



**LIETUVOS RESPUBLIKOS FINANSŲ MINISTERIJA
MINISTRY OF FINANCE OF THE REPUBLIC OF LITHUANIA**

Ms Stine Andresen
Director
Financial Mechanism Office
12-16 Rue Joseph II
B-1000 Brussels
Belgium

04 April 2013

Our Ref.: ((4.168-26)-5K-1306638)-6K-1303271

RE: SIGNING OF PROGRAMME AGREEMENT

Dear Ms Andresen,

I would like to inform you that the Programme Agreement for Programme LT13 'Efficiency, quality and transparency in Lithuanian courts' have been signed by the authorised representative of the Ministry of Finance. The original copy of the Programme Agreement is attached hereto. The other signed original copy is retained by my Office.

Sincerely yours,

Aloyzas Vitkauskas
Vice-Minister



Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Ministry of Finance of the Republic of Lithuania - National Focal Point,
hereinafter referred to as the "National Focal Point",
representing the Republic of Lithuania ,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Efficiency, quality and transparency in Lithuanian courts"

hereinafter referred to as the "Programme"

Chapter 1 Scope, Legal Framework, and Definitions

Article 1.1 Scope

This programme agreement between the Norwegian Ministry of Foreign Affairs (hereinafter referred to as the NMFA) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the Norwegian Financial Mechanism 2009-2014 to the Programme.

Article 1.2 Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the Norwegian Financial Mechanism 2009-2014:

a. the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the Agreement);

b. the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 8(8) of the Agreement;

c. the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Kingdom of Norway and the Beneficiary State; and

d. any guidelines adopted by the NMFA in accordance with the Regulation.

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3 Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.5 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4 Annexes and hierarchy of documents

1. The programme decision, including the financial plan (Annex I), and the operational rules (Annex II) form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the former shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the programme proposal are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2 The Programme

Article 2.1 Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2

Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the Norwegian Financial Mechanism 2009-2014 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

- a. comply with its obligations stipulated in the Regulation and this programme agreement;
- b. ensure that the Certifying Authority, the Audit Authority, the Monitoring Committee and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;
- c. take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;
- d. take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;
- e. make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The NMFA shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3

Objective and outcomes of the Programme

1. The programme decision sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4

Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in the programme decision.

2. In case the Programme is also supported by the EEA Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan shall:

- a. contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;
- b. indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in the programme decision.

Article 2.5

Special conditions and programme specific rules

1. The programme decision shall list any conditions set by the NMFA with reference to paragraph 3 of Article 5.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and, in a timely manner, take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in the operational rules.

Article 2.6

Programme implementation agreement

1. With reference to Article 5.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the NMFA of such signing.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the NMFA in accordance with paragraph 5 of Article 5.8 of the Regulation with regard to the content required according to paragraph 3 thereof. The National Focal Point shall inform the NMFA of any deviation from that confirmed draft which may be subject to a new confirmation according to paragraph 5 of Article 5.8 of the Regulation prior to any payment to the Programme.

Article 2.7

Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 8 and Articles 5.11 and 5.12 of the Regulation as well as statistical reporting in accordance with the Programme Operator's Manual (Annex 9 to the Regulation).

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 10.1, 10.2, 10.3 and 10.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of its obligations under the programme agreement regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the NMFA.
2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without NMFA's prior approval provided that they are limited to the following:
 - a. cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and
 - b. changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.
3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.
4. Expenditures incurred in breach of this article are not eligible.
5. Should there be a doubt as to whether the proposed modifications require approval by the NMFA, the National Focal Point shall consult the NMFA before such modifications take effect.
6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 of the Regulation.

Article 2.10
Communication

1. All communication to the NMFA regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the NMFA towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.

3. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

4. The NMFA shall ensure that the National Focal Point is informed about communication between the NMFA and the Programme Operator that is relevant for the responsibilities of the National Focal Point under this programme agreement.

Article 2.11
Contact information

1. The contact information of the National Focal Point and the Programme Operator is as specified in the programme proposal.

2. The contact information for the NMFA and the Financial Mechanism Office are:

Financial Mechanism Office

Att: Director

EFTA Secretariat

Rue Joseph II, 12-16

1000 Brussels

Telephone: +32 (0)2 286 1701

Telefax (general): +32 (0)2 211 1889

E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the NMFA in the programme proposal or other communication prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point in the programme proposal, in connection with the programme proposal, the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3 Projects

Article 3.1 Selection of projects

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 6 of the Regulation and the operational rules.
2. Eligibility of applicants is stipulated in Article 6. 2 of the Regulation and, in accordance with paragraph 3 thereof, subject only to the limitations stipulated in the operational rules.
3. Pre-defined projects shall be outlined in the operational rules.
4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 6.6 of the Regulation.

Article 3.2 Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.
2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.
3. The content and form of the project contract shall comply with Article 6.7 of the Regulation.
4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3 Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.5 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 6.8 of the Regulation.
2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from Norway.
3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 7.16 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article before the signing of the project contract.

Article 3.4 Reallocation of funds

1. Reallocation of unused or cancelled financial contributions to projects shall be made in compliance with Article 6.9 of the Regulation.
2. Project grants not reallocated shall be reimbursed to the NMFA in accordance with Article 6.9 of the Regulation.

Chapter 4 Finance

Article 4.1 Eligible expenditures

1. Subject to Article 7.6 of the Regulation, eligible expenditures of this Programme are:
 - a. management costs of the Programme Operator in accordance with the detailed budget in the financial plan;
 - b. payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract;
 - c. expenditure of funds for bilateral relations in accordance with Article 7.7 of the Regulation;
2. Expenditure related to the categories referred to in subparagraphs (d), (e) and (f) of Article 7.1 of the Regulation are eligible in accordance with Chapter 7 thereof if such expenditures are explicitly approved by the NMFA in the programme decision. The implementation of the activities under these categories shall be in compliance with the operational rules.
3. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 7.3 of the Regulation as well as indirect costs in accordance with Article 7.4 of the Regulation.

Article 4.5

Irregularities, suspension and reimbursements

The NMFA has the right to make use of the remedies provided in the Regulation, in particular Chapter 12 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 11 and 12 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5

Final provisions

Article 5.1

Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the NMFA is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2

Termination

1. The NMFA may, after consultation with the National Focal Point, terminate this programme agreement if:

- a. a general suspension decision according to Article 12.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 12.1 of the Regulation has not been lifted within 6 months of such a decision;
- b. a suspension of payments according to Article 12.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;
- c. a request for reimbursement according to Article 12.2 of the Regulation has not been complied with within one year from such a decision;
- d. the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or
- e. the Programme Operator has, in the opinion of the NMFA, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 7.14 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the NMFA of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 5.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraphs 1 and 2 are set in the programme decision. Programme specific rules on the eligibility of expenditure set in the programme decision or in the operational rules shall be complied with.

Article 4.2

Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 7.13 of the Regulation.

Article 4.3

Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 8.2, 8.3 and 8.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in the operational rules.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 8.1 of the Regulation.

5. Chapter 8 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4

Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the Norwegian Financial Mechanism 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the NMFA to make use of the remedies provided in Chapter 12 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the NMFA, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the NMFA or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The NMFA does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the NMFA for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the NMFA, its officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4
Entry into force and duration

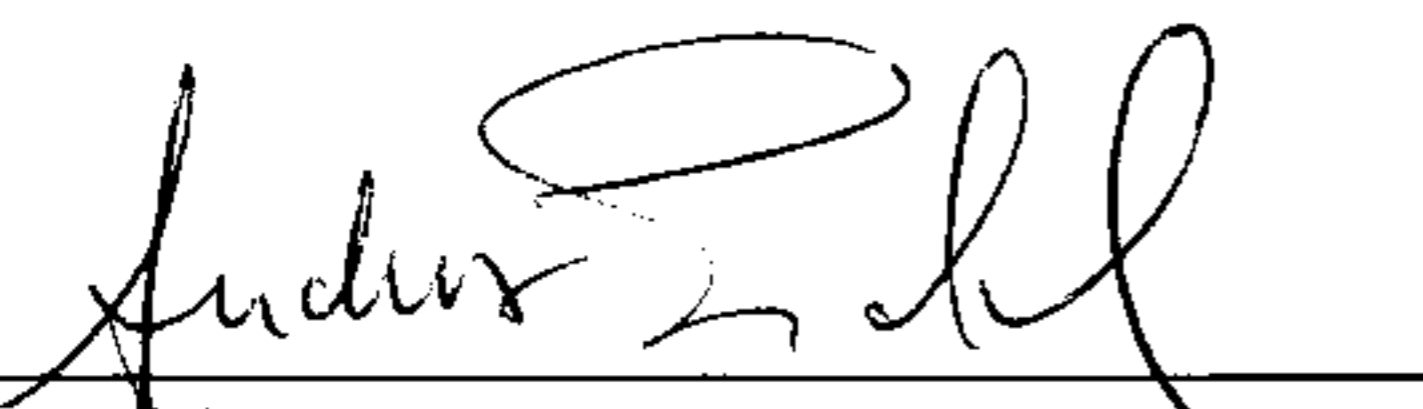
1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

This programme agreement is drawn up in two originals in the English language.

For the NMFA

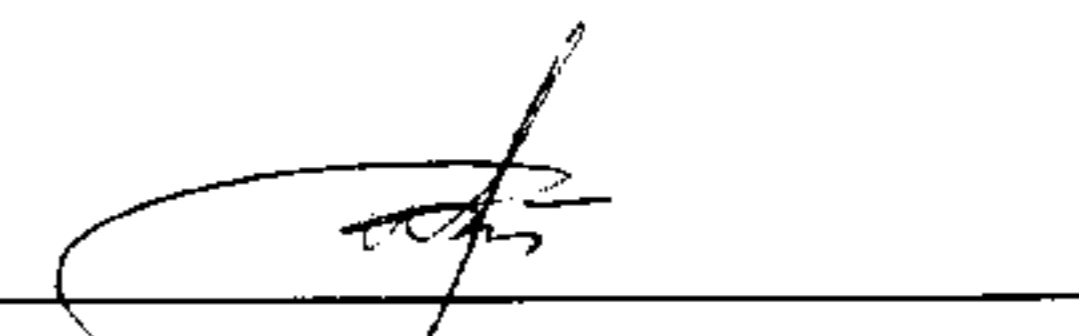
Signed in Ostlo on 7.3.2013



Anders Erdal
Deputy Director General, Ministry of Foreign Affairs

For the National Focal Point

Signed in VILNIUS on 03/04/2013



Aloyzas Vitkauskas
Vice-minister of Finance

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Improved efficiency of the court systems, including the development of systems for case handling

Output

The case handling system of courts modernised and interoperable with similar system at relevant stakeholder (outside the court)

Output indicator(s)	Baseline	Target	Source of Verification
The number of documents exchanged with relevant stakeholders (outside the court) through an electronic case handling system (per year)	0	100000	Annual statistical data of court activities; NCA annual courts activities reviews; Project implementation reports

Output

Audio recording equipment in courts installed

Output indicator(s)	Baseline	Target	Source of Verification
Number of court rooms with modernized audio recording equipment	67	335	Project implementation reports

Expected Outcome(s): Improved access to justice, including for vulnerable persons (e.g. victims, minors, minorities)

Output

Increased competence of staff and other relevant persons on how to assist crime victims and witnesses

Output indicator(s)	Baseline	Target	Source of Verification
Number of persons trained to assist victims and witnesses	0	600	Project implementation reports; training participants attendance list

Output

Security in courts improved

Output indicator(s)	Baseline	Target	Source of Verification
Number of courts where the security measures have been improved	0	62	Project implementation reports

Expected Outcome(s): Increased competence of actors within the judiciary

Output

Increased competence of court staff and legal professionals

Output indicator(s)	Baseline	Target	Source of Verification
Number of court staff and legal professionals trained	0	500	Project implementation reports and training participants attendance list

Output

Training material developed and improved

Output indicator(s)	Baseline	Target	Source of Verification
Number of guidelines, manuals and other relevant training material developed/translated	0	2	Project implementation reports

2. Conditions**2.1 General**

1) Bilateral indicators, outcome and output indicators shall be reported on in the Annual Programme report.
 2) The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation with respect to any equipment (the excepted equipment):

- Keep the excepted equipment in their ownership for a period of at least five years following the completion of the project and continue use that equipment for the benefit of the overall objectives of the project for the same period;
- Keep the excepted equipment properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project;
- Set aside appropriate resources for the maintenance of the excepted equipment for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract;

provided however that the Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified excepted equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose.

Where the Project Promoter, in line with national legislation and established practice, transfers the ownership of the excepted equipment to direct Project beneficiaries (courts of the Republic of Lithuania), the National Focal Point shall ensure that the Programme Operator ensures that the Project Promoter by written agreement obliges the direct Project beneficiaries to fulfill the three abovementioned points.

The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project and is able to report on the compliance with this condition.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

Not applicable.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

2.6 Other

Not applicable.

3. Eligibility of costs**3.1 Eligibility of costs - period**

Eligibility of costs (excluding prog prep costs): 17/10/2012-30/04/2017

Eligibility of programme proposal preparation costs: 05/04/2011-16/10/2012

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€9,058,824
Programme estimated eligible cost (€)	€9,058,824
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€7,700,000

3.3 Maximum eligible costs (€) and Advance payment amount (€)

Budget heading	Eligible expenditure	Advance payment*
Programme management	€702,503	€30,841
Improved efficiency of the court systems, including the development of systems for case handling	€5,083,739	€1,525,121
Improved access to justice, including for vulnerable persons (e.g. victims, minors, minorities)	€1,813,490	€43,549
Increased competence of actors within the judiciary	€1,313,236	€91,790
Fund for bilateral relations	€135,883	€25,000
Complementary action	€0	€0
Preparation of programme proposal	€9,973	€0
Reserve for exchange rate losses	€0	€0
Total	€9,058,824	€1,716,301

* The advance payment is composed of €1,458,856 in grant amount and €257,445 in co-financing.

3.4 Retention of management costs

Retention of management costs - percentage of the management costs	10.00%
Retention of management costs - planned Euro value	€59,713

3.5 Small Grant Scheme

Not applicable

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Lithuanian National Courts Administration (NCA).

The Donor Programme Partner is the Norwegian Courts Administration (DA).

The Programme consists of three pre-defined projects:

- 1) Modernization of the courts information system (system for case-handling and audio recording of court hearings)
- 2) Improved support to witnesses and crime victims during the court procedure, including strengthening of security in court buildings
- 3) Strengthening the competence of representatives of judicial system (including judges, court staff and representatives of NCA) (training)

1.2 Eligible applicants:

Not applicable.

1.3 Special rules on eligibility of costs:

Costs are eligible in accordance with Chapter 7 of the Regulation.

- By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment will be eligible under pre-defined projects 1 and 2 if the equipment is an integral and necessary component and is essential for achieving the outcome of the project. CPMA will check and verify compliance with this condition.

In addition to Article 7.6 of the Regulation, the following costs are not eligible:

- a) the costs of purchase and depreciation of second-hand equipment;
- b) In-kind contributions.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Not applicable.

2.2 Project grant rate:

Grants from the Programme will cover 100% of total eligible project costs, none of the costs of the projects shall be provided by the Project Promoters.

3. Selection of projects

3.1 Selection procedures:

Not applicable.

3.2 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

Not applicable.

3.3 Selection criteria:

Not applicable.

4. Payment flows, verification of payment claims, monitoring and reporting

4.1 Payment flows

Payments towards the end beneficiaries will be in the form of advance payments, interim payments and payments of the final balance.

The Project Promoters have the possibility to request an advance payment not exceeding 30% of eligible expenditures. The advance payment ceilings and the off-set mechanism will be adapted to each Project Promoter's liquidity and specified in the Project Contract. An advance payment bank guarantee will be requested from Project Promoters who belong to the private sector. Additional information on the advance payment conditions and the off-set mechanism shall be further outlined in the description of the Programme Operator's Management and Control Systems according to Article 4.8.2 of the Regulation.

The interim payments will be based upon incurred costs. The Programme Operator has the possibility to withhold up to 5% of the

total grant for the final balance.

4.2 Verification of payment claims

The payment requests prepared by the Project Promoters will be reviewed by the CPMA. The CPMA will finish the verification process within 45 working days after receiving all necessary supporting documents linked to the payment request. The conclusion of the CPMA on the eligibility of costs included in the payment request will be sent to the Programme Operator and to the Project Promoter.

The rules and frequency of payment requests provided by the Project Promoter will be set in the Project Contract. Payment requests based upon incurred expenditures will have to be provided no more than once per month and at least once every third month.

Depending on the risk level and the amount of documents of each payment request the CPMA will use two methods – 100% check and the sampling method. The CPMA will use the stratified systematic sampling method for verification of the payment requests to insure the best representativeness. It means that the costs are stratified to the different groups of costs (works, salaries etc.) and for the different groups the systematic sampling is applied. Depending on the results of the sample check, the sample size can be increased. The methods of verification of costs are periodically reviewed and improved.

In line with Article 7.13.3 of the Regulation, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and accounting practices of the project partner's country, shall, subject to Article 7.13.5 of the Regulation, be seen as sufficient proof of costs incurred by a project partner whose primary location is in a Donor State.

The detailed procedures for the verification of payment claims, periodicity of reporting periods, and deadlines for reporting outlined in the Programme proposal will further be detailed in the description of the Programme Operator's Management and Control Systems according to Article 4.8.2 of the Regulation.

4.3 Monitoring and reporting

The Programme Operator and the CPMA are jointly responsible for the monitoring as specified in article 4.7.1 (f) of the Regulation.

On-the-spot checks will be conducted at least once during the project's implementation, and can also be conducted on an ad-hoc basis when considered necessary. Planned on-the-spot checks will be carried out based on the on-spot-checks annual plan. The Project Promoter will be informed about the date of the planned on-the-spot check in advance. On-the-spot checks on an ad-hoc basis can be organized when suspicions arise that the information provided by the Project Promoter is incorrect or misleading. On-the-spot checks on an ad-hoc basis can also be organized based on other reasons. Only in the latter cases, information about the date of the on-the-spot-check on an ad-hoc basis may be provided to the Project Promoter in advance. On-the-spot checks are carried out by the CPMA.

Irregularities will be handled in accordance with Article 11 of the Regulation.

Information on Reporting and Monitoring shall be outlined in the description of the Management and Control System according to Article 4.8.2 of the Regulation and further detailed in the CPMA's internal procedures.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

The Programme Operator will set aside not less than 1.5 % of the total Programme budget to a fund for bilateral relations.

The details of use of the bilateral fund, the selection procedures and criteria for awarding support from the fund, the maximum grant amount and the grant rate, and any other relevant details will be developed by the Programme Operator and will be further discussed with the DPP in the Cooperation Committee.

5.2 Complementary action

Not applicable.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small Grant Schemes

Not applicable.

6. Pre-defined projects

The Programme consists of three pre-defined projects.

Project 1: Modernization of the courts' information system (system for case-handling and audio recording of court hearings)
 Project estimated total cost: € 5,083,739

Main outputs:

- Making the courts' case handling system accessible to other relevant institutions (the Prosecution Service, Bar Association, Police, Bailiff, Prison Department etc.);
- Structuring the court procedural documents;
- Purchasing of equipment for audio recording of court hearings.

The originally proposed activity on "Introduction of mobile technologies for court processes participants" will not be eligible for support from the Programme.

Project 2: Improved support to witnesses and crime victims during the court procedure including strengthening of security in court buildings
 Project estimated total cost: € 1,813,490

Main outputs:

- Improvement of the security in court buildings (purchase of scanners, gun safes, security gates etc.);
- Development of a questionnaire to better understand the needs of crime victims and witnesses;
- Development of a brochure on the court procedure and the assistance offered to vulnerable groups;
- Training of staff;

This project shall be carried out together with Lithuanian NGOs (Caritas and potentially also the Red Cross).

Project 3: Strengthening the competence of representatives of judicial system (including judges, court staff and representatives of NCA) (training)
 Project estimated total cost: € 1,313,236

Main outputs:

- Training of representatives of judicial system (judges, court staff and representatives of the NCA);
- Internships at Courts Administrations in other European countries;
- Study visits;
- International conference;
- Research;
- Development of a system of quality management of courts

The Norwegian Courts Administration will be a partner in all three pre-defined projects.

7. Modification of the programme

Any modifications of the Programme will follow the rules set forth in the Regulation and in Article 2.9 of the Programme Agreement.

8. Programme proposal version

Any reference to the Programme proposal in this Programme Agreement shall be interpreted as version signed by the Programme Operator on 14 December 2011, including all subsequent correspondence and communication between the NMFA, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous

Not applicable.

