

EEA Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

**The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway**

and

**The Ministry of Finance,
hereinafter referred to as the "National Focal Point",
representing Latvia ,
hereinafter referred to as the "Beneficiary State"
together hereinafter referred to as the "Parties"
for the financing of the Programme "NGO fund"
hereinafter referred to as the "Programme"**

Chapter 1 Scope, Legal Framework, and Definitions

Article 1.1 Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2009-2014 to the Programme.

Article 1.2 Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA Financial Mechanism 2009-2014:

- a. Protocol 38b to the EEA Agreement on the EEA Financial Mechanism 2009-2014;
- b. the Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 8(8) of Protocol 38b;
- c. the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Donor States and the Beneficiary State; and
- d. any guidelines adopted by the FMC in accordance with the Regulation

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3 Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.5 thereof and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4 Annexes and hierarchy of documents

1. The programme decision, including the financial plan (Annex I), and the operational rules (Annex II) form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the former shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the programme proposal are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2 The Programme

Article 2.1 Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2

Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2009-2014 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

a. comply with its obligations stipulated in the Regulation and this programme agreement;

b. ensure that the Certifying Authority, the Audit Authority, the Monitoring Committee and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

c. take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

d. take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

e. make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3

Objective and outcomes of the Programme

1. The programme decision sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4

Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in the programme decision.

2. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan shall:

a. contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;

b. indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in the programme decision.

Article 2.5

Special conditions and programme specific rules

1. The programme decision shall list any conditions set by the FMC with reference to paragraph 3 of Article 5.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and, in a timely manner, take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in the operational rules.

Article 2.6

Programme implementation agreement

1. With reference to Article 5.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the FMC in accordance with paragraph 5 of Article 5.8 of the Regulation with regard to the content required according to paragraph 3 thereof. The National Focal Point shall inform the FMC of any deviation from that confirmed draft which may be subject to a new confirmation according to paragraph 5 of Article 5.8 of the Regulation prior to any payment to the Programme.

Article 2.7

Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 8 and Articles 5.11 and 5.12 of the Regulation as well as statistical reporting in accordance with the Programme Operator's Manual (Annex 9 to the Regulation).

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 10.1, 10.2, 10.3 and 10.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of its obligations under the programme agreement regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.
2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without FMC's prior approval provided that they are limited to the following:
 - a. cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and
 - b. changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.
3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.
4. Expenditures incurred in breach of this article are not eligible.
5. Should there be a doubt as to whether the proposed modifications require approval by the FMC, the National Focal Point shall consult the FMC before such modifications take effect.
6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 of the Regulation.

Article 2.10
Communication

1. All communication to the FMC regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.

3. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

4. The FMC shall ensure that the National Focal Point is informed about communication between the FMC and the Programme Operator that is relevant for the responsibilities of the National Focal Point under this programme agreement.

Article 2.11
Contact information

1. The contact information of the National Focal Point and the Programme Operator is as specified in the programme proposal.

2. The contact information for the FMC and the Financial Mechanism Office are:

Financial Mechanism Office

Att: Director

EFTA Secretariat

Rue Joseph II, 12-16

1000 Brussels

Telephone: +32 (0)2 286 1701

Telefax (general): +32 (0)2 211 1889

E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC in the programme proposal or other communication prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point in the programme proposal, in connection with the programme proposal, the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3 Projects

Article 3.1 Selection of projects

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 6 of the Regulation and the operational rules.
2. Eligibility of applicants is stipulated in Article 6. 2 of the Regulation and, in accordance with paragraph 3 thereof, subject only to the limitations stipulated in the operational rules.
3. Pre-defined projects shall be outlined in the operational rules.
4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 6.6 of the Regulation.

Article 3.2 Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.
2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.
3. The content and form of the project contract shall comply with Article 6.7 of the Regulation.
4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3 Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.5 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 6.8 of the Regulation.
2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.
3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 7.16 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article before the signing of the project contract.

Article 3.4 Reallocation of funds

1. Reallocation of unused or cancelled financial contributions to projects shall be made in compliance with Article 6.9 of the Regulation.
2. Project grants not reallocated shall be reimbursed to the FMC in accordance with Article 6.9 of the Regulation.

Chapter 4 Finance

Article 4.1 Eligible expenditures

1. Subject to Article 7.6 of the Regulation, eligible expenditures of this Programme are:
 - a. management costs of the Programme Operator in accordance with the detailed budget in the financial plan;
 - b. payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract;
 - c. expenditure of funds for bilateral relations in accordance with Article 7.7 of the Regulation;
2. Expenditure related to the categories referred to in subparagraphs (d), (e) and (f) of Article 7.1 of the Regulation are eligible in accordance with Chapter 7 thereof if such expenditures are explicitly approved by the FMC in the programme decision. The implementation of the activities under these categories shall be in compliance with the operational rules.
3. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 7.3 of the Regulation as well as indirect costs in accordance with Article 7.4 of the Regulation.

Article 4.5

Irregularities, suspension and reimbursements

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 12 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 11 and 12 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5

Final provisions

Article 5.1

Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.
2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2

Termination

1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:
 - a. a general suspension decision according to Article 12.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 12.1 of the Regulation has not been lifted within 6 months of such a decision;
 - b. a suspension of payments according to Article 12.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;
 - c. a request for reimbursement according to Article 12.2 of the Regulation has not been complied with within one year from such a decision;
 - d. the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or
 - e. the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 7.14 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 5.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraphs 1 and 2 are set in the programme decision. Programme specific rules on the eligibility of expenditure set in the programme decision or in the operational rules shall be complied with.

Article 4.2

Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 7.13 of the Regulation.

Article 4.3

Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 8.2, 8.3 and 8.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in the operational rules.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 8.1 of the Regulation.

5. Chapter 8 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4

Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2001-2014 to the Programme in accordance with Article 8.8 of the Regulation.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 12 of the Regulation.

**Article 5.3
Waiver of responsibility**

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

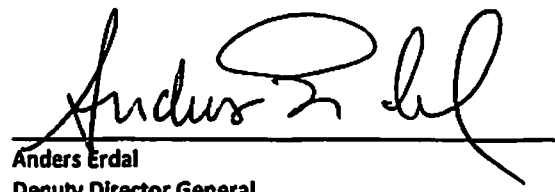
2. Nothing contained in the programme agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

This programme agreement is drawn up in two originals in the English language.

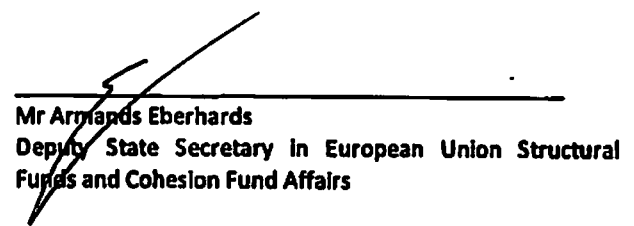
For the FMC

Signed in Oslø on 12.2.2013


Anders Erdal
Deputy Director General

For the National Focal Point

Signed in Riga on 06.03.2013


Mr Armands Eberhards
Deputy State Secretary in European Union Structural Funds and Cohesion Fund Affairs

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

**Article 5.4
Entry into force and duration**

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Active citizenship fostered

Output

Number of NGO members increased

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| Number of members | 1399 | 2200 | Beneficiary reporting |

Output

Number of volunteers in NGOs increased

| Output indicator(s) | Baseline | Target | Source of Verification |
|---|-----------------|---------------|-------------------------------|
| Number of people involved in NGOs as volunteers | 43 | 1800 | Beneficiary reporting |

Output

NGO operational programmes on local level implemented

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| NGO operational programmes | 21 | 32 | Beneficiary reporting |

Output

NGO operational programmes on regional and national level implemented

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| NGO operational programmes | 19 | 34 | Beneficiary reporting |

Output

Number of consultations between the public and NGO sector on local level increased

| Output indicator(s) | Baseline | Target | Source of Verification |
|---|-----------------|---------------|-------------------------------|
| Number of measures/ meetings with local governments | 80 | 110 | Beneficiary reporting |

Output

Number of consultations between the public and NGO sector on regional and national level increased

| Output indicator(s) | Baseline | Target | Source of Verification |
|---|-----------------|---------------|-------------------------------|
| Number of measures/ meetings with regional or national institutions | 38 | 50 | Beneficiary reporting |

Output

NGO participation in local cooperation networks increased

| Output indicator(s) | Baseline | Target | Source of Verification |
|--|-----------------|---------------|-------------------------------|
| Number of NGOs involved in cooperation networks on local level | 0 | 3 | Beneficiary reporting |

Output

NGO participation in regional, national or international cooperation networks increased

| Output indicator(s) | Baseline | Target | Source of Verification |
|--|-----------------|---------------|-------------------------------|
| Number of NGOs involved in cooperation networks on regional, national or international level | 0 | 2 | Beneficiary reporting |

Expected Outcome(s): Provision of welfare and basic services to defined target groups increased

Output

Increase number of people with improved access to innovative social services and measures

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| Number of people | 30516 | 57868 | Beneficiary reporting |

Output

Number of children and youth at risk of social exclusion, and families with children that potentially more often experience crisis situation with improved access to innovative social services and measures increased

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| Number of people | 0 | 570 | Beneficiary reporting |

Output

Increase number of people who have participated in activities aimed at gender equality

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| Number of people | 15 | 120 | Beneficiary reporting |

Output

Number of project partnership agreements with partners from donor countries

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------------|-----------------|---------------|-------------------------------|
| Number of partnership agreements | 0 | 10 | Beneficiary reporting |

Output

Number of project partnership agreements with partners from other beneficiary countries and Russian Federation and Republic of Belarus

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------------|-----------------|---------------|-------------------------------|
| Number of partnership agreements | 0 | 5 | Beneficiary reporting |

Output

Level of satisfaction with partnership from donor countries

| Output indicator(s) | Baseline | Target | Source of Verification |
|--|-----------------|---------------|-------------------------------|
| Percentage from partnership agreements | 0 | 8 | Beneficiary reporting |

Output

Level of satisfaction with partnership from other beneficiary countries and Russian Federation and Republic of Belarus

| Output indicator(s) | Baseline | Target | Source of Verification |
|--|-----------------|---------------|-------------------------------|
| Percentage from partnership agreements | 0 | 4 | Beneficiary reporting |

Expected Outcome(s): Democratic values, including human rights, promoted**Output**

Number of NGOs whose activity is aimed at ethnic minorities

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| Number of NGOs | 19 | 23 | Beneficiary reporting |

Output

Number of NGOs whose activity is aimed at intercultural communication, promotes tolerance and eliminates discrimination

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| Number (%) of NGOs | 28 | 30 | Beneficiary reporting |

Output

Increased number of people who have studied the Latvian language and acquired knowledge about Latvian history and culture

| Output indicator(s) | Baseline | Target | Source of Verification |
|---------------------------------------|-----------------|---------------|-------------------------------|
| Number of participants in the classes | 60 | 200 | Beneficiary reporting |

Output

Number of non-citizens who have participated in activities promoting acquisition of citizenship

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------|-----------------|---------------|-------------------------------|
| Number of people | 0 | 200 | Beneficiary reporting |

Output

Number of project partnership agreements with partners from donor countries

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------------|-----------------|---------------|-------------------------------|
| Number of partnership agreements | 0 | 2 | Beneficiary reporting |

Output

Number of project partnership agreements with partners from other beneficiary countries and Russian Federation and Republic of Belarus

| Output indicator(s) | Baseline | Target | Source of Verification |
|----------------------------------|-----------------|---------------|-------------------------------|
| Number of partnership agreements | 0 | 1 | Beneficiary reporting |

Output

High level of satisfaction with partnership from donor countries

| Output indicator(s) | Baseline | Target | Source of Verification |
|--|-----------------|---------------|-------------------------------|
| Percentage from partnership agreements | 0 | 1 | Beneficiary reporting |

Output

Level of satisfaction with partnership from other beneficiary countries and Russian Federation and Republic of Belarus

| Output Indicator(s) | Baseline | Target | Source of Verification |
|--|----------|--------|------------------------|
| Percentage from partnership agreements | 0 | 1 | Beneficiary reporting |

Expected Outcome(s): Strengthened capacity of NGOs and an enabling environment for the sector promoted

Output

Number of research carried out

| Output Indicator(s) | Baseline | Target | Source of Verification |
|---------------------|----------|--------|------------------------|
| Number | 0 | 4 | Beneficiary reporting |

Output

Developed regulatory and methodological materials for the improvement of the legal and fiscal environment for NGOs

| Output Indicator(s) | Baseline | Target | Source of Verification |
|---------------------|----------|--------|------------------------|
| Number | 0 | 1 | Beneficiary reporting |

2. Conditions

2.1 General

- 1) The Grant Offer is subject to any comments or observations by the European Commission in relation to the screening process.
- 2) Bilateral indicators and outcome indicators shall be reported on in the annual report.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

Not applicable.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

2.6 Other

Not applicable.

3. Eligibility of costs

3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 16/08/2012-30/04/2017

Eligibility of programme proposal preparation costs: 09/06/2011-15/08/2012

3.2 Grant rate and co-financing

| | |
|---------------------------------------|-------------|
| Programme estimated total cost (€) | €10,910,526 |
| Programme estimated eligible cost (€) | €10,910,526 |
| Programme grant rate (%) | 95.0000% |
| Maximum amount of Programme grant (€) | €10,365,000 |

3.3 Maximum eligible costs (€) and Advance payment amount (€)

| Budget heading | Eligible expenditure | Advance payment* |
|---|----------------------|------------------|
| Programme management | €1,108,973 | €0 |
| Active citizenship fostered | €3,741,935 | €0 |
| Provision of welfare and basic services to defined target groups increased | €4,701,485 | €0 |
| Democratic values, including human rights, promoted | €939,169 | €0 |
| Strengthened capacity of NGOs and an enabling environment for the sector promoted | €134,593 | €0 |
| Fund for bilateral relations | €163,658 | €0 |
| Complementary action | €120,713 | €0 |
| Preparation of programme proposal | €0 | €0 |
| Reserve for exchange rate losses | €0 | €0 |
| | €10,910,526 | €0 |

* The advance payment is composed of €0 in grant amount and €0 in co-financing.

3.4 Retention of management costs

| | |
|--|----------|
| Retention of management costs - percentage of the management costs | 10.00% |
| Retention of management costs - planned Euro value | €105,352 |

3.5 Small Grant Scheme

Not applicable

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Society Integration Foundation.

Two measures are supported within this Programme:

1. NGO activity support measure (40% of the re-granting amount)

Within this measure, support will be provided to NGOs working in six core areas of support:

- 1) Democracy and participatory democracy;
- 2) Human rights, including minority rights (ethnic, religious, linguistic and sexual orientation);
- 3) Good governance and transparency;
- 4) Anti-discrimination and combating racism and xenophobia;
- 5) Gender equality and reduction of gender-based violence;
- 6) Environment and sustainable development.

2. NGO project measure (60% of the re-granting amount)

Two areas of support shall be targeted under this measure:

1) Social sector activities, including provision of welfare and basic services, local and regional NGO initiatives to reduce social inequalities and to promote social inclusion and gender-equality (50% of the re-granting amount).

Eligible activities:

- a. Promotion of professional social work development, provision of social services corresponding to people's needs, and measures to solve crisis situations and other problems;
- b. Respecting human rights and fundamental freedoms of people with disability, diminishing consequences caused by disability;
- c. Equal opportunities, rights and access to resources for women and men;
- d. Attracting, informing and educating groups of people subject to the risk of social exclusion, and awareness-raising with the aim to eliminate stereotypes and combat social exclusion and discrimination threats;
- e. Elimination of violence by providing support to the victims and rehabilitation services to the perpetrators, as well as strengthening the expert competence;
- f. Promotion of voluntary work;
- g. Acquisition and improvement of skills, self-development through cultural and creative initiatives with the aim to develop civil society, to improve social inclusion of children and youth, also in the labour market, using innovative and inclusive educational activities with special emphasis on initiatives for children and youth subject to the risk of social exclusion, as well as support to families with children at risk, including large families with one parent and families with a disabled child;
- h. Promotion and strengthening of the quality of non-institutional care for orphans and children left without parental care, support to families that have adopted a child.

The two last activities are targeted at the social inclusion of children and youth subject to the risk of social exclusion.

2) Development of cohesive society: intercultural dialogue and integration of national minorities, including strengthening of human rights and national identity, informative awareness-raising measures, educational activities about citizenship issues and language training that facilitate democratic participation, prevent discrimination, promote tolerance and acquisition of citizenship (10% of the re-granting amount)

Eligible activities:

- a. Training and usage of the state language and culture, building common understanding about history, including informative, educational, reference and methodological publications for different social groups whose knowledge of the Latvian language, culture and history is insufficient (especially, ethnic minorities, non-citizens) and promoting acquisition of Latvian citizenship;
- b. Society integration measures: promoting intercultural aspects, including joint intercultural activities for children and youth from majority Latvian and minority Russian speaking communities, and preservation of cultural and historical heritage of ethnic minorities;
- c. Innovative ways of intercultural communication;
- d. Development of civic skills and self-support in Latvia (involvement of ethnic minorities in citizen committees and other civil participation forms, cooperation with institutions like schools, libraries, community houses and theatres that are popular places of assembly and promotion of culture in the local community);
- e. Measures promoting participation of the society (including ethnic minorities) in the decision making and interest advocacy;
- f. NGO capacity strengthening measures facilitating cooperation among organisations and development of cooperation networks of

interethnic NGOs;

- g. Measures promoting human rights, tolerance and fighting xenophobia, discrimination, hate speech, Roma discrimination;
- h. Improving society's overall understanding about civic participation, intercultural dialogue and diversity management issues by way of educating media representatives and other opinion leaders, as well as society at large (seminars, conferences, trainings for journalists and journalism students, bloggers and others, training in the usage of media, support to users of new technologies (blogs, podcasts, social media, and others) about society integration issues).

Information and publicity activities, capacity strengthening and operational support to NGOs are cross-cutting priorities in all measures and constitute eligible activities.

1.2 Eligible applicants:

1. Eligible applicants are NGOs that are established in Latvia and fall within the following definition: "A non-profit voluntary organisation established as a legal entity, having a non-commercial purpose, independent of local, regional and central government, public entities, political parties and commercial organisations. Religious institutions, political parties and social partners (trade unions and employers' organisations according to the EU definition) are not considered NGOs."

2. The Programme Operator shall, for the purpose of interpreting the definition in paragraph 1, duly take into account the interpretation guidance contained in section 2.3 of the Guideline for NGO Programmes. In cases of doubt, the Programme Operator shall consult with the FMC.

1.3 Special rules on eligibility of costs:

1. Costs are eligible in accordance with Chapter 7 of the Regulation with the following exceptions:

a) In addition to Article 7.6 of the Regulation, the following costs are not eligible:

- purchase of real estate and/or land;
- purchase of motorised vehicles.

b) In addition to Article 7.3 of the Regulation, the following costs are eligible:

NGO activity support measure:

- costs related to reconstruction, renovation, or refurbishment of a real estate, up to 20% of the total eligible costs of the project;
- participation fees in local, national and international organisations;
- costs for activities to be implemented outside Latvia, up to 10% of the total eligible costs of the project.

Any support towards activities outside Latvia needs to be exceptional, well justified and tied in with the overall objectives that have a geographical dimension. This restriction does not apply to activities to be implemented in the donor states.

NGO project measure:

- costs related to reconstruction, renovation, or refurbishment of a real estate, up to 20% of the direct eligible costs of the project;
- costs for activities to be implemented outside Latvia, up to 10% of the direct eligible costs of the project.

Any support towards activities outside Latvia needs to be exceptional, well justified and tied in with the overall objectives that have a geographical dimension. This restriction does not apply to activities to be implemented in the donor states.

2. For projects under the NGO project measure, Project Promoters and project partners may opt for a flat rate of up to 20% of their total direct eligible costs, in line with Article 7.4 (b) of the Regulation.

3. The first date of eligibility of project costs is the day of awarding the project grant.

4. Projects shall be of a non-commercial character. In case of any economic benefits in projects the general rule in Article 5.4.2 of the Regulation shall be followed.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

The minimum and maximum grant amount per project shall be as follows:

1. NGO activity support measure:

- a) Micro projects: up to EUR 1,500 per month, maximum EUR 54,000 in total;
- b) Macro projects: up to EUR 2,000 per month, maximum EUR 72,000 in total.

2. NGO project measure:

- a) Micro projects: minimum EUR 5,000, maximum EUR 19,999.99;

- b) Medium projects: minimum EUR 20,000, maximum EUR 49,999.99;
- c) Macro projects: minimum EUR 50,000, maximum EUR 100,000.

2.2 Project grant rate:

Grants from the Programme will not exceed 90% of total eligible costs. The applicant shall provide or obtain the remaining co-financing in the form of cash or in-kind contribution as voluntary work. The in-kind contribution may constitute up to 50% of the co-financing required for the Programme for the project.

For the calculation of the in-kind contribution, the price for each hour, half day or day of voluntary work shall be in accordance with salary normally paid for such work in Latvia, calculated according to officially available statistics and settled according to restrictions set in the programme proposal for project administrative and implementation staff.

3. Selection of projects

3.1 Selection procedures:

The selection procedure will be carried out in accordance with Article 6.5. of the Regulation. The independent and impartial experts required by Article 6.5.2 of the Regulation shall be independent of and impartial to both project applicants and the Project Selection and Monitoring Committee.

In addition, the following specificities apply to this Programme:

- 1) Within the NGO activity support measure, micro and macro projects shall be selected in two stages:
 - a) In stage I, applicants shall submit an outline of the project.
 - b) In stage II, applicants shall submit a detailed project application, including the annual work plan.
- 2) Within the NGO project measure, applicants for micro projects shall submit a simplified application form. Selection of medium and macro projects shall be carried out in two stages:
 - a) In stage I, applicants shall submit a simplified application form (concept note). Compliance with the eligibility and quality criteria shall be assessed.
 - b) In stage II, applicants shall submit a detailed project application.

When submitting the list of recommended projects to the Programme Operator, the Project Selection and Monitoring Committee shall ensure that at least 10% of the total Programme allocation shall be allocated to children and youth-driven organisations and/or activities targeting children and youth.

3.2 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

There shall be at least six calls for applications. The calls shall be open at least for 2 months and shall be organised as follows:

1. NGO activity support measure:

There shall be at least one call launched no later than in the beginning of 2013. The call shall make available approximately 40% of the total re-granting amount. A second call shall be launched in case of funds remaining after the first call. Alternatively, the funds can be reallocated to a call under the NGO project measure.

2. NGO project measure:

For micro projects, the first call shall be launched no later than in the beginning of 2013, the second call shall be launched in 2013 and the third call shall be launched in 2014.

For medium and macro projects, the first call shall be launched no later than in the beginning of 2013 and the second call will be launched no later than in the fourth quarter of 2013.

The calls under the NGO project measure shall make available approximately 60% of the total re-granting amount.

In case of funds remaining after the first calls for proposals, the funds shall be reallocated to the last call under micro projects.

3.3 Selection criteria:

1. NGO activity support measure:

- Stage I of the selection procedure shall include eligibility criteria, quality criteria and specific selection criteria.
- Stage II of the selection procedure shall include administrative criteria and quality criteria.

2. NGO project measure:

Micro projects shall be assessed on the basis of eligibility, administrative, quality and specific selection criteria. For medium and macro projects, stage I of the selection procedure shall be carried out on the basis of eligibility and quality criteria. Stage II shall be carried out on the basis of administrative, eligibility, quality and specific selection criteria.

All criteria are set in the Annex 12 to the programme proposal.

4. Payment flows, verification of payment claims, monitoring and reporting

4.1 Payment flows

Payments towards the projects are carried out by the Programme Operator. Payments will be in the form of advance payments, interim payments in the form of pre-financing, and a final balance payment.

Payments to projects are made on the basis of approved project informative/final reports.

For projects under the NGO activity support measure, and for micro projects under the NGO project measure, payments of the project grant will be arranged according to the following:

- The advance payment shall be requested by the Project Promoter and cannot be higher than 40% of the total awarded grant amount. The amount of the advance payment is set out in the project contract.
- Subsequent interim payments in the form of pre-financing, of up to 50% of the awarded grant amount, are paid on the basis of approved informative reports. Subsequent interim payments shall only be made if 70% of previously paid grant amounts have been incurred.
- The payment of the remaining grant shall be made on the basis of the approval of a final report.

For medium and macro projects under the NGO project measure, payments of the project grants will be arranged according to the following:

- The advance payment shall be requested by the Project Promoter and cannot be higher than 20% of the total awarded grant amount. The amount of the advance payment is set out in the project contract.
- Subsequent interim payments in the form of pre-financing, of up to 70% of the awarded grant amount, are paid on the basis of approved informative reports. Subsequent interim payments shall only be made if 70% of previously paid grant amounts have been incurred.
- The payment of the remaining grant shall be made on the basis of the approval of a final report.

Advance payments and interim payments in the form of pre-financing shall be offset against incurred expenditure reported in the informative reports. The advance shall be deducted from the reported incurred expenditure until the total advance payment has been offset.

Payments shall be transferred to the Project Promoters no later than one month after approval of an informative report.

4.2 Verification of payment claims

Verification and approval of informative, interim and final project reports will be conducted by the Programme Operator.

Verification and approval of project informative and final reports will be based on the information on incurred expenditure, financial status and project progress contained in the reports.

In case of verification of expenditure incurred by a project partner from a Donor State or a Beneficiary State, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with the Regulation, the national law and accounting practices of the project partner's country, shall be seen as sufficient proof of costs incurred.

The procedure for verification of informative and final reports and deadlines for reporting as outlined in the programme proposal will further be detailed in the description of the Programme Operator's management and control systems according to Article 4.8.2 of the Regulation.

4.3 Monitoring and reporting

Project Promoters shall be required to report on project progress and outputs in informative reports, interim reports, final reports, impact reviews and reports on the sustainability of the outcomes. Informative reports shall be submitted at least 3 times a year, and shall reflect the project financial progress and progress towards expected outputs. Interim reports shall be submitted for projects with an implementation period exceeding 14 months.

The Programme Operator shall continuously monitor projects during their implementation. The intensity of the monitoring shall be based on a risk assessment including, among other things, the material and financial progress of the projects, the time remaining to project completion, the quality of reporting documentation and reported irregularities. On-the-spot monitoring visits can also be conducted on an ad-hoc basis when considered necessary.

The Programme Operator shall perform on-the-spot monitoring visits of 100% of the high risk projects, at least 30% of medium risk

projects and at least 5% of low risk projects.

On-the-spot checks shall be carried out by the Programme Operator.

The detailed monitoring plan for the projects will be presented in the Annual Programme Report.

Information on Reporting and Monitoring, and periodicity of reporting, will further be outlined in the description of the Programme's management and control systems according to Article 4.8.2 of the regulation.

5. Additional mechanisms within the programme

5.1 Fund for bilateral relations

1. The following activities will be supported:

a) Activities targeted at the search for partners for donor partnership projects prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application for a donor partnership project.

Such activities shall include:

- the collaboration with the Norwegian Helsinki Committee for the fostering of bilateral relations.
- the publication of a template to be filled in by potential project promoters and project partners to facilitate the search for partner. The template will as a minimum be published in Latvian and in English on SIF's dedicated website.
- inviting donor states NGO representatives to discuss possible partnerships.

Approximately 7% of the fund bilateral relations shall be earmarked for this measure.

b) Activities targeted at networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between project promoters and entities in the Donor States.

Approximately 6% of the fund for bilateral relations shall be earmarked for this measure.

c) Contributions from the fund for bilateral relations will also be available to medium and macro projects within the NGO project measure as an additional source of funding for facilitating partnerships between organisations from Latvia and from the donor states, based on applications submitted by the project promoters in stage I of the project selection, referred to in Article 3.1 of this Annex. Costs incurred within this measure may be reimbursed for no more than 2 persons from one NGO and up to an amount of EUR 896,40 per person.

Approximately 87% of the fund for bilateral relations shall be earmarked for this measure.

Funds can be reallocated between activities a), b) and c) if necessary and well justified.

2. Grants from the fund for bilateral relations will be up to 100% of the total eligible costs for activities under a) and b). Grants from the fund for bilateral relations will not exceed 90% of the total eligible costs for activities under c). The remaining costs of the activity shall be provided or obtained by the potential or actual Project Promoter/project partner.

5.2 Complementary action

The Programme Operator will as a minimum undertake the following activities:

- Participation in horizontal initiatives under the EEA Grants targeting cross-cutting issues and concerns, including participation of NGO representatives appointed by the Programme Operator
- Exchange of experience activities between the Programme Operator and NGO Programme Operators from other Beneficiary states as well as relevant institutions from the Donor States.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small Grant Schemes

Not applicable.

6. Pre-defined projects

Project title: "Support to sustainable civil society development and improvement of the monitoring system in Latvia"

Project Promoter: Civic Alliance-Latvia

Partner(s): Latvian Platform for Development Cooperation

Donor project partners: none

The estimated total eligible project cost: EUR 149,548

Grant rate: 90%

Maximum contribution from the Programme: EUR 134,593

Estimated duration: 42 months

Expected outcome: 'strengthened capacity of NGOs and an enabling environment for the sector promoter'

The completed Project shall include the following activities:

1. Studies on the NGO sector in Latvia
2. Development of human security concept and the role of NGOs in it
3. Development of NGO monitoring system
4. Project management, including publicity

7. Modification of the programme

Any modifications of the Programme will follow the rules set forth in the Regulation and in Article 2.9 of the programme agreement.

8. Programme proposal version

Any reference to the programme proposal in this programme agreement shall be interpreted as the version signed by the Programme Operator on 31 January 2012 and shall include all subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator, including the revised proposals submitted on 11 June 2012 and 5 July 2012.

9. Miscellaneous

- The Programme Operator will provide basic communication on the Programme also in the Russian language to increase the reach out to the minority.
- The Programme Operator shall ensure that the Programme takes into account the objectives of the EU Strategy for the Baltic Sea Region.