



EEA and Norway Grants 2009 - 2014

Guidelines for applicants and beneficiaries

BILATERAL FUND AT PROGRAMME LEVEL measure "B"

Valid from: December 11, 2014
Revision No. 3 valid from: November 18, 2016

CONTENT

- I. Introduction.....3**
- II. Financial aspects of the Fund for Bilateral Cooperation.....4**
- III. Eligible applicants.....4**
- IV. Eligible initiatives.....5**
- V. Eligible expenditures6**
- VI. Submission of the grant application and evaluation procedure9**
- VII. Legal acts on the allocation of grants11**
- VIII. Procedure for submission of the final report, the payment request and reimbursement of expenditures12**
- IX. Documentation of final beneficiary´s and foreign partner´s Expenditures.....13**
- X. Changes to an application13**
- XI. Bilateral indicators14**
- XII. Publicity14**
- XIII. Irregularities in supported initiatives.....15**
- XIV. Inspection on the spot.....16**

I. Introduction

The overall aim of the **EEA and Norway Grants 2009-2014** is to help reduce economic and social differences in the European Economic Area and also **to strengthen bilateral cooperation between donor countries and beneficiary state** through financial contributions in defined priority sectors.

Activities and initiatives financed by grants are only one of the many ways of strengthening relations between donor countries and beneficiary state. The aims of these activities and initiatives include helping to expand bilateral cooperation, sharing results and improving know-how and mutual understanding.

The Fund for Bilateral Cooperation at the programme level was set up for the purpose of:

- a) the search for partners for donor partnership projects prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application for a donor partnership project – **measure “A”**; and/or
- b) networking, exchange, sharing and transfer of knowledge, technology, experience and best practices among Czech subjects and entities in the donor states and/or international organizations - **measure “B”**.

The Fund for Bilateral Cooperation is set up to finance:

- measure “A” - single or short-term initiatives to **search partners**;
- measure “B” - special purpose **short-term complementary initiatives** within the programmes and/or small grant schemes.

This Guideline for applicants and beneficiaries, the Fund for bilateral cooperation at the programme level - Measure "B" (hereinafter as the "Guidelines") is intended for:

- final beneficiaries of approved projects, pre-defined projects and sub-projects under programmes **CZ05, CZ06, CZ08 and CZ10**,
- entities¹ competent within the programme areas² of programmes **CZ02, CZ04, CZ11, CZ13 and CZ14** for at least 1 year, incl. Programme Operator and Program Partner unless otherwise specified in the bilateral open call,
- final beneficiaries of pre-defined projects, Programme Operator, Programme Partner and Donor Programme Partner within **CZ15** programme.

This instruction only applies for the above purpose “b”, measure “B”.

The Operator of the Fund for Bilateral Cooperation, measure “B” (“Fund Operator”), is the operator of the relevant programme (Ministry of Finance).

¹ These entities are defined as natural and legal persons, public institutions, municipalities, associations of municipalities, non-profit organizations and others.

² The programme areas, submission of the bilateral initiative is allowed in, are described in the bilateral open call of the appropriate programme.

II. Financial aspects of the Fund for Bilateral Cooperation

In general, the allocation of the Fund for Bilateral Cooperation at the programme level (“Fund”) is set aside a minimum of 1.5% of the total eligible expenditure of the programme, which is divided between measures “A” and “B”.

The concrete amount of the Fund allocation to individual programmes (and/or MGS) is given in the text of the call for proposals within the bilateral fund at the programme level (“BFPL”) for the submission of applications, published on the websites www.eeagrants.cz and www.norwaygrants.cz in the section for the relevant programme³.

III. Eligible applicants

Programmes	Eligible applicants and bilateral partners
CZ05, CZ06, CZ08, CZ10	<p>All final beneficiaries of approved projects within the programmes, who have been implementing the project or have accomplished the project implementation and whose intention is to get financial support for their supplementary bilateral initiatives that are not part of the approved project and that will be implemented:</p> <ul style="list-style-type: none"> a) in cooperation with the project partner⁴; b) in cooperation with bilateral initiative partners, i.e. institutions from the donor states⁵ competent in the subject matter of the project implementation (i.e. actively involved in the area of project implementation for a minimal period of 1 year); c) in cooperation with bilateral initiative partners according to letter b), and international organisations⁶.
CZ02, CZ04, CZ11, CZ13, CZ14	<p>Entities⁷ actively involved in relevant programmes for at least 1 year, including the Programme Operator and the Programme Partner, unless otherwise specified in the bilateral open call.</p>

³ Unused funds within measure “A” will be transferred to the total allocation for measure “B”.

⁴ Partner organisation from the donor country means a subject from an EFTA country (Iceland, Liechtenstein, Norway) or international organization including the Council of Europe, OBSE and the European Union Agency for Fundamental Rights, bound to the final beneficiary by a Partnership Agreement.

⁵ In exceptional cases, the Fund Operator can approve an initiative which is planned in cooperation with the institutions out of donor countries assuming that the institution participates in the initiative in a role of an expert or consultant. The applicant must justify that the partner of similar quality and professional knowledge is not available in donor state or is not interested in such cooperation. Terms of financing expenditures related to the participation of institutions from other than the donor states are included in this Guideline, Chapter V – Eligible expenditures.

⁶ International organizations are organizations with an international membership, international scale or scope. These are intergovernmental organizations and international non-governmental organizations.

Programmes	Eligible applicants and bilateral partners
	<p>The aim of the initiative should be to establish and strengthen cooperation in the framework of the relevant programme areas:</p> <ul style="list-style-type: none"> a) in cooperation with other entities from the donor states active within the relevant programme areas (i.e. actively involved in the programme area for at least 1 year)⁸; b) in cooperation with other entities from the donor states active within the relevant programme areas (i.e. actively involved in the programme area for at least 1 year) and international organization⁹.
CZ15	Final beneficiaries of pre-defined projects, Programme Operator, Programme Partner and Donor Programme Partner.

Initiatives financed from the EEA Grants may be implemented in cooperation with institutions from Norway, Iceland and Liechtenstein (except from the above mentioned international organisations); initiatives financed from Norway funds may be implemented with institutions from Norway (except from the above mentioned international organisations).

IV. Eligible initiatives

Eligible initiatives that may be financed from the Fund are activities that help to strengthen bilateral relations which are implemented in cooperation with the bilateral partner of the initiative¹⁰ and are beneficial for programme or programme areas. These are particularly:

- various ways of developing and strengthening cooperation;
- the extension, sharing and transfer of knowledge, technology, know-how, experience and best practices between final beneficiaries and subjects from donor states.
- initiatives to raise awareness of bi-/multilateral relations in areas of project cooperation

Following initiatives may be financed from the Fund:

- study trips, study/research/exchange stays, visits and bilateral working meetings aiming at sharing experience and know-how, transferring best practices;
- bilateral/multilateral meetings, workshops, seminars;

⁷ These entities are defined as natural or legal persons, public institutions, municipalities, associations of municipalities, non-profit organizations and others.

⁸ In exceptional cases, the Fund Operator can approve an initiative which is planned in cooperation with the institutions out of donor countries assuming that the institution participates in the initiative in a role of an expert or consultant. The applicant must justify that the partner of similar quality and professional knowledge is not available in donor state or is not interested in such cooperation. Terms of financing expenditures related to the participation of institutions from other than the donor states are included in this Guideline, Chapter V – Eligible expenditures.

⁹ International organizations are organizations with an international membership, international scale or scope. These are intergovernmental organizations and international non-governmental organizations.

¹⁰ Partner specifications for implementation of bilateral initiatives are listed in section III. Eligible applicants.

- conferences aimed at bi-/multilateral meetings, presentations and building on contacts and working relations;
- the production of studies, analyses and documentation, data collection, their sharing and exchange to strengthen the cooperation between the Final Beneficiaries and entities in Donor States and international organisations;
- information and promotional initiatives to strengthen bilateral partnerships;
- other bilateral type actions.

Initiatives can by no means generate a profit. If the initiative generates any income, the use of this income shall be described in the application for funding and reflected in the indicative budget of the initiative.

V. Eligible expenditures

List of eligible expenditures

According to Art. 7.7 of the Regulation, following categories of expenditure are eligible for funds:

- fees and travel costs for participation in conferences, seminars, study/exchange stays, courses, work meetings and workshops;
- travel costs for study trips abroad;
- travel costs, per diems and salary costs for visits by experts;
- taxi costs - taxi may be used only in exceptional and justified cases, if transportation cannot be assured by other means of transport;
- expert fees;
- costs related to studies, including feasibility studies, and preparation of financial, economic and technical analyses;
- costs of conferences, seminars, working meetings and workshops, interpreting and translations of working materials;
- costs for promotional and information activities aimed at strengthening bilateral relations;
- external consultancy fees;
- travel insurance, ticket cancellation insurance;
- other costs related to the bilateral initiative (justified within the application).

In the case of purchase of air-tickets / tickets, it is recommended to purchase air-tickets / tickets with the so-called. “*flight cancellation insurance*“, to ensure returning the air-tickets / tickets in the case of an unexpected absence of participant(s).

In the case of expenditures per air-tickets / tickets and accommodation, their prices are variable in time, it is not required to follow the Guideline of the National Focal Point for Small-scale public procurement. Purchases can be made only by means of direct orders and subsequent invoices or relevant accounting documents. It is absolutely necessary to preserve the principle of economy.

In the framework of the Fund, the expenditures of institutions from other states may be financed only if an expert or consultant participates in the initiative. Institutions from other beneficiary states are obliged to reimburse the expenditures associated with participation in the initiative from its own bilateral fund if such a fund is available.

Eligibility rules for expenditures

Dates of the eligibility of expenditures are given in the Letter on the Approval of the Allocation of a Grant from the Fund and subsequently in the legal act by which the grant is awarded. The final date for the eligibility of expenses is 1 month after the completion of all initiatives financed from the Fund, although no later than by the date mentioned in the Open Call text.

Eligibility of expenditures shall follow conditions laid down in:

- Guidelines of the NFP on Eligible Expenditures - EEA and Norway Grant 2009-2014 (available on the website <http://www.eegrants.cz/en/general-information/rules-and-guidelines/guidelines>)
- Chapter V of this Guideline,
- Appendix No. 1 of this Guideline, which sets limits for certain eligible expenditures.

Within the preparation and implementation of initiatives, the applicant and beneficiary are obliged to follow the Guideline of the NFP on Public Procurements financed from EEA and Norway Grants 2009-2014 (available in Czech on the website <http://www.eegrants.cz/cs/zakladni-informace/metodicke-dokumenty/pokyny>).

Eligibility of expenditures for unrealized journey of participant of the initiative, e.g. travel expenses, accommodation costs

Expenses are divided into two groups:

- 1) individual expenses of participants (e.g. participation in a conference/study trip) - travel expenses, registration fee, accommodation;
- 2) expenditures for organizing bi/multilateral events – e.g. costs of meals, accommodation and flights for invited participants.

1) Individual expenses – travel and accommodation costs/attendance fee for participants of an event

Costs associated with an unrealized journey of a participant to a bi/multilateral event (travel costs, registration fee, accommodation costs) are considered as ineligible expenditures due to not fulfillment of the purpose of the participant's travel. In case of purchasing air-ticket/ticket it is recommended to buy air-ticket/ticket with the so-called "cancellation insurance" to allow to return the air-ticket/ticket in case of unexpected absence of one participant of the bi/multilateral event. "Cancellation insurance" is an eligible expenditure, but not the cost of the cancelled air-ticket.

It is also recommended to choose such kind of accommodation which is possible to cancel shortly before departure, if necessary. Expenses for unrealized accommodation are considered as ineligible.

2) Organizing bi/multilateral actions (e.g. conferences/seminars) - costs for refreshment, travel expenses and accommodation of invited participants

For larger events organized by the applicant, the Fund Operator may, in exceptional cases, accept expenses (e.g. travel expenses, accommodation costs, meals) for an unrealized journey of an invited participant of the event as eligible. In this case, the Fund Operator will assess whether the applicant complied with the principle of sound management, i.e. tried to solve the situation of absence of the participant in the event with the service provider (e.g. a hotel, travel agent) with the aim to respect the principle of thriftiness. It will be assessed by the Fund Operator individually on the basis of explanations and relevant documentation.

Reimbursement of expenditures

The mechanism for the reimbursement of expenditures is based on the **ex-post** payments of expenditure actually incurred **in CZK**. The application for the release of funds from the Fund must be submitted and approved **before** the implementation of the planned initiative. Expenditures associated with the initiative will be paid for by the final beneficiary from its own funds; the final beneficiary will then apply for those expenditures to be reimbursed. Eligible expenditures will always be reimbursed from the Fund ex-post at the amount of **100% of actually incurred eligible expenditures**, i.e. the grant does not require compulsory co-financing by the applicant and the final beneficiary.

The amount of the grant may be within the range **CZK 53,000 – 1,325,000 (EUR 2,000 – 50,000)**. For each programme the minimal and maximal limits for the grant are stated in the BFPL call, which will be published on the websites www.eeagrants.cz and www.norwaygrants.cz in the section for the relevant programme.

Advance payments

Within the bilateral initiative application the applicant is allowed to ask for an advance payment up to 60% of the requested grant in case that the planned grant of the initiative **will be equal to or higher than CZK 530,000 (EUR 20,000)**. Advance payment is paid to the applicant within 10 working days from receipt of the request for advance payment.

VI. Submission of the grant application and evaluation procedure

Eligible applicants submit their grant applications through the Information system CEDR EEA and Norway Funds. The application should be filled in on the basis of an announced open BFPL call within the set time limit so that **the application is approved before the start of implementation of initiatives** that are to be supported from the Fund (see point 2 below).

Application submission and evaluation procedure:

1. The *Grant Application* (“application”) must be submitted electronically in the Information system CEDR using the **prescribed form** and electronically signed by the applicant’s statutory representative.
2. The electronically signed application must be submitted to the Fund Operator **at least 30 working days before the start of the planned initiative**. If the proposed initiative includes public procurement, including small-scale contracts, the application must be filed in adequately in advance with respect to the planned public procurement or small-scale contracts. In exceptional and properly justified cases, the application may be submitted in shorter period.
3. The Fund Operator will first assess compliance with the formal application criteria:
 - eligibility of the applicant;
 - eligibility of initiatives for which funding is requested;
 - eligibility of expenditures;
 - exclusion of the possibility of the duplicate drawing of funds from other sources for bilateral relations¹¹.
4. If the application does not contain sufficient information, the applicant will be requested by the Fund Operator to add the required information. In such a case the deadline for the approval/rejection of the application, i.e. 20 working days, is discontinued. The deadline for approval/rejection will commence again once the requested details have been added.
5. When evaluating an application the Fund Operator may contact the Programme Partner/Donor Programme Partner to make a statement on whether the potential partner specified in the application exists and whether it complies with the expected professional qualifications.
6. After assessing compliance with the formal application criteria, the Fund Operator will appraise, in case of programmes **CZ05, CZ06, CZ08, CZ10, CZ15**, the relevance of the application in terms of the objectives of the related implemented project (i.e. added value to the project, impact on the objective of the project, sustainability, the establishment or expansion of long-term cooperation within the outcomes of the project) and the relevance of strengthening bilateral relations and compliance with the objectives of the Fund.
For **CZ02, CZ04, CZ11, CZ13, CZ14** and **CZ15** programmes – the Fund Operator will appraise relevance of the submitted application towards the aim of

¹¹ Duplicity with the Bilateral Fund at the national level or the duplication of initiatives planned as part of the project (in case of application submitted by a project promoter).

strengthening bilateral cooperation within programme areas¹² and its impact on objective of the Fund.

7. Information about the results of the evaluation procedure

The applicant will be informed of **approval** of the application in a Grant Application Approval Letter within 20 working days from filing the electronic application; this Letter will also specify the date of eligibility of expenditures. After notifying the applicant via the Grant Application Approval Letter, the Fund Operator will issue a legal act, by which the grant will be provided¹³.

The applicant will be informed of **rejection** of the application in a Grant Application Rejection Letter within 20 working days from filing the electronic application. The Letter will explain the reasons for the rejection of the application¹⁴.

All initiatives approved from the Fund must be implemented in accordance with the principles of economy, efficiency and effectiveness. Public procurement must be in compliance with Act No. 137/2006 Coll., the Public Procurement Act, as amended, the National Focal Point Instruction concerning SSC and the applicant's internal procedures relating to public procurement.

Attachments to the application

The final beneficiary is obliged to include the prescribed attachments with the annexes to the application submitted via the IS CEDR.

If an application is filed in by an authorised person, the compulsory attachments include the authorisation for that person to sign the application.

For bilateral initiatives implemented as part of BFPL, the applicant must present:

- **Declaration of existence of the entity for at least one year** (excerpt from the Commercial Register/Register of Trades or document evidencing the existence of the entity under applicable legislation) - applies only to an applicant who is not in a role of a final beneficiary of an approved pre-defined project / open call project / sub-project within the small grant scheme;
- **Partnership Declaration** - compulsory attachment to application;
- **A brief summary of the initiative in English language** - compulsory attachment to application;
- **Declaration of the SOU¹⁵/AO SOU¹⁶ (ministries) with the consent for submission of the initiative** - (valid only for SOU/AO SOU; it can be illustrated by a previous e-

¹² The program areas, submission of the bilateral initiative is allowed in, are described in the bilateral open call of the appropriate program.

¹³ Act is not issued for approved applications for initiatives submitted by the Programme Operator.

¹⁴ Unsuccessful applicants may appeal to the Fund Operator within **15 working days** of receipt of the Application Rejection Letter. The applicant will be informed of the final decision within **20 working days** of the delivery of the appeal.

¹⁵ SOU = State Organizational Unit

¹⁶ AO SOU = Allowance Organization to the State Organizational Unit

mail communications between the applicant and the founder of respective SOU/AO SOU) - compulsory attachment to application;

- **Bank identification** - (valid only for SOU/AO SOU).

Attachments which are either compulsory or recommended have been defined for the various sections of the budget.

Budget section	Compulsory or recommended attachment	Example of attachment
fees and travel costs associated with participation in organised events	compulsory	<i>invitation and programme of events</i>
travel costs for study trips abroad	compulsory	<i>invitation and itinerary</i>
costs for visiting experts	compulsory	<i>programme of events</i>
costs for studies and analyses	---	---
costs associated with organising events	compulsory	<i>programme of events, or invitation to event</i>
publicity-related costs	recommended	<i>draft information material</i>
costs for external consultancy	---	---

The generated application is as a PDF document presented as one of the mandatory attachments when applying.

VII. Legal acts on the allocation of grants

The legal act contains binding information for the final beneficiary, such as the dates on which expenditures become and cease to be eligible and other terms relating to the allocation of the grant.

The act for the initiatives comes from the general model act, which is appended to the current version of the Guidelines for grant recipients funded from CZ02, CZ04, CZ05, CZ06, CZ08, CZ10, CZ11, CZ13, CZ14 and CZ15 programmes.

The Fund Operator will send the issued act on allocation of funds to the final beneficiary through the Information system CEDR.

Act for an initiative submitted by the Programme Operator will be not issued.

VIII. Procedure for submission of the final report, the payment request and reimbursement of expenditures

After the implementation of all approved activities specified in the application, the final beneficiary will fill in a final report on the implementation of the initiative, with the payment request attached. Based on the approved and completed report and the payment request, the Fund Operator will pay the approved expenses to the final beneficiary.

1. The final beneficiary will submit the report through the IS CEDR with all the relevant documents to the Fund Operator, **within 1 month after the completion of all activities within the approved initiative financed from the Fund**. The request for payment from the Fund must be filled in on the prescribed form, containing the following details in particular:
 - the type of realised activity
 - quantification of outcomes and a description of outputs
 - bilateral indicators description
 - implementation period (start and end dates)
 - detailed actual expenditures
 - the total sum claimed for payment, rounded down to whole CZK
 - list of reimbursed documents
 - attachments – copies of accounting documents (copies of invoices, bills, etc.)
 - copies of account statements
 - documents proving implementation and substantive eligibility (particularly travel reports, photographic documentation, research, articles, publicity samples; established partnership agreements, lists of foreign bodies with which cooperation has been established, etc.)

2. The Fund Operator will assess the payment request, including attachments. If necessary The Fund Operator will request additional information to the report. The Fund Operator will pay 100 % of the approved expenses in full to the final beneficiary's account within **15 working days** of the approval of the payment request.

IX. Documentation of final beneficiary's and foreign partner's Expenditures

Initiative expenditures are documented in the Request for payment only through:

- paid accounting documents:
 - Competent document must fulfil the specified essentials of an accounting document in accordance with § 11 Act No. 563/1991 Coll., on accounting (besides article 1f),
 - The applicant or his partner document the expenditures repayment (e.g. via bank account statement) or
- audit reports¹⁷.

X. Changes to an application

Within the BFPL initiative, three types of changes may be recorded:

- A) changes, which must be submitted for approval within the IS CEDR **ex ante** (ie. before their implementation):
- request for the creation of new activities / new items in the budget,
 - increase the number of participants in the initiative, who are funded by the grant.

The change must be submitted as a BFPL change request within the IS CEDR. The final beneficiary shall request for such a change electronically via the “List of Change Management” under the relevant approved application for the initiative in the left bar in the IS CEDR no later than **10 working days** before the date of implementation of the initiative. In exceptional cases, if the final beneficiary could not expect the change by the deadline of 10 working days or more prior to implementation, the final beneficiary may submit a request for a change in the shorter term. The Fund Operator will assess the request and will inform the final beneficiary about the decision about the change request.

- B) changes, which will be approved **ex post** in the final report of the initiative and will be relevantly justified in the report:
- changes in utilization of the existing budget items (eg. change in unit prices, transfers between items),
 - change among the participants of the initiative (eg. the participants of the study tour).

- C) changes that have an impact on the legal act and must be submitted as a BFPL change through change management within the IS CEDR:

¹⁷ Expenditures on processing audit reports are considered as ineligible expenditures. Evidencing expenses by an audit report is described in the *Guidelines for beneficiaries of grants funded from programmes CZ02, CZ04, CZ05, CZ06, CZ08, CZ10, CZ11, CZ13, CZ14, CZ15*.

- change of the legal representative,
- change of the bank account,
- change of the completion date of the initiative by more than a calendar month (the final beneficiary shall request such a change in the IS CEDR at least 10 working days before the original date of initiative completion).

If the change requiring prior approval of the Fund Operator is implemented without prior approval of its implementation, the expenses associated with this change are considered as ineligible.

XI. Bilateral indicators

Bilateral indicators help to evaluate success in the area of bilateral cooperation within the initiatives financed from the Fund. Their initial and planned target values are given in the Grant Application. Reached target values are then given in the final report on the implementation of the initiative. This serves not only to evaluate to what extent the aims of the supported initiative have been met, but also to provide a cumulative overview of support for bilateral relationships within the programme as a whole.

XII. Publicity

All approved initiatives are subject to the publicity requirements stipulated for EEA and Norway Grants as published by the Financial Mechanisms Office in Annex No. IV of the Regulation on the Implementation of the Norway Financial Mechanism 2009-2014 and the Regulation on the Implementation of the EEA Financial Mechanism and in the Publicity and Design Manual. Those documents are available at the websites www.eeagrants.cz and www.norwaygrants.cz

After having an application approved by the Fund Operator, the final beneficiary is obliged to implement the initiative in accordance with the above mentioned documents and to the extent appropriate for the relevant activity– e.g. the final beneficiary is obliged to mark publication materials with the logos of the grant mechanism from which the initiative is financed and is advised to use the prescribed templates for documents created by the final beneficiary itself, etc.

Table: List of programmes and Grants

Programme number	Programme	Grant mechanism
CZ02	Biodiversity and ecosystem services / Environmental monitoring and integrated planning and control / Adapting to climate change	<i>EEA Grants</i>
CZ04	Vulnerable children and youth	<i>EEA Grants</i>
CZ05	National, regional and local initiatives to reduce inequality and promote social inclusion at the national level	<i>EEA Grants</i>

Programme number	Programme	Grant mechanism
CZ06	Cultural heritage and contemporary art	<i>EEA Grants</i>
CZ08	Pilot studies and research in technologies for capturing and storing carbon dioxide (CCS)	<i>Norway Grants</i>
CZ10	Building capacities and cooperation between institutions and Norwegian public institutions, local and regional authorities	<i>Norway Grants</i>
CZ11	Public health initiatives	<i>Norway Grants</i>
CZ13	Domestic violence and gender-based violence / Unification of gender equality and promoting reconciliation of work and private life	<i>Norway Grants</i>
CZ14	Cooperation as part of Schengen and the fight against cross-border and organised crime, including illicit human trafficking and the migration of criminal groups	<i>Norway Grants</i>
CZ15	Building capacities and cooperation in justice / Correctional services, including alternative sentences	<i>Norway Grants</i>

XIII. Irregularities in supported initiatives

Irregularities shall mean any infringement of the legal framework of the EEA and Norway Grants 2009-2014, European Union law or national legislation (including terms defined by the legal act), if such a breach could affect or endanger any stage of the implementation of EEA and Norway Grants in the Czech Republic, in particular the implementation and/or budget of any programme, project or other activities financed from EEA and Norway Grants.

Subjects involved in the implementation of EEA and Norway Grants are obliged to immediately notify the appropriate Fund Operator of any suspicions of irregularity. If there are suspicions of a serious irregularity, the Fund Operator may suspend payments for a given initiative for as long as it is necessary.

The Fund Operator is entitled to withhold the subsidy or in part, if it considers that the final beneficiary breached obligations under the law, failed to comply with the purpose of the grant or the conditions under which the subsidies were granted (§ 14e of Act no.218/2000 Coll.). The amount of the unpaid part of the grant will be determined in accordance with the table of reduced penalties for breach of budgetary discipline (table is a part of the legal act on the allocation of funds). The Fund Operator shall inform the final beneficiary on this measure and the financial authority. The final beneficiary is entitled to submit an objection against the measure. The Fund Operator shall inform competent financial authority about the possible decision on objections.

In case that the Fund Operator, based on inspection findings assumes that the final beneficiary breaks a condition for which the grant was awarded, in which the Fund Operator set lower charges for non-compliance and the nature of which allows to fix the spare time limit, invite

the final beneficiary to implement measures to correct and set a deadline for its implementation (§ 14f paragraph. 1 of Act no. 218/2000 Coll.). The Fund Operator shall promptly notify the Financial authority to announce the calls and how it was responded to the calls.

If the Fund Operator under the inspection findings assumes that the final beneficiary breached the obligation provided by law, failed to comply with the purpose of the grant or the conditions under which the grant was awarded and it is not possible to implement measures to remedy deficiencies or conditions, the Fund Operator prompt the final beneficiary to repay the grant or parts thereof (§ 14f paragraph 3 of Act No. 218/2000 Coll.). The amount of the returned part of the subsidy will be determined in accordance with the table of reduced penalties for breaching the budgetary discipline. The Fund Operator shall promptly notify the Financial authority to announce the calls and how it was responded to the calls.

The extent to which the final beneficiary failed to comply remedial measures or return a subsidy or a portion thereof, and the breaching of budgetary discipline took place, the Fund operator shall submit a complaint against the suspected breach of budgetary discipline to the Financial authority for their solution.¹⁸

Further information to the investigation of irregularities, the reporting of irregularities to the Financial Mechanisms Office and the recovery of misappropriated grants are described in the Methodology for financial flows and the control and certification of programmes financed from the Financial Mechanisms of the EEA and Norway in the programme period 2009-2014.

XIV. Inspection on the spot

The on the spot monitoring of the initiative is carried out by the Grant Operator and by him authorized agents, and other inspection bodies (i.e. regional financial authorities, the Supreme Audit Office, representatives of CA, AA, FMO, the Financial EEA Mechanism Committee, the Board of Auditors, EFTA, The Office of the Auditor General of Norway and The Norwegian Ministry of Foreign Affairs or by them authorized agents.

If requested by the Fund Operator and other inspection authorities, the final beneficiary is obliged to provide all documents and information to certificate the activity fulfilment and approved initiative objectives under the project including their financial fulfilment and cooperate with given subjects on the executed inspection.

If the Fund Operator or persons authorized by him, find out during the on-site visit irregularities contrary to the issued legal act or mandatory documents for the implementation of projects within the EEA and Norwegian Funds 2009-2014, they shall address the final beneficiary to retrieve these.

¹⁸ Procedure available under §14e and §14f may be applied also to the Subsidy Award Decision. Definitions of costs of financing OSS acts respectively similar legal acts, which were issued prior to amendment of Act No. 18/2000 Coll. coming into force – amendment No. 25/2015, i.e. prior to 20 February 2015.