

10 JUNI 2013

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 "Correctional Services including Non-custodial Sanctions"

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

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.

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 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.

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.

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

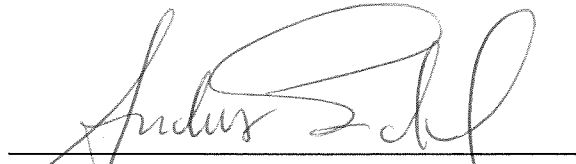
1. This programme agreement shall enter into force on the date of the last signature of the Parties.

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 21.5.2013



Anders Eydal
Deputy Director General

For the National Focal Point

Signed in VILNIUS on 03/06/2013



Aloyzas Vitkauskas
Vice-minister of Finance

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Overcome challenges connected to growing prison populations and prison overcrowding

Output

Improved number of officers providing re-socialization services

Output indicator(s)	Baseline	Target	Source of Verification
Number of prison staff directly involved in re-socialization of inmates in Closed Prisons No. 1, 2 and 3 of Pravieniškės	54	84	Annual reports of Prison department

Output

Improved conditions for isolation of inmates practising criminal subculture in Closed Prisons No. 1, 2 and 3 of Pravieniškės

Output indicator(s)	Baseline	Target	Source of Verification
Number of total capacity of Closed Prison No. 3 of Pravieniškės	590	456	Annual reports of Prisons department
Number of internal investigations concerning inter-prisoner violence in Closed Prisons No. 3 of Pravieniškės	39	20	Annual reports of Prisons department
Number of criminal offences concerning inter-prisoner violence in Closed Prison No. 3	6	3	Annual reports of Prison department

Output

Established new open prisons

Output indicator(s)	Baseline	Target	Source of Verification
Number of capacity for inmates in open prisons	0	80	Project reports, annual reports of Prison department
Number of capacity for inmates in closed prisons	7100	7020	Annual reports of Prisons department

Expected Outcome(s): Increased application of alternatives to prison

Output

Means of electronic monitoring applied to conditionally released convicts

Output indicator(s)	Baseline	Target	Source of Verification
Number of electronic monitoring devices used by probation services	0	125	Project reports, annual reports of Prison department

Output

Mediation programme for criminal justice cases established and applied

Output indicator(s)	Baseline	Target	Source of Verification
Number of staff trained as mediators for criminal justice cases	0	80	Project reports, annual reports of Prison department
Number of persons taking part in mediation programme during the Programme	0	1500	Project reports, annual reports of Prison department

Expected Outcome(s): Improved competences of both inmates and prison staff

Output

Training for prison staff provided

Output indicator(s)	Baseline	Target	Source of Verification
Number of training programmes for prison staff provided	0	16	Annual reports of Prison department

Output

Inmates` psychological training provided

Output indicator(s)	Baseline	Target	Source of Verification
Number of training programmes for inmates provided	0	2	Annual reports of Prisons department

Output

School in juvenile interrogation isolator established

Output indicator(s)	Baseline	Target	Source of Verification
Number of institutions, providing general education for convicted juveniles established	0	1	Project reports, annual reports of Prison department

Expected Outcome(s): Increased focus on vulnerable groups in prison

Output

Improved health services for inmates of vulnerable groups (with physical and mental disabilities, high-risk infectious diseases (AIDS/HIV, tuberculosis, hepatitis etc.), demanding of permanent health care services and drug consumers)

Output indicator(s)	Baseline	Target	Source of Verification
Number of capacity of prison hospital (hospital beds) for inmates of vulnerable groups to be built/renovated in accordance with international standards	0	140	Project reports, annual reports of Prisons department
Number of inmates of vulnerable groups provided with health services using the improved infrastructure in accordance with international standards.	0	5500	Project reports, annual reports of Prison department.

Output

Improved quality of re-socialization of addicted inmates in closed prisons

Output indicator(s)	Baseline	Target	Source of Verification
Number of separate sectors for addicted inmates inside of closed prisons established	0	1	Project reports, annual reports of Prisons department

Output

Improved conditions for female inmate to raise their children outside the territory of closed prison

Output indicator(s)	Baseline	Target	Source of Verification
Number of living facilities for women with children under 3 years outside the prison established	0	5	Project reports, annual reports of Prisons department

2. Conditions**2.1 General**

- 1) Bilateral, output, and outcome indicators shall be reported on in the annual programme report.
- 2) A methodology on the calculation of the flat rate to be applied to indirect eligible costs (overheads) in accordance with Article

7.4.1(b) of the Regulation shall be submitted to the FMO no later than four weeks prior to the announcement of the call for proposals.

3) Unit prices for voluntary work of in-kind contributions made in accordance with Article 5.4.5 of the Regulation shall be submitted to the FMO no later than four weeks prior to the announcement of the call for proposals.

4) 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 5 years following the completion of the project and continue to 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; and

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. The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.

5) The National Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner, furthermore, that any equipment bought under the projects is environmentally sound.

6) Detailed projects selection criteria, developed by the Programme Operator and adopted by the Cooperation Committee shall be submitted to the FMO before the deadline stated in Article 6.3.4 of the Regulation.

7) Pre-defined project No. 2 in Section 6 of Annex II "Reduced Number of Inmates in Prisons of High Security by Establishing 4 New Open Prisons" shall be carried out in partnership with a donor partner or alternatively through other means, such as another partnership or expert advice, which guarantees the necessary expertise in planning and implementation of the project. The appraisal of the project referred to in Article 5.5.3 of the Regulation shall take into consideration the compliance with this condition.

2.2 Pre-eligibility

Pre-eligibility of the pre-defined projects:

1) The Programme Operator must ensure that the Project Promoters of the pre-defined projects secure in the budgets for the pre-defined projects allocations to the partnerships foreseen in the projects. Expenditure under the pre-defined projects shall only be eligible if this condition has been complied with.

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): 04/03/2013-30/04/2017

Eligibility of programme proposal preparation costs: 05/04/2011-03/03/2013

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	€905,882	€85,529
Overcome challenges connected to growing prison populations and prison overcrowding	€4,320,635	€200,080
Increased application of alternatives to prison	€1,411,195	€80,588
Improved competences of both inmates and prison staff	€699,864	€26,683
Increased focus on vulnerable groups in prison	€1,567,201	€97,495
Fund for bilateral relations	€135,882	€13,584
Complementary action	€0	€0
Preparation of programme proposal	€18,165	€0
Reserve for exchange rate losses	€0	€0
Total	€9,058,824	€503,959

* The advance payment is composed of €428,365 in grant amount and €75,594 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	€77,000

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 Ministry of Justice of the Republic of Lithuania.

The Donor Programme Partner is the correctional Service of Norway.

The main objective of the Programme is to improve Lithuanian correctional services system in compliance with the relevant international human rights instruments. The programme will focus on improving capacity of prisons and challenges connected to prison overcrowding, increasing the capacity for providing re-socialization services in prison and establishing new types of penitential institutions with special attention to vulnerable groups of inmates. In addition focus will be put on establishing and applying mediation programme for criminal justice cases, improving the quality and scope of education and employment of inmates as well as improving the competences of prison staff.

The Programme consists of five pre-defined projects and one call for proposals.

1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2 of the Regulation.

1.3 Special rules on eligibility of costs:

The eligibility of costs is determined by reference to 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 may be eligible if the equipment is an integral and necessary component for the implementation of the project and is essential for achieving the outcome of the project. This exception shall only apply in the case of pre-defined projects.

In accordance with Article 7.3.2 of the Regulation the costs and depreciation of second hand equipment are not eligible.

In-kind contributions made in accordance with Article 5.4.5 of the Regulation may be made for projects implemented by NGOs, as defined in Article 1.5.1(m) of the Regulation. Such contributions shall be provided in the form of voluntary work and shall not amount to more than 50% of the co-financing provided by Project Promoters and will be calculated according to the minimum hourly labour expenses in the particular region and category of labour, including all required social security contributions. The detailed procedures for calculation of in-kind contribution shall be prepared by the CPMA and approved by the Programme Operator.

In accordance with Article 7.4.1 of the Regulation, indirect eligible costs may be claimed by the Programme Operator, Project Promoters and project partners. If indirect eligible costs are decided to be calculated according to Article 7.4.1(b) of the Regulation, a methodology that ensures the fair apportionment of the overall overheads shall be prepared by the CPMA in accordance with Article 7.13.4 of the Regulation and approved by the Programme Operator.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

One project will preferably be supported under the call for proposals. The amount of grant assistance for the project will be €461,122.

The level of grant assistance applied for in the pre-defined project is referred to under Section 6.

2.2 Project grant rate:

For Project Promoters of public institutions funded by the State budget, including Project Promoters of the pre-defined projects, the project grant rate is 100% of total eligible project costs. In case of Project Promoters that fall within the definition of NGOs and social partners contained in Article 1.5.1(m) of the Regulation the maximum project grant rate is 90% of total eligible project costs. In the case of private parties and all other parties the Programme Operator shall propose a grant rate which takes into account the need to ensure Project Promoters' commitment and ownership, as well as other concerns stated in Article 5.4.2 of the Regulation.

The remaining costs of the projects shall be provided or obtained by the Project Promoters.

3. Selection of projects

3.1 Selection procedures:

Selection procedures for projects under the call for proposals shall be in accordance with Article 6.5 of the Regulation. The independent and impartial experts referred to in Article 6.5.2 of the Regulation shall be independent of the Programme Operator, the Selection Committee and the project applicants.

The donor programme partner participates in the Selection Committee as an observer.

Before the Programme Operator conducts the appraisal referred to in Article 5.5.3 of the Regulation, the Cooperation Committee shall appraise the pre-defined projects.

3.2 Open calls and availability of funds:

There shall be at least one call for proposals. The call for proposals shall be launched not later than in the third quarter of 2013 and make available €461,122. The call shall be open at least for 2 months.

In case of any of the pre-defined projects in Section 6 in this annex not being implemented, the corresponding allocation may be used under the call for proposals or in an additional call.

3.3 Selection criteria:

Detailed selection criteria for the call for proposals will be adopted by the Programme Operator. The selection criteria shall be submitted to the Cooperation Committee which has a right to change or supplement them.

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

4.1 Payment flows

The 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 the eligible expenditures. The advance payment ceilings and 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 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 request prepared by the Project Promoter 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. The payment request 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 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 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 procedure for 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 carrying out of monitoring as specified in Article 4.7.1 (f) of the Regulation.

On-the-spot checks will be conducted at least once in 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 ad-hoc basis could be organized when suspicions arise that the information provided by the Project Promoter is incorrect or misleading. On-the-spot checks on ad-hoc basis could be also organized based on other reasons. Only in such cases, information about the date of the on-the-spot-check on 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 minimum 1.5 % of the total programme budget to a fund for bilateral relations. The fund's total amount is €135,882.

A part of the fund for bilateral relations (hereinafter referred to as the fund) will be used for search for project partners from the Donor State prior to or during the preparation of the project application, the development of such partnerships, and the preparation of applications for Donor partnership projects (measure a).

A part of the fund will be used for networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between Project Promoters and entities in the Donor State (measure b).

The budgetary split between measure a and b will be decided in the Cooperation Committee.

The grant rate from the fund will be 100%. The minimum grant amount from the fund will be €1,000 and the maximum grant amount will be €30,000. There will be one call for applications, which will remain open on a continuous basis from the approval of the programme throughout the implementation of the programme/projects or until the available funds are exhausted.

The fund will also be used for activities that strengthen co-operation between the Programme Operators and similar entities within the Beneficiary States and Donor States and exchange experiences and best practices related to the implementation of the Programme and will facilitate the participation of relevant stakeholders in events/seminars/activities agreed with the Donor. In addition, the fund should facilitate activities across programmes and between beneficiary countries on crosscutting issues.

The use, management and implementation of the fund will be decided by the Cooperation Committee. The Cooperation Committee will act as a Selection Committee for applicants to the fund.

5.2 Complementary action

Not applicable.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small grant scheme

Not applicable.

6. Pre-defined projects

There will be five pre-defined projects implemented.

1. Preconditions for Decreasing Recidivism Rates of Inmates Serving their Sentences in Closed Prison No.3 of Praviéniskes Created

Project promoter: The Prison Department under the Ministry of Justice of the Republic of Lithuania.

Possible project partner: The Correctional Service of Norway Staff Academy (KRUS) / Prisons in Norway.

Project grant rate: 100%

Total estimated project cost: €2,864,660.

Description: The general objective of the pre-defined project is to create preconditions for decreasing recidivism rates of inmates serving sentences in Closed Prison no. 3 of Praviéniskes by increasing the number of prison staff directly working in the field of re-socialization of inmates and create conditions for proper physical isolation of inmates practicing criminal subculture in Closed Prison no. 1, 2 and 3 of Praviéniskes.

The pre-defined project involves a reconstruction of Closed Prison no. 3 of Praviéniskes from a dormitory-model into cell type rooms and to equip the prison with modern technical perimeter security devices, to prevent criminal subcultures and strengthening security for inmates and staff. This will also lead to decreased need for officers in perimeter security, which will be replaced with an increased number of social workers in the Praviéniskes Correctional institutions.

Programme outcome: Overcome challenges connected to growing prison populations and prison overcrowding.

Project outcomes:

- increased quality of re-socialization services for inmates;
- ensured adequate security of the perimeter in Closed Prison No. 3 of Praviéniskes by replacing physical guarding posts by modern guarding equipment;
- increased number of dynamic security officers by the number of 30;
- decreased danger for possible accidents caused by inadvertently use of gun;
- reduced number of criminal investigations concerning inter- violence of inmates by 70 %;
- decreased recidivism rates of inmates released from Closed Prison No. 1, Closed Prison No. 2 and Closed Prison No. 3 of Praviéniskes by 10 %.

Main outputs:

- establishment of modern security systems in order to increase the number of staff directly working with inmates in the field of re-socialization as dynamic security officers and social workers;
- improved conditions for isolation of inmates practising criminal subculture by reconstructing the living facilities of inmates of the Closed Prison No. 3 of Praviéniskes into the cell type rooms.

2. Reduced Number of Inmates in Prisons of High Security by Establishing 4 New Open Prisons

Project promoter: The Prison Department under the Ministry of Justice of the Republic of Lithuania.

Project partner: Institution to be determined. Possibly Sandakerveien half-Way House in Oslo.

Project grant rate: 100%

Total estimated project cost: €1,455,975.

Description: The objective of the pre-defined project is to improve the correctional service system in compliance with relevant international human right instruments.

The pre-defined project involves renting facilities to establish four new open prisons in Lithuania in order to increase the number of inmates serving their services in open prisons, and correspondingly decrease the number of inmates in closed prisons.

Programme outcome: Overcome challenges connected to growing prison populations and prison overcrowding.

Project outcomes:

- increased number of inmates serving their services in open prisons by 175% (from 120 to 200);
- decreased number of inmates serving their sentences in closed prisons;
- strengthen guarantees for the rights of inmates serving their sentences in open prisons providing for more possibilities to participate in social life outside prison;
- decreased number of inmates released from open prisons recidivism rates at least 5%;
- improved conditions of the inmates of closed prisons (providing for a larger personal space for every inmate and thus guaranteeing conditions of deprivation of liberty that do not infringe on human honour and dignity of convicts).

Main outputs:

- four new open prisons established;
- decreased number of inmates in closed prisons.

3. Means of Electronic Monitoring Applied to Conditionally Released Convicts

Project promoter: The Prison Department under the Ministry of Justice of the Republic of Lithuania.

Possible project partner: No partnership foreseen.

Project grant rate: 100%

Total estimated project cost: €950,073.

Description: The objective of the pre-defined project is to increase the number of conditionally released convicts by means of electronic monitoring, providing a safe and efficient alternative to imprisonment. The project involves procurement, installation and testing of electronic monitoring devices and supporting equipment and training of the staff of the probation services.

Programme outcome: Increased application of alternatives to prison.

Project outcomes:

- increased number of conditionally released persons;
- sentence of such convicts will be shortened by 5-6 months in average;
- increased public safety (due to effective control of behaviour of conditionally released persons);
- budgetary costs saving (expenses for application of electronic monitoring are in average 2-3 times lower than imprisonment).

Main outputs:

- means of electronic monitoring applied to conditionally released convicts;
- increased number of inmates to whom alternative sanctions instead of imprisonment are applied.

4. Improved Conditions for Inmates of Vulnerable Groups in prison (improved health care services, reduced accessibility of psychoactive drugs for addicted inmates and create necessary conditions for re-socialization of female inmates with children)

Project promoter: The Prison Department under the Ministry of Justice of the Republic of Lithuania.

Possible project partners: No partnership has been determined.

Project grant rate: 100%

Total estimated project cost: €1,567,201.

Description: The general objective of the pre-defined project is to improve conditions for inmates of vulnerable groups.

The pre-defined project focuses on three main activities: a) Improved health service for inmates of vulnerable groups in need for permanent health care services by moving the Vilnius subdivision of Central Prison Hospital to new facilities in Pravieniskes; b) Establishment of a separate sector for drug addict inmates in closed prison no. 2 of Pravieniskes; c) Establishing separate facilities for female inmates with children under 3 years outside Panevezys prison and improvement of the quality of re-socialization of female inmates.

Programme outcome: Increased focus on vulnerable groups in prison.

Project outcomes:

- progressive medical treatment and qualified health services will be provided for vulnerable groups with health problems in accordance to the international standards;

- improved level of medical diagnostics by using modern medicine equipment;
- reduced costs of Hospital's maintenance by using facilities more efficient, saving financial resources for energy and inmates' transportation to the municipal hospitals
- implementation of pilot project for creation of separate isolated unit (sector) for inmates with addition to psychoactive drugs in Lithuanian closed prisons;
- improved quality of re-socialization of vulnerable groups;
- necessary conditions for re-socialization and re-integration into society conditions for at least 5 women raising children in closed prison created.

Main outputs:

- improved health services for inmates of vulnerable groups (with physical and mental disabilities, high-risk infectious diseases (AIDS/HIV, tuberculosis, hepatitis etc.), requiring permanent health care services and drug consumers);
- improved quality of re-socialization of addicted inmates in closed prison no. 2 of Pravieniskes;
- improved conditions for female inmates to raise their children outside the territory of closed prison.

5. Improving Competences Both of Inmates and Prison Staff

Project promoter: The Prison Department under the Ministry of Justice of the Republic of Lithuania.

Project partner: KRUS

Project grant rate: 100%

Total estimated project cost: €699,864.

Description: The pre-defined project aims at improving the competences of Lithuanian prison staff by implementing different training programmes, raising the physiologic skills of inmates by providing educational and/or work training programmes and improving the Juvenile Interrogation Isolator – Correctional Facility of Kaunas to provide additional training and education facilities for juvenile offenders.

The pre-defined project involves the completion of the construction of an education facility at Kaunas Juvenile Interrogation Isolator – Correctional Facility, which includes establishing a school with capacity of 70 juveniles and the provision of training courses for staff and for inmates in one infrastructure.

Programme outcome: Increased competence of both inmates and prison staff.

Project outcomes:

- at least 1,515 of Lithuanian prisons staff will be trained during the project;
- at least 6 trainers from Training centre under the Prison department will gain experience and the successful skills of colleagues from Norway, working methods and professional training of officers;
- at least 650 inmates will be trained during the project;
- school in Kaunas Juvenile Interrogation Isolator established;
- ensured the constitutional right of convicted juveniles to get proper conditions to obtain general education;
- new classrooms, teaching materials and increased premises for schooling will help to ensure provision of the quality secondary education for convicted juveniles.

Main outputs:

- training programmes for prison staff implemented;
- training programmes raising inmates' psychological skills implemented;
- improved infrastructure for providing general education to young offenders in Juvenile Interrogation Isolator – Correctional Facility of Kaunas.

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 28 June 2012 and shall include all subsequent correspondence and communication between the Donor, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous

Not applicable.