

1.	Amendments of the Lithuanian Procurement Law re e-procurements																													
	From 01.01.2014 all contracting authorities must purchase goods/ services/ works from Central Purchasing Organisation, if there are such goods/ services/ works in the catalogue. And only with a strong motivation (if the expectations are not fulfilled) contracting authority can not to buy goods/ services/ works foreseen in the catalogue.																													
2.	Utilization of savings – proposed additional investments and potential budget constraints (due to very strong CHF, co-financing must be increased);																													
	Energy efficiency programme reserve, Eur (1.0463 CHF / 3,3 LTU)		7.179.246,90																											
	<i>Unappropriated</i> budget (reserve line)		353.632,91																											
	Kaunas clinical hospital (suspended agreement)		2.789.481,90																											
	Hospitals' savings due to done procurements		657.598,33																											
	Savings due to Exchange rate		3.267.737,40																											
	MoH administration savings		110.796,36																											
	<table border="1"> <thead> <tr> <th>Energy efficiency programme's reserve possible usage, Eur:</th> <th>(1) Solar collectors + heating pumps + technical project</th> <th>(2) Solar collectors + heating pumps + photovoltaic power stations + technical project</th> </tr> </thead> <tbody> <tr> <td>Kaunas clinical hospital (new agreement for works)</td> <td>1.775.093,08</td> <td>1.775.093,08</td> </tr> <tr> <td>Kaunas clinical hospital (for administration 6%)</td> <td>53.252,79</td> <td>53.252,79</td> </tr> <tr> <td>Hospitals (9) needs for additional activities</td> <td>675.232,00</td> <td>675.232,00</td> </tr> <tr> <td>Additional expenses (possible higher costs for works)</td> <td>944.313,78</td> <td>944.313,85</td> </tr> <tr> <td>Solar collectors + heating pumps (including technical projects)</td> <td>2.422.000,00</td> <td>-</td> </tr> <tr> <td>Solar collectors + heating pumps + photovoltaic power stations (including technical projects)</td> <td>-</td> <td>4.421.300,00</td> </tr> <tr> <td>Additional administration costs</td> <td>136.326,88</td> <td>136.326,88</td> </tr> <tr> <td>Total, Eur:</td> <td>6.006.218,53</td> <td>8.005.518,60</td> </tr> </tbody> </table>			Energy efficiency programme's reserve possible usage, Eur:	(1) Solar collectors + heating pumps + technical project	(2) Solar collectors + heating pumps + photovoltaic power stations + technical project	Kaunas clinical hospital (new agreement for works)	1.775.093,08	1.775.093,08	Kaunas clinical hospital (for administration 6%)	53.252,79	53.252,79	Hospitals (9) needs for additional activities	675.232,00	675.232,00	Additional expenses (possible higher costs for works)	944.313,78	944.313,85	Solar collectors + heating pumps (including technical projects)	2.422.000,00	-	Solar collectors + heating pumps + photovoltaic power stations (including technical projects)	-	4.421.300,00	Additional administration costs	136.326,88	136.326,88	Total, Eur:	6.006.218,53	8.005.518,60
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3.	Total amount of savings under the tenders carried out so far																													
	728.611,07 Eur : Significant savings were only in: Vilnius Maternity Hospital (work tender 1.487.141,08 Lt (430.705,83 Eur)) Klaipeda hospital (work tender 500.294,22 Lt (144.895,22 Eur)), Telsiai (technical project tender 57.108,43 Eur), KMUK (technical project tender 95.901,59 Eur).																													
4.	On page 16 it is mentioned that evaluation services on the solar collector issue have been procured. Does this include a technical feasibility study?																													
	JSC "Termomatika" analysed thermal energy and hot water use of the last three years (data from 17 hospitals) and other related documents and information which was submitted to MoH by hospitals. Recommendations for the alternative (renewable) energy sources were submitted: the need of investments, amount of savings, reduction of CO2 release and other related data (March, 2015).																													

	This document with all recommendations and calculations has been called a mini feasibility study and it was submitted to Swiss by NCU (7 th April, 2015 by e-mail).
5.	Is it feasible to amend the agreement by May 2015 (ultimate deadline previously agreed)?
	Annex 3 (Indicative budget), Annex 4 (Logframe Matrix) and Annex 6 (List of measures intended to implement in hospitals) will be updated by MoH and adjusted with NCU and CPMA in a week time when we will receive the Swiss authorities' decision on the additional activities, alternative (renewable) energy sources and Kaunas clinical hospital.
6.	Could you explain in more detail what is the content of the exact order, which will be put in the CPO-system by Kaunas Clinical Hospital?
	<p>CPO announces international tenders in the European Union system (ted.europa.eu). Suppliers from other countries (including Switzerland) can also participate in these tenders and provide proposals. With suppliers, which proposals corresponds with tender requirements, preliminary contracts (framework agreements) are signed for 1 year period with the possibility to extend up to 4 years. However if the situation in the market is changing the preliminary contracts are not being extended and new tenders are being announced. For example tenders for works have been announced on:</p> <ul style="list-style-type: none"> - 2014-01-30 - 2013-07-03 - 2012-08-14 - 2012-05-10 - 2009-05-27. <p>In last tender (announced on 30 January 2014) 143 preliminary contracts (with different contractors) has been signed, and it is assumed that there is more than adequate competition between contractors. From these preliminary contracts electronic catalog is formed where purchasing body (in our case hospital) can choose offered services, goods or works by clicking exact field and choosing only the amount of specific work, goods, services.</p> <p>When purchasing body order works form CPO-system only general information could be added by hospital (name of the object, square meters, some explanations, etc.) but exact technical specifications of work are provided by CPO system.</p> <p>When exact order (by purchasing body) is put into the CPO system, competition between suppliers (which were granted with the preliminary contracts) is being reopened. Suppliers (which were granted with the preliminary contracts) offers a price for this exact order. The offered price cannot be higher than price foreseen in the preliminary contract. Awarding contract is signed between purchasing body (hospital) and the supplier who offered the lowest price.</p>
7.	Is the co-financing ensured?
	Lithuania will ensure the implementation of its obligation for co-financing.
8.	Updated / Amended Logframe
	The Logframe will be updated by MoH as soon as we will receive the Swiss authorities' decision on the additional activities, alternative (renewable) energy sources and Kaunas clinical hospital and then will be presented to Swiss authorities by NCU.
9.	Time constraints (only 20 months left)
	<p>21 out of 22 technical projects have been prepared already (Panevezys LED lights technical project has left), all 20 planned technical project's expertise's have been prepared.</p> <p>Final contracts of repair works are planned to be signed August, 2015 and remaining 12 months are enough for those hospitals who will start works in August, 2015. The rest of the hospitals, which implements large-scale works (Trakai, Telšiai) will sign contracts May/June and will have more than 12 months for work implementation.</p> <p>The implementation of additional activities (solar collectors, heating pumps) requires less time</p>

	<p>than repair works, and we believe, that purchasing these activities in one procurement with technical project preparation about 12 remaining months are enough (the installation of solar collectors in P.Mazylis Maternity Home took about 6 months).</p> <p>According to the work plan of each hospital all programme activities should be implemented in a timely manner.</p> <p>Hospitals are constantly monitored by MoH (work plans review, constant phone and e-mail consultations, in some cases - meetings with MoH, NCU, CPMA and hospitals' authorities etc.).</p>
10	<p>If there is a new implementation agreement with Kaunas, will the same persons be in charge of project implementation at Kaunas Clinical hospital? What was the main problem with Kaunas Clinical hospital? How is ensured that the project implementation will be faster and better in the future?</p>
	<p>The hospital has changed the main project manager and involved new persons in the project administration team (public procurement specialist, expert-consultant for project administration purpose, project engineer).</p> <p>The main problem was the project administration team and the situation in the hospital's management (several times the director has changed). The hospital did not comply with the schedule of activities, constantly changing it. MoH repeatedly warned hospital about project implementation risks (in written form and during meetings with MoH and CPMA authorities), but hospital did not take any measures to control risks.</p> <p>Joint Health Sector's Programmes Steering Committee decision was taken to include Kaunas clinical hospital into the Energy programme once again, to sign a new project implementation agreement and allocate 1,775,093.08 Eur for the approved activities (2nd April, 2015) with the condition if the Swiss approval is received. The new implementation agreement will be signed with condition, that all foreseen activities must be purchased from CPO catalogue. In this case, the purchase process takes up to 2 weeks, and we believe foreseen activities can be implemented within 9 months. It is planned to procure works with technical project preparation (this let to save some time).</p>
11	<p>Do you continue to work with action plans for Kaunas/Klaipeda</p>
	<p>Not only Kaunas and Klaipeda but all hospitals are constantly monitored according to work plans (interim reports information and work plans review, visits to hospitals, meetings with MoH authorities, constant phone and e-mail consultations, etc.). As Kaunas clinical hospital project implementation agreement has been suspended there will be a new work plan prepared after the Swiss authorities' approval for the <u>new project implementation agreement</u> with Kaunas clinical hospital will be received. Also, MoH has a suggestion to include into the new project implementation agreement a provision according to which Kaunas clinical hospital will have to finish main procurements and start repair works by 1st August, 2015. Otherwise the project implementation agreement might be suspended again.</p> <p>According to latest monitoring information Klaipėda university hospital has started repair works in January, 2015.</p>
12	<p>Additional trainings for hospitals planned</p>
	<p>At the moment we do not see necessity for additional trainings. Trainings or other activities (for example round table discussion) could be organized if hospitals will express the need.</p>
13	<p>Are there other hospitals with which the cooperation is difficult? Last year it was mentioned that the progress at the Telsiai hospital was not satisfactory</p>
	<p>Telsiai has launched work tender and activities has been carrying out according to the schedule. The situation is following: hospital announced public procurement for repair works</p>

	<p>on 16th March, 2015. Many requests from contractors were received and hospital answered in written form. It's planned to open envelopes on 15th, April. Also, due to prepared technical project the indicators of project activities were adjusted (2nd April, by Joint Health Sector's Programmes Steering Committee decision).</p> <p>There are no other hospitals, with which the cooperation is difficult. All hospitals are constantly interacting, some of them were invited to a meeting with CPMA, MoH and FM and to introduce the action plan of the project implementation (Raseiniai hospital, Vilkaviskis hospital, Kaunas clinics).The cooperation with all hospitals is constant (phone and e-mail conversations) and the projects' administrative teams show their efforts in successful implementation of the projects.</p>
14	Coordination of planned monitoring visits
	We will inform You in the beginning of the month about planned on-the spot checks. You are welcome to join us.
15	Option to visit Panevezys hospital and Mazeikiai hospital together with local SECO backstoppers? Okay if Roberto Rossi visits Mazeikai hospital separately (so that he can visit several hospitals during one visit)?
	OK
16	On page 16 it is mentioned that financial audit services have been procured. Will we receive the interim audit report by end of April
	MoH received the interim report on 7 th April. Report will be submitted to the Switzerland in the nearest future.
17	On page 16 it is mentioned that 21 out of 22 draft contracts of completed contracts have been approved. Why was one rejected
	1 draft contract was rejected (LED lights in Panevezys hospital tender case) because supplier did not meet the qualification requirements. According to the public procurement procedures, the hospital has returned to the qualification evaluation stage and asked to clarify the supplier's qualification. Unfortunately, the supplier did not submit the answers and arguments according his qualification and was rejected. As only 1 proposal has been received in this tender, the tender was finished by rejecting a proposal.
18	On page 17 it is mentioned that 5 on-the-spot checks were carried out. What is the general impression/main findings
	<p>No large scale irregularities were found, only small ones in all hospitals:</p> <ul style="list-style-type: none"> • Vilnius Maternity Home – it was detected that ventilations system in surgery wasn't working. The term for corrections has been set. Hospital has corrected irregularity. Also, it was detected, that the lamps, foreseen in the contract hasn't been installed. Contractor lowered the price for lamps. • Children hospital – medical gas panel was installed not according to a technical project (two instead one panels). The term for corrections has been set. Contractor has corrected irregularity. • P.Mažylis Maternity Home - lack of documentation (construction journal, declaration of construction completion, final technical project with technical supervisor's approval were missing). The term for corrections has been set. Hospital submitted missing documentation. • Pasvalys Hospital – it was found that work took longer than foreseen in the contract documents. 5 % (from contract price) correction was applied.
19	In some cases (Republican Kaunas hospital, Panevezys Republican Hospital there have been cost overruns (p.69)): Reasons?

	<p>These were the work tenders. Now we can see the tendency of price increase compared with 2010, when the budget for hospitals was calculated. This is because of a under way process of modernization of buildings in Lithuania and a shortage of construction workers.</p> <p>In Panevezys hospital case the cost overrun could be also due to related works. It was a need to do the rainwater collection system around the building that water couldn't enter through the basement walls (the thermal insulation of basement walls is foreseen in the Energy programme).</p>
20	<p>In other cases the offered price was much lower than the budget (Kaunas Clinical Hospital on page 68, Telsiai hospital on page 72). Reasons? How is quality ensured?</p>
	<p>These mentioned tenders were technical project preparation tenders. Usually in budget planning stage the budget for engineering services (technical project preparation, expertise of technical project, technical supervision of works) is foreseen up to 8 per cent of the cost of the work. As the construction works in Telsiai and in Kaunas clinical hospital are large-scale works, the foreseen budget for engineering services was also big. But Telsiai had to make only the technical project corrections, and it was a tender from one supplier (due to author rights). This could be the reason, why the offered price was much lower than the budget foreseen.</p> <p>Kaunas clinical hospital carried out public procurement. 5 proposals were submitted and the proposed prices were from 181.500 Lt (52.566 Eur) till 436.762 Lt (126.495 Eur). The supplier proved justification of abnormally low price (according the Law on Public Procurement of the Republic of Lithuania). The Law says <i>“In order to obtain justification of the abnormally low price, the contracting authority shall request in writing that the tenderer concerned provides details of the constituent elements of the tender which it considers relevant, price elements and calculations. The contracting authority shall take into consideration explanations relating to:</i></p> <ol style="list-style-type: none"> <i>1) the efficiency of the manufacturing process, of the services provided and of the construction method;</i> <i>2) the technical solutions chosen and/or the exceptionally favourable conditions available to the tenderer for the supply of the supplies and services, and the execution of the work;</i> <i>3) the originality of the supplies, services or work proposed by the tenderer;</i> <i>4) the compliance with the regulations on safety at work and working conditions, valid in the place of provision of supplies, services or performance of works;</i> <i>5) the possibility of the tenderer benefiting from the State aid.”</i> <p>Quality is ensured by the qualification and technical specification requirements provided in the tender documents, also by technical project expertise.</p>
21	<p>On page 69 it is mentioned that we received the publication of the tender announcement for Siauliai Republican Hospital? Have we really received it? Is this not below the threshold for publication in Switzerland?</p>
	<p>This was a technical mistake in the report. Budget for tender (about 314.440 CHF) was below the threshold for publication in Switzerland (500.000 CHF).</p>
22	<p>On page 70 it is mentioned that the price offered for the LED lights in the Vilnius City Clinical Hospital corresponds exactly to the budget. Was this a coincidence?</p>
	<p>It was technical mistake. Budget foreseen for LED lights in Vilnius City Clinical Hospital was 491.228 Lt (including VAT) and the contract price is 280.297,00 Lt (including VAT). 7 proposals in this tender were received. Proposed prices were from 280.297,00 Lt till 464736,40 Lt. The supplier has proved abnormally low price (according the Law on Public Procurement of the Republic of Lithuania) and justification for this price.</p>
23	<p>On page 70 it is mentioned that the confirmation of compliance and the summary of the minutes of the winner announcement meeting for Alytus S. Kudirkos hospital were submitted to Switzerland. Is it possible that we have not received them yet?</p>

	The confirmation of compliance was sent to Swiss authorities 18.03.2015 (4.134-26)-6KA-1502388. And we have got the minutes of the winner from the hospital late, it hasn't been sent yet.
24 .	On page 71 it is mentioned that the copy of the contract, confirmation of compliance and the summary of the minutes of the winner announcement meeting for the Klaipeda hospital were submitted to Switzerland. Is it possible that we have not received them yet?
	Documents were submitted 29.01.2015 (4.134-26)-6K-1501046. Swiss acknowledgment letter received 04.02.2015 (UX-00501.01.01/7F-07083.01.01)
25 .	In the financial report it is mentioned that in 2015 the estimated amount to be reimbursed by Switzerland is 4,1 million CHF. Is this estimation optimistic or conservative?
	It mostly depends on the exchange rate. If it remains as high as it is now, then the estimation is more on the optimistic side.