EEA Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

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 "Good Governance"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) 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 EEA 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 EEA Financial Mechanism 2014-2021:

(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;

(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 10(5) of Protocol 38c;

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

(d) any guidelines adopted by the FMC 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 EEA 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 FMC 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 Norwegian 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 FMC 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 FMC 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 FMC.

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 FMC.

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 FMC, the National Focal Point shall consult the FMC 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 FMC 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 FMC 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 FMC 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 FMC 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 the Donor States.

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 FMC 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 EEA Financial

Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The FMC 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 FMC 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 FMC 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 FMC, 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 FMC 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 FMC, 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 FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC 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 FMC 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 FMC, its members or alternate members, nor the EFTA States, 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.

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.

Article 5.4
Entry into force and duration

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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 Oslo on 20/08/2019	Signed in Prague on 18/09/2019
.....	.....
Niels Engelschiøn Chairman of the EEA Financial Mechanism Committee	Zuzana Matyasova Director International Relations Department Ministry of Finance of the Czech Republic

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	Ministry of Finance of the Czech Republic
Donor Programme Partner:	-
IPO:	Council of Europe (CoE)
Other Programme Partner(s):	-

Programme Objective	Integrity and accountability of public administration improved

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA16	Outcome 1	Improved responsiveness of public administration to citizens' needs	Number of municipalities involving citizens in public policy decision making	N/A	Number	Formal responses, informal feedback, survey responses	Annually (APR)	75	2017	113
			Number of national policies and laws influenced	N/A	Number	Formal responses, acknowledgement of input to consultations, Informal feedback, Survey responses	Annually (APR)	0	N/A	2
			Number of people participating in consultations with a public decision-making body during the programme period	Gender, Age	Number	Formal responses, informal feedback, survey responses	Annually (APR)	N/A	N/A[1]	1,855
			Follow-up plan for improving Public Administration, based on recommendations of	N/A	Binary	Copy of the Follow-up plan	Annually (APR)	No	N/A	Yes

[1] 2017

			the OECD developed by the Ministry of Interior							
	Output 1.1	Framework for improving the quality of public service delivery created	Number of awareness raising activities[2]	N/A	Number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	3
			Number of professional staff trained on Public Governance Review recommendations	Gender	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100
			OECD Public Governance Reviews conducted	N/A	Binary	Copy of the OECD Public Governance Reviews	Annually (APR)	No	N/A	Yes
	Output 1.2	Optimization of public administration supported	Evaluation report on citizens' needs and territorial service distribution based on purchased data elaborated	N/A	Binary	Evaluation report(s), analysis of movement and distribution of the population	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of alternative public service delivery models developed[3]	N/A	Number	Copies of the specific models developed for the optimisation of public service provision	Semi-annually (APR and September IFR)	0	N/A	8
			Number of high quality public consultations conducted[4]	N/A	Number	Project Promoter's records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	110

[2] Types of activities will be specified on the basis of the consultations with the OECD.
[3] Dataset of big data information enabled to be used for coordinating and re-setting of public services of 8 specific types of public administration bodies (offices). These offices are: Cadastra, Financial Office, Building Authority, Czech social security administration offices, Municipalities with Extended Competencies, Municipalities with Authorised Office, Labour Office, Registry Office
[4] Definition of high quality ill be provided within 6 month after sign of the PA

			Number of municipalities trained on conducting high quality public consultations	N/A	Number	Project Promoter's records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	13
PA16	Outcome 2	Accountability of public administration improved	Annual number of corruption cases registered by the Police of the Czech Republic	N/A	Annual number	Project promoter´s records	Annually (APR)	92[5]	2017	110[6]
			Corruption perception index score (Transparency international)	N/A	Number	Transparency International CPI	Annually (APR)	57[7]	2017	62
			Formal Code of Conduct implemented nationwide by Courts	N/A	Binary	Formal responses, survey responses	Annually (APR)	No	N/A	Yes
			Number of national policies and laws influenced	N/A	Number	Formal responses, acknowledgement of input to consultations, Informal feedback, Survey responses	Annually (APR)	0	N/A	2
			Share of programme-relevant (4th round) GRECO recommendations fully or partially met by Czech authorities	N/A	Percentage	Formal responses, official reports	Annually (APR)	50 %	2018	70 %[8]
			Number of whistle blower cases officially reported during the programme period	N/A	Number	Statistical system	2024	N/A	N/A	2

[5] Number of detected corruption cases in 2017.
[6] Presumed increase in 2022.
[7] Score of the Czech Republic in 2018. Corruption perceptions index 2018 dataset is available online: https://www.transparency.org/cpi2018 .
[8] Presumed value, not percentage increase.

	Output 2.1	Anti-corruption capacity of the judicial system supported	Comparative study of codes of conduct and best practice for judges and public prosecutors conducted	N/A	Binary	Copy of the comparative study	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of judges, public prosecutors and other judicial officials participating in working groups on codes of conduct	Gender	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	50
			Number of judges, public prosecutors and other judicial officials trained in topics related to anticorruption	Gender	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100
	Output 2.2	Prevention of corruption in relation to conflict of interest supported	Comparative study on assessment of the Central register of notifications conducted	N/A	Binary	Copy of the comparative study	Semi-annually (APR and September IFR)	No	N/A	Yes
			New training methodology on conflict of interest in judiciary designed	N/A	Binary	Training methodology	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of trainers trained (using the new methodology on conflict of interest in the judiciary)	Gender	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	5
	Output 2.3	Mechanisms for promoting whistleblowing practices and protecting whistle-blowers upgraded	Comparative study on whistle-blower protection conducted	N/A	Binary	Copy of the comparative study	Semi-annually (APR and September IFR)	No	N/A	Yes
			New data reporting mechanism on cases	N/A	Binary	Data reporting mechanism	Semi-annually (APR and	No	N/A	Yes

			brought up by whistle-blowers established				September IFR)			
			Number of awareness raising campaigns on whistle-blowing and whistle-blower protection carried out[9]	N/A	Number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	2[10]
			Number of government and local administration officials reached by awareness raising campaigns on whistle-blowing and whistle-blower protection	N/A	Number	Informal feedback, survey responses	Semi-annually (APR and September IFR)	0	N/A	1,000
			Number of judges, public prosecutors and other judicial officials trained on protection of whistle-blowers in pilot trainings	Gender	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	50
	Output 2.4	Financial control systems strengthened	New initial draft act on management and control of public finance drafted following consultation of stakeholders	N/A	Binary	Copy of the Initial draft act	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of civil servants taking part in public consultation procedure on the initial draft Act on Financial Control[11]	N/A	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	600

[9] One campaign targeting the general public and the other targeting government officials

[10] One campaign targeting the general public and the other targeting government officials.

[11] Civil servants representing institutions that will be impacted by the new Act on Financial Control if adopted.

			Number of public administration bodies with internal financial and control processes reviewed (public university)	N/A	Number	Processes review conclusions	Semi-annually (APR and September IFR)	0	N/A	30
			Review of public spending governance in state institutions conducted	N/A	Binary	Review	Semi-annually (APR and September IFR)	No	N/A	Yes
PA16	Outcome 3	Performance of the Police of the Czech Republic in detecting cases of money-laundering, corruption and terrorist financing increased	Annual number of detected cases of money-laundering	N/A	Annual number	Project Promoter's records	2024	305[12]	2018	366
			Annual number of detected cases of a virtual currency misuse for criminal purposes	N/A	Annual number	Project Promoter's records	2024	270[13]	2018	324
			Average length of criminal proceedings procedures (in years)	N/A	Average	MONEYVAL evaluation report	2024	3.5	2018	3
			Number of joint interagency investigations established for combatting economic crime	N/A	Number	Project Promoter’s records	2024	38	2018	129
	Output 3.1	Professional qualification of the Czech Police officers in the field of fight against corruption, anti-money laundering and	Number of NOCA’s employees trained	Gender	Number	Project Promoters’ records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	766
			Methodical manuals in the areas of fight against corruption, anti-money laundering and	N/A	Binary	Updated manuals	Annually (APR)	No	N/A	Yes

[12] Target value is set as the 20% increase in annual number of detected cases in the last year of the programme implementation.
[13] Target value is set as the 20% increase in annual number of detected cases in the last year of the programme implementation.

		combating terrorist financing increased	combating terrorist financing updated[14]							
	Output 3.2	Capacity of the Czech Police to detect virtual currency related crimes increased	Number of NOCA's experts trained on the work with special analytical software (Chainalysis)	Gender	Number	Project Promoters' records, Attendance sheets	Annually (APR)	0	N/A	20
			Number of NOCA experts attending international conferences on virtual currencies[15]	N/A	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	18
	Output 3.3	Interinstitutional and international cooperation of the NOCA supported	Number of interinstitutional meetings among the NOCA, the FAU (Financial Analytical Office) and the Public Prosecutor's Office organized	N/A	Number	Outcomes of the meetings/Attendance sheets	Annually (APR)	0	N/A	3
			NOCA´s internal manual for ARO cooperation created	N/A	Binary	Internal manual	Annually (APR)	No	N/A	Yes
			Number of study trips to selected EU countries realized	N/A	Number	Outcomes of the trips/Attendance sheets	Annually (APR)	0	N/A	6
PA16	Bilateral Outcome	Enhanced collaboration	Level of satisfaction with the partnership	N/A	Scale 1-7	Survey results	Annually (APR)	6.88[16]	2023[17]	4.5[18]

[14] Manual for each area will be updated (i.e. 3 manuals).
[15] HackCon, Money 20/20, MoneyConf
[16] Survey carried out on behalf of the FMO
[17] Latest available baseline
[18] Target is ≥4.5 and an increase on the baseline

		between beneficiary and donor state entities involved in the programme	Level of trust between cooperating entities in Beneficiary States and Donor States	N/A	Scale 1-7	Survey results	Annually (APR)	6.79[19]	2023[20]	4.5[21]
			Share of cooperating organisations that apply the knowledge acquired from bilateral partnership	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	75 %
	Bilateral Output 1	Cooperation between entities in Beneficiary Donor States supported	Number of participants from Beneficiary States in bilateral activities	Gender	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	50
			Number of participants from Donor States in bilateral activities	Gender	Number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	30
			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	22
			Number of training courses co-organised by Donor and Beneficiary State entities	N/A	Number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	7

[19] Survey carried out on behalf of the FMO
[20] Latest available baseline
[21] ≥4.5 and an increase on the baseline

Conditions

General

1. The National Focal Point's responsibilities regarding continuous structured risk assessment described in Article 5.3.3 of the Regulation, and the regular monitoring of the Programme described in Article 5.3.4 of the Regulation shall be externalised and be carried out by a legal entity independent of and unrelated to the National Focal Point as further described in the description of management and control systems in accordance with Article 5.7.1 of the Regulation. The National Focal Point shall inform the FMC on the selection of the entity. The methodology followed by this entity shall be developed in cooperation with the National Focal Point. The methodology shall be submitted to the FMC for review.

2. For the predefined project no. 3 set out under Section 5.1 of Annex II to the Programme Agreement, the appraisal foreseen in Article 6.5.3 of the Regulation, shall be externalised and be carried out by a legal entity independent of and unrelated to the Programme Operator.

3. The National Focal Point shall ensure that the Programme Operator ensures that an ex ante control of public procurement procedures and documentation carried out for the pre-defined projects under section 5.1 of Annex II to the Programme Agreement, is carried out by a competent independent entity other than the respective project promoter.

4. The National Focal Point shall ensure that the Programme Operator shall ensure that project promoters of pre-defined projects no. 3, no. 4 and no. 5 shall keep the FMC and the Royal Norwegian Embassy in Prague well informed about the content, development and planning of any international conference.

Pre-eligibility

Not applicable

Pre-payment

Prior to disbursing the first payment to the Programme, the National Focal Point shall submit to the FMC the detailed description of the management and control systems of the Programme Operator in English in accordance with paragraph 4 of Article 5.7 of the Regulation.

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 (€)		€ 5,308,235
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		€ 4,512,000
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		-
Maximum amount of Programme grant - Total (€)		€ 4,512,000

PA	Budget Heading	EEA Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA16	Programme management	€ 500,000	€ 500,000	85.00 %	€ 88,235	€ 588,235	€ 0
PA16	Outcome 1 (EEA Grants)	€ 2,675,128	€ 2,675,128	85.00 %	€ 472,081	€ 3,147,209	€ 0
PA16	Outcome 2 (EEA Grants)	€ 742,616	€ 742,616	85.00 %	€ 131,050	€ 873,666	€ 0
PA16	Outcome 3 (EEA Grants)	€ 594,256	€ 594,256	85.00 %	€ 104,869	€ 699,125	€ 0
Total		**€ 4,512,000**	**€ 4,512,000**	**85.00 %**	**€ 796,235**	**€ 5,308,235**	**€ 0**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 58,824

Good Governance

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the Programme. The Programme Agreement is based on the MoU, the concept note, and comments made by the FMC. 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 is the Ministry of Finance. The Council of Europe shall act as International Partner Organisation (IPO).

The Programme objective: ***"Integrity and accountability of public administration improved"*** shall be attained through three outcomes:

- The Programme shall support the outcome ***"Improved responsiveness of public administration to citizens' needs" (Outcome 1)*** by way of two pre-defined projects: "Improvement of preconditions for decentralisation and availability of public administration in the territory" (PDP 1) and "Evaluation of the public administration performance in the Czech Republic and recommendations for the further strategic development" (PDP 2); and one Small Grant Scheme (SGS) focusing on topics related to the involvement of the public in decision making processes by targeting municipalities and local public entities with also the aim of municipalities (by way of mandatory partnership) from the Donors States to share their knowledge and best practices on how to communicate with citizens effectively and involve them in community activities.
- The Programme shall support the outcome: ***"Accountability of public administration improved" (Outcome 2)*** by way of two pre-defined projects: "Strengthening public financial management and control" (PDP 3) and "Strengthening the Fight against Corruption by Increasing General Awareness of the Public Sector Focusing on Judges, Prosecutors and Public Administration" (PDP 5)
- The Programme shall support the outcome ***"Performance of the Police of the Czech Republic in detecting cases of money-laundering, corruption and terrorist financing increased (Outcome 3)"*** by way of one pre-defined project: "Deepening of the professional qualification of the law enforcement authorities in the field of fight against corruption, anti-money laundering and combating terrorist financing" (PDP 4).

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.

The following limitations shall be placed:

Eligible applicants (project promoters) under the SGS shall be municipalities, associations of municipalities and other public entities at local level.

2.2 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 8 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	Outcome	Estimated timing of the call	Total available amount	Planned minimum grant applied for	Planned maximum grant applied for
SGS 1	Outcome 1	Q2 2021	€ 697,209	€ 50,000	€ 200,000

Partnership with entities from the Donor States in mandatory within all projects selected under the call for proposals (SGS)

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 under the Small Grant Scheme.

The IPO shall be consulted on the for call for proposals including the selection criteria and invited as an observer in the selection process.

The Programme Operator shall be responsible for reviewing the applications for compliance with administrative and eligibility criteria.

Applicants whose application is rejected at this stage shall be informed of the reasons of rejection in writing and given 15 days to appeal that decision.

Each application that meets the administrative and eligibility criteria shall be reviewed by two impartial experts appointed by the Programme Operator, at least one of which shall be independent of and external to the Programme Operator. The experts shall separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used. If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert, who shall be impartial and independent of the Programme Operator as well as of the Selection Committee, shall be commissioned by the Programme Operator. In such cases, the average score of the two closest scores shall be used for the ranking of the projects.

The Programme Operator shall establish the Selection Committee. The Selection Committee shall consist of a Chair and a Secretary – representatives of the Programme Operator– without voting rights, and at least five voting members, including independent experts external to the Programme Operator. Representatives of the FMC, the IPO, the Royal Norwegian Embassy in Prague and the National Focal Point shall be invited to participate in the Selection Committee as observers.

The Programme Operator shall provide the Selection Committee with a list of the ranked projects. The Selection Committee shall review the ranked list of projects. The Selection Committee may modify the ranking of the projects 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 (in cooperation with the external agency to be selected via public procurement) 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 shall decide which projects shall be supported.

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.

4.3 Project grant rate:
Grants to projects may be up to 100% of 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
Five pre-defined projects will be implemented under this programme.

1) "Improvement of preconditions for decentralisation and availability of public administration in the territory"

Project Promoter:	Department of Strategic Development and Coordination of Public Administration, Ministry of Interior - Czech Republic
Donor project partner(s):	Norwegian University of Science and Technology (NTNU) Noroff University College - Kristiansand
Total maximum eligible costs:	€ 1,350,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 1,350,000

The project aims to purchase anonymised customer data from mobile phone networks and analyse big data on population movements across the country in order to rearrange and optimise functioning of public services.

The project will, inter alia, include the following main activities:

- A gain of experience in processing and using big data,
- Transfer of experience,
- Analysis of the movements and distribution of the population in time,
- Formulation of specific proposals for the optimisation of the decentralisation of the public services provision,
- Presentation of results,
- Publicity.

2) "Evaluation of the public administration performance in the Czech Republic and recommendations for the further strategic development"

Project Promoter:	Department of Strategic Development and Coordination of Public Administration, Ministry of Interior - Czech Republic
Other project partner(s):	Organisation for Economic Co-operation and Development (OECD)
Total maximum eligible costs:	€ 1,100,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 1,100,000

The project aims to optimise the public administration. The Public Governance Review will provide an in-depth assessment of the central government coordination as well as a diagnosis of a set of thematic issues that should support the delivery of high-quality and responsive services to citizens. The Public Governance Review will also look into mechanisms for ensuring the accountability and transparency of public services.

The project will, inter alia, include the following main activities:

- Kick-off mission,
- Development of questionnaire,
- Background Report,
- Main fact-finding mission,
- Drafting Public Governance Review,
- Presentation of Public Governance Review at the Public Governance Council,
- Publication of the final Public Governance Review,
- Launch Event,
- Preparation of the Implementation Programme,
- Awareness raising Conference,
- Awareness raising Seminars/ Training Workshops.

3) "Strengthening public financial management and control"

Project Promoter:	Central Harmonisation Unit, Ministry of Finance of the Czech Republic
Other project partner(s):	Faculty Of Law, Charles University Faculty of Law, Masaryk University Faculty of Economics and Administration MU
Total maximum eligible costs:	€ 597,784
Project grant rate:	100.00 %
Maximum project grant amount:	€ 597,784

The project aims to contribute to a strengthening of financial control system in the Czech Republic by creation a new draft Act on Financial Control that will lead to higher accountability of public administration.

The project will, inter alia, include the following main activities:

- Independent expert assessment of the current system set-up of management and control of public finances in the Czech Republic, including recommendations to address the identified deficiencies in a legislative and methodical or other form,
- Acquiring know-how and collecting best practices from other European countries in the field of financial management and control legislation, setting up internal audit rules and introduction

of centralized audit elements on the level above the ministries (cooperation with Norwegian Ministry of Finance / Budget Department and Norwegian Government Agency for Financial Management,
- Public consultations including establishment of an expert commission to assess outputs from public consultations and prepare inputs for regulation impact assessment in various scenarios of regulation solutions,
- Targeted discussion with main stakeholders focused on key elements of newly proposed public finance management and control system.

4) "Deepening of the professional qualification of the law enforcement authorities in the field of fight against corruption, anti-money laundering and combating terrorist financing"

Project Promoter:	National Organized Crime Agency, Police of the Czech Republic
Total maximum eligible costs:	€ 699,125
Project grant rate:	100.00 %
Maximum project grant amount:	€ 699,125

The project aims to increase the capacity of Police to fight against corruption, anti-money laundering and combating terrorist financing and to improve the capacity of Police to catch up with latest developments on identifying illegal activities.

The project will, inter alia, include the following main activities:

- Trainings,
- Foreign study trips,
- Asset Recovery Office meetings in the Czech Republic,
- International conferences attendance,
- Professional trainings,
- Software purchase,
- Publicity.

5) "Strengthening the Fight against Corruption by Increasing General Awareness of the Public Sector Focusing on Judges, Prosecutors and Public Administration"

Project Promoter:	Ministry of Justice of the Czech Republic
Other project partner(s):	Supreme Public Prosecutors Office Judicial Academy (EJTN)
Total maximum eligible costs:	€ 1,000,000
Project grant rate:	85.00 %
Maximum project grant amount:	€ 850,000

The project aims to improve general perception of corruption in the Czech Republic. The objective is to set a framework for the promotion and enhancement of codes of conduct for judges and prosecutors, to make use of the best practices in the area of prevention of corruption including conflict of interest, to improve the protection of whistle-blowers, and to raise awareness among relevant stakeholders regarding these issues. The project will include cooperation with international experts from other states (including Norway or Iceland) as well as benefit from the international platforms, practices and experience.

The project will, inter alia, include the following main activities:

- Codes of conduct for judges and public prosecutors
- Prevention of corruption in the public sector with a special focus on conflict of interest,
- Protection of whistle-blowers.

5.2 Financial Instruments
Not applicable.

6. Programme Management
6.1 Payment flows
The Programme Operator shall ensure that the 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 shall be linked to the type of project promoter as follows:

Project Promoter	Advance payment	Interim payments	Final payment (reimbursement)
Public entity associated with state budget	No advance payment	90%	10%
Public entity not associated with state budget	Up to 60%	30% - 90%	10%

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 (if applicable) 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 report 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 arrangements are made with the project promoters to enable the Programme Operator and the National Focal Point to meet their obligations to the FMC.

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 Regulation, the Information and Communication Requirements in Annex 3 of the Regulation 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.