

Annex 1: Conceptual Framework of the Lithuanian-Swiss Cooperation Programme

The Conceptual Framework is an integral part of the Framework Agreement between the Swiss Federal Council and the Government of the Republic of Lithuania concerning the implementation of the Lithuanian-Swiss Cooperation Programme. The Conceptual Framework defines objectives, principles, strategies and thematic focus as well as indicative financial allocations.

1. Objectives

The Lithuanian-Swiss Cooperation Programme pursues two objectives:

- To contribute to the reduction of economic and social disparities between Lithuania and the more advanced countries of the enlarged European Union (EU); and
- To contribute within Lithuania to the reduction of economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions.

The Lithuanian-Swiss Cooperation Programme includes national and trans-national Projects that support a sustainable, economically and socially balanced development.

Towards the end of the implementation period of the Swiss Contribution, both Parties may jointly decide on a global evaluation of the results achieved by the Lithuanian-Swiss Cooperation Programme.

2. Principles

The Lithuanian-Swiss cooperation is guided by the following principles:

Transparency. Transparency and openness are key to all cooperation activities and are binding at all levels. Special emphasis shall be given to transparency in project selection, contract awarding and financial management.

Social inclusion. Cooperation activities aim at including socially and economically disadvantaged individuals and groups in the opportunities and benefits of development.

Equal opportunities and rights. Cooperation activities aim at increasing women's and men's opportunities to exercise their rights equally through a gender-based approach.

Environmental sustainability. Cooperation activities aim at incorporating requirements of environmental sustainability.

Commitment by all stakeholders. All institutions and decision-makers involved in the Lithuanian-Swiss Cooperation Programme are committed to an efficient and effective implementation of the agreed Projects.

Subsidiarity and decentralisation. Cooperation activities aim at including considerations of subsidiarity and decentralisation primarily in Projects at the municipal and regional levels.

3. Strategies

3.1. Main Strategic Considerations

The Lithuanian-Swiss Cooperation Programme is part of a comprehensive national development planning that includes the structural and cohesion programmes of the EU as well as the programmes of the EEA and the Norwegian Financial Mechanisms. The Swiss Contribution shall be complementary to these programmes and mainly focus on Projects that are not or only partially covered by other financial sources.

Main strategic considerations include:

a. Focusing. The Memorandum of Understanding between the Swiss Federal Council and the European Community defines four funding guidelines for the Contribution:

- Security, stability and support for reforms;
- Environment and infrastructure;
- Promotion of the private sector; and
- Human and social development.

These funding guidelines and the related focus areas provide a broad base for cooperation. Efficiency and effectiveness considerations as well as concern for the optimal allocation and use of available resources, are important. Therefore, the Lithuanian-Swiss Cooperation Programme shall have a clear strategic focus, guided by the following considerations:

- Concentration on a maximum of three focus areas in which at least 70% of the Contribution shall be spent (thematic concentration). The selection of the focus areas may be need-based and may take specific Swiss know-how into account.
- Concentration on a relatively small number of Projects.

b. Programme approach. A programme consists of component projects linked by a common theme or shared objectives. A programme approach shall be applied in focus areas which display several of the following characteristics: large financial Commitments; linking of different levels (national, regional, local); variety of actors; contribution to policy development; significant contributions to capacity building; and application of a common set of rules and procedures. A programme approach implies a delegated authority for decision-making on individual projects. A programme approach includes: an initial assessment of the focus area; the definition of objectives, guidelines and budgets; a programme implementation plan; and a sector monitoring and evaluation concept. To assure efficiency and effectiveness, the contribution to a specific programme shall represent a minimum amount of CHF 4 million.

c. Individual project approach. An individual project approach shall be applied in a focus area in which stand-alone projects shall be implemented. To assure efficiency and effectiveness, the contribution for each project under the individual project approach shall represent in general a minimum amount of CHF 1 million. Higher minimal financial volumes may be agreed upon (see Chapter 4 of this Annex). Block Grant financing may provide a means to accommodate smaller projects (see Annex 3).

d. Trans-national Projects. The Contribution may be used to finance trans-national Projects.

e. Partners and beneficiaries. The Lithuanian-Swiss Cooperation Programme shall include partners and beneficiaries from the public and private sectors, non-governmental organisations and other civil society organisations.

f. Partnerships. Partnerships between Swiss and Lithuanian partners are an enriching element of the Lithuanian-Swiss Cooperation Programme. Cooperation and partnerships are strongly encouraged, especially in focus areas in which Switzerland may contribute particular experience, know-how and technologies.

g. Flexibility. Flexibility and the possibility to react to opportunities require that initially only about 90% of the Contribution shall be allocated to particular focus areas and special items. Within two years after the beginning of the Lithuanian-Swiss Cooperation Programme, a review shall assess thematic priorities, redirect the initial financial allocations as agreed, and determine the priorities for the not yet allocated part of the Contribution.

h. Visibility. Visibility of the Lithuanian-Swiss Cooperation Programme for Lithuanian and Swiss citizens is an important aspect that may be taken into account when selecting and implementing Projects. Both Parties undertake to inform proactively on their cooperation.

3.2. Implementation Strategies

a. Identifying Projects. Project identification significantly impacts the quality of the Lithuanian-Swiss Cooperation Programme. Lithuania is responsible for the identification of Projects to be financed by the Contribution. Switzerland can offer Lithuania Project proposals.

b. Setting Project selection criteria. Project selection shall be based on a clear set of criteria. General selection criteria shall include:

- Responsiveness to the objectives of the Lithuanian-Swiss Cooperation Programme;
- Adherence to the principles of the Lithuanian-Swiss Cooperation Programme described in Chapter 2 of this Annex;
- Responsiveness to the strategic considerations outlined in Chapter 3.1 of this Annex;
- Anchoring in the national development planning and, if possible, the National Strategic Reference Framework and the respective Operational Programme(s);
- Innovation and/or the potential to offer new solutions that can be applied subsequently on a larger scale (pilot Projects);
- Capacity of the Executing Agency;
- Leverage potential (mobilisation of additional resources);
- Feasibility in the given time-span; and
- Sustainability of results.

Specific selection criteria for each focus area may be formulated prior to starting the implementation of the Lithuanian-Swiss Cooperation Programme.

c. Supporting Project planning. Project preparation and detailed Project planning are of paramount importance for efficiency and effectiveness in Project implementation. Preparation support may be requested by Lithuania or recommended by Switzerland and shall be financed through the Project Preparation Facility (see Annex 3).

d. Enhancing implementation capacities. Successful Project implementation depends on the capacities of the implementing and monitoring organisations. If need be, capacity enhancement may be requested by Lithuania or recommended by Switzerland and may be financed by the Contribution as an integral part of Project financing.

4. Thematic Focus and Indicative Financial Allocations

The following thematic focus and indicative financial allocations shall apply to the Lithuanian-Swiss Cooperation Programme:

1. Security, Stability and Support for Reforms			
N°	Focus areas	Approach, objectives and eligible projects	Indicative financial allocation
1.	Modernisation of the judiciary	<p><u>Individual project approach with the following objective</u> To enhance the performance of the judicial system.</p> <p><u>Types of eligible projects:</u></p> <ul style="list-style-type: none"> - Optimisation of judicial management including the introduction of a system for video transmission, recording and storage in courts. 	Up to 1.72 million CHF

2. Environment and Infrastructure			
N°	Focus areas	Approach, objectives and eligible projects	Indicative financial allocation
2	Rehabilitation and modernisation of basic infrastructure and Improvement of the environment	<p><u>Individual project or programme approach with 1 objective</u></p> <p><u>Objective 1</u> To enhance hospital infrastructure in order to improve health services while protecting the environment and increasing energy efficiency.</p> <p><u>Types of eligible projects:</u> Projects or programmes of a minimum value of CHF 3 million in the fields of:</p> <ul style="list-style-type: none"> - Introduction of energy efficient building technologies in hospitals, including i.a. the modernisation of heating and water systems, air ventilation and air conditioning. 	Up to 19 million CHF

3. Human and Social Development			
N°	Focus areas	Approach, objectives and eligible projects	Indicative financial allocation
3	Research and development	<u>Programme approach with 2 objectives:</u>	Up to 13,052 million CHF

		<p><u>Objective 1:</u></p> <p>To support research cooperation and to enhance the knowledge base in selected research topics.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Joint research projects and institutional partnerships <p><u>Objective 2:</u></p> <p>To strengthen the scientific potential through enhanced access to education and through selective promotion programmes.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Scholarships for advanced degree and post-graduation programmes, mainly PhD, in Switzerland (CHF 4 million) - Academic exchange programmes for lecturers in post-graduation programmes, mainly PhD, in priority between Switzerland and Lithuania or Lithuania and EU countries 	
4	Health	<p><u>Programme approach with the following objective:</u></p> <p>To improve the perinatal and neonatal health care system.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Renewal of material basis (medical equipment, infrastructure) - Training of the staff 	<p>Up to 22,6 million CHF</p>

4. Special Allocations		
Item	Content	Indicative financial allocation
NGO Block Grant	<p><u>Programme approach with the following objective:</u></p> <p>To promote civil society's contribution to economic and social cohesion as important actors of development and participation and to strengthen their cooperation with local municipalities.</p> <p>Types of eligible projects:</p> <ul style="list-style-type: none"> - Small Project Block grant(s) for the civil society/NGOs contributing to development initiatives by strengthening the communities' organisations and their co-operation with 	<p>Up to 5 million CHF</p>

	local municipalities(including promotion/enhancement of partnerships between Lithuania and Switzerland)	
Project Preparation Facility	Priority objective: To support the preparation of Final Project Proposals.	Up to 0.5 million CHF
Swiss Programme Management	Swiss administration of the Lithuanian-Swiss Cooperation Programme.	3.54 million CHF
Lithuanian Technical Assistance	Lithuanian administration of the Lithuanian-Swiss Cooperation Programme including preparation, implementation, monitoring, evaluation.	Up to 1.08 million CHF

Overview on the Indicative Allocations	
Funding guidelines	Indicative financial allocation (million CHF)
1. Security, Stability and Support for Reforms	1,72
2. Environment and Infrastructure	19
3. Human and Social Development	35,652
4. Special Allocations	10,12
5. Not yet allocated	4.366
Total indicative allocations	70.858

Unused balances of focus areas and special allocations shall be added to the not yet allocated amount once all the final decisions on the Final Project Proposals in the respective focus area have been taken. The allocation of the not yet allocated funds shall be done by mutual agreement (e.g. confirmed in the minutes of meetings or by correspondence) between the NCU and SDC/SECO in the course of the operational implementation of the Lithuanian-Swiss Cooperation Programme. Out of the not yet allocated funds, at least CHF 1 Mio. shall be used for the programmes prepared by the Ministry of Health, preferably for measures regarding energy efficiency.

Annex 2: Rules and Procedures for the Lithuanian-Swiss Cooperation Programme

Annex 2 is an integral part of the Framework Agreement between the Swiss Federal Council and the Government of the Republic of Lithuania concerning the implementation of the Lithuanian-Swiss Cooperation Programme. Annex 2 defines the controlling at the Lithuanian-Swiss Cooperation Programme level, procedures at Project level, requirements for Project proposals, roles and responsibilities and special provisions for financial assistance.

Rules and procedures for Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Scholarship Fund are defined in Annex 3.

1. Controlling at the Lithuanian-Swiss Cooperation Programme level

1.1 Supervision

The Lithuanian authorities have the final responsibility for the monitoring and supervision of the Lithuanian-Swiss Cooperation Programme. A monitoring system shall be developed jointly by the Parties at the beginning of the Lithuanian-Swiss Cooperation Programme and be enhanced during its implementation as necessary.

1.2 Annual meetings

In order to ensure an effective implementation of the Lithuanian-Swiss Cooperation Programme, the Parties shall hold annual meetings. At the annual meetings, the National Coordination Unit (NCU) shall present an annual report to be distributed one month before the meeting which shall amongst other things address:

- General experience and results achieved;
- Progress made in the implementation of the Lithuanian-Swiss Cooperation Programme against the Conceptual Framework;
- Reporting on the status of the Lithuanian-Swiss Cooperation Programme, including:
 - o Statements on approved Projects, progress of Project identification / preparation and foreseeable Commitments;
 - o Reporting on Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Scholarship Fund;
 - o Overall financial statement on past and tentative future disbursements and Commitments for the entire Lithuanian-Swiss Cooperation Programme;
 - o Summary and main conclusions of the final financial audits of the Projects in accordance with Chapter 3.6;
 - o Statistics on tenders, contract awards and successful bidders;
 - o Information about important issues with regard to particular Projects.
- Proposals for the allocation of non-committed funds;
- Reporting on administrative implementation issues;
- Strategy and activities to inform the general public about the Lithuanian-Swiss Cooperation programme and the Projects implemented;
- Further issues to be discussed; recommendations, next steps;

The annual meeting shall also be the opportunity for reviewing and, if needed, for amending the Annexes of the Agreement.

The NCU is responsible for the organisation of the annual meetings. It will consult the Swiss Embassy on the organisation, the contents, the agenda, the participants and other organisational and logistical matters.

The Intermediate Bodies, the Executing Agencies and other institutions and persons may be invited to the annual meetings whenever this is felt desirable by the NCU or by Switzerland.

The Parties may invite the Commission of the European Communities to participate as an observer.

Minutes of the meetings shall be drafted by the NCU and be submitted to Switzerland for approval within 15 days after the meeting.

2. Procedures of Project Financing Requests

The financing request undergoes a two-loop approach that allows guidance early in the decision making process. In the first loop, a Project outline is submitted and a decision in principle is made. In case of a successful first loop, the second loop is initiated. In the second loop, the Final Project Proposal is submitted and the final decision is made by Switzerland.

In case of individual projects, the Intermediate Body functions and responsibilities provided in this chapter will be implemented and assumed by the Executing Agency.

2.1 First loop:

Application and approval procedure of the Project outline

No.	Steps	Activities and specific rules	Organisations
1.	Initiation of Project identification	Initiation on the basis of: <ul style="list-style-type: none"> – Lists of priority Projects provided by the Government – A proposal by the NCU – A proposal by an Intermediate Body / Executing Agency – Call for proposals – A proposal by Switzerland – A proposal by an international organisation 	Responsible: NCU Involved: Intermediate Body, Executing Agency, Lithuanian partners, Swiss authorities
2.	Elaboration of the Project outline	Preparation of the Project outline based on the requirements for Project outlines (cf. 2.2). This may include a request for financial support for the preparation of a Final Project Proposal through the Project Preparation Facility.	Responsible: Intermediate Body, Executing Agency
3.	Pre-screening of the Project outline	Possibility of informal consultations with the Swiss Embassy.	Responsible: NCU

4.	Screening	Examination of the Project outline based on the Conceptual Framework, the Project selection criteria in Annex 1 and the requirements for Project outlines (cf. 2.2).	Responsible: NCU Involved: steering committee, Intermediate Body (when existent)
5.	Submission of the Project outline	If accepted, submission of the Project outline with a cover letter comprising a description of the selection process to the respective Swiss Embassy. Formal check by the Swiss Embassy and submission of the Project outline with the cover letter of the NCU to Switzerland.	Responsible: NCU Responsible: Swiss Embassy
6.	Final decision on Project outline	Final decision on the Project outline (including, if relevant, decision on the request for financing of Project preparation). If accepted by Switzerland, request for the elaboration of the Final Project Proposal (requirements specified in 2.4). Switzerland may submit comments which have to be considered during the elaboration of the Final Project Proposal.	Responsible: Swiss Agency for Development and Cooperation (SDC) or State Secretariat for Economic Affairs (SECO)

2.2 Requirements for Project Outlines

The Project outline (approximately 5 pages) shall include all necessary information to allow a general appraisal of the proposed Project.

Item	Content
General information	Project title, planned project duration, priority sector, location/region
Applicant	Name and contact details; previous, relevant experience, if any; project partners; Swiss link, if any (know-how, technology, partners or any other cooperation with Switzerland)
Relevance	Contribution to the reduction of economic and social disparities within the country and between the country and the more advanced member states of the EU (impact); fit within the development strategies of the country/region and chosen sector; strategy of the intervention
Project content	Description including objectives (outcome), expected results (outputs) and activities (components); beneficiaries, target group; risks and potentials; sustainability of project
Project organisation	Organisational chart, responsibilities, etc.
Budget	Eligible costs / non-eligible costs; own contribution, amount of grant, co-financing, EU-funding and any other financial source etc.; cost efficiency aspects versus alternatives

Horizontal issues	Environmental, social and economical aspects of the project, gender equality
Maturity of project	Status of project: in elaboration or fully prepared and possible request for financial support for preparation of Final Project Proposal through the Project Preparation Facility (e.g. feasibility studies, environmental impact assessment, etc.) if deemed necessary
Annexes	Additional documentation as deemed appropriate

2.3 Second loop:

Application and approval procedure of the Final Project Proposal

No.	Steps	Activities and specific rules	Organisations
1.	Elaboration of the Final Project Proposal	Preparation of the Final Project Proposal based on the requirements for Final Project Proposals (cf. 2.4) and the comments of Switzerland.	Responsible: Intermediate Body, Executing Agency
2.	Screening	Examination of the Final Project Proposal.	Responsible: NCU Involved: Steering Committee, Intermediate Body (when existent)
3.	Decision to submit the Final Project Proposal	If accepted, submission of the Final Project Proposal with a cover letter taking into account the requirements for Final Project Proposals and the comments of Switzerland to the Swiss Embassy. Formal check by the Swiss Embassy and submission of the Final Project Proposal with the cover letter of the NCU to Switzerland.	Responsible: NCU Responsible: Swiss Embassy
4.	Final decision	Final decision on the financing request by taking into account the Final Project Proposal, the cover letter of the NCU, and the Project document. Switzerland reserves the right to carry out its own appraisal if needed.	Responsible: SDC or SECO

2.4 Requirements for Final Project Proposals

The Final Project Proposal shall be accompanied by all necessary documents (e.g. feasibility study, Project document, environmental impact study) to allow a thorough appraisal. The Final Project Proposal (5 – 10 pages; for large infrastructure Projects 10 - 20 pages, plus annexes) shall provide adequately detailed information on inter alia:

Item	Content
Project summary (1 page)	Fact sheet: Project title, short description including objectives, budget, partners, duration
Relevance	Contribution to the reduction of economic and social disparities between the country and the more advanced countries of the EU; fit within the development strategies of the country/region and chosen sector; strategy of the intervention
Project content	Description including objectives, expected outcomes/outputs, activities and the respective indicators; beneficiaries, target group; risks and potentials; sustainability of the Project
Project justification (Due diligence)	Main conclusions of the feasibility study (if requested)
Project organisation	Organisational chart, responsibilities, etc.
Detailed implementation schedule	Including milestones and monitoring of progress based on defined indicators
Budget	Eligible costs / non-eligible costs; own contribution, amount of grant, co-financing, EU-funding and any other financial sources etc.; cost efficiency aspects
Procurement	Procurement procedures for goods, services and works
Development Impact	Monitoring and evaluation of output/outcome/impact indicators
Horizontal issues	Environmental, social and economical aspects of the Project, gender equality
Annexes	E.g. feasibility study, Project document, environmental impact study

3. Project Implementation Procedures

In case of individual projects, the Intermediate Body functions and responsibilities provided in this chapter will be implemented and assumed by the Executing Agency.

The Project implementation procedures are as follows:

No.	Steps	Activities and specific rules	Organisations
1.	Project Agreement	Preparation of the Project Agreement between Lithuania and Switzerland.	Responsible: NCU on the Lithuanian side; SDC or SECO on the Swiss side
2.	Signing	Signing of the Project Agreement. The Project Agreement can be signed by more than two contracting parties (e.g. tripartite or multipartite agreement: SDC or SECO, NCU and Intermediate Body, Executing Agency).	Responsible: Normally the Swiss Embassy on behalf of SDC or SECO. The Lithuanian signatory or signatories shall be decided by Lithuania.

3.	Procurement and award of contracts	<p>Procurement is to be made in accordance with the respective national law and regulations and in compliance with the respective EU directives. A confirmation of compliance with the relevant procurement rules shall be provided to Switzerland. To increase transparency and to prevent corruption, tender documents shall contain an integrity clause.</p> <p>In general, for tenders above the applicable European Community threshold, an English translation of the official tender evaluation report shall be provided to Switzerland for information at the latest 30 calendar days after the award of contract.</p> <p>In addition to the above, for tenders above the threshold of CHF 500'000, Switzerland may also request a copy of the tender documents for non-objection and of the contracts for information. These documents shall be submitted at the latest 20 calendar days before the commencement of tendering and 20 calendar days after the signature of the contract, respectively.</p> <p>Furthermore, for tenders above the threshold of CHF 500'000, Switzerland may also request that an English translation of the tender documents and the contracts are made available to tenderers and contractors, respectively. Possible translation costs shall be financed by the Technical Assistance Fund or borne by the Project financed under the Contribution.</p> <p>In line with Art. 6.5. of the Framework Agreement, both Parties agree to provide all such information pertaining to the tender process and beyond the documents listed above that the other Party may reasonably request. Switzerland shall also have the right to conduct an audit of the procurement practices and procedures in general.</p>	<p>Responsible: NCU, Intermediate Body, Executing Agency</p>
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		In case of irregularities or non-adherence to the Framework Agreement or Project Agreement, Switzerland has the right to stop reimbursements and to instruct the NCU to stop payments from the Swiss Contribution in accordance with cf. 4 of the present Annex 2.	
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4.	Controlling (Monitoring)	Controlling procedures are defined in the Project Agreement. Procedure description includes: periodicity of reporting, monitoring system and consultant, steering committees, time table for operations and results, auditing, etc.	Responsible: Executing Agency Involved: NCU, Intermediate Body
5.	Reporting	<p><u>Interim Reports</u> for supporting payment claims and reimbursement requests as specified in Chapter 4 of this Annex.</p> <p><u>Annual Project Reports</u> describe the progress of the Project. They include summary data on financial progress for the reporting year as well as cumulative data to date. They compare actual with planned expenses and progress, based on quantified targets for output and where possible outcome indicators. Any deviation has to be justified and corrective measures suggested. Annual project reports are not linked to reimbursement requests.</p> <p>The <u>Project Completion Report</u>, together with the last Project interim report and the final financial report (cf. 6), is the base for the final reimbursement. It documents and comments the overall achievement of outputs and outcomes against the original plan, the compliance with principles such as cross cutting themes and sustainability, and it contains lessons learned and conclusions.</p>	Responsible: Executing Agency Involved: NCU, Intermediate Body

6.	Audit	<p>At the beginning of the Project, the NCU will bring evidence that the Project as well as the institutions involved in its implementation, mainly the Intermediate Body and the Executing Agency, respect the legal obligations, respective guidelines, procedures, and that they have set up an appropriate structure and internal control system. If needed, a detailed review will be performed (<u>Compliance Audit</u>).</p> <p>Based on a risk assessment, an annual system audit planning will be established. In addition to this risk assessment, Switzerland may announce requirements that are taken into account in the annual system audit planning. In accordance with the planning, the entitled audit organisations (e.g. internal audit unit of the Intermediate Body) shall perform <u>control and audits in accordance with the respective national law</u>.</p> <p>For each Project lasting longer than two years and exceeding the amount of CHF 500'000, an internal or an external certified audit organisation will carry out intermediary Financial Audit(s), unless otherwise specified in the Project Agreement. The conclusions and recommendations shall be transmitted to Switzerland.</p> <p>At the completion of each Project an internal or external certified audit organisation will carry out a Final Financial Audit. The conclusions and recommendations shall be transmitted to Switzerland together with the Project Completion Report and a Final Financial Report.</p>	<p>Responsible: NCU</p> <p>Involved: IB, Internal Audit Unit of Intermediate Body</p> <p>Responsible: NCU (Financial Control Methodology Department of the MoF), Internal Audit Units of the IBs</p>
7.	Evaluation	<p>After Project completion, the Parties may request an independent evaluation. The cost will be borne by the requesting Party.</p>	<p>Responsible : NCU, SDC or SECO</p>

4. Payment and Reimbursement Procedure

In principle, all disbursements under the Contribution will be pre-financed out of the national budget of Lithuania. The Executing Agency shall submit payment claims covering eligible expenses over the current period to the NCU, together with certified copies of all supporting documentation and the interim report. The NCU shall verify the completeness and certify the correctness of the submitted documents. The NCU shall submit the reimbursement requests to Switzerland for approval and payment.

In case of individual projects, the Intermediate Body functions and responsibilities provided in this chapter will be implemented and assumed by the Executing Agency.

The detailed reimbursement procedures are laid down in the Project Agreements and must, if not otherwise specified, comply with the following procedures:

No.	Steps	Activities	Organisations
1.	Issue of the original invoice	Issue the original invoice.	Responsible: Supplier of a product or service; contractor, consultant, organisation (claimant)
2.	Examination of the original invoice and the elaboration of the payment claim	<ul style="list-style-type: none"> Control the original invoice with regard to the specifications of the Project Agreement, the Implementation Agreement, the supply / services contract and the agreed tariffs. Verify the correctness of the execution (quantity and quality) of the work, the supply of goods / services, etc., and the special conditions etc. Submit the payment claim including an interim report and a copy of the invoices to the NCU and/or the Intermediate Body. The payment claim comprises eligible costs incurred during a given period. The interim report includes information on financial and physical progress, a comparison of actual with planned expenses, an update on progress status, while confirming the co-financing. Any deviation has to be justified and corrective measures suggested. Interim reports are due at least every six months. 	Responsible: Executing Agency
3.	Verification and payment	<ul style="list-style-type: none"> Check the conformity of the payment claim with the Framework Agreement, the Project Agreement and the Implementation Agreement. Certify the correctness and legality of the payment claim. Verify the completeness of the documentation (i.e. copy of invoices and other accounting documents) and the relevance of the interim report. If necessary, verify the correctness of the use of funds by means of fact-finding missions. Payment of the original invoice to the supplier(s) according to the State Treasury rules. 	Responsible: NCU and/or Intermediate Body

4.	Submission of the reimbursement request to Switzerland	<ul style="list-style-type: none"> ▪ Check the formal conformity of the payment claims, including co-financing and possible double-financing. ▪ Submit the reimbursement requests to Switzerland and confirm the compliance with supporting documentation and contractual agreements. 	Responsible: NCU
5.	Payment from Switzerland to Lithuania	<ul style="list-style-type: none"> ▪ Check the conformity of reimbursement requests and supporting documentation. ▪ Transfer the requested amount to the separate State Treasury bank account. 	Responsible: Switzerland

In particular cases, other payment procedures may be defined by the Parties in the respective Project Agreements.

The final date for eligibility of costs shall be specified in the Project Agreement. It shall be 12 months after the scheduled date for Project completion, but shall not be later than ten years after the approval of the Contribution by the Swiss Parliament according to Article 3 of the Framework Agreement. Final Reimbursement requests must have been received by Switzerland not later than six months after the final date of eligibility.

In the case of irregularities, Switzerland is entitled stop reimbursements immediately, to instruct the NCU to stop payments from the Swiss Contribution and to ask repayment of illegitimately paid reimbursements at any stage of the Project. The reasons for the respective instructions shall be communicated in writing to the NCU and other partners involved.

5. Roles and Responsibilities

The roles and responsibilities of the main actors are outlined below. Project Agreements will contain more detailed responsibilities and activities tailored to the individual case.

5.1 The National Coordination Unit

The NCU is responsible for the overall Lithuanian-Swiss Cooperation Programme orientation and for the identification, planning, implementation, financial management, controlling and evaluation of Projects, as well as for the use of funds under the Contribution in accordance with the Framework Agreement. This includes to:

- Ensure the adoption of the necessary national legal documents on the implementation and monitoring of Projects;
- Coordinate the Swiss Contribution with other contributions, with the National Strategic Reference Framework (2007 - 2013) and with the operational programmes;
- Ensure that the appropriate provisions (as defined in project agreements) are included in the National Budget in order to safeguard that claimants have the necessary funds;

- Confirm that the co-financing part has been provided according to the Project Agreement;
- Ensure that there is no double financing of any part of the Project by any other source of funds;
- Ensure the organisation of calls for, the collection of and the appraisal of Project proposals;
- Establish a consultative steering committee, in which at least the NCU, the civil society, local and regional authorities and the Swiss Embassy are represented;
- Select the project proposals to be submitted to Switzerland in consultation with the steering committee;
- Submit well documented Project financing requests to Switzerland resulting from approved Project outlines;
- Supervise and steer the implementation of Projects in accordance with the Project Agreements and the Implementation Agreements by establishing adequate monitoring and auditing systems;
- Check the conformity of the payment claims;
- Ensure that payments are made to the claimants within the specified deadlines;
- Submit the respective reimbursement requests to Switzerland and keep the respective accounts;
- Ensure the efficient and correct use of available funds;
- Verify in each Project if the value added tax (VAT) can be recovered by the Executing Agency or final recipient and to inform the Swiss authorities accordingly in the form of a declaration by the applicant as part of the Project documentation;
- Ensure the financial control, including complete and sufficient audit trails in all involved institutions;
- Provide a yearly overall financial statement on all transfers of funds between Switzerland and the NCU on one side and between the NCU and all national involved bodies (e.g. Intermediate Body, Executing Agency, suppliers) on the other side;
- Submit yearly a summary with conclusions and recommendations of all audit reports of the financed Projects. The NCU presents in an annex all original conclusions and recommendations of the audit reports;
- Ensure the discussion of audit results with the partners involved, including Switzerland, and the implementation of the decisions made based on the audit report;
- Ensure regular reporting to Switzerland on the implementation of Projects financed by the Contribution, as well as to immediately report any irregularities;
- Organise annual meetings at overall Lithuanian-Swiss Cooperation Programme level in consultation with the Swiss Embassy and to present an annual report;
- Be responsible for the reimbursement to Switzerland of unduly paid sums financed by the Contribution;
- Ensure information and publicity about the Lithuanian-Swiss Cooperation Programme;
- Ensure storing of all relevant documents relating to Projects implemented within the Lithuanian-Swiss Cooperation Programme for 10 years after the completion of Projects.

The NCU can delegate part of the tasks and responsibilities mentioned above to one or more Intermediate Bodies (when existent) and Executing Agencies.

5.2 Intermediate Body (not applicable in case of individual projects)

Intermediate Body means any legal public or private entity which acts under the responsibility of the NCU or which carries out duties on behalf of the NCU with regard to Executing Agencies implementing Projects.

The main tasks of the Intermediate Bodies are to:

- Call for and collect Project proposals, review compliance with the requirements for Project proposals (Chapter 2) and assess the quality of applications submitted;
- Submit Project proposals with appraisal reports to the NCU;
- Implement tender processes or delegate this task to an Executing Agency;
- Supervise and steer the implementation of Projects in accordance with the Project Agreements and the Implementation Agreements, and carry out the necessary controls;
- Check the invoices received from the Executing Agencies, verify the authenticity and correctness of submitted documents as well as the eligibility of costs on payment claims;
- Certify invoices and submit certified invoices to the NCU;
- Report to the NCU on the progress of Project implementation;
- Check for irregularities and report them to the NCU;
- Ensure storing of all relevant documents related to Projects implemented within the Lithuanian-Swiss Cooperation Programme for 10 years after the completion of Projects.

5.3 Executing Agency

An Executing Agency is any public authority, any public or private corporation as well as any organization, recognized by the Parties and mandated to implement a specific Project financed under this Framework Agreement. Consequently, the Executing Agency is the contracting party for service, supply and works contracts in the framework of approved Projects.

In case of programmes/block grants, the Project Agreement shall contain the name of the Executing Agency. Its tasks and responsibilities shall be defined in the Implementation Agreement.

In case of individual projects, the main tasks of the Executing Agency are to:

- Implement tender processes;
- Supervise and steer the implementation of Projects in accordance with the Project Agreements and the Implementation Agreements, and carry out the necessary controls;
- Check the invoices, verify the authenticity and correctness of submitted documents as well as the eligibility of costs on payment claims;
- Certify invoices and submit certified invoices to the NCU;
- Report to the NCU on the progress of Project implementation;
- Check for irregularities and report them to the NCU;
- Ensure storing of all relevant documents related to Projects implemented within the Lithuanian-Swiss Cooperation Programme for 10 years after the completion of Projects.

5.4 Audit Arrangements for the management and control system of the Lithuanian-Swiss Cooperation Programme

The Financial Control Methodology Department of the Ministry of Finance shall be responsible for coordination of the verifications of the effective functioning of management and control system for the implementation of the Lithuanian-Swiss

Cooperation Programme. Audit of functioning of management and control system for the implementation of the Lithuanian-Swiss Cooperation Programme shall be performed by the internal audit units of the NCU and the IBs or the Executing Agency (in case of individual projects).

The main tasks of the Financial Control Methodology Department of the MoF are to:

- Ensure coordination of an adequate management and control auditing function;
- Provide competent audit authorities with methodology for system audit performance;
- On the basis of the plans of the internal audit units of the NCU and the IBs, or the Executing Agency (in case of individual projects), establish a consolidated annual system audit and control plan, which takes Swiss requirements into account;
- Provide information about all internal audits related to the implementation system of the Lithuanian-Swiss Cooperation Programme as part of the yearly summary of audit reports provided by the NCU for the Lithuanian-Swiss Cooperation Programme;
- Provide Swiss authorities or mandatees acting on their behalf with its assistance.

The main task of the internal audit units of the NCU and the IBs, or the Executing Agency (in case of individual projects), is to:

- Perform system audits within the implementation structure of the Lithuanian-Swiss Cooperation Programme in accordance with the respective national law and taking into account the Swiss requirements.
- Provide information on system audits to the NCU.

The competent authorities of the Republic of Lithuania shall investigate alleged cases of fraud or irregularity. Proven cases of fraud shall be prosecuted accordingly to existing national regulations.

5.5 Audit Organisation at Project level

If not otherwise specified in the Project Agreement, for each Project an audit organisation is contracted by the NCU or by the Intermediate Body or by the Executing Agency (in case of individual projects). For Block Grants, Technical Assistance, the Project Preparation Facility and Scholarships different audit procedures may apply. The audit organisation has to be a public institution or a private company of recognised professional reputation which operates in line with international auditing standards.

The scope of the audit will be defined in an annex to the Project Agreement. In case of external audit, the costs are eligible for reimbursement and must be included in the Project budget. Costs of internal audits are borne by the respective audit organisation.

If not otherwise specified in the Project Agreement, the audit organisation shall carry out intermediary financial audit(s) for Projects lasting longer than two years and exceeding the amount of CHF 500'000 and a Final Financial Audit of the Projects according to international auditing standards. In doing so, it shall verify the correct use of funds, make recommendations to strengthen the control system and report any actual or alleged fraud or irregularity. These financial audit reports are transmitted to the Intermediate Body or to the Executing Agency (in case of individual projects) and to the NCU. The NCU shall ensure storing of all audit reports performed by external audit organisations related to Projects implemented within the Lithuanian-Swiss Cooperation for ten years after the completion of Projects.

5.6 Swiss Embassy

The respective Swiss Embassy is the official representation of Switzerland. Referring to the implementation of the Lithuanian-Swiss Cooperation Programme, its function is to:

- Facilitate contacts; assure the liaison and the networking between partners;
- Inform and give advice to partners on procedures and conditions of the Contribution;
- Transmit official information and proposals to and from the Swiss authorities;
- Organise, together with the NCU, missions of Swiss delegations;
- Participate in meetings on the overall Lithuanian-Swiss Cooperation Programme;
- Provide information to the general public on the Lithuanian-Swiss Cooperation Programme and the Contribution;
- Participate in the consultative steering committee as an observer.

5.7 Swiss Agency for Development and Cooperation (SDC) and State Secretariat for Economic Affairs (SECO)

On the Swiss side, there are two competent authorities for the Lithuanian-Swiss Cooperation Programme: SDC and SECO. Their main tasks are to:

- Ensure the strategic and operational steering at the overall Lithuanian-Swiss Cooperation Programme level;
- Participate in the annual meetings organised by the NCU;
- Engage in a regular dialogue with the NCU and the other partners involved on the identification and the implementation of Projects as well as on the progress of the overall Lithuanian-Swiss Cooperation Programme;
- Provide support for Project identification and preparation;
- Decide on the financing of Projects submitted for funding;
- Decide on overall Lithuanian-Swiss Cooperation Programme issues;
- Supervise the overall Lithuanian-Swiss Cooperation Programme development through field visits and reviews;
- Network with the national and international actors relevant to the implementation of the Lithuanian-Swiss Cooperation Programme;
- Administrate the Lithuanian-Swiss Cooperation Programme on the Swiss side.

Switzerland may delegate some of these tasks to the Swiss Embassy.

Annex 3: Rules and Procedures for Block Grants, the Project Preparation Facility, the Technical Assistance Fund and the Scholarship Fund in the Framework of the Lithuanian-Swiss Cooperation Programme

Annex 3 is an integral part of the Agreement between the Swiss Federal Council and the Government of the Republic of Lithuania concerning the implementation of the Lithuanian-Swiss Cooperation Programme. Annex 3 describes definition and purpose, selection of Intermediate Bodies or Executing Agencies, content of agreements, eligibility of costs and co-financing as well as roles and responsibilities for:

- A. Block Grant**
- B. Project Preparation Facility**
- C. Technical Assistance Fund**
- D. Scholarship Fund**

A. Block Grant

1. Definition and purpose

Block Grants are funds, set up for a clearly defined purpose, providing assistance to organizations or institutions, facilitating a cost-effective administration in programmes with many small projects.

Block Grants may be established on national, regional or local level. They enable organisations or institutions to: address pertinent issues through small projects and enhance their capacities.

In general, small projects shall: have a non-profit character and be in the range of 10'000.- to 100'000.- Swiss francs.

2. Selection of the Block Grant Intermediate Body

A Block Grant Intermediate Body may be a public or private sector body or a non-governmental organisation constituted as a legal entity in Lithuania and operating in the public interest.

In principal, the Block Grant Intermediate Body should have strong ties to the sector in which a Block Grant is to be implemented.

The selection of the Block Grant Intermediate Body may follow a two step procedure agreed between the National Coordination Unit (NCU) and the Swiss Agency for Development and Cooperation (SDC). Applicants may submit an outline of the envisaged Block Grant before submitting a complete application. Outlines and full applications shall be commented by the NCU and submitted to SDC for approval.

SDC shall assess whether a proposed Block Grant Intermediate Body is suitable for granting assistance and whether the suggested implementation set-up is adequate. Based on the assessment, SDC shall provide feedback to the NCU and the Block Grant Intermediate Body and shall decide on the financing of the Block Grant.

3. Block Grant Agreement

For each Block Grant, an agreement shall be prepared by the NCU based on a standard Block Grant Agreement provided by SDC. The Block Grant Agreement shall be signed by the NCU, SDC and the selected Block Grant Intermediate Body. The content of the Block Grant Agreement shall include i.a.:

- Objectives of the Block Grant;
- Organisational structure, roles and responsibilities (incl. constitution of a steering committee);
- Procedures for the assessment and selection of small projects (incl. selection criteria);
- Co-financing rules and procedures;
- Implementation schedule;
- Budget and financial planning (incl. management costs);
- Disbursement and audit procedures;
- Monitoring and steering;
- Reporting;
- Publicity measures.

4. Eligibility of costs and co-financing

Eligible costs for the management and administration of the Block Grant shall be defined in the Block Grant Agreement.

Small projects implemented by the Block Grant Intermediate Body on its own are not eligible for funding by the Block Grant.

The Block Grant's contribution to small projects shall be determined on a case-by-case basis and may reach up to 100%.

Support by the Block Grant shall not replace subsidised facilities and bank loans.

5. Roles and Responsibilities

Roles and responsibilities of the NCU include but are not limited to:

- Propose the establishment of Block Grants;
- Ensure the establishment of Block Grants including invitation or call for proposals, Block Grant Intermediate Body pre-selection, preparation of agreement;
- Ensure the supervision of Block Grants by establishing adequate monitoring, steering and auditing systems;
- Establish financial control mechanisms
- Nominate a representative in the steering committee;
- Control the efficient and effective use of the Block Grants;
- Ensure regular reporting to SDC on the implementation progress of Block Grants, as well as ensure immediate reporting in case of any irregularities;
- Ensure auditing and follow-up to audit recommendations;
- Ensure inclusion of the Block Grants in the general publicity on the Contribution.

Roles and responsibilities of the Block Grant Intermediate Body include but not limited to:

- Overall management of the Block Grant;
- Establish a steering committee and act as its secretariat
- Establish an adequate financial and operational controlling system for small project implementation;
- Organise calls for proposals for small projects (prepare guidelines for applicants, collect applications, conduct evaluation, publicity measures, training for potential applicants, etc.);
- Establish contracting arrangements with the organisations and institutions implementing the small projects;
- Apply controlling systems and intervene if required. Inform the NCU on irregularities immediately;
- Report to the NCU. Reporting includes at least an annual progress report and financial reports;
- Publicity on the Block Grant implementation.

Roles and responsibilities of the steering committee include but are not limited to:

- Approve small projects for implementation;
- Discuss and approve progress reports;
- Approve small project selection criteria.

Roles and responsibilities of SDC include:

- Approve in principle the establishment of Block Grants;
- Provide feedback on outlines for Block Grants;
- Decide on the financing of Block Grants;
- Nominate a representative or an observer in the steering committee;
- Monitor implementation progress on a general level;
- Assess and discuss implementation progress with the NCU based on annual reporting by the NCU.

Roles and responsibilities may periodically be reviewed. A first review shall take place during the first annual meeting of the Parties.

B. Project Preparation Facility

1. Definition and purpose

A "Project Preparation Facility" provides financial support for the preparation of the Final Project Proposals (e.g. feasibility studies, environmental impact assessments, etc.).

2. Request and approval procedures

A request for financial support within the Project Preparation Facility must be part of the Project outline (cf. Annex 2, Chapter 2.1).

SDC or SECO shall assess whether the requested assistance for project preparation is suitable for financial support.

The decision on the provision for financial support for the project preparation is part of the final decision by Switzerland on the Project outline.

3. Management of the Project Preparation Facility

The Intermediate Body of the Project Preparation Facility is the NCU.

4. Project Preparation Facility Agreement

The Project Preparation Facility Agreement shall be prepared and signed by the NCU on the Lithuanian side and by SDC / SECO on the Swiss side. The content of the Project Preparation Facility Agreement shall include i.a.:

- Objectives of the Project Preparation Facility;
- Roles and responsibilities;
- Detailed listing of costs eligible for financing;
- Co-financing;
- Audit procedures, monitoring and reporting.

5. Co-financing

Financial means provided by the Project Preparation Facility require a minimum co-financing of 15% by the recipient or any third party. The co-financing rate shall be determined on a case-by-case basis.

C. Technical Assistance Fund

1. Definition and purpose

A Technical Assistance Fund may be established to contribute to some additional costs incurred by Lithuania (NCU) for the efficient and effective implementation of the Contribution.

2. Eligible costs

Costs incurred by the Lithuanian authorities for the management, implementation, monitoring and control of the Contribution are in general not eligible for financing. However, some costs incurred by the Lithuanian authorities for tasks performed additionally and exclusively for the implementation of the Contribution are eligible for financing, if they belong to one of the following categories:

- a) Costs of committees established in the framework of the Lithuanian-Swiss Cooperation Programme as the defined the Technical Assistance Fund Agreement;
- b) Training for potential Executing Agencies with the objective to prepare them for the Lithuanian-Swiss Cooperation Programme;
- c) Hiring of consultants for the review of Project proposals addressed to the NCU and the preparation of financing requests to Switzerland;
- d) Hiring of consultants for the monitoring and for the review of Projects financed by the Contribution and of the overall Lithuanian-Swiss Cooperation Programme;
- e) Audits and on the spot checks of operations related to the Contribution, where this relates to activities above and beyond the normal obligations of Lithuania;
- f) Publicity measures related to the Contribution;
- g) Costs for the participation in meetings with Swiss authorities held outside of Lithuania;
- h) Translation costs of the NCU at the level of the management of the Swiss Contribution;
- i) Additional equipment, including software, specifically procured for the implementation of the Contribution.

3. Intermediate Body for the Technical Assistance Fund

The Executing Agency of the Technical Assistance Fund is the NCU.

4. Technical Assistance Fund Agreement

The Technical Assistance Fund Agreement shall be prepared and signed by the NCU on the Lithuanian side and by SDC / SECO on the Swiss side. The content of the Technical Assistance Fund Agreement shall include inter alia:

- Objectives of the Technical Assistance Fund;
- Detailed listing of costs eligible for financing;
- Organisational structure, roles and responsibilities;
- Procedures;
- Budget and financial planning;
- Audit procedures;
- Monitoring and steering;
- Reporting.

D. Scholarship Fund

1. Definition and purpose

A Scholarship Fund shall be established. It shall provide financing for educational and research scholarships for Lithuanian students and researchers admitted at higher education and research institutions in Switzerland.

Educational scholarships shall enhance the development of high quality human resources, encourage networking and initiate cooperation among young academics.

Research scholarships shall promote excellence in research, allow outstanding personal achievements of junior and senior researchers, stimulate networking and enhance Lithuanian-Swiss research cooperation. Research scholarships may be linked to the creation of trans-national teams and joint research projects.

2. Intermediate Body for the Scholarship Fund

The Intermediate Body for the management of a Scholarship Fund is a Swiss institution.

3. Scholarship Fund Agreement

The Scholarship Fund Agreement shall be prepared by the Intermediate Body. It shall be signed by the NCU, the Ministry of Education and Science as the Intermediary Body and the Lithuanian Research Council as the Coordination Body on the Lithuanian side and by the SDC on the Swiss side. The content of the Scholarship Fund Agreement shall include inter alia:

- Objectives of the Scholarship Fund;
- Detailed listing of costs eligible for financing;
- Organisational structure, roles and responsibilities;
- Procedures;
- Budget and financial planning;
- Audit procedures;
- Monitoring and steering;
- Reporting.

The Swiss institution assigned as Intermediate Body will present narrative and financial reports to both parties. Commitment, expenses have to be included in the NCU annual report as well as comments related to the achievement of the purpose of the scholarship fund.

4. Eligible costs

Eligible costs include scholarships costs such as displacement, living expenses, insurance, matriculation fees, specific research and publication costs.