

EEA Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

and

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

together hereinafter referred to as the "Parties"

for the financing of the Programme "Children and Youth at Risk "

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 2009-2014 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 2009-2014:

- a. Protocol 38b to the EEA Agreement on the EEA Financial Mechanism 2009-2014;
 - b. the Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 8(8) of Protocol 38b;
 - c. the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2009-2014 (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 1.5 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4 Annexes and hierarchy of documents

1. The programme decision, including the financial plan (Annex I), and the operational rules (Annex II) 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 former shall prevail, provided that these provisions are compatible with the Regulation.
3. Commitments, statements and guarantees, explicit as well as implicit, made in the programme proposal 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 highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities.
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 2009-2014 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 Monitoring Committee 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. The programme decision 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 the programme decision.

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 shall:

- a. contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;
- b. indicate the agreed advance payment, if any.

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

Article 2.5

Special conditions and programme specific rules

1. The programme decision shall list any conditions set by the FMC with reference to paragraph 3 of Article 5.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and, in a timely manner, 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 the operational rules.

Article 2.6

Programme implementation agreement

1. With reference to Article 5.8 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.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the FMC in accordance with paragraph 5 of Article 5.8 of the Regulation with regard to the content required according to paragraph 3 thereof. The National Focal Point shall inform the FMC of any deviation from that confirmed draft which may be subject to a new confirmation according to paragraph 5 of Article 5.8 of the Regulation prior to any payment to the Programme.

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 8 and Articles 5.11 and 5.12 of the Regulation as well as statistical reporting in accordance with the Programme Operator's Manual (Annex 9 to the Regulation).

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 10.1, 10.2, 10.3 and 10.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of its obligations under the programme agreement 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. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without FMC's prior approval provided that they are limited to the following:
 - a. cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and
 - b. changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.
3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.
4. Expenditures incurred in breach of this article are not eligible.
5. 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.
6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 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.

3. 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.

4. The FMC shall ensure that the National Focal Point is informed about communication between the FMC and the Programme Operator that is relevant for the responsibilities of the National Focal Point under this programme agreement.

Article 2.11
Contact information

1. The contact information of the National Focal Point and the Programme Operator is as specified in the programme proposal.
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 in the programme proposal or other communication 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 the programme proposal, in connection with the programme proposal, the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3 Projects

Article 3.1

Selection of projects

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 6 of the Regulation and the operational rules.
2. Eligibility of applicants is stipulated in Article 6. 2 of the Regulation and, in accordance with paragraph 3 thereof, subject only to the limitations stipulated in the operational rules.
3. Pre-defined projects shall be outlined in the operational rules.
4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 6.6 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 of the project contract shall comply with Article 6.7 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 1.5 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 6.8 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 7.16 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article before the signing of the project contract.

Article 3.4

Reallocation of funds

1. Reallocation of unused or cancelled financial contributions to projects shall be made in compliance with Article 6.9 of the Regulation.
2. Project grants not reallocated shall be reimbursed to the FMC in accordance with Article 6.9 of the Regulation.

Chapter 4 Finance

Article 4.1

Eligible expenditures

1. Subject to Article 7.6 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;
 - c. expenditure of funds for bilateral relations in accordance with Article 7.7 of the Regulation;
2. Expenditure related to the categories referred to in subparagraphs (d), (e) and (f) of Article 7.1 of the Regulation are eligible in accordance with Chapter 7 thereof if such expenditures are explicitly approved by the FMC in the programme decision. The implementation of the activities under these categories shall be in compliance with the operational rules.
3. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 7.3 of the Regulation as well as indirect costs in accordance with Article 7.4 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 12 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 11 and 12 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 12.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 12.1 of the Regulation has not been lifted within 6 months of such a decision;

b. a suspension of payments according to Article 12.1 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 12.2 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.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 7.14 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 5.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraphs 1 and 2 are set in the programme decision. Programme specific rules on the eligibility of expenditure set in the programme decision or in the operational rules 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 7.13 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 8.2, 8.3 and 8.4 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 the operational rules.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 8.1 of the Regulation.

5. Chapter 8 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 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

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 12 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.

Article 5.4
Entry into force and duration

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

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

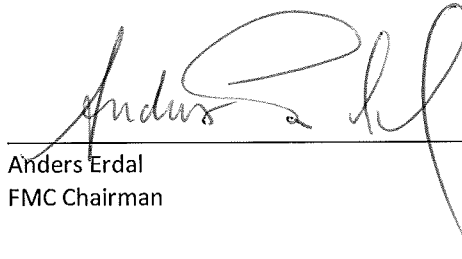
This programme agreement is drawn up in two originals in the English language.

For the FMC


For the National Focal Point

Signed in Prague on 31/10/2013

Signed in PRAQUE on 31/10/2013



Anders Erdal
FMC Chairman



Eva Anderová
Deputy Minister

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s):

Laws, policies and measures in the field of children's and youth rights, as enshrined in relevant international instruments effectively implemented

Output

Samples of good practices between the Main Project Partner and the Project Partner as well as the transfer of experience among the key national stakeholders exchanged

Output indicator(s)	Baseline	Target	Source of Verification
Number of coordination meetings	0	6	The co-ordination meetings to be held on bi-annual basis between the Main Project Partner and the Project Partner as well as the round-tables and expert co-operation with Norwegian experts will serve to provide space for exchange of experiences and transfer of samples of good practices
Number of expert opinions	0	30	Through the implementation, both the Norwegian and the national experts will provide their formal feed-back on the draft legislation, which will be further used for the Main Project Partner's lobbying and promotional efforts
Number of national expert seminars	0	1	At least one national expert seminar to be held as part of the Programme will allow some 50 national experts to get familiarized with the draft legislation and to strengthen their understanding of the planned changes as well as the related procedural/implementation issues

Output

Implementation of the new legislation as well as the implementing tools prepared

Output indicator(s)	Baseline	Target	Source of Verification
Number of new legislation timely prepared and submitted for individual phases of the legislative process	0	1	The preparation of the new legislation will follow the standard legislative process flow, i.e. (i) preparation of the general outline of the law and its submission for comments; (ii) preparation of the articulated version of the law and its submission for comments, (iii) the preparation of the amending laws; (iv) the preparation of the implementing regulations. The target indicator value consists of the four mentioned stages
Number of methodologies and procedures for the new legislation	0	10	Progress reports
Number of local authorities and experts in charge of implementation of the new legislation educated and trained	0	3000	The implementation of training modules focused on training of local authorities and experts in charge of implementation of the new legislation
Number of information and media campaign of the new legislation	0	2	Information (1) and media (1) campaign for the new legislation implementing the communication strategy (including advertisement campaign and continuous media coverage).

Expected Outcome(s):

Quality of child welfare systems and protection measures effectively improved, relaying the views of relevant stakeholders and society at large through high quality and participatory debate

Output

Systems and measures for protection of children and young people supported

Output indicator(s)	Baseline	Target	Source of Verification
Number of tools and procedures (methodologies) elaborated on the basis of supported projects for the effective determining of children' opinion and its involvement in various types of decision-making processes including number of trainings for employees of relevant institutions in this area	0	3	The indicator measures the number of established and operational consultative mechanism tools and procedures ensuring effective participation of children in the decision making processes and number of trainings for employees of relevant institutions elaborated and implemented within all supported projects regardless the type and the target group

Output

Awareness regarding the rights of the child through local or nation-wide activities raised

Output indicator(s)	Baseline	Target	Source of Verification
Number of activities, whether local or nation-wide, aimed at raising awareness about children's rights	0	3	The SGS will allow civil society bodies to run various activities aiming to strengthen the awareness of the rights of the child, both among the children themselves as well as among the adults

Expected Outcome(s):

Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented

Output

Conditions for coordination of transformation of residential facilities into an effective network of services providing care for children in need and families created

Output indicator(s)	Baseline	Target	Source of Verification
Number of methodologies for the creation and implementation of transformation plans for residential institutions	0	1	The MoLSA will issue a methodological instruction, defining the minimum criteria to be met in the transformation process

Output

Transformation plans focusing on needs of vulnerable groups of children, youth and families elaborated

Output indicator(s)	Baseline	Target	Source of Verification
Number of 10 transformation plans of institutions (substantive solution, schedule, budget, educational needs, monitoring and evaluation mechanisms).	0	10	The output will be mandatory transformation plans approved by founders of the institutions. The start of their realization will proceed at the same time, the overall completion of the transformation will be a long time process that exceeds the FM2 period

2. Conditions

2.1 General

- 1) The National Focal Point shall ensure that any public support under this Programme complies with the procedural and substantive state aid rules applicable at the time when the public support is granted. The National Focal Point shall, by way of the programme implementation agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with state aid rules, particularly decisions to award grants and set grant rates, and provides such records to the FMC upon request. The approval of the Programme by the FMC does not imply a positive assessment of such compliance.
- 2) Bilateral, output and outcome indicators shall be reported on in the annual programme report.
- 3) Together with the Strategic Report, the National Focal Point shall provide the FMO with a statement of all co-financing provided by project promoters to their projects during the previous calendar year. The National Focal Point shall ensure that it obtains the necessary information in a timely manner from the Programme Operator by way of appropriate provisions in the programme implementation agreement.
- 4) The National Focal Point shall ensure that the Programme Operator describes in the annual programme report how the programme benefits vulnerable and minority groups in the Czech Republic, with a special emphasis on how Roma children and youth benefit from the programme through both direct measures and policy measures.
- 5) The National Focal Point shall ensure that the recommendations from the Council of Europe and the court rulings from the European Court of Justice are taken into account in the development of the new legislation.
- 6) The National Focal Point shall ensure that the Programme Operator ensures that costs incurred by project partners, including partners of pre-defined projects, are covered from the project budget.
- 7) The National Focal Point shall ensure that the Programme Operator informs and coordinates its actions with the Operators of the NGO programme and other relevant programmes in the Czech Republic, and of relevant programmes involving children and youth at risk in other Beneficiary States, in order to avoid overlap and to seek and achieve synergies.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

Not applicable.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

2.6 Other

Not applicable.

3. Eligibility of costs**3.1 Eligibility of costs - period**

Eligibility of costs (excluding prog prep costs): 26/04/2013-30/04/2017

Eligibility of programme proposal preparation costs: 18/06/2011-25/04/2013

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€4,298,000
Programme estimated eligible cost (€)	€4,298,000
Programme grant rate (%)	100.0000%
Maximum amount of Programme grant (€)	€4,298,000

3.3 Maximum eligible costs (€) and Advance payment amount (€)

Budget heading	Eligible expenditure	Advance payment*
Programme management	€382,841	€0
Laws, policies and measures in the field of children's and youth rights, as enshrined in relevant international instruments effectively implemented	€1,158,407	€0
Quality of child welfare systems and protection measures effectively improved, relaying the views of relevant stakeholders and society at large through high quality and participatory debate	€663,470	€0
Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented	€1,982,738	€0
Fund for bilateral relations	€64,470	€0
Complementary action	€25,000	€0
Preparation of programme proposal	€21,074	€0
Reserve for exchange rate losses	€0	€0
Total	€4,298,000	€0

* The advance payment is composed of €0 in grant amount and €0 in co-financing.

3.4 Retention of management costs

Retention of management costs - percentage of the management costs	10.00%
Retention of management costs - planned Euro value	€38,284

3.5 Small Grant Scheme

Outcome	Quality of child welfare systems and protection measures effectively improved, relaying the views of relevant stakeholders and society at large through high quality and participatory debate
Total Amount Reserved	€663,470
Grant Amount at Project Level	€44,355 – 150,000
Duration of the Project	12 – 24 months
Maximum Grant Rate at Project Level	90.00%

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Ministry of Finance of the Czech Republic. The Programme shall be implemented in partnership with the Ministry of Labour and Social Affairs of the Czech Republic.

The Programme will contribute to improving the quality of the system of care for vulnerable children in the Czech Republic through the preparation of a new law on support to families, substitute family care and care for vulnerable children, and drafting of implementing regulations.

The Programme consists of one open call, one pre-defined project and one small grant scheme.

The open call will support measures dedicated to the deinstitutionalisation of care.

The small grant scheme will support measures enhancing the involvement of children in decision-making processes and increasing awareness on children's rights.

The pre-defined project contributes to the codification of legislation supporting families, substitute family care and system of care for vulnerable children, and the implementation of this legislation.

1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2 of the Regulation. The following specifications apply:

- Open call: Eligible applicants are Czech regions and municipalities.
- Small grant scheme: Eligible applicants are civic associations and public service organisations that comply with Article 1.5(m) of the Regulation, and church legal entities.

1.3 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 7 of the Regulation.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Open call:

The minimum amount of grant assistance applied for is €170,000; the maximum amount is €250,000.

Small grant scheme:

The minimum amount of grant assistance applied for is €44,354.84; the maximum amount is €150,000.

2.2 Project grant rate:

In case of projects implemented by civic associations and public service organisations, the maximum grant rate is 90% of total eligible project costs. For all other projects, including projects implemented by church legal entities under the small grant scheme and the pre-defined project, the grant rate will not exceed 80% of total eligible project costs. The remaining costs of the project shall be provided or obtained by the Project Promoter.

3. Selection of projects

3.1 Selection procedures:

The selection procedures shall be in accordance with Article 6.5 of the Regulation and the Guidelines for Calls – Submission and Evaluation of Applications – Grant Award developed by the National Focal Point. The independent and impartial experts referred to in Article 6.5.2 shall be independent of the Programme Operator, the Selection Committee and the project applicants.

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

At least one call for proposals for projects dedicated to the deinstitutionalisation of care shall be launched no later than in the first quarter of 2014 and make available €1,982,738.

There shall be at least one call for proposals under the small grant scheme. The call shall be launched no later than in the first quarter of 2014 and make available €663,470.

In case of funds remaining after the calls, the Programme Operator may launch additional open calls for proposals. The additional call(s) shall be launched within one year from the launch of the previous call.

The calls shall be developed in close cooperation with relevant stakeholders, including the Czech regions and local institutions.

3.3 *Selection criteria:*

The selection criteria shall be in accordance with Article 6.5 of the Regulation and the Guidelines for Calls – Submission and Evaluation of Applications – Grant Award developed by the National Focal Point.

4. Payment flows, verification of payment claims, monitoring and reporting

4.1 *Payment flows:*

The Programme Operator shall ensure that funds are available for payments to the projects in a timely manner.

Payments towards projects will be in the form of advance payments, interim payments and a final payment. The advance payment shall be set individually based on the cash flow of the project and shall not exceed 20% of the grant or €80,645, whichever is lower. The advance payment will be set off when 80% of the grant is spent. Interim payments to projects are made on the basis of approved interim reports. The final payment will be made after the closure and settlement of the financial audit carried out by the Programme Operator.

4.2 *Verification of payment claims:*

Verification and approval of the interim and final reports of the Project Promoters will be conducted by the Programme Operator. The interim reports of the Programme Operator are verified and approved by the Certifying Authority.

The procedure for verification of payment claims and deadlines for reporting as outlined in the programme proposal will further be detailed in the description of the Programme Operator's management and control systems according to Article 4.8.2 of the Regulation.

4.3 *Monitoring and reporting:*

The Programme Operator shall continuously monitor the project through the review of reports submitted by the Project Promoter and on-site monitoring visits. On-site monitoring visits shall be carried out in cooperation with external technical experts and shall take the form of ordinary, ad-hoc and follow-up visits.

Project Promoters shall be required to report on project progress and outputs in interim and final reports.

Interim reports shall be submitted every 4 months and shall as a minimum describe:

- a) the project progress, fulfilment of project outputs, information on tender procedures, project time schedule, project modifications, fulfilment of project conditions if relevant and risk management;
- b) the financial progress of the project, including a list of claimed expenditures and requests for payments, and information on any financial audit if relevant.

The final report shall contain the same information as the interim reports. In addition, it shall describe the achievement of the overall objective of the project and contain information on cross-cutting issues relevant to the project, fulfilment of project conditions and sustainability of the project. It shall also include summary information on financial management and findings from the final financial audit. The final report can cover the last reporting period up to 6 months.

In addition at least one programme review shall be carried out by externally contracted experts. The review shall focus on effectiveness and efficiency of the programme in achieving outputs and outcomes and relevance of projects in relation to the programme outcomes and strategies.

Information on monitoring and reporting as outlined in the programme proposal will further be detailed in the description of the Programme Operator's management and control systems according to Article 4.8.2 of the Regulation.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations:

The Programme Operator will set aside minimum 1,5 % of the total programme budget to a fund for bilateral relations.

35% of the fund for bilateral relations will be used for seminars for potential and existing Project Promoters and potential partners from the Donor States. The purpose is to search for project partners and develop partnership ideas and projects (measure a). 65% of the fund for bilateral relations will be used for networking events, as well as the exchange of knowledge and experience between Project Promoters and entities in the Donor State (measure b). Unused funds under measure a) will be reallocated to measure b).

The maximum grant rate under the bilateral fund is 100%. The minimum grant amount per project under measure b) is €2,016.13; the maximum grant amount is €20,161.29.

The details of use of the bilateral fund, the detailed procedures and criteria for awarding support from the fund, and any other relevant details will be further developed by the Programme Operator.

5.2 Complementary action:

The Programme Operator will set aside €25,000 for complementary actions under the Programme. Complementary actions shall inter alia facilitate the participation of all relevant stakeholders in events, seminars and activities agreed with the FMC.

Complementary action under this Programme shall be further defined by the Programme Operator in accordance with Article 7.11 of the Regulation.

5.3 Reserve for exchange rate losses:

Not applicable.

5.4 Small Grant Schemes:

A small grant scheme shall be established under the Programme to support measures enhancing the involvement of children in decision-making processes and increasing awareness on children's rights. The small grant scheme shall be operated by the Ministry of Labour and Social Affairs of the Czech Republic. The total amount available for re-granting under the small grant scheme is €663,470.

At least one call for proposals will be launched under the small grant scheme, no later than in the first quarter of 2014. The minimum amount of grant assistance applied for is €44,354.84; the maximum amount is €150,000.

The rules on eligibility of applicants are set in Article 6.2 of the Regulation.

The selection procedures under the small grant scheme shall be in accordance with Article 6.5 of the Regulation.

6. Pre-defined projects

Project title: **"Codification of legislation supporting families, substitute family care and system of care for vulnerable children and its implementation"**

Project promoter: Ministry of Labour and Social Affairs – Department for Social and Family Policies

Partner(s): Norwegian Directorate for Children, Youth and Family Affairs

Total maximum eligible project cost: €1,448,009

Project grant rate: 80%

Maximum contribution from the Programme: €1,158,407

Estimated duration: 33 months

Expected outcome: "Laws, policies and measures in the field of children's and youth rights, as enshrined in relevant international instruments effectively implemented".

The project will consist in the creation of a consolidated legal environment for the effective functioning of the system of protection of children's rights, care for vulnerable children, support for families and substitute family care. This legal environment will be ensured by a new law that will unify the existing fragmented legislation and introduce entirely new mechanisms and processes leading to the consistent ensuring of children's rights in the Czech Republic and to improving the system of care for vulnerable children, young people and their families.

The completed Project shall include the following activities:

1. Preparation of a new law on support to families, substitute family care and care for vulnerable children
2. Elaboration of related legislation (implementing regulations, amendments to relevant laws)
3. Preparation of implementation tools for the new legislation (methods, procedures and related training and educational activities)

7. Modification of the programme

Any modifications of the programme and the submission of the revised budget will follow the rules set forth in the Regulation and in Article 2.9 of the programme agreement.

Any modification of the project will follow the rules set forth in the programme proposal.

8. Programme proposal version

Any reference to the programme proposal in this programme agreement shall be interpreted as a reference to the version signed by the Programme Operator on 28 February 2012 and shall include all subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator, including inter alia the latest consolidated programme proposal recorded in DoRIS prior to the signing of the programme agreement.

9. Miscellaneous

Not applicable.