

THE LITHUANIAN-SWISS COOPERATION PROGRAMME

PROJECT AGREEMENT

BETWEEN

THE STATE SECRETARIAT FOR ECONOMIC AFFAIRS

AND

THE MINISTRY OF FINANCE OF THE REPUBLIC OF LITHUANIA

ON THE GRANT

FOR

**PROJECT "INTRODUCTION OF ENERGY EFFICIENT TECHNOLOGIES INTO THE
LITHUANIAN HOSPITALS PROVIDING PERINATAL AND NEONATAL HEALTH CARE
SERVICES"**

TO BE IMPLEMENTED DURING THE PERIOD

21.12.2011 – 13.12.2016

The State Secretariat for Economic Affairs (SECO) 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 “Introduction of Energy Efficient Technologies into Lithuanian Hospitals Providing Perinatal and Neonatal Health Care Services” (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 State Secretariat for Economic Affairs (SECO) 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 one of the Executing Agencies for the implementation of each concrete project;

"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;

"Concrete project" means the single project to be implemented by each of the Executing Agencies;

"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 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 to or exceeds CHF 350'000 each and after this payment 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 the Executing Agency has been made by the NCU to the Intermediate Body or/and to the Executing Agency.

"Executing Agency" means a hospital implementing a concrete project financed from the Project.

"Swiss Contribution Office for Estonia, Latvia and Lithuania" means the institution representing the SECO 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 in perinatal and neonatal health care services as well as to contribute to the reduction of environmental pollution in Lithuania.

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 SECO (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 22'353'000 (twenty-two million three hundred fifty three thousand). The estimated eligible cost of the Project amounts to CHF 22'353'000 (twenty-two million three hundred fifty three thousand).
- 3.2. Switzerland shall provide a Grant **in Swiss Francs amounting to maximum CHF 19'000'000 (nineteen million)**, 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 or the Executing Agency or by the final recipient.
- 3.6. 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.
- 3.7. 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 on 14 June 2017.
- 3.8. 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 (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, chapter 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 4.6 and 4.7.
- 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 Management Cost related Advance Payment(s) shall be made by Switzerland 45 (forty-five) calendar days after an advance payment(s) for the Executing Agency is done by the NCU and after the Reimbursement Request(s) for Advance payment is submitted by the NCU.
- 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 submitted to Switzerland by the NCU.
- 4.7. A maximum amount of 20 (twenty) percent of the value of contract(s) for works, goods and services 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(s) 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 5.7.4), 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.
- 4.8. 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 4.11.
- 4.9. Reimbursement Requests referred to in Articles 4.3, 4.5 and 4.7 of this Project Agreement must be received by Switzerland no later than six months after the final dates of eligibility of costs (cf. Article 3.7)
- 4.10. The 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. The 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.

- 4.11. 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 Agencies 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 Agencies are responsible for the publication of all tenders with the exception of tenders related to 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 each contract.
- 5.5. For tenders exceeding the threshold of CHF 100'000, with the exception of tenders listed in Article 5.7 and tenders for management costs of the Intermediate Body and Executing Agencies, 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 SECO 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 Agencies provide to SECO for publication on their homepage and in the Swiss national magazine an English translation of the summarized contract notice. Only the Lithuanian version of the summarized contract notice is the authentic version. The translation shall be provided simultaneously with submission of the tender announcement to the Public Procurement Office of the Republic of Lithuania (hereinafter referred to as "Public Procurement Office") containing, 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 tender announcement on the SECO homepage and in Swiss national magazine 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 the tenders - Equipment and Works for Kaunas Clinical Hospital and Equipment and Works for Klaipeda University Hospital- the following conditions shall apply:

1. Switzerland shall receive a copy of tender documents for non-objection at the latest 20 calendar days before commencement of tendering;
 2. Switzerland shall have the right to participate in the tender opening meeting as an observer;
 3. 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;
 4. Switzerland shall receive copies of all procurement contracts for information at the latest 20 calendar days after signing the procurement contracts;
 5. Possible translation costs could be borne by the Project and financed under the Contribution.
 6. A confirmation of compliance with the relevant procurement rules shall be provided to SECO by the NCU within 30 calendar days after the award of the contract for information purposes.
- 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 SECO

- 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 each Executing Agency. The Project Implementation Agreements 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 time 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 ensure that the Final Financial Audit is done in due time and in line with the International Standards and national legal acts.
- 6.8. SECO shall, whenever requested, assist the NCU in the planning, implementation, controlling and evaluation of the Project.
- 6.9. SECO shall approve Project's operational and financial reports and audits when all conditions are met. Once approved, SECO will disburse payments according to the financial planning of the Project.
- 6.10. All communication to SECO with regard to this Project Agreement shall be directed to the Swiss Contribution Office for Estonia, Latvia and Lithuania, which generally represents SECO 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 Intermediate Body will implement the Project financed under this Project Agreement:
- 7.3. Executing Agencies are the hospitals providing perinatal and neonatal health care services and implementing the Concrete projects financed under this Project Agreement:
- 7.4. Strategic decisions related to the Project are taken by the Programme Steering Committee. The Programme Steering Committee shall hold at least one meeting a half a year. If deemed necessary by one of the voting members of the Programme Steering Committee, additional meetings are to be held. 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 Project implementation reports;

- 3) Modify the 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 Project 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 Project objectives. 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 Lithuanian-Swiss Cooperation Programme 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 3.7). Also the second Project Completion Report is due no later than 13 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 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 Project Agreement to 31st of December, 2014. Conclusions and recommendations have to be presented to Switzerland by the NCU not later than 30st 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. SECO 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 Executing Agencies 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 (ten) 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 Project sites 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 SECO,

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 Secretariat for Economic Affairs (SECO)
Swiss Contribution
Holzikofenweg 36
3003 Bern
Switzerland
Tel: +41 31 324 08 79 / Fax: +41 31324 09 65

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 arbitral 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 heading 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 headings 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 heading presented in Annex 3 of this Project Agreement, as well as any strategic changes or conceptual adjustments to the Project 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 State Secretariat for Economic Affairs

For the Ministry of Finance
of the Republic of Lithuania

Gabriela Nützi Sulpizio
Ambassador

Rolandas Kriščiūnas
Vice-minister

**ANNEX 1 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT
“INTRODUCTION OF ENERGY EFFICIENCY TECHNOLOGIES INTO THE LITHUANIAN
HOSPITALS PROVIDING PERINATAL AND NEONATAL HEALTH CARE SERVICES”**



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs FDEA
State Secretariat for Economic Affairs SECO
Economic Cooperation and Development
Infrastructure Financing

CH-3003 Bern, SECO WEIN /seco/gym

A-Post

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

Reference: 2011-04-18/412
Our reference: gym
Bern, 21.04.2011

Decision on Final Project Proposal

Dear Mr Krisciunas

We are pleased to inform you that the following Final Project Proposal has been approved for financing by Switzerland:

Project title: Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services.
Responsible institution: Ministry of Health
Submitted to Switzerland on: 11 November 2010

We therefore kindly ask you to transmit this decision to the Ministry of Health. According to Annex 2, point 3, a Project Agreement needs to be negotiated between and signed by the Ministry of Finance of Lithuania and the Swiss Embassy on behalf of the State Secretariat for Economic Affairs.

In the meantime, we would like to underline our excellent cooperation, which we are looking forward to continue.

Yours sincerely,

State Secretariat for Economic Affairs SECO

Guy Bonvin

Head of Infrastructure Division

State Secretariat for Economic Affairs SECO
Michelle Gysin
Holzkofenweg 36, 3003 Bern
Tel. +41 (31) 324 08 79, Fax +41 (31) 324 09 65
michelle.gysin@seco.admin.ch
www.seco.admin.ch

**ANNEX 2 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT
“INTRODUCTION OF ENERGY EFFICIENCY TECHNOLOGIES INTO THE LITHUANIAN
HOSPITALS PROVIDING PERINATAL AND NEONATAL HEALTH CARE SERVICES”**



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



LITHUANIAN – SWISS
COOPERATION PROGRAMME



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 „Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services”

I. Project Summary

Project title	Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services	
Project type	Programme	
Planned Programme duration	2011-2017	
Priority sector	Environment and Infrastructure	
Location/region	The entire territory of the Republic of Lithuania	
Programme Objective	1. Improved quality of health care in perinatal and neonatal health care services in Lithuania. 2. Contribution to the reduction of environmental pollution	
Programme Goals	1. To increase energy efficiency in perinatal and neonatal health care services. 2. To improve microclimate in perinatal and neonatal health care services. 3. To improve reliability of medical gas supply systems in perinatal and neonatal health care services.	
Programme Results (outputs)	1. Thermal insulation installed. 2. Energy efficient engineering systems installed and operational. 3. Microclimate improvement engineering systems installed and operational. 4. Rehabilitated and modernized vacuum and oxygen supply systems installed and operational.	
Programme Budget	Total eligible Programme costs, m CHF	22.353
	Requested grant, m CHF	19.000
	Grant % of total eligible costs	85%
	Co-financing, m CHF	3.353
	Co-financing % of total eligible costs	15%
Programme Partners	N/A	

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>Mrs Asta Leonienė</u> Chief specialist Department of Health Policy and Economics Ministry of Health Address: Vilniaus str. 33, LT-01506 Vilnius, Lithuania</p>

	<p>Tel. no: +370 5 260 3301 Fax no: +370 5 266 1402 E-mail address: asta.leoniene@sam.lt</p>
<p>Previous, relevant experience</p>	<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 2004-2006 Single Programming Document (structural funds’ support) the separate measure “Restructuring and modernization 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 morbidity and mortality caused by cardiovascular diseases and development and modernization of family doctor services infrastructure. These activities 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 treatment and 129 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 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 specialists).</p>

III. Programme relevance

The Programme on the introduction of the energy efficient technologies into the Lithuanian hospitals 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 “Rehabilitation and modernization of basic infrastructure and Improvement of the environment“, the Programme approach with 1 objective – “to enhance hospital infrastructure in order to improve health services while protecting the environment and increasing energy efficiency” – was chosen.

The Programme is designed for the hospitals providing perinatal and neonatal health care services. This Programme is closely related to another Programme in the focus area “Health”, which objective is “to improve the perinatal and neonatal health care system”. In order to reach maximum effect in this health care focus area both programmes focus on hospitals providing perinatal and neonatal health care services.

The European Union attaches great significance to the issue of sustainable development of energy and promotion of more efficient use and saving of energy resources. One of the key indicators, based on which the situation in terms of energy efficiency in different Member States is evaluated, is the final energy intensity expressed as the ratio of final energy consumption per unit of Gross Domestic Product (GDP). In 2005, the final energy intensity in Lithuania stood at 318 (kgtoe/thou USD at prices as of 2000), whereas in more advanced Member States of the EU (EU-15) it was 129 (kgtoe/thou USD at prices as of 2000), i.e. nearly 2.5 times higher. The above figures suggest that in the area of energy efficiency Lithuania still lags behind other more advanced EU Member States. One of the major reasons for non-efficient use of energy is the use of obsolete equipment and technologies consuming high volumes of energy and the poor thermal insulation of buildings.

The majority of the Lithuanian hospitals were built in 1960 – 1980 and constructed in compliance with the standards which existed in the former Soviet Union at that time, and this determines low energy efficiency performance of buildings. Quite a number of facilities, wherein perinatal and neonatal health care services are provided, (hereinafter hospitals/departments) have rather poor thermal insulation and therefore consume large volumes of energy for heating purposes.

Another problem faced by hospitals/departments equipped in old buildings is related to obsolete and inefficient engineering systems (heating, water supply, etc.) which generate high energy losses.

Some hospitals/departments are connected to the district heating network, which means that they are supplied with heat in a centralized way and have limited possibilities to regulate their consumption of heat. Energy losses due to insufficient thermal insulation of buildings and poor state of heating stations prevent the hospitals/departments from maintaining the required level of interior temperature. In addition, the problem is further aggravated by a poor state of ventilation and air conditioning systems. To get a better look at the situation, in 2008 the Ministry of Health carried out a questionnaire-based survey of hospitals/departments on the state of their ventilation/air conditioning systems. The survey covered 31 hospital providing perinatal and neonatal health care services, 19 whereof reported their ventilation/air conditioning system being of a bad and a very bad state and as many as 23 respondents stated the absence of any air conditioning system. Poor condition of ventilation/air conditioning systems prevents from ensuring the compliance of the premises, wherein the respective departments are equipped, with the applicable hygiene norms set on the microbial contamination that represents the major source of infection.

In more general terms, poor thermal insulation of hospital buildings and bad state of their engineering systems makes the task of creating proper working conditions for the medical staff, and ensuring safe environment and quality services to the recipients of perinatal and neonatal health care services rather complicated.

It should be noted, however, that the state of infrastructure varies across hospitals/departments. Some institutions have already put in place the measures aimed at improving thermal insulation of their buildings and renovated part of the engineering systems from the State Capital Investment Programme and the EU structural funds.

Within the framework of the Lithuanian 2004-2006 Single Programming Document under the Measure “Ensuring of energy supply stability, accessibility and increased efficiency“ six hospitals providing health care services to pregnant, delivering women and neonates have already received support for improvement of the energy efficiency performance of their buildings.

Ten more hospitals received the EU structural funds support within the framework of 2007 - 2013 Cohesion Promotion Operational Programme under the measures “Renovation of public buildings at national level” (for the

state institutions including hospitals) and “Renovation of public buildings at the regional level” (for the municipal institutions including hospitals). These programmes fund projects that are aimed at energy consumption decrease not only in hospitals but also in schools, universities, libraries and other public buildings. The amount of financial assistance is limited and competition between potential beneficiaries is high, therefore only a part of hospitals could receive the funding. Most of the hospitals still lack financial resources required for the implementation of energy efficient technologies.

Programme “Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services” is the only possible source for beneficiaries identified in the feasibility study to receive funding and implement energy efficient technologies. The EU structural funds’ financial support from other ongoing programmes in Lithuania is not available because of high competition (the hospitals are not in the priority lists because it was decided to reconstruct other public buildings), the lack of remaining funds (most funds are already allocated for other institutions) or ineligibility of the beneficiaries (some programmes are aimed at implementation of energy efficient measures in schools, universities, libraries or other public buildings and hospitals are considered as ineligible beneficiaries). The EEA Financial Mechanism and the Norwegian Financial Mechanism (2004-2009) did not have the focus area directly aimed at implementation of energy efficient technologies: only some reconstruction works related to energy consumption efficiency improvement (e.g. replacement of windows and external doors) were funded as a small part of the total investment. It is not clear what focus areas the EEA Financial Mechanism and the Norwegian Financial Mechanism will have during the new programming period because the negotiation between Lithuania and the donors have not started up to now.

The Swiss contribution will serve for the hospitals to upgrade their infrastructure and introduce energy-efficient technologies. The Ministry of Health as the Intermediate Body for the two programmes in health sector under the Lithuanian-Swiss Cooperation Programme will ensure avoiding the overlap between the EU structural assistance and the Swiss Contribution.

The enhancement of hospital infrastructure under this Programme will serve for the protection of environment and increase of energy efficiency. This will approach Lithuania to the EU level in the field of energy efficiency and would result in achievement of the objectives of the Lithuanian-Swiss Cooperation Programme, namely, reduction of social and economic disparities between Lithuania and more advanced EU countries. Involvement of district hospitals into the Programme will help to reduce the disparities among the urban and periphery hospitals.

During the preparation process of the Programme the hospitals providing perinatal and neonatal health care services have been chosen in pursuance of the comprehensive renewal of the whole infrastructure including buildings and medical equipment (renewal of medical equipment is in line with the other Programme of the Ministry of Health).

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

The Republic of Lithuania is among the states that have signed and ratified the Kyoto Protocol to the United Nations Framework Convention on Climate Change of 1997 and the Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects of 1995, wherein the need to increase the efficiency of energy use and reduce environmental pollution is particularly highlighted. The principal national legislative instruments adopted by the Republic of Lithuania in the area of energy sector are in line with the provisions of the aforementioned Protocols.

The major goals of the national energy policy outlined in the Law on Energy of the Republic of Lithuania and the National Energy Strategy (approved in 2007) include, *inter alia*, energy saving and efficient use of energy resources. Lithuanian institutions responsible for Programme implementation do not have an opportunity of acting at the political level and influencing the Lithuanian energy efficiency policy because the amount of Programme funding is relatively small compared to the overall investments in the Lithuanian energy sector. However, the Programme is in line with the objectives set in the basic national documents regulating the energy sector of the Republic of Lithuania and will have a systematic impact.

A more comprehensive approach towards the activities aimed at the increase of energy efficiency is envisaged in the National Energy Efficiency Programme 2006-2010. The proposed Programme is supposed to contribute to the implementation of one of the goals pursued by the Programme – ensure the efficient use, renovation and upgrade of the existing buildings.

Furthermore, the Programme fits with the measures envisaged in the Strategic Plan of Activities of the Ministry of Health and aimed at enhancing the safety and quality of individual health care services, ensuring their compliance

with the EU standards and providing equal possibilities for all citizens of the country to receive the necessary health care services by placing a particular focus on the health of children and the youth.

Within the framework of the Programme introduction of energy efficient technologies in the hospitals providing perinatal and neonatal health care services meets the Strategy for the use of the European Union structural funds of Lithuania for 2007-2013, and the 2007 - 2013 Cohesion Promotion Action Programme regarding its implementation. The Programme complements other projects related to introduction of energy efficient technologies in Lithuania therefore it will have a systematic impact.

The activities planned under the proposed programme “Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services” are expected to complement the implementation of measures envisaged in the above-listed documents and aimed at the increase of energy efficiency, preservation of environment and enhancement of health care services quality and accessibility.

Programme fits with the objectives set under the Swiss-Lithuanian Cooperation Programme priority area “Infrastructure and Environment” and with objectives of another programme “Improvement of perinatal and neonatal health care services in Lithuania”. The Programme also is aligned with the “Health care institutions and services restructuring third stage programme”.

IV. Programme content

<p>Programme Objective</p> <ol style="list-style-type: none"> 1. Improved quality of health care in perinatal and neonatal health care services in Lithuania. 2. Contribution to the reduction of environmental pollution
<p>Programme Goals</p> <ol style="list-style-type: none"> 1. To increase energy efficiency in perinatal and neonatal health care services. 2. To improve microclimate in perinatal and neonatal health care services. 3. To improve reliability of medical gas supply systems in perinatal and neonatal health care services.
<p>Expected Results (outputs)</p> <ol style="list-style-type: none"> 1. Thermal insulation installed: <ul style="list-style-type: none"> • renovated and insulated roofs – 6 hospitals • insulated exterior walls – 9 hospitals • replaced windows and exterior doors – 5 hospitals • sealed seams between the board panels of exterior walls – 1 hospital. 2. Energy efficient engineering systems installed and operational. <ul style="list-style-type: none"> • upgraded heating stations – 3 hospitals • upgraded external hot water supply systems (between heating station and buildings) – 3 hospitals • upgraded internal heating systems – 10 hospitals • upgraded electricity supply systems – 6 hospitals 3. Microclimate improvement engineering systems installed and operational. <ul style="list-style-type: none"> • upgraded/installed ventilation/air conditioning systems – 13 hospitals. 4. Rehabilitated and modernized vacuum and oxygen supply systems installed and operational: <ul style="list-style-type: none"> • upgraded vacuum supply systems of units providing perinatal and neonatal health care services – 4 hospitals • upgraded oxygen supply systems of units providing perinatal and neonatal health care services – 6 hospitals.

The list of main works by each hospital is provided in the Annex 6. Medical gas, vacuum, oxygen supply system upgrade is an efficient investment that is necessary to achieve the Programme objective and the Programme outcome indicator: hospital infrastructure would be enhanced and health care services would be improved while protecting the environment; other measures that impact energy consumption decrease would be less efficient without investment in upgrade of medical gas, vacuum, oxygen supply systems and the amount of saved energy would be smaller; the estimated cost of investment is relatively low – about 3,8 % of the total Programme budget; these works are crucial in order to ensure meeting the requirements that are applied for premises where health care services are provided. The achievement of the above-listed outcomes will ensure the increase of energy efficiency, preservation of environment and enhancement of health care services quality and accessibility. 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.

Programme activities

The main Programme activities:

1. Improvement of hospitals' thermal insulation (including preparation of technical documentation):

- renovation and insulation of the roofs
- insulation of the external walls
- replacement of the windows and exterior doors
- seal of the seams between the board panels of external walls.

2. Introduction of energy efficient engineering systems in hospital units providing perinatal and neonatal health care services (including preparation of technical documentation):

- upgrade of heating stations and external hot water supply systems
- upgrade of internal heating systems
- upgrade of electricity supply systems

3. Upgrade of microclimate engineering systems in hospital units providing perinatal and neonatal health care services (including preparation of technical documentation)

- upgrade/installation of the ventilation/air conditioning systems.

4. Upgrade of medical gas supply systems in hospital units providing perinatal and neonatal health care services (including preparation of technical documentation)

- upgrade of vacuum supply systems
- upgrade of oxygen supply systems.

Other Programme management related activities:

1. Programme administration.
2. Programme audit.
3. Programme publicity.
4. Translation.
5. Programme impact evaluation (preparation of energy consumption audits).

Specific measures with respect to quality control during and after implementation of Programme activities will be defined, and subsequently be agreed upon in the Programme Implementation Agreement.

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 works, services and materials being procured may increase.	Estimates based on reliable data sources and analysis of market prices for services to be procured. Accurate planning of costs with due account of the market trends. Formation of Programme budget reserve.
Technical risk	
Quality of investments: the suppliers may fail to ensure the proper quality of reconstruction works.	Clear and precise formulation of required technical parameters in technical specifications. Clear and precise formulation of reconstruction works quality criteria, warranty requirements and potential sanctions for non-compliance defined in procurement contracts. Careful selection of reliable suppliers able to offer quality reconstruction works, 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.
Implementation related delay: reconstruction works may last longer than planned because of supplier inactivity.	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.
Low overall quality of Programme activities implementation	The intermediate body and executing agencies will be responsible for quality assurance. The quality will be assured through effective application of three processes: planning, quality assurance and control. In order to assure the quality of reconstruction works technical supervision services will be purchased.

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 reconstruction 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.

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

<p>Sustainability of Programme</p> <p>The Programme complies with the national and the European Union policies in the health care field. 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. The priority list of beneficiaries was developed based on the energy consumption decrease in order to maximize the interventions impact on energy consumption in health care institutions.</p> <p>During the Programme implementation hospitals' infrastructure will be enhanced and their maintenance costs will be reduced. Conditions to provide health care services will be improved and better work environment for medical personnel will be created. It will have positive effect on human health and will contribute to Lithuanian social and economical welfare growth.</p> <p>Programme implementation will result in reduced speed of obsolescence, money will be saved by more effectively using supplied heating. After renovating hospitals buildings, more efficient usage of supplied energy will be ensured, payments for heating will be reduced significantly, major repairs will not be necessary for a longer period. The financial continuity will be guaranteed via the State Budget and the Compulsory Health Insurance Fund. Health care institutions receive funding from the Compulsory Health Insurance Fund budget for the provided services and it ensures financial resources necessary for the infrastructure maintenance. Then, there will be funds regarding the renewal of infrastructure allocated from the State Capital Investment Programme.</p> <p>Sustainability of the Programme outputs and outcomes will be ensured using guaranteed funding source, i.e. State and compulsory health insurance funds. The beneficiaries will assure the operation and maintenance of the installed energy efficiency technologies after the Programme implementation and will use these funds if needed. The hospitals selected to receive support under the program 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.</p> <p>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 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.</p>
--

V. Programme justification

The main conclusions of the feasibility study are based on the results of energy consumption audits evaluating the current condition of engineering systems (including heating systems, water supply and ventilation/ air conditioning modernization) in hospitals. New energy consumption audits were prepared for those hospitals where energy consumption audit was prepared prior to 2004 or was not prepared at all. The main means to increase energy usage

efficiency were identified, investment costs calculated and recommendations prepared during the energy consumption audit preparation. The list and ratings of buildings recommended to renovate was prepared taking into account the needs of hospitals and extent of possible energy saving. All hospitals were listed because of their compatibility with the programme “Improvement of perinatal and neonatal health care services in Lithuania”. Some hospitals participating in the above mentioned programme need only medical gas or oxygen supply systems to be installed. For hospitals where energy saving engineering is foreseen the most optimal financing rating system was chosen, based on investment amount for each 1 MWh/year of heating energy saved. This rating system shows how effectively money invested is used to reduce energy losses. All hospitals were selected as beneficiaries based on the energy consumption decrease: no hospitals were included in the beneficiaries list by not following general selection criteria.

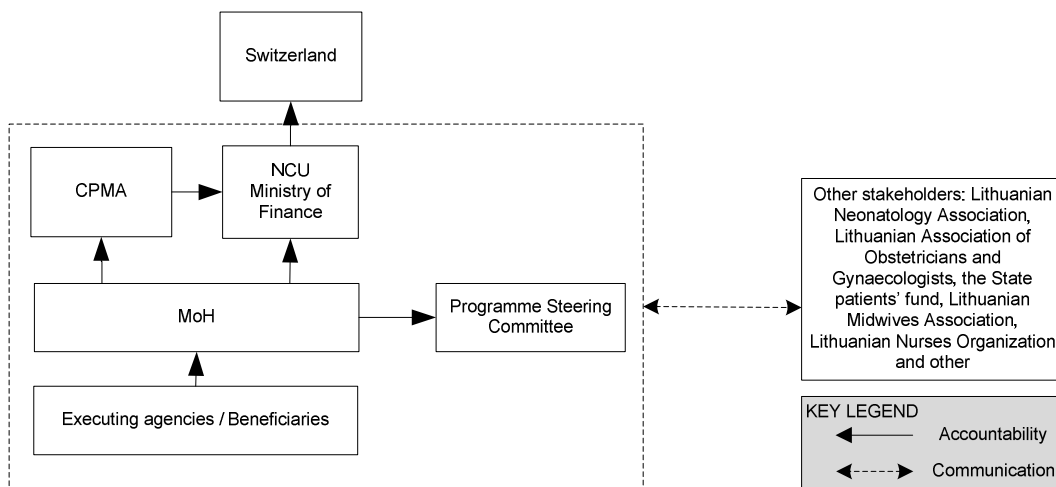
Implementation of the Programme will result in reduced heat usage and maintenance expenditures, improved conditions to provide health care services. Microclimate in reconstructed hospitals will meet the requirements of the hygiene norm HN 42:2009 “Residential and public buildings indoor microclimate”, and buildings’ envelope thermal resistance will meet the requirements of the Building Regulations STR 2.05.01:2005 “Buildings’ envelope heat mechanics”.

Building’s exterior reconstruction (insulation of exterior walls and roof, replacement of windows and exterior doors) is not only energy saving, but it also improves technical condition and its value, prolongs its lifetime, and upgrades esthetical value. Programme implementation will ensure effective energy usage, reduction of infrastructure maintenance expenditures and improvement of health care services.

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 (hereinafter – MoH), the institutions authorized (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 each 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 Programme 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 hospitals (beneficiaries) will act as *the Executing Agencies* responsible for the following functions:

- submit the VAT declaration to the Intermediate Body;
- sign Project Implementation Agreements and ensure the compliance with their provisions;
- organize the process of public procurements;

- 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 and certified copies of the supporting documents of the verified Programme 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
- are responsible that there is no double financing of any part of the Project by any other source of funds.

The hospitals that were selected as beneficiaries are capable to act as Executing Agencies: they are experienced in management (including administration, monitoring, supervision) of the projects financed by the EU structural funds and/or other international financial assistance and conducting public procurements. Every beneficiary (Executing Agency) has a group of specialists (or the whole department) dedicated to executing public procurements therefore it is assumed that hospitals have enough required resources. Moreover, in order to ensure high quality of reconstruction works, technical supervision services will be purchased.

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 sub-projects 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	17.343	3.061	-	3.061	-	20.404
Programme management costs for Intermediate Body	0.508	0.089	-	0.089	-	0.597
Reserve	1.149	0.203	-	0.203	-	1.352
Total	19.000	3.353	-	3.353	-	22.353

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		
Improvement of hospitals' thermal insulation	5.769	6.98
Upgrade of heating stations, external hot water supply, internal heating and electricity supply systems	4.239	5.13
Upgrade/installation of the ventilation/air conditioning systems	4.183	5.061
Upgrade of electricity supply systems	1.122	1.358
Upgrade medical gas, vacuum, oxygen supply systems	0.707	0.855
Management costs for executing agencies	0.978	1.020
Costs of administrative personnel	0.785	0.785
Publicity	0.036	0.044
Audit	0.120	0.145
Translation	0.028	0.034
Other costs	0.009	0.012
Total Programme implementation direct costs	16.998	20.404
Programme management costs for Intermediate Body	0.571	0.597
Costs of administrative personnel	0.447	0.447
Publicity	0.026	0.031
Audit	0.045	0.055
Translation	0.012	0.014
Programme impact evaluation (preparation of energy consumption audits)	0.022	0.027
Other costs (car rent, laptops, etc)	0.019	0.023
Reserve		1.352
TOTAL		22.353
of which VAT		3.432

The Intermediate Body's personnel's performing the administrative duties management costs are detailed in the table given below.

Table 3

Administrative duties	Staff (%)	Duration (month)	Salary (Lt/month)	Total amount (grant + co-financing) LTL, with VAT	Total amount (grant + co-financing) CHF, with VAT
Costs of administrative personnel				983,700	447,136
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	25	72	5,465	98,370	44,714

group, paper work					
Specialist for public procurement - consultation of EI, documentation evaluation, PP procedures	50	72	5,465	196,740	89,427
Assistant /jurist - paper and law work	50	72	5,465	196,740	89,427

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 agencies as such, in accordance with their accounting principles and their usual internal rules):

- **Reconstruction:** reconstruction costs are eligible only if they are related to introduction of energy efficient engineering systems (e.g. the modernisation of heating and water systems, air ventilation, air conditioning) and/or enhancement of hospital infrastructure.
- **External services:** costs of technical documentation preparation services, costs of technical supervision and other engineering services are eligible, if directly linked to the Programme.
- **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 (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, press releases, newspaper articles, printed materials (brochures, folders), media advertisements, etc.) aimed to present and discuss the Programme results.
- **Other costs:** costs of audit, translation, Programme impact evaluation (preparation of energy consumption audits) 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 they could not be recoverable under national regulations, as it is stated in the Framework Agreement.

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

- 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, the need for energy efficient building technologies in hospitals was evaluated and the criteria for the alternatives evaluation / beneficiaries selection (based on the extent of the supplied health care services, the current infrastructure condition, the cost of investment and other aspects) were developed. The hospitals were rated based on investment amount for each 1 MWh/year of heating energy saved.

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: conferences, information meetings, press releases, newspaper articles, billboards, printed materials (brochures, folders), media advertisements, etc. The publicity related activities and events will be coordinated between the programmes "Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services" and "Improvement of perinatal and neonatal health care services in Lithuania" 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 agencies 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. All tender documents will be prepared and public procurements will be organized by Executing Agencies. However, the Intermediate Body and CPMA will provide them support and assistance if needed. CPMA will review the tender documents as specified in the procurement plans and ensure the transparency of public procurements.

Executing Agencies will be responsible for these procurements:

1. Reconstruction works related to introduction of energy efficient technologies (1 tender per hospital).
2. Technical documentation preparation (design) services (1 tender per hospital).
3. Technical supervision and other engineering services related to Programme implementation (1-3 tenders per hospital).
4. Management services: translation, publicity, audit (financial audit of payment claims) services (3 tenders per hospital).

It was decided to decentralise procurement because of the following reasons:

- the hospitals are experienced in the field of public procurements and are capable to execute the planned procurements efficiently themselves;
- beneficiary buildings are in different geographic locations, therefore it would be difficult to coordinate the procurement process in a centralised way;
- the planned scope and type of reconstruction works are not similar for all hospitals as their needs differ significantly therefore it is not efficient to centralise procurement;
- it is more efficient to decentralise the procurement because the planned start and finish dates of reconstruction works differ depending on the beneficiary;
- decentralisation of public procurements will ensure effective implementation of the following Programme activities.

Intermediate Body will be responsible for these procurements:

1. Programme publicity services (1 tender).
2. Programme audit services (1 tender).
3. Translation services (1 tender).
4. Programme impact evaluation (preparation of energy consumption audits) services (1 tender).

X. Development Impact

The Programme implementation will allow increasing energy efficiency, 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 (energy consumption audits for beneficiary buildings will be prepared) after the implementation of all Programme activities.

XI. Programme Horizontal Issues

<p>Environmental aspects of the Programme</p>	<p>The Programme is expected to have a positive environmental impact, as the implementation of energy efficient technologies at the Lithuanian hospitals, providing perinatal and neonatal health care services, will reduce the demand for energy resources in these institutions. The implementation of measures improving thermal insulation of buildings and the upgrade of engineering systems will lead to lower consumption of heat and electricity. Lower consumption of energy in turn will lower the consumption of natural resources and reduce the volumes of CO₂ emitted during the process of energy production. Subsequently, this will mitigate the negative impact on human health, as energy saving is obviously the most effective and economic way of reducing the emissions of greenhouse gases and improving the quality of ambient air. Therefore, the activities of the Programme will contribute to the implementation of the measures envisaged in the Kyoto Protocol and the Energy Charter Protocol and aimed at the reduction of energy consumption and CO₂ emissions. More efficient use of energy and the implementation of the respective environmental measures will reduce the atmospheric pollution and hence mitigate the negative impact on human health.</p>
<p>Social and economical aspects of the Programme</p>	<p>The Programme is expected to bring social benefits to the public at large through the creation of better and safer treatment conditions for patients and better working conditions for health care staff. This in</p>

	<p>turn will have a positive impact on human health and help to reduce morbidity and mortality rates both for today's society and future generations. Human health represents an indispensable element of the national social welfare.</p> <p>With respect to the economic aspect, the major focus will be placed on ensuring the sustainability of the Programme and its economic benefits. The implementation of Programme will make it possible for health care institutions providing perinatal and neonatal health care services to reduce the costs of building maintenance and invest hence produced savings into a further upgrade of the infrastructure.</p> <p>The implementation of this Programme will bring the following economic benefits to Lithuania and its people: reduced costs of energy at health care institutions and reduced costs of subsequent treatment (both in the short-term perspective and in the long run) due to provision of high quality perinatal and neonatal health care services.</p>
<p>Gender equality</p>	<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>

**ANNEX 3 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT
“INTRODUCTION OF ENERGY EFFICIENCY TECHNOLOGIES INTO THE LITHUANIAN
HOSPITALS PROVIDING PERINATAL AND NEONATAL HEALTH CARE SERVICES”**

INDICATIVE BUDGET

Eligible costs of the Programme	Total amount (grant +co-financing) m CHF, with VAT
Heading 1: Programme implementation direct costs for reconstruction and related external services	19.656
1.1 Improvement of hospitals’ thermal insulation	5.883
1.2 Upgrade of heating stations, external hot water supply, internal heating	4.363
1.3 Upgrade/installation of the ventilation/air conditioning systems	5.971
1.4 Upgrade of electricity supply systems	1.249
1.5 Upgrade medical gas, vacuum, oxygen supply systems	0.618
1.6 Technical documentation preparation, technical supervision and other engineering services	1.572
Heading 2 : Management costs for executing agencies:	1.020
2.1 Costs of administrative personnel	
2.2 Publicity	
2.3 Audit	
2.4 Translation	
2.5 Other costs	
Total Headings 1 and 2: Total Programme implementation direct costs	20.676
Heading 3: Programme management costs for Intermediate Body:	0.597
3.1 Costs of administrative personnel	
3.2 Publicity	
3.3 Audit	
3.4 Translation	
3.5 Programme impact evaluation (preparation of energy consumption audits)	
3.6 Other costs (car rent, laptops, etc)	
Heading 4: Reserve	1.080
TOTAL	22.353

ANNEX 4 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT “INTRODUCTION OF ENERGY EFFICIENCY TECHNOLOGIES INTO THE LITHUANIAN HOSPITALS PROVIDING PERINATAL AND NEONATAL HEALTH CARE SERVICES”

Logframe Matrix

Introduction of energy efficient technologies into the Lithuanian hospitals providing perinatal and neonatal health care services

Strategy of Intervention	Key Performance Indicators	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"> • Improved quality of health care in perinatal and neonatal health care services in Lithuania. • Contribution to the reduction of environmental pollution 	<ul style="list-style-type: none"> • improved patients satisfaction with conditions in hospitals (baseline Ernst&Young survey 2010) • reduction of CO₂ release by approximately 675000 kg/year 	<ul style="list-style-type: none"> Programme implementation reports Survey 	
Project purpose/s (Outcome/s)	Objectively verifiable project purpose/s (outcome/s) indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> • Increased energy efficiency in perinatal and neonatal health care services. • Improved microclimate in perinatal and neonatal health care services. • Improved reliability of medical gas supply systems in perinatal and neonatal health care services. 	<ul style="list-style-type: none"> • amount of saved energy in health care institutions with enhanced infrastructure – 3 GWh/year • heat consumption after renovation kWh/m² per year – 79 kWh/m² • amount of savings - average 17000 EUR per location • the hospitals meet the Lithuanian medical norm HN 42:2009 norm for residential and public buildings indoor climate and STR 2.05.01:2005 norm for buildings envelope heat mechanics. • the hospitals meet the Lithuanian medical norm MN 4:2001 “Technical regulations of medical device safety” and the medical norm MN 100:2001 “Technical regulations of active implanted medical device safety”. 	<ul style="list-style-type: none"> Programme implementation reports Energy Audit reports 	<ul style="list-style-type: none"> • Continued political support in Lithuania for the implementation of the Programme • Conformity of the Programme with the restructuring process in the health sector. • Maintenance of engineering systems is ensured. • Adequate competences of the personnel to handle the new equipment (both medical and infrastructure) are in place. • Heat prices will be on 2010 year level.
Results (Outputs)	Objectively verifiable results (outputs) indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> • Thermal insulation installed. • Energy efficient engineering systems installed and operational. 	<ul style="list-style-type: none"> • renovated and insulated roofs – 5 hospitals • insulated exterior walls – 7 hospitals • replaced windows and exterior doors – 5 hospitals • sealed seams between the board panels of exterior walls – 1 hospital. • upgraded heating stations – 4 hospitals • upgraded external hot water supply systems (between heating 	<ul style="list-style-type: none"> Contractor’s reports Programme implementation reports Energy Audit reports Other Programme documentation 	<ul style="list-style-type: none"> • Adequate competences of the personnel to handle the procurements are in place. • Adequate funds are reserved for all components. • The equipment is installed in the expected quality. • The exchange rate between

Strategy of Intervention	Key Performance Indicators	Sources of Verification	Assumptions (external Factors / risks)
<ul style="list-style-type: none"> Microclimate improvement engineering systems installed and operational. Rehabilitated and modernized vacuum and oxygen supply systems installed and operational. 	station and buildings) – 2 hospitals <ul style="list-style-type: none"> upgraded internal heating systems – 12 hospitals upgraded electricity supply systems – 6 hospitals upgraded/installed ventilation/air conditioning systems – 14 hospitals. upgraded vacuum supply systems – 4 hospitals upgraded oxygen supply systems – 7 hospitals. 		the CHF-Lithuanian Litas stays stable.
Activities	Means (Inputs)	Sources of Verification	Assumptions
<ul style="list-style-type: none"> Improvement of hospitals' thermal insulation (including preparation of technical documentation): renovation and insulation of the roofs, insulation of the exterior walls, replacement of the windows and exterior doors, seal of the seams between the board panels of exterior walls. Introduction of energy efficient engineering systems in hospital units providing perinatal and neonatal health care services (including preparation of technical documentation): upgrade of heating stations and external hot water supply systems, upgrade of internal heating systems, upgrade of electricity supply systems, Introduction of microclimate engineering systems in hospital units providing perinatal and neonatal health care services (including preparation of technical documentation): upgrade/installation of the ventilation/air conditioning systems. Upgrade of medical gas supply systems in hospital units providing perinatal and neonatal health care services (including preparation of technical documentation): upgrade of vacuum supply systems, upgrade of oxygen supply systems. Programme administration. Programme audit. Programme publicity. Translation. Programme impact evaluation (preparation of energy consumption audits). 	<ul style="list-style-type: none"> Tenders for supply and services Supply and service contracts signed and implemented 	Contractor's reports Programme implementation reports Tender documentation on services/works Service/works contracts Service/works acceptance certificates Energy Audit reports	Qualified contractor selected via public procurement Smooth cooperation between contractor and intermediate institution/executing agency
			Preconditions Final project proposal approved

Strategy of Intervention	Key Performance Indicators	Sources of Verification	Assumptions (external Factors / risks)
			by the Swiss authorities

**Annex 5 TO THE PROJECT AGREEMENT ON THE GRANT FOR THE PROJECT
“INTRODUCTION OF ENERGY EFFICIENCY TECHNOLOGIES INTO THE LITHUANIAN
HOSPITALS PROVIDING PERINATAL AND NEONATAL HEALTH CARE SERVICES”**

Indicative Disbursement Plan

I. Disbursements for reimbursement of Advance payments and Management costs related advanced payments :

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	170.000
2.	01 July 2012 – 31 December 2012	N/A	1.258.030
3.	01 January 2013 – 30 June 2013	N/A	338.560
TOTAL			1.766.590

II. Disbursements for reimbursement of eligible expenditures incurred:

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	14.195
2.	01 July 2012 – 31 December 2012	Interim Report	1.277.775
3.	01 January 2013 – 30 June 2013	Interim Report	7.383.945
4.	01 July 2013 – 31 December 2013	Interim Report	3.692.825
5.	1 January 2014 – 30 June 2014	Interim Report	2.786.810
6.	1 July 2014 – 31 December 2014	Interim Report	1.086.300
7.	1 January 2015 – 30 June 2015	Interim Report	646.000
8.	1 July 2015 – 31 December 2015	Interim Report	228.140
9.	1 January 2016 – 30 June 2016	Interim Report	29.750
10.	1 July 2016 – 13 December 2016	Interim Report + First Final Report	29.750
11.	13 December 2016 – 13 June 2017	Second Final Report	57.920
TOTAL			17.233.410