

04 NOV. 2013

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 "Cultural Heritage and Contemporary Arts "

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

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.

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.

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.

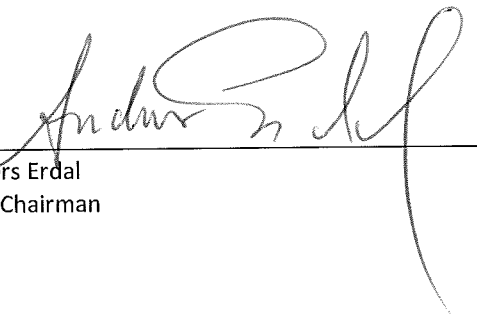
This programme agreement is drawn up in two originals in the English language.

For the FMC


For the National Focal Point

Signed in Prague on 31/10/2013

Signed in PRAGUE 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): Cultural heritage restored, renovated and protected

Output

Cinematographic works restored and digitalised

Output indicator(s)	Baseline	Target	Source of Verification
Number of restored and digitalized cinematographic works	1	11	project reporting, on-site monitoring, annual programme evaluation

Output

National cultural heritage sites, cultural heritage sites, UNESCO heritage sites and buildings used for museum-type collections renovated or repaired

Output indicator(s)	Baseline	Target	Source of Verification
Number of buildings of cultural heritage value and buildings used for museum-type collections restored or rehabilitated	0	12	project reporting, on-site monitoring, annual programme evaluation

Output

Collections including libraries collections restored; optimal environment for museums, libraries, archives and written cultural heritage created

Output indicator(s)	Baseline	Target	Source of Verification
Number of actions taken to preserve movable cultural heritage and written cultural heritage	0	2	project reporting, on-site monitoring, annual programme evaluation

Expected Outcome(s): Contemporary art and culture presented and reaching a broader audience

Output

New performance projects supported

Output indicator(s)	Baseline	Target	Source of Verification
Number of new cultural performances, interdisciplinary and exhibition projects, concert events in the area of theatre, visual and music and film art	0	4	project reporting, on-site monitoring, annual programme evaluation

Output

Creative workshops in the area of theatre, music, visual and film art held

Output indicator(s)	Baseline	Target	Source of Verification
Number of creative workshops (specialized courses, conferences, seminars)	0	4	project reporting, on-site monitoring, annual programme evaluation

2. Conditions

2.1 General

- 1) Bilateral, outcome and output indicators shall be reported on in the annual report.
- 2) The Focal Point shall ensure that the Programme Operator shall discuss the use of the bilateral funds with the Donor Programme Partner in the Cooperation Committee, and within the parameters described in Annex II, Article 5.1.
- 3) The Focal Point shall ensure that the Programme Operator ensures that any revenues generated within projects are reinvested

into the programme's objectives.

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

- Keep any buildings purchased, constructed, renovated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use such buildings for the benefit of the overall objectives of the project for the same period;
- Keep any buildings purchased, constructed, renovated or reconstructed under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
- Set aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.

5) The Focal Point shall warrant that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.

6) The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation with respect to any equipment (the excepted equipment):

- Keep the excepted equipment in their ownership for a period of at least five years following the completion of the project and continue to use that equipment for the benefit of the overall objectives of the project for the same period;
- Keep the excepted equipment properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
- Set aside appropriate resources for the maintenance of the excepted equipment for at least 5 years following the completion of the project.

The specific means for implementation of this obligation shall be specified in the project contract provided however that the Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified excepted equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose.

The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.

7) 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 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.

8) 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.

9) The National Focal Point shall ensure that the Programme Operator reports on funding towards Roma, Jewish and multicultural heritage of the Czech Republic in inter alia the Annual and Final Programme Reports.

10) The National Focal Point shall ensure that minimum 5% of the allocation for the open call is set aside for Jewish Cultural Heritage under the PA16 part of the programme.

11) The National Focal Point shall ensure that that Programme Operator ensures that costs incurred by the pre-defined project partners are covered from the project budget.

12) The National Focal Point shall ensure that the Programme Operator informs and coordinates its actions with the Operators of other relevant programmes in order to avoid overlap and to seek and achieve synergies.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

The indicators under section 1 above shall be reviewed and submitted to the FMO for approval prior to the first disbursement to the projects.

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): 22/04/2013-30/04/2017

Eligibility of programme proposal preparation costs: 18/06/2011-21/04/2013

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€21,490,000
Programme estimated eligible cost (€)	€21,490,000
Programme grant rate (%)	100.0000%
Maximum amount of Programme grant (€)	€21,490,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€1,736,844	€0
Cultural heritage restored, renovated and protected	€16,784,317	€0
Contemporary art and culture presented and reaching a broader audience	€2,500,000	€0
Fund for bilateral relations	€322,350	€0
Complementary action	€50,000	€0
Preparation of programme proposal	€96,489	€0
Reserve for exchange rate losses	€0	€0
Total	€21,490,000	€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	€173,684

3.5 Small Grant Scheme

Outcome	Contemporary art and culture presented and reaching a broader audience
Total Amount Reserved	€2,500,000
Grant Amount at Project Level	€10,000 – 160,000
Duration of the Project	3 – 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 Culture of the Czech Republic. The Arts Council Norway is the Donor Programme Partner for the Programme Area (PA) 17.

The Programme will contribute to the protecting and preserving of cultural heritage in the Czech Republic for future generations and making it accessible for the public (PA16) and to intensifying cultural dialogue and strengthening European identity by understanding cultural diversity (PA17).

The Programme shall support projects within the measures listed below, which will contribute to the achievement of the Programme's aims:

1. Cultural heritage restored, renovated and protected and made accessible to the public;
2. Contemporary art and culture and their presentation to the wide public.

The Programme consists of:

1. One open call for projects in the area of cultural heritage restored, renovated, protected and made accessible to the public and two pre-defined projects in this area;
2. A Small Grants Scheme in the area of contemporary art and culture and their presentation to the wide public. The focus will be on the diversity of cultural expressions and on the preservation of intangible cultural heritage.

1.2 Eligible applicants:

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

- PA16: Eligible applicants are institutions founded by the state, territorial units of self-administration, non-governmental organisations, religious organisations/church legal entities, municipalities and legal entities administrating cultural heritage.
- PA17: Eligible applicants are legal entities ensuring cultural services, activities and goods in the area of professional theatre, visual, music and film art at:
 - National level;
 - Regions/towns/municipalities: cultural and arts organisations founded by the bodies of self-administration;
 - Non-state cultural and art entities, non-profit cultural organisations, companies and natural persons, which have been achieving extraordinary results of their artistic efforts on a long-term basis, or activities that significantly support high-quality artistic creation.

1.3 Special rules on eligibility of costs:

In general costs are eligible in accordance with Chapter 7 of the Regulation with the following exceptions:

By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment will be eligible under PA16 and PA17 if the equipment is an integral and necessary component and is essential for achieving the outcome of the project. The Programme Operator will check and verify compliance with this condition.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Open call (PA16):

The minimum amount of grant assistance applied for is €170,000; the maximum amount is €1,200,000.

Small Grant Scheme (PA17):

The minimum amount of grant assistance applied for is €10,000; the maximum amount is €160,000.

2.2 Project grant rate:

PA16:

In case of Project Promoters that fall within the definition of NGOs contained in Article 1.5.1(m) of the Regulation, the maximum grant rate is 90% of total eligible project costs. For state entities, regional self-governing units, municipalities, churches and church institutions, grants from the Programme will not exceed 80% of total eligible project costs. For all other legal entities, grants from the Programme will not exceed 60% of total eligible project costs.

PA17:

The maximum grant rate for projects under PA17 is 90% of total eligible project costs.

The remaining costs of the project shall be provided or obtained by the Project Promoter in the form of cash, including electronic transfers. By way of exception from Article 5.4.5 of the Regulation, in-kind contributions shall not be eligible.

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

3. Selection of projects**3.1 Selection procedures:**

All selection procedures carried out under this Programme shall be in accordance with Article 6.5 of the Regulation and the Guidelines for Submission and Evaluation of Applications and 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):

There shall be one call for proposals under PA16 making available a total amount of €15,868,024. The call for proposals will be launched no later than in the first quarter of 2014.

There shall be two calls for proposals under the Small Grant Scheme making available €2,500,000. The first call for proposals will be launched no later than in the first quarter of 2014. The second call for proposals will be launched no later than in the third quarter of 2014. Approximately 65% of the funds under the Small Grant Scheme shall be allocated to the first call and the remaining funds will be allocated to the second call.

In case of funds remaining after the calls, the Programme Operator may launch additional open calls for proposals.

3.3 Selection criteria:

The selection criteria shall foster the submission of project applications supporting cultural diversity and cultural expression of minority groups, including Roma and Jewish culture and heritage.

The selection criteria shall be in accordance with Article 6.5 of the Regulation and the Guidelines for Submission and Evaluation of Applications and 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 40% of the grant. The advance payment will be set off continuously against at least 50% of the reported expenditures until 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.

In case of verification of expenditure incurred by a donor project partner, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with the Regulation, the national law and accounting practices of the project partner's country, shall be seen as sufficient proof of costs incurred.

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 a seminar for potential and existing Project Promoters and potential partners from the Donor States and for an open call for submission of seed money applications. 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). Funds under measure b) shall be made available through a rolling open call.

The minimum amount of grant assistance applied for in the open call under measure a) is €2,000 and the maximum amount is €5,000.

The minimum amount of grant assistance applied for under measure b) is €2,000 and the maximum amount is €20,000.

The maximum grant rate under the fund for bilateral relations is 100%.

Unused funds allocated to measure a) may be reallocated to measure b).

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 and will be further discussed in the Cooperation Committee.

5.2 Complementary action:

The Programme Operator will set aside €50,000 for complementary action. Unused funds may be reallocated to the re-granting budget subject to prior approval by the FMO.

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

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 dedicated to the presentation of contemporary art and culture and its diversity. A total amount of €2,500,000 will be available for re-granting in this area.

The selection procedures under the Small Grant Scheme shall be discussed in the Cooperation Committee and shall be subject to the agreement of the Donor Programme Partner. The selection procedures shall be in accordance with Article 6.5 of the Regulation and the Guidelines for Submission and Evaluation of Applications and Grant Award developed by the National Focal Point.

6. Pre-defined projects

1) Project title: **"Digital Restoration of Czech Film Heritage"**

Project promoter: National Film Archive

Partners: National Library of Norway, Czech Film and Television Faculty, Czech Academy of Arts.

Total maximum eligible project cost: €1,000,000

Project grant rate: 80%

Maximum contribution from the Programme: €800,000

Estimated duration: 34 months

Expected outcome: "Cultural heritage restored, renovated, protected".

The project will consist in the selection of 10 films which will receive priority for digital restoration and a list of several other substitute films. The films will be selected on the basis of their artistic and historical value and their potential to educate current and future generations. The selection of the films will be made by a selection committee based on a pre-selection which was carried out by the Working Group on digitalisation of films.

The completed Project shall include the following activities:

1. The selection of 10 films for restoration and digital conversion;
2. The selection of suitable technology for the digitalization and digital restoration of film works;
3. Analysis of copyright-related aspects of film digitization;
4. The restoration and digital conversion of these films, which will make them accessible to the public by use of new technologies and generate income for the restoration of other films.

2) Project title: **"Industrial Heritage"**

Project promoter: The National Heritage Institute

Partner: The Directorate for Cultural Heritage, Norway (Riksantikvaren)

Total maximum eligible project cost: €145,367

Project grant rate: 80%

Maximum contribution from the Programme: €116,293

Estimated duration: 26 months

Expected outcome: "Cultural heritage restored, renovated, protected".

The aim of this project is to study, evaluate and mediate knowledge in the area of cultural heritage management and establish cooperation between specialized cultural heritage care institutions in the Czech Republic and Norway. The project will further contribute to the sharing of knowledge on industrial heritage in Norway and the Czech Republic by documenting and evaluating this heritage from the perspective of the management of this cultural heritage, its renovation and education on this heritage.

The completed Project shall include the following activities:

1. Development of educational programmes on industrial heritage in Norway and the Czech Republic;
2. Preparation of publications and their publishing;
3. Organisation of a touring exhibition dedicated to industrial heritage as a whole and selected topics.

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 22 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.