management agency
[<http://www.cpva.lt/index.php?-646128253>];
- national paying authority
[<http://www.nma.lt/index.php?886614283>];
- human resources development programme foundation
[<http://www.phare.lt/lt/?p=about>];
- Lithuanian business development agency
[<http://www.lvpa.lt/>].

In the County of Utena there are branches of the Implementing Bodies, which are kept in contact with while projects preparation, their implementation, also.

The specifics of the INPP region are laid by the decommissioning of Ignalina nuclear power plant and its socio-economic consequences. In 2002 the Government of the Republic of Lithuania has established INPP decommissioning fund. It is implementation of national measures, which are operating in the region. Regional SME support programme is being implemented by INPP RDA.

INPP RDA general objective - to help to mitigate social and economical consequences of decommissioning of Ignalina NPP unit 1 (scheduled on 31 12 2004) and unit 2 (scheduled on 01 01 2009). Currently existe 5000 jobs in the INPP. It is expected to reduce to 500 jobs in 5 years term. IRDA is preparing and implementing specific projects and programs in the region.

INPP RDA performs role of managing body of the Regional SME support programme, which is aimed at the enterprises of the Ignalina Nuclear Power Plant Region:

Duration of the Regional SME support programme: 01 07 2003 – 01 01 2007.

The objective of the Program is to offer grants to local SMEs in the amount from 6.000 to 30.000 EUR for purchasing of equipment and up to 3000 EUR to support preparation of business plans, feasibility studies and applications to ERDF. The grants are offered on the condition 50 % co-financing from the recipient's own sources and designed for supporting the development of the industrial, service, and tourism sector of the local economy (i.e. these sectors shall be given preference in the selection of successful applications).

Regional SME support programme is approved by political Regional Development Council (acting as Program Steering Committee) and funded by Ministry of Economy via INPP decommissioning fund.

Approx. amount of the operation (€): 0,7 M EUR annually (only for SMEs support program).
Origin of the funds: Ignalina NPP decommissioning fund.

INPP RDA is responsible for the Regional SME support programme implementation and carries out procedures listed below:

- Programming;
- Adjusting procedures (similar to ERDF measure "SME's support");
- Announcing call of proposals twice a year;
- Engage in a series of information sessions;
- Collecting application;
- Administrative assessment and technical compliance;
- General assessment (acting as staff to Evaluation committee);
- Contracting;
- Granting SME's and making payments;
- Supervising beneficiaries and monitoring of the implementation.

Existing procedures are adjusted to ERDF rules; therefore from the next EU budgeting term 2007 is drafted to become branch of national implementing body to ERDF national SME support program.

Local Initiatives Programme

There are four main sectors of supported activities, where public bodies can compete for the grant from 579 Eur to 1448 Eur: 1) democracy and citizenship; 2) initiatives of professional education, local employment and addiction prevention; 3) cultural and sport events; 4) initiatives of communities.

Youth Programme

The objective of this programme is to prevent the youth drift from the region to the larger cities or abroad so that the vitality of the region is maintained and will continue.

After programming here comes implementation which promotes local employment through training, counseling and networking.

These programmes are being implemented by INPP RDA in conjunction with the Municipalities and will have a special emphasis on the youth, local communities and their integration into the regional economy.