

**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 "Conservation and Revitalisation of Cultural and Natural Heritage "**

**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 of 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.**

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 B 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 2004-2014 to the Programme in accordance with Article 8.8 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.

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.

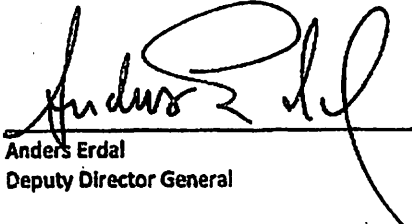
3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or 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.

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


For the FMC

Signed in Oslø on 29.1.2013

  
\_\_\_\_\_  
Anders Erdal  
Deputy Director General

For the National Focal Point

Signed in RiGA on 27.02.2013.

  
\_\_\_\_\_  
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):** Cultural heritage restored, renovated and protected

#### Output

Ensured restoration of wooden architecture cultural heritage

Output indicator(s)	Baseline	Target	Source of Verification
Number of restored and conserved cultural heritage objects	0	5	Project reports. Programme evaluation. Project monitoring, site visits.

#### Output

Ensured restoration of Art Nouveau architecture cultural heritage

Output indicator(s)	Baseline	Target	Source of Verification
Number of restored and conserved cultural heritage objects	0	1	Project reports. Programme evaluation. Project monitoring, site visits.

#### Output

Ensured conserved cultural heritage objects

Output indicator(s)	Baseline	Target	Source of Verification
Number of restored and conserved cultural heritage objects	0	2	Project reports. Programme evaluation. Project monitoring, site visits.

**Expected Outcome(s):** Cultural heritage made accessible to the public

#### Output

Gathered together and electronically available information about Art Nouveau cultural heritage in Latvia

Output indicator(s)	Baseline	Target	Source of Verification
Developed electronic data base on cultural heritage	0	1	Project reports. Programme evaluation. Project monitoring, site visits.

#### Output

Ensures accessibility of cultural heritage objects to public that are restored within the Programme

Output indicator(s)	Baseline	Target	Source of Verification
Number of visitors in the restored cultural heritage object per year	0	115000	Project reports. Programme evaluation. Project monitoring, site visits.

**Expected Outcome(s):** Contemporary art and culture presented and reaching a broader audience



**Output**

Promoted larger cultural cooperation opportunities, created common cooperation networks between Latvia and donor states

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Number of a newly established and promoted existing partnership	0	10	Statistical data. Project reports. Programme evaluation. Programme monitoring, site visits.

**Output**

Promoted mobility of employees working in the sphere of culture

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Number of employees working in the sphere of culture and art whose mobility is promoted as a result of the Programme implementation	0	100	Statistical data. Project reports. Programme evaluation. Programme monitoring, site visits.

**2. Conditions****2.1 General**

## 2.1 General

- 1) The Focal Point shall ensure that the Programme Operator ensures that there is no double financing in this programme, in particular with ERDF financing.
- 2) Bilateral, outcome and output indicators shall be reported on in the annual report.
- 3) The Focal Point shall ensure that the Programme Operator ensures that all public procurement rules are complied with, in particular a full check of the procurement papers for the 'Reconstruction of the Museum of Literature and Music' and the 'Restoration of the Museum of Rainis and Aspazija' is carried out by the Procurement Monitoring Bureau.
- 4) The Focal Point shall ensure that the Programme Operator ensures that the partnership seminar under measure "A" of the Bilateral Fund is held before the launch of the call for proposals.
- 5) The Focal Point shall ensure that the Programme Operator ensures that any revenues generated within projects are reinvested into the project's objectives.
- 6) The Focal Point shall ensure that the Programme Operator ensures that Project Promoters:
  - a. Keep any buildings purchased, constructed, renovated, regenerated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use such buildings for the benefit of the overall objectives of the project for the same period;
  - b. Keep any buildings purchased, constructed, renovated, regenerated or reconstructed under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
  - c. Set aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.
- 7) The Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.
- 8) The Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation:
  - a. Keep any equipment purchased under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use that equipment for the benefit of the overall objectives of the project for the same period;
  - b. Keep any equipment purchased under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
  - c. Set aside appropriate resources for the maintenance of any equipment purchased under the project for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.
- 9) The Focal Point shall ensure that any public support under this programme complies with the procedural and substantive State Aid rules applicable at the time when the public support is granted. The Focal Point shall ensure that the Programme Operator maintains written records of all assessments concerning compliance with State Aid rules, particularly decisions to award grants and set grant rates, and provides such records to the FMC upon request. The approval of the Programme by the FMC does not imply a positive assessment of such compliance.

**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****3. Eligibility of costs****3.1 Eligibility of costs - period**

Eligibility of costs (excluding prog prep costs): 10/09/2012-31/12/2017

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

**3.2 Grant rate and co-financing**

Programme estimated total cost (€)	€11,787,647
Programme estimated eligible cost (€)	€11,787,647
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€10,019,500

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€887,646	€0
Cultural heritage restored, renovated and protected	€8,746,477	€0
Cultural heritage made accessible to the public	€1,083,165	€0
Contemporary art and culture presented and reaching a broader audience	€816,720	€0
Fund for bilateral relations	€194,815	€0
Complementary action	€58,824	€0
Preparation of programme proposal	€0	€0
Reserve for exchange rate losses	€0	€0
Amount not agreed upon → Amount not agreed upon	€0	€0
	€11,787,647	€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	€75,450

**3.5 Small Grant Scheme**

Outcome	Cultural heritage restored, renovated and protected
Total Amount Reserved	€1,236,442
Grant Amount at Project Level	€50,000 – 250,000
Duration of the Project	6 – 21 months
Maximum Grant Rate at Project Level	100.00%
Outcome	Contemporary art and culture presented and reaching a broader audience
Total Amount Reserved	€816,720
Grant Amount at Project Level	€25,000 – 100,000
Duration of the Project	3 – 21 months
Maximum Grant Rate at Project Level	100.00%

## Annex II - Operational Rules

### 1. Eligibility

#### 1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Ministry of Culture of the Republic of Latvia. The Norwegian Directorate for Cultural Heritage (RA) and the Arts Council Norway (ACN) are the Donor Programme Partners.

The Programme shall support projects in the three measures listed below, which shall contribute to preservation and conservation of cultural heritage:

1. conservation of cultural heritage, particularly art nouveau and wooden architectural heritage, including training / professional exchange, and / or awareness raising;
2. conservation of cultural heritage and expansion of scope of cultural services;
3. cultural exchange.

#### 1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2 of the Regulation.

By way of derogation from Article 6.2 of the Regulation, applicants under the Small Grant Scheme 'Conservation of Cultural Heritage' shall be municipalities that own or state institutions that own, possess or use a cultural monument and that will be able to demonstrate at the time of application, that the monument will be in their ownership, possession or use for a period of five years following the completion of the project.

By way of derogation from Article 6.2 of the Regulation, under the Small Grant Scheme 'Cultural Exchange', eligible applicants are state and municipal institutions, NGOs registered in the register of associations and foundations of the Republic of Latvia whose core sphere of activity is culture.

#### 1.3 Special rules on eligibility of costs:

Chapter 7 of the Regulation contains the rules on eligibility of costs. All expenditures under the Programme will be in compliance with the provisions of the Regulation, however the following categories of cost are not considered eligible under any of the Programme's measures:

1. The cost of purchase of land and real estate;
2. Indirect costs/overheads.

In-kind contributions made in accordance with Article 5.4.5 of the Regulation may be made for projects implemented by NGOs, as defined in Article 1.5.1(m) of the Regulation. Such contributions shall not amount to more than 50% of the co-financing provided by project promoters and will be calculated on the basis of an hourly rate of LVL 6 per hour, including all required social security contributions. The hourly rate may be adjusted during the implementation of the Programme in order to take into account changes in salaries.

In-kind contributions are not eligible as co-financing for any projects receiving support under the cinema measure of the Small Grant Scheme "Cultural Exchange".

By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment will be eligible under measure 2 if the equipment is an integral and necessary component and is essential for achieving the outcome of the project and if it complies with principles set in Article 7.2. of the Regulation.

### 2. Financial parameters

#### 2.1 Minimum and maximum grant amount per project:

Under the Small Grant Scheme 'Conservation of Cultural Heritage' the minimum amount of grant assistance applied for is €50,000; the maximum amount is €250,000.

Under the Small Grant Scheme 'Cultural Exchange' the minimum amount of grant assistance applied for is €25,000; the maximum amount is €100,000.

## 2.2 Project grant rate:

Grants from the programme will not exceed the percentage of the total eligible project costs stated below in the case of the Small Grant Schemes. The remaining costs of the project shall be provided or obtained by the Project Promoter.

The grant from the Programme to the selected project shall depend on the status of the project promoter and shall be as follows:

- In the case of State Budget Institutions it may be up to 100% of the total eligible project costs.
- In the case of Municipal Institutions it may be up to 95% of the total eligible project costs.
- In the case of NGOs registered in the register of associations and foundations of the Republic of Latvia it may be up to 90% of the total eligible project costs.
- In the case of support granted under the aid scheme 233/2008 "Latvian Film Support Scheme", the grant from the Programme may not exceed 50% of the total eligible project costs.

The Grant rates for the pre-defined projects are set in the relevant parts of this Annex.

The project Grant rate shall in all cases be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects.

## 3. Selection of projects

### 3.1 Selection procedures:

All selection procedures carried out under this Programme shall be in accordance with the procedures specified in 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 Selection Committee.

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

One call for proposals shall be launched in the framework of the Small Grant Scheme 'Conservation of Cultural Heritage'. The call shall be launched in the second half of 2013 and shall make available all of the funding allocated to the Small Grant Scheme. A second call may be launched in case there are funds uncommitted as a result of the first call. The call(s) shall be open at least for 2 months.

One call for proposals shall be launched in the framework of the Small Grant Scheme 'Cultural Exchange'. The call shall be launched within 2013 and shall make available all of the funding allocated to the Small Grant Scheme. A second call may be launched in case there are funds uncommitted as a result of the first call. The call(s) shall be open at least for 3 months.

### 3.3 Selection criteria:

The final project selection criteria to be applied under the Small Grant Schemes shall be detailed in the framework of the calls for proposals in accordance with Article 6.3 of the Regulation and shall be discussed in the Cooperation Committee and subject to the agreement of the Donor Programme Partner(s). They shall be based on the proposal of the Programme Operator, and as a minimum contain the following general principles:

- relevance in relation to the objectives and prioritised areas of the programme;
- level of preparedness of the application;
- quality and efficiency of the implementation and management, including quality and implementation capacity of the applicants;
- contribution of the project to capacity and competence building; and
- the sustainability of the actions.

An additional selection criterion to ensure artistic and cultural quality shall be included in the Small Grant Scheme 'Cultural Exchange'.

Furthermore, the text of the call for proposals as well as the selection criteria for the Small Grant Scheme 'Cultural Exchange' shall reflect the principles of anti-discrimination and tolerance (including the fight against anti-semitism), cultural diversity and intercultural dialogue (including national minorities). The Programme Operator and the DPP will cooperate together to decide on a method to achieve this aim. The text of the call for proposals and the selection criteria for the Small Grant Scheme 'Conservation of Cultural Heritage' shall take into account the Jewish cultural history. Funding towards these issues shall be reported on in the

Annual Programme Reports.

All projects to be implemented under the Small Grant Scheme 'Cultural Exchange' are to be based on partnerships between entities in Latvia and the Donor States. More specifically, there is to be at least one partner from the Donor States co-operating with the Project Promoter of each project.

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

##### **4.1 Payment flows**

State budget pre-financing is made available for this programme.

Payments to projects will be made on the basis of approved payment claims and will be timed so as to enable the Programme Operator to meet the reporting deadlines set in Article 8.3 of the Regulation.

Payment flows are adjusted to the project promoter's status. For all project promoters except state budget institutions, the advance payments system described below shall apply.

In the Small Grant Scheme 'Conservation of Cultural Heritage', the first advance payment shall be requested by the Project Promoter in the application form and may be up to 30% of project eligible expenditure. In the Small Grant Scheme 'Cultural Exchange', advance payments up to 40% can be requested. In case of pre-defined projects where the Project Promoter are not state budget institutions and hence they are not directly pre-financed by the state budget, the first advance payment shall not exceed 30% of the project eligible expenditure. Subsequent interim payments shall be made through payment claims but may not exceed 90% of the project eligible costs. The Programme Operator will retain 10% of the Project Grant until the final project report is approved.

If the project promoter is a state budget institution advance payments are not provided, the project costs are included under their institutional budgets.

##### **4.2 Verification of payment claims**

Project promoters shall submit interim project progress report(s) on project implementation and one final report following project completion. The timing and the frequency of the submission of interim project progress report(s) shall be specified in the project contract.

Payment claims are submitted by the Project Promoter to the Programme Operator at least once a quarter. Verification and approval of payment claims will be performed by the Programme Operator through desk checks covering 100% of the payment claims.

Supporting documents to verify incurred expenditure are submitted when required by the Programme Operator. The Programme Operator shall verify the expenditure declared by the Project Promoters by performing desk checks of the supporting documents based on risk assessment and/or using random samples.

In line with Article 7.13.3 of the Regulation, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and accounting practices of the project partner's country, shall, subject to Article 7.13.5 of the Regulation, be seen as sufficient proof of costs incurred by a Project Promoter or a project partner whose primary location is in a Donor State or a Beneficiary State.

The procedure for verification of payment claims, periodicity of reporting periods, and deadlines for reporting 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 submit interim project progress report(s) on project implementation and one final report following project completion. The timing and the frequency of the submission of interim project progress report(s) shall be specified in the project contract.

On-the-spot checks will be conducted by the Programme Operator on the basis of a risk analysis. Projects with a high risk level will be monitored at least one a year. Projects with a medium risk level at least once during the implementation period. Certain projects perceived as low risk will be selected for monitoring on the basis of a random selection. 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 Funds for bilateral relations

The details of the use of the bilateral fund, the detailed procedures and criteria for awarding support from the fund, and any other relevant details will be developed by the Programme Operator in cooperation with the DPP and will be subject to the approval of the Cooperation Committee, within the following parameters:

Measure A: Approximately 8% of the bilateral fund will be allocated to 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 donor partnership projects. Travel and accommodation costs will be eligible.

Measure B: Approximately 92% of the bilateral fund will be allocated to activities related to networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between Project Promoters and entities in the Donor States. Selection procedures and criteria for awarding support from the fund will be further developed by the Programme Operator and the Donor Programme Partner and be published together with the calls. Travel and accommodation costs will be eligible.

All costs under the bilateral fund are eligible in accordance with Chapter 7.7 of the Regulation.

### 5.2 Complementary action

Exchange of experience activities and initiatives to strengthen co-operation are planned between the Programme Operator and similar institutions from other Beneficiary States with the purpose to learn from the experiences of the administration of the Financial Mechanisms. The Programme Operator shall also facilitate the participation of all relevant stakeholders in events/seminars/activities agreed with the Donors.

### 5.3 Reserve for exchange rate losses

Not Applicable

### 5.4 Small Grant Schemes

Two Small Grant Schemes shall be implemented by the Programme Operator:

1. A Small Grant Scheme 'Conservation of Cultural Heritage' aimed at preserving cultural heritage, especially wooden and the Art Nouveau architecture. Measures include restoration, training / professional exchange and / or awareness-raising. Project duration shall be from 6-21 months. The Small Grant Scheme 'Conservation of Cultural Heritage' shall make available a total of €1,236,442.

2. A Small Grant Scheme 'Cultural Exchange' aimed at the development of cooperation in the sphere of culture between cultural service providers in the donor states and in Latvia thereby facilitating international exchange of culture and artworks, services and products and enabling the mobility of providers of cultural services will be implemented. Exchange shall take place within at least one of the following fields: music, dance, theatre, circus, and visual and audio-visual arts, design, photography, literature and cinema art. Project duration shall be from 3-21 months. The Small Grant Scheme 'Cultural Exchange' shall make available a total of €816,720.

The rules applicable to the Small Grant Schemes and in particular, the grant size, grant rates, payment flows, etc., are stipulated in the relevant parts of this Annex.

## 6. Pre-defined projects

### 6.1. Project title: Restoration of the Latvian Ethnographic Open-Air Museum's port warehouse

Project Promoter: State agency 'Ethnographic Open-Air Museum of Latvia'

Partner(s): none

Donor project partners: none

Estimated total eligible project cost: €200,000

Grant rate: 100%

Maximum contribution from the Programme: €200,000  
 Estimated duration: 20 months  
 Expected outcome: 'cultural heritage made accessible to the public'

Summary description of the Project

The project objective is to ensure the conservation of one of the oldest buildings of the open-air museum and to ensure its accessibility to the public.

The completed Project shall include the following activities:

1. Restoration and conservation of the Liepaja port warehouse building
2. Renovation of the Liepaja port warehouse building for exhibit purposes
3. Conference on exchange of professional experiences, including Norwegian experts and neighbouring countries
4. Project management
5. Publicity

6.2. Project title: Reconstruction of the Museum of Literature and Music

Project Promoter: State joint-stock company 'State Real Estates'  
 Partner(s): Museum of Literature and Music  
 Donor project partners: none  
 Estimated total eligible project cost is €4,947,685  
 Grant rate: 100%  
 Maximum contribution from the Programme: €4,947,685  
 Estimated duration: 38 months  
 Expected outcome: 'cultural heritage restored, renovated and protected'

Summary description of the Project

The project objective is to restore the Museum of Literature and Music building and to make it more adaptable to the needs of the public by creating new exhibitions.

The completed Project shall include the following activities:

1. Exchange of experiences with Norwegian partners
2. Restoration works to the Museum of Literature and Music building
3. Improvement of the museum, including the creation of exhibitions
4. Project management
5. Publicity

6.3. Project title: Restoration of the Museum of Rainis and Aspazija

Project Promoter: State joint-stock company 'State Real Estates'  
 Partner(s): Association of the Memorial Museums  
 Donor project partners: Lillehammer Museum, Norway  
 Estimated total eligible project cost is €2,562,340  
 Grant rate: 100%  
 Maximum contribution from the Programme: €2,562,340  
 Estimated duration: 38 months  
 Expected outcome: 'cultural heritage restored, renovated and protected'

Summary description of the Project

The project objective is to restore and renovate three properties, the Rainis and Aspazija Cottage (5/7 Janis Pliekšana Street, Jurmala), the 'Tadenava' (Dunava rural district, Jekabpils), and the house of Rainis and Aspazija (30 Baznīcas Street, Riga), to preserve this cultural heritage and to provide availability of high-quality cultural services to the public.

The completed Project shall include the following activities:

1. Exchange of experiences with Norwegian partners
2. Restoration works to the museum buildings 'Museum of Rainis and Aspazija'
3. Improvement of the museum, including the creation of exhibitions
4. Project management
5. Publicity



6.4. Project title: Restoration of the Green Synagogue in Rezekne, including the establishment of a wooden architecture heritage centre and creation of an exhibition of Jewish cultural heritage

Project Promoter: Rezekne City Council

Partner(s): Rezekne Art and Design Secondary School; Austrumlatgale Vocational School

Donor project partners: Blakstad Vocational Secondary School, Norway

Estimated total eligible project cost is €711,437

Grant rate: 95%

Maximum contribution from the Programme: €675,865

Estimated duration: 18 months

Expected outcome: 'cultural heritage made accessible to the public'

Summary description of the Project

The project objective is to increase the flow of tourism to Rezekne by restoring the Green Synagogue and by establishing the wooden architecture heritage centre and exhibition of Jewish cultural heritage.

The completed Project shall include the following activities:

1. Project management
2. Training and bilateral cooperation
3. Restoration of the Green Synagogue
4. Publicity

6.5. Project title: Digitisation of the Cultural Heritage of the Riga Art Nouveau Centre and Development of virtual museum

Project Promoter: Association of Riga Municipality Cultural Institutions

Partner(s): none

Donor project partners: The Art Nouveau Centre (Jugendstilsenter), Norway

Estimated total project cost is €414,600

Grant rate: 50%

Maximum contribution from the Programme: €207,300

Estimated duration: 30 months

Expected outcome: 'cultural heritage made accessible to the public'

Summary description of the Project

The project objective is to digitise the cultural heritage of the Riga Art Nouveau Centre and to create a virtual museum.

The completed Project shall include the following activities:

1. Project management
2. Digitisation of the cultural heritage of the Riga Art Nouveau Centre and establishment of a database
3. Developing (planning) and creating a digital exhibition
4. Publicity, including raising public awareness both in Latvia and in Europe, expanding the website of the Riga Art Nouveau Centre

## **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 version signed by the Programme Operator on 16 February 2012 and shall include all subsequent correspondence and communication between the FMC, the Financial Mechanism Office, the National Focal Point and the Programme Operator, including the revised proposal submitted on 19 June 2012.

## **9. Miscellaneous**

Not applicable.