



**THE EEA AND NORWAY GRANTS 2014-2021**

## **GUIDELINES FOR BENEFICIARIES OF GRANTS**

### **FUNDED FROM PROGRAMMES**

**HEALTH, CULTURE, GOOD GOVERNANCE, HUMAN RIGHTS  
AND JUSTICE**

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**PROGRAMME OPERATOR – MINISTRY OF FINANCE**



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## List of Terms and Abbreviations

AA	Audit Authority
CA	Certification authority
DPP	Donor programme partner
EFTA	European Free Trade Association
EEA/N grants	EEA and Norway Grants 2014-2021
IPO	International partner organisation
IS CEDR	Information system CEDR MF - EEA and Norway Grants 2014-2021
FMO	Financial Mechanisms Office
FB	Final Beneficiary
LGFM	Logical Framework
MF	Ministry of Finance
SGS	Small Grant Scheme
NFP	National Focal Point
SOU	State organizational unit
OC	Open call in a Programme
PP	Programme Partner
PRG	Programme
Project	Project within the framework of PRG / sub-project within the framework of SGS funded from EEA/N grants
IPR	Interim project report
CO	Contributory organization
PuPr	Public procurement
SSPP	Small-scale public procurement
PO	Programme operator
PO-CFCU	Programme Operator – Central Finance and Contracts Unit
PO-CFA1	Programme Operator – Centre for Foreign Assistance – Programming and Coordination Unit
PO-CFA2	Programme Operator – Centre for Foreign Assistance – Implementation, Monitoring and Evaluation Unit
FR	Final report

## 1 Introduction and basic information

The guidelines for beneficiaries of grants (hereinafter the "Guidelines") govern procedures for implementation of projects (hereinafter "PRG") Health, Culture, Good Governance, Human Rights and Justice and sub-projects within the framework of small grants schemes of programme (hereinafter "project") funded from EEA and Norway Grants 2014-2021 (hereinafter "EEA/N Grants") from the time of their approval.

The procedures described herein are obligatory not only for the final beneficiaries (hereinafter "FB") but also to their partners to the extent they are relevant to them.

The Guidelines are based on current documents approved by the Committee for the EEA Financial Mechanism and the Ministry of Foreign Affairs of Norway and documents published by the Ministry of Finance (hereinafter "MF") and valid Czech and EU legislation.

Documents approved by the Committee for the EEA Financial Mechanism and the Ministry of Foreign Affairs of Norway:

- [Regulation on the Implementation of the EEA Financial Mechanism 2014-2021](#) (hereinafter "EEA Regulation");
- [Regulation on the Implementation of the Norwegian Financial Mechanism 2014-2021](#) (hereinafter "N Regulation").

Documents issues by the Ministry of Finance:

- [Methodology of Financial Flows, Control and Certification of Programmes Financed by the European Economic Area and Norwegian Financial Mechanisms 2014-2021](#) (hereinafter "Methodology");
- [Guideline of the National Focal Point for Eligible Expenditures under EEA/Norwegian FM 2014-2021](#);
- [Guidelines of the Programme Operator concerning Small-scale Public Procurements Financed by the EEA and Norway Grants 2014-2021](#).

In case new documents are approved in course of the implementation of Financial Mechanisms, the Guidelines will be supplemented and updated on the basis of new facts.

Instances and situations not regulated by these Guidelines shall be settled individually on the case-by-case basis in accordance with good morals and general principles of commercial relations.

*If any of the procedures and processes described in these Guidelines remain unclear to you, please leave a message on the 'project notice board' in IS CEDR or call the responsible project manager.*

## 1.1 Validity and amendments to the Guidelines

The Guidelines enter into force on the day of its approval by the Programme Operator (hereinafter “PO”). In case changes or new binding documents are approved during the course of the implementation process that may affect procedures for implementing projects, the Guidelines will be updated and supplemented by relevant documents.

The Guidelines are mandatory for all actions related to implementation of the EEA and Norway grants listed herein. The binding version is always the version of Guidelines or annexes thereto, which is applicable on the day the respective action related to the implementation of the project is taken.

***Every update of the Guidelines will be published on the web pages of the Ministry of Finance (<https://www.eeagrants.cz>). Final beneficiaries are obliged to monitor these web pages and always follow the effective version of the Guidelines. MF will inform FBs about updates via the IS CEDR ‘project notice board.’***

## 1.2 Terms and Definitions

Some of the basic terms which are used in the Guidelines are defined below:

**Programme Agreement** – an agreement concluded between the Committee for the EEA Financial Mechanism, the Ministry of Foreign Affairs of Norway and the National Focal Point (hereinafter “NFP”), under which programme funding is awarded and which sets up the implementation of a given programme.

**Grant** – a promise of funding from the state budget, state financial assets or the National Fund awarded to legal or natural persons for a specific purpose prior to issue of the legal act on the allocation of funds.

**Subsidy** – funding from the state budget, state financial assets or the National Fund awarded to legal or natural persons for a specific purpose by the issue of the legal act on the allocation of funds.

**Information system CEDR of the MF for EEA/N Grants** (hereinafter “IS CEDR”) – an information system run by the Ministry of Finance as the Programme Operator for selected EEA/N programmes. The system is used for submission of applications (within open calls and pre-defined projects) in individual programmes and their subsequent administration (selection of projects, monitoring, payments), until their implementation is completed.

**Final Beneficiary** – a public or private, commercial or non-profit entity, as well as a non-governmental organization or natural person, which was, on the basis of submitted and approved application, awarded a grant from the EEA/N Grants by the Programme Operator.

**Small Grant Scheme** (hereinafter “SGS”) – a set of sub-projects implemented within the framework of Programme Operator’s SGS on the basis of conditions and procedures specified herein.

**International partnership organization** (hereinafter “IPO”) – a public international entity that is actively engaged in preparation and subsequent implementation of PRG. IPO is effectively contributing toward PRG implementation. In case of partnership at a project level, IPO contributes to the project implementation efforts on the basis of a Partnership Agreement concluded with FB.

**National Focal Point** – a national public entity, designed by the receiving state as an entity responsible for achieving the objectives of the EEA/N Grants and implementation of the Memoranda of Understanding concerning implementation of EEA Financial Mechanism 2014-2021 and Norway Financial Mechanism 2014-2021.

**Period of expenditures’ eligibility** – the beginning of the period of eligibility for expenditure is determined by the project approval date (see Section 5.3) and the end of the eligibility period is specified in the legal act on the allocation of funds (not later than April 30, 2024<sup>1</sup>).

**Open Call** – a system of awarding grants to projects on basis of announcement of a call for applications.

**Programme partner** (hereinafter “PP”) – a public entity or Ministries responsible for relevant sectors in the Czech Republic, which is actively involved in the programme implementation and effectively contributes to the PRG implementation on the basis of a Partnership Agreement.

**Donor Programme Partner** (hereinafter “DPP”) – a public entity from the donor state that is actively involved in the preparation and subsequent implementation of the programme. DPP effectively contributes to the implementation of the programme.

**Project Partner** – a public or private, commercial or non-profit entity that is specified in the approved grant application and is actively involved in the implementation of the project.

**Legal act on the allocation of funds** – a document effectively awarding the funds to FBs in accordance with the Act No. 218/2000 Coll., on Budgetary Rules, as amended, and which contains the particulars specified in the Methodology.

**Programme** – a comprehensive set of activities for achieving the defined objectives. Individual PRGs are approved by the Committee for the EEA Financial Mechanism and the Ministry of Foreign Affairs of Norway (including SGS).

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<sup>1</sup> In exceptional cases, expenditure incurred in the last month of expenditure eligibility period is also considered eligible and the expenditure will have been reimbursed no later than within 30 days from the final expenditure eligibility date. Such expenditure must relate to the activity carried out before the final project expenditure eligibility date.

**Project** – a comprehensive set of activities implemented on the basis of an approved grant application. This includes projects implemented within the framework of PRG or sub-project implemented within the framework of SGS.

**Predefined project** (hereinafter "project") – a project whose implementation was agreed in the PRG preparatory phase between the Financial Mechanism Office (hereinafter "FMO") and the Programme Operator (PO) and whose basic parameters are covered by the approved PRG proposal.

**Partnership Agreement** – an agreement concluded between the Final Beneficiary (FB) and the Project Partner (including Donor Programme Partner), which demonstrates interest of both actors to mutually implement the project through bilateral cooperation.

**Sub-project** – a comprehensive set of activities implemented on the basis of an approved grant application within the framework of SGS, which will be referred to, for simplicity's sake, in these Guidelines as a 'project'.

**Project completion** – completion of implementation of activities as well as reimbursement of all eligible project expenditure (substantive and financial completion of the project).

**Project commencement** – date of commencement of activities leading to project implementation.

**Programme Operator** – a public or private non-profit entity responsible for preparation and implementation of PRG.

**Individual Partial Programme Operator** – an entity responsible for implementation of a part of a PRG (a division of individual partial programme operators is listed in chapter 1.4).

**Eligible Expenditure** – expenditure incurred for the specified purpose and within the period specified in legal acts on the allocation of funds, which are in accordance with the Regulation and other rules laid down by the Committee for the EEA Financial Mechanism, the Ministry of Foreign Affairs of Norway, the FMO, the NFP or the PO of the respective PRG.

### 1.3 Overview of programmes

MF has been appointed, in line with the Memoranda of Understanding for implementation of the EEA/N grants 2014–2021, a PO for the following PRG – Health, Culture, Good Governance, Human Rights and Justice.

PO will implement PRG usually in cooperation with PP – ministries responsible for the relevant sector in the Czech Republic.

DPPs and/or IPOs will be involved in implementation of certain PRG – institutions relevant for the particular sector within the priority area of each given PRG.



Programme name	Programme Operator	Programme Partner / Donor Programme Partner (DPP) / International Organization (IPO) / Partnership
<b>Health</b>	MF (Department 58)	PP – Ministry of Health DPP – Norwegian Institute of Public Health
<b>Culture</b>	MF (Department 58)	PP – Ministry of Culture PP – Arts and Theatre Institute DPP – The Icelandic Centre for Research (RANNIS) DPP – The Norwegian Directorate for Cultural Heritage (RA) DPP – The Arts Council Norway (ACN)
<b>Good Governance</b>	MF (Department 58)	
<b>Human Rights</b>	MF (Department 58)	IPO – Council of Europe (CoE) IPO – European Union Agency for Fundamental Rights (FRA)
<b>Justice</b>	MF (Department 58)	PP – Ministry of Justice DPP – Directorate of Norwegian Correctional Service (DNCS) IPO – Council of Europe (CoE)

## 1.4 Programme scheme

Grants will be awarded to Final Beneficiaries (grant applicants) within the framework of individual PRG in line with Programme Agreements, for projects that are aligned with PRG objectives, programme area and the anticipated results and outcomes of these individual PRGs.

PRG may consist of the following parts:

- **Open Call (OC)**
- **Pre-defined project**
- **Small grant scheme (SGS)**

Approved PRGs do not need to consist of all above mentioned parts. Individual parts for any given PRG will be specified in the respective Programme Agreement, including operators of individual PRG parts, which are charge of that particular PRG part's administration<sup>2</sup>.

These Guidelines apply to FBs within the framework of individual PRG parts:

- OC – beneficiaries of projects

<sup>2</sup> Within the individual PRG, it is also possible to draw financial resources from the **Fund for Bilateral Relations (Bilateral Ambitions)**. This fund is governed by a separate Bilateral Ambitions Guidelines for Applicants and Final Beneficiaries in programmes: Justice, Human Rights, Good Governance and Health

- Pre-defined projects – beneficiaries of projects
- SGS – beneficiaries of sub-projects except for PRG Health

Instructions for SGS beneficiaries within the framework of PRG Health are not a part of these Guidelines and will be governed by a separate set of instructions issued by the Ministry of Health.

## 2 EEA/N grants Management Structure

### 2.1 Multinational management structure of EEA/N grants

#### 2.1.1 *Committee for the EEA Financial Mechanism*

The Committee has been established by the European Free Trade Association member states as a body responsible for efficiency, correctness of management and drawing of funds awarded from the EEA grants.

The Committee for the EEA Financial Mechanism approves the Regulation on the Implementation of the EEA Financial Mechanism 2014–2021 and other rules and procedures governing implementation of programmes financed by the EEA/N Grants, as well as PRG proposals submitted by the National Focal Point, interim, annual and final reports on PRGs financed by the EEA grants.

#### 2.1.2 *The Ministry of Foreign Affairs of Norway*

The Ministry of Foreign Affairs of Norway as the provider's representative is responsible for efficiency, correctness of management and drawing of funds awarded from the Norway Grants.

The Ministry of Foreign Affairs of Norway approves the Regulation on the Implementation of the Norwegian Financial Mechanism 2014-2021 and other rules and procedures governing implementation of programmes financed by the Norway Grants, as well as PRG proposals submitted by the National Focal Point, interim, annual and final reports on PRGs financed by the Norway Grants.

#### 2.1.3 *Financial Mechanisms Office*

FMO provides administrative support to the Committee for the EEA Financial Mechanism and the Ministry of Foreign Affairs of Norway with the operation activities related to the implementation of the EEA/N grants. At the same time, it fulfils the function of the main contact point between beneficiary states and aid providers. FMO has been established as an independent unit by the Committee for the EEA Financial Mechanism and the Ministry of Foreign Affairs of Norway.

FMO ensures in particular the following activities:

- preparation of standardized procedures and forms for implementation of the EEA/N grants;
- acceptance and evaluation of PRG proposals recommended by the beneficiary states;
- preparation of the Programme Agreements and their modifications;

- reviews of interim, annual and final PRG reports;
- external monitoring of PRG implementation and selected projects;
- reimbursement of requests for payment within PRGs.

## 2.2 National management structure

### 2.2.1 National Focal Point

MF exercises NFP competences and, in line with Art. 5.3 of the Regulation:

- has the overall responsibility for achieving objectives and general implementation of EEA/N grants in the Czech Republic;
- fulfils the function of a contact point and is responsible for implementation of the Memoranda of Understanding;
- ensures publicity of the EEA/N grants in the Czech Republic;
- monitors the progress and quality of approved the PRGs implementation and administers their modifications;
- ensures preparation and implementation of the Fund for Bilateral Relations ;
- evaluates and decides on complaints related to the overall implementation of PRGs and projects.

### 2.2.2 Certification Authority

MF executes the tasks of the Certification Authority (hereinafter “CA”) in line with Art. 5.4 of the Regulation. The CA’s main responsibilities include, in particular:

- submission of the verified interim financial reports and final reports on PRGs to FMO;
- ensuring transfers of payments to the POs (or FBs) in line with the Regulation;
- performance of the on-the-spot inspections, in particular at the PO level, or at FB and PP levels.

### 2.2.3 Irregularities Panel

In line with Art. 12.3 of the Regulation, the CA also executes the competences of the Irregularities Panel, which is responsible, in particular, for the following:

- Coordinating the agenda related to irregularities within the framework of the Czech Republic;
- Maintaining the registry of irregularities;
- Regularly reporting to the FMO about new irregularities and on the progress made in relation to investigation and rectification of reported irregularities.

### 2.2.4 Audit Authority

MF also executes the tasks of the Audit Authority (hereinafter “AA”) in line with Art. 5.5 of the Regulation. AA executes and is responsible for, in particular, ensuring conduct of audits for the purpose of verification of efficient functioning of the management and control system at the national level, i.e. at the level of the Ministry of Finance.

## 2.3 Programme structure

### 2.3.1 Programme Operator

In line with Art. 5.6 of the Regulation and in line with the signed Programme Agreement, the PO is responsible for preparation and implementation of PRGs in line with principles of economy, efficiency and effectiveness. MF is responsible, in the position of a PO, particularly for the following:

- preparation of Calls, including detailed evaluation criteria and instructions for applicants;
- accepts applications, ensures evaluation and selection of projects to be financed and facilitates signature of legal acts on the allocation of funds for each project;
- verification, whether the expenditure reported by FBs have been actually incurred and whether they are in line with these Guidelines, Programme Agreement and with valid national legislation and EU law;
- ensuring the quality of PRG implementation and verifies the progress of projects towards the expected outcomes and results by the means, inter alia, of regular project monitoring, on-site inspections, on the basis of selected sample of projects;
- elaboration and submission of interim financial reports, annual PRG reports and final PRG report;
- ensuring that all necessary measures are taken to prevent and detect any irregularities, and their speedy examination and rectification, including imposing appropriate financial adjustments;
- administration of IS CEDR in relation to general management of projects implemented by FBs.

The POs activities are carried out, within the framework of the MF's Department 58, by the following Units:

- **CFA1 – Centre for Foreign Assistance – Programming and Coordination Unit**
  - is responsible for preparation of Programmes, including announcement of Calls to submit applications
  - is responsible for selection and approval of projects
  - is responsible for Programme publicity
- **CFA2 – Centre for Foreign Assistance – Implementation, Monitoring and Evaluation Unit**
  - is responsible for monitoring of approved projects
  - is responsible for reviews of interim and final project reports (hereinafter "IPR/FR")
  - approves project modifications
  - exercises continuous public administration inspections of projects on the spot
- **CFCU – Central Finance and Contracts Unit**

- issues legal acts on the allocation of funds
- audits public procurement processes
- is responsible for financial verification of IPR/FR
- administers and processes payments of expenditure during project implementation phase
- ensures final public administration inspections of projects on the spot
- maintains registry and investigates irregularities in projects.

### **2.3.2 Donor Programme Partner / International Partnership Organization**

A foreign partner in a PRG is an entity from donor state (DPP) or relevant international institution – an International Partnership Organization (IPO) defined in the Programme Agreement, which is involved in the Programme preparation process and will collaborate of the implementation of the Programme after its approval.

In line with Art. 4.4 of the Regulation, the PO and DPP/IPO shall establish a Cooperation Committee, which will be governed by an approved Statute and which will discuss, in particular, evaluation criteria and wordings of Calls to submit applications, provide consultations with regard to cooperation with potential project partners from donor countries, and progress in achieving outcomes and results of individual PRGs etc.

### **2.3.3 Programme Partner**

Programme Partner (PP) is the Ministry responsible for the given sector and relevant programme areas (please see chapter 1.3 above). In order to ensure cooperation during PRG implementation process, the PO concludes Partnership Agreement(s) with the PP.

The concluded Partnership Agreement between the PO and the PP delegates pre-defined activities and responsibilities related to preparation and implementation of individual PRGs.

## **2.4 Project structure**

### **2.4.1 Final Beneficiary of a project**

Final Beneficiary (FB) is an entity which had been provided with funding from EEA/N grants on the basis of submitted and approved application.

In the course of project implementation, FBs are obliged to follow the legal act on the allocation of funds, as well as these Guidelines, Guideline of the National Focal Point for Eligible Expenditures under EEA/Norwegian FM 2014-2021; Guidelines of the Programme Operator concerning Small-scale Public Procurements Financed by the EEA and Norway Grants 2014-2021, the Communication and Design Manual and valid Czech and EU legislation.

### **2.4.2 Project Partner**

Project partner is an entity which is specified as a partner in the approved grant application and with whom the Final Beneficiary has concluded a Partnership Agreement.

Project partner is obliged to observe the concluded Partnership Agreement during the entire implementation of the project.

**Partner from the Czech Republic** will also act in accordance with these Guidelines, Guideline of the National Focal Point for Eligible Expenditures under EEA/Norwegian FM 2014-2021; Guidelines of the Programme Operator concerning Small-scale Public Procurements Financed by the EEA and Norway Grants 2014-2021, the [Communication and Design Manual](#) and valid Czech and EU legislation.

**Partner from donor country** will also act in accordance with Guideline of the National Focal Point for Eligible Expenditures under EEA/Norwegian FM 2014-2021, the Regulation and the respective valid national and EU legislation.

**Partner from an IPO** will also act in accordance with the Regulation and its own valid internal procedures.

### 2.4.3 Partnership Agreement

In cases where a project is implemented with a partner, the FB shall be obliged to submit a copy of the Partnership Agreement no later than before the issue of the legal act on the allocation of funds. Entities cooperation on a project, which did not conclude a Partnership Agreement with the FB will not be considered project partners.

Partnership Agreement **defines** the position of the FB and its partner, their tasks and responsibilities, as well as their mutual rights and obligations during implementation of the project.

The character of partnership within a project is non-profit and lies especially in an active engagement of the partner in project activities, and potentially in the management of the project and in the overall contribution of project for the FB and its partner. **Partnership does not constitute a customer-supplier relationship.** The contractual relationship with the partner is thus not governed by Act No. 134/2016 Coll., on Public Procurement, as amended.

The recommended contents of a Partnership Agreement:

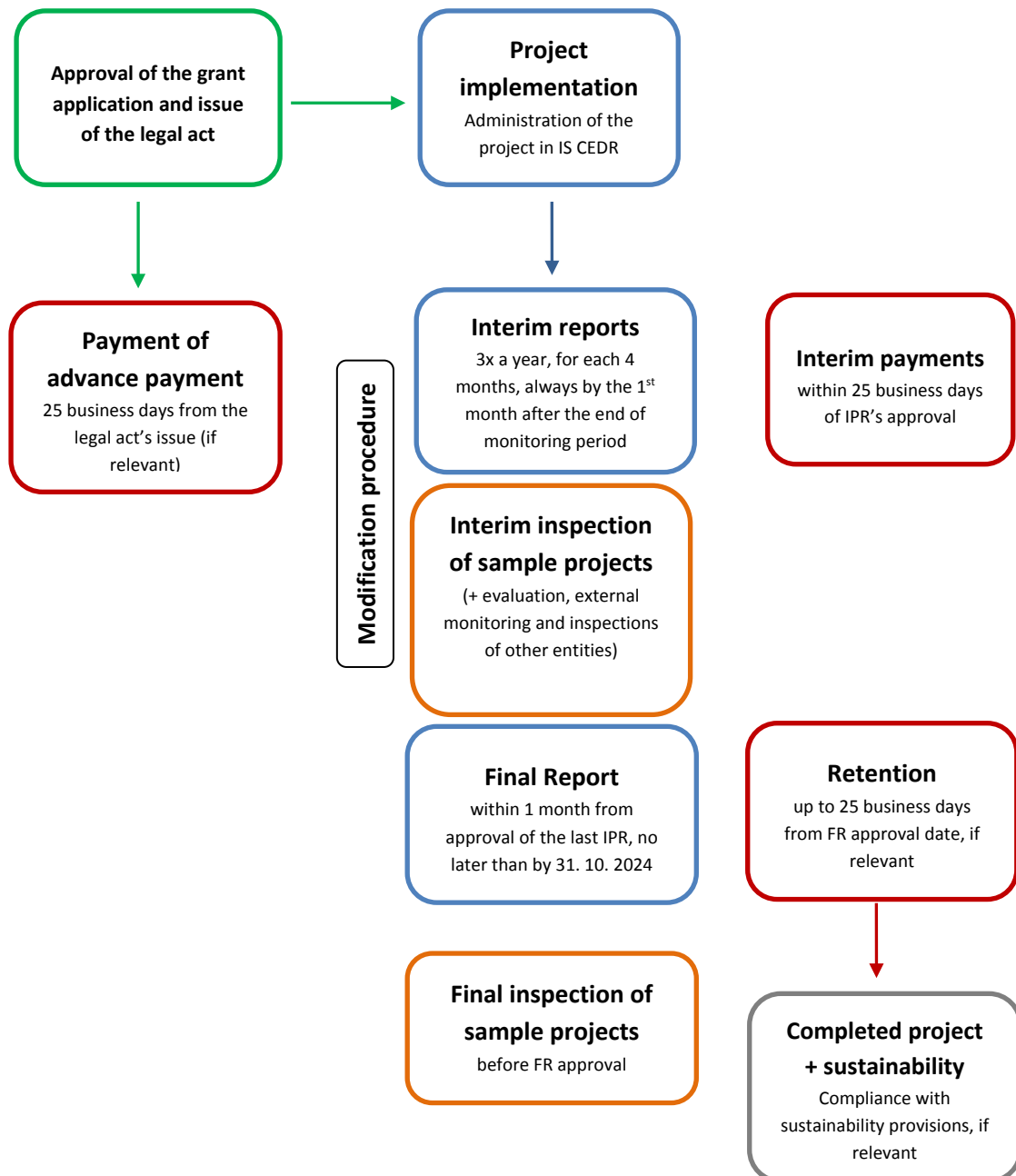
- Definition of the purpose and subject of the agreement;
- Description of roles and the level of engagement of both partners within the project;
- Description of involvement in meetings, coordination meetings, in Project Management Committee etc.;
- Description of how the project publicity will be handled;
- Definition of individual partners' responsibility and liability for damage, definition of sanctions for breach of contract (especially the risks associated with failing to comply with the project's purpose due to breach/non-compliance with the agreement by a partner – for example, caused by withdrawal during project implementation);
- In cases where the partner is a foreign entity, we recommend to define **expense budgets for both partners** (FB and the foreign partner) also in the Czech *korunas*, which need to correspond to amounts specified in grant application;

- Description of financial flows between the FB and partner in line with chapter 5.2 of the [Guideline of the National Focal Point for Eligible Expenditures under the EEA/Norwegian FM 2014-2021](#);
- In cases where FB will be reimbursing certain eligible expenditure connected with the partner's participation directly (for example, accommodation in the Czech Republic, plane tickets etc.), it would be appropriate to define sanctions from potential no-show on the part of the partner (for example, in case a particular activity needs to be cancelled);
- determination of the experts' salaries for work and currency in which the partner institution will be remunerated;
- determining the solution of exchange rate differences;
- specification of the partner's experts, including information whether they are employees or external staff;
- imposing a requirement for archiving all relevant documents on the part of the partner;
- implementation of **public procurement** by the partner - rules, procedures, compliance with binding documents, cooperation with FB so that the relevant rules of the partner's country of residence are met during the awarding and implementation of public contract(s);
- procedures in place in case of **project modifications**;
- **sustainability** of project output – property relations during and after implementation, use of assets, asset management, deadlines, information, etc.;
- a **commitment** of the partner to submit to the **control / audit** related to the provision of funds in line with the legal act on the allocation of funds or to provide documentation necessary for the audit, i.e. creation of conditions for financial audits and controls and cooperation during controls;
- term of contract (effectiveness of some provisions **during the implementation period**/sustainability of the project, commencement and lengths of deadlines in line with the beginning/end of project implementation process);
- maintaining accounting of expenditure and demonstrating their clear linkage to the project;
- ban on drawing other aid/subsidies/support (for identical expenditure);
- signature of both parties including a date.

**A Partnership Agreement template forms an Annex No. 13a and 13b to these Guidelines.**

**FB does not release itself from the obligations imposed by the legal act on the allocation of funds by transferring obligations to the Partnership Agreement. It is recommended that the text of the Partnership Agreement be revised in the light of the obligations and conditions set out in the legal act on the allocation of funds, as amended.**

### 3 Projects' Life-Cycle





## 4 Project approval and issue of the legal act on the allocation of funds

### 4.1 Project approval

Applicants whose grant applications have been recommended by the evaluation committee for the award of a grant will be informed by a letter from the PO about the verification procedure, including the request for additional information (especially the public procurement plan).

Based on the performed verification, completion of the required information (e.g. public procurement plan) and acceptance of the conditions for the approval of the grant by the applicant in IS CEDR, the PO will proceed to approve the grant application. The PO will send a letter to the FB via the IS CEDR databox<sup>3</sup> informing them of the approval, including any requirements for supplementing additional documents that may be necessary for the issue of the legal act (e.g. signed Partnership Agreement) in line with the requirements set out in the Call and in the Guidelines for Applicants<sup>4</sup>.

### 4.2 Issue of the Legal act on the allocation of funds

Following the PO letter confirming approval of the grant application, and after all additionally requested documents will have been duly uploaded into the IS CEDR, the PO-CFCU shall issue the Legal act on the allocation of funds. In case the FB is a state organizational unit (hereinafter "SOU") or contributory organization (hereinafter "CO"), a Deputy Minister **Letter** will be issued, which will lay down conditions from disbursement of funds. In case the FB is CO, the Deputy Minister will issue a letter to the CO's founder, which will oblige the founder to assign the specified conditions to the FB – CO. In other cases, the Ministry will issue a Grant Award **Decision**.

**The Legal act on the allocation of funds shall contain an Annex** in the form of the PO letter confirming the grant, including specific conditions (Annex No. 1 to the Legal Act) and a Table of Reduced Levies (Annex No. 2 to the Legal Act and Annex No. 4 to these Guidelines).

The issue of the legal act on the allocation of funds is contingent upon submission of Bank Account Identification (Annex No. 14 to these Guidelines) and the Partnership Agreement with each partner via IS CEDR.

The signed legal act on the allocation of funds shall be sent by PO-CFCU via IS CEDR databox to the FB.

Sample Legal acts on the allocation of funds are provided in Annexes No. 2, 3a and 3b to these Guidelines.

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<sup>3</sup> Should the FB not have a databox, the grant approval letter will be delivered to FB's contact email as specified in the grant application, or by post.

<sup>4</sup> If need be, changes may be made to the grant application after an agreement with the FB.

#### 4.2.1 Advance payment within project

In the case an advance payment is approved<sup>5</sup>, IS CEDR shall generate, after the issue of the Legal act, a request for an advance payment in the approved amount.

The advance payment may be approved up to the amount of 60 % of the total awarded subsidy. In case of PRG Culture, the advance payment for non-profit organizations and natural persons may be approved up to the amount of 70 % of the total awarded subsidy.

PO – CFCU shall transfer the funds, in the amount corresponding to the amount specified in the advance payment application, to the bank account of the Final Beneficiary **within 25 business days** from the issue of the Legal Act.

#### Advance payment billing

Any provided advance payment must to be accounted for within the framework of IPR and deducted from Interim Payment Application prior to FR submission date.

## 5 Project implementation – obligations of the FB and its partner

### 5.1 Bank Account for the project

FBs are not obliged to open a separate bank account for implementation of their project. They may use their existing bank account.

In case the FB has an obligation, pursuant to Act No. 218/2000 Coll., on Budgetary Rules and on change of certain other acts, as amended (hereinafter “Act on Budgetary Rules“ or “Budgetary Rules Act”), to maintain a designated account with the Czech National Bank for payments of subsidies and repayable financial assistance from the state budget, state funds or the National Fund, they will be required to submit bank account identification for such bank account.

#### 5.1.1 Bank charges

In case FB opens a separate bank account for project implementation purposes, the bank charges related to the account administration and implementation shall not be considered to constitute eligible expenditures of the project.

### 5.2 Public procurement

Awards of public procurement (hereinafter "PuPr") by FB and partners (hereinafter "contracting authorities"), except for foreign project partners, will always be governed strictly and without exception by Act No. 134/2016 Coll., On Public Procurement, as amended. The relevant FB/contracting authority shall be responsible for compliance with the law and for the proper course of the procurement procedure. Likewise, FB shall be liable for ensuring compliance with Act No. 340/2015 Coll., on the Register of Contracts, as amended.

FBs shall be obliged to submit a ‘Public procurement plan’ on the basis of an information communicated to PO-CFA1 on the recommendation to the evaluation committee

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<sup>5</sup> Advance payments will not be provided to SOUs/COs.

concerning award of the grant, containing a request to submit a Public procurement plan, which is subject to verification within the framework of application approval process. FB shall inform PO-CFCU about PuPr and SSPP to be implemented within the framework of project in the value exceeding 500 000 CZK excl. VAT using a relevant IS CEDR public procurement module. Nevertheless, PO may request information concerning the course of the public procurement process, conclusion and performance of resulting contracts in relation to all implemented PuPr and SSPP proceedings.

For small-scale public procurement (hereinafter “SSPP”), where the proceedings effected by the contracting authority/FB are not regulated by law, the PO issued specific [Guidelines of the Programme Operator concerning Small-scale Public Procurements Financed by the EEA and Norway Grants 2014-2021](#). These guidelines are mandatory for all FBs and project partners from the Czech Republic.

**Project partner from donor country** shall run their PuPrs and SSPPs in line with their national (place of registered seat) legislation, as if they were a contracting authority pursuant to Article 2 para 1 Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC.

**Project partner from IPO** shall run their PuPrs and SSPPs in line with their internal rules.

#### **5.2.1 Public procurement plan updates**

After the issue of the Legal Act, FB shall update, within 5 business days from receiving a request, their Public procurement plan, using the ‘project notice board’ in IS CEDR, and subsequently following any changes therein throughout the project implementation period.

#### **5.2.2 Evaluation and qualification criteria**

No later than 1 month before the planned announcement of a PuPr/SSPP procedure for procurement exceeding 500 000 CZK excl. VAT, FB shall submit, via IS CEDR, the relevant evaluation and qualification criteria for such PuPr/SSPP procedure to PO-CFCU for review and potential comments.

#### **5.2.3 Contracts and their amendments**

FBs shall be obliged to enter information from contracts or their amendments into the IS CEDR public procurement module without unnecessary delay after their signature (always to the relevant PuPr/SSPP procedure).

### **5.3 Expenditure eligibility and their reporting**

FBs/their partners are obliged to follow the [Guideline of the National Focal Point for Eligible Expenditures under EEA/NorwegianFM 2014-2021](#), as amended, which lays down expenditure eligibility and expenditure reporting rules.

FBs/their partners are obliged to maintain accounting for projects or tax records in line with law applicable in the country where FB/partner have their seat, and in case of IPOs, in line with their internal accounting rules.

FBs/their partners from the Czech Republic, who maintain **accounting** pursuant to Act No. 563/1991 Coll., on Accounting, as amended, shall be obliged to ensure that their accounting system unequivocally reports all relevant transactions that directly relate to a specific project.

FBs/partners from the Czech Republic, who are not obliged to maintain accounting records pursuant to Act No. 563/1991 Coll., on Accounting, as amended, shall be obliged to keep a **tax records** for projects pursuant to Act No. 586/1992 Coll., on Income Taxation, as amended.

In both instances, the **requirements specified below must be observed:**

1. the respective document must meet the prescribed particulars of an accounting document pursuant to article 11 of Act No. 563/1991 Coll., on Accounting (except for paragraph 1 letter f);
2. the respective documents must be correct, complete, conclusive, understandable and continuously kept in chronological order, in a manner that ensures their durability;
3. in the case of an inspection, FB shall, upon a request of the inspecting authority, present the tax records in its entirety;
4. revenues and expenditures are kept in an analytical manner in relation to the respective project, i.e. the documents must be clearly labelled as related to a particular project;
5. documents or their attachments must clearly specify the purchased goods, services or work, as well as the person who purchased the goods or services, except in cases of simplified tax documents. Generally specified tax documents, such as "*refreshment*", "*office equipment*", invoices for the "*administrative services*" etc. will not be sufficient;
6. accounting/tax documents (invoices, bills, contracts etc.) must clearly indicated that they are related to EEA/N grants 2014 – 2021 (for example by providing relevant wording on the accounting document or by labelling a printed document by a stamp or including text such as "Financed by EEA/N grants 2014 – 2021" or by identification of accounting unit or another clearly identified EEA/N grants code on accounting documents etc).

Originals of FB's accounting documents/tax records, lists and copies of accounting documents/tax records documents related to the project and all partners must be available at FB offices not only during the project implementation course but also for a period of 10 years after, starting from 1 January of the year following the year when the final programme report will have been approved by the PO, but never for shorter period than until 31 December 2030.

#### **Reimbursement of accounting documents after the expenditure eligibility period ends**

In exceptional cases, it will be possible to pay an accounting document by FB for additional **30 days after the expenditure eligibility period end as defined in the Legal act on the allocation of funds. This only applies to payments of accounting documents.**

The related activity must however be physically completed by **the project purpose completion date** and the **accounting documents must be issued prior to the expenditure eligibility period end date.**

### 5.3.1 Limits for corroborating accounting documents

Any individual direct expenditure not exceeding the amount of **50 000 CZK does not need to be corroborated**, within the framework of Request for Payment (hereinafter “RfP”) in **IS CEDR by relevant accounting documents**. FB will include this expenditure in the ‘Summary of expenditure paid’ in IS CEDR and their eligibility and correctness will be confirmed by applicant’s signature within RfP.

FBs/partners will however be obliged to produce, upon request, any and all accounting documents and accounting records within the framework of RfP reviews, during inspections on the spot or audits.

### 5.3.2 Flat rate expenditure (lump-sum)

Expenditure covering the so-called ‘per diems’ may be set as a lump-sum; **this includes accommodation, local transport, meals and travel insurance for one person going on a trip abroad (applies to FB and partners)**.

Per diems are stipulated in accordance with **EU lump-sum rates**, which are defined as maximum rates, as laid down in Annex 1 to Commission Decision of 18 November 2008 and its subsequent updates (see the latest update at:

[https://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm\\_en](https://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm_en))<sup>6</sup>

As the EU flat rate is given in EUR, the conversion to CZK shall use the exchange rate defined in the particular Call. The resulting flat rate amount in EUR **converted to CZK** and specified in the grant application shall be used by FB in reporting all per diems in RfP and this rate will be maintained for the entire period of implementation.

The total eligible ‘per diems’ amount shall then be calculated as a multiple of the **number of nights spent abroad and the EU flat rate converted to CZK, which the FB specified in its budget in the grant application**.

In case a free-of-charge accommodation or meals is provided, the total ‘per diems’ amount shall be reduced by 40 % for accommodation (corresponding rate for accommodation with and without breakfast), 40 % for meals (20 % lunch, 20 % dinner). In case the final beneficiary/partner will not stay overnight, ‘per diems’ shall be automatically reduced by 40 %.

Applicants may set a lower flat rate in the grant application if, due to the planned extent and objective of the project, it would not be economical and efficient to use the standard flat rate (e.g. foreign trips with a higher number of participants, longer stays, etc.). Such a rate shall then be applied throughout the implementation of the project and may not be increased from savings in other items in the event of higher actual expenses.

When using flat-rate expenditure, the FB/partner does not provide accounting documents related to the actual expenses covered by the lump sum, instead they shall provide

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<sup>6</sup> Liechtenstein shall be subject to the same flat rate as Switzerland.

documents confirming the activity in the declared extent and eligibility of such expenses, e.g. the relevant business trip program including information on meals, attendance list, photo documentation or protocol from the business trip.

### 5.3.3 Timesheets

FB is obliged to **keep timesheets** (see Annex No. 15 hereto) for individual employees of the FB/Project Partner and related personnel expenditures required to be financed within the project only in case the **employee participates on the project implementation only in part** (of their employment working hours) **or in the form of short-term or part-time arrangements**, such as Agreement on Performance of Work/Agreement on Work Activity (Czech abbreviations “DPP/DPČ”). FB submits the timesheets to the PO during project inspections on the spot or during audits or upon request during reviews of IPR/FR or RfP.

### 5.3.4 Voluntary work

**If the FB is a non-governmental non-profit organization or a social partner** (associations of employers and trade unions), it can provide part of the required co-financing of the project up to 50% through a **in-kind contribution in the form of voluntary work**.

Voluntary activity is considered to be a publicly beneficial activity organized in accordance with Act No. 198/2002 Coll., On Voluntary Service and on Amendments to Certain Acts, as amended, and a publicly beneficial activity carried out by a volunteer who has reached at least 15 years of age of his or her own free will, in their free time and without the right to remuneration, consideration or other benefits<sup>7</sup>.

Performance of voluntary activity shall be subject to a written contract to be concluded between the volunteer and FB, which contains at least the place of performance and the subject of the voluntary activity, its scope and the period for which it will be performed. **FB must keep evidence of such performance by volunteers in the form of a statement of work (timesheet)**(see Annex No. 15 of this Guidelines) **documenting the time and scope of voluntary work**. FB submits these statements of work within the framework of each IPR and RfP.

In order to report co-financing in the form of voluntary work, the PO chose an **hourly gross wage rate of CZK 150 / hour** for all PRGs.<sup>8</sup>

## 5.4 Project revenues<sup>9</sup>

The EEA/N Grants support public interest projects that generally do not generate profit. In case a project generates revenue during implementation or sustainability period, the anticipated amount of such revenue and its use shall be specified in the grant application.

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<sup>7</sup> Does not apply to meals and accommodation provided.

<sup>8</sup> The hourly rate of voluntary work was determined on the basis of data from the Czech Statistical Office (CSO). The median hourly rate in the wage sphere for 2017 is CZK 26,037 and the average paid time is 173.5 hours / month. The share of these two values gives the median hourly rate of gross wages of 150 CZK/hour (the amount is rounded to whole crowns).

<sup>9</sup> This chapter is not relevant to FBs, whose grant was reduced within the framework of state aid evaluation.

**Revenue (from project product)** is income provided by users for infrastructure, goods, services or rights that have been supported within the framework of the project. These are, for example, entrance fees from events, conference participation fees, income from the sale of publications, income from services provided within the framework of the project, etc<sup>10</sup>.

**Net revenues (from project product)** are calculated as the difference between income from project product and possible costs related to creation or operation of product (e.g. wages to employees, energy costs, purchase of goods) that were not included in the project budget and were not paid for by the grant provider. It follows that if the costs related to the creation or operation of the product are fully covered by the grant, the income is equal to the net revenue.

**1. Net revenue generated during project implementation phase will be dealt with as follows:**

- a) It represents an additional source of financing for other activities relating to the project and contributing to achieving the project purpose as approved within modification procedure;
- b) It represents a source of co-financing contributed to the project by the beneficiary (in line with instructions for the relevant Call to submit grant applications);
- c) After completion of the project, it represents an additional source of financing for other activities relating to the project. In such a case, the IPR/FR shall contain an Annex in the form of an Affidavit on the use of income/net revenue after the completion of the project (Annex No. 11 hereto), which were generated during its implementation;
- d) It will be returned to the grant provider.

Use of the income and net revenues (if relevant) will be described in relevant IPRs. An IPR shall contain an Annex, in the form of a Calculation of income/net revenue during project implementation (Annex No. 10 hereto) or Affidavit on the use of income/net revenue after the completion of the project (Annex No. 11 hereto).

**2. Income and net revenue generated during sustainability period of the project (if required) will be dealt with as follows:**

**Income generated during project sustainability period will be used to cover operational costs. Net revenue, if generated,** will be used for activities related to the project. The Affidavit on the use of income/net revenue after the completion of the project (Annex No. 11 hereto) shall be attached to the FR.

FB is obliged to keep all documentation related to income/net revenue of the project so that it is possible to perform reviews on the accuracy of documented information during the implementation and after the end of the project.

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<sup>10</sup> Payments received by the beneficiary in the form of contractual penalties as a result of a breach of contract between FB and a third party or persons, or which arises as a result of a third party selected under public procurement rules withdrawing from tender (financial security) are not considered income.

## 5.5 Project publicity

As mandated by Annex 3 to the Regulation “Information and Communication Requirements,” publicity and communication form an integral part of implementation of projects that are supported within the framework of EEA/N grants. The support provided must be sufficiently presented and made visible in order to inform the general public about the role of Iceland, Liechtenstein and Norway as donor countries, thus raising general public awareness not only of the projects but also of the EEA/N grant as sources of funding for projects.

All publicity measures must be implemented in line with Annex 3 of the Regulation and the Communication and Design Manual, which sets out binding technical requirements for the use of logos, billboards, plaques, posters, publications, websites and other audio-visual materials. These documents are available for download at <https://www.eeagrants.cz/en/general-information/promotion>.

Activities that contribute to the effective promotion of projects are provided by FB (or project partners) within the framework of the ‘project publicity’ activity. FB is obliged to document compliance with these rules for publicity in IPR/FR.

**Within the framework of project implementation, FB shall be obliged, in particular, to:**

- Follow **project communication plan described** within the framework of mandatory ‘project publicity’ activity, which defines tools and strategies ensuring efficient publicity for projects aiming to provide information about implemented activities to the broadest possible spectrum of relevant parts of the public on national, regional and local levels;
- **Provide information on projects** at thematically focussed **websites**, or within the existing websites of individual FB organization in their sections dedicated to projects in the Czech language. Alternatively, information on projects can be promoted on social networks.
- In case of projects receiving grants exceeding 3 900 000 CZK, and/or projects implemented in partnership with partner from a donor country, FB will be obliged to build a website (or, alternatively, a social network profile) both in the Czech and the English language;
- **Provide the PO with a link to project’s website or to social network profiles;**
- **Information on projects shall remain accessible on websites even after the project’s completion date, for at least the entire project’s sustainability period, if such a period had been defined (if there is no sustainability period, information on the project shall remain accessible at a website for the entire project implementation period until its end);**
- **Maintain any information on social networks’ profiles accessible and visible even after the project completion date (i.e., the profile will not be deleted by FB);**
- **Use mandatory visual identity elements associated with EEA/N grants 2014-2021**



- Place a **billboard** during implementation of the project on the building that is directly associated with the project, which applies to construction work or development or infrastructure investment exceeding the value of 1 300 000 CZK;
- The billboard shall be replaced, after completion of the relevant project activity, by a **plaque**;
- In cases of equipment supply, a plaque should be appropriately placed when completed (concerns supplies exceeding 1 300 000 CZK);
- Ensure proper photo-documentation of the project, i.e. to make at least 10 photographs from the implementation and completion of the project (in at least 72 dpi resolution), of which at least 3 photographs must be made in a resolution allowing print (at least 300 dpi)
- FB shall be obliged to **facilitate a site visit for PO's representatives (or, alternatively, attendance at an event associated with project implementation) and to make photo or video documentation thereof**;
- **To continuously inform about publicity activities** in the IS CEDR (for example, by providing links to articles about the project in newspapers, links to TV reports etc.)
- **Organize publicity events** celebrating processes, results and successes achieved by the project (for example, opening/closing ceremonies, press conferences, seminars, workshops, events for the general public, media events etc.)
  - **at least 3 events** for projects with grants exceeding 13 000 000 CZK
  - **at least 2 events** for other projects;Within the framework of a project, one publicity events may be substituted by a press release or other similar means.
- **Inform about planned publicity events** and send **invitation to events** via IS CEDR with sufficient advance before the event itself (best approximately 1 month prior to the event date)<sup>11</sup>.

**More detailed information concerning mandatory publicity for projects are provided in the Publicity Guidelines, which are attached hereto as Annex No. 1.**

## 5.6 State aid

If the project is receiving state aid within the process of approving the grant, this fact shall be taken into account in the issued Legal act on the allocation of funds (e.g. entry of the grant for FB/partner in the de minimis register, reflected in the reduced amount of the grant). If the FB/partner is already a recipient of de minimis support FB shall, during the modification procedure, verify a sufficient financial reserve in the given register for the proposed implementation of the change.

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<sup>11</sup> It would be appropriate to coordinate with the PO whether invitations to donor representatives and other invitees should be sent out.

## 5.7 Archiving documentation

FB shall be obliged to archive all pertinent documentation relating to project implementation so as to enable reviews and audits verifying correctness of expenditure during project implementation.

FB shall be obliged to preserve all documents relating to project implementation in line with the Czech law. From the perspective of Section 44a, para 11 of the Act on Budgetary Rules, as amended<sup>12</sup>, this means preserving the documentation for at least 10 years starting on the 1<sup>st</sup> of January of the year following the year in which the project was completed by the PO in IS CEDR, but at least until 31 December 2030.

## 6 Monitoring of projects

Logical framework of a project (hereinafter “LGFM”) and project budget form the basis for project monitoring system.

PO carries out monitoring of projects using the following instruments:

- Reviews and approvals of project IPR and FR;
- Public administration inspections on the spot of projects.

The so-called external inspections of projects can take place on site, as well as evaluations and audits. FB shall be obliged to provide cooperation upon PO’s request or upon request from other control and audit bodies (i.e. financial authorities, the Supreme Audit Office, representatives of NFP, CA, AA, FMO, Committee for the EEA Financial Mechanism, Council of Auditors, European Free Trade Association, The Office of the Auditor General of Norway and the Ministry of Foreign Affairs of Norway or their authorized representatives).

### 6.1 Logical framework

LGFM (see Annex No. 9 Logical framework of projects attached hereto) contains the purpose of the project, a list of project activities, an overview of outcomes of such activities and of the Programme, including related indicators, the outcome of the Programme, including related indicators and an overview of bilateral indicators, if relevant.

#### 6.1.1 Activity outcomes

A project consists of individual **key activities** that lead to the fulfilment of outcomes, incl. related indicators. The outcomes of the activities are direct products, services, processes, etc. created on the basis of implementation of a project activity. The activity outcomes are necessary to achieve the purpose of the project. FB has activities that lead to the creation of activity outcomes under its control.

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<sup>12</sup> Section 44a, para 11 of the Act on Budgetary Rules stipulates that a correction and sanction may be imposed for 10 years, starting on the 1<sup>st</sup> of January following the year in which the budget discipline was breached. Should the beneficiary fail to demonstrate how the funds were used, such use will be considered illegitimate pursuant to Section 3, letter e) of the Act.

**The outcomes of activities and related target indicator values are binding**, as they have a direct link to the project activities and its budget. **In exceptional and duly justified cases**, the PO may approve deviations from the fulfilment of planned target indicators values. **Deviations shall be justified within the next IPR** (unless the change of the target value was approved together with a substantial change within the framework of modification procedure) and are **subject of assessment by the PO with regard to their impact on the fulfilment of the project's purpose**. If deviations are approved by the PO within the framework of IPR, they will not be subject to irregularity-related investigation. In the event that the PO does not approve a deviation, the failure to fulfil indicator target values will be subject to investigation of irregularities in line with subchapter 9.2 of these Guidelines.

### **6.1.2 Programme output**

In relation to PRG, projects fulfil the **Programme outputs** incl. related indicators. The outputs of a Programme were pre-defined by the PO and FB committed to these within the framework of grant application preparation process. The outputs of a Programme are directly related to the implemented activities, which directly contribute to their fulfilment. FB keeps the activities that lead to the Programme output under its control.

**The output of a Programme and the related target indicator values are binding**, as they have a direct link to the project activities and its budget. **In exceptional and duly justified cases**, the PO may approve deviations from the fulfilment of planned target indicators values. **Deviations shall be justified within the next IPR** (unless the change of the target value was approved together with a substantial change within the framework of modification procedure) and are **subject of assessment by the PO with regard to their impact on the fulfilment of the project's purpose**. If deviations are approved by the PO within the framework of IPR, they will not be subject to irregularity-related investigation. In the event that the PO does not approve a deviation, the failure to fulfil indicator target values will be subject to investigation of irregularities in line with subchapter 9.2 of these Guidelines.

### **6.1.3 Programme outcome**

In relation to a PRG, projects contribute to the fulfilment of the **Programme outcome** incl. related indicators. The Programme outcome was pre-defined by the PO and FB committed to its fulfilment within the framework of the grant application preparation process. The Programme outcome is related to the specific project purposes. Related indicators are used to demonstrate that the Programme outcome has been achieved.

Implementation of a project contributes to the fulfilment of the Programme outcome, but its achievement may depend on factors beyond the control of FB. The **target values of the indicators have been defined for the purpose of their monitoring**. In case of their non-fulfilment, a justification must be provided in the relevant IPR/FR.

### **6.1.4 Data gathering and ethnicity monitoring**

For certain Programme output/outcome indicators, FB will be required to gather and record data broken down by gender (M, F), two age groups (15-29; 30 and more) and/or ethnicity

(Roma M/Roma F, others) in line with the relevant guidelines for grant applicants. This data will be regularly reported in IPR/FR.

The gathering of ethnic data can be carried out according to the nature of the given activity on the basis of **self-identification, identification by a third party on the basis of observation or identification by a third party on the basis of objective or indirect criteria**. *Self-identification* is based on the principle that a person who registers for a given ethnic group is considered to be a member of that given ethnic group. *Third party identification based on observation* is based on the assumption that an individual is considered to be a member of a group if, based on his or her physical appearance, he or she is perceived as a member of that group by an external observer performing the classification. *Third party identification on the basis of objective or indirect criteria* consists in classifying individuals into a certain group on the basis of indirect indicators, such as place of birth, nationality of parents, mother tongue, etc.

If the final recipient decides to collect ethnic data on the basis of self-identification, e.g. during a seminar, we recommend that each participant completes an anonymous questionnaire in which the participant will be able to declare their affiliation. The anonymous questionnaire will be used only by the final beneficiary for the purpose of reporting the number of participants within the IPR/FR.

### 6.1.5 Project purpose

Project implementation must lead to the fulfilment of the pre-defined project purpose. **The purpose of the project may not be changed during implementation of the project.** FB shall describe the status of fulfilment of the purpose and objectives of the project in IPR/FR. In case of non-fulfilment of such purpose, a justification must be provided in the relevant IPR/FR. In line with the Legal act on the allocation of funds, any non-fulfilment of purpose shall be subject to irregularity investigation.

### 6.1.6 Bilateral indicators

In the event that a project is implemented in partnership with a partner from the donor country, the PO shall also continuously monitor the status of fulfilment of bilateral indicators. Bilateral indicators are pre-defined by the PO and FB commit to these within the framework of grant application preparation process.

**The target values of indicators have been defined for monitoring purposes.** In case of their non-fulfilment, a justification must be given in the relevant IPR/FR.

## 6.2 Project reports

### 6.2.1 Interim project reports

**Interim project reports (IPRs)** represent one of the key instruments of the Programme monitoring system.

FB submits, via IS CEDR, interim reports 3 times a year for each **4 month** of project implementation from the expenditure eligibility commencement date until the expenditure eligibility end date, each time within 1 month from the end of the monitoring period.

- for projects approved between the **1<sup>st</sup> and the 15<sup>th</sup> calendar day** of the month, the monitoring period within the IPR ends as of **the 15<sup>th</sup> calendar day**;
- for projects approved between the **15<sup>th</sup> and the last calendar day** of the month, the monitoring period within the IPR ends as of the **last day of the month**.

**A detailed schedule of report submission dates is provided in IS CEDR.**

*With regard to project completion date, the last monitoring period may be extended up to 7 months.*

**The procedure for preparing and reviews of IPRs in IS CEDR**

Activity / responsibility	Deadline
<p><b>Generating IPR / FB</b>            FB generates IPR in IS CEDR by choosing the option to “Submit another report” in the “Project monitoring reports” section.</p>	<p>After approval of the previous IPR; after processing of material change of a project (if applicable)</p>
<p><b>Filing in and submission of IPR / FB</b>            FB is obliged to submit IPR <b>electronically without an electronic signature of its statutory representative, incl. all annexes:</b></p> <p><b>A. Interim reports itself</b>, i.e. description of progress in the implementation of the project (including individual activities), activities’ outcome, Programme output and outcomes, bilateral indicators, risk management, horizontal topics, negligible changes during the current period, revenue, if applicable. For relevant indicators, FB shall report fulfilment of any partial indicators (numbers of men/women, age, ethnicity etc.).</p> <p>Relevant IPR annexes in line with activities implemented during the given period, for example:</p> <ul style="list-style-type: none"> <li>– Lists of attendance<sup>13</sup>/list of participants/participation certificates – of the project activities include organization of seminars or training sessions, workshops, conferences, business trips et cetera;</li> <li>– Reports from trips abroad;</li> <li>– Written documentation from the project – for example, analyses, studies, publications, guidelines, training documents, survey results, articles published in professional publications et cetera;</li> <li>– photo/video documentation of project activities in required quality (see subchapter 5.5 – Project publicity) – for example from various</li> </ul>	<p>Within 1 month of monitoring period end date</p>

<sup>13</sup> If you are making a recording/photo documentation at the event, we recommend that there is a room to provide consent to make a recording/photo documentation on the attendance list.

Activity / responsibility	Deadline
<p>events (business trips, training sessions, conferences et cetera), purchased equipment and for project that include construction work FB shall submit photo/video documentation showing progress before and after work completion;</p> <ul style="list-style-type: none"> <li>- building permit/building notification (if such wasn't already a part of the grant notification);</li> <li>- occupancy permit/consent with building use (where building permit was previously issued) or a handover protocol and notification to the building dept. (where a notification had been previously filed);</li> <li>- handover protocol and confirmation of asset transfer to the ownership of FB, i.e. an extract from asset registry (or example, an asset inventory);</li> <li>- calculation of income/net revenue during project implementation according to Chapter 5.4 (calculation templates are provided in Annex No. 10 hereto), if applicable.</li> </ul> <p>Project publicity documentation, for example:</p> <ul style="list-style-type: none"> <li>- website demonstration (printscreens);</li> <li>- copies/scans of articles in media or magazines about the project;</li> <li>- photographs of billboards/commemorative project plaques.</li> </ul> <p><b>B. Request for Payment</b></p> <p><b>Request for Payment (RfP)</b> shall include accounting and financial information and other document that are required to make the payment and this request shall have the following annexes:</p> <ul style="list-style-type: none"> <li>o <b>A list of accounting documents or tax record documents</b>, alternatively other additional documents (to be generated in IS CEDR);</li> <li>o In case that expenditure includes eligible personnel expenditure for employees (i.e. an employment contract or other forms of short-term or part-time agreements (in Czech: DPP, DPČ) the annex shall include also an <b>overview of such personnel expenditure</b>;</li> <li>o Copies of <b>invoices and accounting documents for individual expenditure exceeding 50 000 CZK</b>;</li> <li>o Copies of FB's <b>bank account statements</b>, demonstrating payment of all expenditure reported for the given period <b>for all expenditure exceeding 50 000 CZK</b>;</li> <li>o Documentation demonstrating payment of flat rate expenditure;</li> </ul>	

Activity / responsibility	Deadline
<ul style="list-style-type: none"> <li>○ Volunteers' timesheets;</li> <li>○ <b>Overview of budget expenditure</b>, including detailed draw offs and other immaterial changes.</li> </ul> <p><b>IPR shall also provide an update on anticipated expenditure.</b></p> <p><b>In case of a need to make immaterial changes to the budget, FB shall proceed in line with chapter 7.</b></p>	
<p><b>Substantive review of IPR / PO-CFA2</b></p> <p>PO-CFA2 shall review the contents of the electronic IPR and compare progress in project fulfilment with the plan, especially with respect to description of activities, LGFM, project budget vis-à-vis the Legal act on the allocation of funds and the information provided in the preceding and approved IPRs.</p> <p>PO-CFA2 may request that FB provide clarification or explanation or additional information to information provided in the IPR by requesting a correction of the IPR. FB shall be obliged to provide the corrected IPR to PO-CFA2 for electronic review <b>without unnecessary delay</b>. If such a request is made, the PO will suspend its approval of the IPR until FB produces all requested documents in the extent required. The basic information including any discovered shortcomings will be communicated to FB via the IS CEDR 'project notice board' along with the notification to correct the IPR. Potential more detailed and specific information on discovered shortcoming shall be provided by PO-CFA2 in documents uploaded to IS CEDR for IPR Annexes.</p>	
<p><b>Financial review of RfP / PO-CFCU</b></p> <p>PO-CFCU shall review the electronic version of RfP and the table of anticipated expenditure and compare the financial progress in project fulfilment with the project budget. The review shall focus on the formal requirements and, in particular, the following issues:</p> <ul style="list-style-type: none"> <li>• Review of arithmetic correctness of the RfP;</li> <li>• Formal check of expenditure classification to investment (INV) and non-investment (NIV) expenditure, both in the list of payments and in RfP itself; FB is responsible for correct classification (NIV/INV);</li> <li>• Comparison of reported amounts with the project budget over the respective 4-month period, in detailed breakdown to individual budget items for all project activities;</li> <li>• Comparison of overview of paid invoices with invoice copies and other accounting documents, bank account statements and amounts reported in RfP;</li> <li>• Comparison of reported flat rate expenditure with documents</li> </ul>	

Activity / responsibility	Deadline
<p>demonstrating relevant activities in the stated extent.</p> <p>PO-CFCU may request that FB provide clarification or additional documentation of financial information in the RfP and in the table of anticipated expenditure. PO-CFCU will return RfP and the table of anticipated expenditure to FB for correction via IS CEDR. The basic information including any discovered shortcomings will be communicated to FB via the IS CEDR 'project notice board' along with the notification to correct the RfP. FB shall be obliged to provide the corrected RfP to PO-CFCU <b>without unnecessary delay</b>. If such a request is made, the PO will suspend its approval of the RfP until FB produces all requested documents in the extent required.</p> <p>When the final RfP is filed, PO-CFCU shall review the entire financing of the project including co-financing and define the amount of the retainer.</p>	
<p><b>Approval of the IPR / PO</b></p> <p>When all corrections will have been made and all clarifications provided to the IPR and its annexes by FB, PO-CFA2/CFCU shall approve the electronic version and request that FB submits the final version of the IPR.</p>	<p>Without unnecessary delay after all comments to the IPR and annexes will have been settled.</p>
<p><b>Submission of the final version of IPR / FB</b></p> <p>FB shall submit the final IPR version including Request for Payment with the <b>electronic signature of the project's statutory representative with qualified certificate via IS CEDR without unnecessary delay</b>.</p>	<p>Without unnecessary delay after notification by PO-CFA2/CFCU</p>
<p><b>RfP payment / PO-CFCU</b></p> <p>Request for payment is processed by PO-CFCU.</p>	<p>Within 15 business days for FB = SOU and FB = CO; within 25 business days for other types of FBs, in two payments</p>

***RfP accompanying the final IPR shall include calculation of the amount of retainer of the project in line with the corresponding Legal act on the allocation of funds.***

### **6.2.2 Final Report on a project**

The document summarizing the overall implementation of the project is the **final project report (FR)**. FB submits this report within **one month from the approval of the final IPR, no later than by 31 October 2024**. The FR monitoring period includes **the entire project**



**implementation period from the project approval date to the date of its completion specified in the last IPR.**

**The procedure for preparing and reviews of FR via IS CEDR**

Activity / Responsibility	Deadline
<p><b>Generating FR / FB</b>            FB will generate the FR in IS CEDR by choosing the option to “Submit another report “ in the “Project monitoring reports“ section.</p>	<p>After approval of the final IPR</p>
<p><b>Filing in and submission of FR / FB</b>            FB is obliged to submit FR <b>electronically without an electronic signature of its statutory representative, incl. all annexes:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Summary of the project implementation</b>, description of performed project modifications, evaluation of the project’s contribution including experience gained in project implementation;</li> <li>▪ <b>Fulfilment of project indicators</b>, i.e. description of achieved indicators describing Programme output and outcomes including information on sustainability of project outcomes and fulfilment of conditions after project completion, if applicable;</li> <li>▪ <b>Fulfilment of horizontal themes</b> related to the project and project risk management;</li> <li>▪ <b>Summary of project implementation in the English language.</b></li> </ul> <p><u>FR</u> must include the following annexes:</p> <ul style="list-style-type: none"> <li>– Any documentation confirming performance of individual project activities that FB previously did not include in IPRs (for example, an occupancy permit, if issued between the final IPR and the FR);</li> <li>– An affidavit concerning use of income/net revenue received after completion of the project pursuant to chapter 5.4 (template Affidavit provided in Annex No. 11), if applicable;</li> <li>– An affidavit concerning fulfilment of archiving requirements for all pertinent documentation related to project implementation pursuant to chapter 5.6 (template Affidavit provided in Annex No. 12 hereto);</li> <li>– An affidavit concerning sustainability of the project outcomes pursuant to chapter 7.7 (template Affidavit provided in Annex No. 12), if applicable;</li> <li>– Fulfilment of project condition pursuant to chapter 7.7 – an Affidavit concerning insurance of equipment after project completion, an Affidavit concerning asset maintenance after project completion, an Affidavit concerning asset ownership after project completion (template Affidavit provided in Annex No. 12),</li> </ul>	<p>Within 1 month of approval of the final IPR, no later than by 31 October 2024</p>

<p>if applicable.</p>	
<p><b>Substantive review of the FR / PO-CFA2</b></p> <p>PO-CFA2 shall review the contents of the electronic version of the FR and check fulfilment of project indicators, the overall fulfilment of the project's purpose and compare the contents of the FR with LGFM, and potentially with the Legal act on the allocation of the funds. In addition, PO-CFA2 shall check the conditions for completion of the project including use of any income, if applicable.</p> <p>PO-CFA2 may request that FB provide clarification or additional documentation with respect to information provided in the FR. PO-CFA2 will return FR to FB for correction via IS CEDR. FB shall be obliged to provide the corrected electronic version of the FR to PO-CFA2 <b>without unnecessary delay</b>. If such a request is made, the PO will suspend its approval of the FR until FB produces all requested documents in the extent required. The basic information including any discovered shortcomings will be communicated to FB via the IS CEDR 'project notice board' along with the notification to correct the FR. Potential more detailed and specific information on discovered shortcoming shall be provided by PO-CFA2 in documents uploaded to IS CEDR in FR Annexes.</p>	
<p><b>Financial review of the FR / PO-CFCU</b></p> <p>PO – CFCU shall generate and review the document entitled "General overview of budget draw offs."</p>	
<p><b>FR approval / PO</b></p> <p>When all corrections will have been made and all clarifications provided to the FR and its annexes by FB, PO-CFA2/CFCU shall approve the electronic version and request that FB submits the final version of the FR.</p>	<p>Without unnecessary delay after all comments to the FR and annexes will have been settled.</p>
<p><b>Submission of the final version of FR / FB</b></p> <p>FB shall submit the final FR version including Request for Payment with the <b>electronic signature of the project's statutory representative with qualified certificate via IS CEDR without unnecessary delay</b>.</p>	<p>Without unnecessary delay after notification from PO-CFA2/CFCU</p>

<p><b>RfP payment / PO-CFCU</b></p> <p>Request for Payment – retainer shall be paid by PO-CFCU, if applicable.</p>	<p>Within 15 business days for FB = SOU and FB = CO; within 25 business days for other types of FBs, in two payments</p>
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### 6.3 Public administration inspection of projects

The PO is responsible for carrying out public administration inspections of the project implementation (usually on the spot inspection) pursuant to the Act No. 320/2001 Coll., on Financial Control in public Administration and on the Amendment to Certain Acts as amended.

The PO performs two main types of the public administration inspections – the **interim and final inspections**.

Interim inspection is carried during the course of project's implementation. Interim inspection reviews administrative, financial, technical and physical circumstances of projects, always taking into consideration the given situation and the principles of proportionality. The objective of the interim inspection is to compare the actual conditions with the data and information provided in the monitoring reports and other relevant documents, its compliance with the legal act on the allocation of funds and to examine, in particular, the substantive fulfilment of the project and achievement of the defined purpose.

On the basis of a risk analysis of individual implemented projects (taking into consideration evaluation over time and projects' stages), the PO prepares **an annual plan of interim inspections, which is updated quarterly with regard to other risk factors**. There are two types of interim project inspections:

- **Scheduled inspections as per the inspection plan;**
- **ad hoc inspections (triggered by an instigation, reviews of remedying measures etc).**

The PO is also responsible for carrying out **final inspections** which focus on financial fulfilment of the project, as well as its overall achieved outcomes. The final inspection is carried out after the project's activities will have been completed and prior to approving the FR.

There are two types of final project inspections:

- **Scheduled inspections for samples of implemented projects;**
- **ad hoc inspections (triggered by an instigation etc).**

PO assumes that each project will be subject to an interim and/or final public administration inspection.

For purposes of public administration inspections of projects, the PO may hire external technical experts in the role of the so-called invited persons pursuant to Section 6 Act No. 255/2012 Coll., on Inspections and Reviews, as amended. These inspections may be also attended by representatives of PP and NFP.

In case the public administrative inspection leads to serious findings, the PO shall proceed as in the case of a suspected irregularity (see chapter 9, sub-chapter 9.2).

In case the PO decides, on the basis of a public administration inspection, to suspend financing of a project, the PO shall inform the respective FB and invite him to remedy the situation and present documents attesting that the project is implemented in accordance with the legal act on the allocation of funds within a given deadline.

Financing of the project may resume only by a decision made by the PO to resume the payments upon careful scrutiny of all the evidence submitted.

## 6.4 Programme Evaluation

NFP is responsible for evaluation of PRG during its implementation. PRG evaluation focuses primarily on evaluation of PRG outcomes, process-related aspects of its implementation, effectivity and progress in the PRG (incl. its projects) and its sustainability. NFP hires external experts for such PRG evaluations and closely cooperates with them.

FBs are obliged, at the request of the NFP or its authorized experts, to provide cooperation or documents concerning projects which are financed within the framework of the assessed PRG.

Evaluations will be carried out in line with Art. 10 of the Regulation and instructions issued by the FMO. Each PRG must be evaluated. PRG evaluation will take place through the so-called program evaluation framework, or within the framework of the so-called thematic evaluation.

## 6.5 External monitoring

In line with Art. 11.1 of the Regulation, representatives of the Committee for the EEA Financial Mechanism or the Ministry of Foreign Affairs of Norway may monitor PRG and its projects on the spot. The PO-CFA2 (and NFP) needs to be informed of such ad hoc on the spot monitoring 2 weeks in advance (with the exception of urgent cases).

The NFP, PO-CFA2 and FBs shall be obliged to provide these representatives with all available documents and information upon request in order to facilitate a proper review of PRG and projects' implementation.

## 6.6 Inspections by other competent entities

FBs are obliged to provide, upon request of the PO and other audit and review bodies (i.e. regional financial institutions, the Supreme Audit Office, representatives of the NFP, CA, AA, FMO, EEA the Committee for EEA Financial Mechanism, Board of Auditors, EFTA, Office of the Auditor General of Norway and the Ministry of Foreign Affairs of Norway or other persons authorized by them) all the documents and information to demonstrate fulfilment of activities and objectives within a project, including financial performance of the project, and to cooperate with these entities in their reviews of the project.

## 7 Project modifications

In implementing their projects, FB are obliged to observe conditions defined in the approved grant application and follow the legal act on the allocation of funds including all pertinent annexes, which represent the contractual and implementation framework of a project.

In cases where the actual implementation of a project diverts from the approved grant application or from the legal act, FB is obliged to inform the PO of any such a change.

**The PO shall assess the relevancy of such change with respect to the approved project, its economy, its contribution to achieving the desired outcome, products and purpose of the project and its conformity with the Programme and programme areas objectives<sup>14</sup>.**

Project modifications, including modifications of the legal act on the allocation of funds, and/or its attachments are subject to the following rules of procedure for their approval:

1. **substantial modification** (subject to modification procedure in IS CEDR)
2. **unsubstantial modification** (description and justification in IPR)
3. **administrative modification** (subject to modification in IS CEDR)

**In case of doubt, we recommend always to consult any modification in advance with PO-CFA2 by phone or via the 'project notice board' in IS CEDR.**

### 7.1 Substantial modifications

**Substantial modifications** include, in particular, those modifications that have an impact on the approved scope of the project and its activities, including the impact of these modifications on LGFM (e.g. **inclusion/cancellation of project output**) and project budget (e.g. **inclusion of a new chapter/item** and/or **cancellation of a budget chapter/budget line**). These changes are **subject to modification procedure** in the IS CEDR and to an **approval by the PO**.

The following modifications are considered substantial:

- a. **Modification of existing activity** (e.g. extension/narrowing down of an existing activity, such as inclusion of new training, change in the scope of construction works and supplies etc) **including possible modifications to budget and LGFM (LGFM changes only if a new output and/or indicator is introduced);**  
- the request for such modification is submitted by the FB to the PO **without undue delay**; the eligibility of related expenditure for reimbursement from the grant is **subject to the approval of the modification by the PO**.
- b. Inclusion of a **new activity** and/or **cancellation of an activity**, including **modifications to the budget and LGFM (LGFM changes only if a new activity, output and/or indicator is added);**

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<sup>14</sup> This does not apply to administrative modifications which are automatically accepted by the PO.

- the request for such modification is submitted by the FB to the PO **without undue delay**; the eligibility of related expenditure for reimbursement from the grant is **subject to the approval of the modification by the PO**.
- c. Inclusion of a **new chapter/item** (e.g. in case of omission to include expenditure in the original budget) and/or the **cancellation of a chapter/item** in the budget; change of unit name (e.g. from person/days to person/months);
  - the request for such modification is submitted by the FB to the PO **without undue delay**; the eligibility of related expenditure for reimbursement from the grant is **subject to the approval of the modification by the PO**.
- d. **Increase of planned expenditures in the project management chapter** (however, the expenditure in this chapter may not exceed **10 %** of the total planned eligible project expenditure in case of projects with implementation period up to and including 2 years and **15 %** of the total planned eligible project expenditures with implementation period longer than 2 years);
  - the request for such modification is submitted by the FB to the PO **without undue delay**; the eligibility of related expenditure for reimbursement from the grant is **subject to the approval of the modification by the PO**.

**In case FB submits an application to make modification a. – d. after it has actually been completed, incl. any financial performance, FB will face the risk that in case such modification is not approved by the PO, the related expenditure may not be eligible for funding, and these costs will not be paid from fund allocated to the project.**

- e. **Extension of the implementation period/expenditure eligibility** of the project beyond the term specified in the legal act (but not beyond April 30, 2024);
  - the request for such modification is submitted by the FB to the PO for approval **no later than 15 business days prior to the project completion date/expenditure eligibility end date** as specified in the legal act.
- f. **Modification affecting the amount of the grant** in connection with change of the FB's legal form;
  - the request for such modification is submitted by the FB to the PO for approval **no later than 15 business days prior to the modification being implemented**; implementation shall be understood as the change in the legal form coming into force.
- g. **Modification in project partner**, i.e. termination of a partnership and/or new partnership;
  - the request for such modification is submitted by the FB to the PO for approval **no later than 15 business days prior to the modification being implemented**; implementation shall be understood as implementation signature of a new partnership agreement or amendment thereto, respectively termination of an agreement.

In exceptional cases, a shorter deadline for submitting a modification request may be acceptable, if duly justified and provided that the administration of such a modification request is feasible on the part of the PO.

**Example:**

There will be 8 training session in the "Education" activity. As the FB saved funds in other activities, they would like to carry out another follow-up training. The change will affect the detailed project budget (transfers between chapters/budget items), logical framework (increase of the target value for the output indicator of the *Education activity - number of implemented trainings* and target value for the Program output indicator - *number of trained persons*).

The FB will request the approval for these changes via IS CEDR, justifying its relevance and contribution to the project implementation. In case of a positive assessment by the PO, the expenses related to the follow-up training will be included in the eligible project expenses.

**In the event that a modification would affect the ratio of investment and non-investment eligible expenditures within the project, only modifications that will not lead to a reduction of the total share of eligible non-investment expenditures of the project below 15% will be permitted.<sup>15</sup>**

The substantial modification administration process is shown in the brief scheme below:

FB sends the request for modification of the project incl. request to change the legal act on the allocation of funds (only for modifications under e.) and f.) above to PO via a relevant IS CEDR module. The request must contain:

- Detailed description of the modification,
- Proper justification of the proposed modification,
- Description of the financial impacts,
- Impact on the legal act on the allocation of funds,
- Modified project budget (the last version of the budget draw offs).



PO may request that FB provides additional information to their request.  
If additional information is provided, PO will ask FB to submit an official request for modification electronically signed by statutory representative using a qualified certificate



FB submits the official request for modification electronically signed by statutory representative using a qualified certificate.

PO approves the modification.  
PO makes the change in IS CEDR.

PO does not approve the modification.

<sup>15</sup> Does not apply to pre-defined projects.

**Expenditure related to the modification becomes eligible to be funded from the grant as of the modification approval date.**

In the case the approved substantial modification affects the legal act on the allocation of funds, the PO shall, on the basis of the FB's application, issue a modification of the legal act on the allocation of funds.

**Expenditure related to the modification becomes ineligible to be funded from the grant**

## 7.2 Unsubstantial modifications

**Unsubstantial modifications** are those that **do not affect the approved scope of the project and its activities**. These modifications include, **for example**:

- transfer between chapters/budget items within the framework of approved planned activities in connection with the development of market prices or due to a higher contract price after the end of the tender;
- partial modifications in the technical specifications of the delivered goods;
- personnel modifications in the positions of project team members;
- modifications in the start and end dates of the activity that do not affect the end date of the project (fulfilment of the purpose of the grant);
- deviation of the actual fulfilment from the target value of the indicator (see subchapter 6.1 of this Guidelines).

Such modifications must be **described and justified in the next IPR**. **FB will enter the financial modifications in the budget execution statement, which will be attached to the request for payment.**

**Example:**

FB will use the saved funds from the budget item *Analysis* and move them to the budget item *Communication strategy* within the chapter *Services* due to higher contractual price for the implementation of the communication strategy. FB will inform about this modification in the subsequent IPR and provides overview of budget execution. The PO will assess this change as part of the approval of the relevant IPR.

Unsubstantial modifications do not affect the legal act on the allocation of funds. The PO changes the relevant IPR within the framework of its administration. In the event that the PO evaluates such modification as substantial, the approval of the IPR will be suspended and a modification procedure will be initiated. In the event that this substantial modification affects the content of the IPR, the relevant IPR will be cancelled and generated anew after approval of the substantial modification.



**In the event that an unsubstantial modification would affect the ratio of investment and non-investment eligible expenditures within the project, only modifications that will not lead to a reduction of the total share of eligible non-investment expenditures of the project below 15% will be permitted<sup>16</sup>.**

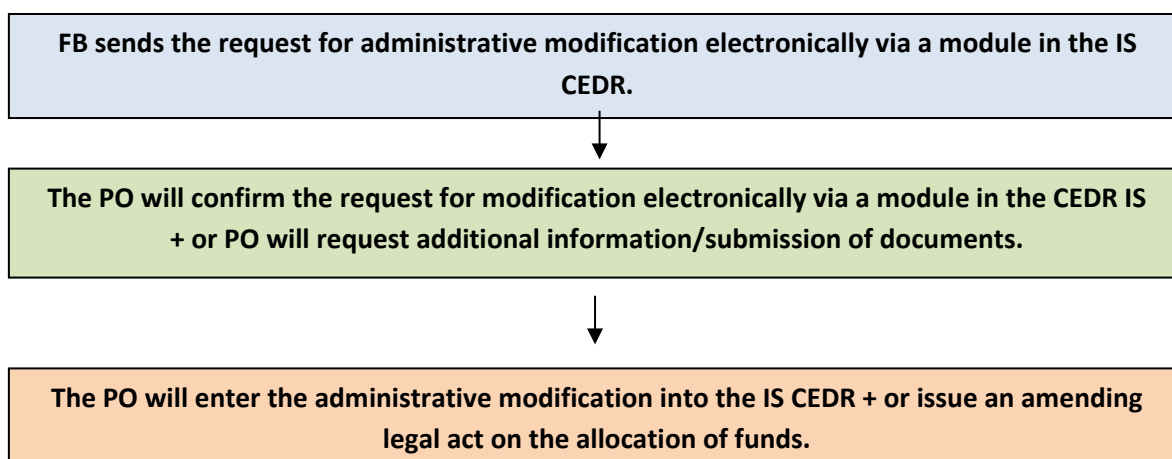
### 7.3 Administrative modifications

**Administrative modifications** do not require approval from the PO. FB will notify such changes via IS CEDR as they happen.

Administrative modification we understood as:

- modification of basic project data e.g. change of statutory representative, contact person, address, bank account <sup>17</sup> etc
- modification of VAT (payer/non-payer, changes of coefficient) in the project <sup>18</sup>
- correction of obvious inaccuracies in the approved project and/or legal act on the allocation of funds.

The administration process is shown in the brief scheme below:



## 8 Project Completion and Sustainability

### 8.1 Settlement of a subsidy

FB, which received an advance payment, will be obliged to settle the subsidy financially in line with the Act on Budgetary Rules and implementing regulations to this Act (Decree No. 367/2015 Coll.).

<sup>16</sup> Does not apply to pre-defined projects.

<sup>17</sup> In the event of a change in bank account, FB will enclose a confirmed bank identification form.

<sup>18</sup> In the event of a change in VAT, FB will attach a confirmation from the relevant tax office.

According to the above-mentioned Decree, projects co-financed from EEA/N grants are settled on a one-off basis, within the deadlines set by the Decree and as of 31 December of the year in which the project was completed in IS CEDR.

Projects co-financed by EEA / N grants funds that have received funds in the amount of expenditure already incurred are considered to be financially settled.

## 8.2 Project Sustainability

Sustainability represents a period for which FB must maintain and use of relevant project outputs after project completion date (i.e. after meeting the purpose of the grant). If the condition of sustainability of project outputs has been defined, the acquired fixed assets and assets built/reconstructed/renovated within the framework of the project must be used in line with the overall purpose of the project for at least 5 years after the end of the project (fulfilment of the grant's purpose).

The sustainability period of a project is set individually in the legal act on the allocation of funds and is generally set at 5 years after the end of the project, especially when capital assets are acquired within the framework of the project and/or assets are built/reconstructed/renovated. In general, sustainability is not required for soft projects that have the character of one-off events, e.g. training of people, organized information activities, etc.

In the event that capital assets are acquired within the framework of the project and/or the assets are built/reconstructed/renovated, the final beneficiary is obliged to comply with the following conditions<sup>19</sup>:

- final beneficiary will ensure retention of ownership of the acquired fixed assets and assets built/reconstructed/renovated within the framework of the project for at least 5 years after the end of the project (fulfilment of the grant's purpose).
- final beneficiary will insure the acquired fixed assets and the assets built/reconstructed/renovated within the framework of the project against damages caused by fire, theft and other usual types of insurance risk<sup>20</sup> for the period of implementation and for a period of at least 5 years after the end of the project.
- final beneficiary will ensure proper maintenance of the acquired fixed assets and assets built/reconstructed/renovated within the framework of the project, for which it will annually allocate a relevant amount, for at least 5 years after the project completion date (fulfilment of the grant's purpose).

Assets acquired during the project is owned by FB and cannot be transferred to another owner, sold, borrowed or leased to another entity without prior approval of the PO. No encumbrance or lien may be established on such assets, nor may be FB's ownership right restricted in any way without the prior approval of the PO.

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<sup>19</sup> Unless stated otherwise in the legal act on the allocation of funds. The PO may shorten the above performance period or waive the requirement to meet the above conditions altogether if it is convinced that continued use of the acquired equipment for the general objectives of the project would not serve an economically useful purpose in all relevant circumstances.

<sup>20</sup> According to the Annex to Act No. 363/1999, property damage is caused by fire, explosion, storms, natural elements other than storms (e.g. lightning, floods, hail, frost), nuclear energy, landslides, other causes (e.g. burglary, theft or damage caused by wild game).

FB remains obliged to provide, at the request of PO and other control bodies (i.e. financial administration bodies, Supreme Audit Office, representatives of NFP, CA, AA, FMO, VFM, Board of Auditors, EFTA, Norwegian Auditor General and MFA of Norway or persons authorized by them), any and all documents and information demonstrating compliance with the sustainability conditions for the project throughout the specified sustainability period.

## 9 Failure to meet project conditions and irregularities

### 9.1 Implementation of the project in violation of approved documents

Implementation of a project in violation of the legal act on the allocation of funds may result in the suspension of project financing. Violation of the conditions set out in the legal act is considered a violation of budgetary discipline under the Act on Budgetary Rules.

If the PO finds that a project is not being implemented in line with the above document, it will not approve the Request for Payment or the IPR/FR and will inform the FB in writing of this decision. At the same time, it will demand that this situation be rectified within a specified period of time.

The PO reserves the possibility to carry out an ad hoc public administration inspection at any time (see Chapter 6, Subchapter 6.3 hereof).

### 9.2 Irregularities

**Irregularity** means any breach of legislation governing the EEA/N grants, the European Union law or the national legislation (including conditions laid down in the relevant legal act on the allocation of funds) where such breach could affect or jeopardize any stage of implementation, in particular implementation and/or project budget financed by EEA/N grants.

Irregularity also means any act or omission leading to the unauthorized drawing or use of funds allocated by the relevant Legal act, in particular fraud, embezzlement, misrepresentation, breach of the proper use of funds allocated by the relevant legal act.

**FB and any third parties are obliged to immediately report any suspected irregularity to the PO-CFCU, which maintains a register of irregularities, investigates individual reports of irregularities and reports them to the CA.**

If a serious irregularity is suspected, the PO-CFCU may suspend payments for the project for the necessary period.

The grant provider, resp. PO-CFCU, is obliged to examine all suspected irregularities that it has discovered on the basis of its activities or at the initiative of other entities, even in cases where it does not agree with the suspicion reported by another entity, except in cases where the grant provider rejects these complaints for obvious baselessness.

If, at any stage in the investigation of irregularities, the grant provider suspects that there has been a breach of budgetary discipline under the Budgetary Rules Act or the Territorial Budgets Act, or that a criminal offense related to an operation co-financed by EEA/N grants has been committed or administrative offense of the contracting authority or supplier in the

sense of the Public Procurement Act, it may refer the matter to the competent state administration body for investigation.

In the event that FB violates, in direct connection with the grant or its part, its obligations as stipulated by law, or did not comply with the purpose of the grants or the conditions under which the grant was provided and this grant or its part has not yet been paid, the grant provider is entitled not to pay out such grant or its part (Section 14e (1) of the Budgetary Rules Act). The amount of the unpaid part of the grant shall be determined according to the actual ineligible expenses, or will be determined by a percentage range in line with the Table of reduced levies for violation of conditions for provision of grants/funds (the Table is a part of the Legal act on the allocation of funds). Within the framework of the percentage ranges given in the Table, the grant provider will always take into account the seriousness of the breach and its impact on compliance with the grant's purpose. The grant provider informs the FB and the tax office about this measure. FB is entitled to object to this measure. The grant provider shall inform the competent tax office of any decision made regarding such objections.

In the event that the grant provider believes, on the basis of audit findings, that FB has violated a condition of the grant,

- a) upon which the grant was provided,
- b) where the grant provider stipulated that a default thereon will be sanctioned by lower levy (the Table is part of the Legal act on the allocation of funds) than what is the total amount of the grant,
- c) the correction of which is possible within a specified period,

the grant provider shall demand that the FB take action to remedy such situation/act and will set a deadline for its implementation (Section 14f (1) of the Budgetary Rules Act). The grant provider shall inform the tax office without undue delay of issue of such demand and of how it was responded to. There has been no breach of budgetary discipline within the extent that FB has taken action to remedy the situation.

If the grant provider is of the opinion, on the basis of audit finding, that FB has violated its legal obligations, or failed to comply with the grant's purpose or violated other conditions under which the grant was provided and for which no remedial action can be taken, the grant provider shall demand that FB return the grant or its respective part within the time a certain deadline (Section 14f (3) of the Budgetary Rules Act). The grant provider shall inform the tax office without undue delay of any issue of such demand and of how it was responded to by FB. The amount proposed in the demand for the grant refund or its part corresponds to the amount of ineligible expenses, or will be determined in line with the Table of reduced levies for violation of the conditions for the provision of grants/funds (the Table is a part of the legal act on the allocation of funds). Within the framework of the percentage ranges given in the Table, the grant provider will always take into account the seriousness of the breach and its impact on compliance with the grant's purpose.

If the FB does not agree with steps taken by the grant provider, i.e. FB filed an objection against non-payment of the grant or its part, respectively has not undertaken any remedial measures or failed to return the requested grant or its part, the person who heads the grant provider organization shall decide on the matter, respectively the grant provider shall immediately refer the matter to the relevant tax office for investigation of suspected breaches of budgetary discipline.

## **Annexes**

- Annex No. 1 – Publicity guidelines
- Annex No. 2 – Template for the Grant Award Decision
- Annex No. 3a – Template of the Deputy Minister’s letter to State organizational units
- Annex No. 3b – Template of the Deputy Minister’s letter to contributory organizations
- Annex No. 4 – Table of Reduced Levies
- Annex No. 5 – Template for Modified Grant Award Decision
- Annex No. 6 – Template of Modification Letter to SOU and CO
- Annex No. 7 – Template of the Decision Rejecting the Application
- Annex No. 8 – Template of the Deputy Minister’s letter rejecting the application to SOU/CO
- Annex No. 9 – Logical Framework
- Annex No. 10 – Calculation of income/net revenue during implementation
- Annex No. 11 – Affidavit concerning of income/net revenue after project completion
- Annex No. 12 – Affidavit of the final beneficiary after project completion
- Annex No. 13a – Template of the Partnership Agreement – foreign partner
- Annex No. 13b – Template of the Partnership Agreement – partner in the Czech Republic
- Annex No. 14 – Bank Account Identification
- Annex No. 15 – Timesheet
- Annex No. 16 – Information of processing of personal data