

  
**Iceland**  
**Liechtenstein**  
**Norway grants**

  
**Norway**  
**grants**

**CZECH REPUBLIC**

**UPDATE to**  
**the 6th STRATEGIC REPORT**

cut-off date: 30 September 2017

EEA and Norwegian Financial Mechanisms 2009-2014

**National Focal Point**

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**LIST OF PROGRAMMES**

<b>PRG</b>	<b>Programme name</b>	<b>Programme Operator</b>	<b>Programme Partner</b>
CZ01	Technical Assistance and Fund for Bilateral Relations at national level	NFP	---
CZ02	Biodiversity and Ecosystem services & Environmental Monitoring and Integrated Planning Control & Adaptation to Climate Changes	Ministry of Finance	Ministry of Environment
CZ03	Funds for Non-governmental Organizations	Civil Society Development Foundation	---
CZ04	Children and Youth at Risk	Ministry of Finance	Ministry of Labour and Social Affairs
CZ05	National, Regional, Local Initiatives to Reduce Inter-Group Inequalities and to Promote Social Inclusion	Ministry of Finance	---
CZ06	Cultural Heritage and Contemporary Art	Ministry of Finance	Ministry of Culture
CZ07	Scholarship Programme	Dům zahraniční spolupráce - Centre for International Cooperation in Education	Ministry of Education, Youth and Sport
CZ08	Pilot Studies and Surveys on CCS Technology	Ministry of Finance	Ministry of Environment
CZ09	Czech-Norwegian Research Programme	Ministry of Education, Youth and Sport	---
CZ10	Capacity Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities	Ministry of Finance	---
CZ11	Public Health Initiatives	Ministry of Finance	Ministry of Health
CZ12	Mainstreaming Gender Equality and Promoting Work-Life Balance & Domestic and Gender-based Violence; Let's give (wo)men a chance	Open Society Fund	---
CZ13	Domestic and Gender-based Violence & Mainstreaming Gender Equality and Promoting Work-Life Balance	Ministry of Finance	---
CZ14	Schengen Cooperation and Combatting Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups	Ministry of Finance	Ministry of Interior
CZ15	Judicial Capacity-building Cooperation and Correctional Services, including Non-custodial Sanctions	Ministry of Finance	Ministry of Justice

## 1 EXECUTIVE SUMMARY

The National Focal Point (NFP) submitted its Strategic Reports for 2016 to the Financial Mechanism Committee and to the Norwegian Ministry of Foreign Affairs, in accordance with Article 2.2 of the Regulation on the Implementation of the EEA/Norwegian Financial Mechanisms 2009-2014, on 27 March 2017.

This Update to the 6<sup>th</sup> Strategic Reports is submitted in accordance with the Article 2.3 of the Regulations and contains information on relevant development and progress within the EEA and Norway Grants 2009-2014 from January to September 2017.

The EEA and Norway Grants 2009-2014 in the Czech Republic were in the implementation phase in 2017. In total **894 projects** (23 predefined projects, 682 projects from the open calls and 189 sub-projects from the small grant schemes) were supported and implemented (10 projects resigned from the realization of grant). Till September 2017, 1 programme was closed (programme CZ07 submitted Final programme report in June 2017), all projects were finished (including 1 cancelled predefined project in programme CZ04), only 4 projects (projects from programmes CZ10, CZ11 and two projects from programme CZ15) were completed beyond April 2017 (mainly till 31 July 2017).

The most significant progress towards all programmes' outcomes was made in years 2016 and 2017. Almost all outcomes and outputs of the Czech programmes were successfully reached and some indicators were even exceeded. Ongoing reviews and evaluations of programmes measure the impact of programmes and results up to now are very positive.

Evaluation of all programmes based on five evaluation criteria (relevance, efficiency, effectiveness, impact, sustainability) with respect to their outcomes and outputs has started for all programmes (except for CZ07 and summary evaluation report). The final reports from evaluations are continuously submitted to the FMO.

As programmes have been in their final stage of implementation, all risks have finally been mitigated and no new risks have been identified at programme level.

Nowadays, the only risk at the national level threatening smooth closure of programmes is possible delay in disbursement of funds (re-granting, bilateral funds, management) which is closely monitored by Programme Operators as well as by the National Focal Point.

Until 30 September 2017 approx. 112,6 mil. EUR (ca 92,89 % of the total allocation) was disbursed to the Programme Operators (advance payments or already incurred expenditure) of which 98,6 mil. EUR (CA 79,38 % of the total allocation) was disbursed by Programme Operators (POs). With the exception of the reporting period May-August 2017 – being currently verified by the CA – the expenditure has already been certified by the CA.

Irregularities are continuously gathered, investigated and reported to the FMO, approx. 60 % of reported cases is already solved and closed. In 2017 one irregularity case in CZ05 programme was reported immediately according to the Article 11.4 of the Regulation. The manner of irregularities related mainly to errors in payment claims but also cases of deviation from project contract or deviation from public procurement procedures.

In the period of January – September 2017 some important changes in new legislation, policies and trends affecting the implementation of the EEA/Norway Grants 2009-2014 and upcoming EEA/Norway Grants 2014-2021 in the Czech Republic occurred. New legislation was issued or put into practice in eight programme areas (CZ02, CZ03, CZ04, CZ05, CZ06, CZ10, CZ12 and CZ15).

## 2 ASSESSMENT OF THE EFFECT OF THE GRANTS

### 2.1 Cohesion

#### 2.1.1 Macroeconomic situation of the Czech Republic in 2016

Please refer to the main report.

#### 2.1.2 Development of sectors in the CR

In the period of January – September 2017 some important changes in new legislation, policies and trends affecting the implementation of the EEA/Norway Grants 2009-2014 and upcoming EEA/Norway Grants 2014-2021 in the Czech Republic occurred. New legislation was issued or put into practice in eight programme areas (CZ02, CZ03, CZ04, CZ05, CZ06, CZ10, CZ12 and CZ15). New projects/funding especially from the European Structural Funds appeared in areas of programmes CZ02, CZ03, CZ04, CZ07, CZ11, CZ12 and CZ13. Financing ensured mainly from the state budget continued within programme areas of CZ04, CZ06, CZ09 and CZ14.

Within the environmental area (CZ02), new programming period of the Operational Programme Environment 2014-2020 with total allocation of € 2.637 billion was launched. The Ministry of Environment acts as the managing authority. In the period of 2014-2020, support can be gained from the following areas: 1. Improving water quality and reducing flood risk; 2. Improving air quality in human settlements; 3. Waste and material flows, environmental burdens and risks, 4. Conservation and management of nature and landscape, and 5. Energy savings. The Ministry of Environment has also launched implementation of the project "MALSEMUSCHEL - Support for the Natural Environment and the Occurrence of Margaritifera Margaritifera in the Malše River Basin" funded by the European Regional Development Fund through the Interreg V-A Austria-Czech Republic cross-border cooperation programme. Aim of the project (2017 – 2020) is to strengthen population of the critically endangered Freshwater Pearl Mussel in the Malše River border by planting juvenile mussels.

Currently, adaptation to climate change, especially drought, is becoming an increasingly important topic. That is the reason why the National Action Plan for Adaptation to Climate Change was prepared and adopted by the government in early 2017. The Action Plan is structured on the basis of climate change, identifies key sectors affected by climate change and describes the main impacts, vulnerabilities and risks. The Action Plan contains 33 specific objectives and 1 cross-cutting objective on training and education. Meanwhile, the Ministry of Environment (MoE) and the State Environmental Fund of the Czech Republic has launched a nationwide subsidy program, Dešťovka (rain water), which aims to motivate citizens to use effectively water in their homes. In the area of wildlife protection, there is an issue of illegal poisoning of animals. To solve this problem, the MoE in cooperation with the Czech Police, the Czech Environmental Inspectorate and non-governmental organizations, will develop a National Strategy for Combating Illegal Wildlife Destruction by the end of 2017, focusing mainly on animal poisoning. A similar problem is killing of animals during haymaking. The MoE supported a new version of Senosec online mobile application with new profiles for farmers and hunters. The application, developed by the Czech University of Life Sciences, has been running successfully for the third year. It helped to save lives of a total of 553 animals for 2016 and 403 since beginning of 2017.

In the framework of the NGO sector (CZ03), funding available through the EU Structural Funds is to some extent replacing the sources offered by the EEA Grants, which have represented one of the largest sources of NGO funding in the period of 2014 - 2016 in the Czech Republic. The most relevant

programme with respect to areas of support within the EEA Grants is the Operational Programme Employment, particularly in these areas:

- social inclusion with the main focus on active inclusion, including inclusion with a view to promoting equal opportunities and active participation, and improving employability and gender equality;
- gender based equality in all areas in terms of access to employment and career, reconciliation of work and private life and promotion of equal pay for equal work.

However, the state still remains the largest source of funding for NGOs. Corporate grants and individual philanthropy remain underdeveloped resources for NGOs.

In January 2017, the Czech Government adopted its Action Plan for the implementation of the UN Security Council Resolution 1325 on Women, Peace and Security. The Government Council for Gender Equality is currently implementing a project titled “22 per cent to Equality” which aims to reduce gender pay gap. The project will also include proposals for legislative measures to increase the transparency of wages and an online wage calculator and other tools for equal pay. Furthermore, in September 2017 the Czech Government approved Conception of family policy. The Conception brings long-time and systemic solutions of family policy of the Czech Republic. The main principle of the Conception is the possibility to free choice of life strategy. The conception contains a lot of measures supporting gender equality, such as measures to reduce gender pay gap, to help women who care for others to better reconcile their working and family life etc.

Implementation of European Social Fund project focused on gender equality continued in the Gender Equality Department of the Office of the Government of the Czech Republic in 2017. The project is focused on implementation of main government strategic documents such as the Government Strategy for Gender Equality in the Czech Republic for the period 2014 – 2020, the Action plan for Balanced Representation of Women and Men in Decision-making Positions and the Action Plan for the Prevention of Domestic and Gender-based Violence. Other activities are focused on the Methodology for gender impact assessment, Gender Audit Standards, creating a platform for international cooperation and transfer of good practice and informational and educational activities related to gender equality.

The system of financing the children's rights protection agenda (CZ04) did not change in the monitoring period. The most significant share of finances continues to be the support of the system of children's rights protection from the state budget, from which subsidies are redistributed to providers of care for children at risk. Since the beginning of 2017, Ministry of Labour and Social Affairs has twice submitted to the Government the Action Plan on the Implementation of the National Strategy for the Protection of Children's Rights for the period 2016-2020, which contained concrete measures for the implementation of the National Strategy for the Protection of Children's Rights- Right to Childhood. However, the government has not discussed this material yet. Furthermore, in August 2017, Ministry of Labour and Social Affairs presented a material entitled “*Intention of Legal Regulation of the Unification of Social Prevention Services, Residential Services for Children, Social and Health Services or Educational Services and Other Services for Children at Risk and Their Families within the Competence of Ministry of Labour and Social Affairs, Ministry of Education, Youth and Sports and Ministry of Health into the competence of Ministry of Labour and Social Affairs, Setting an Age Limit, Before Which It Is Not Allowed to Put children into Collective Care facilities*”. In order to eliminate the fragmentation of the care system for children at risk, this intention has been proposed to transfer services that are currently in the competence of three sectors, solely in the competence of Ministry of Labour and Social Affairs. Consequently, the whole system should be transformed and a limit of 7 years of age was supposed to be set, before which it would not be allowed to put children into collective care facilities. This material is supposed to be the first, after which a draft of a substantive intent of the law shall follow. The whole material was discussed by the Government but it was not approved.

The Ministry of Labour and Social Affairs will continue to promote the transformation of the care system for children at risk in accordance with The National Strategy for the Protection of Children's Rights. It

will continue to implement the project Systemic Development and Support of Social and Legal Protection Tools (ESF), which will be completed in 2019. It will also implement a new project Promoting Systemic Changes in Care Services for Children at Risk, Young Families and Families in the Czech Republic. The project contains key activities that will ensure a smooth preparation and implementation of all necessary measures and will accompany the process of unifying the care system for children at risk.

As of September 2017, compulsory participation in pre-school education has become effective in the Czech Republic, generating vivid political and public discussion. Aside from the major changes to the Schooling Act, which introduced substantial support to inclusive education as of September 2016, the Ministry of Education, Youth and Sports continues to implement its key strategic documents, incl. Action Plan of Inclusive Education 2016-2018 (CZ05). As part of its aim to increase the qualification of teachers, the Action Plan states the Ministry of Education, Youth and Sports will provide support to Anti-Prejudice and Anti-Discrimination Education, primarily through the European Structural Funds.

As regards culture sector (CZ06), two new legislation and policies entered into force during 2017. Government Regulation No. 69/2017 Coll. on the declaration of certain cultural monuments as natural cultural monuments entered into force on 1 July 2017 and Act No. 102/2017 Coll., amending Act No. 121/2000 Coll., the Copyright Act, entered into force on 20 April 2017. Long-term insufficient financing of all cultural areas still represents the main trend in the cultural area. Decreased expenditures on the arts in the past decade have led to stagnation, declining activity, and in extreme cases represent a threat concerning potential demise of some organizations in the cultural sector.

One of the targets of the Czech Government is to increase and stabilise the budget of Research and Development (CZ09). Mandatory costs on Research and Development should approach 1% of the GDP in 2020.

In 2017, EU Directive 2015/849 was implemented into the anti-money laundering Czech law (CZ10). The amendment of the *Act no. 253/2008 Coll. on selected measures against legitimisation of proceeds of crime and financing terrorism* which is in force as of 1 January 2017 incorporates crucial instruments for more successful fight against corruption such as beneficial ownership register and obligation for legal entities to know their beneficial owner. Another piece of legislation that is substantially linked to the fight against corruption and money laundering is the *Act on conflict of interest*. Its amendment no. 14/2017 became effective as of 1 September 2017. Besides introduction of stricter supervision over submission of financial disclosures by the members of the Government, it also imposes additional limitations to the conduct of their business.

As to health area (CZ11), EU structural funds 2014-2020 are the most significant external resources. They are targeted to several sectors. One of sectors is the mental health care area where the ongoing Psychiatric care reform is to be financed. Among the other external resources is the new period of EEA grants 2014-2021 and to some extent the EU Third Health Programme. Trends in the sector are mainly determined by strategic documents. The ongoing Psychiatric care reform sets the basic principles of further development. Gradual deinstitutionalization and destigmatization of psychiatric care belong to the main trends together with focus on preventing health problems.

As concerns the CZ12 programme, the European Structural Funds can be seen as important source for supporting the sustainability of projects that have received support from Norway Grants 2009-2014. The European Social Fund can pose a direct continuity of the childcare projects aimed at women and the labour market and projects that support women in excluded localities.

In the justice sector (CZ15), the Czech Parliament adopted principal changes in the Penal Order. Till this time the prisons were categorised in 4 security levels. The novelization will be valid from October 2017

and according to new law there will be only 2 types of prisons according to the level of surveillance. The judge will decide on the type of prison the offenders will be located in. One of the tools to reach the goal is implementation of the system of open prisons. First pilot project of open prison in Jiřice will be launched in October 2017 with expected capacity of 32 prisoners in the first phase and 100 prisoners in the next phase. Increased employment of inmates will help them to keep the working habits which would then make their return to society easier. Another tool is the implementation of the system of electronic monitoring (i.e. “electronic tagging”) as noncustodial penalty.

### 2.1.3 Main Programme Risks

Programmes have been in their final stage of implementation during the reporting period. Thus, all risks have finally been mitigated and no new risks have been identified. For description of main risks affecting programmes in 2016 please refer to the main report.

### 2.1.4 Risks at the National Level

The National Focal Point constantly monitors risks at the national level that may affect the implementation of programmes and the achievement of the overall objectives of the EEA/Norway Grants 2009-2014 in the Czech Republic. As programmes have been in their closing stage during the reporting period, significance of risks identified at the national level remained low or even zero. For description of risks affecting the national level in 2016 please refer to the main report.

Nowadays, the only risk threatening smooth closure of programmes is possible delay in disbursement of funds (re-granting, bilateral funds, management) which is closely monitored by Programme Operators as well as by the National Focal Point.

### 2.1.5 Horizontal concerns

Social exclusion as well as strategies to fight and prevent social exclusion have earned increasing attention of the Czech Government, which has approved two key strategies in the area, i.e. Strategy for Social Inclusion 2014-2020 and the Strategy to Fight Social Exclusion 2016-2020 with its implementing Action Plan. The Strategy to Fight Social Exclusion 2016-2020 has identified eight key areas for action, namely the housing, financial difficulties/debts, safety, employment, social services, social work, education and health care. Both documents provide basic framework for co-ordinated actions across the central Government. In order to assist the local government to plan and implement pro-inclusive policies, the European Structural Funds provided substantial support to two projects run by the Office of the Government, the Department for Social Inclusion (Social Inclusion Agency). The good-practice examples of “successful stories” and impactful measures are promoted within social media and local events. The leading channel remains the Hate Free Campaign which continues in a limited regime even after its completion under the EEA Funds.

While major changes to inclusive education were triggered through the new legislation in September 2016, the Ministry of Education, Youth and Sports still needs to provide continuous support to the implementation of the inclusive measures as well as to their thorough monitoring and evaluation. In parallel to training teachers and other experts in charge of inclusive education, the Czech Government strives for continuation of a strong PR campaign that will focus to explain the benefits of inclusive education to main population. The upcoming Parliamentary elections that will take place in October 2017 open space for rather aggressive and populist campaign.



As regards combating gender-based violence, the mainstream-media campaign named That's the Equality! run by The Office of the Government took place in spring 2017. The campaign examined wide range of equality concerns through specialised web site and number of events organised both locally and at national level.

Despite the general effort to promote tolerance and fight the discrimination and hate speech, the long-term media discourse as well as the upcoming Parliamentary elections provides space for more or less open assaults aimed at various minorities. Thus, it is of key importance for the Czech Government to seek ways to identify long-term and systematic anti-discrimination education strategies, be it through the formal education system, the media, public debates or participatory activities at local level.

Arts and culture have a unique capacity to raise awareness, challenge social habits and promote behavioural shifts in our societies. They can also open new avenues to tackle the international dimension of such issues. Since projects of the living art (PA 17) aimed at presentation of the performing arts through music, dance, theatre, visual and film art to broad audience, they strived for inclusion of minority groups and Romas and for fighting against the extremism, racism, homophobia and antisemitism.

Projects and sub-projects within the CZ04 programme aimed at raising public awareness of children's rights. The general public is now more informed about children's rights and the situation of the children at risk, including a number of Roma children. The current system of care for children at risk is still not able to respond to their needs effectively. By presenting this topic to the wider public, the whole system is prepared to be transformed. An important prerequisite will be achieving a wider social consensus. As a part of the sub-projects, the topic of children's rights was also presented through stories of real Roma children, which positively influenced the attitudes of the employees in the care system for children at risk towards these children; it enables them to better understand their situation, needs and rights that need to be observed in practice. Projects and sub-projects contributed to the elimination of prejudice and stereotypes of the Czech society kept towards the Roma, an important prerequisite to their social inclusion. Among children at risk, whose rights were promoted through sub-projects and presented to the general public, are also children exposed to gender-based violence (e.g. victims of domestic violence in the family or other forms of abuse). Activities of supported sub-projects have contributed to raising their awareness of their rights in using the support of the care system for children at risk. Similarly, the attitudes of workers in the system (dissemination of examples of good practice, transfer of know-how from abroad) to children, parents and other people directly affecting the situation of children at risk and their solutions were positively influenced.

Social inclusion for the Roma, combating gender-based violence, discrimination and hate-speech was fully integrated in CZ12 programme. Some of the projects supported from the CZ12 programme that took into account the special needs for Roma minority, introduced some new topics such as gender in Roma community and Roma women empowerment, tackling domestic violence in Roma community or engagement of Roma men in child-care services. Horizontal issues and related fundamental values were addressed in most projects; especially combating violence against women is present in every single project. La Strada with its two supported projects was tackling trafficking; combating hate speech occurred in the project dealing with cyber bullying of NGO Gender Studies. Homophobia was tackled in the project conducted by Prague Pride that aimed to develop special peer-to-peer counselling for LGBT individuals.

Special needs of vulnerable groups (including the Roma) have been taken into account in the process of adoption and implementation of the Action Plan for Prevention of Domestic and Gender-based Violence for 2015 – 2018. Programme CZ13 succeeded in further promoting gender equality among inhabitants of the Czech Republic.

As was already mentioned earlier, even though other programmes did not directly address horizontal concerns, the principles of horizontal concerns (such as tolerance, multicultural understanding, equal opportunities and the treatment of minorities, handicapped participants, etc.) were naturally incorporated into the programme documents and provided the basic framework for a tolerant approach across all programme activities and deliverables. Numerous projects were closely related to some of the concerns. Horizontal concerns and cross-cutting issues were addressed during open calls for applications, projects realization, through the bilateral initiatives and complementary actions and also supported when selecting projects, monitoring and evaluating programmes.

## 2.2 Bilateral relations

Strengthening of bilateral relations and cooperation between subjects from the Czech Republic and the Donor States is one of the two overall objectives of the EEA/Norway Grants in the Czech Republic.

The important part of these efforts represents CZ01 Programme that includes the **Fund for Bilateral Relations at national level**, whose allocation provides support for wider bilateral initiatives, relations and contacts between entities from the Czech Republic and the Donor States.

Within the Fund for Bilateral Relations at national level three open calls for initiatives were launched:

Within the 1<sup>st</sup> open call 26 initiatives were supported, out of which 24 initiatives were realized and paid in the total amount of 120 409 EUR (100 % of decreased allocation).

Within the 2<sup>nd</sup> open call, dedicated for regions and municipalities, 6 initiatives were supported, realized and paid in the total amount of 73 631 EUR (92 % of the allocation).

Within the 3<sup>rd</sup> open call 24 initiatives were supported. By the end of September 2017 eight initiatives were disbursed in the total amount of 72 703 EUR (26 % of the increased allocation). The remaining initiatives are under implementation or their requests for payment are under check.

In January 2017 the NFP approved the activity “*Establishing and running the website of the Czech-Liechtenstein Historian Commission*” that is implemented from February to October 2017 in cooperation with the Ministry of Foreign Affairs (the founder of the Czech-Liechtenstein Historian Commission) and the National Heritage Institute. The purpose of the activity is to create and promote a common website of the Czech-Liechtenstein Historian Commission as well as to innovate the web structure of the National Heritage Institute and enhance it by the new contents related to Liechtenstein history of particular monuments.

The new webpages were created on domains [www.czfl-komisehistoriku.cz](http://www.czfl-komisehistoriku.cz) (Czech version) and [www.flcz-historikerkommission.li](http://www.flcz-historikerkommission.li) (German version) and they are continuously filled with the contents related to the information about the Commission, its activities and their results and publications as well as information, publications, references and monuments related to the Czech-Liechtenstein relations and its historical contents (both for researchers and general public). The logo and unique visual style of the web presentations of the Czech-Liechtenstein Historian Commission was elaborated and is used. Also the webpages of the National Heritage Institute in Kroměříž will be updated, including a section related to the Czech-Liechtenstein Historian Commission and links to their new webpages. Also more information about Liechtenstein and their history will be included to the webpages of chateaus Valtice, Lednice, Velké Losiny, Bučovice and Štenberg (venues historically connected with Liechtenstein in the Czech Republic).

The bilateral aspect is also reflected in the implementation of programmes financed from the EEA/Norway Grants in the Czech Republic. The most important programmes in the area of bilateral relations are programmes CZ07 and CZ09 that are fully bilateral on the programme level (Donor programme partners) and project level (donor project partnerships). In the year 2017 the programme CZ07 (Scholarship programme) was completed and Final programme report was submitted to the FMO in June 2017. All 23 project within the programme CZ09 were successfully finished by 30 April 2017,

Programme operator is now finalising the administration of final reports and review of the results of the programme that will be presented on Programme Committee with DPP in October 2017 as well as at the final conference of the programme in November 2017.

The bilateral cooperation is also strengthened by **Funds for Bilateral Relations at programmes level**. Within the main part of the programme the calls were closed by July 2017 and nearly all the funds were spent (the committed amount of the all Funds reached 92 % overall). The disbursement is continuing to the end of the year 2017. More details about the individual programmes are provided in Annex 1 – Status of the programmes.

Good example of the Fund for Bilateral Relations at programme level is CZ06 Programme. The calls of the Fund were repeatedly spent and the fund was then increased by 124 %. Totally 47 initiatives were supported (11 from BF Measure A and 36 from BF Measure B) by July 2017. The fund is very often used by project promoters in both programme areas (PA16 – culture heritage, PA17 – contemporary art) in many different areas of cooperation with the donor partners from Norway and also from Iceland and Lichtenstein.

Within the bilateral relations at programmes level also one conference focused on contribution of Norway grants towards Mental Health Care reform in the Czech Republic was held on 12 September 2017. Norway grants have helped to prepare conditions for this reform and pilot projects have been implemented under the Programme CZ11. The main goal of the conference was to share experiences of the project promoters, challenges and best practise among all relevant stakeholders in order to reflect on the lessons learned and possibly implement them in initial phase of the forthcoming reform. Panel discussions have provided a place for interconnection of outputs of projects with the policy making level as well as with relevant experts from Norway and European Commission. More than 80 people from civil society, psychiatric and university hospitals, Psychiatric association, National Institute of Mental Health, representatives of social insurance companies, government bodies and international experts have participated at this event. Programme Operator has received many positive feedbacks from participants, among others, stressing the unique character of the conference in sharing ideas and promoting discussion among such wide range of psychiatric care stakeholders.

Cooperation Committees meetings within the programmes realized in cooperation with DPPs were also held in 2017 (part of them were held in Norway and part in the Czech Republic based on the agreement between PO and DPP).

### 3 REPORTING ON PROGRAMMES

#### 3.1 Overview of Programme status

Within the year 2017 all 15 approved programmes were in the implementation phase. In total **894 projects** (23 predefined projects, 682 projects from the open calls and 189 sub-projects from the small grant schemes) were supported and implemented (10 projects resigned from the realization of grant). Till September 2017, 1 programme was closed (programme CZ07 submitted Final programme report in June 2017), all projects were finished (including 1 cancelled predefined project in programme CZ04), only 4 projects (projects from programmes CZ10, CZ11 and two projects from programme CZ15) were completed beyond April 2017 (mainly till 31 July 2017).

All open calls in the Bilateral funds at programmes level were finished by July 2017. All calls for projects were finished already in 2015.

The most significant progress towards all programmes' outcomes was made in years 2016 and 2017. Almost all outcomes and outputs of the Czech programmes were successfully reached and some indicators were even exceeded. Ongoing reviews and evaluations of programmes measure the impact of programmes and results up to now are very positive. For more information and concrete numbers achieved please refer to the Annex 1.

#### Financial overview of the programmes

Until 30 September 2017<sup>1</sup> the Programme Operators asked for the advance payments or reimbursements of actually incurred expenditure in the total amount of **112 590 602 EUR (ca 92,89 % of the total allocation, PRG co-fi excluded)**. The amount is based on reported and certified amounts in IFRs and is also in line with financial flows set in the Czech Republic. Within programmes CZ01, CZ07 and CZ09 where the pre-financing from the state budget is applied, the EEA/Norway Grants (actually incurred expenditure) are released in favour of the Programme Operators within 15 working days after the approval of the IFRs by the Certifying Authority (CA). However, most programmes receive funds (proposed expenditure) within 15 working days after the interim payments from the FMO reach the source account of the CA, as required in the Regulations. In the case of the CZ07 programme the PO has already submitted the calculation of the final balance and the final balance payable to the FMO in the amount of 302 563 EUR is expected. The calculation of the final balance and Final Programme Report have not been approved yet by the FMO.

**Table: Payments disbursed by the CA to POs**

PRG	Total eligible grant (without PRG co-fi)	Disbursed to POs up to 30/09/2017	Disbursed to POs up to 30/09/2017 vs. Total eligible grant
CZ01	2 866 000,00 EUR	1 508 616 EUR	52,64%
CZ02	18 420 000,00 EUR	18 068 285 EUR	98,09%
CZ03	11 369 191,00 EUR	11 231 794 EUR	98,79%
CZ04	2 738 809,00 EUR	2 349 112 EUR	85,77%
CZ05	1 242 000,00 EUR	1 129 950 EUR	90,98%
CZ06	21 490 000,00 EUR	21 262 683 EUR	98,94%
CZ07	3 827 000,00 EUR	3 398 168 EUR	88,79%
CZ08	5 023 623,00 EUR	4 756 520 EUR	94,68%
CZ09	14 516 377,00 EUR	11 479 258 EUR	79,08%
CZ10	1 760 000,00 EUR	1 004 665 EUR	57,08%
CZ11	19 180 000,00 EUR	18 538 374 EUR	96,65%
CZ12	6 735 817,00 EUR	6 668 460 EUR	99,00%
CZ13	840 000,00 EUR	592 175 EUR	70,50%
CZ14	6 274 183,00 EUR	5 976 575 EUR	95,26%
CZ15	4 928 000,00 EUR	4 625 967 EUR	93,87%
<b>Total</b>	<b>121 211 000,00 EUR</b>	<b>112 590 602 EUR</b>	<b>92,89%</b>

<sup>1</sup> Last payments disbursed by the CA to POs were made in September 2017.

Until 31 August 2017<sup>2</sup> the total amount of **98 607 979 EUR (ca 79,38 % of the total allocation including PRG co-fi)** was disbursed by Programme Operators. With the exception of the reporting period May-August 2017 – being currently verified by the CA – the expenditure has already been certified by the CA.

**Table: Payments disbursed by POs**

PRG	PRG allocation (PRG co-fi included)		Disbursed by POs up to 31/08/2017		Disbursed by POs up to 31/08/2017 vs. PRG allocation
	CZK	EUR	CZK	EUR	
<b>CZ01</b>	–	2 866 000,00 EUR	45 257 691,00 CZK	1 696 831,00 EUR	59,21%
<b>CZ02</b>	488 019 449,00 CZK	18 420 000,00 EUR	397 622 961,00 CZK	14 722 596,00 EUR	79,93%
<b>CZ03</b>	301 273 487,00 CZK	11 369 191,00 EUR	289 001 616,00 CZK	10 578 470,00 EUR	93,05%
<b>CZ04</b>	72 548 197,00 CZK	2 738 809,00 EUR	49 869 211,00 CZK	1 849 539,00 EUR	67,53%
<b>CZ05</b>	32 909 870,00 CZK	1 242 000,00 EUR	19 711 210,00 CZK	726 718,00 EUR	58,51%
<b>CZ06</b>	569 343 637,00 CZK	21 490 000,00 EUR	528 690 113,00 CZK	19 610 858,00 EUR	91,26%
<b>CZ07</b>	113 308 475,00 CZK	4 277 000,00 EUR	93 913 739,00 CZK	3 459 604,00 EUR	80,89%
<b>CZ08</b>	133 083 245,00 CZK	5 023 623,00 EUR	89 791 738,00 CZK	3 318 851,00 EUR	66,06%
<b>CZ09</b>	452 551 173,00 CZK	17 078 091,00 EUR	367 813 350,00 CZK	13 505 034,00 EUR	79,08%
<b>CZ10</b>	46 634 603,00 CZK	1 760 000,00 EUR	8 526 728,00 CZK	313 305,00 EUR	17,80%
<b>CZ11</b>	508 142 932,00 CZK	19 180 000,00 EUR	368 753 851,00 CZK	13 661 759,00 EUR	71,23%
<b>CZ12</b>	178 497 268,00 CZK	6 735 817,00 EUR	167 578 275,00 CZK	6 150 424,00 EUR	91,31%
<b>CZ13</b>	22 253 655,00 CZK	840 000,00 EUR	5 299 175,00 CZK	198 423,00 EUR	23,62%
<b>CZ14</b>	166 241 759,00 CZK	6 274 183,00 EUR	130 763 887,00 CZK	4 885 380,00 EUR	77,86%
<b>CZ15</b>	130 558 933,00 CZK	4 928 000,00 EUR	105 132 501,00 CZK	3 930 187,00 EUR	79,75%
<b>Total</b>	<b>3 215 366 683,00 CZK</b>	<b>124 222 714,00 EUR</b>	<b>2 667 726 046,00 CZK</b>	<b>98 607 979,00 EUR</b>	<b>79,38%</b>

Within the programmes the main part of programme management costs were disbursed (costs for project monitoring and verification of payments, publicity); costs for bilateral activities and also a significant part of the payments to Project Promoters were made (payments based on the verification of incurred costs; in many cases final payments). The projects are financed ex-post after their approval by POs and this can cause a delay in reporting to the FMO.

The gap between disbursed funds to POs and actually incurred expenditure reported by POs has significantly narrowed, but there are still programmes with difference between these two quantities. More focus must be given on these programmes in the end of the year 2017 so that maximum of the allocated funds is used.

### 3.2 Individual Programme summaries

The status of the individual programmes is provided in detail in **Annex 1 – Status of the programmes**.

## 4 MANAGEMENT AND IMPLEMENTATION

### 4.1 Management and control systems

For information about the capacity at the national level, communication with POs and Programme partners and up-date of internal manuals please refer to the main report.

<sup>2</sup> The last data available regarding payments disbursed by POs relates to the reporting period May-August 2017.

In September 2017 the control of the Supreme Audit Office was launched at the Ministry of Finance. The control is focused on the national level of the EEA and Norway Grants 2009-2014 implementation and also programme level in different programme (the focused programmes in the sample are CZ06, CZ09 and CZ12 and the sample can be changed during the duration of the control) and also on the project level on the sample basis. The whole control are planned from September 2017 till February 2018, the report from the control will be issued in April 2018.

As concerns the complaints, the NFP received one complaint in 2017. It related to the (financial) relations between the main contractor of works within the PDP 4 in CZ15 and its sub-contractors. The NFP answered to the complainer with the explanation of the current status of the project and its relations to the sub-contractor.

As the main tool of the complaint mechanism the email box [stiznosti-czp@mfcz.cz](mailto:stiznosti-czp@mfcz.cz) can be used. Received complaints and warnings are answered as soon as possible, and within 30 days at the latest.

### Audits of management and control systems

In the audit period starting in July 2016, the Audit Authority has initiated the following audits of system (in accordance with Annex 4 to the main report):

Audit No FM2/2016/S/001 covering Programmes CZ02, CZ04, CZ05, CZ06, CZ08, CZ10, CZ11, CZ13, CZ14 and CZ15, which was further extended by a Small Grant Scheme PO's CZ 02 Ministry of the Environment, CZ04 Ministry of Labour and Social Affairs and CZ11 Ministry of Health. The audit investigation has been closed and the contradictory proceeding is going on.

Audit No FM2/2016/S/002 covering Programme CZ12. There were 4 findings identified in this audit with a medium level of significance. These deficiencies have a modest impact on the functioning of the MCS. AA has evaluated the functioning of the MCS with category 2 (The system is functioning, but certain improvements are needed).

Audit No FM2/2016/S/003 covering Programme CZ09. There were 3 findings identified in this audit, 1 with a high level of significance and 2 findings with a medium level of significance. These deficiencies have a modest impact on the functioning of the MCS. AA has evaluated the functioning of the MCS with category 2 (The system is functioning but certain improvements are needed).

In June 2017 a system audit of management and control systems for EEA/Norway Grants 2009-2014 of the Certifying Authority was started by the AA. No conclusions have been issued yet.

The results of the audits of system will be described in more detail in the 2017 Annual Audit Report.

### 4.2 Compliance with EU legislation, national legislation and the MoU

Please refer to the main report.

## Irregularities

Up to 30 September 2017 in total 89<sup>3</sup> cases of irregularities were discovered, out of which 36 cases were discovered in 2017. 53 irregularity cases have already been closed by the FMO. One irregularity case was reported immediately in 2017 according to the Article 11.4 of the Regulation. It regarded the CZ05 programme (IR-0605).

The manner of irregularities related mainly to errors in payment claims but also cases of deviation from project contract, deviation from public procurement procedures and one case of fraud/corruption (IR-0605) were detected. The suspicion in the case of IR-0605 was not confirmed and the case can be closed. Most cases of irregularities when the particular expenditure has already entered the IFRs are to be solved by reductions of eligible expenditure in next IFRs/Final Balance.

The table below shows 52 irregularity cases which represent new irregularity cases as well as cases which already occurred in the 2016 Strategic Report (cut-off date 31 December 2016), but have not been closed yet or were closed in the period January-September 2017. The cases that were reported as closed in the 2016 Strategic Report are not included (in total 7 cases).

Irregularity No.	Nature of irregularity	Identified by	PRG	Status/Remedy
IR-0306	error in payment claim	PO	CZ06	<b>Closed.</b> Non-eligible expenditure in the amount of 2 512 CZK was deducted in the 8 <sup>th</sup> CZ06 IFR and recovered to the PO. The amount of 14 851,20 CZK was recovered to the PO.
IR-0310	error in payment claim	AA	CZ09	<b>On going.</b> Costs of the state budget, non-eligible expenditure 6 191 CZK were deducted in IFR.
IR-0370	error in payment claim	CA	CZ01	<b>Closed.</b> The irregularity was not confirmed. The case was closed.
IR-0371	error in payment claim	CA	CZ01	<b>On going.</b> Recovery of funds in the amount of 19 925 CZK from the Project Promoter to the CA.
IR-0380	error in payment claim	PO	CZ02	<b>Closed.</b> Non-eligible expenditure in the amount of 295 004 CZK was deducted in the 9 <sup>th</sup> CZ02 IFR. The Programme Partner recovered the amount of 295 004 CZK to the PO. The amount of 551 CZK was deducted from the PP's payment claim.
IR-0494	error in payment claim	CA	CZ15	<b>Closed.</b> The amount of 10 600 CZK was recovered by the Programme Partner to the PO.
IR-0495	error in payment claim	CA	CZ15	<b>Closed.</b> The amount of 3 648 CZK was recovered by the Programme Partner to the PO.
IR-0520	deviation from project contract - <b>immediate reporting</b>	Program Partner	CZ11	<b>On going.</b> The case is under the Tax Office investigation with no existing conclusions so far.
IR-0525	error in payment claim	PO	CZ07	<b>Closed.</b> Non-eligible expenditure was deducted in the 10 <sup>th</sup> CZ07 IFR.
IR-0526	error in payment claim	PO	CZ11	<b>On going.</b> The Project Promoter will have to recover 100 % of the amount of irregularity (4 672 CZK).
IR-0527	error in payment claim	PO	CZ06	<b>Closed.</b> The payment claim of the Project Promoter was cut down by 1 666 CZK. The non-eligible expenditure was deducted in the 10 <sup>th</sup> CZ06 IFR.

<sup>3</sup> The number of cases includes the case of irregularity IR-0143 reported to the FMO as „fraud/corruption“ which was removed from DoRIS in order to be further examined by the FMO. That is why the number of cases in DoRIS equals 88.

Irregularity No.	Nature of irregularity	Identified by	PRG	Status/Remedy
IR-0528	error in payment claim	PO	CZ06	<b>Closed.</b> The payment claim of the Project Promoter was cut down by 746 CZK. Non eligible expenditure was deducted in the 10 <sup>th</sup> CZ06 IFR.
IR-0529	error in payment claim	AA	CZ06	<b>Closed.</b> Non-eligible expenditure was deducted in the 10 <sup>th</sup> CZ06 IFR. The Programme Partner recovered the amount of 3 600 CZK to the PO.
IR-0530	error in payment claim	PO	CZ06	<b>Closed.</b> Non eligible expenditure was deducted in the 10 <sup>th</sup> CZ06 IFR. The Project Promoter recovered the amount of 486 CZK to the PO.
IR-0531	deviation from project contract	PO	CZ02	<b>Closed,</b> The amount of 674 820 CZK was reported in the 9th CZ02 IFR as non-eligible. The Project Promoter recovered the amount to the Programme Partner.
IR-0549	deviation from project contract	PO	CZ03	<b>On going.</b> Non-eligible expenditure 161 483 CZK was deducted the 10 <sup>th</sup> CZ03 IFR. The PP will have to recover the amount of irregularity.
IR-0605	fraud/corruption - <b>immediate reporting</b>	PO	CZ05	<b>On going.</b> Possible conflict of interest of the project manager in the predefined project "Campaign against Racism and Hate Violence". The suspicion was not confirmed. The case can be closed.
IR-0608	error in payment claim	FMO	CZ01	<b>Closed.</b> Non-eligible expenditure 119 591 CZK was deducted in the 14 <sup>th</sup> CZ01 IFR.
IR-0614	error in payment claim	PO	CZ11	<b>On going.</b> The Project Promoter was requested to recover 100% of the amount of irregularity (756 CZK).
IR-0615	error in payment claim	PO	CZ11	<b>Closed.</b> The non-eligible expenditure 36 643 CZK was deducted in the 10 <sup>th</sup> CZ11 IFR.
IR-0620	deviation from public procurement procedures	AA	CZ15	<b>On going.</b> The case is under the Tax Office investigation with no existing conclusions so far.
IR-0634	error in payment claim	CA	CZ06	<b>Closed.</b> The non-eligible expenditure was deducted in the 10 <sup>th</sup> CZ06 IFR. The Programme Partner recovered the amount of 5 545 CZK to the PO.
IR-0635	error in payment claim	Program Partner	CZ06	<b>Closed.</b> The non-eligible expenditure was deducted in the 10 <sup>th</sup> CZ06 IFR. The Programme Partner recovered the amount of 89 998 CZK to the PO.
IR-0636	error in payment claim	PO	CZ06	<b>On going.</b> The non-eligible expenditure 4 000 CZK was deducted in PP's payment claim by the PO and reported as non-eligible in the 10th CZ06 IFR.
IR-0637	error in payment claim	PO	CZ06	<b>Closed.</b> The non-eligible expenditure 4 555 CZK was deducted in PP's payment claim by the PO and reported as non-eligible in the 10th CZ06 IFR.
IR-0638	error in payment claim	PO	CZ06	<b>Closed.</b> The non-eligible expenditure 13 862 CZK was deducted in the last payment claim of the PP by the PO and reported as non eligible in the 10 <sup>th</sup> CZ06 IFR.
IR-0639	error in payment claim	PO	CZ06	<b>On going.</b> Reimbursement of the last payment claim will be cut down by the amount of 97 547 CZK by the PO.
IR-0640	deviation from project contract	PO	CZ09	<b>On going.</b> A financial check will be carried out at the Project Promoter by the PO.
IR-0689	error in payment claim	PO	CZ10	<b>In review.</b> The amount of irregularity 5 400 CZK was reported as non-eligible and deducted in the 9 <sup>th</sup> CZ10 IFR. The PP returned the funds to the PO. The



Irregularity No.	Nature of irregularity	Identified by	PRG	Status/Remedy
				case can be closed.
IR-0691	deviation from project contract	PO	CZ11	<b>In review.</b> The case is under Tax Office investigation with no existing conclusions so far.
IR-0692	error in payment claim	PO	CZ11	<b>In review.</b> The case is being solved in line with the Act on Budgetary Rules and the Programme Operator's internal rules for solving irregularities and recoveries.
IR-0693	deviation from public procurement procedures	AA	CZ12	<b>In review.</b> The amount of irregularity 63 636 CZK will be reported as non-eligible costs of the project in the 12 <sup>th</sup> CZ12 IFR and it was deducted from the final payment for the project.
IR-0694	error in payment claim	CA	CZ04	<b>In review.</b> The Programme Partner recovered the amount of irregularity 59 184 CZK to the PO. The case can be closed.
IR-0709	error in payment claim	CA	CZ14	<b>In review.</b> The Programme partner recovered the amount of irregularity 297 CZK to the PO. The case can be closed.
IR-0719	error in payment claim	CA	CZ02	<b>On going.</b> The Programme partner will be requested to recover 100% of relevant expenditures regarding this irregularity (90 CZK).
IR-0720	error in payment claim	PO	CZ02	<b>On going.</b> Reimbursement of the next PP's payment claim was cut down by the amount of 16 521 CZK by the PO. The amount of irregularity will be reported as non-eligible costs of the project in the 12 <sup>th</sup> CZ02 IFR.
IR-0721	error in payment claim	Program Partner	CZ06	<b>In review.</b> The Programme partner recovered the amount of irregularity 25 800 CZK to the PO. The case can be closed.
IR-0722	error in payment claim	CA	CZ06	<b>In review.</b> The amount of irregularity 8 243 CZK will be recovered from the budgetary chapter of the Ministry of Finance to PO's bank account.
IR-0724	deviation from project contract	PO	CZ09	<b>In review.</b> The case is under Tax Office investigation with no existing conclusions so far.
IR-0725	deviation from project contract	PO	CZ09	<b>In review.</b> The case is under Tax Office investigation with no existing conclusions so far.
IR-0726	deviation from project contract	PO	CZ09	<b>In review.</b> The case is under Tax Office investigation with no existing conclusions so far.
IR-0745	error in payment claim	CA	CZ02	<b>In review.</b> Programme Partner used their rights to appeal against the decision and is currently waiting for the statement from the PO.
IR-0746	error in payment claim	CA	CZ02	<b>On going.</b> The amount of irregularity will be reported as non-eligible in the 12 <sup>th</sup> IFR. The budgetary chapter of the Ministry of Finance will recover the amount of 188 672 CZK to the PO.
IR-0747	error in payment claim	CA	CZ02	<b>On going.</b> The amount of irregularity 41 272 CZK will be corrected and reported as non-eligible in the IFR#12.
IR-0774	deviation from public procurement procedures	PO	CZ11	<b>In review.</b> The PO will propose sanction in compliance with the Table defining reduced penalties for breach of budgetary discipline.
IR-0775	deviation from public procurement procedures	PO	CZ04	<b>In review.</b> Final decision regarding sanctions will be made by the Programme Partner.
IR-0776	error in payment claim	CA	CZ04	<b>In review.</b> In the 12 <sup>th</sup> IFR the PO will deduct the

Irregularity No.	Nature of irregularity	Identified by	PRG	Status/Remedy
				amount of irregularity 30 030 CZK from incurred expenditure and report it as non-eligible in May 2017.
IR-0780	error in payment claim	CA	CZ06	<b>In review.</b> The Programme partner recovered 100% of relevant expenditures regarding the irregularity (644 CZK). The case can be closed.
IR-0781	error in payment claim	CA	CZ06	<b>In review.</b> The Programme partner recovered 100% of relevant expenditures regarding this irregularity (150 CZK). The case can be closed.
IR-0782	error in payment claim	PO	CZ06	<b>In review.</b> The amount of irregularity 4 000 CZK will be corrected in IFR#12 and reported as non-eligible in May 2017. The Programme partner recovered 100% of relevant expenditures.
IR-0783	deviation from public procurement procedures	PO	CZ06	<b>In review.</b> The next PO's payment to the PP will be reduced by the amount of 161 094 CZK.
IR-0784	deviation from project contract	PO	CZ09	<b>In review.</b> The Project Promoter recovered the amount of 420 000 CZK to the PO.

Detailed description of each irregularity case is included in **Annex 3**.

#### 4.3 Audit, monitoring, review and evaluation

##### Audit Authority – audits of operations in 2017

The Audit Authority carries out audits of operations in accordance with the Audit plan for 2017 (Annex 4 to the main report). As of 30 September 2017, 11 audits were closed. 4 findings have been identified so far, 3 of which have no financial impact and one with a low financial impact. A detailed description of all the audits will be described in more detail in the 2017 Annual Audit Report.

##### Certifying Authority

The CA carries out each reporting period on-the-spot checks of PO's expenditure within programmes CZ03, CZ07, CZ09 (once a year) and CZ12. The expenditure of the PO = Ministry of Finance is checked by the CA each reporting period either within the Ministry of Finance or in the PO's information system CEDR. The primary aim is to check the PO's actually incurred expenditure relating to Management costs, Fund for bilateral relations, Complementary action and payments to Project promoters. These procedures proved to be effective and the CA will continue to apply them till the end of the implementation of the EEA and Norway Grants 2009-2014.

##### National Focal Point

NFP carried out the on-the-spot monitoring visits of 4 programmes (CZ03, CZ07, CZ09 and CZ12) in 2016. The reports were finalised at the beginning of 2017. No major findings were found, only some minor mostly administrative recommendations were issued in final reports submitted to the NFP.

The evaluation of all programmes is running in 2017 (according to plan in Annex 4 to the main report). All programmes are under review or evaluation (except of programme CZ07 that will be started in November 2017 and summary evaluation that will be realised in 2018) by external company Haskoning DHV. The final reports from evaluations are continuously submitted to the FMO. The results of the reviews/evaluations are presented to the stakeholders or at the final conferences of the relevant programme.

#### 4.4 Information and publicity

For providing information about the EEA and Norway Grants 2009-2014, the Ministry of Finance – as the National Focal Point and Programme Operator of 10 Programmes – uses websites [www.eeagrants.cz](http://www.eeagrants.cz) and [www.norwaygrants.cz](http://www.norwaygrants.cz) where information (in Czech and English) on the EEA and Norway Grants 2009-2014, including the focus on individual programmes, in accordance with the Communication and Design Manual can be found.

The Programme Brochures are continuously published in paper and electronic versions; they can be either download from the websites or read online. In 2017 the brochures about Programme CZ02, CZ04, CZ06 – PA16, CZ11, CZ14 and CZ15 were prepared and published. The brochure for Programme CZ08 is under preparation.

Based on the framework contract for publication of articles in national-wide newspapers with the company Image CZ, the articles informing the general public about EEA and Norway Grants and supported projects are prepared in cooperation with the Project promoters and published in the national-wide newspapers (Deník ČR, Právo) – in 2017 in total 12 articles were published. Another 4 articles will be published by the end of 2017.

The NFP and the Royal Norwegian Embassy in Prague share the information about EEA and Norway Grants through the regular meetings and other channels – emails, newsletters, facebook. As a result of this communication the most important information are published also on their website and other channels.

Publicity and information are further spread and arranged by particular Programme partners who ensure everyday contact with grant applicants / project promoters, prepare and made presentations, establish webpages and ensure consultations of expert problems with foreign partners. They also publish reached results and common activities. Details on information and publicity activities are provided in **Annex 2**.

#### 4.5 Work plan

Please refer to the main report.

### 5 SUMMARY LIST OF ISSUES AND RECOMMENDATIONS

In addition to the lessons learned and recommendations described in the main report, further recommendations were identified:

- **Advance payments** – Audit Authority notes that it will be useful in the future to distinguish advance payments, interim payments and SGS payments that are certified and sent to FMO in IFR in order to be able to separate/stratified them in the population for sampling. In addition, AA recommends setting a uniform advance payment clearance procedure (when the additional payment or deduction from the next payment can be made and in which amount/share, such as the FIFO method etc) in order to keep the justification of these payments for the project realisation and in line with the Regulation.

## **6 ATTACHMENTS TO THE STRATEGIC REPORT**

1. Status of the programmes
2. Publicity activities
3. List of irregularities – Detail description of irregularities
4. Technical Assistance Annual Report 2016 – Update

## ANNEX 1 – STATUS OF THE PROGRAMMES

<b>Programme CZ02</b>	<b>Biodiversity and Ecosystem Services / Environmental Monitoring and Integrated Planning and Control / Adaptation to the Climate Change</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>All of 35 open-call projects, 1 pre-defined project and 47 small-grant-scheme projects were terminated by 30 April 2017. Final reports of projects have been evaluated by the Programme Operator to conclude the programme implementation phase. Within the programme, regular on-site controls of open-call and SGS projects were realized. Final audit controls of open-call projects are still in progress. Final programme conference took place in March 2017. Open call for Bilateral Fund expired in July 2017. Allocation for bilateral initiatives was fully used.</i>
<b>progress towards expected outcomes of programme</b>	<i>Based on evaluation of final reports by the Programme Operator, progress towards the programme outcomes is visible. Reached target values exceeded the plan set in the Programme Agreement as wider range of project goals were set by Project Promoters.</i>
<b>Programme outputs achieved</b>	<i>The programme has already met its planned target values of programme outputs. Their indicators reached higher target value than planned in the Programme Agreement. Three outputs kept to be unfulfilled due to absence of any realized project within these outputs.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>Potential programme risks were monitored by the Programme Operator during the implementation. Based on termination of all realized projects and completion of active phase of the programme, no risk is relevant anymore.</i>
<b>major deviations from plan (programme proposal)</b>	<i>No programme modifications were realized. One modification consisted of re-allocation of financial resources between outcomes (Programme Partner budget and SGS re-granting) was requested. This modification was denied by the FMO.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>As mentioned above, modification of the Programme Agreement was requested. No other modifications are expected as the programme is almost finished.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>Date for submission of applications for bilateral initiatives expired by 31 July 2017. Complete allocation of the Bilateral Fund was committed by approval of last four initiatives (in total, 28 initiatives were approved since beginning of implementation of the Fund). Disbursement is lower (41 %) due to ongoing evaluation of final reports of the initiatives, nevertheless it is expected to increase after approval of all reports.</i>

<b>Programme CZ03</b>	<b>NGO Programme</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>Throughout the first half of the year 2017, the Programme Operator's main focus was on offering assistance to Promoters with providing supporting documents of the Final Reports and also on reviewing the remaining of submitted reports. Total of 230 out of 231 Final Reports of the supported projects under the Czech NGO Programme have been approved by the end of June 2017. The closing programme conference took place in Prague the same month.</i>
<b>progress towards expected outcomes of programme</b>	<i>Supported project activities together with the reached Programme outputs contributed to the expected Programme outcomes. In some cases the target values were several times higher than original expected programme outcomes indicators defined in the programme proposal.</i>
<b>Programme outputs achieved</b>	<i>All projects selected under Open Calls have contributed to each of the Programme outputs and reached 100% of the target values of original expected PRG output indicators.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>The identified risks related mostly to the overall Programme, hence not influencing only the selected specific outcome or output. The PO has succeeded to mitigate number of the identified risks during the implementation period, up to the Programme closure.</i>
<b>major deviations from plan (programme proposal)</b>	<i>Since the last reporting no divergence from the approved plan has taken place.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>Since the previous report, there is no issue to be reported in this respect. The final phase of the Programme has been successfully conducted. The FPR has been submitted to the NFP by the end of September 2017.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>In the area of Bilateral Cooperation, the Programme Operator was able to use the full amount of allocation (170.538 EUR). The overall sum of 4.542.203 CZK was awarded to 22 Measure "b" projects and 14 Measure "a" projects under the Fund for Bilateral Relations.</i>

<b>Programme CZ04</b>	<b>Children and Youth at Risk</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>All projects under the programme except for the pre-defined project (PDP), i.e. two open call projects and eleven small grant scheme (SGS) sub-projects were successfully finished until April 2017. Regular monitoring via monitoring reports and on-site controls continued. Within the Bilateral Fund at Programme Level altogether 8 bilateral initiatives were approved and realized in 2017 leading to almost 100% of the fund commitment. Final Programme conference took place on 1 June 2017 (Children's day) in Prague with more than 100 participants including relevant programme operators from Estonia, Lithuania and Rumania.</i>
<b>progress towards expected outcomes of programme</b>	<i>A significant progress towards programme outcomes was made in 2016 and 2017. All set programme outcomes related to open call projects and small grant scheme sub-projects were successfully reached and some indicators were even exceeded. On the contrary, indicators linked to the pre-defined project were just partially fulfilled and shall not be reached at all.</i>
<b>Programme outputs achieved</b>	<i>All programme outputs except for the outputs relating to PDP were fulfilled in 2016 and some were even overreached. Output indicators connected to SGS sub-projects were overreached also due to realized additional activities in line with art. 6.9 of the Regulation.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>All projects and sub-projects except for the pre-defined project were successfully realized. Nine bilateral initiatives approved under the Bilateral Fund at Programme Level were also successfully realized and the commitment was nearly 100%. However, final disbursement figures will be lower. Based on the above-mentioned, no risk is relevant in the current final stage of the programme.</i>
<b>major deviations from plan (programme proposal)</b>	<i>No programme modifications leading to a change of Programme Agreement were realized. Open call for Bilateral Fund at Programme Level was prolonged until 31 July 2017.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>N/A</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>Altogether 8 out of 9 bilateral initiatives were approved and realized under the open call for Bilateral Fund at programme level – measure "B" in 2017. Three international conferences focused on children and youth at risk, foster care, PRIDE system and children's ombudsman were successfully realized. Several study trips and workshops in Norway and Iceland took place.</i>

Programme CZ05	National, Regional and Local Initiatives to Reduce Inter-group Inequalities and to Promote Social Inclusion
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>The pre-defined project “Campaign against Racism and Hate Violence” was successfully finished in April 2017. All project activities were realized and all project/programme outcomes and outputs were fulfilled and some of them even exceeded original target values. Final project/programme conference was held at the end of April 2017 in Prague. Review of the programme was done in June/July by an external company hired by the Programme Operator evaluating programme relevance, effectiveness and sustainability with very positive results. Final on-the-spot control of the pre-defined project was realized in August and September 2017 with no findings.</i>
<b>progress towards expected outcomes of programme</b>	<i>Altogether 101 institutions (schools, hate free zones, good practice institutions) developed initiatives to strengthen anti-discriminatory measures for groups vulnerable to social and economic exclusion. Attitudes towards ethnic minorities, including Roma were improved via school mediation activities.</i>
<b>Programme outputs achieved</b>	<i>All four programme outputs were successfully achieved. Target values of indicators “Number of video spots aimed at young people under 25, aired nationwide and “Number of local actors in the Ústecký and Moravskoslezský region trained in the processes how to face the racism and hate violence” were even overreached.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>Pre-defined project was effectively finished. However, not all committed funds were used due to delay in tender procedures, efficient use of funds in some activities and other factors influencing programme implementation. Based on the programme status, no risks are relevant any more.</i>
<b>major deviations from plan (programme proposal)</b>	<i>No adjustments of the programme were made in 2017.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>N/A</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>One envisaged bilateral initiative was not realized in 2017 due to political reasons at the Government Agency for Social Inclusion.</i>



<b>Programme CZ06</b>	<b>Cultural Heritage and Contemporary Arts</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>All of the 58 projects have finished their implementation phase by April 2017. 26 projects in PA 17 (out of 30) have completed their administration process and were accepted by the PO. 19 projects including 1 PDP in PA 16 (out of 26) have completed their administration process and were accepted by the PO. Significant complementary action - International Conference on Art Criticism took place in September 2017. The closing programme conference was held in Prague in June 2017.</i>
<b>progress towards expected outcomes of programme</b>	<i>The defined Programme outcomes were achieved by April 2017. 11 projects are still in administration process. Completed projects have helped fulfilling the aims of the cultural policy both at the national and international level.</i>
<b>Programme outputs achieved</b>	<i>The programme has met its planned target values in several programme outputs. The indicators were exceeded than planned in the Programme Agreement. The biggest progress is expected in the “Number of creative workshops (specialized courses, conferences, seminars)” output.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>Risk to the Programme in terms of personnel destabilization with the Programme Partner management structures still exists but the long-term misconduct will not have a major effect on completing the successful implementation of the Programme.</i>
<b>major deviations from plan (programme proposal)</b>	<i>In 2017, the PO suggested 2 Programme modifications to enhance the impact of the Programme, both of which have been approved and formalised through an amendment of the Programme agreement. Project savings of completed projects were reallocated to the Fund for bilateral relations and to the Fund for Complementary Actions.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>Actions put in place to address time risk include the use and constant update of IT system in order to secure speeding up administrative procedures including disbursement of funds and more effective communication among different stakeholders. Skills and qualifications of the PP representative will be attested for the sake of transparency and objective assessment during the investigation that is being conducted by the Ministry of the Interior.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>Funds under measure B were available through a rolling open call till July 2017. In total, 49 initiatives have been approved and implemented since the Open Call was launched in January 2015 till 15 September 2017 with the expenditures eligible till 15 October 2017 and 2 initiatives were refused.</i>

<b>Programme CZ07</b>	<b>Bilateral Scholarship Programme</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>The 1<sup>st</sup> Q 2017 was the closing period of implementation, the Programme finished duly by 30/4/2017. –Focus has been put on final settlement of financial flows, closing administrative measures at national and international levels (DoRIS) and proper reporting (Final Programme Report - FPR). – In late 2017 the programme shall undergo the NFP evaluation (HaskoningDHV).</i>
<b>progress towards expected outcomes of programme</b>	<i>The FPR summarized outcomes achieved. The indicators were mostly reached and even overfilled, especially regarding Outcome 1, “Increased higher education student and staff mobility ...” (95 HE staff exchanges/target 49, 99 students received ECTS credits/target 90). As concerns the Outcome 2 – “Increased and strengthened institutional cooperation at all levels of the education sector ...”, 288 joint products were delivered (target 45) while evidence for future cooperation has been provided in 35 cases (target 14). The number of PhD students (Outcome 1) was slightly lower than expected (46 / target 50).</i>
<b>Programme outputs achieved</b>	<i>Within Outcome 1, the indicator “Number of mobility project applications received by the PO” was 39 (target 44), the indicator “Number of promotional events ...” achieved the value of 113 (target 69) at PRG as well as project level. Within Outcome 2, the output “Mobility Programme for institutional ...” is illustrated by 60 project applications received (target 51) and 277 promo events (target 87) organized. As to joint projects, there were 31 bilateral partnership agreements concluded (target 12), and 51 projects implemented (38 target).</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>The anticipated risks became no more relevant in the closing months. The risks of absorption capacity, commitment and disbursement were eliminated by successful settlement. Also the communication risk has been decreased as the regular meetings with the NFP /open communication with DPPs (webinars) proved to be beneficial. The PO is successfully coping with the risk of administrative capacity, which comes to the fore in the closing phase, accompanied by staff change at the PO in summer 2017.</i>
<b>major deviations from plan (programme proposal)</b>	<i>The Programme schedule had been well-adjusted to the shortened implementation period, no deviations reported. The FPR has been submitted in due time to the FMO.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>Structure of calls and publicity had been adjusted previously to recuperate the start delay. The BF definition was modified previously to enable more applicants to participate. No further adjustments neither provided nor foreseen.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>During the closing months in 2017 no further bilateral events were organized. The PO kept regular contacts with the DPPs especially for collaboration on the FPR.</i>

<b>Programme CZ08</b>	<b>Pilot studies and surveys on CCS technology</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>The programme is by September 2017 in the closing phase; all 4 projects were successfully finished, the last one by April 2017. The very last grants have been awarded (till July) and implemented (till September) from the Fund for bilateral relations. In total, 18 initiatives were supported. Project completion reports (PCRs) are in process and are expected to confirm reaching the indicators/outputs reported in the last interim reports. The closing conference of the CZ08 programme is scheduled for 30 October 2017.</i>
<b>progress towards expected outcomes of programme</b>	<i>The indicators of the 2 outcomes – “Completed surveys ...on CCS” (3 projects) and “Increased knowledge of staff ...and awareness of public in CCS” (1 project) were successfully fulfilled: 35 relevant information sources/documents for CCS decision processing made accessible contracted / 40 delivered, 5 awareness raising campaigns planned / 5 provided.</i>
<b>Programme outputs achieved</b>	<i>The output indicators have been achieved and overfilled as evident from the last interim reports (the completion reports are still in approval progress). - The Output 1 should be reached by at least 3 analysis (10 contracted, 14 provided), the Output 2 by at least 5 awareness events (110 contracted, 138 overfilled).</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>In this phase, no significant risks are relevant. The main programme risk was the limited time for implementation of projects; however, all 4 projects including additional activities were duly completed. As to the absorption capacity risk, the last remaining re-granting amount transferred to the BF was almost allocated to further bilateral initiatives contracted till mid-2017. In total, 18 initiatives were supported.</i>
<b>major deviations from plan (programme proposal)</b>	<i>In the closing phase no further deviations from the plan occurred and no adjustments were necessary.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>No further adjustments are expected. The savings from re-granting (reimbursement) and from unutilized bilateral funds, management and complementary action shall be counted consequently and remain as a minor final unutilized Programme saving. The risks seem to be fully eliminated.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>After the proportional decrease of the BF to 75 283 EUR (due to reallocation to CZ09) the BF was strengthened again by 115 902 EUR from the finally remaining re-granting rest (in mid-2016). The funds were available till 31/7/2017, the initiatives were implemented till 15 September 2017. Finally, 18 initiatives were realized.</i>

Programme CZ09	Czech-Norwegian Research Programme
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<p><i>In 2017 all the 23 research projects and 35 initiatives within the Fund for bilateral relations (BF) finished the implementation and submitted final reports. The programme reached its outcome and fulfilled most of indicators. However, the programme did not comply with the PA condition of 20% of funds into Social and Humanities (S&amp;H) area.</i></p> <p><i>PO organised 3 information meetings with promoters and promoted the Norway Grants at a R&amp;D fair in Brno. In 2017 4 audits (AA, PO, NFP, SAO) verified (or still are verifying) the controlling and financial systems of the CZ09. No major findings identified yet.</i></p>
<b>progress towards expected outcomes of programme</b>	<p><i>The Outcome indicator “Number of cooperating research institutions ...in supported projects” (target value 50) has reached its final value (44 entities within the 23 projects, 26–CR,17–NO,1–SUI), however, some institutions were involved repeatedly but counted as one occurrence.</i></p>
<b>Programme outputs achieved</b>	<p><i>The main Outcome is composed of 3 outputs. The targeted 40 supported research projects are not approached with the number of 23 but in addition the 35 bilateral initiatives were supported as well after all. The targeted indicators (20) aimed at young researchers 317 Ph.D.s (112 R&amp;D) plus 222 postdocs (90 R&amp;D) and female 661 (206 R&amp;D) are met. The number of internationally referred scientific publications (40) is approached in number of 232 (R&amp;D). These results will be presented at the final conference on 7 November 2017.</i></p>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<p><i>As the main risk the PO personnel capacity still persists – several fluctuations happened since late 2016. Smooth communication with the NFP proceeded duly (2 meetings). The National Information System of RD&amp;I operates again.</i></p>
<b>major deviations from plan (programme proposal)</b>	<p><i>No major deviations occurred in the closing period.</i></p>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<p><i>Administration of research projects finalization is a bit behind the schedule. Numerous audits and solving projects closing issues are slowing down the PO’s work.</i></p>
<b>the use of funds for bilateral relations at programme level</b>	<p><i>The BF was increased by unspent leftovers of 699 084 EUR from other budget headings. The call (Measure II) was accomplished on 20 January 2017. 99,8% of the call was allocated and 77,8% were disbursed. 42 applications were submitted, 35 were supported.</i></p>

<b>Programme CZ10</b>	<b>Capacity Building and Institutional Cooperation with Norwegian public institutions, local and regional authorities</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>Component 2, approved in October 2016, had to be extended till 31.7.2017 (with eligibility date 30 April 2017) due to protractions in tender procedure for HW which resulted in non-realistic time schedule of the contract execution, when majority of equipment could not have been delivered before 30 April 2017 and thus financed from the grant. Component 2 was thus completed within the extended period with 95% of HW delivered (5% was subject to a claim and was taken over only in Sep 2017). SW licences were delivered and its major part implemented by April 2017, with subsequent training of users in June 2017.</i>
<b>progress towards expected outcomes of programme</b>	<i>In 2017, the capacity for the fight against corruption and financial crime of the Police of the CR and the Financial Analytical Office has been enhanced. FAO received necessary instruments for efficient searching, mining and tracking of information both, in structured or non-structured form. Indeed, this shall accelerate investigations of relevant criminal cases and increase the number and relevance of the body of evidence. The Police forensic analysis capacity has been improved through tools and technical means for decryption.</i>
<b>Programme outputs achieved</b>	<i>Number of trained staff with strengthened technical capacity was exceeded by 26%. The training on SW took place in June 2017 (38 persons were trained - administrators, analysts -users). Trainings are also to be carried out after the project completion, so as to ensure maximum exploitation of the system and its fine-tuning during warranty period of the contract.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>The main risk related to timely completion of contracts for HW and SW, their eligibility for financing from the grant and fulfilment of Comp.2 objectives. As evident from available documents presented during the final audit of the project, HW was delivered only by 31 July 2017 (95%), 5% even later. In consequence, all related costs (ca 569 648 EUR) will be paid from the state budget. On the other hand, the FAO managed to contract the SW, which was delivered and put into operation by April 2017.</i>
<b>major deviations from plan (programme proposal)</b>	<i>As described above the major deviation from plan related to delayed procurement of HW and SW within Comp.2.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>Two modifications were made in order to eliminate the risk of non-achievement of Comp.2 objectives. First, the TA for finalisation of the terms of reference for SW tender was approved as eligible within the project (February 2017); further on, project extension by 31 July 2017 was approved in April 2017.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>N/A</i>

Programme CZ11	Public Health Initiatives
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>In 2017, implementation of all projects except of 1 sub-project which is in insolvency (CZ11/MGS/046) was finished. Implementation of one project was extended till 31 July 2017 in order to fulfil indicator related to number of patients treated in the day care center. Projects were regularly monitored via monitoring reports and on-site controls realised by Programme Operator (PO). On 23 February final publicity conference of the Programme took place in Prague. Furthermore, on 12 September 2017 conference focused on contribution of Norway grants towards Mental Health Care reform in the CR was held.</i>
<b>progress towards expected outcomes of programme</b>	<i>Outcomes' indicators have been reached or overreached. There were reported 8 310 patients benefiting from the improved mental health services. There was also reported realization of 7 activities leading to the reduction of child injuries, 60 845 children benefiting from the improved preventive activities and 12 activities leading to both the improvement of diagnostics of rare diseases and the care for patients with rare diseases.</i>
<b>Programme outputs achieved</b>	<i>Within the output Comprehensive rehabilitation system in the mental hospitals implemented indicator reached value 26. There were 48 programmes focused on the de-institutionalization and de-stigmatization created and implemented by NGOs. Indicator of the output Primary and secondary prevention focused on reduction of after effects of diseases, injuries and health problems in child age developed reached value 25. Thus, several outputs have reached higher target value than was planned in the PA. There were established 2 national centres in the field of health care for children. Output "NGO activities in the field of care for children (injury prevention, prevention of aftereffects of health problems and diseases in the child age) and the area of care for patients with rare diseases developed" reached value 16.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>There was detected a risk of delays in the process of interim and final reports control of sub-projects under the Small Grant Scheme (SGS). As a mitigation measure, there were hired two external employees for reports control by PO of SGS as well as there was approved extension of eligibility period from 30 Sep 2017 to 30 Nov 2017 by Programme Operator of the CZ11 (MoF) in order to complete administration and approval of final sub-projects reports.</i>
<b>major deviations from plan (programme proposal)</b>	<i>There were no major deviations during the monitoring period.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>There was no need for adjustments.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>In 2017, 7 bilateral initiatives were approved and implemented.</i>

<b>Programme CZ12</b>	<b>Mainstreaming of Gender Equality and Promotion of Work-Life Balance / Domestic and Gender-based Violence</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>There were 55 supported projects in total from the programme. The amount disbursed is € 5 424 993 (147 971 316 CZK), out of which 28 projects targeted equal opportunities for women and men and 27 projects targeted domestic and gender-based violence. Throughout the first half of the year 2017, the Programme Operator's main focus was to bring to a close the rest of the projects (supported from large grants mainly), which gave off their Final reports in December 2016/ January 2017.</i>
<b>progress towards expected outcomes of programme</b>	<i>Although the interest of the Applicants in the programme's outcomes have differed since the beginning of the programme, the outputs of the programme are more or less successful and all the selected projects contribute to the programme outputs, as well as being in line with the expected programme outcomes.</i>
<b>Programme outputs achieved</b>	<i>All the projects were in line with the expected programme outcomes and have regularly contributed to established programme outputs. The projects' prolongation was beneficial in many ways; mainly it helped to complete the activities over a longer time period and to focus on successful activities and their publicity. Moreover, project monitoring shows that some projects exceeded expectations and their defined outputs were expanded.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>All the possible risks identified within the cohesion (programme) outcomes were diminished in 2016.</i>
<b>major deviations from plan (programme proposal)</b>	<i>Several proposals for modification of the Programme Agreement were sent to the FMO (mainly taking into consideration interest of applicants in outcomes and its influence on outcomes' final allocation). These changes had no major impact on the final programme proposal.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>Not relevant for 2017.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>There were 28 projects supported within the Fund for Bilateral Relations (measure B) in total. Another 4 applications were refused due to the eligibility control within whole period of programme. PO organized a study visit on equal opportunities to Oslo in April 2017 in order to disburse the allocation of the Fund – representatives of 9 Project Promoters attended this visit. In addition, PO agreed to take over the task of the PO for CZ13 to publish a book on work with persons who use violence in close relationships. The Norwegian NGO Alternative Til Vold was responsible for preparation its content and final edition. The book will be launched at final conference of the programme in November 2017.</i>

<b>Programme CZ13</b>	<b>Domestic and Gender-based Violence / Mainstreaming of Gender Equality and Promotion of Work-Life Balance</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>PDP project has finished its implementation phase by April 2017. After delay during the implementation year 2016, Programme CZ13 has progressed very significantly during next months and all activities reached the main Programme outcomes. Work-life balance campaign and domestic violence prevention campaign were realized. The closing programme conference was held in Prague in April 2017.</i>
<b>progress towards expected outcomes of programme</b>	<i>Both outcomes (Balance between work, private and family life improved and Domestic violence reduced) were achieved with completion of pre-defined project by April 2017.</i>
<b>Programme outputs achieved</b>	<i>In 2017 the following activities were realized: the media campaign on Work-life balance and domestic violence prevention was realized and TV spots screened on public media, participation of the Czech delegation at the 61st session of the Commission on the Status of Women, some conferences and 14 seminars were held in all regions of the Czech republic.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>Two main risk factors causing the significant delay in implementation were identified: complicated administration process of public procurements and personal changes at the Gender Equality Unit. Programme is still in administration process. Financial absorption of programme CZ13 – only 36 % of allocated budget was used.</i>
<b>major deviations from plan (programme proposal)</b>	<i>All objectives set in the programme proposal were fulfilled.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>No programme modifications were realized.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>The Third Call for Proposals within Bilateral Fund at the Programme level – Measure B (BFB) expired by 31 July 2017. There was not submitted any application.</i>



<b>Programme CZ14</b>	<b>Schengen Cooperation and Fight Against Cross-border and Organized Crime, including Illicit Trafficking and Itinerant Criminal Groups</b>
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>Realization of all pre-defined projects was finished by April 2017. Some of the projects (PDP5, PDP3) were technically finished by the end of 2016. The original extent of the projects was fulfilled, all public procurements were completed. Additional activities (PDP1, PDP4, and PDP6) were also successfully completed by 30 April 2017. Closing programme conference took place on 9 March 2017 in Prague.</i>
<b>progress towards expected outcomes of programme</b>	<i>All Programme outcomes were fulfilled, 2 out of 3 outcomes were even exceeded – number of travellers controlled by eGates (target 340 000, currently 1 000 000), eGates in operation (target 10, currently 17).</i>
<b>Programme outputs achieved</b>	<i>Related to the Programme outputs, all of them were fulfilled in 2016, except for one – 40 out of 50 police officers took part in work visits. Remaining 10 police officers attended work visits organized until April 2017. All programme outputs were successfully fulfilled.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>At the beginning of the Programme realization period, the procurements (tender procedures) were identified as the main risk. All major public procurements were completed; therefore the risk exists no longer. Tenders related to the additional activities were also completed by 30 April 2017. The objectives set out in the PA were accomplished.</i>
<b>major deviations from plan (programme proposal)</b>	<i>A major (and the only one) deviation consists in the prolongation of the project implementation period of all projects within the Programme until 30 April 2017. However, no deviation arose in 2017.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>There was no need for major adjustments by September 2017. The PDPs were implemented according to the plan after the prolongation of the implementation period. A very minor amendment to the Programme Agreement was adopted in March 2017 – a transfer of EUR 18 000 from the Complementary Action to the Bilateral fund, measure B (BFB).</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>The call for proposals for grants under the Fund for bilateral relations, measure B (BFB), was announced in February 2015. 4 BFB initiatives (6 activities – work visits) were approved by the Programme Operator by July 2017. The fourth initiative (PDP6) was approved in June 2016 and realized by 15 September 2017.</i>  <i>Approximately 60% of the BFB allocation will be disbursed.</i>

Programme CZ15	Capacity Building and Cooperation in Justice / Correctional Services including Non-custodial Sanctions
<b>overall progress - Programme implementation (incl. projects implementation)</b>	<i>All projects were extended till 04/2017 in order to remedy delays or to allow for use of savings. Two projects (PDP4 and PDP6) had to be further extended beyond this deadline due to delays in tendering and execution of construction works. PDP4 was finished in 06/52017 and PDP6 in 07/2017.</i>
<b>progress towards expected outcomes of programme</b>	<i>Despite delays which had negative influence on the progress towards fulfilment of programme outcomes in previous years, all planned outcomes were fulfilled following successful completion of individual projects. Related indicators were achieved.</i>
<b>Programme outputs achieved</b>	<i>Programme outputs were fulfilled; related indicators were achieved or even exceeded in several cases.</i>
<b>potential risks that may threaten the achievement of the objectives set out in the Programmes</b>	<i>The main programme risk, as mentioned throughout the programme implementation, was the time risk. The main risk mitigation was extension of deadline for projects completion till 04/2017. In spite the extension two projects had difficulties to meet this deadline and had to be extended till 06/2017 (PDP4) and 07/2017 (PDP6). Extension allowed for successful completion of all projects and achievement of programme objectives.</i>
<b>major deviations from plan (programme proposal)</b>	<i>As regards the substantive content of the Programme, no deviations have been identified throughout programme implementation and objectives set in the programme proposal were fulfilled.</i>
<b>the need for adjustments of programme plans, including actions for risk mitigation</b>	<i>The programme was modified in connection with reallocation of savings from outcome “Improved efficiency of the court systems, including the development of systems for case handling” to bilateral fund at programme level. The modified Annex I and II to PA entered into force on 17 July 2017.</i>
<b>the use of funds for bilateral relations at programme level</b>	<i>Implementation of Bilateral fund at programme level – measure B was extended till 09/2017. In 2017 another 4 initiatives were realised. The allocation of the fund was increased by 100 000 EUR in order to satisfy all requests of the applicants. Altogether 10 initiatives were implemented within the fund and expected drawing of funds is approx. 97% (the final reports have not been finished yet).</i>

## ANNEX 2 – PUBLICITY ACTIVITIES IN 2017 (January – September)

In 2017 several Programme Closing Conferences were held / are planned. The Ministry of Finance – the NFP and Programme Operators informed about these events, incl. photos on the website ([www.eeagrants.cz](http://www.eeagrants.cz) and [www.norwaygrants.cz](http://www.norwaygrants.cz)) and through the social media, mainly through the Facebook.

**Table: Attendance analysis of websites for period 1 January – 30 September 2017**

Number of sessions	Number of users	User's Country	The busiest days	Avg. session duration
26 935	14 275	Czech Republic 89,24%	18 September 2017 – 1 281 sessions	2 min 43 s
Avg. number of pages visited per session	Returning visitors	Norway 1,87%	14 September 2017 – 1 008 sessions	
4,14	50,6%	Slovakia 1,27%		

As the example of the cooperation with Project Promoters the Ministry of Finance publishes the articles about supported projects in two nation-wide newspapers (Deník ČR and Právo). In total 12 articles were published in the year 2017, another 4 articles will be published by the end of 2017.

The Ministry of Finance, as the NFP and PO, also uses social media (Facebook) for promotional purposes where information is added continuously, including photos and video recordings. This mainly involves information relating to prepared/completed events, etc. The Facebook page has little over 1 thousand followers.

The NFP and PO – Ministry of Finance is supplied with the promotional materials with EEA and Norway Grants logos (notebooks, bags, paper folders and pens), which are used in seminars, conferences and workshops as part of the promotion of the EEA and Norway Grants. It also prepares thematical promotional gifts that are distributed at the Final conferences of programmes.

Financial Mechanism Office introduced new logos for the EEA and Norway Grants. New logos must be used for all new promotional materials and publications. It is possible to use old logos on already prepared promotional materials, roll-ups or publications, but until 31 October 2017 at the latest.

### Publicity activities within programmes (Programme Operator / Programme Partner)

**Programme CZ01 – Technical Assistance and Fund for Bilateral Relations at national level** (Ministry of Finance / NFP)

There are no special publicity activities related to the Fund for Bilateral Relations at national level or the EEA / Norway Grants 2009-2014 as a whole.

**Programme CZ02 – Environment** (Ministry of Finance / Ministry of Environment)

The Closing Conference of the Programme CZ02 was held on 28 March 2017.

The brochure related to Programme CZ02 was published (in Czech and in English) as well as 4 articles related to the projects supported under CZ02.

**Programme CZ03 - Non-Governmental Organizations** (Civil Society Development Foundation)

The Closing Conference of Programme CZ03 was held on 14 June 2017.

More information about the Programme and Project outcomes are published on website <http://www.fondnno.cz/en/>. The same website has also the calendar, where information about projects cultural and media events as exhibitions, concerts or press conferences and interviews have been regularly updated. Programme and Project information were also published in many online and printed media.

**Programme CZ04 - Children and Youth at Risk** (Ministry of Finance / Ministry of Labour and Social Affairs)

General information are also published through the programme partner's national campaign "*The Right to Childhood*" administered by the Ministry of Labour and Social Affairs. Also one article related to CZ04 was published in national-wide newspapers.

The publicity activities focused mostly on the event of the Closing Conference of the Programme held in Prague on 1 June 2017. Information about the event was published (including presentations and photos) on the [www.eeagrants.cz](http://www.eeagrants.cz).

For further promotion and before the conference, a brochure about the programme and its results was published and distributed to the public and the project promoters.

Bilateral activities supported in 2017 by the Fund for bilateral relations at programme level were promoted and informed about on Facebook.

**Programme CZ05 - National, Regional, Local Initiatives to Reduce Inter-Group Inequalities and to Promote Social Inclusion** (Ministry of Finance)

The Closing Conference of the project and the entire Programme was organized on 25 April 2017 by the Office of the Government and the Ministry of Finance and summarized the results of the Programme and gained experience. Publications about inclusive education created in 2016 (supported by the Fund for bilateral relations at national level) were distributed to the participating experts.

**Programme CZ06 – Culture** (Ministry of Finance / Ministry of Culture)

The cultural programme, supported by EEA grants, is very rich – involves performances, exhibitions, concerts, visits of cultural heritage etc. The invitations on these actions (funded by the Fund for bilateral relations) have been posted through Facebook. Also follow-up and events in the restored monuments are promoted on Facebook to support sustainability of the use of the cultural heritage. NFP always try to make clear the connection between the EEA grants and each of the cultural activities.

The publicity efforts focused on the organization of the Closing Conference of the Programme held on 21 June 2017. More information about the event is available on [www.eeagrants.cz](http://www.eeagrants.cz). For the purpose of the conference a 20-minute video showing results of the selected projects and the programme was created and screened during the closing conference.

For further promotion of the results of the programme additional brochure on the results in the area of cultural heritage was created in Czech and English. Both brochures (brochure related to contemporary art was created already in 2016) were distributed to project promoters and other experts working in the respective fields of culture.

The article about the Closing Conference and the programme results was published in national-wide newspapers as well as article related to supported project in St. Agnes Convent and article promoting activities supported by the Fund for bilateral relations at programme level. The results of the programme were also promoted by the Ministry of Culture in expert cultural magazines.

**Programme CZ07 - Scholarship Programme** (Dům zahraniční spolupráce - Centre for International Cooperation in Education / Ministry of Education, Youth and Sport)

This programme was completed.

**Programme CZ08 - Carbon Capture and Storage** (Ministry of Finance/ Ministry of the Environment)

The Closing Conference of the CZ08 Programme will take place on 30 October 2017. In connection to it the brochure about the results of Programme CZ08 will be printed and two articles to be published in national-wide newspapers will be prepared.

**Programme CZ09 - Czech-Norwegian Research Programme** (Ministry of Education, Youth and Sports)

The Closing Conference of the CZ09 Programme will take place on 7 November 2017.

**Programme CZ10 - Capacity Building and Institutional Cooperation** (Ministry of Finance)

This programme was completed.

**Programme CZ11 - Public Health** (Ministry of Finance / Ministry of Health)

The Closing Conference of the Programme CZ11 was held on 23 February 2017 and article about its results was published in national-wide newspapers.

The brochure related to Programme CZ11 was published (in Czech and in English) and distributed at the conference.

Within the bilateral relations at programmes level also a conference focused on contribution of Norway grants towards Mental Health Care reform in the Czech Republic was held on 12 September 2017. The main goal of the conference was to share experiences of the project promoters, challenges and best practise among all relevant stakeholders in order to reflect on the lessons learned and possibly implement them in initial phase of the forthcoming reform. Panel discussions have provided a place for interconnection of outputs of projects with the policy making level as well as with relevant experts from Norway and European Commission. Programme Operator has received many positive feedbacks from participants, among others, stressing the unique character of the conference in sharing ideas and promoting discussion among such wide range of psychiatric care stakeholders.

**Programme CZ12 - Let's give (wo)men a chance** (Open Society Fund)

The Closing Conference of the CZ12 Programme will take place on 7 – 8 November 2017.

**Programme CZ13 - Domestic and Gender-based Violence** (Ministry of Finance)

Updates and several campaign features were promoted through the social media. TV spots run on national TV in line with the pre-defined project. The website of the Programme <http://www.tojеровnost.cz/> was launched.

The closing conference of the project and the entire Programme was organized on 20 April 2017 by the Office of the Government and the Ministry of Finance. The conference presented the outputs of the Programme.

**Programme CZ14 - Schengen Cooperation** (Ministry of Finance / Ministry of Interior)

The Closing Conference of the Programme CZ14 was held on 9 March 2017 and article about its results was published in national-wide newspapers.

The brochure related to Programme CZ14 was published (in Czech and in English) and distributed at the conference.

**Programme CZ15 - Cooperation in Justice** (Ministry of Finance / Ministry of Justice)

The Closing Conference of the Programme was held on 26 September 2017.

The brochure related to Programme CZ15 was published (in Czech and in English) as well as 1 article in national-wide newspapers. Another article is under preparation.

### Plans in publicity and information

The National Focal Point will continue with the campaign focusing on supported projects in daily printed media Deník ČR and Právo. Another four articles in the newspaper will be published by the end of 2017.

#### **Planned events:**

30 October 2017 – Closing Conference of the CZ08 Programme

7 November 2017 – Closing Conference of the CZ09 Programme

7 – 8 November 2017 – Closing Conference of the CZ12 Programme

## ANNEX 3 – LIST OF IRREGULARITIES

### Detail description of irregularities

The irregularity (**case IR-0306**) in the CZ06 programme was reported in October 2015 by the Programme Operator. The PO detected two suspected cases of irregularities within the project No. EHP-CZ06-PDP-1-001-2014. First, during the on-the-spot monitoring check a duplicate reporting of working hours of the Project Promoter's employee was detected in the total amount of 3 139,57 CZK/the grant part 2 511,66 CZK which was claimed for reimbursement in the Monitoring report No. 1 (approx. 116 EUR/the grant part 93 EUR using the January 2016 monthly exchange rate 27,029 CZK/EUR). Second, based on the Project Promoter's information it was detected that an invoice for technical assistance paid by the Project Promoter in the total amount of 18 564 CZK/the grant part 14 851,20 CZK (approx. 687 EUR/the grant part 550 EUR using the January 2016 monthly exchange rate 27,029 CZK/EUR) was requested for reimbursement in two Monitoring reports. As a consequence, the amount of 2 511,66 CZK was returned to the PO's bank account on 13th April 2016 and the amount of 2 512 CZK was corrected in the IFR#8 and reported as non-eligible (93 EUR). Second, the amount of 14 851,20 CZK was returned to the PO's bank account on 13th April, 2016. This amount was not included in any IFR and so no deduction in the IFR is needed. The case was closed.

The irregularity (**case IR-0310**) in the CZ09 programme was reported in November 2015 by the Audit Authority. Based on the AA's report there was a wrong calculation of salaries of PO employees. The PO reported to the FMO a forecast of the December 2013 salaries and not the actually spent expenditures. These expenditures were reported to the FMO within the PO's Management costs in the Reporting of actual incurred expenditure No.1. The total amount of 7 283 CZK/the grant part 6 190,55 CZK (269,45 EUR/the grant part 229,03 EUR using the January 2016 monthly exchange rate 27,029 CZK/EUR) was corrected in the Reporting of actual incurred expenditure #4 and reported as non-eligible in January 2016.

The irregularity (**case IR-0370**) in the CZ01 programme was reported in February 2016. Based on the check of expenditure related to the initiative of the Project Promoter Czech Globe of the Academy of Science during 11th CZ01 certification the CA raised questions regarding publicity and per diems. The CA received clarifications in November 2016 and the irregularity was not confirmed. The case was closed.

The irregularity (**case IR-0371**) in the CZ01 programme was reported in February 2016 by an internal letter of the Certifying Authority to the CZ01 PO. The suspicion was discovered by the CA during certification of expenditure related to the 11th CZ01 IFR. The project promoter included in their payment claim full amount of the food allowance related to their expert's study trip even though full pension was provided within the accommodation – the requested amount should have been shortened by 75 % in that case. The suspected case of irregularity amounts to 19 294,89 CZK / approx. 713 EUR (using May 2016 monthly exchange rate 27,045 CZK/EUR). The Tax Office confirmed the amount of irregularity (19 295 CZK) and the Project Promoter is obliged to recover the funds to the CA.

The irregularity (**case IR-0380**) in the CZ02 programme was firstly reported in May 2016 by the Programme Operator. This irregularity case consists of 4 irregularities: 1. Within the travel expenses of foreign partner's study trip the expenditure for an air ticket of a person who didn't take part in it was included. This to the PP already reimbursed expenditure is non-eligible. 2. Within the first monitoring report a Project Promoter claimed for reimbursement of 36 computers of special equipment for measuring. In the tender documentation there were 33 computers requested. The expenditures for the differences (3 computers) are non-eligible. 3. Public procurement of evaluation on the bids of a small-scale tender was non-transparent. 4. It was detected that expenditure for financial transaction was requested for reimbursement. The expenditures for travel insurance are non-eligible. The non-eligible

expenditure regarding first three cases in the amount of 295 004 CZK (10 908 EUR) was corrected in the 9<sup>th</sup> CZ02 IFR and was recovered by the Programme Partner to the PO. As for the fourth case, the amount of 551 CZK (20,79 EUR) was deducted from the Project Promoter's payment claim. The case was closed.

The irregularity (**case IR-0494**) in the CZ15 programme was firstly reported in May 2016 by the Certifying Authority. During the certification process it was detected that the expenditures related to the business trip (the air ticket) incurred by the Programme partner were non-eligible. Within the expenditure checked an air ticket amounting to 10 600 CZK (392,29 EUR using February 2016 monthly exchange rate 27,021 CZK/EUR) for a person who didn't take part in the relevant business trip – Contact seminar in Norway was identified. The Programme Partner recovered the amount of irregularity to the PO. The expenditure did not enter the IFR. The case was closed.

The irregularity (**case IR-0495**) in the CZ15 programme was firstly reported in May 2016 by the Certifying Authority. During the certification process it was detected that the expenditures related to the accommodation incurred by the Programme partner were non-eligible. It regards the expenditure on accommodation in the total amount of 3 648 CZK (134,74 EUR using April 2016 monthly exchange rate 27,075 CZK/EUR) for the person, who didn't take part in the relevant study visit to Norway. The Programme Partner recovered the amount of irregularity to the PO. The expenditure did not enter the IFR. The case was closed.

The irregularity (**case IR-0520**) in the CZ11 programme was firstly reported in October 2016 by the Programme Partner and reported as immediate irregularity to the FMO in November 2016. The Programme Partner received information about insolvency of the Project Promoter that implements the project CZ11-0084 (MGS/046). Based on this fact the Programme Partner intended to conduct an on-the-spot monitoring visit (on 21st March 2016) to check the situation but the Project Promoter was not present at the address given. This finding led to a suspicion of breach of budgetary discipline set in the Decision to grant a subsidy so the case was handed over to the Tax Office to be investigated and solved. The amount that was already disbursed to the Project Promoter is 823 122 CZK which is an equivalent of 30 445 EUR. The case is under the Tax Office investigation with no existing conclusions so far.

The irregularity (**case IR-0525**) in the CZ07 programme was firstly reported in October 2016 by the PO. The expenditure reported in the 6<sup>th</sup> IFR within the management costs of the PO included exchange losses which are non-eligible according to the article 7.6.2(d) of the Regulation. The irregularity was detected during the 9<sup>th</sup> certification of the CZ07 programme. The amount of irregularity was confirmed and it amounts to 3 268,56 CZK (approximately 121 EUR using the September 2016 monthly exchange rate). 89,4786 % of the amount (2 925 CZK/approx. 108 EUR) is covered by the EEA/Norwegian FM and 10,5214 % (344 CZK/approx. 13 EUR) is covered by the programme co-financing. The amount of irregularity was deducted in the 10<sup>th</sup> CZ07 IFR and reported as non-eligible in September 2016. The case was closed.

The irregularity (**case IR-0526**) in the CZ11 programme was firstly reported in November 2016 by the PO. During the on-the-spot monitoring check an incorrect calculation of overhead expenditure was detected. The Project Promoter did not fulfil the obligation set in Guidelines of the NFP on Eligible Expenditures to choose one from two possible methods of calculating overhead expenditures and infringed the provisions set in the Guidelines of the NFP on Eligible Expenditures – EEA and Norway Grants 2009-2014, Article 2.2. The amount that was wrongly calculated was 4 672 CZK (grant part) which equals to 173 EUR (using September monthly exchange rate 27,025 CZK/EUR). The amount of irregularity was reported as incurred expenditure in IFR#8 in March 2016. The Project Promoter will have to recover 100 % of the amount of irregularity. As long as the irregularity turns out to be an actual case of irregularity the expenditure will be reported in the IFR as non-eligible.



The irregularity (case **IR-0527**) in the CZ06 programme was firstly reported in June 2016 by the PO. During an on-the-spot monitoring check duplicate reporting of the expenditures regarding a business trip in the total amount of 1 851,21 CZK (the grant part 1 666 CZK is 90% of the total amount) was detected. The expenditure in the amount of 1 666 CZK was reimbursed to the Project Promoter and was reported to the FMO within the IFR#8. The total amount that was corrected in the IFR#10 and reported as non-eligible in September 2016 is 1 666 CZK. The Euro equivalent amounts to 62 EUR (using the September monthly exchange rate 27,025 CZK/EUR). The 5<sup>th</sup> payment claim of the Project Promoter was cut down by the amount of the irregularity. The case was closed.

The irregularity (case **IR-0528**) in the CZ06 programme was firstly reported in September 2016 by the PO. During the on-the-spot monitoring check it was detected that an expenditure amounting to 745,60 CZK did not enter in the Programme Promoter's accounting system. The expenditure in the amount of 745,60 CZK was reimbursed to the Programme Partner within the first four payment claims and was reported to the FMO within the relevant IFR's. The total amount that was corrected in the IFR#10 and reported as non-eligible in September 2016 is 746 CZK (grant part). The Euro equivalent amounts to 28 EUR (using the September monthly exchange rate 27,025 CZK/EUR). The payment claim of the Project Promoter was cut down by the amount of the irregularity. The case was closed.

The irregularity (case **IR-0529**) in the CZ06 programme was firstly reported in August 2016 by the Audit Authority. A disproportionate price of translation was detected by the Audit Authority. The expenditure regarding the irregularity and relating to the Programme Management costs was reported to the FMO within the IFR#6. The total amount that was corrected in the IFR#10 and reported as non-eligible in September 2016 is 3 600 CZK. The Euro equivalent amounts to 133 EUR (using the September monthly exchange rate 27,025 CZK/EUR). The Programme Partner recovered the amount of 3 600 CZK to the PO. The case was closed.

The irregularity (case **IR-0530**) in the CZ06 programme was firstly reported in July 2016 by the PO. During the on-the-spot monitoring check it was detected that within their payment claim the Project Promoter requested non-eligible expenditure related to staff costs in the amount of 540 CZK (the grant part which is 90% amounts to 486 CZK). The expenditure in the amount of 486 CZK was reimbursed to the Programme Partner and was reported to the FMO within the IFR#8. The total amount that was corrected in the IFR#10 and reported as non-eligible in September 2016 is 486 CZK. The Euro equivalent amounts to 18 EUR (using the September monthly exchange rate 27,025 CZK/EUR). The Project Promoter recovered the amount of 486 CZK to the PO. The case was closed.

The irregularity (case **IR-0531**) in the CZ02 programme was firstly reported in August 2016 by the PO. Project Promoter withdrew from the SGS project. The SGS project was cancelled based on the Project Promoter's request. The amount of 674 820 CZK (grant part) / 24 952 EUR (using May 2016 monthly exchange rate) as an advance payment was disbursed to the Project Promoter in September 2015. This payment was reported to the FMO within the IFR#7. The amount of 674 820 CZK was recovered by the Project Promoter to the Programme Partner. Within the IFR#9 the amount of 674 820 CZK/ 24 952 EUR was reported as non-eligible. The case was closed.

The irregularity (case **IR-0549**) in the CZ03 programme was firstly reported in November 2016 by the PO. The Project Promoter went bankrupt and was not able to present valid Final Project Report. The Programme Operator proceeded in accordance with the Grant Contract and conducted final reconciliation of the Project financing based on documentation available, particularly Interim Project Report. This case is the actual irregularity in the amount of 161 483 CZK (5 975 EUR using September 2016 monthly exchange rate - 27,025 CZK/EUR) representing the amount of EEA FM funding, requested by the Programme Operator, not returned by the Project Promoter. The Project Promoter was unable, to the extent of this amount, to supply documents supporting the use of provided funds. The irregularity was confirmed once the sum requested from the Project Promoter was not collected until the stated

deadline. So far the Programme Operator has registered the respective claim into the insolvency proceeding conducted towards the Project Promoter. The amount of 161 483 CZK was reported as non-eligible in September 2016 within the IFR#10.

The suspected case of irregularity (case **IR-0605**) in the CZ05 programme was firstly reported in February 2017 by the PO. It was reported immediately in February 2017 by the CA to the FMO according to the Article 11.4 of the Regulation. Possible conflict of interest of the project manager in the predefined project “Campaign against Racism and Hate Violence”. The possible conflict of interest stems from the fact that Mr Křístek acts as a lecturer and methodologist for prevention of childhood obesity in kindergartens in the company AISIS, o.s. which is a contractor of two orders within the predefined project. According to Mr Křístek’s statement he did not participate in the selection process and therefore did not make decisions about the choice of the company. The case was under investigation of the Ethics Committee of the Government Office. According to their statement there was no conflict of interest and Mr Křístek acted properly in all stages of the tender procedures. The case can be closed.

The irregularity (case **IR-0608**) in the CZ01 programme was discovered in December 2016 by the FMO. One Audit Authority representative participated in a three-day seminar and FMO did not consider the related expenditure proportionate and directly related to the implementation of the current FMs. The expenditure was included in the CZ01 IFR No. 13 in the amount of 119 591 CZK (approximately 4 425 EUR using September 2016 monthly exchange rate). Based on the approved CZ01 IFR No. 13 the related expenditure was paid to the Programme Operator by the Certifying Authority. The amount of 119 591 CZK was reported as non-eligible in September 2016 within the IFR#14. The case is closed.

The suspected case of irregularity (case **IR-0614**) in the CZ11 programme was firstly reported in January 2017 by the PO. During an on-the-spot monitoring check there was detected that the Project Promoter requested within a payment claim ineligible expenditure. The amount of irregularity equals to 944 CZK (grant part 80 %: 756 CZK = 28 EUR, using January monthly exchange rate 27.021 CZK/EUR). This irregularity is being solved in line with the Act on Budgetary Rules and the Programme Operator’s internal rules for solving irregularities and recoveries. The Project Promoter was requested to recover 100% of the amount of irregularity.

The irregularity (case **IR-0615**) in the CZ11 programme was firstly reported in January 2017 by the PO. During an on-the-spot monitoring check there was detected that the Project Promoter requested a higher amount for reimbursement than it was eligible. The eligible proportion of salary (0,2) was accepted and the extra part of 0,1 was found ineligible. The amount of irregularity equals to 61 071,67 CZK (grant part 60 %: 36 643 CZK=1 355 EUR, using December monthly Exchange rate 27.045 CZK/EUR). The non-eligible expenditure was deducted in December 2016 within the IFR#10. The case is closed.

The suspected case of irregularity (case **IR-0620**) in the CZ15 programme was detected during an audit carried out by the Audit Authority (AA). There are two suspected cases within IR-0620 relating to a small scale tender carried out in order to select a company for promotion and publicity of the EEA/Norway grants 2009-2014. In the first case according to the AA the Evaluation Commission of the PO violated the principles of transparency and non-discrimination and potential candidates could have been negatively influenced. The share of the total costs of this irregularity going to CZ15 amounts to 1 555,69 CZK. In the second case according to the AA a wrong definition of the small scale tender object was used and potential candidates could have been negatively influenced. The share of the total costs of this irregularity going to CZ15 amounts to 1 433,33 CZK. PO investigated the findings and disagreed with conclusions of the report. No further steps have been taken yet. The case is under the Tax Office investigation.

The irregularity (case **IR-0634**) in the CZ06 programme was detected by the CA in December 2016. The exchange rates used by the Programme partner for reporting on expenditures related to business trip

were not in line with § 183 Act No.262/2006 Coll., Labour Code. The expenditure regarding this irregularity in the total amount of 5 545 CZK (100% grant, no co-fi in the case of Management costs) was reimbursed to the Programme partner and reported to the FMO within IFR#2. The amount of 5 545 CZK was corrected in the IFR#10 and reported as non-eligible in September 2016. The euro equivalent amounts to 205,18 EUR (using the September monthly exchange rate 27.025 CZK/EUR). The Programme partner recovered 100% of relevant expenditures regarding this irregularity. The case is closed.

The irregularity (case **IR-0635**) in the CZ06 programme was detected by the Programme partner in October 2016. The Programme Operator was informed by the Programme partner that expenditures in the total amount of 89 998 CZK (29 999 CZK+59 999 CZK) did not enter in the Programme partner's accounting records under a correct account entry within FM2 expenditure. The expenditure has already been reimbursed to the Programme partner and reported to the FMO within IFR#8 and #9. The total amount (100% grant, no co-fi in the case of Management costs) was corrected in IFR#10 and reported as non-eligible in September 2016 (using September monthly exchange rate). The Programme partner recovered 100% of relevant expenditures regarding this irregularity. The case is closed.

The irregularity (case **IR-0636**) in the CZ06 programme was detected in October 2016 by the Programme Operator. The Project Promoter claimed expenditures for excessive working hours in the total amount of 4 444,45 CZK (grant 90%: 4 000 CZK) and the Project promoter did not publish three amendments to contract for reconstruction on contracting authority's profile. The expenditure related to excessive working hours has already been reimbursed to the Project promoter and was reported to the FMO within IFR#7. Having reduced payment of the payment claim ŽOP-B-6-CZ06-OV-28-2016 by the above mentioned 4 000 CZK in December 2016, correction of this irregularity was made and reported within IFR#10 (using December monthly exchange rate) as non-eligible expenditure. Regarding the second irregularity, due to determination of 0% sanction there is no financial impact of this irregularity.

The irregularity (case **IR-0637**) in the CZ06 programme was detected by the Programme Operator in November 2016. During PO's verification of the third Project Promoter's payment claim it was detected that expenditure for refreshments was wrongly included within indirect costs in two payment claims in the amounts of: 2 906 CZK/grant 80% 2 324,80 CZK and 2 788 CZK/grant 80% 2 230,40 CZK. This kind of expenditure is not indirect cost. Expenditure in the total amount of 4 555 CZK (80% of 5 694 CZK) has already been reimbursed to the Project promoter and was reported to the FMO within IFR#6 and #8. Having reduced payment of the payment claim ŽOP-B-3-CZ06-OV-36-2016 by the above mentioned amount in December 2016, correction of this irregularity was made and was reported within IFR#10 (using December monthly exchange rate) as non-eligible expenditure. The case is closed.

The irregularity (case **IR-0638**) in the CZ06 programme was firstly reported in January 2017 by the PO. During PO's verification of the PP's last payment claim it was detected that for some items in the List of eligible expenses within two payment claims a grant rate of 90% was applied, which is in contradiction to the Decision on the Award of the Grant, where grant rate of 86% was determined. Difference in total is 13 861,24 CZK and it has already been reimbursed to the Project promoter and part of it (1 903,64 CZK) was also reported to the FMO within IFR#9. The rest of the irregularity entered the IFR#10 in December 2016. Having reduced payment of the last payment claim by the amount 13 862 CZK in December 2016, correction of this irregularity was made and was reported within IFR#10 (using December 2016 monthly exchange rate) as non-eligible expenditure. The case is closed.

The suspected case of irregularity (case **IR-0639**) in the CZ06 programme was firstly reported in January 2017 by the PO. Firstly, expenditures for rental in the amount of 9 271,23 CZK (grant 90%: 8 344,10 CZK) related to the period before the eligibility period. Secondly, an invoice for a salary of one expert in the amount of 35 002,33 CZK (grant 90%: 31 502,10 CZK) was not submitted. Thirdly, expenditure on excessive working hours was reported in the total amount of 53 000 CZK (grant 90%: 47 700 CZK). Expenditures in the total amount of 87 547 CZK have already been reimbursed to the Project promoter

and were reported to the FMO within IFR#8. Due to difficulties in cooperation during the on the spot monitoring check the Programme operator imposed a fine on the Project Promoter amounting to 10 000 CZK. Reimbursement of the last payment claim will be cut down by the amount of 97 547 CZK. The amount of irregularity will be reported as non-eligible in the Final Balance.

The suspected case of irregularity (case **IR-0640**) in the CZ09 programme was firstly reported in January 2017 by the PO. The suspicion refers to the Project Promoter Czech Technical University. A financial check will be carried out due to a suspected breach of budgetary discipline as a result of non-compliance with the conditions laid down in Article 4 par. 4) of the Project Contract. In November 2016 the Programme Operator drew a comparison between the Project Periodic Report for years 2014 and 2015 and the valid Project Contract with a conclusion that the funds were not drawn in those years in accordance with the Project Contract. The Norwegian partner IDEAS transferred funds from one particular budgetary item agreed in the Decision to other different budgetary items without the consent of the Project Promoter. Amounts related to the suspicion are 320 000 CZK and 640 000 CZK. No official report has been drawn yet.

The irregularity (case **IR-0689**) in the CZ10 programme was firstly reported in April 2017 by the PO. The Project Promoter requested reimbursement of expenditure on bonuses of the project manager in the amount of 60 750 CZK. However, during an on the spot check the PO detected that the amount of bonuses paid to the project manager was only 54 000 CZK. The expenditure was reimbursed to the PP and was reported to the FMO in the 7th CZ10 IFR. The amount of irregularity is 6 750 CZK / 249,81 EUR (using January 2017 monthly exchange rate), grant part (80 %) amounts to 5 400 CZK/200 EUR. The amount of irregularity was reported as non-eligible and deducted in January 2017 in the 9th CZ10 IFR. The PP returned the funds to the PO. The case can be closed.

The suspected case of irregularity (case **IR-0691**) in the CZ11 programme was firstly reported in April 2017 by the PO. During an on-the-spot monitoring check there was detected that the Project Promoter used the same premises as company Rehabilitace Karlovy Vary s.r.o. and that owner of this company is Project Promoter's statutory representative. There is a suspicion that the above mentioned company used an equipment of Project Promoter (which was financed from a grant) for its commercial purposes. This suspicion is not currently related to any particular expenditure. The case is under Tax Office investigation.

The suspected case of irregularity (case **IR-0692**) in the CZ11 programme was firstly reported in April 2017 by the PO. The Project Promoter requested reimbursement of higher amount for salaries than it was eligible. A few employees worked less hours than it was stated in their part-time contracts and their salaries were not adequately lowered. The amount of suspected irregularity equals to 8 385,79 CZK = 310.34 EUR, using January monthly exchange rate 27,021 CZK/EUR). This case will be solved in line with the Act on Budgetary Rules and the Programme Operator's internal rules for solving irregularities and recoveries. Programme Partner will make final decision about the irregularity. If it is confirmed that the case is an actual irregularity, Project Promoter will be requested to recover 100 % of the amount of irregularity.

The irregularity (case **IR-0693**) in the CZ12 programme was detected during an audit carried out by the Audit Authority (AA). The AA stated a suspected case of irregularity due to inaccurate settings of the call for small-scale public procurement for public relations (PR) services including information campaign of the project i.e. the Project Promoter (PP) didn't set up the value (amount of weight) of each evaluation criteria and the way how scores will be given. The Programme Operator then conducted their own investigation to decide whether the suspected cases found by the AA are or are not actual irregularities. It was confirmed that only a case of inaccurate setting of evaluation criteria is the actual case of irregularity. The amount of irregularity 63 635,75 CZK equals to 2 355 EUR (using January monthly

exchange rate 27.021 CZK/EUR). It will be reported as non-eligible costs of the project in the 12<sup>th</sup> IFR and it has already been deducted from the final payment for the project.

The irregularity (case **IR-0694**) in the CZ04 programme was detected by the Certifying Authority. The expenditure spent on business trip (Complementary action initiative) in the amount of 59 184 CZK (2 190 EUR, using January monthly exchange rate 27.021 CZK/EUR) was not recorded in the Programme Partner's accounting system as a FM2 expenditure. The Programme Partner recovered 100 % of the amount of irregularity to the PO. The related expenditure did not enter any IFR and thus was not reported to the FMO. The case can be closed.

The irregularity (case **IR-0709**) in the CZ14 programme was detected by the Certifying Authority in February 2017. Firstly, wrong calculation of social and health insurance was detected in the total amount of 208 CZK (7,70 EUR using the October monthly exchange rate 27,022 CZK/EUR). Also, wrong calculation of CSNF was detected (CSNF - Cultural and Social Needs Fund) in the total amount of 89 CZK (3,29 EUR using the December monthly exchange rate 27,045 CZK/EUR). Expenditures in the total amount of 297 CZK (208 + 89 CZK) have already been reimbursed to the Programme partner but were not reported to the FMO. The Programme partner recovered the amount of 297 CZK to the PO. The case can be closed.

The suspected case of irregularity (case **IR-0719**) in the CZ02 programme was detected by the Certifying Authority in March 2017. It was detected that exchange rate used by the Programme partner for reporting of expenditures related to a business trip (subsistence allowance) was not correct. Expenditures in the total amount of 90 CZK have already been reimbursed to the Programme partner and have never been reported to the FMO. The Euro equivalent amounts to 3,30 EUR (using the January monthly exchange rate 27.021 CZK/EUR). The Programme partner will be requested to recover 100% of relevant expenditures regarding this irregularity.

The irregularity (case **IR-0720**) in the CZ02 programme was firstly reported by the PO in April 2017. It was detected during an on the spot monitoring check in January 2017. The expenditure in the total amount of 16 521 CZK (grant part 90% of 18 356 CZK) has already been reimbursed to the Project promoter and was reported to FMO within IFR#9. It will be corrected in the IFR#12 and reported as non-eligible in May 2017. The Euro equivalent amounts to 613,32 EUR. Reimbursement of the next PP's payment claim was cut down by the amount of 16 521 CZK.

The irregularity (case **IR-0721**) in the CZ06 programme was detected by the Programme Partner. Duplicate reporting of expenditures regarding catering was detected in the total amount of 25 800 CZK which has already been reimbursed to the Programme partner but has never been reported to the FMO. The Euro equivalent amounts to 954,80 EUR (using the March monthly exchange rate 27.021 CZK/EUR). The Programme partner recovered 100% of relevant expenditures regarding this irregularity. The case can be closed.

The irregularity (case **IR-0722**) in the CZ06 programme was detected by the Certifying Authority in January 2017. It was detected that travel expenses in the total amount 8 243 CZK were not supported by any primary documentation. Expenditures in the total amount of 8 243 CZK (305 EUR using the September 2016 monthly exchange rate 27.025 CZK/EUR) have already been reimbursed to the budgetary chapter of the Ministry of Finance but have never been reported to the FMO. The amount of irregularity will be recovered from the budgetary chapter of the Ministry of Finance to PO's bank account.

The suspected case of irregularity (case **IR-0724**) in the CZ09 programme was firstly reported by the PO in April 2017. The Project Promoter Charles University didn't transfer part of the budget in accordance with the Project Contract. The Project Promoter is obligated to distribute the portions of the support to

other Project participant(s) within 15 calendar days (at the latest) from the date on which they receive the support from the Programme Operator. According to the bank account statement the expenditures were sent from the PO's bank account on 9th May, 2016. The amount of 6 042 000 CZK was sent to the Norwegian partner on 4th August, 2016. The PO announced a suspected irregularity to the Tax Office. The amount of irregularity (grant part) is 6 042 000 CZK (3 018 000 CZK+3 024 000 CZK) / 223 405,3 EUR (111 591,70 EUR+111 813,60 EUR) using the May 2016 monthly exchange rate 27.045 CZK/EUR).

The suspected case of irregularity (case **IR-0725**) in the CZ09 programme was firstly reported in April 2017 by the PO. The Project Promoter Masaryk University didn't transfer part of the budget in accordance with the Project Contract. The Project Promoter is obligated to distribute the portions of the support to other Project participant(s) within 15 calendar days (at the latest) from the date on which they receive the support from the Programme Operator. According to the bank account statement the expenditures were sent from the PO's bank account on 9th May, 2016. The amount of 6 413 000 CZK was sent to the Norwegian partner on 17th January, 2017. The PO announced a suspected irregularity to the Tax Office. The amount of irregularity (grant part) is 6 413 000 CZK / 237 123,30 EUR (using the May 2016 monthly exchange rate 27.045 CZK/EUR).

The suspected case of irregularity (case **IR-0726**) in the CZ09 programme was firstly reported in April 2017 by the PO. The Project Promoter Charles University didn't transfer part of the budget in accordance with the Project Contract. The Project Promoter is obligated to distribute the portions of the support to other Project participant(s) within 15 calendar days (at the latest) from the date on which they receive the support from the Programme Operator. According to the bank account statement the expenditures were sent from the PO's bank account on 9th May, 2016. The amount of 3 810 000 CZK was sent to all partners on 21st December, 2016. The PO announced a suspected irregularity to the Tax Office. The amount of irregularity (grant part) is 3 810 000 CZK / 140 876,30 EUR (using the May 2016 monthly exchange rate 27.045 CZK/EUR).

The suspected case of irregularity (case **IR-0745**) in the CZ02 programme was detected by the Certifying Authority in June 2017. The exchange rate used by the Programme Partner for reporting of expenditures related to a business trip was not in line with the legislation. Programme Partner used their rights to appeal against the decision and is currently waiting for the statement from the Programme Operator. Expenditures in the total amount of 10 517 CZK / 389,2 EUR using the April 2017 monthly exchange rate 27.022 CZK/EUR) have already been reimbursed to the Programme Partner by the PO but have not been reported to the FMO.

The irregularity (case **IR-0746**) in the CZ02 programme was detected by the Certifying Authority in May 2017. The Programme Operator requested payments of expenditures on an external employee salaries (May 2016 – February 2017), whose working activities (mainly payment claims check) have not been proven properly and in some cases included the same activities twice or even more times. Audit trail of her working activities was also regarded as insufficient. The related expenditures were reported to FMO within IFR#9, IFR#10 and IFR#11 and except for one payment claim have all payment claims amounting to 188 672 CZK reimbursed to the budgetary chapter of the Ministry of Finance, which pre-financed all the afflicted expenditures amounting to 212 256 CZK. The total amount that will be corrected in the IFR#12 and reported as non-eligible is 212 256 CZK / 7 879,72 EUR (using the May 2017 monthly exchange rate 26,937 CZK/EUR).

The irregularity (case **IR-0747**) in the CZ02 programme was detected by the Certifying Authority in June 2017. The CA detected non-eligible expenditures related to a promotional item, which was handed out during the closing conference of CZ02 programme by the Programme Operator. The concerned promotional item (Re-sack – set of 3 small environmentally friendly sacks) didn't fulfil publicity requirements due to lack of EEA grants logo. The related expenditures in the total amount of 41 272 CZK / 1 532,17 EUR (using the May 2017 monthly exchange rate 26,937 CZK/EUR) were reported to FMO

within the IFR#11. The amount of irregularity will be corrected and reported as non-eligible in the IFR#12.

The irregularity (case **IR-0774**) in the CZ11 programme was firstly reported in July 2017 by the PO. During an on-the-spot monitoring check the PO detected that Project Promoter had not fulfilled obligations arising from Act No. 137/2006 Coll., on Public Procurement. Signed contracts for works were not published on contracting authority profile within the time limit set by the law. The irregularity does not relate to any incurred expenditure but it is rather a procedural/administrative mistake. Potential financial consequences will be determined by the PO. This irregularity will be solved in line with the Act on Budgetary Rules and the Programme Operator's internal rules for solving irregularities and recoveries. Programme Operator will use Table defining reduced penalties for breach of budgetary discipline and propose sanction.

The suspected case of irregularity (case **IR-0775**) in the CZ04 programme was firstly reported in July 2017 by the PO. During on-the-spot monitoring check it was detected that Project Promoter did not fulfil obligations arising from Public procurement act in five small scale public contracts. Calls for proposals for four realized small scale public procurements contained a number of inconsistencies and misleading information for potential providers. Call for proposal and selection process for one small scale public procurement became non-transparent due to inaccurate evaluation criteria. Final decision regarding sanctions will be made by the Programme Partner.

The irregularity (case **IR-0776**) in the CZ04 programme was detected by the Certifying Authority in June 2017. The PO claimed expenditure on promotional items that were distributed at the final conference. There were no logos of EEA/Norway grants presented on the items so the publicity requirements have not been fulfilled and thus the expenditure was considered non-eligible. The irregularity amounts to 30 030 CZK / 1 114.82 EUR using May monthly exchange rate 26.937 CZK/EUR. In the 12<sup>th</sup> IFR the PO will deduct the amount of irregularity from incurred expenditure and report it as non-eligible in May 2017.

The irregularity (case **IR-0780**) in the CZ06 programme was detected by the Certifying Authority in April 2017. The exchange rate used by the Programme partner for reporting of expenditures related to business trip was not in line with the Act. No: 262/2006 Coll., Labour Code. Expenditures in the total amount of 644 CZK have already been reimbursed to Programme partner but have never been reported to the FMO (removed from the certification by the CA). The euro equivalent amounts to 23,80 EUR (using the December 2016 monthly exchange rate 27.045 CZK/EUR). The Programme partner recovered 100% of relevant expenditures regarding this irregularity. The case can be closed.

The irregularity (case **IR-0781**) in the CZ06 programme was detected by the Certifying Authority in May 2017. The exchange rate used by Programme partner for reporting of expenditures related to business trip was not in line with the Act. No: 262/2006 Coll., Labour Code. Expenditures in the total amount of 150 CZK have already been reimbursed to the Programme but have never been reported to the FMO (removed from the certification). The euro equivalent amounts to 5,50 EUR (using the January 2017 monthly exchange rate 27.021 CZK/EUR). The Programme partner recovered 100% of relevant expenditures regarding this irregularity. The case can be closed.

The irregularity (case **IR-0782**) in the CZ06 programme was firstly reported in July 2017 by the PO. Based on the Audit Authority's report concerning project EHP-CZ06-MNG-3-050-2015 where disproportionate price of translation was detected, the same misconduct was identified within project EHP-CZ06-MNG-4-051-2015 by the PO. Expenditures in the total amount of 4 000 CZK have already been reimbursed to the Programme partner and were reported to the FMO within IFR#2. The total amount of 4 000 CZK will be corrected in IFR#12 and reported as non-eligible in May 2017. The euro equivalent amounts to 148,40 EUR (using the May 2017 monthly exchange rate 26.937CZK/EUR). The Programme partner recovered 100% of relevant expenditures regarding the amount mentioned above.

The suspected case of irregularity (case **IR-0783**) in the CZ06 programme was firstly reported in July 2017 by the PO. The Project promoter did not fulfil obligation arising from Public Procurement Act: neither Small scale public contract nor Contract with supplier were published on contracting authority profile. Moreover, it was detected that expenditures for translation which were not included in the approved Item budget had been reimbursed. The amount of irregularity regarding the public procurement is 160 000 CZK / 6 037,70 EUR (grant part) = 10% of the contract value. This amount was partially reimbursed to the Project promoter and was partially reported to the FMO within IFR#11. The expenditures regarding the translation in the total amount of 1 094 CZK / 40,20 EUR using the October 2015 monthly exchange rate 27.208 CZK/EUR (grant part) have already been reimbursed to the Project promoter and were reported to FMO within IFR#7. The next PO's payment to the PP will be reduced by the amount of 161 094 CZK. The amount of irregularity will be reported as non-eligible in the Final Balance.

The irregularity (case **IR-0784**) in the CZ09 programme was announced by the Project Promoter in April 2017. The Project Promoter withdrew from the initiative during its implementation after the project contract was issued. Nevertheless, the payment had already been transferred to the Project Promoter before they cancelled their participation in the initiative. The reason was that the Norwegian University of Life sciences stopped communicating with the Project Promoter. The expenditures in the total amount of 357 000 CZK (grant part) have never been reported to the FMO. The euro equivalent amounts to 13 211,45 EUR (using the April 2017 monthly exchange rate 27.022 CZK/EUR). The Project Promoter recovered the amount of 420 000 CZK to the PO.



## ANNEX 4 – TECHNICAL ASSISTANCE ANNUAL REPORT 2016 – UPDATE



### UPDATE to ANNUAL REPORT cut-off date: 30 September 2017

#### CZ01 – Technical Assistance

#### EEA and Norwegian Financial Mechanisms 2009-2014

### 1 OVERVIEW OF MAIN ACTIVITIES

In 2017 (January – September) the following activities financed from the Technical Assistance were realized:

Salaries related to employees of National Focal Point (NFP), Certifying Authority (CA) and Audit Authority (AA) were paid. It concerns 3 employees of AA, 2 employees of CA and NFP employees: in the period January – July 2017 4 NFP employees with the following extent of the workload: 100%, 10%, 30% and 20%; in the period since August 2017 3 NFP employees with the following extent of the workload: 70%, 10% and 30%. Also the bonuses – personal supplements and additional benefits for all employees of the NFP, CA and AA were paid.

On 15 March 2017 the Monitoring Committee meeting was held in order to discuss the Strategic Reports for 2016. The technical meetings with the FMO were held on 22 February 2017 and 5 September 2017. On 8 August 2017 the NFP hosted a meeting with the representatives of the Hungarian NFP in order to share experience during the implementation and evaluation of the EEA and Norway Grants 2009-2014.

There were also foreign trips of the NFP staff: one NFP representative participated in the Communication workshop for NFPs held on 31 January 2017 in Brussels. Two NFP representatives participated in the Monitoring, evaluation and learning workshop for NFPs held on 25 – 26 April 2017 in Brussels. Two NFP representatives participate in FMO Bilateral relations workshop held on 20 – 21 September 2017 in Oslo.

The AA and CA also realized travel costs within the Czech Republic related to the audits / verification on-the-spot.

Audits of programmes and system audits are carried out according to the Audit strategy.

The external on-the-spot monitoring of 4 programmes (CZ03, CZ07, CZ09 and CZ12), incl. 2 selected projects in each of them, was realized by the external company from September 2016 till July 2017. No major findings were found, only some minor mostly administrative recommendations were issued in final reports submitted to the NFP.

Evaluation report for CZ12 programme was issued in August 2018 by external company with positive evaluation results (13 recommendations were issued).

## 2 BUDGET OVERVIEW

The Technical Assistance budget is used continuously according to the needs of the NFP, CA and/or AA for all types of Technical Assistance activities. The same applies for the budget of the Fund for bilateral relations at national level.

The reallocation up to 10 % of the threshold of the entire TA budget was realized in 2017 – there have been transfers in the total amount of 15 000 EUR (0,8% of the TA budget) between the budget lines of the CA. These transfers were approved by the NFP in order to optimize the usage of the TA funds for the Certifying Authority.

### ACTUAL EXPENDITURE IN 2017

		15. IFR (Jan 17 – Apr 17)		16. IFR (May 17 – Aug 17)*	
TA	NFP	418 614 CZK	15 491 EUR	997 223 CZK	37 716 EUR
	CA	979 096 CZK	36 233 EUR	1 013 761 CZK	38 135 EUR
	AA	773 482 CZK	28 625 EUR	974 160 CZK	36 849 EUR
<b>TOTAL TA</b>		<b>2 171 192 CZK</b>	<b>80 349 EUR</b>	<b>2 985 144 CZK</b>	<b>112 700 EUR</b>
<b>BF</b>		<b>1 100 777 CZK</b>	<b>40 737 EUR</b>	<b>1 982 140 CZK</b>	<b>75 515 EUR</b>
<b>TOTAL</b>		<b>3 271 969 CZK</b>	<b>121 086 EUR</b>	<b>4 967 284 CZK</b>	<b>188 215 EUR</b>

\* not certified yet

TOTAL 2017	
8 239 253 CZK	309 301 EUR

### CUMULATIVE EXPENDITURE Jun 2011 – Aug 2017

		BUDGET	TOTAL DISBURSED		REMAINS
TA	NFP	823 172 EUR	9 732 958 CZK	369 068 EUR	454 104 EUR
	CA	496 392 EUR	8 943 622 CZK	333 454 EUR	162 938 EUR
	AA	578 455 EUR	7 502 538 CZK	281 679 EUR	296 776 EUR
<b>TOTAL TA</b>		<b>1 898 019 EUR</b>	<b>26 179 118 CZK</b>	<b>984 201 EUR</b>	<b>913 818 EUR</b>
<b>BF</b>		<b>967 981 EUR</b>	<b>19 078 573 CZK</b>	<b>712 630 EUR</b>	<b>255 351 EUR</b>
<b>TOTAL</b>		<b>2 866 000 EUR</b>	<b>45 257 691 CZK</b>	<b>1 696 831 EUR</b>	<b>1 169 169 EUR</b>

## 3 PROCUREMENTS

The contract with the company Haskoning DHV as a result of the open tender for evaluation of programmes (evaluation of 4 programmes and summary evaluation to be financed from the TA) was signed on 20 January 2017.

During 2017 the NFP in cooperation with the PO-Ministry of Finance prepared and launched a small scale tender for interpretation (to be used also during events and activities under TA and BFNL) – contract with the company Moudrý překlad s.r.o. was signed on 29 June 2017.

No other procurement was realized or is planned under the Technical Assistance.

## 4 STAFFING

Please refer to the main report.

## 5 THE REST OF YEAR

For the rest of 2017 the National Focal Point, Certifying Authority and Audit Authority will continue in the implementation, monitoring, certification and audit of the EEA and Norway Grants 2009-2014.

From the Technical Assistance the following activities and expenditures are expected at the end of 2017 (October – December):

Salaries and bonuses will be disbursed for 3 AA's employees, 2 CA's employees and 3 NFP's employees (with the workload of 70%, 30% and 10%). Also the bonuses – personal supplements and additional benefits for employees of the NFP, CA and AA will be paid.

Concerning the meetings the AA will host the meeting of Audit Authorities of the EEA/Norway Grants with the FMO (Prague, 11 – 12 October 2017), the Annual meeting is planned on 30 November 2017 in Brussels. The NFP's staff will participate in FMO Communication workshop (Trondheim, 9 – 11 October 2017).

The thematic evaluations of programmes will be carried out by external company hired by the NFP – evaluation reports for programmes CZ03 and CZ09 are expected by the end of 2017.

Audits of programmes and system audits will be carried out by the AA according to the Audit strategy.

NFP plans promotional activities in form of calendar of successful projects, articles in press and on a website.