

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

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 "Judicial Capacity-building Cooperation and Correctional Services,
including Non-custodial Sanctions "

hereinafter referred to as the "Programme"

Chapter 1

Scope, Legal Framework, and Definitions

Article 1.1

Scope

This programme agreement between the Norwegian Ministry of Foreign Affairs (hereinafter referred to as the NMFA) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the Norwegian Financial Mechanism 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 Norwegian Financial Mechanism 2009-2014:

a. the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the Agreement);

b. the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 8(8) of the Agreement;

c. the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Kingdom of Norway and the Beneficiary State; and

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

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

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

Article 1.3

Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.5 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 Norwegian 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 NMFA shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3

Objective and outcomes of the Programme

1. 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 EEA 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 NMFA 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 NMFA of such signing.
2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the NMFA 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 NMFA 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 NMFA.

2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without NMFA'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 NMFA, the National Focal Point shall consult the NMFA 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 NMFA regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the NMFA towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.

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 NMFA shall ensure that the National Focal Point is informed about communication between the NMFA 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 NMFA and the Financial Mechanism Office are:

Financial Mechanism Office

Att: Director

EFTA Secretariat

Rue Joseph II, 12-16

1000 Brussels

Telephone: +32 (0)2 286 1701

Telefax (general): +32 (0)2 211 1889

E-mail: fmo@efta.int

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

Article 2.12

Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the NMFA 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 Norway.
3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 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 NMFA 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 NMFA 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 NMFA 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 NMFA is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2

Termination

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

- a. a general suspension decision according to Article 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 NMFA, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

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 NMFA 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 Norwegian 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 NMFA 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 NMFA, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

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

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

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

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

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

Article 5.4
Entry into force and duration

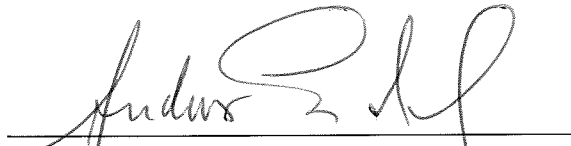
1. This programme agreement shall enter into force on the date of the last signature of the Parties.

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

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

For the NMFA

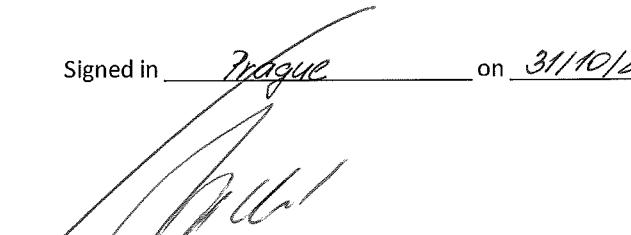
Signed in PRAGUE on 31/10/13



Anders Erdal
Deputy Director General

For the National Focal Point

Signed in Prague on 31/10/2013



Eva Anderová
Deputy Minister

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Improved efficiency of the court systems, including the development of systems for case handling

Output

Increased use of videoconferencing facilities for the organisations in the justice sector.

Output indicator(s)	Baseline	Target	Source of Verification
Number of videoconferencing facilities	3	100	Programme reports

Output

Increase in the number of Justice staff able to use VC facilities.

Output indicator(s)	Baseline	Target	Source of Verification
Number of persons trained and able to use videoconferences.	0	300	Programme reports

Expected Outcome(s): Increased competence of actors within the judiciary

Output

PMS staff have increased competence in probation and mediation skills.

Output indicator(s)	Baseline	Target	Source of Verification
Number of persons trained.	0	80	Programme reports

Output

Supervision for lecturers provided.

Output indicator(s)	Baseline	Target	Source of Verification
Number of lecturers provided with supervision	0	29	Programme reports

Output

Study materials / curriculum courses / syllabi / methodologies developed

Output indicator(s)	Baseline	Target	Source of Verification
Number of materials	1	10	Programme reports

Expected Outcome(s): Overcome challenges connected to growing prison populations and prison overcrowding

Output

Newly built/expanded/reconstructed capacity for housing/production/shops/classrooms for prisoners and reconstructed space/grounds within prison area for sports or cultural activities for prisoners

Output indicator(s)	Baseline	Target	Source of Verification
Number of prisoners benefiting from the project	0	800	Programme report

Output

Increased capacity/space for training/education/work in the 4 prisons.

Output indicator(s)	Baseline	Target	Source of Verification
Number of places for training/education and work for prisoners	0	4	Programme report

Output

Increased capacity of prison in line with international human rights standards

Output indicator(s)	Baseline	Target	Source of Verification
Number of prison cells in compliance with CoE standards	0	8	Programme report

Expected Outcome(s): Increased focus on vulnerable groups in prison

Output

Materials for imprisoned foreigners available

Output indicator(s)	Baseline	Target	Source of Verification
Number of information and other material for imprisoned foreigners.	0	2	Programme report

Output

Legal consultancy for imprisoned foreigners available

Output indicator(s)	Baseline	Target	Source of Verification
Number of consultations provided for the imprisoned foreigners about admission and stay in the Czech Republic, social-legal matters, expulsion etc.	0	5	Programme report

Output

Prison staff better capable of treating foreign prisoners

Output indicator(s)	Baseline	Target	Source of Verification
Number of persons trained.	0	50	Programme report

Expected Outcome(s): Improved competences of both inmates and prison staff

Output

Training for prisons staff provided.

Output indicator(s)	Baseline	Target	Source of Verification
Number of prison staff better capable of dealing with juvenile prisoners, prisoners with drug addiction and other specific problems	0	140	Programme reports

Output

The contents of courses developed.

Output indicator(s)	Baseline	Target	Source of Verification
Number of contents of courses developed.	0	8	Programme reports

Output

New programmes for treating prisoners or current programmes transferred to other prisons

Output indicator(s)	Baseline	Target	Source of Verification
Number of new programmes for treating prisoners or programmes transferred to other prisons	0	3	Programme reports

2. Conditions

2.1 General

- 1) Bilateral, output and outcome indicators shall be reported on in the annual programme report.
- 2) A methodology on the calculation of the flat rate in accordance with Article 7.4.1(b) of the Regulation shall be submitted to the FMO no later than two months after programme approval.
- 3) No later than 31 March of every year, 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 ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.
- 5) 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.
- 6) 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.
- 7) The National Focal Point shall ensure that Article 7.16 of the Regulation, as well as national and European Union law on public procurement are complied with at any level in the implementation of the programme and the projects. The National Focal Point shall, by way of the Programme Implementation Agreement, ensure that the Programme Operator maintains written records of all assessments concerning the organization of procurement procedures and compliance with procurement rules, 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) Bilateral indicators shall be submitted to the FMO before the appraisal of the pre-defined projects in line with Article 5.5.3 of the Regulation is conducted.

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

2.2 Pre-eligibility

Pre-eligibility of the pre-defined projects:

1) Expenditures under the pre-defined projects No. 2-7 in Annex II, Section 6 shall only be eligible once the NMFA has received a detailed description of the budget of each project, broken down by activity with an associated timeline and a clear indication of the role of and allocation to any donor project partners and has confirmed the maximum grant to the project.

2) The Programme Operator shall after the final budgets of the pre-defined projects have been broken down by activities submit to the NMFA the proportion between infrastructure and construction activities versus activities directed to training and competence building under the Programme. No more than 75% of the funding shall be spent on infrastructure and construction.

2.3 Pre-payment

2.4 Pre-completion

2.5 Post-completion

2.6 Other

3. Eligibility of costs

3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 16/06/2013-30/04/2017

Eligibility of programme proposal preparation costs: 16/06/2011-15/06/2013

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€4,928,000
Programme estimated eligible cost (€)	€4,928,000
Programme grant rate (%)	100.0000%
Maximum amount of Programme grant (€)	€4,928,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€467,881	€0
Improved efficiency of the court systems, including the development of systems for case handling	€1,845,422	€0
Increased competence of actors within the judiciary	€335,305	€0
Overcome challenges connected to growing prison populations and prison overcrowding	€1,693,604	€0
Increased focus on vulnerable groups in prison	€102,800	€0
Improved competences of both inmates and prison staff	€384,324	€0
Fund for bilateral relations	€73,920	€0
Complementary action	€0	€0
Preparation of programme proposal	€24,744	€0
Reserve for exchange rate losses	€0	€0
Total	€4,928,000	€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	€46,788

3.5 Small Grant Scheme

Not applicable

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Ministry of Finance.

The Donor Programme Partner is the Council of Europe (CoE).

The Ministry of Justice of the Czech Republic (MoJ) is a designated partner by the Partnership Agreement between the Ministry of Justice of the Czech Republic and the Programme Operator; where the roles and responsibilities of the Ministry of Justice shall be set out.

The overall objective of the Programme is to create a fairer and more efficient judicial system and improved correctional services system in compliance with relevant international human rights instruments. The Programme will focus on improving efficiency of the court systems, including the development of systems for case handling, increasing competence of actors within the judiciary, overcoming challenges connected to growing prison populations and prison overcrowding and improving competences of both inmates and prison staff. In addition focus will be put on vulnerable groups in prison.

The Programme consists of seven pre-defined projects. The following measures will *inter alia* be carried out under the Programme:

- Implementation of video conferencing in the domain of justice;
- setting up a system of further education for the employees of the Probation and Mediation Service and the Prison Service ;
- refurbishment of 4 prisons to create educational, vocational, and work facilities for inmates in those prison as well as to bring the general conditions and standards in line with international standards;
- training and employment offered for prisoners in prisons;
- extension of current and implementing new educational, therapeutic and motivational programmes for juvenile prisoners, prisoners with drug addiction, perpetrators of traffic accidents and perpetrators of violence;
- creation of information material and offering of legal advice for foreign prisoners and training of prison staff on special issues related to foreigners.

1.2 Eligible applicants:

Not applicable.

1.3 Special rules on eligibility of costs:

The eligibility of costs is determined by reference to Chapter 7 of the Regulation.

By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment may be eligible if the equipment is an integral and necessary component for the implementation of the project and is essential for achieving the outcome of the project.

In accordance with Article 7.4.1(b) of the Regulation, indirect eligible costs may be claimed by Programme Operator, Project Promoters and project partners, by the application of a flat rate of up to 20% of total eligible direct costs. When setting the precise level of this flat rate, the methodology proposed by the Programme Operator shall be used.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Not applicable.

2.2 Project grant rate:

Grants from the programme will not exceed 80% of total eligible project costs. The remaining costs of the projects shall be provided or obtained by the Project Promoters of the pre-defined projects who are all public entities.

3. Selection of projects

3.1 Selection procedures:

The donor programme partner shall prior to the appraisal of the Programme Operator referred to in Article 5.5.3 of the Regulation receive for comments the pre-defined projects No. 2-7 in Annex II, Section 6.

Before or during the appraisal of the pre-defined projects the technical and economical feasibility of the constructions in pre-defined projects No. 4-7 shall be assessed by an impartial expert who is independent of the Programme Operator and the designated partner.

3.2 Open calls and availability of funds:
Not applicable.

3.3 Selection criteria:
Not applicable.

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 interim payments and a final payment. 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 shall set aside a minimum of 1.5% of the total eligible expenditure of the programme for a fund for bilateral relations. The amount is specified in the budget table of Annex I to the programme agreement.

The fund shall be split between measure a and b of Article 3.6 of the Regulation in the following manner:

- Measure a), search for partners for donor partnership projects etc.: approximately 50%
- Measure b), networking, exchange, sharing and transfer of knowledge etc.: approximately 50%

A contact seminar with KSF, the Czech Prison Service, Probation and Mediation Service, MoJ and the CoE shall be organised by the partner, MoJ, in order to find donor partners for particular pre-defined projects under the programme.

In case of non-absorption of the allocation under measure a, it can be reallocated to measure b after partnerships have been

established and implementation of the projects has started.

The Fund set-up, including the selection procedures, the criteria for awarding support from the funds, the grant rate, the maximum grant amount, the bilateral indicators, and the role of the Cooperation Committee will be further discussed between Programme Operator and the Donor Programme Partner and will be subject to their approval.

Sufficient funding from measure b of the fund for bilateral relations shall be set aside for activities that are initiated by the Programme Operator and the Donor Programme Partner and contribute to the objective(s) of the Programme with the primary aim of strengthening cooperation between the Programme Operator or the designated partner and similar entities within the Czech Republic, other States benefiting from Norway Grants and the Donor States, and exchanging experiences and best practices related to the implementation of the Programme. Eligible activities shall include the participation of relevant stakeholders in events, seminars and / or activities organized by, for example, the Council of Europe, the European Union Agency for Fundamental Rights or others.

The Programme Operator and the donor programme partner will discuss the use and implementation of the bilateral fund.

5.2 Complementary action

Not applicable.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small grant scheme

Not applicable.

6. Pre-defined projects

Seven pre-defined projects will be implemented under the Programme:

6.1 Pre-defined projects No. 1-3:

1. *Implementing videoconferencing in the resort of justice*

Project promoter: The Ministry of Justice.

Project partner: N/A

Grant rate: 80%

Maximum contribution from the Programme: €1,845,422

Total estimated project cost: €2,306,778

Contributes to programme outcome: Improved efficiency of the court systems, including the development of systems for case handling

Project outcome: Increased use of videoconferencing facilities for the organisations in the justice sector.

Description: The project will implement videoconferencing in the Courts; the State Prosecutions; and the Prison Service. The aim of the project is to increase the efficiency of communication between state prosecutors, the courts and prisons which will lead to overall efficiency of case handling. This will also lead to improved cross-border cooperation, reduced expenditures on witnesses' and expert witnesses' travel fees including prisoners as witnesses, and will reduce delays in court proceedings. The project is supported by a feasibility study.

Activities under the project are *inter alia* the following: analysis of the individual locations and selection of rooms for videoconferencing, adaptation of rooms for videoconferencing where needed, creation of videoconferencing and courtroom reservation system, installation and configuration of central servers and videoconferencing facilities, trainings for technical workers and users of the facilities, testing and pilot run of the videoconferencing system.

One year after project termination an inquiry will be realized among the organizations where the video-conferences were implemented. The Organizations will in questionnaires evaluate the increase of quality of justice on a 5 level scale and will describe in what aspects the video-conferences contributed to increased efficiency of court proceedings and what could be improved in the future. The results of the inquiry will be sent to the donors. The costs will be covered outside the project budget by the budget of the Ministry of Justice.

2. *A system of further education for employees of the Probation and Mediation Service of the Czech Republic.*

Project promoter: The Probation and Mediation Service

Project partner: Possibly the Correctional Services of Norway (KSF) or another partner identified by KSF.

Grant rate: 80%

Maximum contribution from the Programme: €335,305

Total estimated project cost: €419,131

Contributes to programme Outcome: Increased competence of actors within the judiciary

Project outcome: PMS staff has increased competence in probation and mediation skills.

Description: The aim of the project is to achieve a higher level of professionalism in probation and mediation activities and to improve tutorial skills of internal probation and mediation instructors.

Activities under the project are *inter alia* the following: implementation of a system of educational events in individual specialized areas including mediation between the victim and the offender, supervision of the accused/charged, community work and work with youth.

3. *Projects for vulnerable groups and further education of employees*

Project promoter: The Prison Service

Project partner: Possibly Ullersmo prison in Norway or another partner identified by KSF

Grant rate: 80%

Maximum contribution from the Programme: €487,124

Total estimated project cost: €608,905

Contributes to programme outcome: Increased focus on vulnerable groups in prison and improved competences of both prisoners and prison staff

Project outcome: New programmes for treating prisoners developed or current programmes transferred to other prisons and training for prisons staff provided; Increased focus on vulnerable groups in prison.

Description: The project will mainly focus on: a) Create new and expand existing programmes for inmates, aiming at groups with more specific needs (including adolescents and young adults, drug addicts, perpetrators of violence and offenders of traffic accidents) and thereby include a greater number of inmates in these programmes, b) Provide information material for foreign prisoners on their rights in prison which will lead to improvement of their conditions in prison, c) Educate the specialized experts of the Prison Services to combat decrease in staff turnover of this group.

Activities under the project are *inter alia* the following: creation of new educational, therapeutic and motivational programmes for inmates and expansion of the existing programmes, creation of written materials for imprisoned foreigners and providing socio-legal advice and training specialized prison staff.

6.2. Pre-defined projects No. 4-7.

The following four pre-defined projects were chosen after a restricted call by a special selection committee composed of the Programme Partner (Ministry of Justice) and the Prison Service.

The total estimated eligible costs of the projects is €2,117,005 (maximum contribution from the Programme is €1,693,604).

The projects will:

- All contribute to the programme outcome: "Overcome challenges connected to growing prison populations and prison overcrowding"

- all contribute to the project outcome: "Newly built/expanded/reconstructed capacity for treating the prisoners (production halls/classrooms). Increased capacity of treating the prisoners"

- all be implemented by the Prison Service in cooperation with the respective refurbished prisons

- all receive grant rate of 80%

- some be implemented in partnership with Norwegian partners.

The projects shall be further refined in cooperation between the Project Promoters and the potential donor project partners before they are appraised in line with Article 5.5.3 of the Regulation. This also applies to the programmes under 1-3 above where a programme partner is established.

- The pre-defined projects should contain a clear explanation of whether, and then to what extent, the EU structural funds are funding soft activities within each prison. There can be no double funding.

4. *Increasing effectiveness in preparation of prisoners before leaving Nové Sedlo prison*

Description: The project aims to improve the quality of training of inmates and increase their ability to find a job. This will be done by establishing classrooms and facilities for training in the fields of woodworking, metalworking and construction a boiler room will be transformed into a production hall and classrooms.

Together with the construction work, two re-qualification courses, maintenance of the public greenery and joinery, will be provided twice per year each with capacity for 10 persons each. The target group will be 40 drug addicted inmates. The courses will be follow-up courses to an antidrug programme.

5. *Increasing effectiveness in preparation of prisoners before leaving Opava Prison*

Description: The project aims to create employment opportunities for inmates inside the prison by transforming the former boiler room - coal store in the Olomoucká building into a production hall.

Together with these activities a course "Labour law consultancy and rehearsal of skills" will be implemented. 60 women with low qualification will be trained within a year.

6. *Production and training hall in Přebram Prison*

Description: During the implementation of the Project a production and training hall for inmates in the prison will be constructed. The building will include rooms for educational activities, facilities for training in the fields of woodworking, metalworking and ceramics.

Together with these activities the following re-qualification courses will also be implemented

- Work with PC – 2 runs for 25 inmates within a year
- Service in a restaurant – 2 runs for 17 inmates within a year
- Cook – 2 runs for 13 inmates within a year

7. *Increased effectiveness in treating young inmates in Kuřim Prison*

Description: The aim of the project is to separate young inmates of the Kuřim prison from the rest of the inmates in order to reach better conditions for their treatment. This can lead to better results of the treatment and is prone to make the return of the young inmates into society more successful. The project aims to create a single-level, three-wing superstructure on the existing prison building. The new superstructure will serve only the young inmates. It will have its own entrance and will be independent of the main building. It will serve as a space for treatment of the young inmates who will also be accommodated there which is essential for good results of the treatment. There will be 8 rooms which can hold 4 persons each, shared sanitary facilities and bathroom, a therapeutic room, room for cooking, washing etc., and a special area for staff. There will also be a separate outdoor yard for young inmates.

Together with the above mentioned activities two re-qualification courses for the inmates will be offered, a house painter and a bricklayer course. The duration of each will be one year and the capacity is 12 persons for each. Beside this one run of a treatment programme for 32 young inmates will be implemented for a year, focused on crime prevention.

7. Modification of the programme

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

8. Programme proposal version

Any reference to the programme proposal in this programme agreement shall be interpreted as version signed by the Programme Operator on 13 April 2012 and shall include all subsequent correspondence and communication between the NMFA, 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.