



**ANNUAL REPORT NO 4**

on the Implementation  
of  
**NORWAY FINANCIAL MECHANISM IN THE CZECH REPUBLIC**

Implementation period:

Dated:

Prepared:

April 2008 – April 2009

10 April 2009

National Focal Point

Centre for Foreign Assistance

Ministry of Finance



# CONTENTS

<b>CONTENTS</b> .....	3
<b>GLOSSARY OF ACRONYMS</b> .....	4
<b>PREFACE</b> .....	5
<b>1. IMPLEMENTATION STATUS</b> .....	6
1.1. 1 <sup>ST</sup> OPEN CALL .....	6
1.2. 2 <sup>ND</sup> OPEN CALL .....	6
1.3. 3 <sup>RD</sup> OPEN CALL .....	6
1.4. BLOCK GRANTS .....	6
1.5. FINANCIAL STATUS.....	7
<b>2. OPEN CALLS</b> .....	9
2.1. 1 <sup>ST</sup> OPEN CALL .....	9
2.2. 2 <sup>ND</sup> OPEN CALL .....	9
2.3. 3 <sup>RD</sup> OPEN CALL .....	11
<b>3. BLOCK GRANTS</b> .....	19
3.1. NGO FUND .....	19
3.2. FUND FOR SUPPORT OF CO-OPERATION AMONG SCHOOLS / SCHOLARSHIPS .....	20
3.3. RESEARCH SUPPORT FUND .....	21
3.4. TECHNICAL ASSISTANCE FUND (TAF) .....	22
3.5. SEED MONEY FUND (SMF).....	23
<b>4. MONITORING AND EXTERNAL FINANCIAL AUDITS</b> .....	24
4.1. ON THE SPOT MONITORING .....	24
4.2. EXTERNAL FINANCIAL AUDITS .....	25
<b>5. CROSS-CUTTING ISSUES</b> .....	26
5.1. SUSTAINABLE DEVELOPMENT – ENVIRONMENTAL .....	26
5.2. SUSTAINABLE DEVELOPMENT – ECONOMIC.....	26
5.3. SUSTAINABLE DEVELOPMENT – SOCIAL .....	26
5.4. GOOD GOVERNANCE .....	26
5.5. GENDER EQUALITY .....	27
5.6. BILATERAL RELATIONS .....	27
<b>6. PUBLICITY</b> .....	28
6.1. PRESS CONFERENCES .....	28
6.2. ANNOUNCEMENT OF OPEN CALLS .....	28
6.3. SEMINARS FOR POTENTIAL APPLICANTS.....	28
6.4. SEMINARS AND WORKSHOPS FOR CONTACT POINTS.....	29
6.5. WEB PAGE .....	29
6.6. PUBLICATIONS .....	29
6.7. MANUALS AND GUIDELINES .....	29
<b>7. WORK PLAN 04/2009 – 04/2010</b> .....	31
<b>8. SUMMARY AND RECOMMENDATIOIS</b> .....	32
<b>9. ANNEXES</b> .....	34

## **GLOSSARY OF ACRONYMS**

BG	Block Grant
CFA	Centre for Foreign Assistance
CP	Contact Point
CFCU	Central Financial and Contracting Unit
EEA	European Economic Area
FM	Financial Mechanism
FMC	Financial Mechanism Committee
FMO	Financial Mechanism Office
GA	Grant Agreement
IP	Individual Project
MoF	Ministry of Finance
MoU	Memorandum of Understanding
NFP	National Focal Point
NGO	Non-Governmental Organization
NF	National Fund
NMFA	Norwegian Ministry of Foreign Affairs
MoC	Monitoring Committee
PRG	Programme
TA	Technical Assistance
NVF	National Training Fund
NAEP	National Agency of European Programme
NROS	Civil Society Development Foundation

## PREFACE

The purpose of this **Annual Report No 4** on the implementation of the Norway Financial Mechanism (FM) in the Czech Republic is to give a comprehensive overview of implementation during the period under review – from April 2008 to April 2009. It also compiles information which the National Focal Point has received from all interested bodies during this time.

This Annual Report No 4 complies with the Beneficiary State Monitoring and Reporting guidelines on the Norway Financial Mechanism.

The reported period covers:

- i) the implementation of the approved applications under the 1<sup>st</sup> Open Call,
- ii) the implementation of the approved applications under the 2<sup>nd</sup> Open Call,
- iii) the evaluation and approval process of the applications submitted under the 3<sup>rd</sup> Open Call and grants awarded by the FM Committee and the Norwegian Ministry of Foreign Affairs,
- iv) the present status of the 3<sup>rd</sup> Open Call,
- v) the present status of the Block Grants.

Horizontal issues were taken into account during the National Focal Point's (NFP) evaluation and approval process prior to submission of applications to the Financial Mechanism Office (FMO). However, their real effect can be evaluated after projects are completed. More information on these issues within the 1<sup>st</sup> and 2<sup>nd</sup> Open Call can be found in the section 5 Cross-Cutting Issues.

1. Implementation Status
2. Open Calls
3. Block Grants
4. Monitoring and External Financial Audits
5. Cross-Cutting Issues
6. Publicity
7. Work plan 04/2009 - 04/2010
8. Summary and Recommendations
9. Annexes

The National Focal Point confirms that the data included in Annual Report 4 on implementation of the Norway Financial Mechanism is comprehensive, complete and correct.

# 1. IMPLEMENTATION STATUS

---

The National Focal Point (NFP) has submitted 157 Grant Applications in total:

**5** Block Grants,

**38** complete applications for Individual Projects and Programmes under the 1<sup>st</sup> Open Call,

**68** complete applications for Individual Projects and Programmes under the 2<sup>nd</sup> Open Call,

**46** complete applications (incl. reserve ones) for Individual Projects under the 3<sup>rd</sup> Open Call.

## 1.1. 1<sup>ST</sup> OPEN CALL

Under the 1<sup>st</sup> Open Call the Czech Republic submitted a total of **38** complete grant applications to the FMO, comprising **34** applications for Individual Projects and **4** applications for Programmes.

By 31 January 2008 the EEA FM Committee / Norwegian Ministry of Foreign Affairs had awarded grants to 37 applications (IP/PRG).

The EEA FM Committee / Norwegian Ministry of Foreign Affairs rejected 1 application (CZ0050).

## 1.2. 2<sup>ND</sup> OPEN CALL

Under the 2<sup>nd</sup> Open Call the Czech Republic submitted a total of **68** complete grant applications to the FMO, comprising **67** applications for Individual Projects and **1** application for a Programme.

By 31 March 2009 the EEA FM Committee / Norwegian Ministry of Foreign Affairs had awarded grants to 65 applications (IP/PRG).

The EEA FM Committee / Norwegian Ministry of Foreign Affairs rejected 2 applications (CZ0103 and CZ0125).

One applicant withdrew after grant award (CZ0120).

## 1.3. 3<sup>RD</sup> OPEN CALL

Under the 3<sup>rd</sup> Open Call the Czech Republic submitted a total of **46** complete grant applications (incl. reserve ones) to the FMO, all of them for Individual Projects. The 6<sup>th</sup> Monitoring Committee (Prague, 10 July 2008) recommended 31 applications, the 7<sup>th</sup> Monitoring Committee (Prague, 19 August 2008) recommended 13 applications including reserve ones. In addition, 3 reserve applications were recommended *per rollam* by the Members of the Monitoring Committee.

One applicant withdrew its application before it was sent to the FMO (EC 224).

By 10 April 2009 the EEA FM Committee / Norwegian Ministry of Foreign Affairs had awarded grants to 31 applications.

The EEA FM Committee / Norwegian Ministry of Foreign Affairs rejected 2 applications (CZ0132 and CZ0137).

One applicant withdrew before grant award (CZ0143).

At present the FMO is assessing 12 applications, incl. reserve ones; final decisions will be made by 30 April 2009.

## 1.4. BLOCK GRANTS

The NFP submitted **5** applications for Block Grants to the FMO for approval. **All 5 Block Grants were approved.**

## 1.5. FINANCIAL STATUS

The Czech Republic – FM EEA/ Norway - Present State of Allocation on 10 April 2009				
	Allocation		Under FMO assessment	Granted
	EUR	%		
1 <sup>st</sup> Call	22,980,000	21.70	0	23,678,111*
2 <sup>nd</sup> Call	41,730,000	39.42	0	38,401,630
3 <sup>rd</sup> Call	19,439,900	18.36	7,170,102	18,809,712
Sub-total 1 <sup>st</sup> -3 <sup>rd</sup> Call	84,149,900	79.48	7,170,102	80,889,453
Block Grants	21,700,000	20.52		19,624,955
<b>Total allocation**</b>	<b>105,849,900</b>	<b>100.00</b>	<b>7,170,102***</b>	<b>100,514,408</b>

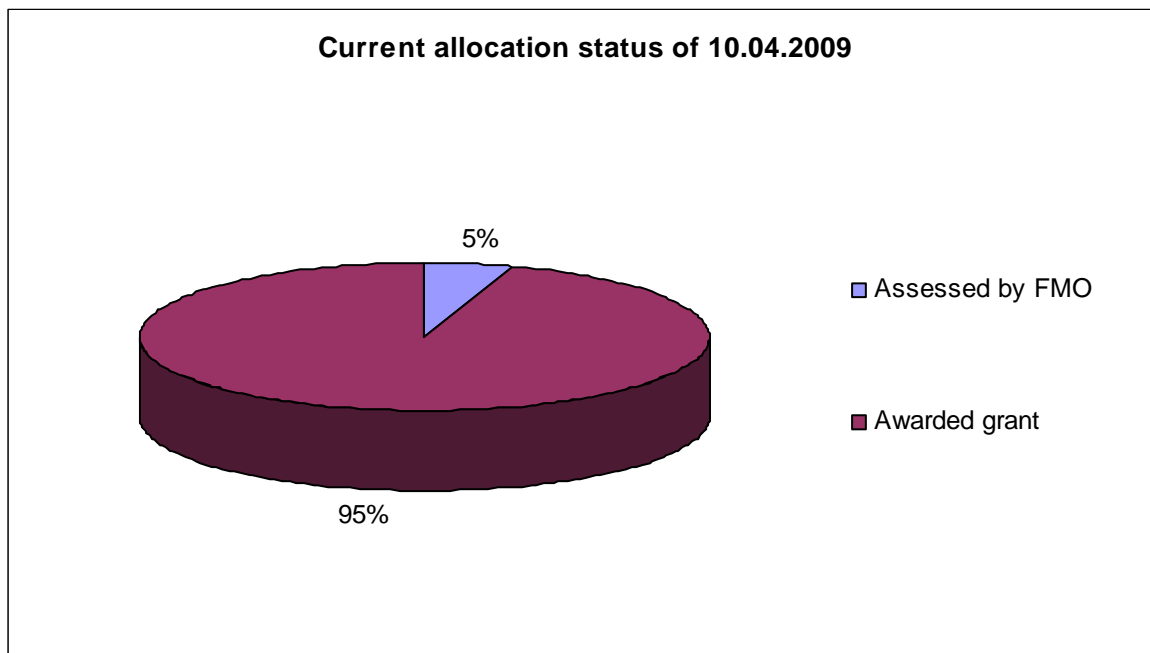
\* incl. administrative costs of the NFP a FPs (CZ0006 – IP Technical assistance for the NFP and FPs)

\*\* without FMO administrative costs

\*\*\* 5,335,492 EUR remain from the approved allocation. The difference is the reserved projects submitted to the FMO

Grants totalling **100,514,408 EUR** have been made to approved applications. This represents **95 % of the total allocation 105,849,900 EUR** for the Czech Republic.

In accordance with the Agreement on Participation in the EEA, Protocol 38a, Article 6, the Czech Deputy Minister of Finance sent a letter dated 4 March 2009 asking the donors to consider the possibility of increasing the allocation for the Czech Republic by 4,250,000 EUR, which would allow for the financing of reserve projects submitted to the FMO. However, the reply of 11 March 2009 from the Norwegian Ministry of Foreign Affairs was negative.



**26,880,378 EUR have been already disbursed to Promoters / Intermediaries** as at the cut-off date of the Annual Report (10 April 2009). This represents **25.4% of the Czech Republic's total allocation** and **32.9% of the funds already committed**.

From the financial point of view implementation is running smoothly for most projects – Project Interim Reports are submitted on time by the Promoters / Intermediaries and there are no significant delays in submitting PIRs to the FMO.

**FINANCIAL STATUS – DISBURSEMENTS (UP TO 10 APRIL 2009)**

	<b>TOTAL (EUR)</b>	<b>FM EEA (EUR)</b>	<b>FM Norway(EUR)</b>
<b>1<sup>st</sup> Open Call (IP/PRG)</b>	14, 983, 311	6, 324, 313	8, 658, 998
<b>2<sup>nd</sup> Open Call (IP/PRG)</b>	1, 629, 455	927, 317	702, 138
<b>Block Grants</b>	10, 267, 612	5, 133, 810	5, 133, 802
<b>Total disbursed</b>	<b>26, 880, 378</b>	<b>12, 385, 440</b>	<b>14, 494, 938</b>

## 2. OPEN CALLS

---

### 2.1. 1<sup>ST</sup> OPEN CALL

Under the 1<sup>st</sup> Open Call the Czech Republic submitted a total of **38** complete grant applications, comprising **34** applications for Individual Projects and **4** applications for Programmes.

The FM Committee / Norwegian Ministry of Foreign Affairs awarded grants to 37 applications for a total of **23,678,111 EUR**.

Of the approved amount a total of **14,983,311 EUR**, i.e. **63.2 %** has already been disbursed to Promoters / Intermediaries.

The FM Committee / Norwegian Ministry of Foreign Affairs rejected 1 application (CZ0050).

In the initial phase the implementation of projects was rather slower than indicated in the Project Implementation Plans (PIP); however, the implementation process runs smoothly at present.

Unsuccessful tenders in some projects led to a slower disbursement rate. In some cases the respective payments were shifted to the next reporting periods.

#### **In total 16 projects have been completed.**

In 2007 **3** projects were completed (CZ0019, CZ0022, CZ0042).

In 2008 **8** projects were completed (CZ0014, CZ0016, CZ0021, CZ0026, CZ0030, CZ0032, CZ0038, CZ0039).

In 2009 **5** projects have been completed (CZ0015, CZ0017, CZ0020, CZ0035, CZ0040).

The FMO approved **6** Final Reports for the projects (CZ0014, CZ0019, CZ0021, CZ0022, CZ0030, CZ0039). The Final Reports of the remaining projects are under preparation.

The **Implementation Status** and the **Financial Status** are described in detail in the **Annex 2 and 3**.

### 2.2. 2<sup>ND</sup> OPEN CALL

Under the 2<sup>nd</sup> Open Call the Czech Republic submitted a total of **68** complete grant applications to the FMO, comprising **67** applications for Individual Projects and **1** application for a Programme.

By 31 March 2009 the FM Committee / Norwegian Ministry of Foreign Affairs had awarded grants to 65 applications for a total of **38,401,630 EUR**.

Of the approved amount a total of **1,629,455 EUR**, i.e. **4.2 %** has already been disbursed to Promoters / Intermediaries.

The FM Committee / Norwegian Ministry of Foreign Affairs rejected 2 applications (CZ0103 and CZ0125).

One applicant withdrew after grant award (CZ0120).

Project implementation was quicker to start than under the 1<sup>st</sup> Open Call, since the implementation rules and guidelines had already been set up.

## **FMO reservations on rejected applications**

### **Rejected applications:**

**CZ0103 – Monitoring and systematic planning of sewer network rehabilitation supporting improvement of the municipal environment – application of the CARE-S technology**

**A negative decision was made by the FM Committee and the Norwegian Ministry of Foreign Affairs.** The reasons given for rejection mainly concerned doubts about the project's successful implementation due to its unclear methodology, its relevance and the overall effectiveness of the costs foreseen, as well as the insufficiently defined project purpose and indicators. Doubts were also raised about the project's compliance with state aid rules because the project partners were private companies.

**CZ0125 – Establishment and opening of a laboratory for molecular preimplantation genetic diagnostics of monogenic diseases, namely haemophilia**

**A negative decision was made by the FM Committee.** The following reasons underpinned the opinion: The project concerned a sensitive field that is regulated differently across Europe, including the donor states and the Czech Republic, and accordance of these practices in these countries could not be assumed. In addition, the creation of sophisticated molecular genetics relies on stringent quality control measures; these were not described sufficiently clearly in the application. The contractual relations and management procedures between the applicant and the partner were not adequately worked out; the same applied to the project's budget.

### **Applications rejected with the possibility of revision:**

**CZ0134 – The Dušan Samo Jurkovič Centre in Brno** (*potential conflict of interest*)

The application was excluded from the evaluation of projects under the 2nd Call for Proposals for a potential conflict of interest (the project drafter versus an evaluator). For the abovementioned reasons the FMO agreed that the application could be submitted under the 3rd Call for Proposals. This was done; the application was then submitted to the NFP by the relevant Contact Point (the Ministry of Culture) and approved at the 6th Monitoring Committee.

**The revised application was approved by the FM Committee and the Norwegian Ministry of Foreign Affairs on 16 February 2009.**

**CZ0121 - Implementation of environmentally responsible forest management according to the Czech standard FSC** (*appeal by the applicant against the decision of the Monitoring Committee*)

After the proposal was not recommended by the 4th Monitoring Committee, the applicant appealed the decision. The NFP requested an expert opinion from the Ministry of Agriculture, and, after agreement with the FMO, the applicant re-worked the proposal. It was then submitted to the FMO by the NFP for further appraisal.

**The revised application was approved by the FM Committee and the Norwegian Ministry of Foreign Affairs on 14 October 2008.**

**CZ0128 - Reconstruction of selected sacred monuments of the Český Západ region** (FMO reservations on unclear co-financing, partnership contracts, project management and ownership)

The FMO expressed reservations on the application and recommended that it be revised. The proposal was re-worked in line with the FMO's advice. The applicant, the town of Stříbro, together with its partners, arranged for project pre-financing and a transparent system of management for the project as a whole. The NFP then submitted the application to the FMO.

**The revised application was approved by the FM Committee and the Norwegian Ministry of Foreign Affairs on 14 October 2009.**

**CZ0129 - Modernisation of kindergartens in the Plzeň 4 municipal area** (reservations on the technology for the insulation of buildings)

The FMO expressed reservations on the application (which concerned the appraisal of energy consumption), as well as on its economic returnability given that the best available technology (BAT) was not to be used for insulation. The FMO recommended that the proposal be revised. The applicant addressed all of the FMO's comments in his revised version, including the use of the best available technology for insulation. Since this led to an increase in the budget, the applicant had to confirm in writing that it had secured a higher amount of co-financing so that the grant would cover 85% of the increased costs.

**The revised application was approved by the FM Committee and the Norwegian Ministry of Foreign Affairs on 4 February 2009.**

**Beneficiary withdrawals**

**CZ0120 – Community House at Pecka**

In light of an overall assessment of its financial situation, the applicant, after a decision of the municipal council, withdrew from the grant awarded. The main reason was the **inability to secure funds for pre-financing and co-financing**. The NFP was informed by letter on 17 September 2008.

**2.3. 3<sup>RD</sup> OPEN CALL**

Under the 3<sup>rd</sup> Open Call the Czech Republic submitted a total of **46** complete grant applications (incl. reserve ones) to the FMO, all of them for Individual Projects.

The 6<sup>th</sup> Monitoring Committee (Prague, 10 July 2008) recommended 31 applications, the 7<sup>th</sup> Monitoring Committee (Prague, 19 August 2008) recommended 13 applications, including reserve ones. In addition, 3 reserve applications were recommended *per rollam* by the Members of the Monitoring Committee.

One applicant withdrew the application before it was sent to the FMO (EC 224).

**43** applications recommended by the 6<sup>th</sup> and 7<sup>th</sup> Monitoring Committee were submitted to the FMO between 14 October and 21 November 2008. In addition, **3** reserve applications were submitted to the FMO on 29 January 2009.

By 10 April 2009 the EEA FM Committee / Norwegian Ministry of Foreign Affairs had awarded grants to 31 applications amounting to 18,809,712 EUR. All grants were accepted and 22 Grant Agreements were signed.

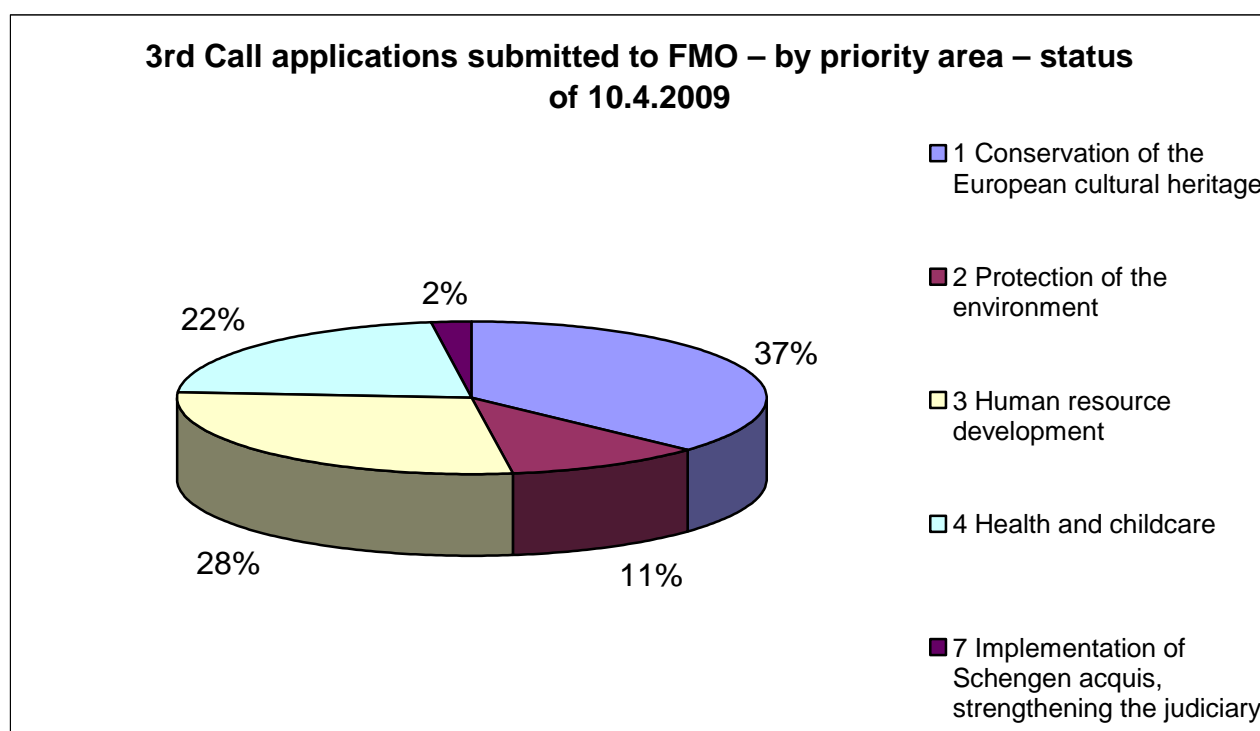
The EEA FM Committee / Norwegian Ministry of Foreign Affairs rejected 2 applications (CZ0132 and CZ0137).

One applicant withdrew before grant award (CZ0143).

At present the FMO is assessing 12 applications, incl. reserve ones; final decisions will be made by 30 April 2009. The remaining grants requested amount to 7,170,102 EUR.

<b>3<sup>rd</sup> Call Applications submitted to FMO - by priority area – status of 10.4.2009</b>					
<b>Priority Area</b>		<b>Number</b>	<b>%</b>	<b>EUR</b>	<b>%</b>
<b>1</b>	Conservation of the European cultural heritage	17	37.0 %	13,032,570	47.6 %
<b>2</b>	Protection of the environment	5	10.9 %	2,726,508	10.0 %
<b>3</b>	Human resource development	13	28.3 %	6,046,953	22.1 %
<b>4</b>	Health and childcare	10	21.7 %	5,166,779	18.9 %
<b>7</b>	Implementation of Schengen acquis, strengthening the judiciary	1	2.2 %	387,558	1.4 %
<b>Total</b>		<b>46</b>	<b>100 %</b>	<b>27,360,368*</b>	<b>100%</b>

*\*incl. reserve projects*

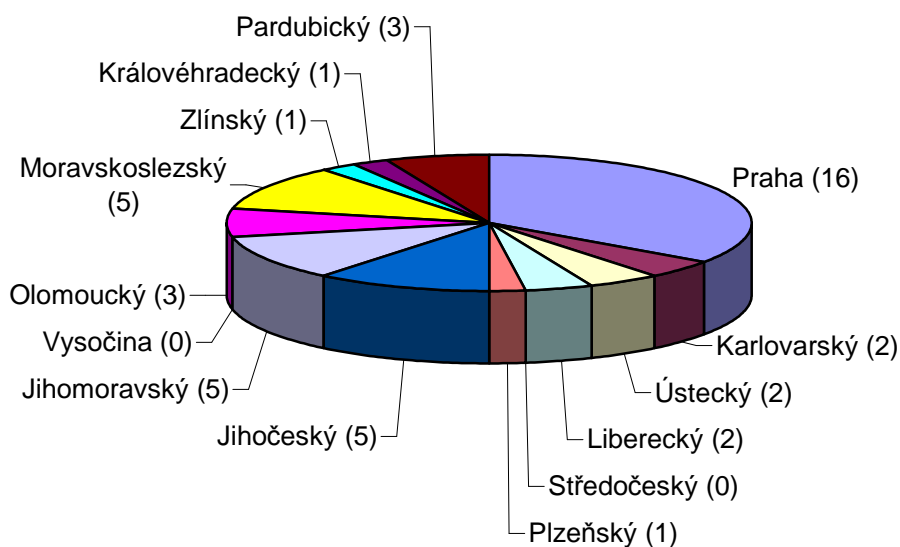


**3rd Call applications submitted to FMO – by location in regions – status of 10.4.2009**

Region		Number	%	Requested grant	%
A	Praha (16)	16	34.8%	10,038,119	36.7%
K	Karlovarský (2)	2	4.3%	1,436,530	5.3%
U	Ústecký (2)	2	4.3%	994,850	3.6%
L	Liberecký (2)	2	4.3%	707,118	2.6%
S	Středočeský (0)	0	0.0%	0	0.0%
P	Plzeňský (1)	1	2.2%	478,487	1.7%
C	Jihočeský (5)	5	10.9%	2,819,624	10.3%
B	Jihomoravský (5)	5	10.9%	3,228,091	11.8%
J	Vysočina (0)	0	0.0%	0	0.0%
M	Olomoucký (3)	3	6.5%	1,447,222	5.3%
T	Moravskoslezský (5)	5	10.9%	2,478,656	9.1%
Z	Zlínský (1)	1	2.2%	330,000	1.2%
H	Královéhradecký (1)	1	2.2%	1,561,428	5.7%
E	Pardubický (3)	3	6.5%	1,840,243	6.7%
<b>TOTAL</b>		<b>46</b>	<b>100.0%</b>	<b>27,360,368*</b>	<b>100%</b>

\* incl. reserve projects

**3rd Call applications submitted to FMO – by location in regions – status of 10.4.2009**



## **The National Appraisal Process**

The **national** appraisal process for the **3<sup>rd</sup> Open Call** of the FM EEA/Norway in the Czech Republic was agreed the FMO and the NFP, and followed the announcement of the call **on 26 November 2007**; it was carried out at **three levels**. The tasks of all bodies/authorities involved in the national appraisal process are duly defined in the *Czech Manual for Implementation*, which was revised by the National Focal Point (NFP) in November 2007 before the announcement of the 3<sup>rd</sup> Open Call.

### **I. Level 1 – Checking of administrative compliance and eligibility criteria**

Applications were submitted to the relevant **Contact Points at regional level (RCP)** according to where a project was to be implemented.

The RCP checked administrative compliance and eligibility criteria in accordance with the two relevant checklists in the Manual for Implementation and drafted a *Report on results of administrative compliance and eligibility criteria check*. Each RCP submitted the Reports together with the recommended compliant applications to the relevant Contact Points in the Ministries according to FM EEA/Norway priority areas.

### **II. Level 2 – Evaluation of quality**

**The Contact Points in the Ministries (MCP)** evaluated the quality of the applications recommended by RCPs.

Evaluation Committee members were nominated by the relevant MCPs. Each Evaluation Committee was composed of non-voting members (chairman, secretary, representative of the National Focal Point) and voting members. The Evaluation Committees used nominated external experts for the assessment of applications (50% of external experts were nominated by the Ministries and 50% were nominated by the regions).

Evaluations of quality were conducted in accordance with the evaluation criteria in the Czech Manual for Implementation and resulted in *Reports of the Evaluation Committee*. Each MCP submitted the Report together with the recommended applications to the National Focal Point for its assessment and decision.

### **III. Level 3 – NFP Assessment**

The aim of the assessment by the National Focal Point (NFP) is to recommend the most suitable applications to be submitted to the FMO. The NFP assessment is primarily focused on:

- Needs analysis
- Appropriate correspondence between activities and schedule
- Measurable indicators
- Justified budget

**The assessment by the National Focal Point proceeds in two phases:**

- i) Phase I - **external assessment (TA)**
- ii) Phase II – **internal assessment by the NFP**

#### **Phase I – External Assessment (TA)**

*The National Focal Point (NFP)* initiates an independent assessment of all applications which were recommended by the MCPs. The assessment is provided by the external **Technical Assistance team (TA)** represented by the international consulting company SBP Consult, Ltd. The TA was selected under an open tender procedure and its activities started in May 2007.

The independence of the TA is ensured by a condition in the ToR stipulating that the TA team is not allowed to be involved in the preparation of any application submitted under FM EEA/Norway open calls. Each expert of the TA has to sign a ***Declaration of Impartiality and Confidentiality*** before starting an assessment of any individual application.

The external assessment by the TA is divided in two steps:

**Step 1:**

The TA carries out a detailed assessment of all applications (Czech version) submitted to the NFP. An independent TA key expert is assigned to carry out an assessment. The expert chosen for this purpose must be completely independent of the applicant and any other stakeholder/s in the operation.

The outputs of the detailed assessment are:

1. **Reasoned Opinion in Czech (ZS)**
2. **Appraisal Summary in English (AS)**

Ad 1) The aim of a Reasoned Opinion in Czech (ZS) is to provide a detailed information on each project for discussion by the Monitoring Committee.

The structure of ZS is based on i) the Application Form (AFP), version 3 and ii) the FMO Appraisal Manual, version 3.

Ad 2) The aim of an Appraisal Summary (AS) is to provide a background scoring and identification of issues of strength and weakness for a project assessment and the elaboration of ZS.

The structure of AS is based on the Detailed Appraisal Report (DAR) in the FMO's Appraisal Manual, version 3.

**Step 2:**

Following a favourable decision by the the Monitoring Committee **applicants are asked by the NFP to submit an English application to the NFP** by an established deadline.

All English applications are checked by the TA and if problems previously identified remain or are insufficiently clarified, the applicants are asked to provide additional information or missing annexes/documents. On the basis of this additional checking process, the TA prepares a draft **Reasoned opinion in English** (RO en). This serves as a basis for the NFP decision on sending the applications to the FMO.

**Phase II – Internal Assessment**

***The National Focal Point (NFP)*** decides on a final selection of the most suitable applications to be submitted to the FMO.

For each of the selected applications the NFP completes the relevant Reasoned Opinion and Appraisal Summary. This package of documents is sent to the FMO together with a recommendation letter.

**IV. Conclusion**

The National Appraisal Process was discussed at the 3<sup>rd</sup> Annual Meeting.

In order to provide the FMO with input to their appraisal process, all Reasoned Opinions and Appraisal Summaries were prepared in English and in accordance with the FMO's Appraisal Manual.

Each Reasoned Opinion submitted to the FMO summarized assessment findings using the structure and format of the FMO's Detailed Appraisal Report (DAR).

Each Appraisal Summary provided background scoring and identified issues of strength and weakness using the structure and format of the FMO's DAR summary checklist.

**The use of the products of the Czech National Appraisal Process by the FMO speeded up the whole appraisal process and eliminated potential duplication of work since the FMO carried out detailed appraisals only for a limited number of problematic applications.**

**Monitoring Committees:**

The 6<sup>th</sup> Monitoring Committee

The 6<sup>th</sup> Monitoring Committee was held on **10 July 2008**. In total **33 projects** were submitted for recommendation. Of these projects 2 applications were of poor quality and were rejected by the members of the MoC (one project/priority area 2, one project/priority area 5).

The 7<sup>th</sup> Monitoring Committee

The 7<sup>th</sup> Monitoring Committee was held on **19 August 2008**. In total **18 projects** were submitted for recommendation. Of these projects 5 applications were of poor quality and were rejected by the members of the MoC (one project/priority area 1, one project/priority area 2, one project/priority area 5 and two projects/priority area 7).

Recommendation *per rollam* by the Members of the Monitoring Committee

In addition to the decision of the 6<sup>th</sup> and 7<sup>th</sup> MoC, three reserve projects/priority area 3 were submitted by the NFP to the Members of the MoC for their *per rollam* decision.

<b>Results of the 6<sup>th</sup> and 7<sup>th</sup> Monitoring Committee meetings and <i>per rollam</i> process</b>				
<b>Priority area</b>		<b>Recommended</b>	<b>Rejected</b>	<b>Total</b>
<b>1</b>	Cultural heritage	17	1	18
<b>2</b>	Protection of the environment	6	2	8
<b>3</b>	Human resource development	13	0	13
<b>4</b>	Health and childcare	10	0	10
<b>5</b>	Promotion of sustainable development	0	2	2
<b>7</b>	Implementation of Schengen acquis,	1	2	3
<b>Total</b>		<b>47*</b>	<b>7</b>	<b>54</b>

*\* 1 applicant withdrew its application before submission to the FMO (EC 224)*

The 8<sup>th</sup> Monitoring Committee

The 8<sup>th</sup> Monitoring Committee was held on **26 March 2009**. The aim of the MoC meeting was to inform its members of the current status of FM EEA/Norway implementation, as described in detail in this Annual Report.

### **Submission of Applications to the FMO**

The NFP submitted a total of 46 applications to the FMO.

43 applications recommended by the 6<sup>th</sup> and 7<sup>th</sup> Monitoring Committee were submitted between 14 October to 21 November 2008.

In addition, 3 reserve applications were submitted to the FMO on 29 January 2009.

As at 10 April 2009 the EEA FM Committee / Norwegian Ministry of Foreign Affairs had awarded grants to 31 applications amounting to 18,809,712 EUR.

The EEA FM Committee / Norwegian Ministry of Foreign Affairs rejected 2 applications (CZ0132 and CZ0137).

One applicant withdrew before grant award (CZ0143).

One applicant withdrew before submission of its application to the FMO (EC 224).

At present the FMO is assessing 12 applications, including reserve ones; final decisions will be made by 30 April 2009. The remaining grants requested amount to 7,170,102 EUR.

### **FMO reservations on rejected applications**

#### **Rejected applications:**

##### **CZ0132 – Modernization of Czech police force stations in Prague**

**A negative decision was made by the Norwegian Ministry of Foreign Affairs.** The reasons given for rejection mainly concerned doubts about the project purpose (modernization of two police stations in Prague) since it was not considered to fall within the scope of the priority sector Implementation of Schengen acquis/strengthening the judiciary.

The applicant has appealed against the decision.

##### **CZ0137 – Monitoring of anthropogenic biological active substances in ecosystems of surface waters**

**A negative decision was made by the Norwegian Ministry of Foreign Affairs.** The reasons which caused concern are related to relevance, methodology, risks and economic feasibility. The project was not considered justified as there are several laboratories in Europe that offer similar analysis; there was thus no justified need to equip the applicant's laboratory. Furthermore, the applicant did not justify the development of additional methods and standards when ISO analytical methods and standards already exist.

#### **Beneficiary withdrawals**

##### **CZ0143 – Operating rooms for risky infectious patients**

The application was withdrawn due to the fact that surgical facilities should be gradually moved from the Plzen Faculty Hospital Bory site to the Lochotin site. There will therefore be no need for operating rooms at the Plzen Bory site and the **project thus lost its justification.**

**EC 224 – Mill – The Centre of Environmental Education and Innovation for Public Administration**

In light of an overall assessment of its financial situation, the applicant withdrew its application prior to submission to the FMO. The main reason was its **inability to secure funds for co-financing** a previous project, on whose successful implementation of this project depended.

### 3. BLOCK GRANTS

---

The NFP submitted 5 applications for Block Grants to the FMO. **All 5 Block Grants were approved** for a total of **19,624,995 EUR**.

A total of **10,267,612 EUR, i.e. 52.3%**, has been disbursed to the Intermediaries; this reflects the advance payments made and the progress in the implementation of the NGO Fund and the Fund for Support of Cooperation among Schools/ Scholarships.

#### 3.1. NGO FUND

##### 1<sup>st</sup> Call for Proposals (CfP)

All 79 projects supported under the 1st CfP were duly completed by 13 June 2008. The final reports were checked in the autumn of 2008 and the final payments made to the beneficiaries. All projects which received funding are registered in a project database, publicly accessible online at [www.blokovygrant.cz](http://www.blokovygrant.cz); contact information and links to beneficiary websites are included. In order to increase the programme's publicity, it is anticipated that a brochure will be prepared, to include presentations of selected projects funded under the 1st CfP.

##### 2<sup>nd</sup> Call for Proposals

All 58 projects receiving support commenced implementation on 1 July 2008. Between December 2008 and March 2009 all projects were monitored by NROS staff, either at the premises of the organisation responsible for implementation or where project activities were being performed. An up-to-date timetable of all grant beneficiary activities is publicly accessible at [www.blokovygrant.cz](http://www.blokovygrant.cz); this also allows one to search for various events financed by FM EEA/Norway, such as exhibitions, concerts, lectures, seminars, etc. Summary information on all supported projects, including more details on beneficiaries and project activities, can also be found at the same web address.

Allocation: 4,500,000 EUR

Contracted: 4,460,854 EUR (99,13%)

Number of projects supported: 58

Priority 1 – Multicultural environment in communities, Strengthening human rights 20

Priority 2 - Support to children and young people with specific problems 18

Priority 3 - Environmental protection 20

Implementation period for projects: July 2008 – June 2010

##### 3<sup>rd</sup> Call for Proposals

The last CfP under the Block Grant for NGOs was launched on 15 December 2008. It was published on the websites of NROS, the Ministry of Finance, the NFP, and the Royal Norwegian Embassy in Prague. Relevant information was also disseminated to NGOs via the usual information channels. The deadline for submission of proposals was set for 9 March 2009 at 16.00.

6 seminars were held for potential applicants between 26 January and 9 February 2009. They were held in 5 cities and were attended by a total of 211 representatives of Czech NGOs. Applicants were informed of the the rules and conditions governing proposal submission. Questions on the subject of partnership were also addressed.

NROS also launched a new web portal along with the 3rd CfP; the address is [www.blokovygrant.cz](http://www.blokovygrant.cz). It aims at simplifying communication with applicants and beneficiaries and making it more effective, as well as providing more detailed information on the programme to the wider public. The intention is to establish an information centre to be used by all parties involved in the implementatino of the Block Grant for NGOs – by beneficiaries, target groups and donors. A positive response has been received both from the donors (the Royal Norwegian Embassy in Prague, the NFP) and the beneficiaries

themselves (in the 3 months' of its existence it has registered over 10,000 hits, of which 4,500 were unique users).

### **3.2. FUND FOR SUPPORT OF COOPERATION AMONG SCHOOLS/SCHOLARSHIP**

The Fund for Support of Cooperation among Schools/Scholarships is an FM EEA/Norway Block Grant in the field of education. The National Agency for European Educational Programmes (NAEP) in the Czech Republic has been authorized to administer the fund. The scholarship fund will make 2.5 MEUR available over the period 2006-2010.

The main aim of the fund is to decrease the social and economic disparities in the European Economic Area by

- initiating and fostering cooperation between the Czech Republic, Iceland, Norway, and Liechtenstein in the field of education,
- facilitating the exchange of experience and knowhow through pupil, student and teacher exchange,
- encouraging project cooperation between Iceland, Norway and the Czech Republic in both higher and secondary education.

There are three measures within the fund:

- **Individual mobility:** mobility of Czech students/teachers/administrative staff to Iceland, Liechtenstein, Norway
- **Learning partnership:** cooperation projects aimed at organizing joint seminars/workshops/conferences, joint projects, joint publications, joint course delivery and other joint activities
- **Institutional development:** cooperation projects towards curriculum development, human resource development and management of specific activities such as life-long learning, information centre, student centre etc.

#### **Calls for Proposals - statistics:**

Five Calls for proposals have been launched so far: in June 2006, September 2006, March 2007, February 2008 and March 2009. Since the fund's start, the NAEP has awarded 233 individual scholarships (200 of them to students, 33 to teachers and lecturers) and supported 37 school cooperation projects within the Learning Partnership and Institutional Development measures. From June 2006 until December 2008 a total of 1,814,427 EUR (1,674,606 EUR for sub measures and 139,821 for the management of the Block Grant) was distributed.

#### **Publicity:**

Every year the NAEP arranges around 50 publicity events in different parts of the Czech Republic (e.g. information seminars for potential applicants organized in cooperation with regional authorities). The fund is annually presented at national education fairs such as Education and Craft (Ceske Budejovice), Expolingua (Praha) and Gaudeamus (Brno), as well as at international education fairs such as the EAIE conference.

#### **Conclusion:**

The implementation of the Block Grant proceeds according to plan, both in terms of finances and sub-measures. There has been a high level of interest in all sub-measures on the part of Czech end recipients. Bilateral relations between Czech Republic and the donor states are a fundamental aim of the scheme, and both individual mobility and school cooperation projects strongly contribute to strengthening these relations.

### 3.3. RESEARCH SUPPORT FUND

Changes requested to the fund (merging of the 2<sup>nd</sup> and 3<sup>rd</sup> Call for Proposals (CfPs) for Measure A and increasing the financial ceiling for sub-projects under Measure B) were approved by the FMO. The Implementation Manual was updated to reflect these changes and take account of lessons learned. The Steering Committee approved the priority focus areas selected for the 2<sup>nd</sup> CfP for Measure A.

The 2<sup>nd</sup> CfPs for **Measures A and B** were launched on 6 November 2008 and 6 October 2008 respectively.

**Measure A** concerns sub-projects aimed at the transfer of know-how in the field of research and development (R&D), with an emphasis on innovative approaches and integrated solutions (for instance, new methods, approaches, technology, patents and prototypes, industrial applications).

The 1<sup>st</sup> CfP for Measure A of the Research Support Fund was launched in the spring of 2008 and 11 projects were awarded grants (a total of 1,799,684 EUR was contracted, representing 99.98% of the CfP's allocation).

The 2<sup>nd</sup> CfP Measure A was launched on 6 November 2008 with an allocation of 2,432,500 EUR. The deadline for submitting sub-projects was 6 January 2009. A press conference and 2 seminars for potential applicants in Prague and Olomouc were held.

New R&D priorities areas in the 2<sup>nd</sup> CfP for Measure A are:

1. Conservation of European cultural heritage, and
3. Human resources development

Sustainable development was not included in this CfP as a separate priority.

32 applications were submitted and registered by the deadline, representing a total of **5,606,539 EUR**; this exceeds the CfP's allocation more than 2.3 times.

During January and February 2009 the proposals were formally and technically evaluated.

The evaluation committee of the Expert Panel was held on 19 February 2009; it recommended that 16 applications should proceed to the Steering Committee (for a total of 3,246,843 EUR, representing 138% of the CfP's allocation).

The Steering Committee met on 2 March 2009 and selected **15 projects** totalling **2,278,654 EUR**.

**Measure B** concerns sub-projects allowing for the 'exchange of experts'. These are primarily implemented via short-term study visits or participation in conferences or other activities organised (or co-organised) by institutions in the donor countries and the Czech Republic.

The 1<sup>st</sup> CfP for Measure B was launched in the spring of 2008 and in total **15 projects** were awarded grants (a total of **60,204 EUR** was contracted, representing **54.73%** of the CfP's allocation).

As at 1 March 2009 13 sub-projects had completed implementation, of which final reports had been approved and final accounts settled for six. 26 people had participated in the expert exchanges (21 from the Czech Republic and 5 from Norway).

The 2<sup>nd</sup> CfP was launched on 6 October 2008. The grant ceiling was increased from 5,000 EUR (as in the 1<sup>st</sup> CfP) to 15,000 EUR (with a maximum amount of 5,000 EUR for an individual expert). In total 20 project proposals were submitted for a value of 157,300 EUR from public sources.

All the applications passed the formal and technical evaluation. **19 sub-projects were awarded grants in the full amount requested and one project was offered less.**

Sub-projects under the 2<sup>nd</sup> CfP concern only 4 priorities as follows: protection of the environment – 10, health – 7, and 1 each for the conservation of European cultural heritage and human resources development.

In February and March 2009 four sub-projects commenced implementation. With regard to the rest, discussions are at present underway on the signature of the grant contracts.

### **3.4. TECHNICAL ASSISTANCE FUND (TAF)**

The grant for the TAF was awarded on **26 November 2007**. The Intermediary is the **Ministry of Finance** (National Focal Point - NFP), Centre for Foreign Assistance. The total allocation of the fund is **€ 2,125,000**.

The TAF Block Grant is **aimed at the following focus areas:**

1. Strengthening capacity of the Czech Republic to provide development aid to the third countries
2. Co-operation in adoption and implementation of the acquis
3. Exchange of experience and co-operation between institutions from EEA/ EFTA states and the Czech Republic in order to improve public services

The **1<sup>st</sup> Call for Proposals (CfP)** was launched on **25 February 2008** with a deadline of **25 April 2008** for the submission of proposals. The CfP's allocation was **1,325,000 EUR**.

A seminar for potential applicants was held at the Ministry of Finance on 26 March 2008. It was attended by representatives of the Norwegian institution DIFI (The Agency for Public Management and eGovernment) and the Royal Norwegian Embassy in the Czech Republic.

A total of **10** applications were submitted for a total of 416,259 EUR. Two proposals were excluded during the formal and technical evaluation. 8 projects were therefore recommended for a grant for a total value of **358,804 EUR**, i.e. only 27 % of the CfP's allocation.

The **2<sup>nd</sup> Call for Proposals** was launched on **13 October 2008** with a deadline of **12 December 2008** for the submission of proposals. The CfP's allocation was **1,800,000 EUR**.

A seminar for potential applicants was held at the Hotel Angelo in Prague on 11 September 2008. It was attended by representatives of the Norwegian institution DIFI (The Agency for Public Management and eGovernment), the Norwegian Association of Towns and Municipalities, the Royal Norwegian Embassy in the Czech Republic and the FMO in Brussels.

A total of **15** applications were submitted for a total of 637,628 EUR. Two proposals were excluded during the formal and technical evaluation. 13 projects were therefore recommended for a grant (see Annex 8), with a total value of **531,011 EUR**, i.e. only 29,5 % of the allocation for this CfP.

Only **889,815 EUR** has been contracted under the 1<sup>st</sup> and 2<sup>nd</sup> CfPs; this represents only **42%** of the TAF's allocation.

It is anticipated that the 3<sup>rd</sup> CfP will be launched in **April/May 2009**. Consideration is also being given to expanding the focus areas to include supporting cooperation among social partners.

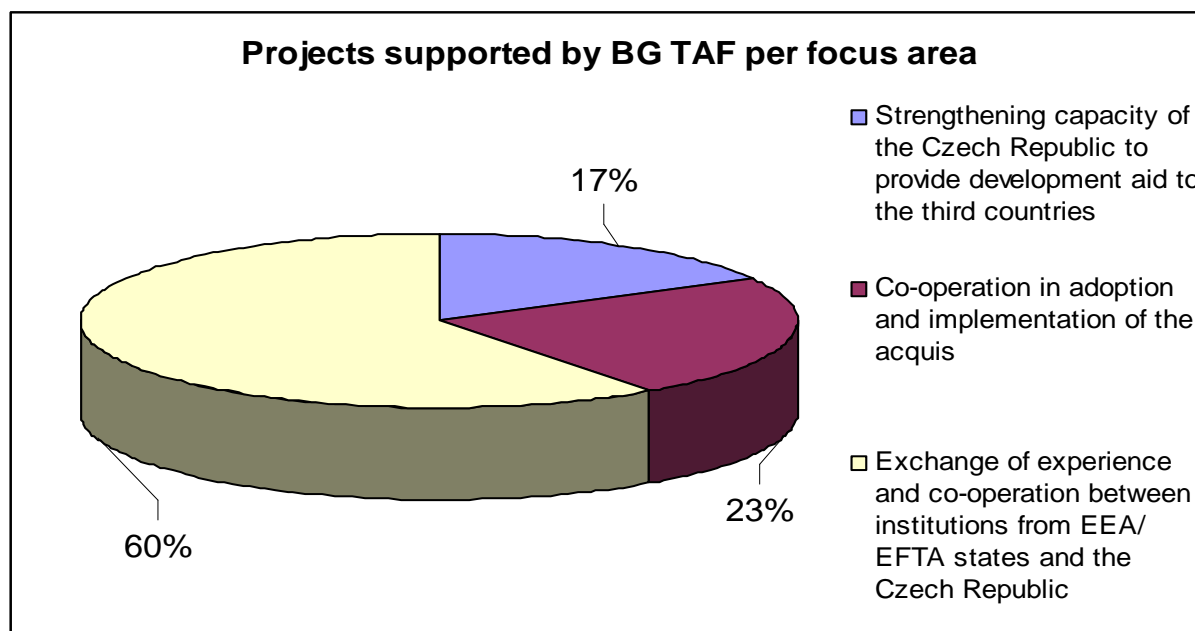
In the 1<sup>st</sup> Open Call there were 8 projects receiving support totalling 358,804 EUR.

In the 2<sup>nd</sup> Open Call there were 13 projects receiving support in the total amount of 531,011 EUR.

Thus, **in both calls the projects supported from the BG TAF received the grant of 889,815 EUR.**

Distribution of this amount per focus area is summarized in the following table:

<b>Projects supported from BG TAF</b>		
Focus area	Grant in EUR	%
1 Strengthening capacity of the Czech Republic to provide development aid to the third countries	149,744	16.8%
2 Co-operation in adoption and implementation of the acquis	202,386	22.7%
3 Exchange of experience and co-operation between institutions from EEA/ EFTA states and the Czech Republic	537,685	60.5%
<b>TOTAL</b>	<b>889,815</b>	<b>100.0%</b>



### 3.5. SEED MONEY FUND (SMF)

A total of 573,927 EUR from the Seed Money Fund (95.65% of the allocation) was awarded to 44 sub-projects.

34 applicants (out of 44) submitted applications under the 3<sup>rd</sup> Open Call for individual projects. Because of the high quality and competitiveness of projects submitted under the 3<sup>rd</sup> Open Call, only 6 projects previously supported by Seed Money Fund were recommended by the Monitoring Committee and finally sent to the FMO. Thus, the overall objective and project purpose of the SMF were reached.

All sub-projects were completed by September 2008 all. Completion reports were approved and payments totalling 559,798 EUR were made as reimbursements (93.30% of the allocation). The NFP is preparing the Fund's Project Completion Report.

## **4. MONITORING AND EXTERNAL FINANCIAL AUDITS**

---

### **4.1. ON THE SPOT MONITORING**

#### **Set-up, function and management**

On-the-spot monitoring (OSM) is performed by the company Ernst & Young, Ltd., which was contracted via an open tender procedure. The contract period runs from January to December 2009 and is financed under the project CZ 0006 - Technical Assistance for the NFP. The contract allows for the services provided to be continued from 1 January 2010 to 30 March 2011. The quality assessment/quality control of the OSM and management of the contract is ensured by the NFP – implementation, monitoring and evaluation unit.

OSM was introduced to complement the formal monitoring process of the NFP but also to provide added value to the Promoters while implementing their projects (early identification of potential mistakes/shortcomings, expert technical/scientific assessment of the project, dissemination of good practice from other projects, defining common problems of Promoters for NFP consideration etc.)

#### **Scope and types of OSM**

OSM is focused on the following aspects: checking project progress in line with the PIP and verifying reporting in PIRs, eligibility of expenditures, their efficiency and effectiveness, adequacy of reporting on project modifications, their efficiency, impact and added-value for the project, fulfilment of project specific conditions, transparency in management of the project, adequate risk management, publicity, archiving, cooperation with partners etc.

There are three types of the on-the-spot monitoring – ordinary, ad-hoc and follow-up checks of proposed corrective actions. Ordinary OSM addresses the most risky projects at a given time during their implementation. The projects for ordinary OSM are selected in the context of a quarterly risk analysis based on pre-defined risk factors. Ad-hoc OSM is predominantly used for verification of the requests for payment or assessment of extensive project modification. Should serious shortcomings be identified during OSM, follow-up OSM checks whether and to what extent the proposed corrective actions were implemented.

#### **OSM Report and follow-up**

The outcome of each OSM is the OSM Report supplemented by a) a checklist, b) the expert's opinion on the technical/scientific aspects of the project (this depends on the character of the project – e.g. the quality of construction and adequacy of related expenses, assessment of scientific impact of the project based on the international scientific grids, check of IT set-up of the system and its functionalities and capacity etc.) and c) photo documentation.

The Project Promoters are invited to react to each of the findings (either positive or negative) in the OSM Report. The follow-up actions taken by the promoters in response to the findings are monitored by the NFP.

#### **Planning and results**

The risk analysis, which forms a basis for the selection of projects to be included in the OSM plan, is carried out every quarter in order to reflect the most recent developments within the projects.

Based on the OSM plan for the 1<sup>st</sup> and 2<sup>nd</sup> quarter 2009, five projects and one programme have been checked so far.

The table below provides for a short summary of main findings identified.

<b>CZ0056</b>  -final version	<b>Positive findings</b> – virtualisation as progressive trend in utilising HW and SW, virtual setting would enable to host other applications above the scope of current project  <b>Negative findings</b> – formal shortcomings in contract and partnership agreement related to publicity, some components of HW and SW not sufficiently dimensioned therefore it was proposed that financing of additional components would be covered form the savings which might be identified
<b>CZ0034</b>  -final draft	<b>Positive findings</b> – well developed cooperation between PP and Norwegian partner (transfer of experience with wooden handcraft, wood processing and protection, exemplary project publicity, good quality of tender documents prepared by the externally contracted company – Promoter can be more focused on project activities, close cooperation with the NFP  <b>Negative findings</b> – formal shortcomings - incomplete contract for works and partnership contract (not containing the clause on archiving and enabling of controls), delayed pre-financing from the state budget in the initial phase causing slight delay in the project, significant increase in original project budget caused mainly by exchange rate losses – necessity to ensure additional resources
<b>CZ0023</b>  -final draft	<b>Positive findings</b> – unique structural design of the truss construction  <b>Negative findings</b> – formal shortcomings in the contract and building documentation, poor safety measures at the construction site, delays in some construction works, contract for construction works not including all activities leading to the achievement of project indicators, significant increase in original project budget caused mainly by exchange rate losses – necessity to ensure additional resources, some parts of construction exposed to climatic factors shall be better secured
<b>CZ0051</b>  -first draft	<b>Positive findings</b> – innovative utilisation of Norwegian mathematical model for calibration in the CR – the outcomes of the research shall have high degree of quotation in international scientific literature (SCI index and IF factor), maps created - great scientific value for the CR, high standard of scientific work, acquired data (results of project) may be used for the implementation of MAGIC model in the entire territory of the CR (which is above project’s original ambitions)  <b>Negative findings</b> – poor quality reporting in PIRs (many corrections from the NFP necessary prior to PIR approval)
<b>CZ0043</b>	OSM Report under preparation.
<b>CZ0076</b>	OSM Report under preparation.

#### 4.2. EXTERNAL FINANCIAL AUDITS

The contract for the independent external audit was signed on 3<sup>rd</sup> April 2008 with the company INTEREXPERT Bohemia s.r.o after an international open tender. The contract has a duration 15 months. Another contract for the remaining period will be signed by June 2009.

10 external audits of completed projects (from the 1<sup>st</sup> Open Call) were performed last year. In two cases the findings resulted in suspicion of irregularities, subsequently reported to the FMO. The minor findings were all solved by the Promoters so that the Project Completion Reports could be approved by the NFP.

The NFP anticipates that approx. 20 completed projects will be audited in the year 2009.

## **5. CROSS-CUTTING ISSUES**

---

### **5.1. SUSTAINABLE DEVELOPMENT – ENVIRONMENTAL**

The projects and sub-projects of the programmes/block grants financed from FM EEA/Norway have in general had a positive impact on the environment.

The waste from construction works and other relevant project activities is disposed of in accordance with Czech legislation (Act No. 185/2001 Coll., on waste disposal). Documents regarding waste disposal are archived by suppliers of construction works and are checked by Project Promoters/Final Beneficiaries. The Statutory Declarations on waste disposal are attached to the PIRs or regular reports in programmes and are checked by the NFP and Intermediaries of programmes.

Several projects supported within the 1<sup>st</sup> and 2<sup>nd</sup> CfP directly support the protection of the environment and sustainable development by aiming to improve the environment in the Czech Republic (air quality analyses, monitoring nature in forests, monitoring the pond system, information system in water management, energy audits, education in the area of environment etc.)

### **5.2. SUSTAINABLE DEVELOPMENT – ECONOMIC**

Sustainable economic development is mainly concerns the economic stability of the project /programme/block grant implementation, financial flows in the projects/programmes/block grants in line with their time schedules, and revenue generation.

The projects selected within the 1<sup>st</sup> and 2<sup>nd</sup> CfP or sub-projects of the programmes/block grants financed from FM EEA/Norway do not in general generate any revenues and will not generate any revenues in the following 10 years after their completion.

The financial stability of implemented projects/programmes/block grants is influenced by changes in the CZK/EUR exchange rate. The additional costs caused by exchange rate losses have to be financed from Project Promoters/Intermediaries own resources.

### **5.3. SUSTAINABLE DEVELOPMENT – SOCIAL**

The social aspect of sustainable development is reflected in most of the projects or sub-projects of programmes/block grants financed by the FM EEA/Norway.

Sustainable social development in projects/programmes/block grants predominantly concern the following: improving a region's attractiveness for tourists and renovating cultural monuments, developing healthcare programmes for children, high quality education with suitable modern equipment, creating new jobs in a region, new possibilities for spending leisure time for children and youth outside school, installation of quality playground equipment to make playgrounds more attractive and safer for children, creating educational and culture programs to improve the social environment in hospitals, digital data archiving for research purposes, development of pupils' skills with regard to IT both in school and afterwards, increasing the fraction of university educated people in CR to improve the competitiveness of the graduates in the job market, and developing reasonable social conditions for disabled people or patients in healthcare institutions.

Most of the projects implemented contribute to the integration of patients into society, as well as the creation of educational opportunities for socially deprived groups or the inclusion of old or disabled persons in social life.

### **5.4. GOOD GOVERNANCE**

The implemented projects/programmes/block grants are compliant with the relevant Czech legislation and EU regulations.

Projects are generally managed by qualified staff (either the Promoter's own staff or contracted external companies) and activities to ensure project publicity are performed in accordance with Publicity Guidelines. Contractors for works/services/supply of equipment are selected transparently in line with Czech legislation. The activities of projects/sub-projects performed by contractors are co-ordinated by the project management. The principles of good governance are ensured by documents

approved by the NFP: Calls for Proposals, Guidelines for Applicants and Implementation Manual for the given Programme/Block grant. Intermediaries of programmes/BGs apply transparent administrative procedures and ensure the transparent and impartial selection of sub-projects.

### **5.5. GENDER EQUALITY**

The implementation of projects or sub-projects of programmes/block grants financed from FM EEA/Norway complies with gender equality rules.

Contractor selection and the creation of project teams for project/programme/block grant administration proceed in line with equal opportunities.

All stakeholders of the projects/programmes/block grants are viewed without any prejudice as to their sex/nationality/race/religion and they have equal rights with regard to participation in activities and the utilization of outputs.

Projects or sub-projects involving works take into account the needs of disabled people (access to buildings for people with physical disabilities).

### **5.6. BILATERAL RELATIONS – ICELAND/LIECHTENSTEIN/NORWAY**

Bilateral co-operation with partners from Iceland/Liechtenstein/Norway in the projects or sub-projects financed by the FM EEA/Norway is at a very good level. Several Czech institutions in project/sub-projects have a history of partnership which goes back to before the submission of a grant application.

Bilateral relations between the Czech Republic and the donor states are one of the fundamental elements in the block grant scheme. Development and strengthening of bilateral relations in the fields of education, NGO cooperation, research, and state and regional institutional cooperation are one of the block grants' main aims.

Several projects supported within the 1<sup>st</sup> and 2<sup>nd</sup> CfP involve direct cooperation with partner organizations from donor countries, mainly Norway. Examples of concrete bilateral cooperation are: strengthening international police co-operation, organizing workshops and seminars devoted to Norwegian and Carpathian rural architecture and to preservation techniques of timber objects, exchange of experience in ambient air quality research, historical research concerning skiing in Bohemia and assistance with creation of a new ski exhibition, methodology of geochemical research, presentation of paediatric diabetology research and consulting, and methodical assistance in using geographical information systems.

## 6. PUBLICITY

---

During the period covered by this report the NFP provided information on and ensured publicity for the Financial Mechanisms in compliance with the *Publicity Guidelines* and the *Communication Action Plan*, both approved by the FMO.

### 6.1. PRESS CONFERENCES

A press conference was held on 24 June 2008 in conjunction with signing of Agreements with Project Promoters within the 2nd Call for proposals of the NGO Fund. It was organised by the NROS as the Fund's Intermediary and was attended by Mr. Peter Nicolay Raeder, the Ambassador of Kingdom of Norway.

A press conference was held on 11 September 2008 in conjunction with a seminar on the Technical Assistance Fund. It was organised by the NFP as the Fund's Intermediary and was attended by Ms Wenche Lyngholm, the State Secretary of the Norwegian Ministry of Government Administration and Reform.

A press conference was held on 5 November 2008 in conjunction with the announcement of the 2nd Call for proposals under the Research Support Fund. It was organised by the NFP as the Fund's Intermediary and was attended by Mr. Alex V. Winther, Counsellor and Deputy Head of Mission of the Royal Norwegian Embassy.

### 6.2. ANNOUNCEMENT OF OPEN CALLS

- The NFP launched the **2<sup>nd</sup> Call for Proposals (CfP)** for the TAF on **13 October 2008**. It was published on the website [www.eeagrants.cz](http://www.eeagrants.cz) as well as in 2 nationwide daily papers - *MF DNES* and *Hospodářské noviny*.
- The Intermediary of the **NGO Fund** (NROS) launched the **3<sup>rd</sup> CfP** on **15 December 2008**. It was published on the website [www.eeagrants.cz](http://www.eeagrants.cz) as well as in the press nationwide.
- The Ministry of the Environment launched the 1<sup>st</sup> CfP for the programme 'Rescue programmes for specially protected species' on 28 November 2008.
- The Intermediary for the **Research Support Fund** (NTF) launched the 2<sup>nd</sup> CfP in October/November 2008. The CfP for **Measure A** was launched on **6 November 2008**, whilst that for **Measure B** was launched on **6 October 2008**.
- The Intermediary for the **Fund for Support of Cooperation among Schools/Scholarships** (NAEP) launched a call for project proposals for the year 2009 on **2 March 2009**. It was published on the NAEP's website.

### 6.3. SEMINARS FOR POTENTIAL APPLICANTS

- In connection with the 2<sup>nd</sup> CfP for the TAF, the NFP organised a **seminar** (together with a press conference) for **potential applicants**. Approximately 100 people attended plus 10 experts from Norway. It was held on 11 September 2008 in the Hotel Angelo in Prague.

The aim of the seminar was to inform potential applicants of the rules for the 2<sup>nd</sup> CfP, particularly with regard to establishing contacts with Norwegian partners. It was attended by representatives of the Norwegian institution DIFI (The Agency for Public Management and eGovernment), the Norwegian Association of Towns and Municipalities, the Royal Norwegian Embassy in the Czech Republic and the FMO in Brussels. Information from the seminar was made available on the web page [www.eeagrants.cz](http://www.eeagrants.cz).

- A **seminar for grant recipients** (135 participants) under the 2nd CfP of the FM EEA/Norway was held on **25 September 2008** in Toskánský Palace in Prague.

- All Block Grant Intermediaries are responsible for ensuring overall publicity. During the course of the year they organise various public events (e.g. information seminars in the regions for potential applicants). Information on all such activities is available on the following web pages:

Fund for Support of Co-operation among Schools/Scholarships: [www.naep.cz](http://www.naep.cz)

NGO Fund: [www.nros.cz](http://www.nros.cz). A new website - [www.blokovygrant.cz](http://www.blokovygrant.cz) - was launched for the NGO Fund on 15 December 2008

Research Support Fund: [www.eea-researchfund.cz](http://www.eea-researchfund.cz)

Technical Assistance Fund: [www.eeagrants.cz](http://www.eeagrants.cz)

Seed Money Fund: [www.eeagrants.cz](http://www.eeagrants.cz) (**implementation of the Block Grant has finished**)

#### 6.4. SEMINARS AND WORKSHOPS FOR CONTACT POINTS

During the reporting period an information seminar for the TAF Block Grant was held for Contact Points in the regions and at relevant sectoral ministries

#### 6.5. WEB PAGE

The NFP – (CFA - Preparation and Coordination Unit) manages a web page on the EEA/Norway Financial Mechanisms at [www.eeagrants.cz](http://www.eeagrants.cz). It is regularly updated. The *News* section gives information on, among other things, important seminars, workshops and conferences.

#### 6.6. PUBLICATIONS

In connection with the launch of the 2<sup>nd</sup> CFP for the TAF Block Grant, the NFP issued, in August 2008, an information brochure with Czech and English text entitled '**Block Grant – Technical Assistance Fund**'.

In December 2008 the brochure '**FM EEA/Norway projects – Conservation of European Cultural Heritage 2004-2009**' was published. It only covers projects under the FM EEA/Norway priority of cultural heritage.

A concluding publication on FM EEA/Norway 2004-2009 is foreseen for **June 2009**.

#### 6.7. MANUALS AND GUIDELINES

The CFA regularly updates and publishes **all manuals** issued by the NFP:

1. *Guide for applicants – 3<sup>rd</sup> Call (updated 25 November 2007)*
2. *Manual for Implementation - 3<sup>rd</sup> Call (updated 25 November 2007)*
3. *Methodology of Financial Flows (updated 20 February 2008)*
4. *Guidelines for Recipients of a Grant from the Financial mechanisms EEA/Norway (updated 1 June 2008)*
5. *Instruction for filling the Project Completion Report (issued on 8 April 2008)*

The *Guidelines for the Technical Assistance Fund* was updated in October 2008.

On 13 December 2007 the CFCU updated Instruction No. 1 of the NFP – *Eligibility of personnel expenses on employees and external experts*. The updated version was published on [www.eeagrants.cz](http://www.eeagrants.cz).

### **Revision of implementation manuals**

On 1 June 2008 amended versions of NFP implementation manuals for the EEA/Norwegian Financial Mechanism were issued.

The changes in the manuals reflected the amendments issued previously by the FMO/donors:

- modification of Standard Grant Agreement and related procedures;
- modification of reporting system (APR replaced by “extended PIR”);
- clarifications to maintenance clause and sustainability;

and other internal modifications and updates:

- more precise internal procedures related to preparation of Grant Agreements, public procurement, examination of project changes, control of monitoring reports and payment requests, accounting procedures for Fund PIR and retention money;
- update of standard implementation contracts based on the changes described above;
- update or modification of annexes of the manuals based on the changes described above.

## 7. WORK PLAN 04/2009 – 04/2010

Activity	Target group	Date
<b>Monitoring Committee</b>		
Preparation of the 9 <sup>th</sup> Monitoring Committee	Members of MoC	February - March 2010
Monitoring Committee meeting	Members of MoC	March - April 2010
<b>3<sup>rd</sup> Open Call process</b>		
Seminar for grant recipients (3 <sup>rd</sup> open Call)	Successful applicants	6 <sup>th</sup> May 2009
<b>Block Grants – TAF</b>		
Preparation of the 3 <sup>rd</sup> Open Call	NFP	April 2009
Launching of the 3 <sup>rd</sup> Open Call	Applicants, general	May 2009
Deadline for submission of applications	Applicants, general	June 2009
Information on approved sub-projects	Successful applicants	July - August 2009
Preparation of 4 <sup>th</sup> Open Call (in case of remaining funds)	NFP	autumn 2009
Launching of the 4 <sup>th</sup> Open Call	Applicants, general	autumn 2009
<b>Publicity</b>		
Summary brochure on FMs	Applicants, general	May 2009
Closing seminar on FMs	General	9 <sup>th</sup> June 2009
Publication of the 3 <sup>rd</sup> Open Call for TAF	Applicants, general	May 2009
Publication of approved projects within the 3 <sup>rd</sup> Open Call	Successful applicants, general	July – August 2009
Publication of the 4 <sup>th</sup> Open Call for TAF (in case of remaining funds)	Applicants, general	autumn 2009
Publication of other open calls within BGs and PRGMs	Applicants, general	continuously / ad hoc

## 8. SUMMARY AND RECOMMENDATIONS

---

### 1. Project completion date vs. Final eligibility date

The NFP calls the attention of the FMO to the fact that the template of PIP does not comply with the eligibility deadlines as per the Grant Agreement – the PIP disbursement schedule does not reflect the final eligibility date of the project specified in the Grant Agreement and it is assumed that all requests for payment related to the project will be executed by the project completion date (understood as the date of the physical completion of project activities). This issue was communicated to the FMO by letter on 18 July 2008.

The FMO replied (by e-mail on 16 December 2008 and by letter on 26 February 2009) that a solution had been found - the project duration in PIP was to equal to the final eligibility date of the project. In other words, a sufficient number of reporting periods is included in the PIP and some of them could stay “blank” if the project is (physically and financially) finished earlier and indicated as 100% completed.

Unfortunately, this solution is not always reflected by the FMO when issuing PIPs for new projects. Furthermore, this solution is not applicable for projects that already have PIPs, i.e. all projects under the 1st Open Call and most of projects under the 2nd Open Call.

In these cases, the NFP is obliged to closely monitor the project before its end in order to ascertain whether all expenditures will be paid by the project completion date or if there is a need to extend the PIP by one or two additional reporting periods.

In such cases the procedure for amending the PIP is the same as for amending the implementation contract (since the former is an annex of the latter). An addendum to the implementation contract must therefore be prepared and signed (also by the Promoter) before the project completion date indicated in the implementation contract.

### 2. Insurance conditions for subprojects of churches/parishes within CZ 0012 and CZ 0043

One of the conditions within the Grant Agreements for programmes is as follows:

*Intermediary secures from the sub-project promoters insure the properties supported under the Fund properly against losses such a fire, theft and other normally insurable incidents.*

Programmes CZ 0012 and CZ 0043 are the only programmes in the Czech Republic where churches and parishes received grants for subprojects. Based on the applicable legislation in the Czech Republic, churches and parishes are considered as non-profit organisations and operate on the basis of very limited budgets. Their incomes mainly consist of church offerings and donations.

The purpose of subprojects is usually to reconstruct/repair part of a building (e.g. the tower, interior equipment of church, the altar etc.). However, it is not possible to insure only that part of the property subject to the FM EEA/Norway support. Since the insurable value of the whole property (i.e. church) is extremely high, the annual payment of insurance money during the 10 years of the sustainability period represents around 49% of the total grant awarded in the majority of cases.

In order to avoid the above, the NFP proposes to amend the wording of the respective condition as follows:

*The FP shall ensure that the Intermediary secures from the sub-project promoters to insure the properties supported under the Fund properly against losses such as fire, theft and other normally insurable incidents, with the exception of subprojects implemented by churches and parishes.*

### **3. FMO rules for the increase of the total eligible costs by more than 15% or 200 000 EUR (FMO letter dated 8 December 2008 on project modifications)**

Since the introduction of this rule in December 2008 the NFP has sent 3 requests for approval of project modification comprising an increase in total eligible costs by more than 200 000 EUR to the FMO/PAG. The NFP expects the requests for these project modifications on a regular basis. Eligible costs are most likely to increase during the initial stages of a project as a consequence of more expensive tender procedures (general increase of prices is very common especially with regard to works).

Increases in total eligible costs require have to be processed by the NFP and the FMO, and an amendment to the Grant Agreement has to be concluded. However, given the fact that the grant amount can never be increased, this long lasting administrative procedure is of no added-value to the Promoter (total eligible costs increase, grant rate is reduced proportionally and additional funds above the grant have to be secured from the Promoter's resources).

The concept of eligibility of expenditures should be followed, i.e. expenditures included in Applications for specific activities, approved as eligible by the donors, should be considered eligible even if tendered prices are higher. This will also allow for transparency in monitoring (only eligible expenditures which have to be documented for project accounting purposes are subject to the thorough check of the NFP, which verifies their correct use, actual payments etc).

In order to avoid the unnecessary and time consuming procedure related to the approval of such changes and the conclusion of amendments to Grant Agreements (plus also PIP and Implementation contract), the NFP proposes that the FMO reconsiders the application of the this rule.

In such a case, PIRs would involve all eligible expenses (it would not matter whether they finally exceeded the estimate in the PIP). At a certain point (once the grant is fully drawn-up), the reimbursement from the FMO would stop. The PIRs, including annexes, would still be submitted so as to keep the NFP and the FMO informed about the progress of the project and related expenditures (paid 100 % by the promoter). The final total eligible expenditures will be evident from the PCR.

## 9. ANNEXES

---

Annex 1	<b>Applications approved by the FM Committee and the Norwegian Ministry of Foreign Affairs – by priority area, by location in regions</b>
Annex 2	<b>Implementation status</b>
	1 <sup>st</sup> Call - Implementation status of projects/programmes
	2 <sup>nd</sup> Call - Implementation status of projects/programmes
Annex 3	<b>Financial status</b>
	1 <sup>st</sup> Call – Financial status of projects/programmes
	2 <sup>nd</sup> Call – Financial status of projects/programmes
	Block Grants – Financial status
Annex 4	<b>Status of Application Approval Process under the 3<sup>rd</sup> Call</b>
Annex 5	<b>Block Grant - NGO Fund</b>
Annex 6	<b>Block Grant - Fund for support of Cooperation among Schools/ Scholarships</b>
Annex 7	<b>Block Grant - Research Support Fund</b>
Annex 8	<b>Block Grant - Technical Assistance Fund – List of supported projects</b>
Annex 9	<b>Evaluation of the Control/Audit Activities in 2008</b>
	<b>EEA and Norwegian FM Control/Audit Plan of the Czech Republic in 2009</b>