Norwegian Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The International Relations Department, Ministry of Finance of the Czech Republic,
hereinafter referred to as the "National Focal Point",
representing Czech Republic,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Environment, Ecosystem and Climate Change"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Norwegian Ministry of Foreign Affairs (hereinafter referred to as the NMFA) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the Norwegian Financial Mechanism 2014-2021 to the Programme.

Article 1.2
Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the Norwegian Financial Mechanism 2014-2021:

(a) Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the Agreement);(b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 10(5) of the Agreement;

(c) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "MoU"), entered into between Norway and the Beneficiary State; and

(d) any guidelines adopted by the NMFA in accordance with the Regulation.

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3
Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4
Annexes and hierarchy of documents

1. Annexes attached hereto form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the annexes shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2
The Programme

Article 2.1
Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the principles of implementation as set out in the Regulation.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2
Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the Norwegian Financial Mechanism 2014-2021 in the Beneficiary State and for the full and correct

implementation of this programme agreement. In particular, the National Focal Point undertakes to:

(a) comply with its obligations stipulated in the Regulation and this programme agreement;

(b) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

(c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

(d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The NMFA shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3
Objective and outcomes of the Programme

1. This programme agreement sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4
Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in this programme agreement.

2. In case the Programme is also supported by the EEA Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan annexed to this programme agreement shall:

(a) contain a breakdown between the Programme's budget headings;

(b) indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in this programme agreement.

Article 2.5
Special conditions and programme specific rules

1. This programme agreement shall list any conditions set by the NMFA with reference to paragraph 2 of Article 6.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in this programme agreement.

Article 2.6
Programme implementation agreement

With reference to Article 6.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the NMFA of such signing.

Article 2.7
Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulation as well as statistical reporting in accordance with guidelines adopted by the NMFA.

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 11.1, 11.2, 11.3 and 11.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework regarding monitoring of

the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the NMFA.

2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.

3. Expenditures incurred in breach of this article are not eligible.

4. Should there be a doubt as to whether the proposed modifications require approval by the NMFA, the National Focal Point shall consult the NMFA before such modifications take effect.

5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 of the Regulation.

Article 2.10
Communication

1. All communication to the NMFA regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the NMFA towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

Article 2.11
Contact information

1. The contact information of the Programme Operator is as specified in this programme agreement.

2. The contact information for the NMFA and the Financial Mechanism Office are:

Financial Mechanism Office
Att: Director
EFTA Secretariat
Rue Joseph II, 12-16
1000 Brussels
Telephone: +32 (0)2 286 1701
Telefax (general): +32 (0)2 211 1889
E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the NMFA prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point, in connection with the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3
Projects

Article 3.1
Selection of projects and award of grants

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulation and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulation and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this programme agreement.

3. Pre-defined projects shall be outlined in this programme agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5 of the Regulation.

Article 3.2
Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The content and form or the project contract shall comply with Article 7.6 of the Regulation.

4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3
Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.6 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 7.7 of the Regulation.

2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from Norway.

3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 8.15 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

Chapter 4
Finance

Article 4.1
Eligible expenditures

1. Subject to Article 8.7 of the Regulation, eligible expenditures of this Programme are:

(a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;

(b) payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract.

2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 8.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulation, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulation as well as indirect costs in accordance with Article 8.5 of the Regulation.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the NMFA of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 6.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraph 1 are set in this programme agreement. Programme specific rules on the eligibility of expenditure set in this programme agreement shall be complied with.

Article 4.2
Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 8.12 of the Regulation.

Article 4.3
Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in this programme agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 9.1 of the Regulation.

5. Chapter 9 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4
Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the Norwegian Financial Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The NMFA has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5
Final provisions

Article 5.1
Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the NMFA is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2
Termination

1. The NMFA may, after consultation with the National Focal Point, terminate this programme agreement if:

(a) a general suspension decision according to Article 13.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulation has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

(c) a request for reimbursement according to Article 13.2 of the Regulation has not been complied with within one year from such a decision;

(d) the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

(e) the Programme Operator has, in the opinion of the NMFA, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the NMFA to make use of the remedies provided in Chapter 13 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the NMFA, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the NMFA or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The NMFA does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the NMFA for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the NMFA, its officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third

person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

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

For the Donors	For the National Focal Point
Signed in Prague on 20/02/2019	Signed in Prague on 20/02/2019
.....	.....
Robert Kvile NMFA, and on behalf of Niels Engelschiøn	Zuzana Matyasova Director, Ministry of Finance of the Czech Republic

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	The State Environmental Fund of the Czech Republic
Donor Programme Partner:	Norwegian Environment Agency (NEA)
IPO:	-
Other Programme Partner(s):	Ministry of the Environment of the Czech Republic

Programme Objective	Improved environmental status in ecosystems and reduced adverse effects of pollution and other human activities

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA11	Outcome 1	Improved Environmental Status in Ecosystems	Number of accepted proven methods coming from accomplished R&D projects to improve Environmental Status in Ecosystems	N/A	Cumulative number	Project Promoter's records, copies of the project´s documentation	Annually (APR)	0	N/A	8
			Number of targeted habitats with improved ecological status	N/A	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	6
			Number of selected species whose conditions has been improved	N/A	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	6
			Number of people benefitting from the ecosystem improvement measures	N/A	Cumulative number	Project Promoter's records, final evaluation reports	Annually (APR)	0	N/A	150,000
	Output 1.1	Improved ecosystems management in place	Number of innovative projects to improve environmental status	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and	0	N/A	8

			in ecosystems implemented with a multi-sectoral approach				September IFR)			
	Output 1.2	Measures to increase biodiversity in ecosystems in sites outside the protected areas supported	Number of environmentally friendly measures to increase biodiversity in ecosystems in sites outside the protected areas implemented	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	15
	Output 1.3	Measures for specially protected plant and animal species implemented	Number of measures for selected species implemented	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	15
	Output 1.4	Public awareness of environmental problems in ecosystems increased	Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	15
			Number of people reached by awareness-raising campaigns	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	60,000
PA11	Outcome 2	The adverse effects of human activities on air quality reduced	Number of new measures identified (within Action / Strategic Plans) to improve air quality	N/A	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	30
			Number of people benefiting from the implemented measures to improve air quality	N/A	Cumulative number	Project Promoter's records, final evaluation reports	Annually (APR)	0	N/A	100,000

			Number of people in the targeted area who increased knowledge regarding air quality issues and measures for improvement	N/A	Cumulative number	Project Promoter's records, final evaluation reports	Annually (APR)	0	N/A	100,000
	Output 2.1	Main sources of air pollution in selected areas identified	Number of areas in which main sources of air pollution have been identified	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	5
	Output 2.2	Action plans for air quality improvement in place	Number of new action plans for air quality improvement	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	5
	Output 2.3	Pilot projects to improve air quality implemented in targeted municipalities	Number of municipalities which have implemented measures to improve air quality	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	8
	Output 2.4	Monitoring of air quality, influenced by local heating in selected municipalities, established	Number of air quality monitoring systems related to home/local heating established	N/A	Cumulative number	Project Promoter's records, final evaluation reports	Semi-annually (APR and September IFR)	0	N/A	7
	Output 2.5	Increased awareness of air pollution among households	Number of awareness raising campaigns and capacity buildings carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	10
			Number of people completing training	N/A	Cumulative number	Project Promoters' records, attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100

			Number of people reached by awareness-raising campaigns	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	70,000
PA11	Outcome 3	The adverse effects of human activities on water quality reduced	Number of institutions with access to improved water monitoring systems	N/A	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	3
			Number of people benefitting from the measures for improved water quality	N/A	Cumulative number	Project Promoter's records, final evaluation reports	Annually (APR)	0	N/A	30,000
			Number of people in the targeted areas who increased knowledge regarding water quality issues and measures for improvement	N/A	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	75,000
			Share of targeted emerging pollutants discharged by supported entities	N/A	Percentage	Project Promoter's records (analysis records), copies of official discharge records	Annually (APR)	0 %	N/A	50 %
	Output 3.1	Monitoring of emerging pollutants under the Water Framework Directive improved	Number of new analytic equipment / analytical methods developed	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	7
	Output 3.2	Pharmaceutical pollution reduced	Number of pilot projects implemented to reduce pharmaceutical pollution	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	7

	Output 3.3	Increased awareness of emerging pollutants among public	Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	5
			Number of people completing training	N/A	Cumulative number	Project Promoters' records, attendance sheets	Semi-annually (APR and September IFR)	0	N/A	50
			Number of people reached by awareness-raising campaigns	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	50,000
PA13	Outcome 4	Enhanced resilience and emissions reduction in selected communities	Number of municipalities with enhanced compliance with national or EU mitigation and/or adaptation strategies/plans	N/A	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	25
			Number of people positively affected by implementation of mitigation/adaptation measures	N/A	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	250,000
	Output 4.1	Mitigation/adaptation plans on local/regional level developed	Number of new mitigation/adaptation plans developed	N/A	Cumulative number	Project Promoter's records, copy of the mitigation/adaption plans' documents	Semi-annually (APR and September IFR)	0	N/A	25
			Number of people potentially affected by implementation of new plans	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	250,000

	Output 4.2	Mitigation/adaptation measures for local/regional level implemented	Number of mitigation/adaptation measures implemented	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	30
			Number of selected municipalities/regions with mitigation/adaptation measures implemented	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	15
	Output 4.3	Awareness raising measures and capacity building for local/regional level supported	Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	10
			Number of people reached by awareness campaigns	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	80,000
			Number of people completing training	N/A	Cumulative number	Project Promoters' records, attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100
PA11	Bilateral Outcome	Enhanced collaboration between beneficiary and donor state	Level of trust between cooperating entities in Beneficiary States and Donor States	N/A	Scale 1-7	Survey results	Annually (APR)	6.39[1]	2023[2]	4.5[3]

[1] Survey carried out by the FMO
[2] Latest available baseline
[3] Target is ≥4.5 and an increase on the baseline

		entities involved in the programme	Level of satisfaction with the partnership	N/A	Scale 1-7	Survey results	Annually (APR)	6.48[4]	2023[5]	4.5[6]
			Share of cooperating organisations that apply the knowledge acquired from bilateral partnership	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	50 %
			Number of joint applications for further funding	Donor State, Funding source (applied for)	Cumulative number	Copies of the application for funding	Annually (APR)	0	N/A	3
			Number of joint initiatives in a Beneficiary State or a Donor State, beyond the scope of the programme	Donor State	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	2
	Bilateral Output 1	Cooperation between donor state and beneficiary state entities facilitated	Number of training courses co-organised by donor state and beneficiary state entities	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	8
			Number of projects involving cooperation with a donor project partner	N/A	Cumulative number	Copies of contracts concluded with Project Promoters, Partnership agreements between Project Promoters and project partners	Semi-annually (APR and September IFR)	0	N/A	10
			Number of international networks where partners from Beneficiary States and Donor States participate together	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	4

[4] Survey carried out by the FMO
[5] Latest available baseline
[6] Target is ≥4.5 and an increase on the baseline

Conditions

General

The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters:

- Keep any buildings purchased, constructed, renovated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use such buildings for the benefit of the overall objectives of the project for the same period;

- Keep any buildings purchased, constructed, renovated or reconstructed under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and

- Set aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.

Pre-eligibility

Not applicable

Pre-payment

Not applicable

Pre-completion

Not applicable

Post-completion

Not applicable

Eligibility of costs - period	**First date**	**Final date**
Eligibility of costs	05/09/2017	30/04/2025
Grant rate and co-financing		
Programme eligible expenditure (€)		€ 37,311,765
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		-
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		€ 31,715,000
Maximum amount of Programme grant - Total (€)		€ 31,715,000

PA	Budget Heading	Norway Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA11	Programme management	€ 2,517,400	€ 2,517,400	85.00 %	€ 444,247	€ 2,961,647	€ 0
PA11	Outcome 1 (Norway Grants)	€ 7,890,576	€ 7,890,576	85.00 %	€ 1,392,455	€ 9,283,031	€ 0
PA11	Outcome 2 (Norway Grants)	€ 5,758,133	€ 5,758,133	85.00 %	€ 1,016,141	€ 6,774,274	€ 0
PA11	Outcome 3 (Norway Grants)	€ 4,992,773	€ 4,992,773	85.00 %	€ 881,078	€ 5,873,851	€ 0
PA13	Outcome 4 (Norway Grants)	€ 10,556,118	€ 10,556,118	85.00 %	€ 1,862,844	€ 12,418,962	€ 0
Total		**€ 31,715,000**	**€ 31,715,000**	**85.00 %**	**€ 5,596,765**	**€ 37,311,765**	**€ 0**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 296,165

Environment, Ecosystem and Climate Change

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the programme. The programme agreement is based on the MoUs, the concept note, and comments made by the NMFA. Commitments, statements and guarantees, explicit as well as implicit, made in the concept note, are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

The Programme Operator (PO) is the State Environment Fund of the Czech Republic. The Programme Partner is the Ministry of the Environment of the Czech Republic. The Norwegian Environment Agency (NEA) is the Donor Programme Partner (DPP).

The programme objective, **"Improved environmental status in Czech ecosystems and reduced negative effects of human activities'** shall be attained through four outcomes:

- The programme shall support the outcome **'Improved environmental status in ecosystems' (Outcome 1)** by way of one call for proposals (Call 1) aiming to implement pilot projects including application of results of accomplished research projects into practice (output 1.1) and one small grant scheme (SGS 1) to implement measures to enhance the stability of the landscape to increase biodiversity in ecosystems in sites outside the specially protected areas (output1.2), and implementation of certain measures for specifically protected plant and animal species (output 1.3);
- The programme shall support the outcome '**The adverse effects of human activities on air quality reduced' (Outcome 2)** by way of two calls for proposals addressing monitoring and identification of major sources of air pollution in regions including development of relevant action plans (Call 2A, contributing to output 2.1 and 2.2), and aiming to support implementation of measures from existing Action Plan(s) to improve air quality in regions (components 2A and 2B contributing to output 2.3) and a small grant scheme (SGS 2) to support the establishment of monitoring network to identify levels of air pollution caused by home/local heating in some regions (output 2.4);
- The programme shall support the outcome **'The adverse effects of human activities on water quality reduced' (Outcome 3)** by way of two calls for proposals to improve the national monitoring activities with regard to Water Framework Directive (2008/105/EC) (Call 3A, contributing to output 3.1), and implementation of pilot or demonstration projects to reduce pharmaceutical pollution (Call 3B, contributing to output 3.2);
- The programme shall support the outcome: **'Enhanced climate change resilience and emissions reduction in selected communities' (Outcome 4)** by way of two calls for proposals (Call 4A and 4B) supporting implementation of measures from existing local or regional Adaptation and Mitigation Strategies/Plans and one small grant scheme (SGS 3) to support the development of new local/regional Adaptation and Mitigation Strategies//Plans (output 4.1).

One joint small grant scheme (SGS 4) shall support to implement separate information campaigns and general public awareness raising and capacity building measures within all four outcomes (contributing to outputs 1.4, 2.5, 3.3, and 4.3).

2. Eligibility

2.1 Eligible applicants:

The rules of eligibility of project promoters and project partners are set in Article 7.2 of the Regulation.

2.2 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 8 of the Regulation. In justified cases and in coherence to effectiveness and efficiency of the financial contribution, the eligibility of direct and indirect project expenditures may be limited for selected calls (e. g. small grant schemes), following the approval of the Cooperation Committee.

In line with Article 8.5.4 the following restrictions on indirect costs shall apply:

Project promoters and project partners may only identify their indirect costs according to Article 8.5.1 (b) and (c) and (e) of the Regulation.

3. Bilateral relations

3.1 Bilateral relations

The programme shall contribute to strengthening bilateral relations between the Czech Republic and the Donor States.

The programme shall as appropriate facilitate donor partnership projects by carrying out, inter alia, match-making events and activities in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call texts.

The further use of the funds for bilateral relations allocated to the programme shall be agreed in the Cooperation Committee.

4. Selection of projects and financial parameters

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

Call/SGS	Outcome	Estimated timing of the call	Total available amount	minimum grant applied for	maximum grant applied for
Call 1	Outcome 1	Q2 2021	€ 6,395,750	€ 200,000	€ 1,000,000
Call 2A	Outcome 2	Q3 2020	€ 2,900,357	€ 200,000	€ 750,000
Call 2B	Outcome 2	Q3 2022	€ 2,926,669	€ 200,000	€ 750,000
Call 3A	Outcome 3	Q2 2022	€ 3,000,000	€ 200,000	€ 750,000
Call 3B	Outcome 3	Q2 2021	€ 2,966,169	€ 200,000	€ 1,000,000
Call 4A	Outcome 4	Q3 2020	€ 6,049,591	€ 200,000	€ 1,000,000
Call 4B	Outcome 4	Q3 2022	€ 4,691,168	€ 200,000	€ 1,000,000
SGS 1	Outcome 1	Q3 2020	€ 2,549,470	€ 5,000	€ 200,000
SGS 2	Outcome 2	Q2 2022	€ 1,000,000	€ 10,000	€ 100,000
SGS 3	Outcome 4	Q4 2019	€ 1,334,239	€ 5,000	€ 50,000
SGS 4	Outcomes 1,2,3,4	Q4 2020	€ 1,248,469 (~ € 300,000 per Outcome)	€ 5,000	€ 50,000

4.2 Selection procedures:

The project evaluation and award of grants shall be in accordance with Article 7.4 of the Regulation.

The Programme Operator shall be responsible for project evaluation and the award of grants. The Programme Operator shall be responsible for reviewing the applications for compliance with administrative and general eligibility criteria. The administrative and general eligibility criteria shall not include any criteria requiring scoring.

Applicants whose application is rejected at this stage shall be informed of the reasons of rejection in writing and given 5 working days to appeal that decision to the Programme Operator.

All applications that meet the administrative and general eligibility criteria shall proceed to the specific eligibility assessment process conducted by the independent expert departments of the State Environmental Fund. This shall entail a confirmation that the application meets all other requirements of the relevant call and all the technical prerequisites set by the technical methodologies as part of the call. During this process two expert project managers assess the evaluation (selection) criteria and a ranking (score) for each application is given. The call text shall clearly indicate the maximum score for each criterion (e.g. relevance, budget, feasibility). A minimum total score will be set per call for proposals or Small Grants Scheme as an elimination criterion. In this case, if a prescribed minimum score is not obtained for the eliminating criterion, the project is proposed to be rejected.

The list of such ranked projects is further provided to the Selection Committee. The Selection Committee shall review the ranked list of projects and may request verification of the project ranking in justified cases. The justification for modifications shall be detailed in the minutes of the meeting of the Selection Committee. The minutes shall be signed by all members of the Selection Committee. The Chairman of the Selection Committee shall submit the minutes and the list of the recommended projects, together with a reserve list and the list of rejected project applications and the reason for their rejection, to the Programme Operator.

The Programme Operator shall establish a Selection Committee for each call separately. The Selection Committee shall consist of a Chairman and a secretary – representatives of the Programme Operator – without voting rights, and at least five voting members, including representatives of the Programme Partner, Programme Operator and independent expert members external to the Programme Operator and Programme Partner. The Programme Operator, the NMFA, the DPP, and the National Focal Point shall be invited to participate in the Selection Committee as observers.

The Rules of Procedure of the Selection Committee shall be agreed in the Cooperation Committee.

The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that the grant award recommendations of the Selection Committee comply with the rules and objectives of the Programme. Following such verification, the Programme Operator (State Environment Fund Council) shall, make a decision on which projects shall be supported.

The grant award decision for each project shall be signed by the Minister of the Environment or by the Director of the State Environmental Fund of the Czech Republic (depending on the legal entity of the applicant). The Programme Operator shall notify the applicants about the results of the selection process within reasonable time and publicise the results. All unsuccessful applicants shall be provided with a brief description of the reasons for the decision.

Special rules on the selection procedures for calls 1 and 3B

Two-stage application process shall be followed for the selection of pilot and innovative projects under call 1 and 3B.

The applicants shall submit a project outline together with a feasibility study, which shall be assessed according to the general rules described above for compliance with administrative and eligibility criteria. The project outline shall be in accordance with the administrative criteria and completed with the required annexes for the scoring and ranking by the Independent Expert Committee to take the decision on the outline and to complete the application for submission for its approval. During the next stage, the application is administered, evaluated and scored in the same manner as for the one-stage process above.

4.3 Project grant rate:

Grants to all projects from the programme may be up to 100% of total eligible expenditure of the project. In the case of projects where the project promoter is an NGO or a social partner as defined in Article 1.6 of the Regulation, the project grant rate may be up to 90% of the total eligible expenditure of the

project. The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects. Any remaining costs of the project shall be provided or obtained by the project promoter.

5. Additional mechanisms within the Programme

5.1 Pre-defined projects

Not applicable

5.2 Financial Instruments

Not applicable

6. Programme Management

6.1 Payment flows

The Programme Operator shall ensure that payments to projects are made in a timely manner. Interim and final payments to the projects shall be based on approved project reports.

Payments of the project grant shall take the form of advance payments, interim payments and a final payment. The level of advance payment to projects shall be set out in the project contract.

The maximum level of advance payment is 50% of the project grant in the case of private entities. There is no advance for public entities associated with state budget. The maximum level of advance payment shall be linked to the type of project promoter and duration as follows:

Project Promoter	Project implementation duration	Maximum Advance payment	Interim payments	Final payment
Public entity		No advance payment.	90% - Based on reimbursement of expenditure	10%
Public entity not associated with state budget or private entity*	≤ 12 Months	Up to 50%	40%	10%
	12-18 months	Up to 30%	60%	10%
	>18 Months	Up to 20%	70%	10%

** The advanced payment is not relevant for the State Organizational Units and State Contributory Organizations in accordance with Czech Act No. 218/2000 Coll., On budgetary rules.*

The first advance instalment shall be paid following the signature of the project contract. An advance payment of a percentage of the total grant amount shall be paid within 1 month from the submission of a request after signature of the project contract.

Subsequent payments shall be paid after the approval of project interim reports. The interim payments shall be paid within 1 month after the approval of project interim reports.

The final payment will be paid after approval of the final report. Upon approval of the final project report a final balance payment, if applicable, shall be made within 1 month.

The approval of project interim and final reports shall take place within 2 months from the submission of the required information.

The periodicity of reporting periods, and deadlines for reporting will be further detailed in the description of the Programme Operator’s management and control systems.

6.2 Verification of payment claims

Project promoters shall submit interim and final project reports containing information on project progress and incurred expenditure.

In line with point i) of Article 5.6.2 of the Regulation incurred expenditure reported shall be subject to administrative verifications before the report is approved. Verifications to be carried out shall cover administrative, financial, technical and physical aspects of projects, as appropriate and be in accordance with the principle of proportionality. Additionally, in line with point ii) of Article 5.6.2 of the Regulation on–the-spot verifications of projects, which may be carried out on a sample basis, shall be carried out.

The detailed procedure for verification will be further detailed in the description of the Programme Operator's management and control systems.

6.3 Monitoring and reporting

The Programme Operator shall monitor, record and repost on progress towards the programme's outcomes in accordance with provisions contained in the legal framework. The Programme Operator shall ensure that suitable and sufficient monitoring and reporting arrangement are made with the project promoters in order to enable the Programme Operator and the National Focal Point to meet its obligation to the NMFA.

When reporting on progress achieved in Annual and Final Programme Reports, the Programme operator shall disaggregate results achieved as appropriate and in accordance with instructions and templates received from the FMO.

6.4 Programme administrative structures

Not applicable

7. Communication

The Programme Operator shall comply with Article 3.3 of the Regulations, the Information and Communication Requirements in Annex 3 of the Regulations and the Communication plan for the programme.

8. Miscellaneous

Notwithstanding Article 6.9 of the Regulation and Article 2.9 of the programme agreement, approval of the Final Programme Report in accordance with Article 6.12 of the Regulation, shall be considered as fulfilment of Articles 1.4.3 and 2.3.2 of the programme agreement.