

THE LITHUANIAN-SWISS COOPERATION PROGRAMME

PROJECT AGREEMENT

BETWEEN

THE SWISS AGENCY FOR DEVELOPMENT AND COOPERATION

AND

THE MINISTRY OF FINANCE OF THE REPUBLIC OF LITHUANIA

ON THE GRANT

FOR

**THE PROJECT "IMPROVEMENT OF PERINATAL AND NEONATAL HEALTH CARE
SERVICES IN LITHUANIA"**

TO BE IMPLEMENTED DURING THE PERIOD

21.12.2011 – 13.12.2016

The Swiss Agency for Development and Cooperation (SDC) and the Ministry of Finance of the Republic of Lithuania as the National Coordination Unit (NCU),

Hereinafter collectively referred to as the "Contracting Parties",

Having regard to the friendly relations between the two countries,

Desirous of strengthening these relations and the fruitful co-operation between the two countries,

Intending to promote further the social and economic development in the Republic of Lithuania,

Referring to 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 to reduce economic and social disparities within the enlarged European Union, concluded on 20 December 2007,

Considering the Swiss Grant for the Project "Improvement of Perinatal and Neonatal Health care Services in Lithuania" (hereinafter referred to as "Project") in the Republic of Lithuania and Switzerland,

Have agreed as follows:

Article 1 **Definitions**

In this Project Agreement, unless the context otherwise requires, the following terms shall have the following meaning:

"Framework Agreement" means the Agreement between the Swiss Federal Council and the Government of the Republic of Lithuania concerning the implementation of the Lithuanian-Swiss Cooperation Programme to reduce the economic and social disparities within the enlarged European Union, concluded on 20 December 2007;

"Contribution" means the non-reimbursable financial contribution granted by Switzerland under the Framework Agreement;

"Project Agreement" means the Agreement between the Swiss Agency for Development and Cooperation (SDC) and the Ministry of Finance of the Republic of Lithuania acting as the National Coordination Unit (NCU) which lays down the rights and obligations of the Contracting Parties regarding the implementation of the Project;

"Programme Implementation Agreement" means an agreement between the NCU, the public institution Central Project Management Agency (CPMA) and the Intermediate Body for the implementation of the Project;

"Project Implementation Agreement" means an agreement between the Intermediate Body, the CPMA and the Executing Agency;

"National Coordination Unit" (NCU) means the Ministry of Finance of the Republic of Lithuania acting in charge of the coordination of the Lithuanian-Swiss Cooperation Programme;

"Project" means the specific programme described in this Project Agreement;

“Grant” means the non-reimbursable financial contribution granted by Switzerland under this Project Agreement;

"Intermediate Body" means any public authority, any public or private corporation as well as any other organization recognized by the Contracting Parties and mandated to implement the Project financed under this Project Agreement. For this Project the Intermediate Body is the Ministry of Health of the Republic of Lithuania;

“Advance Payment” means reimbursement by Switzerland that is transferred to the NCU after the Executing Agency has signed (a) contract(s) that requires the advance payment(s) which is equal or exceeds CHF 350.000 each and after this payment(s) has been made by the NCU. No Interim Report is linked to this reimbursement;

“Management Cost related Advance Payment” means the reimbursement that is transferred to the NCU by the Swiss authority after the advance payment for management costs of the Intermediate Body or/and to Executing Agency has been made by the NCU to the Intermediate Body or/and to the Executing Agency.

“Executing Agency” means the Hospital of Lithuanian University of Health Sciences Kauno Klinikos implementing the Project;

“Swiss Contribution Office for Estonia, Latvia and Lithuania” means the institution representing the SDC in communication with the NCU.

Article 2

Objectives and Scope of the Project

2.1. The objective of the Project is to improve quality of health care services to pregnant, delivering women and neonates, to improve collection of statistic data on the health of pregnant, delivering women and neonates as well as to expand the possibilities of sharing and analysing the collected data.

2.2. The Project has to be implemented according to the following documents, listed by order of precedence in terms of legal applicability: the Framework Agreement and its annexes, the present Project Agreement with the confirmation of the Project approval by the SDC (Annex 1), the Final Project Proposal (Annex 2), the Indicative Budget (Annex 3), the Logframe (Annex 4) and the Indicative Disbursement Plan (Annex 5).

Article 3

Amount and Utilization

3.1. The estimated total cost of the Project amounts to CHF 31'294'000 (thirty one million two hundred ninety four thousand). The estimated eligible cost of the Project amounts to CHF 31'294'000 (thirty one million two hundred ninety four thousand).

- 3.2. Switzerland shall provide a Grant in Swiss Francs amounting to **maximum CHF 26'600'000 (twenty six million six hundred thousand)**, to the Republic of Lithuania for the implementation of the Project defined in Article 2.
- 3.3. The Grant shall cover a **maximum of 85 %** of the total eligible costs of the Project in Swiss Francs. This percentage shall never be exceeded during the Project implementation. It shall be calculated on the basis of actual costs in Swiss Francs. The NCU shall ensure the timely provision of the co-financing of a **minimum of 15 %** of the total eligible costs of the Project in Swiss Francs by Lithuanian financial resources.
- 3.4. As stipulated in Article 7.1 of the Framework Agreement, the Value Added Tax (VAT) shall be considered as an eligible cost only if it is genuinely and definitively borne by the Intermediate Body, Executing Agency or by the final recipient. VAT, which is recoverable, by whatever means, shall not be considered eligible even if it is not actually recovered by the Intermediate Body, Executing Agency or by the final recipient.
- 3.5. As stipulated in Article 7.2 of the Framework Agreement, other levies, taxes or charges, in particular direct taxes and social security contributions on salaries and wages, shall constitute eligible costs only if they are genuinely and definitively borne by the Intermediate Body, Executing Agency or by the final recipient.
- 3.6. Part of the Project's budget reserve, but not more than CHF 1'000'000 (one million), is to be used for implementing partnerships with Swiss institutions to reimburse costs borne by the Swiss and Lithuanian partners.
- 3.7. Costs borne by the Swiss Partner shall be considered as an eligible cost only if genuinely and definitively borne by the Swiss Partner, agreed in the Partnership Agreement(s) and a confirmation (based on the Swiss partner's statement) that procurement has been made according to the Swiss procurement rules and regulations is submitted to the Executing Agency.
- 3.8. The following costs shall not be eligible for Grant support: expenditures incurred before the signing of the present Project Agreement by all parties, interests on debt, the purchase of real estate and recoverable VAT as specified in Article 3.4 of this Project Agreement.
- 3.9. The final date for eligibility of costs corresponds with the ending date of the Project as defined in Article 23.2 of this Project Agreement. Eligibility of costs for reporting, auditing and evaluation ends six months after Project completion.
- 3.10. Any unutilised portion of the Grant remaining at the completion of the Project shall be eligible for re-commitment until two months before the end of the Commitment period (but not later than 14 April 2012), unless otherwise mutually agreed by the Contracting Parties.

Article 4

Reimbursement Procedures

- 4.1. The Grant shall be disbursed in accordance with the Framework Agreement, Annex 2, chapters 3 and 4, and the Indicative Disbursement Plan (Annex 5 of this Project Agreement). Disbursements are made on a semi-annual basis.
- 4.2. Disbursements shall be made in the form of reimbursements of advance payments and Management cost related advance payments paid by NCU or eligible costs incurred within the Project upon receipt and approval by Switzerland of the reports pursuant to Article 9 and 10 with the reservation of the provisions of Article 4.5 and Article 4.6.
- 4.3. The Reimbursement Requests sent to Switzerland by the NCU shall be in Swiss Francs, whereas the NCU shall convert the local currency into Swiss Francs at the daily exchange rate of the Bank of Lithuania prevailing at the date the corresponding payment was executed by the NCU.
- 4.4. Reimbursements shall be made by Switzerland 45 (forty five) calendar days after the receipt of the Reimbursement Request and the corresponding Interim Report or Project Completion Report submitted to Switzerland by the NCU.
- 4.5. A maximum amount of 20 (twenty) percent of the value of contract(s) for procurement and installation of equipment, services, vehicles and repair works could be paid by Switzerland as an Advance Payment after pre-financing of an Advance Payment is done by the NCU and after the Reimbursement Request for Advance Payment together with a copy(ies) of the signed contract(s) is submitted to Switzerland. If a copy(ies) of signed contracts has already been submitted to Switzerland (cf. Article 5.7.5), it is not necessary to submit the copy(ies) together with the Reimbursement request for Advance Payment. No Interim Report is linked to this reimbursement.
- 4.6. Advance payment reimbursement shall be made by Switzerland 45 (forty five) calendar days after the receipt of the Reimbursement Request for Advance Payment (for the reimbursement of advance payments and management costs related advance payments) submitted to Switzerland by the NCU.
- 4.7. The equivalent value in local currency of each reimbursement made by Switzerland in Swiss Francs pursuant to the approval of the Reimbursement Requests or Reimbursement Requests for Advance Payment will be recorded by the NCU using the daily exchange rate of the Bank of Lithuania prevailing at the date the reimbursement was received on the account of the Ministry of Finance of the Republic of Lithuania, as stated in Article 4.10.
- 4.8. Reimbursement Requests referred to in Article 4.3, 4.5 and 4.6 of this Project Agreement must be received by Switzerland no later than six months after the final dates of eligibility of costs (cf. Article 3.9).

4.9. A first final reimbursement will be made by Switzerland after fulfilment of all contractual obligations of the NCU, after the receipt of the first final Reimbursement Request submitted to Switzerland by the NCU as well as the corresponding last Interim Report, the Project Completion Report and the conclusion of Final Financial Audit. A second final Reimbursement of costs for reporting, auditing and evaluation will be made by Switzerland after the receipt of the second final Reimbursement Request and second Project Completion Report.

4.10. All payments related to this Project Agreement shall be transferred in Swiss Francs to Lithuania, Ministry of Finance of the Republic of Lithuania account N°(IBAN) LT65 1010 0000 0663 2403, Swift N° LIAB LT 2X and bank code 10100 at The Bank of Lithuania, Gedimino av. 6, Vilnius, LT-01103.

Article 5 **Procurement**

- 5.1. Procurement is to be made by the Intermediate Body and Executing Agency in accordance with the national law and regulations and in compliance with the Law on Public Procurement of the Republic of Lithuania and with the Framework Agreement, Annex 2, chapter 3.3
- 5.2. To increase transparency and to prevent corruption, tender documents shall contain an integrity clause.
- 5.3. In general, the Executing Agency is responsible for the publication of all tenders, with the exception of tenders related to programme management costs for the Intermediate Body for which the Intermediate Body is responsible.
- 5.4. For tenders not related to management costs of the Intermediate Body and Executing Agency and exceeding the threshold of CHF 50'000 but not exceeding the threshold of CHF 100'000 a confirmation of compliance with the relevant procurement rules shall be provided to Switzerland by the NCU within 30 calendar days after the award of the each contract.
- 5.5. For tenders exceeding the threshold of CHF 100'000 but not exceeding the threshold of CHF 500'000, with the exception of tenders for management costs of the Intermediate Body and Executing Agency, a confirmation of compliance with the relevant procurement rules and an English translation of the summary of the minutes of the winner announcement meeting shall be provided to SDC by the NCU within 30 calendar days after the award of the procurement contract for information purposes.

5.6. For tenders exceeding the threshold of CHF 500'000, the Executing Agency provides to SDC for publication on their homepage and in the Swiss professional magazines an English translation of the summarized contract notice. Only the Lithuanian version of the contract notice is the authentic version. The translation shall be provided simultaneously with submission of the contract notice to the Public Procurement Office of the Republic of Lithuania (hereinafter referred to as "Public Procurement Office"). The translation of the contract notice shall contain the information according to the Commission regulation (EC) No1564/2005 of 7 September 2005 establishing standard forms for the publication of notices in the framework of public procurement procedures pursuant to Directives 2004/17/EC and 2004/18/EC of the European Parliament and of the Council.

The publication of the translation of the contract notice on the SDC homepage and in Swiss professional magazines can not be made before publication on the homepage of the Public Procurement Office and the European Publications Office.

5.7. In addition to the above, for tenders relating to the procurement of medical equipment above the threshold of CHF 500'000, the following additional conditions shall apply:

- 1) Switzerland shall receive a copy of tender documents in English for non-objection at the latest 20 calendar days before commencement of tendering;
- 2) An English translation of the tender documents and draft contracts shall be made available to bidders and contractors;
- 3) Switzerland shall have the right to participate in the tender opening meeting as an observer;
- 4) Switzerland shall receive the summary of the minutes of the winner announcement meeting in English for information latest 15 calendar days after the award of the procurement contract;
- 5) Switzerland shall receive copies of all procurement contracts for information at the latest 20 calendar days after signing the procurement contracts;
- 6) Possible translation costs could be borne by the Project and financed under the Contribution.

5.8. In line with Art. 6.5 of the Framework Agreement, both Contracting Parties agree to provide all such information pertaining to the tender process and beyond the documents listed above that the other Contracting Party may reasonably request.

5.9. Switzerland shall have the right to conduct an audit of the procurement practices and procedures in accordance with the requirements stipulated in article 6.5 of the Framework Agreement.

Article 6

Responsibilities of NCU and SDC

- 6.1. The NCU shall take all actions within its field of competences and responsibility, including coordination, control of the co-financing and other measures, necessary or appropriate, for carrying out the Project.
- 6.2. The NCU can delegate part of the tasks and responsibilities related to the administration of the Lithuanian-Swiss Cooperation Programme to the CPMA.
- 6.3. The NCU is responsible for the implementation, controlling and evaluation of the Project as well as for the use of the Grant in accordance with this Project Agreement and as stated in the Framework Agreement. The NCU makes every reasonable effort to ensure the compliance of the involved agencies and other entities with this Project Agreement as well as with the Framework Agreement.
- 6.4. The NCU shall conclude a Programme Implementation Agreement with the CPMA and the Intermediate Body. This Implementation Agreement shall comply with this Project Agreement as well as with the Framework Agreement. The CPMA shall conclude a Project Implementation Agreement with the Intermediate Body and Executing Agency. This Project Implementation Agreement shall comply with this Project Agreement, the Programme Implementation Agreement as well as with the Framework Agreement. The same shall apply to any other agreements subscribed in the framework of the implementation of the Project.
- 6.5. The NCU undertakes to support, advise and inform the Swiss Contribution Office for Estonia, Latvia and Lithuania with regard to Project-related issues, including irregularities and fraud. The NCU undertakes to inform the Swiss Contribution Office for Estonia, Latvia and Lithuania immediately in writing with regard to any developments that could affect the implementation of the Project. In the event of the threat of any irreparable disadvantage, the NCU shall immediately take the requisite precautions.
- 6.6. The NCU will at all times clearly state that it is acting within the framework of the Lithuanian-Swiss Cooperation Programme to reduce economic and social disparities within the enlarged European Union. All publications must refer to the Project as a "Lithuanian-Swiss Project". The general public in Lithuania will be informed about the Project and the support provided by Switzerland.
- 6.7. The NCU shall inform the Swiss Contribution Office for Estonia, Latvia and Lithuania about the largest and most important media coverage as well as articles that are related to the Project. If deemed necessary, media coverage shall be translated into English.
- 6.8. The NCU shall ensure that the Final Financial Audit is done in due time and in line with the International Standards and national legal acts.
- 6.9. SDC shall, whenever requested, assist the NCU in the planning, implementation, controlling and evaluation of the Project.

6.10. SDC shall approve Project's operational and financial reports and audits when all conditions are met. Once approved, SDC will disburse payments according to the financial planning of the Project.

6.11. All communication to SDC with regard to this Project Agreement shall be directed to the Swiss Contribution Office for Estonia, Latvia and Lithuania, which generally represents SDC towards the NCU.

Article 7

Project Organisation

7.1. The Intermediate Body supervises and steers the implementation of the Project; it establishes an adequate monitoring and auditing system.

7.2. The following bodies will implement the Project financed under this Project Agreement:

- Intermediate Body;
- Executing Agency.

7.3. Strategic decisions related to the Project are taken by the Programme Steering Committee. The Programme Steering Committee shall hold at least one meeting in half a year. If deemed necessary by one of the voting members of the Programme Steering Committee, additional meetings are to be held. The Programme Steering Committee shall adopt a partnership plan, including budget, which would ensure that cooperation agreements between Lithuanian and Swiss organisations are signed and effectively contribute to the success of the Project implementation.

7.4. The roles and responsibilities of the Programme Steering Committee include, but are not limited to:

- 1) Monitor the implementation of the Project at the overall level;
- 2) Approve operational and financial parts of Project implementation reports;
- 3) Modify Project implementation plan if needed and budget if needed within the agreed time table and budget defined in Annex 3 of this Project Agreement;
- 4) Take any measures considered necessary to fully achieve the planned objectives.

7.5. Members of the Programme Steering Committee are representatives of the following parties:

7.5.1. Members with voting right:

- 1) Ministry of Health (chair);
- 2) Lithuanian Neonatology Association;
- 3) Lithuanian Association of Obstetricians and Gynaecologists;
- 4) Lithuanian Nursing Specialists Organisation;
- 5) Lithuanian Obstetricians Union;

6) State Patient Fund.

7.5.2. Members with voice but no voting right:

- 1) Ministry of Finance;
- 2) CPMA.

7.5.3. Observers (members with no– objection right)

- Swiss Contribution Office for Estonia, Latvia and Lithuania

7.6. A back-stopping consultant shall be mandated by Switzerland to provide technical support for the implementation of the Project if deemed necessary.

Article 8 **Monitoring and Review**

The NCU shall ensure the establishment of a monitoring system that allows to assess periodically the status of achievement of the proposed objectives of the Project. Results and conclusions have to be part of the Project Reports as mentioned in Article 9 below and should be the base of the annual reports on the Swiss-Lithuanian Cooperation Project as stipulated in Article 8 of the Framework Agreement.

Article 9 **Reporting**

- 9.1. Interim Reports cover a period of six months and are due to Switzerland not later than four months after the end of the period covered according to the Indicative Disbursement Plan (Annex 5 of this Project Agreement). The first Interim Report covering the period from the date of signature of this Project Agreement to 30th June 2012 is due not later than 31st October 2012. The period covered by the last Interim Report may differ from the period specified above. Interim Reports support payment claims and are therefore to be presented to Switzerland with the corresponding Reimbursement Request. They include information on financial and physical progress, compare actual with planned expenses and provide an update on progress status, while confirming the co-financing. Any significant deviation has to be justified and corrective measures suggested.
- 9.2. Annual Project Reports are due to Switzerland not later than four months after the end of the calendar year. The first Annual Project Report covering the year 2012 is due not later than 30th April 2013. Annual Project Reports have an operational part that describes the progress of the Project and include a financial part (Financial Report) having a 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 on the basis of the logframe (Annex 4 of this Project Agreement). Any significant deviation has to be justified and corrective measures suggested. Annual Project Reports are not linked to Reimbursement Requests.

- 9.3. The first Project Completion Report is due not later than six months after the ending date of the Project, meaning not later than 13th June 2017 for this Project. The first Project Completion Report - together with the last Interim Report and the conclusions of the Final Financial Audit - is the basis for the payment of the final reimbursement. For the reimbursement of costs for reporting, auditing and evaluation the second Project Completion Report is the basis for final reimbursement. (cf. Article 3.9). Also the second Project Completion Report is due no later than 13th December 2017. The Project Completion Report has an operational part that documents and comments the overall achievement of outputs and outcomes against the original plan on the basis of the logframe (Annex 4 of this Project Agreement), the compliance with principles such as cross cutting themes and sustainability, and suggests lessons learned and conclusions. It contains a financial part (Final Financial Report) having a summary of financial data for the whole Project and compare effective with planned expenses.
- 9.4. The financial parts of the Interim Reports, Annual Project Reports and of the Project Completion Report, based on invoices or documents of equivalent value, are to be presented in local currency.

Article 10

Audit

- 10.1. The NCU confirms that a Compliance Audit has been performed and the Project as well as the institutions involved in its implementation, mainly the Intermediate Body, respect the legal obligations, respective guidelines, procedures, and that they have set up an appropriate structure and internal control system (as referred in chapter 3 of the Annex 2 of the Framework Agreement). Confirmation letter on Compliance Audit in English is to be submitted to Switzerland before or simultaneously with the first reimbursement request.
- 10.2. Based on a risk assessment and possible additional Swiss requirements, an annual system audit planning has been established. In accordance with this annual system audit planning agreed upon with Switzerland, the entitled audit organisations (e.g. internal audit unit of the Intermediate Body) shall perform control and audits in accordance with the respective national law. In doing so, they shall verify the correct use of funds, make recommendations to strengthen the control system and report to Switzerland any actual or alleged fraud or irregularity.
- 10.3. An external audit organisation will carry out intermediary Financial Audit covering three years of the implementation. The conclusions and recommendations have to be presented to Switzerland by the NCU at the latest four months after the end of the period covered.
- 10.4. The intermediary Financial Audit should cover the period from the date of signature of the Agreement to 31st of December 2014, conclusions and recommendations have to be presented to Switzerland by the NCU not later than 30th of April 2015.

- 10.5. At Project completion, an external audit organisation will carry out a Final Financial Audit. This financial Audit shall cover the period from 1st January 2015 to 13th December 2016. It shall also provide a final declaration based on the results of the intermediary Financial Audit conducted. The conclusions and recommendations shall be transmitted to Switzerland together with the Project Completion Report, by the NCU at the latest six months after the ending date of the Project as defined in Article 23.2, but not later than 13th June 2017.
- 10.6. The Intermediate Body shall procure a public institution or a private company of recognised professional reputation as Audit Organisation for the Project which is included into the list of audit companies under the Law on Audit of the Republic of Lithuania. The NCU shall immediately communicate to Switzerland the name of the selected entity which will perform the audit. The costs related to the Financial Audits are eligible for reimbursement and are included in the budget.
- 10.7. The objective of the Intermediary Financial Audit and the Final Financial Audit is to give an opinion on the correct use of funds, to make recommendations to strengthen the control system and report any suspicious of actual fraud or irregularity. The audit report is transmitted to the NCU and Intermediate Body. The external audit organisation shall conduct the Intermediary Financial Audit and Final Financial Audit in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) and the respective national law to obtain reasonable assurance that the financial part of the Interim Reports and the Project Completion Report taken as a whole are free from material misstatement, whether due to fraud or error. The external audit organisation shall take into account additional requirements that may be suggested by the NCU or by Switzerland.
- 10.8. In addition to the Audit Organisation's report, the Audit Organisation is expected to provide the Intermediate Body with a management letter concerning any material weaknesses in accounting and internal control systems detected by the Audit Organisation and formulate appropriate corrective measures. The copy of such letter shall be presented to the NCU.
- 10.9. The Intermediate Body and the NCU shall comment the results of the Audits as well as any recommendations proposed by the Audit Organisation. Furthermore, the NCU shall transmit the results and the proposed recommendations of intermediary Financial Audit and of the Final Financial Audit to Switzerland.
- 10.10. Switzerland shall have the right to request additional external financial audits. The costs of such financial audits shall be borne by Switzerland.
- 10.11. Terms of Reference for Financial Audits are to be agreed with Switzerland.

Article 11

Right of Examination

Switzerland, as well as any third party appointed by it, shall have the right to visit the Project, conduct a comprehensive assessment or evaluation, and shall be granted full access to all documents and information related to the Project settled by this Project Agreement, during its implementation and 10 years after its completion. The NCU shall, upon request, ensure that the

above mentioned authorised representatives are accompanied by the relevant personnel and are provided with the necessary assistance.

Article 12 **Project Material**

12.1. For the duration of the Project, goods procured under the Grant shall remain at the unrestricted disposal of the Project and shall not be diverted without prior written approval of Switzerland. No ownership transfer is allowed within five years after the completion of the Project unless the Contracting Parties agree otherwise. SDC shall assume no liability whatsoever in connection with said goods.

12.2. For Project material procured under the Contribution and used only during the Project implementation but not necessary for the purpose of the Project after its Completion, the Contracting Parties shall decide before the termination of the Project about post-completion ownership and use of the goods provided with the Contribution. Switzerland shall assume no liability whatsoever in connection with said goods.

Article 13 **Liability**

Switzerland does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Project, including, but not limited to inconsistencies in the planning of the Project, other project(s) that might affect it or that it might affect, or public discontent.

Article 14 **Common Concern**

The Contracting Parties share a common concern in the fight against corruption, which jeopardizes good governance and the proper use of resources needed for development, and, in addition, endangers fair and open competition based on price and quality. They declare, therefore, their intention of combining their efforts to fight corruption and, in particular, declare that any offer, gift, payment, remuneration or benefit of any kind whatsoever, made to whomsoever, directly or indirectly, with a view to being awarded a mandate or contract within the framework of this Project Agreement, or during its execution, will be construed as an illegal act or corrupt practice. Any act of this kind constitutes sufficient grounds to justify annulment of this Project Agreement, the procurement or resulting award, or for taking any other corrective measure laid down by the applicable law.

Article 15 **Irregularities Clause**

- 15.1. The competent authorities shall investigate alleged cases of fraud or irregularity. Proven cases of fraud will be prosecuted according to existing regulations.
- 15.2. In case of irregularities, wilfully or negligently caused by the NCU, the Intermediate Body, the Executing Agency, regarding the execution of the Project Agreement, Switzerland is entitled to:
- 1) stop reimbursements immediately,
 - 2) instruct the NCU to stop payments from the Swiss Contribution,
 - 3) ask repayment of illegitimately paid reimbursements at any stage of the Project.
- 15.3. Irregularities are notably considered to be all actions or non-actions that are aimed at the illegitimate obtainment and/or usage of the Contribution - notably fraud, misappropriation, misrepresentation, breach of contractual duties, breach of duty of care and the like.
- 15.4. Switzerland shall immediately and in written form communicate the reasons for their respective instructions to the NCU, the Intermediate Body and the other actors involved.

Article 16 **Post-Completion Obligations**

- 16.1. The NCU and Intermediate Body shall ensure that the hospitals, which had received benefits from proceeds of the Grant will provide inpatient obstetric services and the intensive health care services regarding pregnancy pathology, neonatology and neonates at least five years after the Project has been completed.
- 16.2. An ex-post evaluation of the Project may be carried out by Switzerland within 10 years after completion of the Project. Non compliance with the Project Agreement or with the Framework Agreement may give Switzerland reasons to take corrective action, including claiming the repayment of the Grant.
- 16.3. Switzerland has neither responsibility for nor obligation to ensuring the maintenance, the repair or the undertaking of any measures for ensuring the safety and protection of persons, equipment, installations, of all objects on site or in the vicinity.
- 16.4. The Contracting Parties shall keep all documents concerning this Project Agreement and its implementation for 10 years after completion of this Project.

Article 17
Annexes

The following annexes, listed by order of precedence in terms of legal applicability, form an integral parts of this Project Agreement:

- Annex 1: Confirmation of the Project approval by the SDC,
- Annex 2: Final Project Proposal,
- Annex 3: Indicative Budget,
- Annex 4: Logframe
- Annex 5 : Indicative Disbursement Plan.

Article 18
Language

All correspondence with Switzerland, including operational, financial and audit reports as well as project documents related to the Project, shall be elaborated in English.

Article 19
Contact Information

For the Lithuanian Government:

Ministry of Finance of the Republic of Lithuania
International Financial Assistance Coordination Division
Lukiškių g. 2
01512 Vilnius
Lithuania
Tel: +370 5 239 02 93 / Fax: +370 5 279 14 81

For the Swiss Government:
State Agency for Development and Cooperation (SDC)
Freiburgerstrasse 130
3003 Bern
Switzerland

Embassy of Switzerland
Swiss Contribution Office for Estonia, Latvia and Lithuania
Elizabetes iela 2
1340 Riga
Latvia
Tel: +371 67 35 08 65/66 / Fax: +371 67 35 08 72

Article 20 **Settlement of Disputes**

- 20.1 In accordance with Article 11 of the Framework Agreement, any dispute which may result from the application of this Project Agreement shall be solved first by diplomatic means (negotiations).
- 20.2 Disputes as to the interpretation or application of the provisions of this Project Agreement which have not been settled satisfactorily by means of diplomatic negotiations within three months of the date on which they were raised by a contracting party shall, upon request of either contracting party, be submitted to an arbitral tribunal of three members. Each contracting party shall appoint one arbitrator. The two designated arbitrators shall appoint a third arbitrator as chairman who shall be a national of a third country.
- 20.3 If either contracting party has not appointed its arbitrator and has not followed the invitation of the other contracting party to make the appointment within one month, the arbitrator shall be appointed, upon the request of this other contracting party, by the Secretary - General of the Permanent Court of Arbitration.
- 20.4 If both arbitrators cannot come to an agreement about the choice of a third arbitrator (chairman) within two months of their appointment, the latter shall be appointed, upon the request of either contracting party, by the Secretary-General of the Permanent Court of Arbitration.
- 20.5 If in the cases specified under paragraphs 3 and 4, the Secretary-General of the Permanent Court of Arbitration is prevented from carrying out the said function, or if he is a national of either contracting party, the appointment shall be made by the Deputy Secretary-General, and if the latter is prevented, or if he is a national of either contracting party, the appointment shall be made by the next Senior Legal Staff of the Permanent Court of Arbitration who is not a national of either contracting party.
- 20.6 The applicable law is Swiss law. The seat of the arbitral tribunal shall be in the Swiss Confederation.
- 20.7 Subject to other provisions made by the Contracting Parties, the tribunal shall determine its procedure.
- 20.8 The decisions of the arbitral tribunal will be final and binding for each contracting party.

Article 21 **Amendments**

- 21.1. Modifications that do not lead to an increase of the Project budget, do not decrease any of the budget headings presented in Annex 3 of this Project Agreement for more than 10 per cent, as well as any decrease not exceeding 10 per cent within the budget heading presented in Annex 3 of this Project Agreement, can be decided by the Programme Steering Committee and reported to Switzerland in the Interim and / or Annual Reports.

21.2. Any increase of the Project budget, any decrease of the budget heading presented in Annex 3 of this Project Agreement for more than 10 per cent, any decrease exceeding 10 per cent within the budget headings presented in the Annex 3 of this Project Agreement, as well as any strategic changes or conceptual adjustments to the Project that would result in changed objectives as defined in Article 2.1, shall be discussed with and approved in writing by Switzerland. Any amendment to this Project Agreement shall be made by exchange of letter, signed by the authorised representatives of the Contracting Parties.

Article 22 **Termination, Suspension**

22.1. This Project Agreement can be terminated at any time by one of the Contracting Parties upon a six-month prior written notice. The Contracting Parties shall decide by mutual agreement on any consequences of the termination.

22.2. If either Contracting Party considers that the aims of the Project Agreement can no longer be achieved or that the other Contracting Party is not meeting its obligations, it shall have the right to suspend immediately the application of this Project Agreement by giving the other Contracting Party a written notice on the grounds.

Article 23 **Entry into Force, Duration**

23.1. This Project Agreement shall enter into force on the date of its signing by the Contracting Parties and shall remain in force until all obligations under it have been fulfilled.

23.2. The Project shall be implemented starting on the signing date of this Project Agreement until 13 December 2016.

Signed in Vilnius on, in two authentic copies in the English language.

For the Swiss Agency for Development and
Cooperation

Gabriela Nützi Sulpizio
Ambassador

For the Ministry of Finance
of the Republic of Lithuania

Rolandas Kriščiūnas
Vice-minister

ANNEX 1 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT "IMPROVEMENT OF PERINATAL AND NEONATAL HEALTH CARE SERVICES IN LITHUANIA"

CONFIRMATION OF THE PROJECT APPROVAL BY THE STATE AGENCY FOR DEVELOPMENT AND COOPERATION



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Federal Department of Foreign Affairs FDFA

Swiss Agency for Development and Cooperation SDC
Cooperation with Eastern Europe

CH-3003 Bern, DEZA, KKU

A Post

Ministry of Finance of Lithuania
Mr. Roland Krisciunas
Vice-Minister of Finance
Lukiskiu str 2
LT – 01512 Vilnius
Lithuania

Berne, 27 April 2011

**Subject: Swiss Contribution to the Enlarged EU – Cooperation Programme with Lithuania
Decision Letter on Final Project Proposal
Project Name: Improvement of Perinatal and Neonatal Health Care Services in
Lithuania
Project N°: 7F – 07083.01**

Dear Mr. Krisciunas,

I refer to the Final Project Proposal submitted by the NCU on 25 November 2010 and am glad to inform you that the Proposal has been approved by the Swiss Federal Council on 20 April 2011.

The Project is of special relevance in the Swiss – Lithuanian Cooperation Programme and we conceive it also as an opportunity to sustainably promote partnerships between Lithuanian and Swiss stakeholders in the field of perinatal and neonatal health care. It will also offer most welcome possibilities to ensure visibility to our joint endeavor both in Lithuania and in Switzerland.

The letter, dated 24 February 2011, addressed by Mrs. Ingrida Simonyte, Minister of Finance, and Mr. Raimondas Sukys, Minister of Health, to Mrs. Micheline Calmy-Rey, President of the Swiss Confederation, in which they expressed the high interest and the strong commitment of your Government and other stakeholders in Lithuania towards the project "Improvement of the perinatal and neonatal health care services in Lithuania" has been well taken into account.

Before proceeding with the finalization of the Project Agreement, as fixed in Annex 2 of the Framework Agreement, Section 2, you are kindly requested to take into account the following conditions:

Swiss Agency for Development and Cooperation SDC
Kurt Kunz
Freiburgstrasse 130, 3003 Bern, Switzerland
Tel: +41 31 322 44 02, Fax: +41 31 324 16 95
kurt.kunz@deza.admin.ch
www.deza.admin.ch

| Condition | Indicator of fulfilment | date / period |
|--|--|---|
| <p>1. Procurement and award of contracts With respect to the procurement of the medical equipment, Switzerland requests according to the Framework Agreement, Annex 2, chapter 3, point 3, a copy of the tender documents and contracts for no objection. These documents shall be submitted in English. Submission for tender documents is at the latest 20 working days before the start of tendering and at least 10 days before the signing of the contract.</p> | <p>The corresponding clause is mentioned in the Project Agreement.</p> | <p>With signature of the project agreement.</p> |
| <p>2. Swiss Partnerships The Steering Committee shall adopt a plan, including budget, which will ensure that cooperation agreements between Lithuanian and Swiss organisations and institutions are signed and effectively contribute to the success of the project implementation.</p> | <p>The corresponding clause is mentioned in the Project Agreement.</p> | <p>With signature of the project agreement.</p> |
| <p>3 Media coverage With respect to the foreseen media coverage, Switzerland requests that the Swiss Contribution Office based in Riga be informed about the largest and most important media coverage and corresponding articles. If deemed necessary, media coverage is to be translated into English.</p> | <p>The corresponding clause is mentioned in the Project Agreement.</p> | <p>With signature of the project agreement.</p> |

I would like to thank you for the very serious efforts deployed by your Ministry and the Ministry of Health to ensure the quality of the Final Project Proposal. On this basis and with the decision of the Swiss Federal Council we are now ready to engage together with you in the implementation of the Project and to lead it to the expected successful results. I am looking forward to our cooperation.

Yours sincerely,

Swiss Agency for Development and Cooperation SDC


 Kufi Kunz
 Assistant Director-General

Copies:
 Swiss Contribution Office Riga
 Embassy of Switzerland in Riga

ANNEX 2 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT “IMPROVEMENT OF PERINATAL AND NEONATAL HEALTH CARE SERVICES IN LITHUANIA”

FINAL PROJECT PROPOSAL



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



Lithuanian – Swiss Cooperation Programme

(In line with the requirements of Annexes I and II of the Framework Agreement between Lithuania and Switzerland)

FINAL PROJECT PROPOSAL

Programme „Improvement of perinatal and neonatal health care services in Lithuania”

I. Project Summary

| | | |
|------------------------------------|--|--------|
| Project title | Improvement of perinatal and neonatal health care services in Lithuania | |
| Project type | Programme | |
| Planned Programme duration | 2011-2017 | |
| Priority sector | Human and Social Development | |
| Location/region | The entire territory of the Republic of Lithuania | |
| Programme Objective | To improve the perinatal and neonatal health care system in Lithuania | |
| Programme Goals | <ol style="list-style-type: none"> 1. To improve the quality of health care services to pregnant, delivering women and neonates. 2. To improve collection of statistic data on the health of pregnant, delivering women and neonates and to expand the possibilities of sharing and analysing the collected data. | |
| Programme Results (outputs) | <ol style="list-style-type: none"> 1. 22 hospitals equipped with the necessary modern medical equipment for providing high quality perinatal and neonatal health care services. 2. Vehicles with special equipment for safe transportation of neonates provided to 3 health care institutions. 3. Premises of 11 health care institutions repaired and adjusted for medical equipment installation and usage. 4. 70 guidelines and protocols of diagnostics and treatment in obstetrics and neonatology developed. 5. Improved professional competence and modern technology usage skills of not less than 1300 health care specialists engaged in the provision of obstetric and neonatal services. 6. Computer database of pregnant, delivering women and neonates health data developed and prepared for usage in health care institutions. | |
| Programme Budget | Total eligible Programme costs, m CHF | 31.294 |
| | Requested grant, m CHF | 26.6 |
| | Grant % of total eligible costs | 85% |
| | Co-financing, m CHF | 4.694 |
| | Co-financing % of total eligible costs | 15% |
| Programme Partners | N/A | |
| Executing Agency | Clinics of Kaunas university of medicine ¹ | |

¹ Based on the order of the Minister of Health No V-778 of 10 September 2010 „Order regarding the appointment of executing agency of Lithuanian-Swiss cooperation programme project „Improvement of health care services for pregnant women, delivering woman and neonates in Lithuania“.

II. Programme Applicant

| | |
|--------------------------------------|--|
| Name | Ministry of Health of the Republic of Lithuania (hereinafter – MoH) |
| Contact details | <p><u>Ms Virginija Ambrazevičienė</u> Head of Health Policy Division Department of Health Policy and Economics Ministry of Health Address: Vilniaus str. 33, LT-01506 Vilnius, Lithuania Tel. no: +370 5 260 4719 Fax no: +370 5 266 1402 E-mail address: virginija.ambrazeviciene@sam.lt</p> <p><u>Mr Vincentas Nesavas</u> Chief specialist Department of Health Policy and Economics Ministry of Health Address: Vilniaus str. 33, LT-01506 Vilnius, Lithuania Tel. no: +370 5 260 3306 Fax no: +370 5 266 1402 E-mail address: vincentas.nesavas@sam.lt</p> |
| Previous, relevant experience | <p>The Ministry of Health has experience in implementation of the projects financed by the foreign financial assistance.</p> <p>In 1994-1996 the Swiss Government granted 4.6 m CHF to the project “Neonatology”. These funds were used for procurement of modern medical equipment and staff training activities at the 8 largest hospitals of the country providing perinatal and neonatal health care services. The project enabled the establishment of a new perinatal and neonatal health care system, contributed to a significant reduction in neonatal, infant and perinatal mortality and increased the level of staff qualification.</p> <p>In 1997-1999 the Swiss Government granted 4 m CHF to the project “Pediatric Intensive Care and Pediatric Anesthesia”. These funds were used for supplying 5 Pediatric Reanimation and Intensive Care Units and 2 Pediatric Anesthesia Units at Vilnius, Kaunas and Klaipėda University Hospitals and Klaipėda, Panevėžys and Šiauliai Regional Hospitals with modern medical equipment, staff training and education activities, support for establishing the transport system. The project provided the background for a nationwide development of a new structure for providing medical care to severely ill children and a new children transportation system and ensured the availability of qualified and safe care to severely or critically ill children.</p> <p>Under the Single Programming Document of Lithuania 2004–2006 (structural funds’ support) the separate measure “Restructuring and upgrading of health care institutions” has been implemented. The total amount of 42.878 m EUR available under this support was allocated to finance the activities in two areas: reduction of mortality rates from cardiovascular diseases & modernisation and development of the network of public and private general practitioners’ (GP) offices in rural and remote areas where development lagging. Activity “Reduction of mortality rates from cardiovascular diseases” covered the eastern and south-eastern part of Lithuania and included the equipment / renovation of 40 health care facilities providing the services of cardiovascular diagnostics and the other activity – covered the southern, western, northern and central parts of Lithuania and included the equipment / renovation of 137 primary health care facilities.</p> <p>Under the 2004–2009 European Economic Area and Norwegian Financial Mechanisms the financial assistance was provided for the focus area “Health and</p> |

| | |
|--------------------------|---|
| | <p>Childcare”. The particular focus is placed on the following areas of health sector:</p> <ul style="list-style-type: none"> • prevention of oncological diseases and improvement of their early diagnostics and treatment; • enhancement of pediatric services accessibility and quality (early diagnostics and treatment of pediatric diseases) and ensuring of health care services quality control; • prevention and treatment of communicable diseases and improvement of the epidemiologic care system; • improvement of child and adult suicide prevention. <p>In total about 16 m EUR were allocated for the implementation of the projects in the above-mentioned focus areas. These funds are used to finance the measures aimed at investing in infrastructure and technology, renovating the institutional infrastructure, enhancing the quality and accessibility of medical treatment services, improvement of public health care and control of communicable diseases.</p> |
| <p>Swiss link</p> | <p>Within the framework of implementing the projects “Neonatology” and “Pediatric Intensive Care and Pediatric Anesthesia” financed through the grant of the Swiss Government, the Lithuanian institutions cooperated with the Swiss Red Cross organization and the technical and medical consultants from the University Children’s Hospitals in Bern and Basel (in planning the changes in the infrastructure of hospitals, training activities, seminars and symposiums for the Lithuanian health care specialists). University of Geneva, Faculty of Medicine has a contract with Kaunas University of Medicine for a period of 2009-2014 for exchange, seminars, conferences and scientific research involving students, teachers and researchers. Zurich Centre for Integrative Human Physiology (University Hospital Zurich, Center of Experimental Rheumatology) cooperates with Clinics of Rheumatology of Kaunas University of Medicine in scientific research field.</p> <p>Implementing this Programme the Ministry of Health is planning to cooperate with the former and current partners in Switzerland. Currently the possibility for cooperation with university hospital of Zurich (Universitäts Spital Zurich) is being negotiated in the area of internship and training the Lithuanian health care professionals and the expansion of cooperation with University of Geneva is considered.</p> |

III. Programme relevance

The Programme on the improvement of perinatal and neonatal health care services in Lithuania has been prepared in accordance with the Framework Agreement, concluded between the Government of the Republic of Lithuania and the Swiss Federal Council concerning the implementation of the Lithuanian-Swiss cooperation programme to reduce economic and social disparities within the enlarged European Union.

According to the Annex 1 of the Framework Agreement in the focus area “Health“ the Programme approach with 1 objective – “to improve the perinatal and neonatal health care system” – was chosen. The Programme is designed for the hospitals providing perinatal and neonatal health care services. It is closely related to another programme in the focus area “Rehabilitation and modernisation of basic infrastructure and Improvement of the environment”, which objective is “to enhance hospital infrastructure in order to improve health services while protecting the environment and increasing energy efficiency”. In order to reach maximum effect in this health care focus area both Programmes focus on hospitals providing perinatal and neonatal health care services.

Since 1992 the population of Lithuania has been continuously decreasing. One of the major reasons behind this trend lies in a critically decreasing number of births in the country: from 53,617 in 1992 down to 34,592 in 2009, i.e. more than 35% decrease. As of 2009, the rate of birth stood at 10 per 1000 population and was one of the lowest in the EU. The rates of mortality kept decreasing in Lithuania during the period of 1992-2008: the rate of infant mortality declined to 5 deaths per 1000 live births in 2008 (cf. with 17.6 in 1992), but remained higher than the EU average (4.6 deaths per 1000 live births); the rate of perinatal mortality declined and stood at 7.4 per 1000 live births (cf. with 16.7 in 1992) in 2007, and the rate of neonatal mortality declined down to 3.3 per 1000 live births (cf. with 11.8 in

1992) in 2007. Despite a significant decline the indicators still show a notable lag compared to the mortality rates recorded in most EU Member States: e.g. in 2007 neonatal mortality rate in Scandinavian countries Finland and Sweden stood at less than 2 per 1000 live births and perinatal mortality rate in these countries stood at less than 5 per 1000 live births.

In Lithuania the inpatient perinatal and neonatal health care services are delivered by district, regional and university hospitals. District hospitals provide medical care to delivering women with low perinatal risk and to neonates without any substantial pathology (II A level services). Regional hospitals provide obstetric and neonatal services in cases of both low and high perinatal risk (II B level services). Medical care in complicated cases of pregnancy with high perinatal risk and neonatal pathology is provided by university hospitals (III level services).

At the present time the services of all levels are available at 2 perinatology centres: Kaunas Perinatology Centre consisting of the Clinic of Obstetrics and Gynaecology and the Clinic of Neonatology under the Clinics of Kaunas University of Medicine, and Vilnius Perinatology Centre formed on the basis of departments belonging to two hospitals, i.e. the Clinic of Obstetrics and Gynaecology of Vilnius City University Hospital and the Neonatology Center of Vilnius University Children's Hospital. It is planned that the present structure of Vilnius perinatal centre will be changed after building a new block of Clinic of Santariskes of Vilnius university hospital. The health care services to pregnant, delivering women and neonates will be provided in the subdivisions of the new block which is currently under construction. The full vision of the Vilnius Perinatology Centre is stated in the Feasibility study (section 4.7.3 Situation of Vilnius perinatal centre).

The services of II A and II B levels are rendered by 6 regional hospitals and the services of only II A level are provided by 26 district hospitals. The requirements to the structure, work organization, staff qualification and medical equipment of health care institutions are set depending on the level of services provided by these institutions.

The provision of perinatal and neonatal health care services has been organized based on the experience of more advanced EU Member States and taking due account of the recommendations of the World Health Organization, while the level of equipment and facilities available at the Lithuanian hospitals is still relatively low. Old and outdated medical equipment is one of the major problems encountered by specialists in charge of providing such health care services. The contribution under the Lithuanian-Swiss Cooperation Programme would be of strong importance in this field (especially for the supply and implementation of basic medical equipment at district hospitals). It is also necessary to upgrade the equipment used for the provision of specialized neonatal services, including the equipment for the diagnostics and surgery of neonatal ophthalmic diseases, neurosurgery, hearing check-up and otorhinolaryngologic care, endoscopic examination and treatment as well as for the anesthesia, treatment, nursing of premature neonates. Hospitals are able to renew their equipment from their own funds only partially due to limited financial resources.

The limited financial possibilities also are the major obstacle in the way of introducing modern technologies of diagnostics and treatment into the health care institutions. Currently survival rates among the neonates with a critically low weight or infants with congenital disorders who have undergone surgery or those suffering from severe infectious or other diseases are increasingly improving. The availability of modern equipment required for foetal examination and foetal and neonatal diagnostics of congenital defects and equipment enabling the implementation of modern methods for the analysis of blood and respiratory gas and for the examination and treatment of hypoxia-related effects would increase the survival chances and the probability of quality life for such neonates. Premature neonates are exposed to high risk of somatic and development disorders that may ultimately lead to disability, therefore, another task of vital importance would be the establishment of a uniform system for the remote monitoring of such neonates and the collection of their health data.

The implementation of uniform obstetric and neonatologic diagnostics and treatment methods would be a significant contribution to the improvement of perinatal and neonatal health care services. The preparation of diagnostics and treatment guidelines and protocols in obstetric and neonatology would allow standardizing the diagnostics and treatment of the most prevailing pathologies encountered in the aforementioned areas and would enable the provision of higher quality health care services to pregnant, delivering women and neonates.

Another important issue is the qualification of health care staff. As diagnostics and treatment technologies develop rapidly, the health care staff must permanently improve their knowledge and qualification.

The feasibility study results show that health care staff should improve their communication with clients and conflict management skills as well as renew their knowledge mostly in neonatal resuscitation and natural breastfeeding. The staff engaged in the provision of perinatal and neonatal services could increase their knowledge through the

participation in conferences and seminars, while international internships would be very useful for them in assimilating modern technologies and taking over the experience of more advanced countries.

Individual hospitals receive some funding for their investment projects from the State Capital Investment Programme. However, Lithuania is short of funds to upgrade the whole perinatal and neonatal health care system in the country, therefore, due to high importance of this particular healthcare area the Swiss contribution will be used for its' improvement purposes. This should serve for the improvement some of the basic health indicators of Lithuanian population: perinatal, neonatal, maternal mortality rates.

The Programme will enable the health care institutions to continue improving the quality of inpatient services provided to pregnant, delivering woman and neonates, which in turn will help to reduce the disparities between the peripheral regions and urban centres and ensure the sustainability of health care. The measures envisaged in the Programme will contribute to the achievement of the major goals of the Swiss-Lithuanian Cooperation Programme and will help the country to approach the level of health indicators observed in more advanced Member States of the EU.

Fit within the development strategies of the country/region and chosen sector; strategy of its intervention

The Programme is directly related to the implementation of the National Family Health Programme 2008–2010 objective Establish conditions to modernize health care institutions' material facilities, install new diagnostics and treatment technologies and is in line with other objectives, such as Improvement of quality and accessibility of mother and child health care and Development of early diagnostics and treatment of genetic diseases and congenital defects.

The Programme objectives are in line with the Programme of the Government for 2008 – 2012 as well as the strategic goals of the Ministry of Health, such as safe and high quality health care services, their compliance with the EU standards and equal possibilities for all citizens of the country to receive the necessary health care services, with a particular focus on the health of children and the youth.

Within the framework of implementing the European health policy “Health for all in the 21st century” (adopted by the 51st Assembly of the World Health Organization in May 1998), the Republic of Lithuania has adopted the National Health Program, approved under Resolution of the Seimas of the Republic of Lithuania No. VIII–833 of 2 July, 1998. The Program envisages the general goals to be pursued by health care policy and strategy which, inter alia, include the decrease of population mortality rate and the prolongation of the average life expectancy in the country. Particular significance in the Program is attached to the reduction of infant mortality rate.

Moreover, the Programme fits within the policy of health system development as outlined in the Long-Term Strategy for the Development of the State, approved under Resolution of the Seimas of the Republic of Lithuania No. IX–1187 of November 28, 2002, and the Long-Term Strategy for the Development of the Lithuanian Economy up to 2015, approved under Resolution of the Government of the Republic of Lithuania No. 853, dated June 12, 2002.

The Programme is in line with the objectives of the Lithuanian-Swiss Cooperation Programme focus area “Health” and with objectives of another programme “Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services”. The Programme is also aligned with the “Health care institutions and services restructuring third stage programme”, approved under Resolution of the Government of the Republic of Lithuania No.1654 of 7 December, 2009. The number of institutions providing inpatient health care services was reduced in 2010 by 11 as a result of the ongoing health reform:

| Territorial unit of the State Patients' fund | No of contracts signed with institutions providing inpatient health care services in 2009 | No of contracts signed with institutions providing inpatient health care services in 2010 |
|---|--|--|
| Vilnius | 24 | 24 |
| Kaunas | 19 | 15 |
| Klaipėda | 12 | 10 |
| Panevėžys | 13 | 10 |
| Šiauliai | 13 | 11 |
| TOTAL | 81 | 70 |

The usage of the Compulsory Health Insurance Fund budget was optimized in 2010: the planned amount of money for health care institutions providing inpatient health care services was reduced by more than 185 million LTL compared to 2009. Moreover, the hospitalization index per 100 citizens was reduced by 1.6 percentage points during the first 4 months of 2010 compared to the same period in 2009.

IV. Programme content

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| <p>Programme Objective</p> <p>To improve the perinatal and neonatal health care system in Lithuania.</p> |
| <p>Programme Goals</p> <ol style="list-style-type: none"> 1. To improve the quality of health care services to pregnant, delivering women and neonates. 2. To improve collection of statistic data on the health of pregnant, delivering women and neonates and to expand the possibilities of sharing and analysing the collected data. |
| <p>Expected Results (outputs)</p> <ol style="list-style-type: none"> 1. 22 hospitals, including hospitals operating in the peripheral regions as well as perinatal centres, equipped with the necessary modern medical equipment for providing high quality perinatal and neonatal health care services. 2. Vehicles with special equipment for safe transportation of neonates provided to 3 health care institutions providing medical care to premature neonates and the services of neonatal reanimation and intensive treatment. 3. Premises of 11 health care institutions repaired and adjusted for medical equipment installation and usage. 4. Developed 70 diagnostics and treatment guidelines and protocols in obstetrics and neonatology that allow standardizing the diagnostics and treatment of the most prevailing pathologies encountered in the before mentioned areas and enable the provision of higher quality health care services to pregnant, delivering women and neonates. 5. Improved professional competence and modern technology usage skills of not less than 1300 health care specialists engaged in the provision of obstetric and neonatal services, taking over the experience of more advanced foreign countries. 6. Computer database of pregnant, delivering women and neonates health data developed and prepared for usage in health care institutions, improving the collection of statistical data on perinatal and neonatal health and expanding the possibilities of data analysis through the inclusion of data on premature and unhealthy neonates required for the remote monitoring of such neonates. <p>The achievement of the above-listed outcomes will ensure a better accessibility and higher quality of inpatient perinatal and neonatal health care services. Programme results will ensure contribution to the reduction of economic and social disparities between Lithuania and the more advanced countries of the enlarged EU and contribution within Lithuania to the reduction of economic and social disparities between the dynamic urban centres and the structurally weak peripheral regions.</p> |

Programme activities

The main Programme activities:

1. Procurement and installation of modern medical equipment to provide better quality health care services to pregnant, delivering women and neonates.
2. Procurement of vehicles with special equipment for safe transportation of neonates.
3. Repair of health care institutions' premises adjusting them for medical equipment installation and usage.
4. Health care specialists' who provide obstetrical and neonatal health care services professional competence improvement through training, conferences, seminars, in-country as well as international internships.
5. Development of diagnostics and treatment guidelines and protocols in obstetrics and neonatology.
6. Development and preparation for usage of computer database of pregnant, delivering women and neonates health records.

Other Programme management related activities:

1. Programme administration.
2. Programme audit.
3. Programme publicity.
4. Programme impact evaluation.
5. Translation.

State aid rule

The State Aid rule will be fully respected while implementing the Programme.

| Risks | Means for risks management |
|--|--|
| Investment and investment financing risk | |
| Fluctuation of the exchange rate between the Swiss Frank and the Lithuanian Litas: the fall of Swiss Frank may result in incomplete financing and implementation of some planned activities. | Planning of Programme costs with due account of expert projections on the potential alterations of exchange rates. |
| Increase of investment costs: as the implementation of the Programme is supposed to extend over several years, the prices of medical equipment and services being procured may increase. | <p>Surveys of potential suppliers and analysis of market prices for medical equipment and services to be procured.</p> <p>Accurate planning of costs with due account of the inflation rate and the market trends.</p> <p>Formation of Programme budget reserve.</p> <p>Consolidation of public procurement tenders to receive the best value-for-money ratio.</p> |
| Technical risk | |
| Quality of investments: the suppliers may fail to ensure the proper quality of supplied equipment or the proper quality of equipment installation works. | <p>Clear and precise formulation of required equipment technical and functional parameters in technical specifications.</p> <p>Clear and precise formulation of equipment quality criteria, warranty requirements, delivery and installation procedure and potential sanctions for non-compliance defined in procurement contracts.</p> <p>Careful selection of reliable suppliers able to offer quality</p> |

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| | equipment, taking account of supplier qualification and previous experience in executing similar projects. |
| Procurement related delay: the procedures of public procurement may extend over a longer period than planned in case a repeated announcement of tender is needed due to the failure to attract the required number of qualified suppliers during the original tender or the decision on the tender winner is contested. | Placement of information on the public procurement tender not only in publications specified in the Law on Public Procurement of the Republic of Lithuania but also on the website of the procuring organization, on the international tender websites and other sources of information. Clear formulation of tender winner selection criteria. |
| Delivery related delay: Possible delay in the delivery and/or installation of equipment. | Sanctions for delays envisaged in procurement contracts, realistic planning of works (with the necessary time reserve for contingencies). |
| Other risks | |
| Coordination of actions: lack of inter-institutional cooperation and coordination of actions. | Clearly outlined roles and responsibilities of each institution involved in the Programme are defined in the Programme and Project Implementation Agreements. |
| Not sufficient project management capacity of the executing agency. | The selection of executing agency based on the conformation of the up-front agreed requirements related to project management capacity and experience in conduction of public procurements. |
| Bought equipment is not used at full level and at the highest possible capacity. | The equipment will be purchased and distributed among beneficiaries in respect to the current and future needs of each hospital. |

| Opportunity | Means for opportunity management |
|--|--|
| Opportunities related to investment and financing | |
| Programme budget savings: estimated Programme implementation costs might be reduced through effective public procurement of medical equipment, repair works and external services. Saved money might be used for Programme scope increase and additional activities financing which would lead to greater positive impact on perinatal and neonatal health care system in Lithuania. | Effective public procurement management by selecting optimal procurement procedure, applying reasonable requirements that do not limit supplier competition. |

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| Target groups of the Programme | Pregnant women, delivering women and neonates |
| Beneficiaries of the Programme | Hospitals, staff of health care institutions |

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| <p>Sustainability of Programme</p> <p>The Programme meets the national and the EU health system development. In order to ensure Programme sustainability, only those health care institutions that are licensed to provide inpatient obstetric services and the intensive health care services regarding pregnancy pathology, neonatology and neonates and are expected to provide these services not less than for 5 years after Programme implementation were chosen as beneficiaries. Six criteria for selection of the beneficiaries have been identified (the detailed criteria description is provided in the Feasibility Study section 4.7 “List of PHCI recommended for participation in the programmes for obtaining the support from the Swiss Government”):</p> <ol style="list-style-type: none"> 1. Number of births in case of observing the order of the Minister of Health No 117 of 15 March 1999 „On the |
|--|

approval of the health care procedures for pregnant women, delivering women and neonates“ and not exceeding 6 per cent of the number of Caesarean sections in hospital providing the IIA-level obstetric service.

2. Distance to another higher level hospital providing the obstetric and neonatal service.
3. Share of Caesarean sections.
4. Expert assessment of the common situation during the visit.
5. Need for investments in medical equipment per one newborn.
6. Share of doctors doing secondary work.

20 hospitals that were selected as Programme beneficiaries based on the identified criteria are listed in the Annex 5 (numbers 1 to 20). Additional two facilities, i.e. Siauliai regional hospital and Trakai hospital, were selected as beneficiaries not following the identified criteria (number 21 and 22 in the Annex 5). Although Siauliai regional hospital has recently constructed the new building and installed modern medical equipment, it was included in the list because there is a strong need to improve health care specialists' professional qualification and the hospital additionally need two types of equipment (transport incubator (II priority list of medical equipment) and portable ultrasound stethoscope for heart tones of the foetus (III priority list of medical equipment)). Trakai hospital was also additionally selected as beneficiary because of the following reasons: currently high number of births (more than 500 births per year) despite the short distance (ca 25 km) from Vilnius hospitals, expected high number of births in the future, and high patients' satisfaction compared to other hospitals (more information regarding the reasons why Trakai hospital was selected as beneficiary can be found in feasibility study chapter 4.7.1 Criteria of selection of PHCI participating in the programme).

Health care institutions' infrastructure will be improved and medical equipment will be purchased during the Programme implementation period. Health care specialists will improve their professional competence and modern technology usage skills, better quality and accessibility of inpatient perinatal and neonatal health care services will be ensured and basic health indicators of Lithuanian population will become more similar to those of the more advanced countries of the EU.

During the Programme the improved service infrastructure, purchased medical equipment and, also, well and regularly trained professionals to work with it will ensure quality services for the development and availability of, and contribute to the Lithuanian social and economic welfare growth.

Sustainability of the Programme outputs and outcomes will be ensured using guaranteed funding source, i.e. State and compulsory health insurance funds. The hospitals selected to receive support under the Programme are expected to provide healthcare services in the foreseeable future and those services will be paid for by the Compulsory Health Insurance Fund, which ensures the continuity of their activities. Hospitals will gradually renew Medical equipment purchased during the Programme implementation using the State Investment Programme funds. There is no practice in Lithuania of professional anonymous clinical audit but the continuous improvement of health care services' quality will be ensured through experience sharing among health care specialists and through other commonly applied quality control procedures.

The Programme is aligned with the "Health care institutions and services restructuring third stage programme", approved under Resolution of the Government of the Republic of Lithuania No.1654 of 7 December, 2009. The ongoing health reform will not affect the Programme, the delivery departments in hospitals will not be closed as all the beneficiaries meet the requirements stated in "Pregnant, delivering women and neonates health care regulation", approved under the order of the minister of Health of the Republic of Lithuania No.117 of 17 March, 1999.

V. Programme justification

The feasibility study analysis showed that the medical equipment in most hospitals is more than 10 years old and part of that equipment had been purchased using previous Swiss government grants. The currently used medical equipment is obsolete and deteriorated, the condition of premises used for health care services provision doesn't satisfy the given requirements in some hospitals. 22 hospitals must be equipped with the necessary modern medical equipment and premises of 11 health care institutions must be repaired and adjusted for the medical equipment installation and usage.

3 priority lists of medical equipment are provided in the Annex 7. These priority lists were developed taking into consideration the hospitals' needs and experts' recommendations. I priority list includes the medical equipment that is necessary to satisfy the basic needs. It is planned to purchase all the equipment that is in priority I list and part of the equipment that is in priority II list. The equipment that is included in priority list III and the remaining part of equipment that is included in priority list II will be purchased only if Programme budget savings are achieved or the reserve funds are available and the Programme Steering Committee approves the decision. The purchased equipment will be distributed to the beneficiaries based on their ranking that is provided both in the Feasibility Study (section 4.7.2 Priority list of the hospitals participating in the programme and Annex 13 Lists of medical equipment offered for allocation for each PHCI) and in the Annex 8.

The analysis pointed out the need to improve collection of statistic data on the health of pregnant, delivering women and neonates and to expand the possibilities of sharing and analysing the collected data. It is recommended to develop and prepare for usage the computer database of pregnant, delivering women and neonates health records which would be used by all hospitals (currently 35 hospitals) for data collection and analysis purpose.

The feasibility study results indicated that the Clinics of Kaunas University of Medicine (obstetrics services), Klaipeda University Hospital and Vilnius City University Hospital (neonatal services) need vehicles with special equipment for safe transportation of neonates. It is recommended in the feasibility study to purchase the medical equipment for the vehicles and one vehicle for Klaipeda University Hospital at the beginning of the Programme implementation because they are highly needed. The other two institutions will be in need of new vehicles only in a few years therefore the purchase of two vehicles is planned at the end of the Programme implementation.

The analysis indicated that the diagnostics and treatment guidelines and protocols in health care institutions are not standardized, they are developed based on different experience and sometimes outdated literature, in some cases procedures and their descriptions are considered as guidelines and protocols. The development of diagnostics and treatment guidelines and protocols would allow standardizing the diagnostics and treatment of the most prevailing pathologies encountered in the aforementioned areas and would enable the provision of higher quality health care services to pregnant, delivering women and neonates. The developed protocols and guidelines will be distributed in the website of the Ministry of Health and in the websites of the Lithuanian Association of Obstetricians and Gynaecologists and Lithuanian Neonatology Association. The circular note regarding the application of the developed guidelines and protocols will be distributed among all stakeholders and the health care specialists will be informed about the requirement to apply the developed guidelines and protocols during the professional competence improvement activities. In case of a possibility, the prepared guidelines and protocols will be presented during the Programme trainings considering training topic.

The feasibility study results showed that health care specialists who provide health care services to pregnant, delivering women and neonates should improve their communication with clients and conflict management skills. Patient survey results indicated that competence and communication skills of nurses were evaluated worse than those of specialists who provide neonatal services. It was also indicated that specialists are inclined to renew their knowledge mostly in neonatal resuscitation and natural breastfeeding. It is recommended in the feasibility study to pay special attention to trainings of midwives and nursing personnel. Share of health care specialists recommended to train was identified:

| Level of services provided by the hospitals | Share of midwives and nurses recommended to train | Share of other specialists recommended to train |
|--|--|--|
| IIA | 60% | 30% |
| IIB | 50% | 25% |
| III | 40% | 20% |

According the recommendation of Lithuanian Neonatology Association and Lithuanian Association of Obstetricians and Gynaecologists the staff engaged in the provision of perinatal and neonatal services could increase their knowledge through the participation in conferences and seminars, while international internships would be very useful for them in assimilating modern technologies and taking over the experience of other countries. The list of measures related to the health care specialists' competence improvement is provided in the Annex 6.

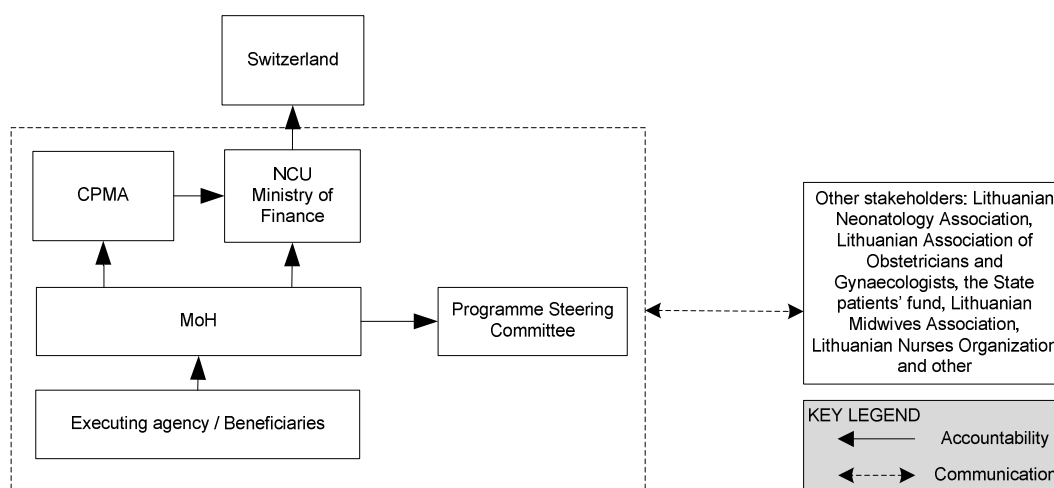
The reasoning and the final logical sequence of different Programme components will be prepared by the Executing Agency and provided to responsible Swiss institutions for no objection at a later stage. The necessary amendments to the sequence of different Programme components will be made depending on the course of the Programme activities

implementation. All amendments will be reported to and agreed with the responsible Lithuanian and Swiss institutions.

VI. Programme organization

Organizational set-up

The following key bodies will be involved in the implementation of the Programme: the Ministry of Finance (hereinafter – MoF), the Central Project Management Agency (hereinafter – CPMA), the Ministry of Health (MoH), Clinics of Kaunas university of medicine (Executing Agency) by MoH and the Programme Steering Committee (hereinafter – the Committee).



General responsibilities and functions

Ministry of Finance (MoF) will act as the National Coordination Unit (hereinafter – the NCU) in accordance with the NCU responsibilities defined in the Framework Agreement. Certain functions and responsibilities are delegated to the *CPMA* and will include the following:

- submit to the NCU conclusions on the Final Project Proposal's eligibility for financing;
- drafting and signing of the Programme and Project Implementation Agreements;
- perform the control of public procurement procedures as foreseen in the Programme and Project Implementation Agreements;
- check and approve the reports on the implementation of the Programme received from the Intermediate Body and submit them to the NCU;
- check if there is no double financing of any part of the Programme by any other source of funds;
- supervise and control the implementation of Projects in accordance with the Programme and Project Implementation Agreements by establishing adequate monitoring and auditing system;
- check the payment claims submitted by the Intermediate Body. Verify the eligibility of costs for financing considering the project implementation reports approved by the Intermediate Body and submit the respective conclusion to the Intermediate Body;
- if necessary, perform on-the-spot checks at the Project implementation locations;

- verify in each Project whether the Value Added Tax (hereinafter – the VAT) can be recovered by the Executing Agency and inform the Swiss authorities about it by submitting a relevant Executing Agency's declaration (hereinafter – the VAT declaration);
- upon the receipt from the NCU of information on the payment of Contribution and co-financing funds and the submission of approved Programme implementation reports intended for Swiss authorities, prepare and submit reimbursement requests together with the respective supporting documents to the Swiss authorities;
- in case of suspected irregularities in the use of Contribution and co-financing funds, perform the respective investigation and report accordingly to the NCU;
- recover unused or unduly paid or used Contribution and co-financing Funds from the Executing Agency in accordance with national legislation.

The Ministry of Health (MoH) will act as the Intermediate Body and will be responsible for the following functions:

- prepare the Final Project Proposal and submit it to the CPMA;
- submit the VAT eligibility declaration of the Executing Agency together with the Final Project Proposal to the CPMA;
- sign the Programme and Project Implementation Agreements;
- organize work of the Programme Steering Committee;
- check the compliance of payment claims and the respective supporting documents received from the Executing Agencies in accordance with the requirements of Framework Agreement, Project Agreement, Programme and project implementation agreements and submit them together with the approved Project implementation reports provided by Executing Agencies to the CPMA;
- upon the receipt from the CPMA of conclusions on the eligibility of costs, prepare payment applications to the State Treasury and submit them to the NCU;
- supervise the implementation of the Programme and perform the required control;
- if necessary, perform on-the-spot checks at the Project implementation locations;
- check for any irregularities and report on them to the NCU and the CPMA;
- prepare reports on the Programme implementation and submit them to the CPMA.

The Executing Agency chosen is Clinics of Kaunas University of Medicine (CoK). The criteria used to select the Executing Agency were developed by MoH and are attached in Annex 9. The Hospital of Kaunas University of Medicine is the largest multiprofile health institution in Lithuania. Presently more than 1000 highly qualified doctors and more than 2000 nursing specialists are working at the CoK. Up to 2000 in-patients could be admitted to the CoK at the same time. The CoK has 15 buildings which contain 35 profile clinics and 15 ambulatory departments (polyclinics). In 2009 the hospital had about one million out-patient visits, there were about 84000 in-patients and 61120 surgeries performed.

CoK has an extensive experience in organising public procurement. Its public procurement department was established in 2000. In recent years around 200 open and simplified tenders (most of them for purchasing medical equipment) and around 500 simplified purchases are being organised each year. This leads to around 900 contracts worth up to 200 million Lt being signed each year.

While improving the quality and availability of services provided, CoK has gained an extensive experience in organizing and implementing projects:

- 3 projects which were funded by EU are finished;
- 2 international aid projects one of which was funded by Swiss Government are finished.

Currently there are 14 projects jointly funded by EU and Republic of Lithuania being implemented by CoK. These projects will help to renew the hospital's infrastructure (by purchasing new medical equipment, renewing

administrative and health care facilities, building new blocks), improving personnel competence, creating a friendly environment for patients and personnel. CoK is the main coordinator of the project “The reduction of morbidity and mortality due to heart and blood-vessel diseases of middle and west Lithuania citizens by modernizing and optimizing health care system infrastructure and provided services” in which 34 other Lithuanian hospitals are participating (project’s worth 156 million Lt).

The Executing Agency responsible for the following functions:

- submit the VAT eligibility declaration to the Intermediate Body;
- sign Project Implementation Agreements and ensure the compliance with their provisions;
- organize the process of public procurement;
- check and certify the quantity and quality of provided services and delivered goods and their compliance with the provisions of the Project implementation agreement and respective procurement Contracts;
- prepare and submit Project implementation reports and other necessary information concerning project implementation and the use of Contribution, co-financing and own resources (if any);
- prepare payment claims and submit them together with the interim Project implementation reports, audit confirmation and certified copies of the supporting documents of the verified Project costs to the Intermediate Body;
- in case of suspected irregularities in the use of Contribution and co-financing funds, report them to the Intermediate Body;
- on the request of the CPMA, refund the unduly paid and (or) used sums of Contribution and co-financing part
- is responsible that there is no double financing of any part of the Project by any other source of funds.

The *Programme Steering Committee* (hereinafter - the Committee) is established as a joint committee for the Programmes “Improvement of perinatal and neonatal health care services in Lithuania” and “Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services”, as the Programmes are interrelated and their implementation require coordination of activities.

The Committee is composed of the representatives of the MoH (chair), MoF, CPMA, Lithuanian Neonatology Association, Lithuanian Association of Obstetricians and Gynaecologists, Lithuanian nursing specialists organisation, Lithuanian Obstetricians union, the State patients’ fund and acts in accordance with the work regulation, approved under the Lithuanian-Swiss cooperation programme Steering Committee ruling of 18 February, 2009 (protocol No.1).

The representative of the Swiss contribution office will be invited to the Committee meetings as an observer. Switzerland will have a non-objection right regarding decisions on activities to be implemented. The roles and responsibilities of the Committee include but are not limited to:

- make recommendations on the Final Project Proposals drafted by MoH;
- make the decision on the list of the beneficiaries, scope and budgets of the Projects within the Programmes suggested by the MoH;
- approve operational and financial parts of the Programme Reports;
- make the decision on modifications of plan and budget of Projects within the Programmes;
- monitor the implementation of the Programmes on the overall level (if it is in line with the Project Agreement);
- take any measures considered necessary to fully achieve the planned objectives of the Programmes.

The Committee meeting will be held at least once a year. The Committee decisions will be made by the majority of votes and will be valid if 2 /3 of all members are present at the meeting.

Organizational schemes “Contractual Arrangements” and “Payment, reporting and reimbursement process” are provided in the Annexes 1 and 2.

VII. Programme Budget

Table 1

| | Eligible costs (m CHF) | | | | Non-eligible costs (m CHF) | Total project costs (grant + co-financing) (m CHF) |
|---|------------------------|-----------------------|---------------|-------------------------------------|----------------------------|--|
| | Amount of grant | National Co-financing | | | | |
| | | National public funds | Other sources | Total co-financing of the programme | | |
| Programme implementation direct costs | 23.490 | 4.146 | - | 4.146 | - | 27.636 |
| Programme management costs for Intermediate Body | 0.450 | 0.079 | - | 0.079 | - | 0.529 |
| Reserve | 2.660 | 0.469 | - | 0.469 | - | 3.129 |
| Total | 26.600 | 4.694 | - | 4.694 | - | 31.294 |

Table 2

| Eligible costs of the Programme | Total amount (grant + co-financing) m CHF, without VAT | Total amount (grant +co-financing) m CHF, with VAT |
|---|--|--|
| Programme implementation direct costs | | |
| Procurement and installation of modern medical equipment | 17.424 | 21.083 |
| Procurement of vehicles with special equipment for safe transportation of neonates | 0.112 | 0.136 |
| Repair of health care institutions' premises | 1.943 | 2.351 |
| Health care specialists' professional competence improvement | 1.597 | 1.932 |
| Development of diagnostics and treatment guidelines and protocols in obstetrics and neonatology | 0.560 | 0.560 |
| Development and installation of computer database of pregnant, delivering women and neonates health records | 0.421 | 0.509 |
| Management costs for executing agency | 1.025 | 1.065 |
| Costs of administrative personnel | 0.835 | 0.835 |
| Publicity | 0.004 | 0.005 |
| Audit | 0.146 | 0.177 |
| Translation | 0.021 | 0.025 |
| Other costs (car rent, laptops, etc) | 0.019 | 0.023 |
| Total Programme implementation direct costs | 23.082 | 27.636 |
| Programme management costs for Intermediate Body | 0.484 | 0.529 |
| Costs of administrative personnel | 0.268 | 0.268 |
| Publicity | 0.026 | 0.031 |
| Audit | 0.056 | 0.068 |
| Translation | 0.012 | 0.014 |
| Programme impact evaluation | 0.113 | 0.137 |
| Other costs (car rent, laptops, etc) | 0.009 | 0.011 |
| Reserve | | 3.129 |
| TOTAL | | 31.294 |
| of which VAT | | 4.599 |

The Intermediate Body's personnel's performing the administrative duties management costs are detailed in the table No.3 given below.

Table 3

| Administrative duties | Staff (%) | Duration (month) | Salary (Lt/month) | Total amount (grant + co-financing) m LTL, with VAT | Total amount (grant +co-financing) m CHF, with VAT |
|---|------------------|-------------------------|--------------------------|--|---|
| Costs of administrative personnel | | | | 590,220 | 268,282 |
| Programme coordinator - day to day programme management, reporting, evaluation | 100 | 72 | 5,465 | 393,480 | 178,855 |
| Accountant - budget planning, payments, bookkeeping | 25 | 72 | 5,465 | 98,370 | 44,714 |
| Assistant/ publicity coordinator - all publicity activities, work with target group, paper work | 25 | 72 | 5,465 | 98,370 | 44,714 |

Note:

1. Programme implementation direct costs include management costs for executing agencies that cannot exceed 5% from total direct costs.
2. Saved Management costs can be used for other purposes related to the Programme implementation based on the decision of the Joint Steering Committee (suggested by the MoH).
3. Co-financing of the Programme from the State Budget of the Republic of Lithuania will amount to 15% of the total Programme eligible costs. All payments will be made by exact rate of 85% from the Swiss Contribution and 15% from the national co-financing.
4. All Executing Agencies (beneficiaries) under national regulations cannot recover VAT for activities implemented under the Programme, therefore all VAT related costs are eligible.
5. Exchange rate used in Programme budget assessment - CHF 1 = LTL 2.2.

Eligible and non-eligible costs of the Programme

The following costs shall be **eligible** within the Programme:

Direct costs (eligible costs which can be attributed directly to the Programme implementation and are identified by the Executing agency as such, in accordance with its accounting principles and usual internal rules):

- **Medical equipment:** costs of medical equipment (incl. installation) that is necessary for Programme implementation.
- **Vehicles:** costs of vehicles with special equipment for safe transportation of neonates.
- **Repair:** repair costs are eligible only if (a) they are related to repair and adjustment for medical equipment installation and usage of those premises where health care services to neonates, pregnant and delivering woman are provided and (b) they are related to repair works that are necessary to ensure provision of quality health care services (c) they are not related to introduction of energy efficient technologies.
- **External services:** costs of the computer database development and implementation services; costs of the computer database development and implementation technical supervision services; cost of the health care specialists' training, preparation of guidelines and other appropriate services.
- **Personnel / staff:** personnel / staff costs are eligible, if (a) costs are directly attributed to the development of diagnostics and treatment guidelines and protocols in obstetrics and neonatology and b) the staff involved in the development of diagnostics and treatment guidelines and protocols is identified personally/specifically

(c) each person of the personnel is temporary engaged for the Programme implementation period and works exclusively on the development of diagnostics and treatment guidelines and protocols, (d) each person of the personnel is not a public official. Eligible personnel costs include: salaries, social security contributions and all other statutory costs related to employment obligations.

- **Internship costs:** costs of travel and subsistence allowances, conference/seminar/workshop participant fees are eligible provided they relate directly to the improvement of health care specialists' professional competence and modern technology usage skills and are relevant to the Programme implementation.
- **Management costs for Executing Agencies:** costs of administrative personnel (salaries, social security contributions and all other statutory costs related to employment obligations), publicity measures, audit (financial audit of payment claims), translation and other management related services. Costs of administrative personnel are eligible, if (cumulatively) a) they are directly attributed to the management activities, b) they do not exceed usual salary rates at the institution involved, c) the staff involved in the management activities is identified personally/specifically, d) each person of the administrative personnel is temporary engaged for the Programme implementation period and works exclusively on management related activities, e) each person of the administrative personnel is not a public official.

Programme management costs for Intermediate Body (such costs cannot exceed 10 % of total eligible Programme costs):

- **Personnel / staff:** costs of administrative personnel are eligible, if (cumulatively) a) they are directly attributed to the Programme management, b) they do not exceed usual salary rates at the institution involved c) the staff involved in the Programme management is identified personally/specifically, d) each person of the administrative personnel is temporary engaged for the Programme implementation period and works exclusively on Programme management related activities, e) each person of the administrative personnel is not a public official. Eligible administrative personnel costs include: salaries, social security contributions and all other statutory costs related to employment obligations.
- **Publicity:** cost of publicity measures (conference, information meetings, newspaper articles, printed materials (brochures, folders), media advertisements, etc.) aimed to present and discuss the Programme results.
- **Other costs:** costs of audit, translation, the Programme impact evaluation and other management related services directly linked to the Programme management.

Reserve can be used for costs related to the Programme implementation.

VAT costs are eligible if the Executing Agency according to the national regulations cannot include them into the VAT declaration and recover, as it is stated in the Framework Agreement.

The following costs are **not eligible** within the Programme:

- repair of hospital administrative premises;
- charges for financial transactions, foreign exchange commissions and losses connected with currency exchange rates;
- expenditures incurred before or after the dates of eligibility;
- interest on debt, purchase of land/real estate;
- fines, financial penalties and expenses of litigation;
- activities supported from other resources;
- in kind contribution;
- **VAT**, if it is recoverable under national regulations, as it is stated in the Framework Agreement.

Cost efficiency aspects versus alternatives

The Programme's implementation without the Swiss contribution would be much smaller regarding the coverage and scope of its activities and would extend over a longer period due to the limited availability of the financial resources.

The alternatives and cost efficiency aspects were elaborated in greater detail in the feasibility study. The needs of health care institutions were analysed, lists of equipment needed (see Annex 7) were prepared, i.e. the main list (I priority) and two reserve lists (II and III priority), the justified need for repair works was evaluated, the staff qualification was analysed and the criteria for the alternatives evaluation / beneficiaries selection (based on the extent of the supplied health care services, the status of currently used equipment, the cost of investment and other aspects) were developed. The most cost effective alternatives were chosen and the hospitals receiving support were selected based on the feasibility study results.

VIII. Programme publicity

“Publicity guidelines for the Lithuanian-Swiss cooperation programme which is aimed at reduction of economic and social disparities within the enlarged European Union” approved under the order of the minister of Finance of the Republic of Lithuania No. 1K-031 of 9 February, 2010 will be followed when disseminating information about the Programme implementation.

The main publicity measures that are planned to be used are the following: conference, information meetings, newspaper articles, printed materials (brochures, folders), media advertisements, etc. The publicity related activities and events will be coordinated between the programmes “Improvement of perinatal and neonatal health care services in Lithuania” and “Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services” because they are related and will be implemented in close cooperation in order to maximise the impact on the perinatal and neonatal health care services.

Detailed Programme publicity plan will be prepared when developing the Programme implementation agreement.

IX. Procurement

Executing agency and Intermediate Body are responsible for public procurements. Programme procurements will be made in accordance with the respective national Law on public procurement and regulations and in compliance with the respective EU directives. All tender documents will contain an integrity clause and will be provided to Switzerland as required in the Framework Agreement. The procurement plans will be prepared by the Executing Agencies and submitted to CPMA for approval after the signing of the Programme Implementation Agreement.

Executing agency will be responsible for these procurements:

1. Medical equipment and vehicles with special equipment for safe transportation of neonates.
2. Repair works.
3. Technical assistance services of development and implementation of the computer database.
4. Computer database development and implementation services.
5. Health care personnel training services.
6. Management services: translation, publicity, audit (financial audit of payment claims) services.

Intermediate Body will be responsible for these procurements:

1. Programme publicity services.
2. Programme audit services.
3. Translation services.
4. Programme impact evaluation services.

It is foreseen that the procurement of medical equipment will be carried out by the Executing Agency with the beneficiary hospitals involved in the process: one type (or a few types) of medical equipment will be purchased for all the hospitals and distributed to those hospitals which need that particular type of medical equipment, and then there will be the same procedures applied for the purchase and distribution to the hospitals of the next type of medical equipment. The details of the beneficiary hospitals involvement and responsibilities shall be described in the Programme and Project implementation agreements.

X. Development Impact

The Programme implementation will allow improving the quality of health care services to pregnant, delivering women and neonates, reducing the disparities between the peripheral regions and urban centres in Lithuania and ensuring the sustainability of health care system in Lithuania.

The activities implementation and Programme results will contribute to achieving the main objectives of the Lithuanian-Swiss cooperation programme and approaching the level of health indicators observed in more advanced Member States of the EU.

The Programme monitoring will be done according to the key performance indicators, detailed in Annex 3. The

Programme impact will be evaluated by external service providers/experts prior and after Programme activities implementation. The wording of the Key performance indicators and their values will be reviewed during the initial Programme impact evaluation.

XI. Programme Horizontal Issues

| | |
|---|--|
| Environmental aspects of the Programme | <p>The Programme activities implementation and the Programme outcomes will have positive impact on the environment and sustainable development: the medical equipment to be procured will be clean and safe in terms of its environmental performance and it will use energy in an efficient way, new vehicles will conform to the norms set on the emissions of exhaust fumes, repair works will be carried out effectively using environmentally friendly technologies and materials.</p> |
| Social and economical aspects of the Programme | <p>The Programme will enable health care institutions to continue improving the accessibility and quality of inpatient perinatal and neonatal health care services, which in turn will reduce the gap between the periphery and urban areas and ensure the sustainability of health care services.</p> <p>Timely provision of high quality health care services to pregnant, delivering women and neonates in the long-term perspective will translate into better health, working capacity and life quality of the Lithuanian population and a longer life expectancy in the country. Healthy population paying taxes is one of the key factors contributing to the growth of the Gross Domestic Product. Moreover, better health of the citizens presupposes their successful integration into the labour market, which eventually means that the State will be relieved from the burden of paying social benefits and/or incapacity pensions.</p> <p>Contribution to the socially and economically sustainable development of the country will be ensured during the Programme implementation. Usage of financial support and new orders for repair works will have positive impact on companies operating in Lithuanian construction sector and other related sectors. The whole Lithuanian economy will be impacted positively because of tax payments and additional job-creation.</p> |
| Gender equality | <p>The improved infrastructure of the Lithuanian health care institutions providing perinatal and neonatal health care services will ensure equal accessibility and quality of the services to all patients irrespective of their gender, religion or other discriminative factors and the observance of the key principle whereby the only criterion for providing health care services shall be the need for such services.</p> <p>Health care specialists engaged in the provision of obstetric and neonatal services will take part in professional competence improvement activities irrespective of their gender, religion or other discriminative factors.</p> |

ANNEX 3 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT “IMPROVEMENT OF PERINATAL AND NEONATAL HEALTH CARE SERVICES IN LITHUANIA”

INDICATIVE BUDGET

| Eligible costs of the Programme | Total amount (grant +co-financing) m CHF, with VAT |
|---|---|
| Heading 1: Programme implementation direct costs for purchasing of medical equipment, vehicles, repair works, external services, personnel/staff costs and internship costs: | 26.571 |
| 1.1 Procurement and installation of modern medical equipment | 21.083 |
| 1.2 Procurement of vehicles with special equipment for safe transportation of neonates | 0.136 |
| 1.3 Repair of health care institutions’ premises | 2.351 |
| 1.4 Health care specialists’ professional competence improvement | 1.932 |
| 1.5 Development of diagnostics and treatment guidelines and protocols in obstetrics and neonatology | 0.560 |
| 1.6 Development and installation of computer database of pregnant, delivering women and neonates health records | 0.509 |
| Heading 2 : Management costs for executing agency: | 1.065 |
| 2.1 Costs of administrative personnel | |
| 2.2 Publicity | |
| 2.3 Audit | |
| 2.4 Translation | |
| 2.5 Other costs (car rent, laptops, etc.) | |
| Total Headings 1 and 2: Total Programme implementation direct costs | 27.636 |
| Heading 3: Programme management costs for Intermediate Body: | 0.529 |
| 3.1 Costs of administrative personnel | |
| 3.2 Publicity | |
| 3.3 Audit | |
| 3.4 Translation | |
| 3.5 Programme impact evaluation | |
| 3.6 Other costs (car rent, laptops, etc) | |
| Heading 4: Reserve | 3.129 |
| TOTAL | 31.294 |

ANNEX 4 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT “IMPROVEMENT OF PERINATAL AND NEONATAL HEALTH CARE SERVICES IN LITHUANIA”

Logframe. Improvement of Perinatal and Neonatal Health Care Services in Lithuania

| Strategy of Intervention | Key Performance Indicators² | Sources of Verification | Assumptions (external Factors / risks) |
|--|---|---|---|
| Overall objective (Impact) | Objectively verifiable overall objective (impact) indicators | Sources of Verification | |
| <ul style="list-style-type: none"> To improve the perinatal and neonatal health care system in Lithuania. | <ul style="list-style-type: none"> Continued improvement of health indicators in Lithuania: <ol style="list-style-type: none"> Pregnant women and maternal mortality rates approach to the "EU before 2004" average (5.36 in 2007); Neonatal mortality rates approach to the "EU before 2004" average (2.63 in 2007); Number of cumulative averted lethal neonatal cases during project reaches 20. | Statistical data Programme implementation reports | Intended change of statistical forms |
| Project purpose/s (Outcome/s) | Objectively verifiable project purpose/s (outcome/s) indicators | Sources of Verification | Assumptions |
| <ul style="list-style-type: none"> To improve the quality of health care services to pregnant, delivering women and neonates. To improve collection of statistic data on the health of pregnant, delivering women and neonates and to expand the | <ul style="list-style-type: none"> Improved patients satisfaction with conditions in hospitals (baseline Ernst & Young survey 2010); All neonates are transported safely (base line – 195 neonates out of 961 (2009) were transported with ambulances that meet up-to-date safety level); Not less than 20.000 delivering woman have access to upgraded quality services. Data of not less than 30.000 delivery cases become accessible through on-line database (base line – no access); | Programme implementation reports Audit reports Seminars/ training/ workshops attendance list/ certificates/ patient surveys | Continued political support in Lithuania and co-financing for the implementation of the Programme |

²The wording of the Key performance indicators and their values might be amended during the Programme impact evaluation that will be carried out before the Programme activities implementation.

| Strategy of Intervention | Key Performance Indicators ² | Sources of Verification | Assumptions (external Factors / risks) |
|---|---|--|--|
| possibilities of sharing and analysing the collected data. | | | |
| Results (Outputs) | Objectively verifiable results (outputs) indicators | Sources of Verification | Assumptions |
| <ul style="list-style-type: none"> • Hospitals equipped with the necessary modern medical equipment for providing high quality perinatal and neonatal health care services. • Health care institutions provided with vehicles with special equipment for safe transportation of neonates. • Health care institutions whose premises are repaired and adjusted for medical equipment installation and usage. • Developed guidelines and protocols of diagnostics and treatment in obstetrics and neonatology. • Health care specialists engaged in the provision of obstetric and neonatal services whose professional competence and modern technology usage skills are improved. • Computer database of pregnant, delivering women and neonates health data developed and prepared for usage in health care institutions. | <ul style="list-style-type: none"> • 22 hospitals equipped with the necessary modern medical equipment for providing high quality perinatal and neonatal health care services. • Vehicles with special equipment for safe transportation of neonates provided to 3 hospitals. • Premises of 11 health care institutions repaired and adjusted for medical equipment installation and usage. • 70 guidelines and protocols of diagnostics and treatment in obstetrics and neonatology developed. • Improved professional competence and modern technology usage skills of not less than 1300 health care specialists engaged in the provision of obstetric and neonatal services. • 1 computer database of pregnant, delivering women and neonates health data developed and prepared for usage in health care institutions. | Contractor's reports Programme implementation reports Audit reports Other Programme documentation Website of the Ministry of Health | Qualified staff can be retained in medium and long-term Continued political support in Lithuania and co-financing for the implementation of the Programme Restructuring process in health sector does not result in discontinued healthcare services provision in hospitals selected to participate in the Programme |
| Activities | Means (Inputs) | Sources of Verification | Assumptions |
| <ul style="list-style-type: none"> • Procurement and installation of modern medical equipment to provide better health care services to pregnant, delivering women and neonates. • Procurement of vehicles with special equipment for safe transportation of neonates. • Repair of health care institutions' premises adjusting them for medical equipment installation and usage. • Health care specialists' who provide perinatal and neonatal health care services professional competence improvement through conferences, seminars, international internships and other means. • Development of diagnostics and treatment guidelines and protocols in obstetrics and neonatology. • Development and installation of computer database of pregnant, delivering women and neonates health records. • Programme administration related activities. | <ul style="list-style-type: none"> • Tenders for supply and services. • Supply and service contracts signed and implemented. | Contractor's reports Project implementation reports Tender documentation on services/supply Service/supply contracts Service/supply acceptance certificates Audit reports | Qualified contractor selected via public procurement Smooth cooperation between contractor and Intermediate Body/Executing agency |
| | | | Preconditions |

| Strategy of Intervention | Key Performance Indicators² | Sources of Verification | Assumptions (external Factors / risks) |
|---------------------------------|---|--------------------------------|--|
| | | | Final project proposal approved by the Swiss authorities |

Annex 5 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT “IMPROVEMENT OF PERINATAL AND NEONATAL HEALTH CARE SERVICES IN LITHUANIA”

Indicative Disbursement Plan

I. Disbursements for reimbursement of advance payments paid by NCU:

| Reporting period No. | Reporting period | Documents to be added to the Reimbursement Request for Advance Payment | Forecast disbursement amount, CHF |
|----------------------|--|--|-----------------------------------|
| 1. | <i>Date of the signature of the Agreement – 30 June 2012</i> | N/A | 170.400 |
| 2. | 01 July 2012 – 31 December 2012 | N/A | 1.040.000 |
| 3 | 01 January 2013 – 30 June 2013 | N/A | 824.000 |
| TOTAL | | | 2.034.000 |

II. Disbursements for reimbursement of eligible expenditures incurred (including advances paid to suppliers):

| Reporting period No. | Reporting period | Documents to be added to the Reimbursement Request | Forecast disbursement amount, CHF |
|----------------------|--|--|-----------------------------------|
| 1. | <i>Date of the signature of the Agreement – 30 June 2012</i> | Interim Report | 1.000.000 |
| 3. | 01 July 2012 – 31 December 2012 | Interim Report | 6.000.000 |
| 3. | 01 January 2013 – 30 June 2013 | Interim Report | 4.000.000 |
| 4. | 01 July 2013 – 31 December 2013 | Interim Report | 4.300.000 |
| 5. | 1 January 2014 – 30 June 2014 | Interim Report | 3.000.000 |
| 6. | 1 July 2014 – 31 December 2014 | Interim Report | 2.300.000 |
| 7. | 1 January 2015 – 30 June 2015 | Interim Report | 1.000.000 |
| 8. | 1 July 2015 – 31 December 2015 | Interim Report | 500.000 |
| 9. | 1 January 2016 – 30 June 2016 | Interim Report | 998.600 |
| 10. | 1 July 2016 – 13 December 2016 | Interim Report+ First final report | 1.400.000 |
| 11. | 13 December 2016 – 13 June 2017 | Second final Report | 67.000 |
| TOTAL | | | 24.565.600 |