

PROGRAMME IMPLEMENTATION AGREEMENT

FOR THE PROGRAMME CZ-HOME AFFAIRS

(hereinafter referred to as the "Agreement")

concluded in accordance with the provisions of § 160, para. 3 of the Act No. 500/2004 Coll.,
Administrative Procedures Code, as amended

within the implementation structure of
the Norwegian Financial Mechanism 2014-2021 in the Czech Republic



Norway

grants

between

the Ministry of Finance of the Czech Republic

acting as the National Focal Point for

the EEA and Norwegian Financial Mechanisms 2014-2021

(hereinafter referred to as the "National Focal Point" or "NFP")

with its registered office at Letenská 525/15, 118 10 Prague 1, the Czech Republic

and

the Ministry of Interior of the Czech Republic

acting as the Programme Operator for the Programme CZ-HOME AFFAIRS

(hereinafter referred to as the "Programme Operator" or "PO")

with its registered office at Nad Štolou 3, P.O. Box 21, 170 34 Prague 7, the Czech Republic

(together hereinafter referred to as the "Parties")

Aware of their irreplaceable role laid down by the laws and other regulations of the Czech Republic and in particular:

- the provisions of the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation");
- the provisions and Annexes of the Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2014-2021 between the Kingdom of Norway and the Czech Republic (hereinafter referred to as the "MoU");
- the provisions of the Programme Agreement between the Norwegian Ministry of Foreign Affairs (hereinafter referred as the "NMFA") and the National Focal Point for the Programme CZ-HOME AFFAIRS signed on 8 April 2019; and
- Resolution of the Government of the Czech Republic No. 525 of 24 July 2017,

the Parties have agreed as follows:

Article 1 – Objective and general provisions

1. This Agreement is issued on the basis of the Programme Agreement between the NMFA and the NFP for the financing of the Programme CZ-HOME AFFAIRS (hereinafter referred to as the “Programme Agreement”) that forms an integral part of this Agreement as Annex 1.
2. The objective of this Agreement is to ensure successful implementation of the Programme CZ-HOME AFFAIRS (hereinafter referred to as the “Programme”).
3. This Agreement sets out rights, responsibilities and obligations of the Parties regarding the implementation of the Programme including rules, terms and conditions for the reimbursement of the grant from the Norwegian Financial Mechanism 2014-2021 to the Programme.
4. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this Agreement. The Parties agree to provide all information necessary for good functioning of the Programme implementation and apply the highest degree of transparency and accountability.
5. Terms used and entities and documents referred to in this Agreement shall be understood in accordance with the legal framework referred to in the Article 2 of this Agreement.
6. The PO declares that it is fully committed and able to implement and manage the Programme.

Article 2 – Legal Framework

1. This Agreement shall be read in conjunction with the following documents which constitute its legal framework:
 - a) Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2014-2021;
 - b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 issued by Norway, including any future amendments of it and including any other guidelines adopted by the NMFA or the Financial Mechanism Office in accordance with the Regulation;
 - c) the MoU on the implementation of the Norwegian Financial Mechanism 2014-2021 in the Czech Republic;
 - d) Programme Agreement including its Annexes;
 - e) legislation of the Czech Republic in force, relevant for the implementation of the Programme;
 - f) European Union legislation in force, relevant for the implementation of the Programme;
 - g) Methodology of Financial Flows, Control and Certification of Programmes Financed from the EEA and Norwegian Financial Mechanisms 2014-2021;
 - h) guidelines adopted by the National Focal Point, Certifying Authority and Audit Authority.
2. In case of any inconsistency between this Agreement and the legal framework stated, the legal framework shall prevail. If the interpretation of this Agreement is ambiguous,

the provisions formulated in the Regulation and the Programme Agreement shall be decisive.

3. Both Parties agree to fully comply with and follow the legal framework stated in this Article when implementing the Programme.

Article 3 – Responsibilities and Obligations of the Parties

1. Main responsibilities and obligations of the NFP include:
 - a) The NFP shall have the overall responsibility for ensuring that the Programme contributes to the overall objectives of the EEA and Norwegian Financial Mechanisms 2014-2021;
 - b) The NFP shall represent the Czech Republic in its relations with the NMFA regarding the issues related to the implementation of the Programme and shall serve as the contact point for the NMFA and the Financial Mechanism Office (hereinafter referred to as the “FMO”);
 - c) The NFP shall provide the PO with advice on the implementation of the Programme;
 - d) The NFP shall carry out monitoring of the progress and quality of the implementation of the Programme, especially it shall monitor the progress of the Programme towards the Programme outputs, outcomes and objectives according to agreed indicators and other requirements specified for the Programme; NFP shall control factual aspects of Interim Financial Reports, shall approve Annual Programme Reports and Final Programme Report of the Programme and shall organize the Programme steering committee meetings. The results of the NFP monitoring shall be reported in the Strategic Reports (further details are included in the Article 11 and the Article 13 of this Agreement);
 - e) The NFP shall continuously and in a structured manner assess the risks to the implementation of the Programme and may take appropriate action it deems necessary to lower or mitigate such risks;
 - f) The NFP shall verify quality and content of any documents provided by the PO to the NMFA or the FMO through the NFP and may request necessary modifications to such documents;
 - g) The NFP shall provide information to the public on the existence of the EEA and Norwegian Financial Mechanisms 2014-2021 in the Czech Republic, its objectives, its implementation and overall impact, as well as on bilateral cooperation with the Donor State entities; to this end the NFP shall closely cooperate with the PO (further details are included in the Article 6 of this Agreement);
 - h) The NFP shall prepare and submit to the FMO an annual Strategic Report on the implementation of the EEA and Norwegian Financial Mechanisms 2014-2021 in the Czech Republic (further details are included in the Article 11 of this Agreement);
 - i) The NFP shall organize the Annual meeting with the Donor States; the NFP may invite the PO to attend the meeting as an observer;
 - j) The NFP shall administer and submit to the NMFA a proposal for modification of the Annexes to the MoU relating to the Programme if necessary; to this end the NFP shall closely cooperate with the PO;
 - k) The NFP shall notify the FMO of signing of this Agreement;
 - l) The NFP shall provide its provisional approval to the modification proposal of the Programme, if modifications of the Programme are necessary (further details are included in the Article 14 of this Agreement);

- m) The NFP shall ensure that the calls for proposals within the Programme comply with the legal framework stated in the Article 2 of this Agreement; to this end it shall be informed about every planned call within the Programme well in advance, at least one month before the planned call announcement and, at the same time provided with both Czech and English translation of the text of each call, including a Guideline for Applicants (further details are included in the Article 7 of this Agreement);
 - n) The NFP shall deal with all complaints and notices concerning suspected misuse or irregularity related to the EEA and Norwegian Financial Mechanisms 2014-2021 or the Programme (further details are included in the Article 15 of this Agreement);
 - o) The NFP shall ensure that any additional provisions applicable to the implementation of the EEA and Norwegian Financial Mechanisms 2014-2021 are kept to a minimum;
 - p) The NFP shall be responsible for the use of the Fund for bilateral relations. Parts of the Fund shall be made available to the PO for Bilateral ambitions of the Programme as stated in the Article 8 of this Agreement.
2. Main responsibilities and obligations of the PO include:
- a) The PO shall have the overall responsibility for the preparation and implementation of the Programme;
 - b) The PO shall establish an internal organizational structure that ensures independence and functional separation of the division responsible for verification of incurred expenditures and approval of payments from other divisions responsible for the implementation of the Programme (further details are included in the Article 5 of this Agreement);
 - c) The PO is responsible for the implementation of proportionate requirements in management, reporting and control and shall ensure that any additional provisions applicable to the implementation of the Programme are kept to a minimum (further details are included in the Article 5 of this Agreement);
 - d) The PO shall organize call(s) for proposals that take into account the needs of the programme area in the Czech Republic and propose procedures and support which will cater for the needs within the programme area; to this end the PO shall develop tools and procedures for the project application and selection phase; the PO shall collect applications, select projects to award the grant within the Programme and sign project contracts with project promoters (further details are included in the Article 7 of this Agreement);
 - e) The PO shall ensure that projects within the Programme contribute to the overall objectives of the Norwegian Financial Mechanism 2014-2021 as well as to the specific Programme outputs, outcomes and objectives and that they fully comply with and follow the legal framework stated in the Article 2 of this Agreement in all implementation phases;
 - f) The PO shall ensure that the project promoters of all projects within the Programme are fully committed and able to implement the approved projects; to this end the PO shall ensure adequate technical assistance to the project promoters to support project implementation;
 - g) The PO shall ensure the quality of the implementation of the Programme and shall verify the project outputs and the projects' progress towards expected Programme's outputs and outcomes; to this end the PO shall ensure regular monitoring of the projects, including conducting audits and on-the-spot verifications of projects on a sample basis;
 - h) The PO shall ensure duly periodical reporting of the status of the projects' and Programme's implementation; to this end the PO shall be responsible for the

collection, review and approval of project reports (further details are included in the Article 11 and in the Article 13 of this Agreement);

- i) The PO shall assess and monitor the risks to the effective implementation of the Programme and its projects and the results and shall take appropriate actions it deems necessary to lower or mitigate such risks;
- j) The PO shall ensure verifiable management of the Programme, including financial accounting, verification of monitoring reports and documents, and payment requests; to this end the PO shall verify that the expenditures reported within the projects have actually been incurred and comply with the legal framework stated in the Article 2 of this Agreement; verifications shall cover administrative, financial, technical and physical aspects of projects, in accordance with the principle of proportionality;
- k) The PO shall ensure the transfer of funds to project promoters in a timely manner; to this end the PO shall be responsible for ensuring financial flows and fund transfers that ensure adequate risk management and financial control (further details are included in the Article 12 of this Agreement);
- l) The PO shall ensure that the grant is used exclusively for the purpose of the Programme and its projects and according to the legal framework stated in the Article 2 of this Agreement; the PO shall also ensure that all assets forming part of the Programme are used only for such purposes as provided in the Programme Agreement (further details are included in the Article 10 of this Agreement);
- m) The PO shall draw up and submit the Interim Financial Reports, the Annual Programme Reports, the Final Programme Report incl. Financial Annex and other reports requested under the legal framework listed in the Article 2 of this Agreement (further details are included in the Article 11 of this Agreement);
- n) The PO shall ensure that the NFP as well as the NMFA or the FMO is upon request, and within reasonable time, provided with all documents and information related to the implementation of the Programme and its projects; the PO shall also ensure that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditures for the purpose of certification; the PO shall ensure that the information provided is comprehensive and accurate;
- o) The PO is responsible for implementing information and communication activities in accordance with the Article 6 of this Agreement;
- p) The PO shall ensure that when communicating with the FMO about the Programme it shall at the same time or earlier inform the NFP;
- q) The PO shall encourage and facilitate establishment of donor partnership projects and bilateral cooperation between Czech and Donor States entities both at the Programme level and at the project level; to this end the PO shall be responsible for defining administrative procedures and managing the Bilateral Ambitions of the Programme (further details are included in the Article 8 of this Agreement);
- r) The PO shall be responsible for the archiving of all documents relevant to the Programme preparation and implementation (further details are included in the Article 13 of this Agreement);
- s) The PO shall secure a high level of transparency, accountability and availability of documents during the implementation of the Programme;
- t) The PO shall ensure that any financial support under the Programme complies with the procedural and substantive state aid rules applicable at the time when the public support is granted;
- u) The PO shall ensure the Programme co-financing as specified in para. 3 of the Article 9 of this Agreement;

- v) The PO shall ensure that all projects supported within the Programme are sustainable for the period stated in the project contracts in accordance with the conditions defined in the Programme Agreement.
3. Further details on responsibilities and obligations of both Parties are stipulated in the following articles of this Agreement.

Article 4 – Programme Partnership

1. Any agreement by which the PO upon prior consent of the NFP transfer its responsibilities and obligations under this Agreement or part thereof to a third party, shall not relieve the PO of its obligations under this Agreement.

Article 5 – Management and Control System of the PO

1. The PO is responsible for setting up of appropriate management and control systems of the PO for the implementation of the Programme (hereinafter referred to as the “MCS of the PO”), including the incorporation of the obligation mentioned under the letter b) of para. 2 of the Article 3 of this Agreement.
2. The PO shall draw up and submit to the NFP for approval a detailed description of the MCS of the PO in line with the Article 5.7 of the Regulation.
3. The NFP shall verify and approve the MCS of the PO; after that and after the issue of the Audit Opinion to the MCS of the PO the NFP shall inform the FMO of the approval of the MCS of the PO. Upon request of the FMO the NFP shall submit to the FMO an English version of the MCS of the PO; responsibility for the translation lays on the PO.
4. The PO shall submit the final version of the MCS of the PO also to the Certifying Authority (hereinafter referred to as the “CA”) for information.

Article 6 – Information and Communication

1. The PO shall comply with the information and communication requirements in the Annex 3 of the Regulation and the Communication and Design Manual EEA and Norway Grants 2014-2021.
2. The PO shall provide information both to the professional and general public on the existence, the objectives, the implementation and achievements of the Programme as well as on the cooperation with Donor State entities. To this end the PO shall follow the communication plan prepared for the Programme and shall closely cooperate with the NFP.
3. The PO shall ensure that project promoters and their partners fulfil their information and communication obligations in accordance with the information and communication requirements in the Annex 3 of the Regulation and the Communication and Design Manual.
4. The PO agrees that the information and documentation related to the implementation of the Programme are included and stored in the information systems for the purposes of the administration of the EEA and Norwegian Financial Mechanisms 2014-2021.

Article 7 – Calls, Project Selection, Pre-Defined Projects

1. The PO shall ensure preparation, announcement and administration of calls for proposals within the Programme, incl. consultancy to the applicants.
2. The PO shall inform the NFP about every planned call within the Programme well in advance, at least one month before the planned call announcement so that the NFP shall ensure that the call for proposals within the Programme complies with the legal framework stated in the Article 2 of this Agreement. At the same time, the PO shall provide the NFP with both Czech and English translation of the text of each call, including a Guideline for Applicants in Czech language unless agreed otherwise by the NFP and the PO. This Article does not relate to the Bilateral Ambitions of the Programme.
3. The NFP shall ensure that the FMO is informed of every call for proposals at least two weeks in advance of their announcement, and, at the same time, is provided with an English translation of the text of each call. The FMO may review each call for proposals in detail prior to its announcement and the PO is not allowed to launch the call until the comments of the FMO are duly incorporated or solved.
4. The PO shall publish the calls on the website of the Programme in the Czech language and in English.
5. The PO shall collect applications and shall ensure transparent selection of projects to be awarded the grant. The PO shall invite the NFP to participate in the meetings of the selection committees as an observer.
6. Before awarding the grants the PO shall ensure the appraisal of the selection process in order to verify its quality and compliance with the legal framework as stated in the Article 2 of this Agreement. The PO shall inform about the results of the verification process the NFP, the CA and the FMO.
7. The PO shall take every reasonable measure to prevent occurring of any conflict of interest. This includes ensuring that any person involved in the selection process signs a declaration of no conflict of interest and declares that if he/she later becomes aware of a risk of conflict of interest, he/she will notify the PO immediately. If a conflict of interest arises, the PO shall in consultation with the NFP take all necessary measures to prevent that such a situation affects the integrity of the selection process.
8. The PO shall conclude a project contract (or legal or administrative act of similar effect and content) with each project promoter of an approved project selected to award the grant. The content of the project contract shall be in compliance with the Article 7.6 of the Regulation. The obligations of the project promoter under the project contract shall be valid and enforceable under the applicable national law of the Czech Republic. The PO shall provide a project contract template to the NFP and to the CA for comments.
9. In case of pre-defined projects within the Programme (included in the Programme Agreement) the PO shall – prior to signing a project contract for pre-defined project – apprise the project in order to verify its quality and contribution to the objective of the Programme as well as compliance with the legal framework stated in the Article 2 of this Agreement. For pre-defined projects specifically mentioned in the Programme Agreement the verification shall be externalized and carried out by a legal entity independent of and unrelated to the PO. After that the PO shall inform the NFP and the CA about its positive appraisal of pre-defined project.

Article 8 – Bilateral Ambitions of the Programme

1. By this Agreement the NFP allocates the grant to the PO in the amount of **50 000 EUR** (the amount as stated in the MoU) to be used for activities related to bilateral cooperation within the Programme (hereinafter referred to as the “Bilateral Ambitions of the Programme”). For administrative purposes, the PO shall submit the application for Bilateral Ambitions of the Programme to the NFP through the NFP’s information system. Should the system become unavailable or discontinued, the NFP may require the PO to provide documents in another format provided by the NFP, whether electronic or hard copies.
2. The Bilateral Ambitions of the Programme shall be managed by the PO and shall be used exclusively for bilateral activities within the Programme, i.e. preparation, strengthening and facilitating of bilateral cooperation and bilateral relations within the Programme and/or within the projects of the Programme through calls or pre-defined initiatives. Procedures for administration of Bilateral Ambitions of the Programme shall be described in MCS of the PO.
3. The PO shall ensure verification of expenditures incurred by final beneficiaries of initiatives selected under calls or pre-defined initiatives, i.e. the PO shall verify that the expenditures reported within the initiatives have actually been incurred and comply with the legal framework stated in the Article 2 of this Agreement.
4. The PO may ask for an increase of the grant of the Bilateral Ambitions of the Programme by submitting the expression of interest to the NFP through the NFP’s information system. In the expression of interest form, the PO shall outline how it intends to use the grant requested. The NFP will submit the request to the Joint Committee for Bilateral Funds for assessment. In case of the approved increase of the grant of the Bilateral Ambitions of the Programme, the Addendum to this Agreement will be signed in accordance with para. 3 of the Article 20 of this Agreement.
5. The Bilateral Ambitions of the Programme shall be administered and reported separately from the Programme budget as stated in para. 5 of the Article 11 and in para. 8 of the Article 12 of this Agreement.

Article 9 – Programme Budget

1. The total estimated eligible costs of the Programme shall be **5 882 353 EUR**.
2. The maximum amount of the Programme grant shall be **5 000 000 EUR**. The Programme grant shall represent **85 %** of the total eligible expenditures of the Programme (hereinafter referred to as the “Programme grant rate”). The Programme grant refers to the grant from the Norwegian Financial Mechanism 2014-2021 to the Programme.
3. The PO shall ensure the Programme co-financing in the amount of minimum **15 %** of the total eligible expenditures of the Programme within its budget. The estimated amount of the Programme co-financing is **882 353 EUR**¹. In addition to it, the PO shall ensure further national financial sources for implementation of each of PDPs (15% as specified

¹ The Programme co-financing will be secured from the state budget resources on the level of PO in cases where the project promoter will not be the organisational unit of the state / the state contributory organisation. In case the project promoter is the organizational unit of the state / the state contributory organization, the 15% Programme co-financing shall be secured directly in the budget chapter of such project promoter.

in the Annex 1) and for purchase, delivery and installation of all necessary equipment of the training centre in Kutná Hora in order to make the centre operational.

4. In case the actual amount of the total eligible expenditures of the Programme will be lower than the total estimated eligible costs of the Programme as stated in para. 1 of this Article, the total amount of the Programme grant will be proportionally lowered using the Programme grant rate stated in para. 2 of this Article.
5. In case the actual amount of the total eligible expenditures of the Programme will be higher than the total estimated eligible costs of the Programme as stated in para. 1 of this Article, the PO is obliged to ensure additional resources to cover these expenditures.
6. The financial framework of the Programme is as follows:

Budget heading	EEA Financial Mechanism	Norwegian Financial Mechanism	Programme grant rate	Programme co-financing	Total estimated eligible costs
	EUR	EUR	%	EUR	EUR
Programme management	0	400 000	85 %	70 588	470 588
Outcome 1	0	3 720 507	85 %	656 560	4 377 067
Outcome 2	0	253 431	85 %	44 723	298 154
Outcome 3	0	626 062	85 %	110 482	736 544
TOTAL	0	5 000 000	85 %	882 353	5 882 353

7. The Programme management costs shall not exceed the amount specified in the table in para. 6 of this Article.

Article 10 – Eligible Expenditures of the Programme

1. The eligibility of the Programme expenditures, including expenditures of Bilateral Ambitions of the Programme, shall be governed by the legal framework as stated in the Article 2 of this Agreement and special rules stated in the Programme Agreement. The expenditures incurred by the PO, project promoters and project partners shall be supported by respective proofs of expenditures.
2. The Programme expenditures, including expenditures on the Programme preparation, are eligible from 5 September 2017 to 31 December 2024. The period of eligibility of project expenditures within the Programme shall be defined by the PO in the project contract. Cost within project may be eligible from the date on which the PO decides to award the project grant or at a later date set in the project contract. The project contract shall set the final date of eligibility of project costs which shall be no later than 30 April 2024.

Article 11 – Reporting within the Programme

1. Strategic Reports:
The PO shall provide information and documents related to the Programme to the NFP to enable the NFP to prepare an annual Strategic Report on the implementation of the EEA and Norwegian Financial Mechanisms 2014-2021 in the Czech Republic.

2. Annual Programme Reports:
The PO shall draw up and submit the Annual Programme Report to the NFP and subsequently to the FMO using a template provided by the FMO in order to provide information on the implementation of the Programme during the latest reporting period, which shall be the calendar year. The PO shall submit the report to the NFP for assessment by 15 January every year and after the approval of the NFP, the PO shall submit the report to the FMO not later than 15 February every year.
3. Interim financial reports:
The PO shall draw up and submit the Interim Financial Report to the NFP and the CA using a template provided by the FMO in order to provide a statement of actual expenditures incurred during the latest reporting period, information on progress towards achieving outputs and outcomes as well as statement of proposed expenditures for the upcoming period. The reporting period is half a year. The PO shall submit the report to the NFP for check of factual aspects of the report (outputs, outcomes) when the report is submitted to the CA for certification of financial aspects of the report. After the positive certification of the report, the CA shall submit the report to the FMO. The deadlines for submission of Interim Financial Reports are defined in the Regulation and in the Methodology of Financial Flows, Control and Certification of Programmes Financed from the EEA and Norwegian Financial Mechanisms 2014-2021.
4. Final Programme report incl. Financial Annex:
The PO shall draw up the Final Programme Report incl. Financial Annex using a template provided by the FMO in order to provide an overall assessment of the implementation of the Programme including a calculation of the final balance. The PO shall submit the Final Programme Report to the NFP for assessment and the Financial Annex to the CA for certification of the final balance by 1 March 2025. After the approval of the NFP and the positive certification of the final balance, the CA shall submit the report to the FMO by 30 April 2025 at the latest.
5. Reports related to the Bilateral Ambitions of the Programme:
The PO shall draw up and submit a monitoring report related to the Bilateral Ambitions of the Programme including the request for payment to the NFP in 6-month intervals in order to enable the NFP to prepare the Interim Financial Report of the Fund for Bilateral Relations.
6. Other reports:
 - a) The PO shall draw up and submit a report to the NFP in order to provide information for the Programme steering committee meetings organized by the NFP upon the NFP request;
 - b) The PO shall provide and submit any documents or information on the situation of the implementation of the Programme that may be required by the NFP, CA, Audit Authority, FMO and any other authorized institutions (e.g. Supreme Audit Office, Office of the Auditor General of Norway) or experts designated by them;
 - c) The PO shall ensure entry of project-specific statistical data to maintain the FMO reporting database.

Article 12 – Accounting and Payments

1. The PO shall keep an adequate accounting system in computerized form and shall ensure that project promoters are able to clearly and unequivocally identify all transactions related to their projects in their accounting systems.

2. The PO shall establish and maintain an account in its name dedicated to the funds intended for regranting (the regranting account). In addition, the PO shall establish and maintain a bank account in its name for other transactions within the Programme. In case it is not possible – due to provisions of the national legislation – to establish two separate bank accounts, or the PO's bank account does not generate any interest, the PO shall ensure adequate accounting separation of transactions on one bank account. The PO shall make the payments from the following bank account: bank name: Czech National Bank, bank account number: 3605881/0710, currency of bank account: CZK.
3. Payments to the PO shall be made to the following bank accounts: bank name: Czech National Bank, bank account number: 19-5504881/0710 (the re-granting account for PDP transaction), currency of bank account: CZK, bank account number: 19-3605881/0710 (other transactions), currency of bank account: CZK.
4. Payments from the CA shall be made from the following bank account: bank name: Czech National Bank, bank account number: 34534-7454021/0710, currency of bank account: EUR.
5. The PO shall submit to the CA a forecast of likely payment applications necessary for the CA to fulfil its obligations against the FMO.
6. The financial flows between the FMO and the CA and further between the CA and PO shall be governed by the Regulation and the Methodology of Financial Flows, Control and Certification of Programmes Financed from the EEA and Norwegian Financial Mechanisms 2014-2021. Payment to the PO shall comprise only the Programme grant calculated by using the Programme grant rate stated in the para. 2 of the Article 9 of this Agreement and Bilateral Ambitions of the Programme.
7. The PO shall receive interim payments on the basis of approved Interim Financial Reports based on a statement of actual expenditures incurred during the last reporting period, divided into funds for re-granting for PDP transactions and other transactions within the Programme.
8. The PO shall receive payments related to the Bilateral Ambitions of the Programme on the basis of a payment claim of actually incurred expenditures accompanied by the monitoring report. Following the NFP's approval of the payment claim the actually incurred expenditures enters an Interim Financial Report of the Fund for Bilateral Relations and after the Interim Financial Report is approved by the CA the payment claim is reimbursed to the PO's bank account (other transactions). No advance payments are provided for Bilateral Ambitions of the Programme.
9. The PO shall receive payment of the final balance on the basis of approved Final Programme Report incl. Financial Annex and calculation of final balance, divided into funds for re-granting for PDP transactions and other transactions within the Programme.
10. 10 % of the Programme management costs shall be retained by the FMO until the payment of final balance.
11. The PO shall ensure that payments to the projects in the form of advance payments, interim payments and final payment are made in a timely manner.

Article 13 – Monitoring, Control, Audit and Evaluation of the Programme

1. The PO shall ensure that data on implementation necessary for financial management, reporting, monitoring, verifications, audits and evaluation are collected and stored in computerised form.
2. The NFP shall organize Programme steering committee meetings with the PO at least twice a year following the signature of the Programme Agreement.
3. The NFP, the CA, the Audit Authority, the FMO and any other authorized institutions (e.g. Tax Office, Supreme Audit Office, Office of the Auditor General of Norway) or experts designated by them are allowed to monitor, control, audit or evaluate the Programme and the PO, all its projects and project promoters and other activities carried out within the Programme including the Bilateral Ambitions of the Programme both during the Programme implementation and during the sustainability period after its completion.
4. The PO shall provide full access to information, documentation, premises and responsible persons related to the implementation of the Programme to the entities listed in para. 3 of this Article.
5. The PO shall take any necessary measures to guarantee that the project promoters shall provide full access to the information, documents, premises and responsible persons related to the activities financed from the projects within the Programme to the entities listed in para. 3 of this Article.
6. The PO shall inform the NFP and the CA about any monitoring, control, audit or evaluation performed by other entities, the results of such monitoring, control, audit or evaluation and the recommended corrective actions. The PO shall provide follow-up information on the undertaken corrective measures to the institution that has performed the monitoring, control, audit or evaluation as well as the NFP and the CA.
7. The PO shall inform upon request the NFP and the CA about results of any on-the-spot verifications of projects performed by the PO or on behalf of the PO, results of such verifications and recommended corrective actions.
8. The PO shall keep documents related to the implementation of the Programme at least for a period of 10 years as of 1 January following the year when the Final Programme Report has been approved by the NMFA.
9. The PO shall ensure that the project promoters of all projects within the Programme keep documents related to the implementation of the Programme at least for a period of 10 years as of 1 January following the year when the final project report has been approved by the PO, at least until 31 December 2030. This applies also for the Bilateral Ambitions of the Programme.

Article 14 – Programme Modification

1. Any modification of the Programme is subject to prior approval of the NMFA. Programme specific exceptions from this rule are set in the Programme Agreement.
2. The PO shall describe and justify the modification, as well as the likely impact on the financial figures, risk assessment, outputs and outcomes of the Programme and submit it to the NFP for assessment. After provisional approval of the NFP the PO shall submit the modification proposal to the FMO and shall wait for the decision of the NMFA and

the formal response. If approved by the NMFA the NFP informs both the PO and the CA about the approved Programme modification without delay.

3. In case of modifications in the MCS of the PO, the PO shall submit the amended MCS of the PO to the NFP for assessment.
4. In case of administrative changes that do not have effect on the content of the Programme the PO shall inform the NFP and the CA about such changes without delay.

Article 15 – Irregularities and Complaints

1. The PO shall ensure that all necessary and appropriate measures are taken to prevent, detect and nullify the effect of any cases of suspected or actual irregularities. Similarly, the PO shall ensure that any suspected and actual cases of irregularities shall be investigated promptly and efficiently and properly reported and remedied, including making any financial corrections that may be appropriate. The PO shall keep a register of all irregularities within the Programme.
2. The PO shall notify the CA of any suspected or actual cases of irregularities related to the financial flows and implementation of the Programme.
3. Investigation of and reporting on irregularities shall be governed by the legal framework as stated in the Article 2 of this Agreement. The PO is obliged to submit to the CA reports on irregularities containing information on new irregularities and the solution procedure for already reported irregularities. Reports shall be submitted by the PO within one month from the end of each calendar quarter or immediately depending on the nature of the irregularity.
4. The PO shall establish a complaint mechanism to ensure effective processing and deciding on complaints about the suspected non-compliance with the principles of good governance in relation to the implementation of the Programme. The PO shall, upon request by the NFP, examine complaints received by the NFP. The PO shall inform the NFP of the results of those examinations. The PO shall without delay report to the NFP on any complaints involving suspected irregularities.

Article 16 – Suspension of Payments and Reimbursement

1. The NMFA has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The NFP and the PO shall be notified about decisions related to these remedies and shall inform each other about the steps taken in relation to these remedies.
2. The NFP has the right to suspend payments and request reimbursement from the PO in case decision on such actions is taken by the NMFA or the NFP. The NFP shall inform the PO and the CA about such a decision without delay.
3. The PO has the right to present to the NFP any documents or other relevant evidence and to request – through the NFP – that the NMFA reviews its decision related to the remedies described in para. 1 of this Article.
4. The PO shall request from the project promoter reimbursement of the amounts on all confirmed irregularities and/or amounts unduly paid.

5. The reimbursement requested from the PO is not contingent upon reimbursement from the project promoter.
6. The NFP shall inform the PO and the CA on the results of the procedures and consultations related to the remedies described in para. 1 of this Article.

Article 17 – Common Interest

1. The Programme shall be based on the common values of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities. The Programme shall follow the principles of good governance; it shall be participatory and inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero-tolerance towards corruption. The Programme shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection. The Programme shall follow a results and risk management approach.
2. The Parties declare to join their efforts to fight against corruption and in particular they declare that offer, gift, payment or benefit of any kind, which would or could, either directly or indirectly, with the aim to obtain illegally the grant or public tender from the Programme budget, will be construed as an illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to the Programme budget.
3. When implementing the Programme, the Parties shall struggle to maximize the benefit to reach the proposed outcomes of the Programme so they would contribute to the overall objectives of the Norwegian Financial Mechanism 2014-2021.

Article 18 – Dispute Settlement & Corrections

1. The Parties agree to settle any disputes relating to the implementation or interpretation of this Agreement amicably by agreement between both Parties.
2. In case the Parties cannot settle the dispute in an amicable manner, the dispute will be settled in accordance with the legislation of the Czech Republic, taking into account the legal framework as defined in the Article 2 of this Agreement.
3. Responsibilities and obligations of the PO included in this Agreement are considered as “the conditions on including the expenditures into the state budget” in line with the § 26, para. 2 of the Act No. 218/2000 Coll., on budgetary rules and on the amendment of some other related acts (Act on Budgetary Rules).
4. Breach or non-fulfilment of the responsibilities or obligations of the Parties not explicitly included in the Annex 2 to this Agreement are considered neither as the breach of budgetary discipline nor the unauthorised use of funds in line with the § 14, para. 4, letter j) of the Act No. 218/2000 Coll., on budgetary rules and on the amendment of some other related acts (Act on Budgetary Rules) and there is no correction for such a breach or non-fulfilment.
5. Breach or non-fulfilment of the responsibilities or obligations of the Parties included in the Annex 2 to this Agreement is considered as a breach of this Agreement and the other Party may request financial corrections as stated in the Table of financial corrections that forms an integral part of this Agreement as Annex 2.

6. The respective correction is payable within the deadline given in the written request of the entitled Party to the Party liable to pay the correction.
7. The NFP is entitled to request from the PO all the corrections that are relevant in connection with the breach or non-fulfilment of the responsibilities or obligations of the PO in accordance with this Agreement. Cumulating of corrections is possible.
8. The PO is still obliged to fulfil its responsibility or obligation stated in this Agreement even when the respective correction was paid by the PO.

Article 19 – Termination

1. The NFP will terminate this Agreement in case the Programme Agreement is terminated prior to its entire performance thus ending the Programme and its implementation.
2. The NFP reserves the right to unilaterally terminate the Agreement if proved that the PO has significantly breached it.
3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism according to the Article 18 of this Agreement or the right to make use of the remedies provided in the Article 16 of this Agreement.

Article 20 – Final Provisions

1. Areas not covered in this Agreement shall be governed by the legal framework as defined in the Article 2 of this Agreement.
2. The Parties agree to notify each other without delay of any changes or circumstances that may significantly affect the preparation and implementation of the Programme or the implementation of the conditions stemming from the Programme Agreement or that are related to the information included in this Agreement.
3. The content of this Agreement can be changed only in a form of a written amendment (Addendum) signed by both Parties. In case of the change of the Annex 1 the Addendum to this Agreement will be signed only if the change of Annex 1 has influence on substance of this Agreement.
4. This Agreement is drawn up in electronic form in the English language and signed by qualified electronic signatures of the responsible persons of both Parties.
5. This Agreement shall enter into force on the date when the Agreement signed by both Parties is returned to the NFP and shall remain valid for a period of 10 years as of 1 January following the year when the Final Programme Report has been approved by the NMFA.
6. The following annexes form an integral part of this Agreement:

Annex 1 – Programme Agreement including its Annexes

Annex 2 – Table of financial corrections

Ministry of Finance of the Czech Republic

National Focal Point
for the EEA and Norwegian Financial
Mechanisms 2014-2021

Signed in: Prague

Ministry of Interior of the Czech Republic

Programme Operator
for the Programme CZ-HOME AFFAIRS

Signed in: Prague

Name: Zuzana Matyášová

Position: Director of International Relations
Department

Name: Ivo Ryšlavý

Position: Director of Structural Funds
Department