

THE SWISS-LITHUANIAN COOPERATION PROGRAMME

NGO BLOCK GRANT AGREEMENT

BETWEEN

THE SWISS AGENCY FOR DEVELOPMENT AND COOPERATION (SDC)

AND

**THE MINISTRY OF FINANCE OF THE REPUBLIC OF LITHUANIA
AS THE NATIONAL COORDINATION UNIT (NCU)**

ON THE GRANT

FOR

THE NGO FUND

TO BE IMPLEMENTED DURING THE PERIOD

05.05.2011 – 08.08.2014

The Swiss Agency for Development and Cooperation (SDC) (hereinafter referred to as “Switzerland”) and the Ministry of Finance of the Republic of Lithuania (hereinafter referred to as “Lithuania”),

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 Swiss-Lithuanian cooperation programme to reduce economic and social disparities within the enlarged European Union, concluded on 20 December 2007,

Considering the Swiss Grant for the NGO Fund in the Republic of Lithuania,

Have agreed as follows:

Article 1 **Definitions**

In this Block Grant 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 Swiss-Lithuanian 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;
- “NGO Block Grant Agreement” means the Agreement between the Swiss Agency for Development and Cooperation (SDC) and the Ministry of Finance of the Republic of Lithuania acting as the National Coordination Unit (NCU) which lays down the rights and obligations of the Contracting Parties regarding the implementation of the Block Grant;
- “Implementation Agreement” means an agreement between the NCU and the Executing Agency for the implementation of the Block Grant;
- “National Coordination Unit” (NCU) means the Ministry of Finance of the Republic of Lithuania acting in charge of the coordination of the Swiss-Lithuanian Cooperation Programme;
- “Grant” means the non-reimbursable financial contribution granted by Switzerland under this NGO Block Grant Agreement;
- “Intermediate Body” means any public or private sector body or a non governmental organisation constituted as a legal entity in Lithuania and operating in the public interest. For this NGO Block Grant Agreement the Intermediate Body is the the Ministry of Finance of the Republic of Lithuania.
- “Executing Agency” means any public authority, any public or private corporation as well as any organization recognized by the Contracting Parties and mandated to implement the NGO Fund financed under this Agreement. For this NGO Block Grant Agreement the Executing Agency is the Central Project Management Agency.

- “Block Grant” means a fund set up for a clearly defined purpose, providing assistance to organizations or institutions, facilitating a cost – effective administration mainly in programmes with many Small Projects. For this NGO Block Grant Agreement “NGO Fund” means a Block Grant fund set up to promote civil society’s contribution to economic and social cohesion through contributing to further development of the NGO sector in Lithuania;
- “Sub-projects” means small-projects with the non-profit character activities, implemented by a Final beneficiary and undertaken under this NGO Block Grant Agreement;
- “Sub-project Grant” means the non-reimbursable financial contribution granted by Switzerland and Lithuania from NGO fund through the Executing Agency to the Final beneficiary;
- “Non-governmental Organisation (NGO)” means a not-for-profit organisation constituted as legal entity in Lithuania and operating in the public interest;
- “Final beneficiary” means a NGO implementing a sub-project financed from the NGO Fund;
- “Advance payment” means the reimbursement that is transferred to the NCU after the NCU has signed the implementation agreement with the Executing Agency and / or the Executing Agency has signed (an) implementation agreement(s) with Final beneficiaries that require the advance payment(s) and after this payment(s) has been made by the NCU.

Article 2

Objectives and Scope of the Block Grant

- 2.1. The purpose of the Block Grant is the establishment of the NGO Fund, with the objective to promote civil society’s contribution to economic and social cohesion as important actors of development and participation and to contribute to the further development of the NGO sector in Lithuania. It supports the following activities: sub-project grants for strengthening the NGOs by developing their institutional capacities and for strengthening the cooperation between the NGOs and local authorities thus contributing primarily to social service provision allowing strengthening NGOs organisational capacities.
- 2.2. The Block Grant has to be implemented according to the following documents, listed by order of precedence in terms of legal applicability:
 - a. the Framework Agreement and its Annexes,
 - b. the present NGO Block Grant Agreement,
 - c. the confirmation of the Block Grant approval by the SDC (Annex 1),
 - d. the Final Project Proposal (Annex 2),
 - e. Logframe (Annex 3),
 - g. the Disbursement Plan (Annex 4).

Article 3

Amount and Utilization of the Block Grant

- 3.1. The estimated total cost of the Block Grant amounts to CHF 6’532’675 (six million five hundred thirty-two thousand six hundred seventy-five). The estimated eligible cost of the

Block Grant amounts to CHF 6'532'675 (six million five hundred thirty-two thousand six hundred seventy-five).

- 3.2. Switzerland shall provide a Grant in Swiss Francs amounting to **maximum of CHF 5'552'775, (five million five hundred fifty-two thousand, seven hundred seventy-five)** to the Republic of Lithuania for the implementation of the Block Grant defined in Article 2. The Grant shall be divided into 2 (two) tranches.
1. The first tranche in Swiss Francs amounting to maximum CHF 1'110'555 (one million one hundred ten thousand five hundred fifty-five) shall be made available upon signing this Block Grant Agreement.
 2. The second tranche in Swiss Francs amounting to CHF 4'442'220 (four million four hundred forty-two thousand two hundred twenty) shall be made available upon sub-projects selection criteria, open call guidelines / conditions and a plan describing how to develop Lithuanian – Swiss NGO partnerships have been received and no objected by Switzerland.
- 3.3. The Grant shall cover **a maximum of 85 %** of the total eligible costs of the Block Grant in Swiss Francs. This percentage shall never be exceeded during the Block Grant 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 Block Grant 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 Executing Agency or by the Final beneficiary. VAT, which is recoverable, by whatever means, shall not be considered eligible even if it is not actually recovered by the Executing Agency or by the Final beneficiary.
- 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 related to the Block Grant, shall constitute eligible costs only if they are genuinely and definitively borne by the Executing Agency or by the Final beneficiary.
- 3.6. The following costs shall not be eligible for Grant support: expenditures incurred before the signing of the present NGO Block Grant Agreement by all parties, interests on debt, the purchase of real estate and recoverable VAT as specified in Article 3.4 of this NGO Block Grant Agreement.
- 3.7. The final date for eligibility of costs corresponds with the ending date of the Block Grant as defined in Article 25.2. of this NGO Block Grant Agreement. Eligibility of costs for reporting, auditing and evaluation ends six months after Block Grant completion but not later than 14 June 2017. Reimbursement Requests must have been received by Switzerland not later than six months after the respective final date of eligibility of costs.
- 3.8. Any unutilised portion of the Grant remaining at the completion of the Block Grant shall be eligible for re-commitment until two months before the end of the Commitment period (but not later than 14 April 2012), unless otherwise mutually agreed by the Contracting Parties.

Article 4

Amount and Utilisation for Sub-projects

- 4.1. Block Grant shall cover a maximum of 90% of the total eligible costs of sub-projects. The NCU shall ensure the timely provision of the financing of a **minimum of 10 %** of the total eligible costs of each sub-project by Final beneficiaries. The financing by Final

beneficiaries in local currency is converted into Swiss Francs at the daily exchange rate of the Bank of Lithuania prevailing at the date when the corresponding payment of Block Grant amount was executed by the NCU.

- 4.2. In general, sub-projects shall have a non-profit character and be in the range of approximately 10'000 to 100'000 Swiss Francs.
- 4.3. The exact size and eligibility of costs for sub-projects shall be defined in the Open Call Guidelines for Applicants. Open Call Guidelines for Applicants shall be approved by the NGO Fund Steering Committee. Any rules and guidelines shall respect the eligibility of costs as defined for the Block Grant under Articles 3.4 to 3.7 of this NGO Block Grant Agreement and in the Framework Agreement.

Article 5 **Eligible Applicants for Sub-projects**

- 5.1. The following organisations can apply for funding of sub-projects under the NGO Fund, provided the organisation has the appropriate qualifications and the necessary financial as well as operational resources to complete the sub-project:
 - 5.1.1. non-profit organisations with a legal status in Lithuania, meaning associations, charities/relief funds, and public institutions acting for public benefit except the ones, whose founder(s) and/or stakeholder(s) are governmental organisations or municipality organisations.
- 5.2. Non eligible are natural persons and the profit – oriented sector.

Article 6 **Reimbursement Procedures**

- 6.1. The Grant shall be disbursed in accordance with the Framework Agreement, Annex 2, chapter 3 and 4, and the Disbursement Plan (annex 4 of this NGO Block Grant Agreement). Disbursements are made on a semi-annual basis.
- 6.2. The reimbursements shall be made upon receipt and approval by Switzerland of the reports pursuant to Articles 12 and 13 with the reservation of the provisions of Article 6.5 of this NGO Block Grant Agreement.
- 6.3. The Reimbursement Requests and Reimbursement Request(s) for Advance payment 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 when the corresponding payment was executed by the NCU.
- 6.4. Reimbursement Requests referred to in Article 6.3 of this NGO Block Grant Agreement must be received by Switzerland no later than six months after the final date of the eligibility of costs (cf. Article 3.7).
- 6.5. Advance payment(s) of maximum CHF 1'110'555 (one million one hundred ten thousand five hundred fifty-five) shall be made by Switzerland after an advance payment(s) for the Executing Agency and (or) Final beneficiary is done by the NCU and after the Reimbursement Request(s) for Advance payment is submitted by the NCU. No Interim Report is linked to this reimbursement.

- 6.6. All payments related to this NGO Block Grant 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 1 0100 at The Bank of Lithuania, Gedimino pr. 6, Vilnius, LT-01103.

Article 7 **Procurement**

- 7.1. Procurement is to be made by the Executing Agency and Final beneficiaries in accordance with the national law and regulations and in compliance with the Lithuanian public procurement law and with the Framework Agreement, Annex 2, chapter 3.3.
- 7.2. To increase transparency and to prevent corruption, tender documents shall contain an integrity clause.
- 7.3. For procurements not exceeding the threshold of CHF 100'000, a confirmation of compliance with the relevant procurement rules and a short description on the tender process shall be provided to Switzerland by the Intermediate Body / Executing Agency in the Interim Reports.
- 7.4. For procurements exceeding the threshold of CHF 100'000, but not exceeding the threshold of CHF 500'000, English translation of procurement notice shall be provided to Switzerland simultaneously with their publishing in Lithuania. A confirmation of compliance with the relevant procurement rules, a short description on the tender process and, if deemed necessary a justification for the selected tender procedure, shall be provided to Switzerland within 30 calendar days after the award of the contract.
- 7.5. For procurements exceeding the threshold of CHF 500'000.00 an English translation of the Standard terms and Conditions of the tender documents shall be provided to Switzerland for no-objection, English translation of procurement notice shall be provided to Switzerland simultaneously with their publishing in Lithuania, short summary of minutes of the winner announcement meeting shall be provided to Switzerland before contracts are signed and the contracts shall be provided to Switzerland for information within 20 days after their signature.
- 7.6. In line with Article 6.5 of the Framework Agreement, both Parties agree to provide all such information pertaining to the tender process and beyond the documents listed above that the other Party may reasonably request.
- 7.7. Switzerland shall have the right to participate in the tender opening meeting as an observer.
- 7.8. Switzerland shall have the right to conduct an audit of the applied procurement practises and procedures in accordance with the requirements stipulated in Article 6.5 of the Framework Agreement.

Article 8 **Responsibilities of SDC and NCU**

- 8.1. SDC shall, whenever requested, assist the NCU in the planning, implementation, controlling and evaluation of the Block Grant.
- 8.2. SDC shall approve Block Grant's operational and financial reports and audits when all conditions are met. Once approved, SDC will disburse payments according to the financial planning of the Block Grant.

- 8.3. All communication to SDC with regard to this NGO Block Grant Agreement shall be directed to the Swiss Contribution Office for Estonia, Latvia and Lithuania, which generally represents SDC towards the NCU.
- 8.4. 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 Block Grant.
- 8.5. The NCU can delegate part of the tasks and responsibilities related to the administration of the Swiss – Lithuanian Cooperation Programme to the public institution Central Project Management Agency.
- 8.6. The NCU is responsible for the implementation, controlling and evaluation of the Block Grant as well as for the use of the Grant in accordance with this NGO Block Grant Agreement and as stated in the Framework Agreement. The NCU ensures the compliance of the involved agencies and other entities with this NGO Block Grant Agreement as well as with the Framework Agreement.
- 8.7. In the frame of this NGO Block Grant Agreement, the NCU shall carry out duties of the Intermediate Body:
- administer and monitor the implementation of the NGO Fund;
 - establish a Steering Committee for the NGO Fund and organise its meetings;
 - approve guidelines for applicants, template for application, template for the sub-project implementation agreement and other detailed documents needed for implementing the NGO Fund;
 - establish contracting arrangements with the organisations and institutions implementing sub-projects under the NGO Fund;
 - establish appropriate management and control system in order to ensure efficient and correct use of available funds;
 - ensure information and publicity about the NGO Fund;
 - participate in the evaluation process of sub-project applications as an observer;
 - supervise the activities performed by the Executing Agency;
 - submit reports on NGO Fund implementation approved by the NGO Fund Steering Committee to the CPMA for approval;
 - prepare payment applications to the State Treasury.
- 8.8. In the frame of this NGO Block Grant Agreement, the NCU shall delegate the following duties to the Executing Agency:
- assist in preparation of the NGO Fund Steering Committee meetings;
 - organise the open calls for proposals for sub-projects (prepare guidelines for applicants, collect sub-project applications, organise the evaluation process, implement publicity measures, provide training for potential applicants, etc.);
 - prepare necessary legal documents for the NGO implementation: a. Rules of NGO Fund implementation (will be approved by the Minister of the Finance,); b. NGO Fund implementation agreement between Ministry of the Finance and the CPMA; c. Typical sub-project implementation agreement (will be approved by the Minister of the Finance); d. Guidelines for Applicants (will be approved by the Minister of the Finance); e. standard sub-project implementation documents approved by the Director of CMPA (procurement plan, payment request; sub-project implementation report and etc.);
 - evaluate received applications for financing of sub-projects and prepare the evaluation report;
 - organise the preparation and signature of sub-project implementation agreements;
 - provide training and consulting for the final beneficiaries;

- manage and supervise the implementation of sub-projects on the operational level (including on-the-spot checks);
- approve the implementation reports of sub-projects,
- check payment claims together with the supporting documents received from the final beneficiaries, verify the eligibility of expenditures and submit conclusions on eligibility of expenditures to the Intermediate Body;
- prepare and submit to the Intermediate Body implementation reports on sub-projects implementation progress on a quarterly basis;
- prepare reports on NGO Fund implementation and submit them to the Intermediate Body for approval in the NGO Fund Steering Committee;
- implement and operate daily activities of the NGO Fund;
- check for irregularities and report them to the CPMA and the Intermediate Body.

Article 9

Block Grant Organisation

- 9.1. The Intermediate Body supervises and steers the implementation of the Block Grant. It establishes an adequate monitoring and auditing system.
- 9.2. The Executing Agency implements the Block Grant in the form of a NGO Fund according to the Implementation Agreement and in compliance with this NGO Block Grant Agreement and the Framework Agreement.
- 9.3. Strategic decisions related to the NGO Fund are taken by the NGO Fund Steering Committee.
- 9.4. The roles and responsibilities of the NGO Fund Steering Committee include, but are not limited to:
- approve the main conditions of the open call (the criteria for the selection of the sub-project applications, duration of the open call, budget of the open call, etc);
 - approve the final budget allocated for the sub-projects;
 - discuss and approve/reject progress reports of the NGO Fund;
 - provide recommendations on implementation of the NGO Fund to the Intermediate Body and Executing Agency;
 - monitor the implementation of the NGO Fund on the overall level (if it is in line with the Block Grant Implementation Agreement);
 - based on an evaluation report on submitted sub-project applications, take a decision on sub-project applications/ allocation of funds for the sub-project/rejection of the application.
- 9.5. Members of the NGO Fund Steering Committee are representatives of the following parties:
- 9.5.1. Members with voting right:
- Intermediate Body (Chair) - Ministry of Finance of the Republic of Lithuania;
 - Executing Agency – public institution Central Project Management Agency;
 - Ministry of Social Security and Labour of the Republic of Lithuania;
 - Association of Local Authorities;
 - Representatives from NGO sector.
- 9.5.2. Members with voice but no voting right:

Swiss Contribution Office for Estonia, Latvia and Lithuania.

9.6. A back-stopping consultant could be mandated and financed by Switzerland to provide technical support for the implementation of the Block Grant if deemed necessary.

Article 10 **Monitoring and Review**

The NCU shall ensure the establishment of a monitoring system that allows to assess periodically the status of achievement of the proposed objectives. Results and conclusions have to be part of the project reports as mentioned in Article 11 below and should be the base of the annual reports on the Swiss-Lithuanian Cooperation Programme as stipulated in Art. 8 of the Framework Agreement.

Article 11 **Reporting**

- 11.1. Interim Reports shall 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 Disbursement Plan (Annex 4). The first Interim Report covering the period from the date of signature of this NGO Block Grant Agreement to 31st December 2011 is due not later than 30th April 2012. The period covered by the last Interim Report may differ from the period specified above. Interim Reports support payment claims (except Reimbursement Request(s) for Advance payment) 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.
- 11.2. 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 2011 is due not later than 30th April, 2012. Annual Project Reports have an operational part that describes the progress of the Block Grant 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 on the level of the Block Grant, based on quantified targets for output and where possible based on outcome indicators. Any significant deviation has to be justified and corrective measures suggested. Annual Project Reports are not linked to Reimbursement Requests.
- 11.3. Project Completion Report is due not later than six months after the end of the Block Grant, meaning not later than 31st December 2014. The Project Completion Report - together with the last Interim Report and the conclusions of the Final Financial Audit is the base for the payment of the final reimbursement. The second Project Completion Report for the reporting, auditing and evaluation is due not later than 14 June 2017. For the reimbursement of costs for reporting, auditing and evaluation only Project Completion Report is the basis for final reimbursement (cf. Article 3.7). The Project Completion Report has an operational part that documents and comments the overall achievement of outputs and outcomes against the original plan, the compliance with principles such as cross cutting themes and sustainability, and suggests lessons learned and conclusions. It contains a financial part (Final Financial Report) having a summary of financial data for the whole Block Grant and compares the effective with planned expenses.
- 11.4. The financial parts of the Interim Reports, the Annual Project Reports and the Project Completion Report, based on invoices or documents of equivalent value, are to be presented in local currency.

- 11.5. The summary of ex-post reports of the sub-projects exceeding CHF 75'000 shall be submitted to Switzerland by the NCU within two years after completion of the last such a sub-project but not later than 1st June 2016.

Article 12

Audit

- 12.1. The NCU confirms that a Compliance Audit has been performed and the Block Grant Fund as well as the institutions involved in its implementation, mainly the Intermediate Body and the Executing Agency, respect the legal obligations, respective guidelines, procedures, and that they have set up an appropriate structure and internal control system (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.
- 12.2. 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 or the Executing Agency) 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.
- 12.3. At Block Grant completion, an external certified audit organisation shall carry out a Final Financial Audit. This Final Financial Audit shall cover the entire Block Grant implementation period. 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 termination of the Block Grant, not later than 31st December 2014.
- 12.4. The Executing Agency shall procure a public institution or a private company of recognised professional reputation as Audit Organisation for the Block Grant Fund. The NCU shall immediately communicate to Switzerland the name of the selected Audit Organisation. The costs related to the Final Financial Audit are eligible for reimbursement and are included in the Block Grant budget.
- 12.5. The objective of 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.
- 12.6. The NCU shall ensure that the Final Financial Audit is done in due time and in line with the International Standards and the respective national law.
- 12.7. The external certified audit organisation shall conduct the Final Financial audit in accordance with International Standards 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. Results of any previous audits shall be taken into consideration. The external certified audit organisation shall take into account additional requirements that may be suggested by the NCU or by Switzerland.
- 12.8. In addition to the Final Financial Audit report, the external certified audit organisation is expected to provide the Intermediate Body and Executing Agency with a management letter concerning any material weaknesses in their accounting and/or internal control systems detected by the Audit Organisation. The copy of such letter shall be presented to the NCU.

12.9. 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 the Final Financial Audit to Switzerland.

12.10. Switzerland shall have the right to request additional external financial audits. The costs of such financial audits shall be borne by Switzerland.

Article 13 **Right of Examination**

Switzerland, as well as any third party appointed by it, shall have the right to visit the Block Grant, sub-projects, conduct a comprehensive assessment or evaluation, and shall be granted full access to all documents and information related to the Block Grant settled by this NGO Block Grant Agreement, during its implementation and 10 years after its completion as defined in the Annex 2, Article 5.1. of the Framework Agreement. 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 14 **Block Grant Material**

14.1. For the duration of the Block Grant, goods procured under the Grant shall remain at the unrestricted disposal of the Executing Agency or the Final beneficiaries and shall not be diverted without prior written approval of Switzerland. No ownership transfer is allowed within five years after the completion of the Block Grant, in the case of goods procured by the Executing Agency or within five years after the completion of the sub-project, in the case of goods procured by Final beneficiaries unless the Contracting Parties agree otherwise. SDC shall assume no liability whatsoever in connection with said goods.

14.2. For material procured under the Contribution and used only during the Block Grant implementation, but not necessary for the purpose of the Block Grant after its completion, the Contracting Parties shall decide before the termination of the Block Grant 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 15 **Liability**

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

Article 16 **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 NGO

Block Grant 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 NGO Block Grant Agreement, procurement or resulting award, or for taking any other corrective measure laid down by the applicable law.

Article 17 **Irregularities Clause**

- 17.1. The competent authorities shall investigate alleged cases of fraud or irregularity. Proven cases of fraud will be prosecuted according to existing regulations.
- 17.2. In the case of irregularities, wilfully or negligently caused by the NCU, the Intermediate Body or the Executing Agency, regarding the execution of the NGO Block Grant Agreement, Switzerland is entitled to:
- a) stop reimbursements immediately,
 - b) instruct the NCU to stop payments from the Swiss Contribution,
 - c) ask repayment of illegitimately paid reimbursements at any stage of the implementation of the Block Grant.
- 17.3. 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.
- 17.4. 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 18 **Post-Completion Obligations**

- 18.1. An ex-post evaluation of the Block Grant may be carried out by Switzerland. Non compliance with the NGO Block Grant Agreement or with the Framework Agreement may give Switzerland reasons to take corrective action, including claiming the repayment of the Grant.
- 18.2. Switzerland has neither responsibility for nor obligation to ensure the maintenance, the repair or the undertaking of any measures for ensuring the safety and protection of persons, equipment, installations, of all objects on site or in the vicinity.
- 18.3. The Contracting Parties shall keep all documents concerning this NGO Block Grant Agreement and its implementation for 10 years after the completion of this Block Grant.

Article 19 **Annexes**

The following annexes, listed by order of preference in terms of legal applicability, form an integral part of this NGO Block Grant Agreement:

- Annex 1: Confirmation of the Block Grant approval by the SDC
- Annex 2: Final Project Proposal

- Annex 3: Logframe
- Annex 4: Disbursement Plan

Article 20 **Language**

All correspondence with Switzerland, including operational, financial and audit reports as well as Block Grant documents and any other papers related to the Block Grant, shall be elaborated in English.

Article 21 **Contact Information**

For the Lithuanian Government:

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

For the Swiss Government:

Swiss Agency for Development and Cooperation (SDC)
Freiburgerstrasse 130
3003 Bern
Switzerland

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

Article 22 **Settlement of Disputes**

In accordance with Article 11 of the Framework Agreement, any dispute which may result from the application of this NGO Block Grant Agreement shall be solved by diplomatic means.

Article 23 **Block Grant Modifications and Amendments**

- 23.1. Any amendment to this NGO Block Grant Agreement shall be made in writing with the mutual agreement of the Contracting Parties and according to their respective procedures.
- 23.2. Any increase of the Block Grant budget, any changes exceeding 10 per cent within the

budget presented in the part VIII "Project Budget" of the Final Project Proposal (annex 2) as well as any strategic changes or conceptual adjustments to the Block Grant that would result in changed objectives as defined in Article 2.1, shall be discussed with and approved by Switzerland.

Article 24
Termination, Suspension

- 24.1. This NGO Block Grant 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.
- 24.2. If either Contracting Party considers that the aims of this NGO Block Grant 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 NGO Block Grant Agreement by giving the other Contracting Party a written notice on the grounds.

Article 25
Entry into Force, Duration

- 25.1. This NGO Block Grant 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.
25. 2. The Block Grant shall be implemented in 39 months, starting on 5th May 2011 and ending on 8th August 2014.

Signed in Vilnius on, in 2 (two) authentic copies in the English language.

For the Swiss Agency for Development and
Cooperation

For the Ministry of Finance of the Republic of
Lithuania

Gabriela Nützi Sulpizio
Ambassador

Rolandas Kriščiūnas
Vice-minister

Annex 1

Confirmation of the Block Grant approval by the SDC

CH-3003 Bern, DEZA

A Post

National Coordination Unit
Ministry of Finance of Lithuania
National Coordination Unit
Mrs. Jurate Viascenkiene
J. Tumo-Vaizganto str. 8a / 2
LT – 01512 Vilnius
Lithuania

Berne, 03 January 2011

**Subject: Swiss Contribution to the Enlarged EU – Cooperation Programme with Lithuania
Decision Letter on Final Project Proposal
Project Name: NGO Fund
Project N°: 7F- 06882.01**

Dear Mrs. Viascenkiene,

The Final Project Proposal mentioned above and submitted by the NCU on 28 September 2010 has been considered by Switzerland. I have the pleasure to inform you that the project has been:

Approved subject to conditions

You are kindly requested to take into account the conditions expressed below, before proceeding with the finalisation of the Project Agreement as fixed in the Annex 2 of the Framework Agreement, section 2.

Condition	Indicator of fulfilment	date / period
The selection criteria to be worked out for the selection of projects to be funded under the NGO Block has to be submitted to Switzerland for non-objection.	The corresponding clause is mentioned in the Project Agreement	With signature of the project agreement
The conditions to be worked out for open calls for projects to be funded under the NGO Block has to be submitted to Switzerland for non-objection.	The corresponding clause is mentioned in the Project Agreement	With signature of the project agreement

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A plan describing how to develop Lithuanian – Swiss NGO partnerships must be worked out, approved by the Steering Committee and be submitted to Switzerland for non-objection.	The corresponding clause is mentioned in the Project Agreement	With signature of the project agreement
Ex-post reports for projects exceeding CHF 75'000 must be prepared and submitted to Switzerland within 2 years after their completion.	The corresponding clause is mentioned in the Project Agreement	With signature of the project agreement

The fulfilment of the conditions is a prerequisite to the signature of the Project Agreement.

Yours sincerely,

Swiss Agency for Development and Cooperation SDC



Kurt Kunz
Assistant Director-General

Copies:

Swiss Contribution office for Estonia, Latvia and Lithuania
Swiss Embassy in Riga

Annex 2

Final Project Proposal



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



LITHUANIAN - SWISS
COOPERATION PROGRAMME



FINANSŲ MINISTERIJA

Lithuanian –Swiss Cooperation Programme

FINAL PROJECT PROPOSAL

NGO Fund

I. Summary information

Project title	NGO Fund
Planned project duration	2010-2014
Priority sector	Special Allocations
Location/region	Republic of Lithuania
Budget	<p style="text-align: center;">Grant amount: 5,552,775 CHF Co-financing: 979,900 CHF</p> <p style="text-align: center;">Total project costs: 6,532,675 CHF.</p>
Short description of the project	<p>The NGO Fund will be implemented in the form of a block grant. The overall objective of the project is to promote civil society's contribution to economic and social cohesion as an important actor of development and participation as well as to contribute to the further development of the NGO sector in Lithuania. The main activities of the NGO Fund are: effective administration of the block grant and granting and implementation of the subprojects. It is foreseen that subprojects could be implemented in three priority areas: advocacy of public benefit and creation of public good, strengthening of democracy and civil society, and improvement of the NGOs activities.</p>

II. Project Applicant

Name	Ministry of Finance of the Republic of Lithuania
Contact details	<p><u>Intermediate Body:</u></p> <p><u>Mrs. Jūratė Vlaščenkienė</u> Deputy Head of the International Financial Assistance Co-ordination Division, Ministry of Finance (NCU) Tel. No.: +370 5 239 0293 Fax. No.: +370 5 219 44 09 E-mail address: j.vlasckeniene@finmin.lt</p> <p><u>Executing Agency:</u></p> <p><u>Mr. Artūras Žarnovskis</u> Head of the EEA and Norwegian Programmes Unit International Programmes Management Department Central Project Management Agency Tel. No.: +370 5 249 9181 Fax. No.: +370 2 251 4401 E-mail address: a.zarnovskis@cpva.lt</p>

<p>Previous, relevant experience</p>	<p>Ministry of Finance as the National Aid Coordinator (NAC) for the EU pre-accession assistance has implemented 2000 Phare Access Programme. The main purpose of the programme was to strengthen institutional and operational capacities of NGOs and to involve them in the activities of the European-wide NGO platforms and networks.</p> <p>Relevant experience was gained also by implementing the 2001 Phare programme on Cross Border Co-operation in the Baltic Sea region. The programme consisted of 2 grant schemes (for small and medium size projects). NGOs were one of the target groups under this programme.</p> <p>Since January 2007 the Ministry of Finance acts as the Intermediate Body for the NGO Fund financed from the EEA and Norwegian Financial Mechanisms (Ministry of Finance is also a National Focal Point for implementation of these mechanisms). The purpose of the Fund is to support NGOs by developing their institutional capacities with the overall objective of strengthening the democratic and civil society and reinforcing the NGO sector in Lithuania.</p>
<p>Project partners</p>	<p>No partners are foreseen for the implementation of the NGO Fund.</p>
<p>Swiss link</p>	<p>The Feasibility Study on the NGOs situation in Lithuania states that a very small share of NGOs in Lithuania co-operate with Swiss NGOs although there is a huge potential for such international co-operation. The Intermediate Body and the Executing Agency will support the NGO initiatives in this field, if there will be such. They will approach the Swiss Contribution Office in case there will be a need for assistance in finding relevant partners in Switzerland and/or establishment of the Lithuanian-Swiss partnerships.</p>

III. Project relevance

The decision-making process in Lithuania is legitimised by our elected representatives. However, NGOs can make a contribution to fostering a more participatory democracy both on the national and local levels as well as within the EU. In Lithuania NGOs are not yet recognised as a significant component of civil society in comparison to the situation in the old EU member states. Adequate involvement of the NGOs into the policy and decision making processes should be sought in the future.

Lithuanian NGOs can act as a balance to the activities and opinions of other interests in society by representing the views of specific groups (e.g., people with disabilities, ethnic minorities, etc.) or on specific issues (such as gender equality, environment, higher education, etc.). However, Lithuanian NGOs, being able to reach the poorest and/or most disadvantaged, still do not have sufficient expertise nor are adequately encouraged by Lithuanian government institutions to provide a voice for those not sufficiently heard through other channels.

In general, Lithuanian NGOs have been quite successfully contributing to policy discussions in some issue areas (such as the disabled, children and human rights), however links at regional and national levels are not very strong for NGOs working in some other issue areas.

Furthermore, quite a few of Lithuania NGOs lack relevant skills for provision of expert input for either local/regional or national policy-making.

For almost twenty years since restoration of Lithuanian independence there was no strategy approved for the development of the NGO sector in Lithuania. Seeking for better regulation of NGO activities, to encourage cooperation between them as well as between NGOs and governmental institutions, the Government of the Republic of Lithuania has approved the Conception on the Development of the Non-Governmental Organisations on 20 January 2010. It is expected that implementation of this Conception would serve for creation of a more favourable environment for establishment of NGOs and the realisation of their activities, it should also encourage more active participation of society in the NGOs activities; NGOs themselves will act more effectively. Creation of a general system, defining the long-term perspectives for the development of the NGO sector is of a strong importance for strengthening the NGO sector in Lithuania and making it more effective. The same Governmental Resolution assigned the Ministry of Social Security and Labour (MoSSL) as the main institution responsible for the implementation of the above mentioned Conception (in cooperation with other ministries, where relevant).

Ministry of Finance, as the Intermediate Body of the NGO Fund under the Lithuanian-Swiss Cooperation Programme, cooperated/consulted with the MoSSL while preparing for the implementation of the NGO Fund: representative of the MoSSL was invited to the discussions on the draft feasibility study on the NGO sector situation in Lithuania, draft final project proposal on the NGO Fund was also submitted for the review of relevant specialists of the MoSSL. In order to continue further consultations with the MoSSL, its representative will be invited to participate (as a member with the voting right) in the work of the NGO Fund Steering Committee.

The final project proposal “NGO Fund” is in line with the National Strategy of Sustainable Development, approved by the Government of Lithuania on 11 September 2003. The strategy states that cohesive development is impossible without the broad and active participation of society in taking decision on a different level (from local to national). Participation of and partnership between different social groups of society, NGOs and governmental institutions are important factors for the successful implementation of the mentioned strategic document.

It is expected that the NGO Fund will make a positive impact towards the reduction of economic and social disparities between Lithuania and the more advanced EU member states in terms of the capability of Lithuanian NGOs to effectively participate in public processes, especially in partnerships with the governmental sector. It should also serve for increasing the financial independence of the NGOs as well as their institutional capacities. The Fund will be implemented in the whole of Lithuania.

The feasibility study on the NGO sector in Lithuania (situation analysis, conclusions and recommendations) has been prepared under the Project Preparation Facility.

IV. Project content

Objectives (outcomes)

Overall objective

- to promote civil society's contribution to economic and social cohesion as an important actor of development and participation
- to contribute to the further development of the NGO sector in Lithuania

Project purpose

- to strengthen NGOs by developing their institutional capacities
 - to strengthen the cooperation between NGOs and local municipalities
- (note: the NGO Fund will also seek to promote/enhance partnerships between Lithuania and Switzerland in the NGOs sector via implementation of the aforementioned project purposes)

Expected Results (outputs)

1st component "Management of the NGO Fund"

- NGO Fund steering committee established and operational
- Sound financial management ensured (reimbursement requests approved by the Swiss authorities)
- Availability of the NGO Fund introduced for the society

2nd component "Implementation of the NGO Fund"

- Open calls organised (documents prepared, open calls published, publicity campaign and information seminars for potential applicants conducted, consultations provided)
- Sub-projects' applications evaluated and selected for financing, sub-project implementation agreements signed
- Training and consultations for final beneficiaries on the sub-projects' implementation conducted
- NGOs sub-projects implemented
- Eligible expenditure disbursed by Fund allocations
- Information and publicity regarding the implementation and the results of the NGO Fund ensured at sub-projects' level.

Activities (components)

1st component "Management of the NGO Fund"

- Establishment of the NGO Fund steering committee
- Control and supervision of the NGO Fund implementation
- Performance of information and publicity measures on the NGO Fund on a general level

2nd component "Implementation of the NGO Fund"

- Organisation of open calls (preparation of documentation, publication of open call, organisation of publicity campaign and information seminars for potential applicants).
- Organisation of appraisal and awarding process (evaluation of sub-projects' applications, training and consultations on development of applications, selection for financing, signing of sub-projects implementation agreements)
- Organisation of trainings and consultations for final beneficiaries on sub-project implementation (procurements, reporting, etc.)

<ul style="list-style-type: none"> • Implementation of the NGOs sub-projects • Control and supervision of the sub-projects' implementation • Implementation of information and publicity measures at sub-projects' level. 	
<p><u>Risks</u></p> <ul style="list-style-type: none"> • Lack of co-operation and coordination between the relevant authorities involved • Lack of co-operation between NGOs and the Executive Agency of the Fund • Poor quality of applications submitted • NGOs' capacities are not sufficient for the implementation of projects • Financial risk related to currency exchange rate fluctuations. • Double financing 	<p><u>Means for risks management)</u></p> <ul style="list-style-type: none"> • Relevant authorities should be represented in the Steering Committee, which should ensure the smooth cooperation among the governmental institutions involved • Monitoring in this respect should be ensured by the Intermediate Body as well as timely involvement, if necessary • Training and consultations should be provided to potential applicants in order to support them in project preparation process • The Executing Agency and Intermediate Body should closely monitor the implementation of sub-projects and provide the NGOs with all necessary information • Planning of the NGO Fund costs with due account of expert projections on the potential alterations of exchange rates. • There will be a condition in the typical sub-project implementation agreement that expenditures are not eligible if the sub – project's final beneficiary does not follow double financing rules. The Executing Agency will not sign a sub-projects implementation agreement if the applicant does not declare that he will not break double financing rules. The Executing Agency will also ensure that a sub-project is not financed by other programmes managed by the CPMA. To avoid double financing the CPMA will cooperate with other institutions, which administrate other international financial support. The Executing Agency will also manage this risk by organising on-the-spot checks.
<p><u>Beneficiaries/target group</u></p>	
<p>The potential applicants of the project will be as follows:</p> <ul style="list-style-type: none"> • associations, • charities/relief-funds, 	

- public institutions (except the ones which founder(s) and/or stakeholder(s) are government institutions).

There will be two levels of the target groups under each objective of the NGO Fund – direct (NGOs) and indirect (society groups). Target groups are defined under each measure. Detailed information on that is presented in Annex 3 “Sub-project level (set-up)”.

Sustainability of the project

The NGO Fund will facilitate the creation of a network (within the NGO sector, NGOs and civil society, local municipalities, government institutions and donor partners) for further cooperation. Information channels established while implementing the NGO Fund will serve for further enhancement of partnerships. Strengthened capacities will form the background for more effective operation of the NGOs in public processes.

The long-term sustainability of the NGO Fund depends on the ability of grantee organisations to develop new and diverse sources of funding. Some positive accomplishments have taken place in Lithuania in this field recently: compared with a virtually 70 percent or even more dependence on private foreign funders a few years ago, in the last two years Lithuanian NGOs have managed to raise at least 50 percent of their income from other sources – local businesses, individuals, and by providing services. There will be a separate measure under the NGO Fund on increasing financial independence of the NGOs.

The financial situation necessitates NGOs to work with their stakeholders more regularly and efficiently in order to get their ideological support as well as technical assistance and/or pro bono help. The increased number of and improved relations with stakeholders would also improve awareness of NGOs which eventually would lead to their improved opportunities to either sell their services or fund-raise.

The sustainability at the sub-project level will be ensured by the following means:

- during the sub-project selection, the applicants will have to provide information on how they plan to ensure sustainability of sub-project’s results after its completion.
- the sub-project implementation agreement will include relevant provisions on the sustainability of the sub-project’s results. It will require that the final beneficiary ensure that project’s results (intellectual property created, supplies or services provided) shall be in use for the aims of the sub-project for a 5 years period.

V. Project justification

Seeking for effective implementation of the NGO Fund and the final project proposal the Intermediate Body has conducted a public procurement of services for preparation of a feasibility study of the NGO situation Lithuania. The services were financed from the Project Preparation Facility. The tasks of the contractor were as follows:

- to provide a detailed and comprehensive situation analysis of the NGO sector in Lithuania (general overview, analysis of institutional capacities, cooperation between NGOs and municipalities as well as NGOs in Lithuania and Switzerland, NGOs’ possibilities to attract funding),
- to identify the main problems in the NGO sector,
- to formulate recommendations on priority areas, measures, possible activities and target groups for financing under the NGO Fund.

The main findings of the feasibility study are as follows:

- sector lacks clear definition and transparency. Due to this problem the NGO sector is not well known by the public and the governmental sector.
- Cooperation of the NGOs and municipalities is conducted in an asymmetric way.
- Services provided by the NGOs are not competitive,
- Cooperation between the NGOs in Lithuania and Switzerland is minimal.

The implementation of the NGO Fund shall be followed by the principles of:

- support concentration,
- encouragement of partnerships,
- promotion of the pilot initiatives and dissemination.

The study also recommends that due attention shall be given to strengthening of the NGOs' infrastructure.

The NGO Fund shall be implemented via two objectives:

- strengthening of the NGOs by building their institutional capacities,
- strengthening of cooperation between the NGOs and local authorities.

Based on the situation analysis and findings, the separate measures, activities, target groups and planned possible outcomes were recommended. The detailed information is presented in Annex 4 "Sub-project level (set-up)".

Based on the situation analysis as regards the cooperation between Lithuanian and Swiss NGOs (which is very minimal for today), the feasibility study recommends not to have the separate objective and measures on promotion of the Lithuanian – Swiss partnerships in the NGO sector. Applicants shall be given an opportunity to implement joint sub-projects with partners from Switzerland, raise their qualifications and learn from the experience of the Swiss NGOs. The feasibility study recommends to use dissemination of good practice and experience to Lithuanian NGOs as a basis for Lithuanian – Swiss NGO cooperation. This shall be included in the aforementioned fields (objectives).

The feasibility study also provided recommendations on the composition of the NGO Fund's Steering committee: representatives of the central government (ministries), local authorities (staff dealing with the NGO related issues) and NGOs.

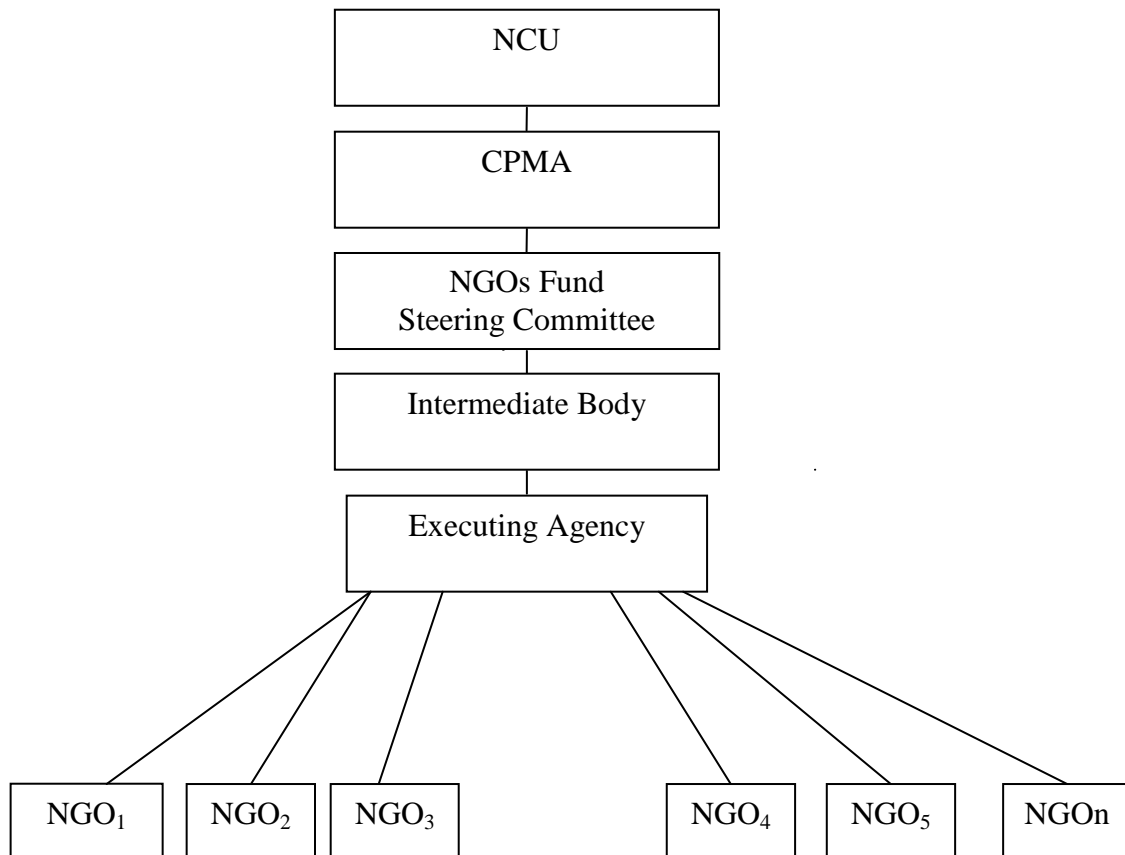
VI. Project organisation

Organisational set-up

NGO Fund shall be implemented by the following bodies:

- NCU
- CPMA (Swiss Programme Division)
- NGO Fund Steering Committee
- Intermediate Body – Ministry of Finance (International Financial Assistance Coordination Division)
- Executing Agency - EEA and Norwegian Programme Division of the CPMA.

The organisational chart is presented below in Scheme 1:



Responsibilities

The Ministry of Finance will act as the National Coordination Unit as well as the Intermediate Body of the NGO Fund. The International Financial Assistance Coordination Division of the Ministry of Finance will directly perform the functions assigned to the Intermediate Body. Part of the National Coordination Unit and the Intermediate Body of the NGO Fund functions will be delegated to the CPMA. Swiss Programme Division of the CPMA (which will be acting as the CPMA) will ensure the performance of functions delegated by the National Coordination Unit, EEE and Norwegian Programme Division of the CPMA (which will be acting as the Executing Agency) will ensure the performance of functions delegated by the Intermediate Body.

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 are delegated to the CPMA.

Role of the CPMA (tasks delegated by the NCU)

The CPMA will be assigned of the following functions and responsibilities:

- participate in preparation of legal acts necessary for the NGO Fund implementation and monitoring;
- participate in the evaluation process of sub-project applications as an observer;
- prepare and submit reimbursement requests for the Swiss authorities;
- supervise the implementation of the NGO Fund;
- check for irregularities and report them to the NCU;
- check and approve the reports on the implementation of NGO Fund and submit them to the NCU.

Role of the NGO Fund Steering Committee

The Steering Committee for the supervision of the NGO Fund implementation will be established. It will consist of representatives of the governmental sector (Intermediate Body - Ministry of Finance, 2 representatives – chairman and Head of Unit responsible for the implementation of the NGO Fund), Ministry of the Social Security and Labour (as the institution responsible for the NGO related politics, 1 representative) the CPMA (1 representative), local self-government bodies (to be represented by the Association of Local Authorities, 1 person) and NGOs (7 representatives). The representative of the Swiss Embassy Swiss Contribution Office will be invited to the Steering Committee meetings as an observer (with the right of non-objection). The Steering Committee will have the following functions and responsibilities:

- approve the main conditions of the open call (the criteria for the selection of the sub-project applications, duration of the open call, budget of the open call, etc);
- approve the final budget allocated for the sub-projects;
- discuss and approve/reject progress reports of the NGO Fund;
- provide recommendations on implementation of the NGO Fund to the Intermediate Body and Executing Agency;
- monitor the implementation of the NGO Fund on the overall level (if it is in line with the Block Grant Implementation Agreement).;
- based on an evaluation report on submitted sub-project applications, take a decision on sub-project applications/ allocation of funds for the sub-project/rejection of the application;

Role of the Intermediate Body

The Intermediate Body of the NGO Fund will have the following functions and responsibilities:

- administer and monitor the implementation of the NGO Fund;
- establish a Steering Committee for the NGO Fund and organise its meetings;
- approve guidelines for applicants, application form, form of the sub-project implementation agreement, other detailed documents needed to run the NGO Fund;
- establish contracting arrangements with the organisations and institutions implementing sub-projects under the NGO Fund;
- establish appropriate management and control system in order to ensure efficient and correct use of available funds;
- ensure information and publicity about the NGO Fund;
- participate in the evaluation process of sub-project applications as an observer;
- supervise the activities performed by the Executing Agency;
- submit reports on NGO Fund implementation approved by the NGO Fund Steering Committee to the CPMA for approval;
- prepare payment applications to the State Treasury.

Role of the Executing Agency (tasks delegated by the Intermediate Body)

CPMA will act as Executing Agency.

The Central Project Management Agency is a public institution, established by the Ministry of Finance of the Republic of Lithuania, which seeks to ensure efficient management of financial assistance granted by the European Union, International Financial Institutions and other international and local donors.

The Agency was established in 2003 by merging two organisations - the Central Financing and Contracting Unit (CFCU), which was established in early 1998, and Housing and Urban

Development Fund (HUDF) established in 1996. The CFCU was responsible for the projects financed by EU PHARE/ ISPA programmes and HUDF was implementing programmes financed by International Financing Institutions (IFIs) such as financed from World Bank, NIB, EIB and EBRD. Before the merger both institutions had already accumulated much experience in implementing complex international projects, thus, a strong team was formed, capable of successfully managing projects in many different fields.

Since the establishment of the CPMA in early 2003, the number of the staff has grown rapidly, just as the scope of programmes managed by the CPMA. Today the number of the CPMA personnel is about 230.

Programmes managed by the CPMA:

- EU Structural Funds (Infrastructure: Health, Education, Social, Info. Society, Regional, TA) – 1.963 million euro;
- Transition Facility – 41 million euro;
- European Economic Area Financial Mechanism and Norwegian Financial Mechanism (for 2004-2009) – 78 million euro;
- External Borders European Return Fund – 140 million euro;
- Ignalina Programme – 218 million euro;
- Total – about 2.5 million euro.

Executing Agency of the block grant will be assigned with the following functions and responsibilities:

- assist in preparation of the NGO Fund Steering Committee meetings;
- organise the open calls for proposals for sub-projects (prepare guidelines for applicants, collect sub-project applications, organise the evaluation process, implement publicity measures, provide training for potential applicants, etc.);
- prepare necessary legal documents for the NGO implementation: a. Rules of NGO Fund implementation (will be approved by the Minister of the Finance, estimated time: November 2010); b. NGO Fund implementation agreement between Ministry of the Finance and the CPMA (estimated time: December 2010); c. Typical sub-project implementation agreement (will be approved by the Minister of the Finance, estimated time: March 2011); d. Guidelines for Applicants (will be approved by the Minister of the Finance, estimated time: January 2011); e. standard sub-project implementation documents approved by the Director of CMPTA (procurement plan, payment request; sub-project implementation report and etc., estimated time: November 2010 – February 2011);
- evaluate received applications for financing of sub-projects and prepare the evaluation report;
- organise the preparation and signature of sub-project implementation agreements;
- provide training and consulting for the final beneficiaries;
- manage and supervise the implementation of sub-projects on the operational level (including on-the-spot checks);
- approve the implementation reports of sub-projects,
- check payment claims together with the supporting documents received from the final beneficiaries, verify the eligibility of expenditures and submit conclusions on eligibility of expenditures to the Intermediate Body;
- prepare and submit to the Intermediate Body implementation reports on sub-projects implementation progress on a quarterly basis;

- prepare reports on NGO Fund implementation and submit them to the Intermediate Body for approval in the NGO Fund Steering Committee;
- implement and operate daily activities of the NGO Fund;
- check for irregularities and report them to the CPMA and the Intermediate Body.

Selection and awarding process of sub-projects

The scheme “Selection and awarding process of sub-projects” is presented in Annex 4.

A description of the selection and awarding process of sub-projects is presented in Annex 3 “Description of the Sub-project level”.

The process of verification and approval of sub-project implementation reports and payment claims received from final beneficiaries

The scheme “Verification and approval of sub-project implementation reports and payment claims” is presented in Annex 5.

Independent financial audit (fund level)

According to Annex 1 of the Framework Agreement the NGO Fund is subject to intermediary and final financial audits, carried out by external certified audit organisation. The requirements and frequency of the financial audits will be specified in the Sub-project implementation agreement.

Services of financial audit will be procured by the Executing Agency via public procurement procedures.

VII. Detailed implementation schedule

It is planned that the implementation of the NGO Fund will start at the end of 2010 and will last until 2014. The detailed implementation schedule is presented in Annex 2 of the Final Project Proposal.

VIII. Project Budget (CHF)

	Eligible costs			Non-eligible costs	Total project costs (grant + co-financing)	
	Amount of grant	National Co-financing				
		National public funds	Other sources	Total co-financing of the program		
NGO Fund sub-project implementation	4,997,575	881,925		881,925		5,879,500
NGO Fund management costs*	555,200	97,975		97,975		653,175
Total	5,552,775	979,900		979,900		6,532,675

Note: Co-financing of the NGO Fund from the State Budget of the Republic of Lithuania will amount to 15% of the total NGO Fund eligible costs. All payments will be made by exact rate of 85% from the Swiss Contribution and 15% from the national co-financing.

***The preliminary distribution of the NGO Fund management costs (fund level):**

Eligible costs	Total amount (grant +co-financing) CHF
NGO Fund management costs (incurred entirely by the Executing Agency)	653,175
Personnel cost (including social security contributions and all other statutory costs related to employment obligations);	570,000
Publicity campaign, information seminars for potential applicants and final beneficiaries	21,175
Audit	49,000
Other costs, if directly attributed and justified to the management of the NGO Fund and necessary for its implementation (e.g. travel, including travel insurance cost and subsistence allowances for staff taking part in the programme, on-the-spot checks, training, translation)	13,000

Note: The allocation of NGO Fund management costs is indicative and may be reallocated if the need arises.

NCU may ask Swiss authorities to reimburse an advance payment made by NCU in favor of Intermediate Body and/or Executing Agency amounting up to 20 % of the total NGO Fund budget.

IX. Procurement

All procurement carried out under the NGO Fund will be organised according to principles of the Law on Public Procurement of the Republic of Lithuania.

The procurement necessary for the implementation of NGO Fund related activities (services of the financial audit on the NGO Fund level, publicity, translation and etc.) will be conducted by the Executing Agency.

X. Information and publicity measures

The aim of the NGO Fund information and publicity is to clearly and effectively spread information about the Fund and the conditions for applying for its' financing. Primary target group of information and publicity campaign will be the NGOs. The information will be spread to any interested person or institution which have expressed the interest to get acquainted with NGO Fund.

Intermediate Body and Executing Agency will respectively implement publicity measures depending on their own activities and responsibilities. Overall information and publicity campaign will be based on the Rules of Information and Publicity for the Swiss-Lithuanian Cooperation Programme, released by NCU. The main means preliminarily planned for publicity of the NGO Fund shall be information seminars (for potential applicants), publication of the information about launching the open call in newspaper(s) (more exact decisions to be made later), information on the websites of the Intermediate Body and Executing Agency, press releases, etc. A detailed publicity plan will be developed while preparing the NGO Fund Implementation Agreement.

XI. Development Impact

After the completion of the sub-projects, evaluation regarding the implementation of the NGO Fund will be performed by the Executing Agency.

XII. Project Horizontal Issues

Environmental aspects of the project	<p>It is expected that following the recommendations of the feasibility study and seeking the objective of the sustainable development the NGO fund will encourage awareness-raising work, social campaigns and ecological education and training undertaken by environmental NGOs (both in the governmental sector and among wider public).</p> <p>It is envisaged that the NGO Fund will make a positive impact in the field of environment. Active NGOs could easier attract attention to environmental problems and in this way initiate public debates. Also active NGOs can be important partners seeking to solve environmental problems. Projects related to environmental protection can make an impact on better public awareness and understanding the real need to protect the environment.</p>
Social and economical aspects of the project	<p>The projects supported under the NGO Fund will directly contribute to increasing the quality of services provided by NGOs, which intend to advance the social conditions of communities. The NGO Fund support will serve for improvement of social dialogue of different society groups.</p> <p>The NGO Fund support will also strengthen NGOs, promote their consolidation process and provide more opportunities to play a more active role in community life. It is well known that the economic development of a country is based on an active public society that is why the strengthening of the NGOs is a very important process because one of their tasks is to mobilise and engage citizens who wish to play an active and responsible role in generating public benefit. Strong NGOs can have significant impact on the political, economical and social environmental process/decision-making in every day life and can be part of the problems' solution.</p>
Gender equality	<p>While implementing the sub-projects the gender equality principle will be ensured by its inclusion into the Guidelines for Applicants and other NGO fund related documentation. The importance of this principle will be presented and explained during the information seminars for potential applicants in order to stipulate the follow-up of this principle in the preparation and implementation of the sub-projects.</p>

The horizontal issues (environmental, social and economical, gender equality aspects) will not be distinguished as separate priority areas for financing but will be addressed on a sub-project basis.

Annex 3
Logframe

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"> to promote civil society's contribution to economic and social cohesion as important actors of development and participation to contribute to the further development of NGOs sector in Lithuania 	<ul style="list-style-type: none"> Increased society's participation in NGO and voluntary activities NGO's, which received Block Grant funding, are able to contribute with Government and municipalities providing social and another services to the communities/society 	<ul style="list-style-type: none"> Reports on the NGO Fund block grant Report on post-completion analysis 	
Project purpose/s (Outcome/s)	Objectively verifiable project purpose/s (outcome/s) indicators	Sources of Verification	Assumptions
<ul style="list-style-type: none"> to strengthen NGOs by developing their institutional capacities to strengthen the cooperation between NGOs and local municipalities 	<ul style="list-style-type: none"> at least 90% of sub-projects are properly implemented at least 90% of sub-projects which foresee strengthening the cooperation between NGOs and municipalities are properly implemented 	<ul style="list-style-type: none"> Block grant documentation Reports on the NGO Fund block grant 	<ul style="list-style-type: none"> sufficient demand of grant assistance across the NGO sector cooperation and coordination between relevant authorities involved availability if domestic financial resources for co-financing
Results (Outputs)	Objectively verifiable results (outputs) indicators	Sources of Verification	Assumptions
<u>1st component "Management of the NGO Fund"</u> <ul style="list-style-type: none"> Managerial set-up of the NGO Fund established and operational 	<ul style="list-style-type: none"> 1 Steering Committee established and operational 95-100% of reimbursement requests submitted to Swiss authorities are approved 	<ul style="list-style-type: none"> Order of the Head of Intermediate Body on establishment of the SC for NGO Fund Reports of Executing Agency 	<ul style="list-style-type: none"> Efficient NGO Fund management Sufficient number of good quality applications received Smooth cooperation between Intermediate Body

Strategy of Intervention	Key Performance Indicators	Sources of Verification	Assumptions (external Factors / risks)
<ul style="list-style-type: none"> • Sound financial management ensured • Availability of the NGO Fund introduced for the society <u>2nd component “Implementation of the NGO Fund”</u> • Open calls organized • Applications assessed and selected for financing, sub-projects agreements signed • Trainings and consultations for final recipients on the sub-projects implementation conducted • NGOs projects implemented 	<ul style="list-style-type: none"> • 90-100% of costs declared in the reimbursement requests submitted to the Swiss authorities are reimbursed • At least 3 press releases or messages in/for mass media • At least 1 open call launched • At least 1 set of documentation for the open call approved by the SC for NGO Fund and formalised by the Order of the Head of the Intermediate Body • 10 information and training seminars for potential applicants organised for each open call (in total about 400 potential applicants to be trained) • Information on the call published in local newspapers, websites of the Executing Agency, Intermediate Body, local authorities • 100% of applications received in due time are assessed • From 90% to 100% of selected sub-projects are contracted • At least 2 training seminars for final beneficiaries on project implementation (in total at least 100 final beneficiaries to be trained). • 90-100% of costs declared in the reimbursement requests submitted to the Swiss authorities are reimbursed • From 80% to 100% of sub-projects properly 	<ul style="list-style-type: none"> • Audit reports • Other documentation of the Executing Agency/Intermediate Body • Reports of final beneficiaries • Sub-project implementation agreements • Bank statement on payments made to final recipients • Bank statement on payments received from the Swiss authorities • Lists of participants 	<ul style="list-style-type: none"> and Executing Agency as well as the final beneficiaries • Smooth and timely implementation of sub-projects

Strategy of Intervention	Key Performance Indicators	Sources of Verification	Assumptions (external Factors / risks)
<ul style="list-style-type: none"> Funds disbursed for eligible expenses Information and publicity regarding the implementation and the results of the NGOs Fund ensured at sub-projects' level 	<p>implemented</p> <ul style="list-style-type: none"> from 95% to 100% of NGO Fund available is committed for financing 85-100% of funds allocated for sub-projects disbursed for final recipients 95% - 100 % of information and publicity measures implemented according to sub-project implementation agreements 		
Activities	Means (Inputs)	Sources of Verification	Assumptions
<p><u>1st component "Management of the NGO Fund"</u></p> <ul style="list-style-type: none"> Establishment of the NGO Fund Steering Committee Control and supervision of the Fund implementation Performance of information and publicity measures on the NGOs Fund on a general level <p><u>2nd component "Implementation of the NGO Fund"</u></p> <ul style="list-style-type: none"> Organization of open calls Organization of appraisal and awarding process Organization of trainings and consultations for final recipients on sub-project implementation Implementation of the NGOs sub-projects Control and supervision of the sub-projects' implementation Implementation of information and publicity measures at sub-projects' level 	<ul style="list-style-type: none"> NGO Fund block grant implementation agreement signed between the Intermediate Body and Executing agency Evaluation Committee established 	<ul style="list-style-type: none"> Order of the Head of Intermediate Body on establishment of the SC of the NGO Fund Media advertisements NGO Fund implementation reports Audit reports Other documentation of the NGO Fund (minutes of the NGO Fund SC meetings, Evaluation reports, etc.) 	<ul style="list-style-type: none"> Smooth co-operation between NGOs and administrating institutions (Executing Agency, Intermediate Body)
			<p>Preconditions Final project proposal approved by the Swiss authorities and Block Grant Agreement signed between the NCU and the Swiss authorities</p>

Annex 4**Disbursement Plan**

I. Disbursements for reimbursement of advance payment paid by NCU to Executing Agency and /or Final beneficiaries:

Reporting period No.	Reporting period	Documents to be added to the Reimbursement Request for Advance Payment	Forecast disbursement amount CHF
1.	Date of the signature of the Agreement -31 December 2011	N/A	111,039
2.	1 January 2012 - 30 June 2012	N/A	999,516
Total			1.110.555

II. Disbursements for reimbursement of eligible expenditures incurred (including advance payments to supplies):

Reporting period No.	Reporting period	Documents to be added to the Reimbursement Request	Forecast disbursement amount CHF
1.	[Date of the signature of the Agreement] – 31 December 2011	Interim Report	-
2.	1 January 2012 - 30 June 2012	Interim Report	810,302
3.	1 July 2012 - 31 December 2012	Interim Report	1,530,000
4.	1 January 2013 - 30 June 2013	Interim Report	1,879,626
5.	1 July 2013 - 31 December 2013	Interim Report	222,292

6.	1 January 2014 - 30 June 2014	Last Interim Report, 1 st Project Completion Report, conclusions of the final financial audit	-
7.	1 July 2014 - 31 December 2014	2 nd Project Completion Report covering expenditures for the reporting, auditing and evaluation	-
Total			4,442,220