

05 DEC. 2012

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Ministry of Regional Development,
hereinafter referred to as the “National Focal Point”,
representing the Republic of Poland,
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 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 to 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 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.

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 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.

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.

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.

Article 5.4
Entry into force and duration

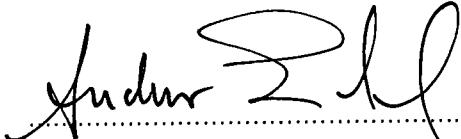
1. This programme agreement shall enter into force on the date of the last signature of the Parties.

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.

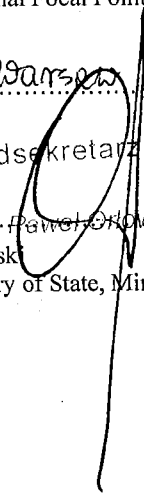
For the NMFA

Signed in Bmssele on 06.12.2012


Anders Erdal
Deputy Director General, Ministry of Foreign Affairs

For the National Focal Point

Signed in Warsaw on 03.12.2012


Podsekretarz Stanu
Pawel Orłowski
Undersecretary of State, Ministry of Regional Development

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome:	Improved competences of both inmates and prison staff			
Output	Indicator	Baseline	Target	Source of Verification
Implementation of training programmes for convicts raising their social and professional competences (Project 1)	The number of certificates/diplomas certifying graduation for convicts	0	2800	Raising the competences of convicts shall be possible thanks to the realization of professional training programmes and the so-called "soft" training developing their social skills. The number of certificates confirming graduation from courses and training programmes shall allow for the verification of actual graduation rates according to programme assumptions. The definition of indicators at the level of outcome and product seems to be justified, which is proven by the scope of projects implemented by the Prison Service and financed by European Union subsidies.
Implementation of training programmes dedicated to Prison Staff, raising their professional qualifications for the purpose of ensuring proper level of imprisonment enforcement subject to international human rights standards (Project 2)	The number of certificates/diplomas certifying graduation from courses/training programmes/ postgraduate studies for staff.	0	3400	The scope of professional services dedicated to Prison Staff shall contribute to raising its professional competences, as well as to improving the quality of correctional services provided by the Prison Staff. The number of certificates confirming graduation from courses, training programmes and postgraduate studies shall allow for actual verification of graduation rates in relation to the rates assumed in the programme. Moreover, the number of employees and the number of employees raising their qualifications as a result of the application of means of physical coercion shall be one of the outputs of pre-defined projects, since the qualifications of these employees shall be raised as a result of practical use of the equipment purchased under the project, and not the organization of training.

<p>Implementation of training programmes dedicated to Prison Staff directed at raising their abilities for proper execution of official duties in accordance with European standards (Project 3)</p>	<p>The number of certificates/diplomas certifying graduation from courses/training programmes/ postgraduate studies for staff.</p>	<p>0</p>	<p>1680</p>	<p>The scope of professional services dedicated to Prison Staff shall contribute to raising its professional competences, as well as to improving the quality of correctional services provided by the Prison Staff. The number of certificates confirming graduation from courses, training programmes and postgraduate studies shall allow for actual verification of graduation rates in relation to the rates assumed in the programme. Moreover, the number of employees and the number of employees raising their qualifications as a result of the application of means of physical coercion shall be one of the outputs of pre-defined projects, since the qualifications of these employees shall be raised as a result of practical use of the equipment purchased under the project, and not the organization of training.</p>
<p>Implementation of training programmes for staff in the field of security activities in prisons (Project 4)</p>	<p>The number of certificates/diplomas certifying graduation from courses/training programmes/ for staff.</p>	<p>0</p>	<p>3940</p>	<p>The scope of professional services dedicated to Prison Staff shall contribute to raising its professional competences, as well as to improving the quality of correctional services provided by the Prison Staff. The number of certificates confirming graduation from courses and training programmes shall allow for actual verification of graduation rates in relation to the rates assumed in the programme. Moreover, the number of employees and the number of employees raising their qualifications as a result of the application of means of physical coercion shall be one of the outputs of pre-defined projects, since the qualifications of these employees shall be raised as a result of practical use of the equipment purchased under the project, and not the organization of training.</p>
<p>Implementation of courses and training programmes for Prison Staff raising their professional abilities in the management of IT systems in accordance with European standards (Project 5)</p>	<p>The number of certificates/diplomas certifying graduation from courses/training programmes/ for staff.</p>	<p>0</p>	<p>11250</p>	<p>The scope of professional services dedicated to Prison Staff shall contribute to raising its professional competences, as well as to improving the quality of correctional services provided by the Prison Staff. The number of certificates confirming graduation from courses and training</p>

				programmes shall allow for actual verification of graduation rates in relation to the rates assumed in the programme. Moreover, the number of employees and the number of employees raising their qualifications as a result of the application of means of physical coercion shall be one of the outputs of pre-defined projects, since the qualifications of these employees shall be raised as a result of practical use of the equipment purchased under the project, and not the organization of training.
Implementation of courses, training programmes and postgraduate studies in the creation and management of training systems in accordance with European standards (Project 6)	The number of certificates/diplomas certifying graduation from courses/training programmes/ postgraduate studies for staff	0	6300	The scope of professional services dedicated to Prison Staff shall contribute to raising its professional competences, as well as to improving the quality of correctional services provided by the Prison Staff. The number of certificates confirming graduation from courses, training programmes and postgraduate studies shall allow for actual verification of graduation rates in relation to the rates assumed in the programme. Moreover, the number of employees and the number of employees raising their qualifications as a result of the application of means of physical coercion shall be one of the outputs of pre-defined projects, since the qualifications of these employees shall be raised as a result of practical use of the equipment purchased under the project, and not the organization of training.

Expected Outcome:	Increased application of alternatives to prison			
Output	Indicator	Baseline	Target	Source of Verification
Implementation of courses organized for Judges, prosecutors, probation officers, local government authorities and other staff (Project 7)	Number of certificates confirming graduation of training programmes dedicated to judges, prosecutors, probation officers, local government authorities and other employee	0	5000	Increased application of alternative solutions to imprisonment shall be possible thanks to the organization of a cycle of training courses dedicated to people having direct impact on the enforcement of the penalty or the method of enforcing alternative penalties to imprisonment. The number of certificates confirming graduation

				from training programmes shall allow for the verification of the actual consumption of support under the programme
Implementation of courses organized for Judges, prosecutors, probation officers, local government authorities and other staff (Project 7)	Percentage of persons sentenced to alternatives to prison (fine idiopathic and penalty of restriction of liberty)	33	43	Direct verification of the indicators pointing to increase in the frequency of alternative sanctions in comparison to custodial sanctions is possible by providing the number of inmates sentenced to alternative (non custodial) sanctions (fines, restriction of liberty) in comparison to custodial sanctions.
Implementation of a diagnostic tool for performing analyses of risk factors, personal diagnoses and criminological prognoses of convicts. (Project 7)	The number of polls carried out among respondents (offenders, who may be subjected to alternative penalty to imprisonment, their families and experts – representatives of the judiciary)	0	450	Increased application of alternative solutions to imprisonment shall be possible thanks to the organization of a cycle of training courses dedicated to people having direct impact on the enforcement of the penalty or the method of enforcing alternative penalties to imprisonment. The number of certificates confirming graduation from training programmes shall allow for the verification of the actual consumption of support under the programme

2. Conditions

2.1 General

- 1) The National Focal Point shall ensure that any public support under this Programme complies with the procedural and substantive state aid rules applicable at the time when the public support is granted. The National Focal Point shall, by way of the programme implementation agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with state aid rules, particularly decisions to award grants and set grant rates, and provides such records to the NMFA upon request. The approval of the Programme by the NMFA does not imply a positive assessment of such compliance.
- 2) Bilateral, output and outcome indicators shall be reported on in the annual programme report.
- 3) 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.
- 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 five 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 after the project completion would serve no 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 fund set-up for the fund for bilateral relations at programme level, including the selection criteria and the selection procedures shall be discussed with the donor programme partner in the Cooperation Committee and submitted to the NMFA for approval before 01.02.2013. The NMFA will give its comments within 10 working days.
- 6) The appraisal of the pre-defined projects, referred to in Article 5.5.3 of the Regulation shall be carried out by an appraisal team appointed by the Programme Operator where experts external to the Programme Operator compose the majority of the team. The chairman of the team shall be an expert external to the Programme Operator.

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):

02/10/2012 – 30/04/2017.

Eligibility of programme proposal preparation costs:

10/06/2011- 01/10/2012.

3.2 Grant rate and co-financing

Estimated total programme cost

€15,294,118

Programme total eligible expenditure

€15,294,118

Programme grant rate (%)

85%

Maximum amount of programme grant

€13,000,000

3.3 Programme eligible expenditure (€) and advance payment amount (€)

Budget heading	Contribution from NFM	Contribution from programme operator	Total eligible expenditure	Advance payment (NFM contribution)
Programme management	€380,032	€67,064	€447,096	€130,839
Improved competences of both inmates and prison staff	€9,301,592	€1,641,457	€10,943,049	€2,709,030
Increased application of alternatives to prison	€2,992,518	€528,092	€3,520,610	€795,910
Funds for bilateral relations	€196,072	€34,601	€230,673	€66,085
Reserve for exchange rate losses	€129,786	€22,904	€152,690	€74,136
Total	€13,000,000	€2,294,118	€15,294,118	€3,776,000

3.4 Retention of management costs

Retention of management costs - percentage of the grant amount	10 %
Retention of management costs – planned euro value	€38,003

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 European Funds Team at the Central Board of the Prison Service. The Correctional Services of Norway (KSF) is a donor programme partner.

The Programme is implemented through 7 pre-defined projects.

Eligible measures under the Programme shall contribute to

- Competence building of inmates and prison staff; and
- increased application of alternatives to prison.

The programme will *inter alia* support the following measures:

- Training programmes and courses;
- Development and implementation of IT-systems;

Eligible measures under the bilateral fund at programme level are addressed under Section 5 of this Annex

1.2 Eligible applicants

Not applicable. The Programme consists solely of pre-defined projects.

1.3 Special rules on eligibility of costs

In general, costs are eligible in accordance with Chapter 7 of the Regulation, with the following exception:

- by way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of equipment will be eligible if the equipment is an integral and necessary component for the implementation of measures that are essential for achieving the outcome of the project.

2. Financial parameters

2.1 Minimum and maximum grant amount per project

See Section 6 for the pre-defined projects.

2.2 Project grant rate:

Project grant rate is 100% of total eligible project costs.

3. Selection of projects

3.1 Selection procedures:

The Programme consists only of pre-defined projects. Thus, selection procedures are not applicable.

The appraisal of the pre-defined projects, referred to in Article 5.5.3 of the Regulation shall be carried out by an appraisal team appointed by the Programme Operator where experts external to the Programme Operator compose the majority of the team. The chairman of the team shall be an expert external to the Programme Operator.

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 projects are made on the basis of approved project interim/final reports. The payment flows will be based on the Polish public finance law meaning that project promoters from the public sector will be pre-financed by state budgetary resources.

4.2 Verification of payment claims

Verification and approval of project interim/final reports will be conducted by the Budget Office in Central Board of Prison Service.

Verification and approval of project interim reports will be based on information on incurred expenditure, financial status and projects progress contained in the interim reports, and on additional information and accounting documents to be submitted together with the reports.

In case of verification of expenditure incurred by a donor project partner, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with the Regulation, the national law and accounting practices of the project partner's country shall be seen as sufficient proof of costs incurred.

The procedure for verification of payment claims, periodicity of reporting periods, and deadlines for reporting will further be outlined in the description of the Programme's management and control systems according to article 4.8.2 of the Regulation.

4.3 Monitoring and reporting

Project Promoters shall be required to report on project outputs and financial progress in interim reports, and at the end of the project in a final report. The frequency of interim reporting to the Programme Operator shall be based on an agreed timetable, but no less than three times a year.

For the pre-defined projects, on-the-spot checks will be performed at least once for each project during the implementation period.

On-the-spot checks shall further be conducted annually on a sample of projects selected on the basis of a risk analysis. The analysis takes into account, among other things, the physical and financial progress of a project, the time remaining to project completion, and the correctness of prepared reporting documentation and other secondary information on project progress.

On the spot checks can also be conducted on an ad-hoc basis when considered necessary.

On-the-spot checks are carried out by the Control Team at the Central Board of Prison Services and by another authorized personnel.

Information on reporting and monitoring will further be outlined in the description of the Programme's management and control systems according to article 4.8.2 of the Regulation.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

The Programme Operator shall allocate €230,673 (corresponding to 1.5% of total eligible costs for the Programme) to a bilateral fund.

The use and implementation of the bilateral fund shall be agreed with the donor programme partner and decided upon by the Cooperation Committee.

The fund will finance activities to support bilateral relations between the beneficiaries of the projects and Norwegian entities, as well as strategic cooperation between the Programme Operator and entities in Norway.

Pre-defined projects can apply for bilateral funds at the stage of preparation of the project proposal as well as in the implementation stage. The Programme Operator will prepare a standard application form. The Cooperation Committee will act as a selection committee for applications from project partners / promoters.

The selection criteria will be based on compliance with the Programme objectives and outcomes, the justification and eligibility of the expenditures. It will be possible to apply for bilateral funds from the date of Programme approval and throughout the implementation of the Programme / projects.

The selection procedures and the selection criteria shall be consulted with the donor programme partner in the Cooperation Committee and be submitted to the Donors for approval.

The bilateral fund will also be used by the Programme Operator to organize events to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between Project Promoters in Poland and entities in Norway and/or the Council of Europe.

The grant rate will be up to 100%, with a minimum grant amount of €2,000 and a maximum grant amount of €30,000.

Up to 50% of the bilateral fund will be allocated to search for partners for donor partnership projects prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application for a donor partnership project and the remaining amount to networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between Project Promoters and/or the Programme Operator and entities in Norway and/or the Council of Europe.

Furthermore, due to no funds being set aside for complementary action in the Programme, the Programme Operator must under the fund for bilateral relations secure available funding (during the programme period) 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. This funding should also facilitate the participation of relevant stakeholders in events/seminars/activities (organized for example by the Council of Europe, the European Union Agency for Fundamental Rights and others) agreed with the Donor. In addition, the funding should facilitate activities across programmes and between beneficiary countries on crosscutting issues.

5.2 Complementary action

Not applicable.

5.3 Reserve for exchange rate losses

Contracts between the Programme Operator and the Project Promoter will be defined in PLN.

The reserve for exchange rate losses will be used to cover the exchange rate losses of the Programme Operator only, resulting from the difference between the exchange rate used for the Programme budget planning and the exchange rates used for the actual expenditures (including the difference between the exchange rate used for awarding grants to projects and the exchange rate used for the settlement of project grants).

5.4 Small Grant Schemes
Not applicable.

6. Pre-defined projects

The programme consists of 7 pre-defined projects:

1. *Implementation of training programmes raising social and professional competences of convicts and creation of conditions sustaining the convicts' family bonds for the purpose of raising the effectiveness of their return to the society after the completion of the term*

Project promoter: Penitentiary Office of the Central Board of Prison Service.

NFM grant amount: €1,234,050.

Total estimated project cost: €1,451,823.

Description: The project aims to strengthen the knowledge and social skills of prisoners to increase their prospects of a better life after release from prison. There are three main components in the project: a) various training programmes which will increase their skills, such as woodcutting, sawing and green areas maintenance. Other training programmes will include knowledge on issues related to successful operation on the labour market, ecological issues, medical training, computer services, fighting aggression and anger and preventing violence and addictions; b) organization of dog therapy classes. This kind of therapy is a natural method of contact therapy which has proved to have good effect on the prisoners' social skills and is recognized by the WHO to have positive impact on the mental and physical health of a human being. The classes will be implemented in 7 penitentiary units; c) establishment of visiting rooms and facilities for visits with children. The programme aims to refurbish 156 visiting rooms with furniture, children's toys etc. to allow the convicts to meet their families and sustain and develop normal family bonds, all factors which have big impacts on the rehabilitation of the prisoner.

2. *Implementation of training programmes dedicated to Prison Staff, raising their professional qualifications for the purpose of ensuring proper level of imprisonment enforcement subject to international human rights standards.*

Project Promoter: The department of Human Resources and Training at the Central Board of Prison Service.

NFM grant amount: €2,521,596.

Total estimated project cost: €2,966,584.

Description: The project aims to raise the competences of prison staff who work directly with prisoners, such as prison officers, psychologists and tutors. This is done through training courses which provide: a) professional training in the development of methods of working with aggressive, passive convicts, dangerous juvenile convicts and long-term convicts; b) methods of preparing convicts for their return to the labour market; and c) language courses in English.

3. *Implementation of training programmes dedicated to Prison Staff directed at raising their abilities for proper execution of official duties.*

Project Promoter: The department of Human Resources and Training at the Central Board of Prison Service.

NFM grant amount: €651,599.

Total estimated project cost: €766,587.

Description: The main objective of the project is raising the competences of Prison Staff by providing opportunities for professional development through training programmes, specialist courses and postgraduate studies for the proper execution of official duties by Prison Staff. Courses on offer will address health care, occupational medicine, fire protection, legislative abilities, foreign language skills and training in the operation and administering IT-systems.

- 4. Reinforcement of security systems and equipment of Prison Service Intervention Groups and Convoy Groups and development of professional qualifications of security department officers.*

Project Promoter: Department of Security which is an organizational unit of the Central Board of Prison Service.

NFM grant amount: €1,059,808.

Total estimated project cost: €1,246,833.

Description: The projects overall aim is to contribute to the security in prison by increasing the competence of the prison staff and by help of security equipment. The project aims to on the one hand to train prison staff in handling cases of serious threats in accordance with international standards and on the other hand to offer them paramedical training.

- 5. Creation and implementation of IT and telecommunication systems improving the management of correctional facilities.*

Project Promoter: Department of IT and Communication in the Central Board of Prison Service.

NFM grant amount: €3,336,409.

Total estimated project cost: €3,925,187.

Description: The main objective of the project is to raise the competences of prison staff by providing opportunities for professional development through training programmes, specialist courses and postgraduate studies in the operation of IT systems for the circulation of documents and a system for managing human resources. The project provides tools to improve the management of correctional facilities and ensures and monitors that the employees of the correctional services receive *inter alia* proper training.

- 6. Purchase of equipment and modernization of the system of Prison Staff training in departmental schools.*

Project Promoter: The Prison Service Training Centre in Kalisz.

NFM grant amount: €498,130.

Total estimated project cost: €586,035.

Description: The main objective of the project is to create possibilities for professional advance in the form of e-learning and b-learning and thereby increase the competence of the prison staff. This will be done by modernizing the existing training model for prison officers by introducing more modern forms of remote teaching and learning in accordance with the recommendations in the “Effective judiciary-the actions of the Ministry of Justice for 500 days” plan of August 2010. Furthermore the “Słuchacz” system dedicated to employment training will be further developed.

- 7. Popularization of the enforcement of non-isolative penalties and probation in the penitentiary system.*

Project Promoter: The Department of Decision Implementation and Probation in the Ministry of Justice

NFM grant amount: €2,992,518.

Total estimated project cost: €3,520,610.

Description: The project's aim is to increase the application of alternatives to imprisonment both through extensive training of judges, prosecutors, probation officers, local government authorities and the employees of units where the imprisonment penalty and the social works provided by convicts are executed, and through the implementation of an IT-system (diagnostic tool) which facilitates coordination and the follow up of the alternative measures to imprisonment.

7. Modification of the Programme

Any modifications of the programme will follow the rules set forth in Article 5.9 of the Regulation and 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 a reference to the version signed by the Programme Operator on 27 January 2012 and shall include all subsequent correspondence and communication between the NMFA, the FMO, the National Focal Point and the Programme Operator.

9. Miscellaneous

Not applicable.