



# Rules for Applicants and Beneficiaries

## General Part

### Operational Programme

### Research, Development and Education

Programming period 2014–2020

|                        |  |
|------------------------|--|
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## Overview of changes

| Chapter | Specification of the change<br>(compared to version 4, effective from 1 September 2016)  | Justification of the revision  |
|---------|--|--|
| 1.      | Adding a footnote to the part Preparation of the grant application to point b), clarifying the moment of submission of an application.   | Clarifying information for applicants and beneficiaries  |
| 2.      | Specifying definitions of terms used.  | Compliance with valid legal regulations and clarifying information for applicants and beneficiaries. |
| 2.      | Adding the definition of the MS2014+, ex-ante, ex-post financing.  | Adding some missing information.   |
| 3.1     | Specifying names and updating of legislative acts and implementing regulations of EC/EU according to valid law.  | Compliance with applicable legislation of EC/EU.   |
| 3.2     | Specifying names and updating of related legislation of the Czech Republic.  | Compliance with applicable legislation of the Czech Republic.  |
| 3.3     | Specifying names and adding other binding documents.   | Clarifying information for applicants and beneficiaries  |
| 4.      | Removing the 1st and 2nd paragraph.  | Abridging/clarifying information, removal of duplicity.  |
| 4.1     | Adding communication in the course of implementation of projects.<br>Modifying the 2nd part of the sub-chapter from the sentence: "In case of inquiries concerning the monitoring system... " and moving the text regarding the IS ESF2014+ (monitoring of number of participants) to Chapter 11.3.<br>Replacing the caption Types of Internal Dispatches. Adding information regarding the retention of messages in case of change of an MA employee communicating via dispatches.  | Clarifying information for applicants and beneficiaries  |
| 5.1     | Adding rules for changing calls.<br>Modifying the minimum period of time, for which calls will be announced from 4 weeks to 20 business days.  | Adding missing rules in accordance with the UME, compliance with control documentation.              |
| 5.2     | Recommendation for applicants to monitor news on the MEYS website.<br>Updating the section regarding transfer and publication of documents and data on the DotInfo portal.   | Updating of procedures.  |
| 5.4.1   | Changing the terms of evaluation criteria from reparable to rectifiable and from irreparable to non-rectifiable. Applies to the entire document.   | Aligning with UME.   |
| 5.4.2   | Adjusting rules for involvement of an arbitrator in the Objective evaluation stage.  | Aligning with UME.   |
| 5.2.1   | Adjusting the structure of the chapter - adding the method of submission and exceptions to individual eligibility conditions of the applicant/partner.<br>Specifying the requirement for proof of the ownership structure of the applicant/partner with a financial contribution.<br>Adding the condition and the number of the Act for the submission of the list of the actual owners – applicants that are not natural persons or legal entities in accordance with Act No. 253/2008 Coll., on Some Measures against the Legalisation of Yield from Criminal Activities | Specifying the eligibility of applicants/partners.   |

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| <b>Chapter</b> | <b>Specification of the change<br/>(compared to version 4, effective from 1 September 2016)</b>  | <b>Justification of the revision</b>                    |
|----------------|--|---|
|                | <p>and Terrorism Financing, on the basis of a methodical letter updating the MGCF by MoRD.</p> <p>Adding entities, which may ask the applicant for additional proof of the facts stated in the affidavit.</p> <p>Specifying the condition of liquidation, execution and insolvency – adding clear references to the legislation, which are governed by the mentioned part.</p> <p>Adjusting the condition for demonstrating the turnover of the applicant’s organization/company. The minimum threshold, which must be achieved by the applicant’s turnover, is always specified in the call/follow-up documentation. The turnover shall reach an appropriate amount with respect to total expected eligible expenditure stated in the grant application, which are newly reduced by expected expenditure of the budget chapter Expenditure on direct activities - investments.</p> <p>Moving the Composition of Applicant’s/Partner’s Implementation team to Chapter 5.2.4.</p> |   |
| 5.2.2          | <p>Inserting a new paragraph:</p> <p>The place of implementation is a place, where project activities are conducted. The place of impact can be identical with the place of implementation, or it can be broader, depending upon the scope of the project and the reach of the target group. Defining the place of implementation and impact of the project will suffice at the level of NUTS 2 (regions), so that it can be clear, whether it is implemented in the capital city of Prague and outside the capital city of Prague, as well as adding examples.</p>  | Clarifying information for applicants and beneficiaries |
| 5.2.4          | Moving the Composition of Applicant’s/Partner’s Implementation team to this chapter from Chapter 5.2.1. Its subject corresponds more to this Chapter.  | Modifying the RfAB arrangement.                         |
| 5.2.5.1        | Introducing new terms: an interim financial milestone, boundary financial milestone, instead of the original terms: the interim financial indicator, boundary financial indicator. Specifying the procedure of determination and evaluation of financial milestones and determination of conditions, when the financial milestones can be changed.   | Clarifying information for applicants and beneficiaries |
| 5.2.6          | <p>Modifying the structure and some wording of the chapter. Unifying the conditions, under which the applicant has an obligation to prepare the financial analysis, when an applicant is obliged to prepare the CBA and when it is not obligatory to prepare the CBA.</p> <p>Adding information to the second paragraph, that other exceptions with respect to submission of the CBA can only be determined by the call in the follow-up documentation for the call.</p>   | Aligning with the SME and specifying procedures.        |
| 5.2.7          | Creating a new Chapter Construction Works - moved from Annex No. 18.   | Modifying the RfAB arrangement.                         |
| 5.2.8          | Creating a new Chapter in the Comments on the Budget - the text was moved from Chapter 8.7.2.  | Modifying the RfAB arrangement.                         |
| 5.4            | Adding a specification to the definition of the approval process from the grant application receipt closing date until issuing the legal act on grant award/transfer “or until issuing the Notification to terminate the application administration”.  | Specifying the procedures.                              |
| 5.4.1          | Adding to the chapter what is understood as rectifiable and non-rectifiable criteria.  | Complementing the procedures.                           |

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| 5.4.3          | Adding a chapter describing the final verification of eligibility  | Complementing the procedures.   |
| 5.4.4          | Adding a chapter describing the risk analysis.   | Complementing the procedures.   |
| 5.5            | Specifying the acceptance of the selection/evaluation committee recommendations by the applicant.<br>Replacing the Decision to terminate the application with the Notification to terminate the application administration.  | Specifying the procedures.<br>Compliance with the terminology of control documentation.   |
| 6.1            | Specifying the call wording and removing references to some commitments stipulated in the legal act on grant award/transfer, which are stated in other parts of the text.  | Removing the text duplication and specifying information for the applicant and beneficiaries.   |
| 6.2            | Specifying the text and formal adjustments according to individual types of legal acts on grant award/transfer. In the event of sanctions for failure to meet the conditions of legal acts on grant award/transfer, the text was modified in a manner that this concerns a potential determination of reduced fines for a breach of budgetary discipline and cases where the non-compliance with the obligations set out a by a legal act on grant award/transfer does not involve a violation of budgetary discipline in accordance with the Budgetary Rules.<br>Adding the information concerning the projects registered in the EDS/SMVS.   | Clarifying information for applicants and beneficiaries   |
| 6.4            | Adding a sentence related to the risks associated with failure to provide requested documents before issuing a legal act on grant award/transfer within the deadline set by the granting authority.<br>Modifying the specification of individual requested documents necessary before issuing the legal act on grant award/transfer and adding an obligation to document that an applicant/partner with a financial contribution is not an undertaking in difficulty (in the case of the ERDF calls).<br>Modifying the text relating to the update of the financial plan and data in the grant application in the IS KP14+.  | Clarifying information for applicants and beneficiaries and clarifying procedures.<br>Ensuring of factual verification of facts proved in the form of an affidavit. |
| 6.5            | Adjusting the text with respect to the deadline for issuing a legal act on grant award/transfer with a reference to the follow-up documentation for the call.<br>Removing the sentence: "Legal act on grant award/transfer comes into effect at the date of signature by the granting authority" the modification follows legal regulations.<br>Adding a clarification that the applicant becomes a beneficiary in the case of a Grant Award Decision upon this decision coming into legal forced.<br>Adding a sentence with respect to the change management in the IS KP14+, which can be carried out under the terms specified in Section 14 (13) (a) of the Budgetary Rules and based upon this in the RfAB, which stipulate the detailed regulation for making changes in Chapter 7.2.<br>Adding a text related to what cannot be changed in the legal act on grant award/transfer in compliance with the Budgetary Rules.<br>Specifying the text with respect to issuing of the so-called change and correcting decisions. | Clarifying information for applicants and beneficiaries, specifying procedures and aligning with UME.   |

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|----------------|--|---|
| 7.1.1.         | Adjusting and supplementing Rules for the submission of interim PIR/PA including an example, which describes how to proceed in determining the financial plan and the deadline for the submission of the first interim PIR/PA.   | Clarifying procedures and information for applicants and beneficiaries.                   |
| 7.1.1          | Insertion of an obligation to document changes in the ownership structure by an Annex to the PIR. Adding a footnote to this part setting an exception for SOU and state HEI. Specifying the commitment in the evaluation activities stipulated in the legal act on grant award/transfer.   | Specifying the procedures and information for applicants and beneficiaries.               |
| 7.2            | Supplementing and restructuring general rules for making changes. Changing the division of substantial changes. Specifying change procedures before issuing a legal act.   | Clarifying information for applicants and beneficiaries                                   |
| 7.2.1.1        | Supplementing the indicative list of insignificant changes with the change of the place of project implementation and earlier start of the key activity. Furthermore, modifying the change proceedings for key/excellent workers, modifying the change in the beneficiary, an option added with respect to earlier termination of the key activity.  | Clarifying information for applicants and beneficiaries                                   |
| 7.2.1.2        | Modifying limitations in the implementation of insignificant changes, modifying the transfer of financial resources between chapters - the limit of 15 % is newly calculated cumulatively with regard to the budget, which forms Annex to the legal act on grant award/transfer, removing the possibility to compensate the difference in the wage paid by the average, which is higher than the adequate part of the wage in the given month, adding a transfer of saved financial resources to the "savings to be distributed" budget item.  | Supplementing the procedures and clarifying information for applicants and beneficiaries. |
| 7.2.1.3        | Adjusting the change proceedings for the merging of FTE with respect to set FTE limits for workers in the OP RDE.  | Specifying the procedures.  |
| 7.2.2          | Modifying the date of effectivity of significant changes, Modifying significant changes in case of a change in the beneficiary.  | Supplementing the procedures and clarifying information for applicants and beneficiaries. |
| 7.2.2.1        | Modifying changes in the beneficiary in compliance with valid legislation and the MGCF, and a newly added possibility of reducing the interim financial milestone.<br><br>The following information: "only up to the maximum amount of the first advance payment determined in the call" is added to the significant change in connection with increase of the determined maximum percentage of the advance payment.<br><br>Deleting the text related to the transfer of funds in the budget exceeding the limit of 15 %. These transfers are newly included in Chapter 7.2.2.2 and the limit of 15 % is newly calculated cumulatively with regard to the budget, which forms an annex to a legal act on grant award/transfer.<br><br>The following changes were moved to Chapter 7.2.2.2: changing the target values of binding output and result indicators, adding an indicator, involvement of a new partner in the project, resignation/change of the partner in the project and changes in the budget chapter personnel expenditure in organizations with defined obligatory indicators. | Supplementing the procedures and clarifying information for applicants and beneficiaries. |
| 7.2.2.2        | In the list of significant changes "Changing the planned level of FTE of key/excellent workers" is cancelled and replaced with the following text: "Reducing the amount of the planned FTE in a key/excellent worker."   | Supplementing the procedures and clarifying information for applicants and beneficiaries. |

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|         | <p>Furthermore, the following changes are added: involvement of a new partner in the project, resignation/change of the partner in the project, change of target values of binding output and result indicators, adding of an indicator, increase of a unit rate in the budget chapter Personnel costs, increase of the FTE beyond the scope of 1.0 for the member of the professional team, transfers of funds in the budget exceeding the limit of 15 % (the limit of 15 % is newly calculated cumulatively with respect to the budget, which forms an annex to a legal act on grant award/transfer, changes of the budget in the personnel costs chapter in organizations with defined binding indicators. Specifying in more detail, which organizations have defined binding indicators, adding a possibility of change to the planned item of key equipment, a transfer of the saved financial resources to other items of the budget, or a transfer of the saved financial resources from the budget item Savings to be distributed.</p> <p>Removing an indent Change of key activity/project stage, Changing a key worker and Increase in planned advance payments for the current year.</p> <p>Complementing the technical data sheet of a change in the documentation submitted along with the change in construction-technical part of the project.</p>   |  |
| 7.2.3   | Modifying the change in the person of the beneficiary and the transformations of business companies/cooperatives, date of effectivity of the change was adjusted.  | Supplementing the procedures and clarifying information for applicants and beneficiaries.  |
| 7.3.2   | Item (6) Verify that all insignificant changes in the project were notified in writing in reports on the implementation of projects; in the case of omission, it is necessary to mention these facts in the FPCR, was removed from the part Necessary steps prior to termination of the project. The changes are not reported in the implementation reports.   | Clarifying information for applicants and beneficiaries  |
| 7.3.3   | <p>In Item (1) embedding a general principle of publishing outputs from the projects funded from the OP RDE under the Creative Commons license and a sentence related to the legal act on grant award/transfer was moved from Chapter 6.1 and defined more precisely:</p> <p>“The legal act on grant award/transfer will include the commitment of the beneficiary to provide outputs from the project for use of the MA and for public information”</p> <p>Adding specification in item 1) in the paragraph stating that the commitment does not apply to project outputs in the area of research and development, that this concerns project outputs in the area of research and development, as stated in the Act No. 130/2002 Coll., on Support of research, experimental development and innovation.</p> <p>In item (2) modifying the obligation to maintain a bank account after the termination of the project implementation as follows: in the event that the beneficiary's obligation is determined by the call or follow-up documentation for the call to use for banking transactions related to the project a separate bank account (the "Project Account") the beneficiary may cancel it only after the financial settlement has been made (i.e. all the payments relating to the project have been made, incl. the payment of the FPA, respectively the return of funds). To this effect this has also been modified further in the text.</p> | Clarifying information for applicants and beneficiaries, aligning with the fulfilment of the Digital learning strategy until 2020. |

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|----------------|---|---|
| 7.3.3          | The original wording of the text in the item (2) was partially modified in accordance with the rules for termination of the project in terms of financing.  | Clarifying information for applicants and beneficiaries                 |
| 7.3.4          | Removing from the chapter a part of the sentence that the beneficiary will not achieve minimum indicator values determined in the legal act on grant award/transfer. The Grant Award Decision contains only an amount of potential fine for the BoBD in the case of failure to achieve target indicator values, not the determination of minimum indicator values.  | Clarifying information for applicants and beneficiaries                 |
| 7.3.5          | Modifying the chapter structure.<br>Changing the name of the chapter to Non-standard Termination of the Project Implementation. Adding a procedure for using of the MS2014 + functionalities "withdraw request" and "terminate the project."<br>Cancelling the paragraph describing withdrawal from the legal act of grant award/transfer by the granting authority, and moving it to a newly created item (3) Early termination of the project implementation with an issued legal act of grant award/transfer - Grant Award Decision. | Clarifying information for applicants and beneficiaries                 |
| 7.3.6          | Removing a sentence concerning the reference to determination conditions of sustainability in the legal act on grant award/transfer, as the specific conditions are determined in the RfAB.   | Clarifying information for applicants and beneficiaries                 |
| 8.1            | Adding information on the combination of ex-ante and ex-post payments.  | Clarifying information for applicants and beneficiaries                 |
| 8.1.1.         | Adding information on the ex-post payments.   | Clarifying information for applicants and beneficiaries                 |
| 8.1.2          | Adding a time limit for the payment of the first advance payment to the beneficiary.  | Clarifying information for applicants and beneficiaries                 |
| 8.1.3          | Partially modifying the rules for making combined payments.   | Clarifying information for applicants and beneficiaries                 |
| 8.1.4.         | Modifying the rules for making the SOU and CO SOU payments. Especially with respect to making payments in foreign SOU and CO SOU, the founder of which is not MEYS.   | Clarifying procedures and information for applicants and beneficiaries. |
| 8.1.5          | Partially modified text, which sets out a duty on the beneficiary to equally finance investment and non-investment costs from own sources (applies to the projects with mandatory co-financing of costs and the projects, which include investment and non-investment costs.  | Clarifying information for the beneficiaries.                           |
| 8.2            | Adding an obligation for a beneficiary to submit a report from accounting.<br>Adding a text to the determined the amount of eligible expenditure and their payment in connection with the possible emergence of exchange rate differences.  | Clarifying information for the beneficiaries.                           |
| 8.5            | Clarifying the VAT eligibility rules.   | Clarifying information for the beneficiaries.                           |
| 8.6.1          | Specifying general conditions to document expenditure.<br>Specifying conditions to include advance invoices in the PA.  | Specifying information for beneficiaries and aligning with SME.         |
| 8.6.2          | Specifying information with respect to financing by the flat rate and especially with respect to the MA authorisation to reduce the flat rate amount. Adding information and a procedure in the case of the flat  | Specifying the procedures and information for applicants and            |

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|----------------|--|---|
|                | rate of 15 % of eligible direct costs per an employee and 40 % of eligible direct costs per an employee.   | beneficiaries, and aligning with SME.                                   |
| 8.7.1          | Removing the sentence: “The beneficiary is to document the partial use in the project by device logs or the qualification estimate attached to the electronic list of invoices.”   | Clarifying information for applicants and beneficiaries                 |
| 8.7.1          | Time eligibility, adding information on eligibility of expenditure within the project preparation, information on eligibility of expenditure incurred on the basis of employment contract concluded before the expenditure eligibility date.   | Clarifying procedures and information for applicants and beneficiaries. |
| 8.7.1          | Adding an obligation to submit a document on publishing of contracts in the Register of Contracts regarding expenditure incurred in the framework of contracts subjected to this statutory duty.   | Adding a requirement to prove eligibility of expenditure.               |
| 8.7.2          | Information added to the beginning of the chapter with respect to eligible expenditure during the project preparation period.<br>Determining an obligation to keep device logs (in point A. Expenditure on direct activities - Investment, Chapter “Machinery and equipment”<br>Cancellation of the obligation to keep device logs (in point B. Expenditure on direct activities - Non-investment, part “Tangible assets and material”).<br>Rewording the price limit for boarding of participants in the part “Direct support”.   | Clarifying information for applicants and beneficiaries                 |
| 8.7.2          | Adding text to the beginning of this chapter, which notifies applicants/beneficiaries that some kind (types) of expenditure, which are stated in Chapter 8.7.2, may be reported in projects using a simplified cost option in the form of indirect/fixed costs. The rules for reporting indirect/flat rate expenditure and the kinds/types of expenditure, which are reported in such a manner, are stated in Chapter 8.7.4, or can be further regulated in the Rules for applicants and beneficiaries – Specific Part of the given call. (In connection with this modification, the partial frames with information on expenditure, whether they are direct, or indirect, were removed from Chapter 8.7.2 for duplicity reasons). | Clarifying information for applicants and beneficiaries                 |
| 8.7.2          | Modifying terminology. Introducing the concept of long-term tangible assets. Replacing the term Hardware and personal equipment with the term Hardware and equipment.  | Specifying terminology.   |
| 8.7.2          | A list documents and instruments, through which expenditure eligibility is proven was modified in individual kinds (groups) of expenditure.  | Clarifying information for applicants and beneficiaries                 |
| 8.7.2          | Adding a method for proving payment of personnel expenditure.  | Extension of options to document payment of personnel expenditure.      |
| 8.7.2          | Modifying eligibility of costs associated with the holiday of the project workers.   | Clarifying information for applicants and beneficiaries                 |
| 8.7.2          | Adding a rule for the maximum number of FTE of project workers.  | Clarifying information for applicants and beneficiaries                 |
| 8.7.2          | Adding rules for documenting expenditure associated with boarding of the implementation team members in the framework of obligatory employer’s costs.  | Clarifying information for applicants and beneficiaries                 |
| 8.7.2          | Specifying a rule for creating reports and documentation of worksheets.  | Clarifying information for applicants and beneficiaries                 |

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|--|---|---|
| 8.7.2  | Modifying a list of obligatory particulars of the worksheet.  | Clarifying information for applicants and beneficiaries   |
| 8.7.2  | Adjustment of eligibility of expenditure for the project audit.   | Clarifying information for applicants and beneficiaries   |
| 8.7.2  | Adjustment of eligibility of expenditure for an air ticket, or as the case may be, the distance, from which air transportation can be used.   | Clarifying information for applicants and beneficiaries   |
| 8.7.2  | Removing the text with respect to creation of an annex to grant application Comments on the Budget - the text was moved to Chapter 5.2.8.   | Modifying the RfAB arrangement.   |
| 8.7.3  | Newly arranging the text of the chapter. Stating conditions for the use and documentation of individual types of in-kind contributions.<br>Adding a condition that the in-kind contribution - investment can only be used up to the amount of co-financing of investments and the in-kind contribution - non investment can only be used up to the amount of co-financing of non investments (unless otherwise provided in the call).   | Specifying and adding information for applicants and beneficiaries.   |
| 8.7.4.1  | Modifying the title of the chapter Rates of indirect costs for projects financed from ESF/flat rates (the original title Rates of indirect costs for projects financed from ESF was removed).   | Clarifying information for applicants and beneficiaries   |
| 8.7.4.1  | Modifying the table under item (1). Mutual linking of values of the lower and upper limit of direct project costs, which will be used for determining the flat rate for indirect costs.   | Clarifying information for applicants and beneficiaries   |
| 8.7.4.2  | Modifying the chapter Rates of indirect costs for projects financed from EFRD/flat rates (the original title Rates of indirect costs for projects financed from EFRD was removed).  | Clarifying information for applicants and beneficiaries   |
| 8.7.4.3  | Adding a text to the introduction to the chapter to inform beneficiaries for which simplified cost options the kinds (types) of expenditure are defined and for which simplified cost options they can be further adjusted.   | Clarifying information for applicants and beneficiaries   |
| 8.7.4.3  | Elaboration of the condition, when the purchase of water, fuel and energy cannot be classified among direct expenditure.  | Clarifying information for applicants and beneficiaries   |
| 8.7.4.3  | Modifying the definition of an indirect cost - audit of the project,  | Clarifying information for applicants and beneficiaries   |
| 8.8  | Removing the following indent from the chapter:<br>- bank fees, including bank fees for international financial transactions (foreign payments, cash withdrawals abroad, conversion fees, etc.);  | Clarifying information for applicants and beneficiaries   |
| 8.11   | Creating a new item Project savings. Moving the text from Chapter 12.5 and reworded at the same time.   | Specifying and adding information for applicants and beneficiaries.   |
| 9.1  | Clarifying the deadline for an obligation to inform about external inspections.<br>Reformulating ways to start an on-site inspection.<br>Adding beneficiary obligations at on-site inspection (OSI) - allowing the rights of inspectors to be exercised pursuant to Section 8 of the Controlling Rules (CR).<br>Changing the method for the service of the Inspection report, etc.<br>Adding a requirement to substantiate objections by relevant documents.<br>Adding an option to further investigate the matter in case of identified inaccuracies in the Inspection Report. | Clarifying procedures and information for applicants and beneficiaries.<br>Aligning with MP inspections 2014-2020 and the Code of Administrative Procedure. |
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|----------------|---|---|
|                | Removing a paragraph with respect to the procedure upon identification of suspected BoBD, HP, etc. - technically included in Chapter 9.2.<br>Specifying Part 4. covering audits and external inspections - authorized controlling authorities.<br>Modifying Annexes No. 7 and 8.  |   |
| 9.2            | The entire chapter was revised and modified in compliance with valid legislation and procedures set in the solution of revised and adjusted in accordance with applicable legislation and procedures set in the solving of ineligible expenditure.  | Clarifying procedures and information for applicants and beneficiaries.   |
| 10.            | Specifying that the institute of comments is applied in accordance with the conditions set out in this Chapter and it does not represent a procedure according to Section 94 et seq. Administrative Code.   | Clarifying information for applicants and beneficiaries   |
| 10.1           | Modifications of formal and stylistic nature. Adding an exception for the "risk analysis" stage, against which no comments can be submitted.<br>Adding a definition of an unsuccessful applicant.   | Specifying the procedures in response to the Operational Manual of the MA OP RDE, version 3.0.                    |
| 10. 2          | Specifying when an applicant is entitled to submit comments against the MA documents at the time of implementation.<br>Specifying to whom an applicant sends an internal dispatch with the form Application for review.   | Clarifying information for applicants and beneficiaries   |
| 11.            | Modifying the chapter name to the Methodology of indicators OP RDE, rewording.  | Clarifying information for applicants and beneficiaries.  |
| 11.3           | Adding missing milestones in the table Milestones for PA 52705 and 51715.<br>Inserting a sentence for Reporting indicators.   | Clarifying information for applicants and beneficiaries.  |
| 11.3.1         | Common indicators - specifying information entered with respect to applicant data monitoring, the information moved from Chapter 4.1 on the IS ESF2014+.  | Clarifying information for applicants and beneficiaries.  |
| 11.3.3         | Removing: In addition, the beneficiary proves by the affidavit that the original document proving the outputs are saved in the project documentation for the on-site inspection.  | Clarifying information for applicants and beneficiaries   |
| 12.            | The entire chapter was modified. The ML No. 4 to the RfAB – General Part was incorporated.  | Incorporation of the current version of the contract MG.  |
| 12.5           | Chapter 12.5 Project Savings was moved to Chapter 8.11.   | Clarifying information for applicants and beneficiaries   |
| 13.            | An obligation of the beneficiary regarding the Partnership Agreement and conclusion of a written amendment to this Agreement in case of a conflict with the issued legal act on grant award/transfer.   | Clarifying information for applicants and beneficiaries, while aligning it with the sample Partnership Agreement. |
| 14.            | Adding the sentence: Managing authorities announce synergistic calls (continuous or time-limited) focused on synergistic projects. In addition to synergistic projects, such calls may receive also non-synergistic projects. Conditions for their submission and implementation will be further specified in the call/Rules for Applicants and Beneficiaries – Specific Part.<br>The sentence "Assessment of the relevance of the synergies described is part of the eligibility check and formal check" is modified | Aligning with UME.  |

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|----------------|--|--|
|                | to "Assessment of the relevance of the synergies described is part of the approval process".   |  |
| 15.2           | Linking the aid for research part to the Methodology of economic utilisation of capacities.  | Clarifying information for applicants and beneficiaries.   |
| 15.2           | Modifying conditions to submit an Overview of economic usage of the supported capacities.  | Clarifying information for applicants and beneficiaries.   |
| 15.3.2         | Clarifying information for applicants and beneficiaries. Modifying the definition of the "Single Enterprise".  | Clarifying information for applicants and beneficiaries, while aligning it with the OPC interpretation practice. |
| 16.            | Adding an obligation to report horizontal principles in the monitoring reports.  | Clarifying information for applicants and beneficiaries due to compliance with the control documentation.        |
| 17.1           | The list of criteria in Clause 3 is replaced with the text "conditions stated in Clause 2d".   | Removing of duplicity information.   |
| 17.1           | Supplementing of Clause 2.b, or as the case may be, 3 of the part of list stated at the poster location specification.   | Specification according to the EC interpretation.  |
| 17.1           | Removing the penultimate paragraph dealing with the possibility of placing multiple projects on a permanent memorial plaque.                                   | Alignment with the interpretation of the EC Regulation.  |
| 17.2           | Clarifying information for applicants and beneficiaries. Supplementing Clause c) of the General Rules for using logos and designation of multi-page documents. | Clarifying information for applicants and beneficiaries.   |
| 17.2           | Rewording the second the second paragraph of Clause 2. Optional tools<br>Clarifying information for applicants and beneficiaries for use of the third logo.    | Clarifying information for applicants and beneficiaries.   |
| 17.2           | Supplementing the footnote No. 198 on the Specifying temporary billboard size variants.  | Clarifying information for applicants and beneficiaries.   |
| 17.3           | Changing deadlines of sanctions for financial corrections.   | Aligning with the MG Publicity 2014-2020.  |
| 18             | Annex No. 18.6 cancelled.  | According to the SME regulation.   |



# 1. CHAPTER – INTRODUCTION

The Rules for Applicants and Beneficiaries (hereinafter "RfAB") are issued by the Managing Authority of the Operational Programme Research, Development and Education (hereinafter "MA"). The MA issues the RfAB – General Part, which are intended for the applicants and beneficiaries applying for a grant from OP RDE, respectively, implementing projects funded from OP RDE (excluding the applicants/beneficiaries of projects in one of the simplified cost options – a standard scale of unit costs, which follow the Rules for Applicants and Beneficiaries of simplified projects, unless otherwise provided in the call).

Within the documentation for a call, the RfAB – Specific Part are issued, amending or altering the general RfAB for specific project types and specialisations.

The purpose of the Rules for Applicants and Beneficiaries is to provide the applicants with basic information about how to proceed with the grant application preparation, about all obligatory formal requirements of the application and about the main risks that might affect its due and timely submission of the grant application. The RfAB provide beneficiaries with interpretation of obligatory and recommended procedures in implementation of the project.

## Preparing the Grant Application

When preparing the grant application, the applicant is obliged to comply with the currently applicable and effective version of the RfAB. If in the course of preparing the grant application/approval process, the next version of the RfAB is released, the applicant shall follow:

- a) RfAB - General and Specific Part, valid and effective as of the date of the announcement of the call, **this only applies only to the round type** of the call, or
- b) RfAB - the General and Specific Part, valid and effective as of the date of submission of the grant application (finalisation in the IS KP14)<sup>1</sup>, **this only applies to continuous calls**.

The MA can issue Methodological letters between individual versions of the RfAB, which amend/alter the RfAB in a specific chapter/sub-chapter. The applicant shall follow these Methodical letters as of their validity and effect.

## Project implementation

During the project implementation, the beneficiary must follow the valid and effective version of the RfAB – General Part and Specific Part, or as the case may be, Methodological letters, that are defined in the legal act on grant award/transfer and the conditions, which are defined by the announced call.

The legal act on grant award/transfer lays down the main conditions for the project implementation. In addition to the documents listed above, the beneficiary is obliged to follow in the course of the project also valid and effective legislation of the Czech Republic (hereinafter "CR") and the European Union (hereinafter "EU").

The RfAB enter to force as of their date of publication on the MEYS website and take effect as of the effect date specified therein but not before the date of their entry to force.

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<sup>1</sup> The grant application is submitted following its signing by a qualified electronic signature in the IS KP14+.

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## 1.1 Overview of priority axis, investment priorities and specific objectives of OP RDE.

The aim of the Operational Programme Research, Development and Education is to contribute to the development of the **knowledge society**, where the knowledge and skills of human resources shall be the key factor in the competitiveness of the Czech Republic.

**Table 1: Overview of priority axis, investment priorities and specific objectives of OP RDE.**

| Priority Axis  | Fund | Investment priorities  | Specific objectives corresponding to investment priority   |
|--|------|--|--|
| 1.<br>Strengthening the Capacities for Excellence in Research                          | ERDF | Strengthening the research and innovation infrastructure and capacities to develop an excellence level in both research and innovation and the support of the expert centres which are subject of Europe-wide interest | <ol style="list-style-type: none"> <li>1. Increase in the international quality research and its results.</li> <li>2. Capacity building and strengthening long-term collaboration between research organizations and the private sector.</li> <li>3. Improving the quality of infrastructure for research and educational purposes.</li> <li>4. Improvement of strategic management research at the national level.</li> </ol>   |
| 2.<br>Development of higher education and human resources for research and development | ESF  | Improving quality and efficiency, access to tertiary and equitable education, especially for disadvantaged groups to increase the participation and the educational attainment levels                                  | <ol style="list-style-type: none"> <li>1. Increasing the quality of education at universities and its relevance to the needs of the labour market.</li> <li>2. Increased participation of students with special needs, from socio-economically disadvantaged groups and ethnic minorities in HEI education, and reducing academic failure of students.</li> <li>3. Improving the quality of the conditions for lifelong learning at universities.</li> <li>4. Setting up and developing the system of evaluation and quality assurance and strategic management of universities.</li> <li>5. Improving conditions for the education related to the research and the human resources development in the field of research and development.</li> </ol> |
|  | ERDF | Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure  | <ol style="list-style-type: none"> <li>1. Improving the quality of education infrastructure at universities in order to ensure high quality teaching, improving access for disadvantaged groups and increase the openness of universities.</li> </ol>  |

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| Priority Axis  | Fund | Investment priorities  | Specific objectives corresponding to investment priority   |
|--|------|--|--|
| 3. Equal access to high-quality preschool, primary and secondary education | ESF  | Socio-economic integration of marginalised groups, such as Roma people   | 1. Social integration of children and pupils, including Roma children in the education.  |
|  |      | Combating all forms of discrimination and promoting equal opportunities  | 1. Quality conditions for the inclusive education.   |
|  |      | Reducing and preventing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education including formal, non-formal and informal learning pathways for reintegrating into education and training | 1. Increasing the quality of early childhood education, including facilitating the transition of children to primary school.<br>2. Improving the quality of education and results of pupils in key competencies.<br>3. Development of strategic management system and quality assessment in education.<br>4. Improving the training of future and starting teachers.<br>5. Increase in the quality of education and training, including enhancing their relevance for the labour market. |
| 4. Technical assistance  | ERDF | N/A  | 1. Ensuring effective administration<br>2. Ensuring awareness, publicity and absorption capacity   |

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## 2. CHAPTER – DEFINITIONS OF TERMS USED

### **Administrative Team**

This term covers all staff responsible for the project administration including its operation, monitoring, preparing accounting and ensuring its publicity. The aim of their activities is not the work with the target group. In most cases, this concerns the project and financial manager, assistant, PR manager, etc.

### **Audit Authority**

The authority responsible for auditing for the purpose of verification of effective functioning of the management and control system of the operation programme and performance of activities in compliance with Article 127 of the Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006 (hereinafter "General Regulation"). The role of the audit authority is performed by the Ministry of Finance (hereinafter "MF").

### **Block Exemption**

Block exemption means an *exception (or legal title) from the general prohibition of state aid* pursuant to Commission Regulation (EU) No. 651/2014 of 17th June 2014, declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter "GBER"), laying down types or categories of aid (exemptions) which, under certain conditions to be complied with, are compatible with internal market without the notification obligation towards the Commission before granting the aid.

### **Total Expenditure**

Total project expenditure is the sum of eligible and non-eligible project expenditure.

### **Lifelong Learning**

Lifelong learning is the sum of all educational activities of an individual from early childhood to the retirement age with the aim to obtain corresponding knowledge and skills in the areas of personal, civic, social and professional development. Lifelong learning includes formal education, informal education and informal learning.

### **Central Register of Grants from the State Budget (CRSB)**

The General Financial Directorate keeps central register for processing of data on grants provided from the state budget, state funds, state financial assets and the National Fund. Their providers are obliged to provide data to the Central Register about them and their beneficiaries or transfer the data there from other registers containing the relevant data. The content and scope of the data entered in or transferred to the Central Register of Grants and the procedures performed by the providers in this context are defined by the MF in Decree No. 286/2007 Coll., on Central Register of Grants.

### **Central de Minimis Register (RDM)**

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The Central de Minimis Register was established as of 1 January 2010. The purpose of the register is the central evidence of de minimis aids. The Central de minimis register is administered by the Office for the Protection of Competition and the Ministry of Agriculture which is also its keeper. The Central de Minimis Register is available at <http://eagri.cz/public/app/RDM/Portal>.

Aggregate information on the RDM is available at the address: <http://eagri.cz/public/web/mze/farmar/registr-podpor-de-minimis/>.

### **Excellence Centre**

A clearly thematically profiled site of research and development (such as higher education institution, research institute or its clearly defined part or a similar detached part shared by more research institutions). Excellence Centre is an active research site, often of multidisciplinary nature, interconnecting R&D, education (especially of doctoral students and young research staff) and innovation activity. Excellence Centre reaches critical sizes of personnel and technical equipment to be able to achieve top quality research results internationally. Through long-term strategic partnerships the Excellence Centre cooperates with prestigious international R&D centres as well as with partners from the application sphere and other major sites active in the field on the national level. Revenues from foreign resources (with respect for professional specifics) substantially contribute to the total R&D budget of the Centre and its total operation expenditure.

### **Popularisation Centre**

A centre of knowledge and entertainment offering spontaneous popular forms of education in and understanding of the essence of physical and natural phenomena using interactive elements/exhibits/aids.

### **Target Group**

A group of entities or individuals which the programme is focused on who take benefits from the programme in the course of its implementation, including its sustainability period (such as children, students, teachers and research staff).

### **Cost – benefit analysis (CBA)**

The cost-benefit analysis defines socio-economic effects of the planned project. The analysis is a simple expression of the benefits of the project and the expenditure needed for their implementation. The analysis defines the group of all direct and indirect stakeholders of the project. The analysis enumerates not only all financial expenditure and gains but also major estimable positive and negative consequences of the project. This allows for consideration of interventions which are not profit-making and financially rewarding but show non-financial, such as social positives.

### **Database of Outputs of OP RDE**

Information system for publication of relevant project outputs.

### **Day of Grant Award**

The date of grant award is the date when the legal title for the grant is constituted for the applicant.

### **Start Date of the Physical Project Implementation**

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The assumed start date of the physical project implementation is stated by the applicant in the application and it is the date, when the applicant/beneficiary plans on starting the physical project implementation. The actual start date of the physical project implementation is the date, when the applicant/beneficiary started the physical project implementation (see Chapter 7.1.1).

Both these dates may but need not be the same. As a rule, the actual start date of the physical project implementation may not be earlier than the assumed start date of the physical project implementation.

#### **End Date of the Physical Project Implementation**

The assumed end date of the physical project implementation is stated by the applicant in the grant application and it is the date, when the applicant/beneficiary plans on completing the physical project implementation. It means the last day for due and timely project termination<sup>2</sup> by the beneficiary. The achievement of the required project outputs will be evaluated by the MA as of the end date of the physical project implementation.

If a permit or decision of a competent authority (e.g. OPC, BFA) is needed for use of the project outputs then the project completion date may not be before the date of legal force of that permit or decision.

#### **Eligible Expenditure Date**

It represents a possible date of incurring eligible expenditure (see Chapter 8.7.1).

#### **Supplier**

A natural person or legal entity supplying goods, providing services or implementing construction works.

#### **Letter (Notification) of Deputy Minister on Grant Transfer**

The legal act of the notification of the grant transfer issued by the MEYS stipulating the terms and conditions of the project implementation by another state organisation unit and its contributory organisation as the grant beneficiary (see Chapter 6.2).

#### **EDS/SMVS**

This is an information system for programme financing – EDS/SMVS – former Information System for Programme Financing – ISPROFIN).

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<sup>2</sup> This means the physical completion, rather than completion of administration. I.e. some administrative tasks related to the project can be made after this date, e.g. the project FPCR, the settlement of the grant with the state budget etc.

## **Electronic Marketplace**

A web application allowing for electronic order placement, the system of electronic market places is governed by CR Government Resolution No. 343 of 10 May 2010.

## **Evaluation/Rating**

A process based on profound information collection and professional evaluation with the aim to obtain reliable documents for implementation management and strategic decision-making. The evaluation thus contributes to economic public fund management and allocation.

In the case of evaluations in the areas of ERDF/ESF the evaluated aspects include strategic, policy, programme and project setting, design, implementation and effects. The purpose is to evaluate the relevance and fulfilment of objectives (purposefulness), the achievement effectiveness, economy and sustainability. The evaluations are performed before the programming period or programme implementation start (ex-ante), in the course of the programming period (ad-hoc, ongoing or mid-term) and after its end (ex-post).

## **European Structural and Investment Funds (ESIF)**

European Structural and Investment Funds: European Regional Development Fund (hereinafter “ERDF”), European Social Fund (hereinafter “ESF”), Cohesion Fund (hereinafter “CF”), European Agricultural Fund for Rural Development (hereinafter “EAFRD”) and European Maritime and Fisheries Fund (hereinafter “EMFF”).

## **European Anti-Fraud Office (OLAF)**

OLAF is an independent body operating under the European Commission (established by the Commission Decision (EU) 2015/512 of 25 March 2015) with the mission to investigate frauds concerning EU budget, corruption in EU bodies and institutions and serious misconducts of their staff. OLAF prepares anti-fraud policy for the European Commission. The main task of the office is to conduct administrative investigations in Member States concerning financial interests of EU (external investigations) and investigations of EU bodies and their staff (internal investigations). The legal basis of the anti-fraud activity in the EU is Article 325 of the Treaty on the Functioning of the European Union (replacing Article 280 of the EC Treaty).

## **Experimental Development**

Acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills to develop new or improved products, processes or services. For example, this may concern also activities aimed at defining the concept, planning and documentation of new products, procedures or services. Experimental development may include prototyping, demonstration activities, pilot projects, testing and validation of new or improved products, procedures or services in an environment representative in terms of real-world operating conditions, when the main objective consists in further technical improvement of products, procedures or services that are not largely determined. This also includes development of a commercially usable prototype, or pilot project, which is necessarily a final commercial product and the production of which is too costly to use it merely for demonstration and verification purposes. Experimental development does not represent common, or regular alterations of existing products, production lines, production procedures, services and other unfinished operations, even if such alterations may represent improvements.

## **Cash Flows**

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Cash flows represent a transfer of financial resources from the granting authority to the beneficiary.

### **Time Schedule of Calls**

A publicly available document used to obtain information about when the new calls will be announced, their focus and the amount of funds that the MA allocated to the call.

Framework plan for OP RDE for the calendar year on the basis of which calls for particular interventions are published in the course of the year. The time schedule of calls is part of the Strategic Implementation Plan.

### **Individual Project**

A complete set of activities financed from the OP RDE heading towards achievement of predefined measurable objectives. The project is implemented within a defined time horizon according to the defined strategy and within the allocated budget.

### **Individual Systemic Project**

A project addressing a complex issue of a region or the whole Czech Republic. The main feature of the Individual systemic project (IPs) is concentrated and targeted support. The process of IPs preparation and monitoring will involve the Monitoring Committee of the OP RDE (MC OP RDE). IPs implementation places greater emphasis on management, monitoring and continuous evaluation.

### **Aid Intensity**

Aid intensity means the gross amount of aid expressed as a percentage<sup>3</sup> of eligible expenditure before tax and other levies.

### **Investment Priority**

Priorities specified in specific regulations on ERDF, ESF, implementing particular thematic objectives defined in the General Regulation and eligible for support from the respective fund.

### **Collaborative Research**

The collaborative research means such research that is implemented through effective cooperation if at least two independent parties, of which at least one is a research organisation or research infrastructure, have a common objective based on the division of work will jointly determine the scope of the project, participate in its drafting, contribute to its implementation and share the financial, technological, scientific and other risks of the project and its results. The conditions of the project cooperation, particularly with regard to contributions to its costs, sharing of risks and results, result dissemination, access to the intellectual property rights and rules for the allocation of these rights should be determined before starting the project. Collaborative research is not considered as a form of the provision of research services.

### **Combined Payment**

Combined payment means a procedure, when the beneficiary may submit a simplified request for payment following the project implementation activities (or parts thereof) and at the same time submit

<sup>3</sup> The percentage indicates the max. amount of the grant that can be awarded for the specific operation.

relevant documents, however, it is not necessary to submit also the payment of attached accounting documents along with the request for payment.

### **Complementarity**

Complementarity is the relationship between interventions that are complementary in nature. Complementarity may be implemented separately, not requiring conditionality of the complementary intervention implementation.

### **Final Beneficiary**

Final beneficiary of the grant is the entity implementing the project and receiving resources from the Structural Funds and the Cohesion Fund for project co-financing.

### **Controlling**

The controlling authority checks whether the controlled entity fulfils its liabilities following from the applicable legislation or required by the executed legal act on grant award/transfer.

### **Indicators (Monitoring Indicators)**

The indicator is an instrument for measurement of objectives/plans, progress or achieved effects on individual implementation levels. The indicator must be accurately defined and consists of a code, a name, and a transparent definition, unit of measurement including description of the measurement method, source of data, and the baseline, target and actually achieved values. "Indicator" has the same meaning as its Czech equivalent ("ukazatel").

### **Monitoring Committee**

The committee in charge of evaluation of the programme implementation. The Monitoring Committee works in compliance with Article 49 of the General Regulation and further specifically in compliance with Article 110 of the same. Members of the Monitoring Committee include representatives of the relevant management and coordination bodies and partners (such as ministerial departments, partner ministries, regions, municipalities, non-governmental non-profit organizations, etc.).

### **SME (Small and Medium-Sized Enterprises)**

Enterprises meeting the conditions set out in Annex No. I GBER.

Number of employees and financial thresholds determining enterprise categories:

1. The category of micro-, small- and medium-sized enterprises (SME) is made up of the enterprises which employ fewer than 250 persons and where the annual turnover does not exceed EUR 50 million or where the annual balance sheet total does not exceed EUR 43 million.
2. Within the category of small- and medium-sized enterprises, a small enterprise is defined as an enterprise which employs fewer than 50 persons and where the annual turnover or annual balance sheet total does not exceed EUR 10 million.
3. Within the SME category, a micro enterprise is defined as an enterprise which employs fewer than 10 persons and where the annual turnover or annual balance sheet total does not exceed EUR 2 million.

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In the case of an autonomous enterprise, the data, including the number of staff, are determined exclusively on the basis of the financial statements of the company. The data, including the number of employees in the enterprise having partner enterprises or linked enterprises are determined on the basis of the financial statements and other data of the enterprise or on the basis of the consolidated financial statements of the company, if it is compiled or consolidated financial statements in which the enterprise is included within consolidation<sup>4</sup>.

### **Monitoring System (MS2014+)**

Information system that is used to store project data and control implementation of individual programs.

### **National Coordination Authority and Partnership Agreement**

The central methodology and coordination body for implementation of programmes co-financed from ESIF in the Czech Republic in the programming period 2014–2020. The authority is the partner to the European Commission on behalf of the Czech Republic, manages the Partnership Agreement on the national level, administers the monitoring system of MS2014+, and defines the methodology of implementation and acts as the central authority for publicity.

### **Publicity Tool and Manual of Uniform Visual Style of ESIF in the Programming Period 2014–2020**

The publicity tool means measures/instruments/activities for assurance of general public awareness of the grants provided from the European Structural and Investment Funds. Obligatory instruments are laid down by the Regulation of the European Parliament and of the Council (EU) No. 1303/2013 and are binding for the National Coordination Authority, Managing Authority, intermediate bodies and beneficiaries.

The UVS Manual defines rules for use of graphic elements and defines the uniform visual style of the ESI funds for the programming period 2014–2020. The Manual defines minimum requirements for preparation of the obligatory publicity instruments.

### **Non-compliance**

Non-compliance means violation of EU or CR legislation by action or omission of an economic entity<sup>5</sup>, which will or might lead to a loss in the summary budget of the EU or in the public budget of the Czech Republic, represented by inclusion of incorrect cost in the summary budget of the EU or the public budget of the Czech Republic. In the case of assessing a fine for a breach of budgetary discipline (hereinafter “BoBD”) the Budgetary Rules generally stipulate that as a result of BoRD there was or potentially could have been a loss caused to the public budget of the Czech Republic by inclusion of an ineligible expenditure. However, the non-compliance does not include incurring of the ineligible expenditure by a state organization unit, provided that the ineligible expenditure was detected and the proper financial adjustment was performed before approval of the payment application by the MA. In addition, the non-compliance does not include incurring of ineligible expenditure at the beneficiary level, if it is a provided in the ex-ante mode and also provided that the ineligible expenditure was detected and the proper financial adjustment was performed before approval of the payment application. These cases will

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<sup>4</sup> For further explanation of the terms autonomous and partner enterprise see Annex 1 to Commission Regulation (EU) No. 651/2014.

<sup>5</sup> An economic entity means an entity pursuant to Article 2 of the General Regulation.

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however continue to represent suspected breach of budgetary discipline (as this term is defined by Section 44 of the Budgetary Rules) to be further addressed pursuant to the applicable legislation of the Czech Republic<sup>6</sup>. Criminal acts committed in the context of implementation of programmes or projects co-financed from EU budget will always be considered as a non-compliance.

### **Ineligible Expenditure**

Non-eligible expenditure are the expenditure that cannot be paid from the project for their non-compliance with the relevant EU regulations, national or other rules defined by the granting/aid authority or legal act on grant award/transfer.

### **Professional Team**

Project employees performing the professional aspects of the project, such as research, lecturing, professional guarantee and other key professional and factual project activities.

### **Deputy Minister Measure**

The Deputy Minister Measure is a legal act on the grant award/transfer issued by the MEYS, which lays down terms and conditions for using funds for the project implementation pursuant to Section 26 (2) of the Budgetary Rules. This legal act is issued for technical assistance projects and to beneficiary material sections of the MEYS and state organisation unit falling within the MEYS (such as the Czech School Inspection), (see Chapter 6.2).

### **Authorised Applicant (Beneficiary)**

The so-called authorised applicants, or beneficiaries, whose specification is subsequently a part of the specific call to submit grant applications, are defined for each grant area in the wording of the Operational Programme. In the case of OP RDE these include for example regions, municipalities, NGOs, higher education institutions, etc.

### **Operation**

Operation is a project, a contract, a measure or a group of projects selected by the MA or on the basis of the MA authorisation in compliance with the criteria defined by the Monitoring Committee and contributing to the objectives of a priority or priorities to which they relate.

### **Operational Programme**

The basic strategic document of thematic, financial and technical nature for a particular thematic area or territory with a description of particular objectives and priorities for drawing from ERDF and ESF in the programming period 2014–2020, which the Member State wants to achieve in thematic area/priority and how they are to be achieved, with regard to the Partnership Agreement and Union strategy. This is a binding document for the programme MA towards the European Commission.

OP RDE is a multi-year thematic programme under the responsibilities of the MEYS, through which it is possible to draw financial resources from the EFRD and ESF for the programming period 2014-2020. The aim of OP RDE is to contribute to move the Czech Republic towards the economy based on educated,

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<sup>6</sup> The fact that there is no non-compliance is not modified by any subsequent decision of BFA that in the above cases there was a breach of budgetary discipline.

motivated and creative workforce, to the production of high-quality research results and their use for enhancing the competitiveness of the Czech Republic.

### **Organization for Research and Dissemination of Knowledge**

"Organisation for research and dissemination of knowledge" or "research organisation" is an entity (for example a university or a research institute, a technology transfer agency, an innovation mediator, a physical or virtual cooperating entity focused on research) regardless its legal status (pursuant to public or private law) or financing method, where the main aim is to perform independent fundamental research, industrial research or experimental development or public dissemination of results of these activities by means of teaching, publication or knowledge transfer. If this entity at the same time performs economic activities then separate accounts must be kept for financing, expenditure and gains of these economic activities. Entities with decisive influence on such an entity, such as shareholders or members, must not have the right to priority access to the result achieved by the entity.

### **Oriented Research**

The oriented research means such a research that is directed to the field of general interest, in order to create a wide range of applications in the future. The oriented research, as opposed to the basic research, is carried out with the expectation that it will create a broad knowledge base, which will probably be the basis for a solution of already recognized or expected (current or future) problems or emerging possibility of using<sup>7</sup>.

### **Partner**

Partner is an entity, which has a Partnership Agreement concluded with the applicant/beneficiary for the purpose of achieving project objectives.

### **Drawing Plan**

Estimated financial volumes of requests for payments for the monitoring period, such as the following month or year, usually resulting from the financial plan of the project.

### **Payment and Certification Authority**

The authority responsible for overall finance management of funds provided to the Czech Republic from EU budget and cost certification pursuant to Article 126 of the General Regulation. For the programming period 2014–2020, MF was authorised to ensure the performance of the payment, certification and audit authority on basis of the Government Decree No. 448 of 12 June 2013. Department 55 – National Fund of the MF was authorised to perform the duty of Payment and Certification Authority by the resolution of the Minister of Finance dated 19 November 2014.

### **Ex-ante Payments**

The ex-ante payment is considered to be a procedure, when the beneficiary receives a payment in advance (as a rule following the conclusion of the legal act on grant award/transfer), prior to submitting

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<sup>7</sup> The definition is based on the definition in the Frascati Manual (2002).

a project output/activity. Such a provided advance payment is subsequently accounted by the beneficiary.

### **Ex-post Payments**

The ex-post payment is considered to be a procedure, when the expenditure already expended by the Beneficiary is paid subsequently.

### **The Enterprise**

According to the settled case of Court of Justice, the enterprises are defined as entities engaged in an economic activity, regardless of their legal status and method of financing. The designation of a particular entity as an enterprise thus depends entirely on the character of its activities.

### **Undertaking in Difficulty**

In the Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty (2014/C 249/01) an enterprise is considered as an undertaking in difficulty, if it is in the short or medium term, without the state intervention almost certainly doomed to closure. The company is therefore considered to be an undertaking in difficulty if there is at least one of the following circumstances:

- a) In the case of a limited liability company, where as a result of cumulative losses, there was a loss of more than half of the subscribed capital. This situation occurs when after deducting the accumulated losses from reserves (and any other elements that are generally considered as the company regulatory equity) leads to a negative cumulative amount, which exceeds half the subscribed capital.
- b) In the case of a company where at least some members have unlimited liability for the company, where as a result of cumulative losses, there was a loss of more than half of its equity recorded in the company accounts;
- c) If an undertaking is subject to collective insolvency proceedings or fulfils the criteria laid down in national legislation for initiation of collective insolvency proceedings at the request of its creditors;
- d) In the case of an undertaking that is not an SME, where, for the past two years:
  - i) the financial ratio of debt to equity is greater than 7.5 and
  - ii) the interest coverage ratio of profit before interest, tax, depreciation and amortization (EBITDA) is less than 1.0.

### **(Financial) Granting authority**

The (financial) granting authority is the central state administrative authority or another entity authorised by act to award grants or repayable financial aid from the state budget. The granting authority within the OP RDE is usually the Ministry of Education, Youth and Sports, when the term Managing Authority (see the below definition) is also used in the OP RDE documents in compliance with the General Regulation.

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## **Rules for Applicants and Beneficiaries**

Rules including the list of conditions and rules to be complied with by the applicant for a grant, and rules which the beneficiary must observe when implementing the approved project and in the sustainability period.

### **Legal Act on Grant Award/Transfer**

The legal act confirming grant award/transfer by the granting authority to the beneficiary. It includes a detailed specification of the conditions for the grant award/transfer. The form of the legal act may differ according to the nature of the granting authority and beneficiary and the relationship between them.

### **Profile of the Contracting Authority**

Electronic instrument defined pursuant to Section 17 (w) of the Public Contracts Act (PCA)/Section 28 (1) (j) of the Public Procurement Act (PPA).

### **Priority Axis**

Priority axis is the basic unit of an Operational Programme fulfilling one or more investment/thematic objectives and is co-financed from one or more funds.

### **Industrial Research**

The planned research or critical investigation aimed at the acquisition of new knowledge and skills for developing new products, processes or services or in a substantial improvement in existing products, processes or services. It includes the creation of components of complex systems, and may include manufacturing of prototypes in a laboratory environment or simulated interfaces with existing systems as well as manufacturing pilot lines, if it is necessary for the industrial research, notably for generic technology validation.

### **Beneficiary**

A public or private entity responsible for start, implementation or sustainability of an operation co-financed from ESIF, which on the basis of the legal act on grant award/transfer, while meeting the conditions laid down therein, submits to the Managing Authority its payment application (or unified application or grant application) and accepts the claimed financial resources from public funds. In relation to state aid and de minimis aid the "beneficiary" means the entity receiving the state aid/de minimis aid.

### **EU Contribution**

EU contribution means part of the total eligible expenditure incurred in the context of programmes/projects co-financed by EU. In the case of OP RDE the EU contribution is financed from the ERDF and ESF in the amount of up to 85 % of the total eligible expenditure of the projects/programme.

### **Project Implementation**

It represents activities falling within the period between the project implementation start and end. The project implementation period is accurately defined in the legal act on grant award/transfer.

### **Implementation Team**

Includes all project roles including the back-office team and the professional project team.

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### **Grant Award Decision**

A unilateral legal act on grant award issued by the MEYS as the granting authority in the cases where the beneficiaries are not state organisation units and contributory organisations of state organisation units, the founder of which is not the MEYS.

### **Human Resources Development**

Human resources development is a conceptual approach to building adequate administrative capacity.

### **Managing Authority**

The authority responsible for purposeful, effective and economic management and implementation of the operation programme in compliance with the principles of sound financial management. The Managing Authority of an Operational Programme co-financed from the ERDF, ESF, CF and EMFF may be national, regional or local public administrative authority or a public or private entity. The MA performs activities in compliance with Article 125 of the General Regulation. The MA of the OP RDE is the MEYS.

### **Specific Objective**

The intended change to be achieved through the activities in the context of an investment priority.

### **Co-financing**

The level of involvement of the individual implementation parties to the project financing. This is the summary term for specification of EU share, maximum state budget share and minimum financial participation of the beneficiaries in the project financing. Specific levels (rates) of co-financing are specified as the percentage in the total eligible expenditure of the project depending on the type of a beneficiary, nature of the activity and category of the region, where a given project is implemented by the beneficiary.

### **Synergy**

Synergy is the relationship between activities in direct functional interaction supporting each other by their effect and impact. Thus synergy may bring stronger impact than the sum of the individual activities implemented in separation. The MA announce synergic calls in cooperation with the managing authority, with which the synergies are shared.

### **Contracted Research<sup>8</sup>**

Contracted research can be characterised as research activity implemented by a research organisation and connected with services with high added value, i.e. generally with services ordered and paid by another party including coverage of the expenditure and adequate profit of the research party by the ordering party. The services mainly cover research and development including related consultations (such as sample processing, measurements and testing to order etc.).

The contracted research project outcomes usually include some of the following types of results (according to RIV15) – a patent, a semi-operation, a tested technology, a variety, a race, an industrial

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<sup>8</sup> The definition is based on the material Transfer of the data of contracted research in 2015, published on the website [www.vyzkum.cz](http://www.vyzkum.cz) on 27th August 2015.

design, a prototype, a functional sample, results reflected in legislative acts and standards, results reflected in guidelines and regulations of non-legislative nature binding for the respective provider, results reflected in approved strategic and conceptual documents of RDI and innovation issued by state administrative or self-governing bodies, a certified method, a therapeutic procedure, a conservation procedure, a specialised map with professional content, a software, a research report, or a summary research report and others.

### **Technical Assistance**

Financial resources for the use by the MA in the areas of preparation, monitoring, administrative and technical support (programme implementation, studies, analyses, programme promotion, information systems, experience exchange with partners, professional staff training etc.), evaluation, audit and inspections necessary for effective implementation of the OP RDE.

### **Effective Collaboration**

Effective collaboration means collaboration of at least two independent parties for the purpose of knowledge or technology exchange or achievement of a common objective on the basis of division of labour where the parties jointly specify the scope of the collaboration project, contribute to its implementation and share risks and results. The project expenditure can be borne in any extent by one or more parties and thus rid other parties of their financial risks. Contractual research and provision of research services are not considered as forms of collaboration.

### **Project Sustainability**

The time for which the beneficiary must keep the project outcomes going. The beneficiary is bound to do so by the legal act on grant award/transfer where the granting authority exactly specifies its requirement for the project sustainability. Compliance with the liability to sustain the project may be inspected by the relevant institutions.

### **Major Project**

A project financed from the funds of ERDF or CF consisting of a series of works, activities or services aimed at achievement of a non-divisible task of accurately specified economic or technical nature, with clearly defined objectives and with total eligible expenditure exceeding EUR 50 million, or EUR 75 million in the case of projects contributing to fulfilment of thematic objective 7 (i.e. support for sustainable transport and removal of obstacles in key network infrastructures).

### **State Aid**

State aid meeting the requirements of Article 107 (1) of the Treaty on the Functioning of the European Union means any aid granted by a Member State or through public funds in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market.

### **Public Contracts Journal**

Part of the information system on public procurement providing information about public procurement.

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## **Tendering Procedure**

The procedures of the contracting authority stipulated in Chapter 12.3 of the RfAB, the purpose of which is the contract award, ending with the execution of a contract or the cancellation of the selection procedure.

## **Research Infrastructure**

Research infrastructure means facilities, resources and related services used by the research community for its research activities in the relevant fields, including research instrumentation and materials, knowledge-based resources such as collections, archives and structured research information, infrastructures of information and communication technologies, such as GRIDS, computer hardware and software, communication means as well as other unique element needed for research. These infrastructures may be "concentrated" in one place or "dispersed" across various sites.

## **Research Organization**

See the definition of organisations for research and dissemination of knowledge.

## **Call**

A call is an activity of the Managing Authority or another authorised entity within the programme requesting submission of grant applications by the applicants/future beneficiaries pursuant to predefined conditions.

**Round call** is a call type when the responding projects are compared.

**Continuous call** is a non-competing call type when the projects do not compete for the aid.

## **Procurement Procedure**

Procedure implemented by the contracting authority pursuant to the PCA/PPA, the purpose of which is the contract award, ending with the execution of a contract or the cancellation of the selection procedure.

## **Contracting Authority**

During the project implementation, each entity performs a tendering or procurement procedure.

## **Contract**

Contract implemented on the basis of a written order or contract between the contracting authority and one or more suppliers with the subject of supply of goods or services for a charge or the implementation of construction works for a charge.

## **Fundamental Research**

The basic research means an experimental or theoretical work carried out principally to acquire new knowledge of the fundamental principles of phenomena and observable facts, not focused on direct commercial application or use.

## **Bidder**

The supplier called to submit a bid in a tendering or procurement procedure by a contracting authority.

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## Waiting Projects

Waiting Projects are used for registering quality projects eligible for financing but not yet financed for the reason of limited funds allocated for the given call for proposals. These projects can be approved for financing in the case of additional allocation of financial resources or in the case of decreased financial requirements by applicants in the framework of projects approved for financing.

## Simplified Reporting of Expenditure<sup>9</sup>

The way of project expenditure reporting based on limited requirements for financial reporting (documents) and documentation of expenditure by the beneficiary by related accounting documents, or these requirements are replaced by the condition to achieve the defined milestones and outputs or by the predefined procedure of the calculation of eligible expenditure; variants are for instance a flat rate, indirect expenditure, unit costs, and lump sums.

## Simplified Project

The Simplified Project consists of predetermined standardized activities consisting of sub-units. These units have a fixed amount of a unit cost necessary to achieve the output of the unit. A summary of unit costs in the framework of an activity constitutes its total costs and the summary of costs of all selected activities then forms a budget of the simplified project. The actual amount of eligible expenditure of the project is calculated on the basis of a number of fulfilled units documented by a number of outputs and given unit costs.

The possibility of using the above described method of financing comes from Article 67 of the Regulation (EU) No. 1303/2013 (General Regulation) of the European Parliament and the Council (EU) and from No. 14 of the Regulation (EU) of the European Parliament and the Council (EU) No. 1304/2013 (the ESF regulation), where the forms of awarding grants and repayable financial aid are described.

## Intermediate Body

An entity authorised by the MA to perform some functions of the MA on the basis of delegation agreement. The agreement between the MA and the Intermediate Body is in writing (see Article 123 (6) of the General Regulation) and it is concluded in compliance with Section 18 of the Act No. 248/2000 Coll., on Support of Regional Development, as amended, as a public contract.

## Eligible Expenditure

Expenditure incurred for the defined purpose in the course of the period specified in the legal act on grant award/transfer which are in compliance with the relevant EU and CR regulations, the relevant Methodological Guideline of MoRD – NCA (Methodological Guideline for eligibility of expenditure and their reporting in programming period 2014–2020 and other rules determined by the MA for the given OP.

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<sup>9</sup> EU legislation also uses the term “simplified cost option”, the difference between these concepts is not essential for the purposes of the RfAB.

**Applicant**

An entity submitting a grant application. This term is used for the entity in the course of processing of the grant application, its submission to the granting authority and subsequently during the approval process and issuing of the legal act on grant award/transfer by the granting authority. By issuing the legal act on grant award/transfer, respectively, by the Grant Award Decision coming into force, an applicant becomes a beneficiary.

If the applicant is a state organizational unit, it becomes a beneficiary by making a budgetary measure in the budgetary system/by including the funds in the state budget.

**Grant Application**

The application filled out by the applicant and submitted with the aim to obtain a grant for the submitted operation in the framework of the Operational Programme. The application must be prepared in compliance with the terms and conditions of the Operational Programme.

### 3. CHAPTER – LEGAL BASIS AND OTHER INITIAL DOCUMENTATION

#### 3.1 Legislative Acts and Implementing Regulations of the EU.

European legislation is available <http://eur-lex.europa.eu>.

##### European Structural and Investment Funds

**Regulation of the European Parliament and of the Council (EU) No. 1303/2013** of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006 as subsequently amended and supplemented (hereinafter "General Regulation");

**Regulation of the European Parliament and of the Council (EU) No. 1301/2013** of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the objective Investment for growth and jobs and repealing Regulation (EC) No. 1080/2006 (hereinafter "ERDF Regulation");

**Regulation of the European Parliament and of the Council (EU) No. 1304/2013** of 17 December 2013 on the European Social Fund and repealing Regulation of the Commission (EC) No. 1081/2006 (hereinafter "ESF Regulation");

**Regulation (EC) No 1059/2003 of the European Parliament and of the Council** of 26 May 2013 on the establishment of a common classification of territorial units for statistics (NUTS), as amended and supplemented;

**Directive 2001/42/EC of the European Parliament and of the Council** of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment;

**Commission Regulation No. 522/2014** of 11 March 2014, supplementing Regulation (EU) No. 1301/2013 of the European Parliament and of the Council with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund;

**Commission Implementing Regulation (EU) No. 821/2014** of 28 July 2014 laying down rules for the application of Regulation (EU) No. 1303/2013 of the European Parliament and of the Council as regards detailed arrangements for the transfer and management of programme contributions, the reporting on financial instruments, technical characteristics of information and communication measures for operations and the system to record and store data;

**Commission Delegated Regulation (EU) No. 240/2014** of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds;

**Commission Delegated Regulation (EU) No. 480/2014** of 3 March 2014 supplementing Regulation (EU) No. 1303/2013 of the European Parliament and of the Council laying down common provisions

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on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund;

**Commission Delegated Regulation (EU) No. 481/2014** of 4 March 2014 supplementing Regulation (EU) No. 1299/2013 of the European Parliament and of the Council with regard to specific rules on the eligibility of expenditure for collaboration programmes;

**Commission Implementing Regulation (EU) No. 184/2014** of 25 February 2014 laying down pursuant to Regulation (EU) No. 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, the terms and conditions applicable to the electronic data exchange system between the Member States and the Commission and adopting pursuant to Regulation (EU) No. 1299/2013 of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund for the objective of European Territorial Cooperation, the nomenclature of the categories of intervention for support from the European Regional Development Fund under the objective of European Territorial Cooperation;

**Commission Implementing Regulation (EU) No. 215/2014** of 7 March 2014 laying down rules for implementing Regulation (EU) No. 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund with regard to methodologies for climate change support, the determination of milestones and targets in the performance framework and the nomenclature of categories of intervention for the European Structural and Investment Funds;

**Commission Implementing Regulation (EU) No. 288/2014** of 25 February 2014 laying down rules pursuant to Regulation (EU) No. 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund with regard to the template for Operational Programmes under the objective of Investment for growth and jobs and pursuant to Regulation (EU) No. 1299/2013 of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund for the objective of European Territorial Cooperation with regard to the template for cooperation programmes under the objective of European Territorial Cooperation;

**Commission Implementing Regulation (EU) No. 1011/2014** of 22 September 2014 laying down detailed rules for implementing Regulation (EU) No. 1303/2013 of the European Parliament and of the Council as regards the templates for submission of certain information to the Commission and

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the detailed rules concerning the exchanges of information between beneficiaries and managing authorities, certifying authorities, audit authorities and intermediate bodies;

**Commission Implementing Decision** of 18 February 2014 setting out the list of regions eligible for financing from the European Regional Development Fund and the European Social Fund and of Member States eligible for financing from the Cohesion Fund for the period 2014-2020 **No. 2014/99/EU**.

## Public Procurement

**Directive of the European Parliament and of the Council 2014/24/EU** of 26 February 2014 on procurement and repealing Directive 2004/18/EC;

**Directive of the European Parliament and of the Council 2014/25/EU** of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC;

**Commission Implementing Regulation (EU) No. 2015/1986** of 11 November 2015 establishing standard forms for the publication of notices in the field of public procurement and repealing Implementing Regulation (EU) No. 842/2011;

**Commission Regulation No. 1336/2013** of 13 December 2013 amending Directives 2004/17/EC, 2004/18/EC and 2009/81/EC of the European Parliament and of the Council in respect of the application thresholds for the procedures for the awards of contract.

## State Aid

**The Treaty on the Functioning of the European Union (TFEU)**, Article 107, 108 and 109;

Commission Regulation (EU) No. 651/2014 of 17 June 2014, declaring certain categories of aid compatible with the internal market (hereinafter "GBER") in application of Articles 107 and 108 of the Treaty;

**Council Regulation (EU) No. 2015/1588** of 13 July 2015 on application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal state aid;

**Communication from the Commission** Framework for State aid for research, development and innovation **No. 2014/C 198/01** (hereinafter "Framework");

**Commission Notice** on the notion of state aid as referred to in Article 107 (1) of the Treaty on the Functioning of the European Union **No. 2016/C 262/01**;

**Commission Regulation (EU) No. 1407/2013** of 18 December 2013 on application of Articles 107 and 108 of the Treaty on the Functioning of the European Union for de minimis aid;

**Council Regulation (EU) No. 2015/1589** of 13 July 2015, laying down implementation rules to Article 108 of the Treaty on the Functioning of the European Union;

**Commission Regulation (EC) No. 794/2004** of 21 April 2004, executing the Council Regulation (EU) 2015/1589, laying down implementing rules for the Article 108 of the Treaty on the Functioning of the European Union, as amended and supplemented;

**Commission Regulation (EU) 2015/2282** of 27 November 2015 amending Regulation (EC) No. 794/2004 regarding the forms for notification of state aid and information sheets;

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**Council Regulation (EU) No. 2015/1588** of 13 July 2015 on application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal state aid;

**Commission Regulation (EU) No. 360/2012** of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (hereinafter "the SGEI Regulation");

**Commission Communication** on application of the EU rules in the area of state aid for compensation provided for provision of Services of general economic interest **No. 2012/C 8/02** (hereinafter "Communication SGEI");

**Commission Decision** of 20 December 2011 on the application of Article 106(2) of the TFEU to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest **No. 2012/21/EU** (hereinafter "SGEI Decision");

**Commission Communication** European Union Framework for State Aid in the form of public service compensation **No. 2012/C 8/03**;

**Commission Communication** – Criteria for analysis of compatibility of state aid for employment of disadvantaged and physically handicapped staff subject to individual reporting liability **No. 2009/C 188/02**;

**Commission Communication** – Criteria for analysis of compatibility of state aid for education subject to individual reporting liability **No. 2009/C 188/01**;

**Instructions** to regional state aid for the period 2014–2020 **No. 2013/C 209/01** valid as of 1. 7. 2014.

Map of regional support for the period 2014–2020.

## **R&D Regulations**

**Regulation of the European Parliament and of the Council (EU) No. 1291/2013** of 11 December 2013, introducing the Horizon 2020 – framework programme for research and innovation (2014–2020) and repealing Decision No. 1982/2006/EC;

**Communication from the Commission** to the European Parliament, the Council, the European Economic and Social Committee and the Regions Committee in the final wording of "Partnership of the Public and the Private Sector in the programme Horizon 2020: effective instrument for achievement of innovation and growth in Europe"; **No. COM (2020) 2013 494**;

**Communication from the Commission** to the European Parliament, the Council, the European Economic and Social Committee and the Regional Committee in the final wording of "Strengthened Partnership of the European Research Area for excellence and growth" **No. COM (2012) 392**;

**Resolution of the Council** of 27 November 2009 on the renewed Framework of European Collaboration in the Youth area(2010–2018) **No. 2009/C 311/01**.

## **Personal Data Protection**

**Regulation (EU) 2016/679 of the European Parliament and of the Council** of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free

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movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation), (hereinafter "General Data Protection Regulation")<sup>10</sup>.

## 3.2 Related Legislation of the Czech Republic<sup>11</sup>

Statutory provisions of the Czech Republic are available at <http://aplikace.mvcr.cz/sbirka-zakonu/>.

### Legislative Acts

**Act No. 137/2006 Coll.**, on Public Contracts, as amended (hereinafter "PCA");

**Act No. 134/2016 Coll.**, on Public Procurement, as amended (hereinafter "PPA");

**Act No. 183/2006 Coll.**, on town and country planning and building code (the Building Act), as amended (hereinafter "Building Act");

**Act No. 500/2004 Coll.**, Code of Administrative Procedure, as amended (hereinafter "Code of Administrative Procedure");

**Act No. 215/2004 Coll.**, amending certain relationships within the area of state aid and altering the act on the promotion of research and development, as amended.

**Act No. 235/2004 Coll.**, on value added tax, as amended (hereinafter "VAT Act");

**Act No. 420/2004 Coll.**, on examination of asset management of territorial self-governing units and voluntary unions of municipalities, as amended (hereinafter "Act on Examination of Asset Management of Territorial Self-governing Units and voluntary unions of municipalities");

**Act No. 499/2004 Coll.**, on archives and record management and on amendment to certain other acts, as amended (hereinafter "Archives and Record Management Act");

**Act No. 47/2002 Coll.**, on SME support and on amendment to Act No. 2/1969 Coll., on establishment of ministries and other central state administrative bodies of the Czech Republic, as amended in latter regulations (hereinafter "SME Support Act");

**Act No. 320/2001 Coll.**, on financial supervision in public administration and on amendment to certain other acts (Act on Financial Supervision), as amended (hereinafter "the Act on Financial Supervision");

**Act No. 248/2000 Coll.**, on regional development support, as amended (hereinafter "Regional Development Support Act");

**Act No. 131/2000 Coll.**, on the City of Prague, as amended (hereinafter "City of Prague Act");

**Act No. 219/2000 Coll.**, on the property of the Czech Republic and the representation of the Czech Republic in legal relations, as amended (hereinafter "CR Property Act");

**The Act No. 218/2000 Coll.**, on Budgetary Rules and amending of certain related laws (Budgetary Rules), as amended, (hereinafter "Budgetary Rules");

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<sup>10</sup> The regulation is effective as of 25 May 2018, the legal consequences of the failure to comply with the GDPR regulation can be inferred only after it goes into effect.

<sup>11</sup> With respect to the scope, only a demonstrative list of legal norms is listed in the current version.

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**Act No. 166/1993 Coll.**, on the Supreme Audit Office, as amended (hereinafter "SAO Act");

**Act No. 586/1992 Coll.**, on income tax, as amended (hereinafter "Income Tax Act");

**Act No. 280/2009 Coll.**, the Tax Rules, as amended (hereinafter "Tax Rules");

**Act No. 563/1991 Coll.**, on accounting, as amended (hereinafter "Accounting Act");

**Act No. 255/2012 Coll.**, on Inspection (Inspection Code), as amended, (hereinafter "Inspection Code");

**Act No. 456/2011 Coll.**, on Financial Administration of the Czech Republic, as amended (hereinafter "CR Financial Administration Act");

**Act No. 120/2001 Coll.**, On Court-Appointed Distrainers and Distraining Activities (Rules of Distraining), as amended (hereinafter "Rules of Distraining");

**Act No. 99/1963 Coll.**, Code of Civil Procedure, as amended, (hereinafter "Code of Civil Procedure");

**Act No. 2/1969 Coll.**, on establishment of ministries and other central government authorities of the Czech Republic, as amended (hereinafter "Act on Establishment of Ministries and other Central Government Authorities");

**Act No. 40/2009 Coll.**, the Criminal Code, as amended, ("hereinafter "Criminal Code");

**Act No. 141/1961 Coll.**, on criminal judicial procedure, as amended (hereinafter "Code of Criminal Procedure");

**Act No. 418/2001 Coll.**, on criminal liability of legal entities and proceedings against them, as amended (hereinafter "Legal Entity Criminal Liability Act");

**Act No. 125/2008 Coll.**, on transformations of business corporations and cooperatives, as amended (hereinafter "Business Corporation and Cooperative Transformations Act");

**Act No. 130/2002 Coll.** on the Support of research and development from public funds and on the amendment to some related acts (the Act on the Support of Research, Experimental Development and Innovations), as amended (hereinafter only the "RDI Support Act");

**Act No. 111/1998 Coll.**, on Higher Education Institutions and on Amendments and Supplements to Some Other Acts, as amended (hereinafter "Higher Education Act");

**Act No. 561/2004 Coll.**, on pre-school, primary, secondary, higher professional and other education (Education Act), as amended, (hereinafter "Education Act");

**Act No. 89/2012 Coll.**, the Civil Code, as amended, (hereinafter "Civil Code");

**Act No. 90/2012 Coll.**, on business corporations and cooperatives (Business Corporations Act) and on amendment to certain other acts, as amended (hereinafter "Business Corporations Act");

**Act No. 262/2006 Coll.**, Labour Code and, as amended (hereinafter "Labour Code");

**Act No. 101/2000 Coll.**, on personal data protection and on amendment to other acts, as amended (hereinafter "Personal Data Protection Act");

**Act No. 106/1999 Coll.**, on free access to information, as amended (hereinafter "Free Access to Information Act");

**Act No. 234/2014 Coll.**, on civil service, as amended (hereinafter "Civil Service Act");

**Act No. 563/2004 Coll.**, on teachers and on amendment to certain other acts, as amended (hereinafter "Teachers Act");

**Act No. 256/2013 Coll.**, on Cadastre of Real Estates, as amended (hereinafter "Cadastre Act");

**Act No. 250/2000 Coll.**, on Budgetary Rules for regional budgets as amended (hereinafter "Act on Municipal Budgetary Rules");

**Act No. 341/2005 Coll.**, on public research institutions as amended (hereinafter "Public Research Institution Act");

**Act No. 283/1992 Coll.**, on the Academy of Sciences of the Czech Republic, as amended (hereinafter "Academy of Science Act");

**Act No. 128/2000 Coll.**, on municipalities (municipal order), as amended (hereinafter "Municipalities Act");

**Act No. 129/2000 Coll.**, on Regions (Regional Establishment), as amended;

**Act No. 300/2008 Coll.**, on electronic acts and authorised conversion of documents, as amended (hereinafter "Act on electronic actions and authorised conversion of documents");

**Act No. 182/2006 Coll.**, on bankruptcy and methods of its settlement (Bankruptcy Act) as amended (hereinafter "Bankruptcy Act");

**Act No. 589/1992 Coll.**, on social security insurance and state employment policy contribution and as amended (hereinafter "Social Security Act");

**Act No. 151/1997 Coll.**, on property valuation and on amendment to certain other acts, as amended (hereinafter "Property Valuation Act");

**Act No. 198/2002 Coll.**, on volunteer service and on amendment to certain other acts (Volunteer Service Act), as amended (hereinafter "Volunteer Service Act");

**Act No. 373/2011 Coll.**, on specific health services, as amended (hereinafter "Special Healthcare Service Act");

**Act No. 253/2008 Coll.**, on some measures against the legalisation of yields proceeding from crime and financing of terrorism, as amended (hereinafter "AML Act").

**Act No. 340/2015 Coll.**, on special conditions of the effectiveness of certain contracts, the publication of these contracts and on the Register of contracts (the Register of Contracts Act), as amended (hereinafter "Register of Contracts Act").

## Government Resolution

CR Government resolutions are available at <http://vlada.cz>.

Czech Government Resolution of 9 August 2013 No. 597 on the collection of methodological documents on the areas of evaluation, principles of creation and use of indicators, the eligibility of expenditure and their reporting and risk management in the programming period of 2014–2020;

Czech Government Resolution of 23 October 2013 No. 809 on the progress of preparation of the programming period 2014–2020 on the national level;

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Czech Government Resolution of 20 November 2013 No. 873 on the Methodological Guideline for management of calls for proposals, evaluations and selection of projects in the programming period 2014–2020;

Czech Government Resolution of 15 January 2014 No. 44 on the Collection of methodological documents on monitoring, public procurement, publicity and communication and preparation of control documentation of programmes in the programming period 2014–2020;

Czech Government Resolution of 12 March 2014 No. 166 on the Methodological Guideline on programme revision in the programming period 2014–2020;

Czech Government Resolution of 9 April 2014 No. 242 on the Partnership Agreement for the programming period 2014–2020;

Czech Government Resolution of 16 June 2014 No. 444 on the Methodological Guideline on HR development in the programming periods 2014–2020 and 2007–2013;

Czech Government Resolution of 19 July 2012 No. 552 on the National priorities of oriented research, experimental development and innovations;

Czech Government Resolution of 31 July 2013 No. 569 on the Implementation of National priorities of oriented research, experimental development and innovations;

Czech Government Resolution of 11 July, 2007 No. 761 on the Strategy of the Czech Republic for lifelong learning (formal education, informal education and informal learning);

Czech Government Resolution of 9 July 2014 No. 557 on the Research, Development and Education Operation Programme;

Czech Government Resolution of 9 July 2014 No. 536 on the Collection of methodological documents to monitoring of the European Structural and Investment Funds in the programming period 2014–2020;

Czech Government Resolution of 14 July 2014 No. 583 on the rules of Co-Financing by the European Structural and Investment Funds in the programming period 2014–2020;

Czech Government Resolution of 15 October 2014 No. 837 on the Methodological Guideline for cash flows of the programmes co-financed from the European Structural Funds, the Cohesion Fund and the European Maritime and Fisheries Fund for the programming period of 2014–2020;

Czech Government Resolution of 25 June 2014 No. 473 on the Methodological Guideline governing the methodology of non-compliance reporting on the exterior level to the OLAF for the programming period 2014–2020;

Czech Government Resolution of 27 October 2014 No. 867 on the Methodological Guideline for execution of controls under responsibility of managing authorities in implementation of the European Structural and Investment Funds for the period of 2014–2020;

Czech Government Resolution of 12 November 2014 No. 918 on the Criteria for programme implementation start - or announcement of calls for proposals before the programme approval by the European Commission in the programming period 2014–2020;

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Czech Government Resolution of 1 December 2014 No. 1006 on update of the Methodological Guideline for HR development in the programming periods 2014–2020 and 2007–2013;

Czech Government Resolution of 8 December 2014 No. 1028 on the Research and Innovation Strategy for Smart Specialisation of the Czech Republic (National RIS3 strategy);

Czech Government Resolution of 12 May 2014 No. 342 on the Concept of youth support in the period 2014–2020;

Czech Government Resolution of 27 August 2014 No. 681 on the National document for territorial dimension;

Czech Government Resolution of 27 August 2014 No. 682 on the Methodological Guideline for use of integrated instruments in the programming period 2014–2020.

### 3.3 Other Binding Documents

The binding documents are available at <http://www.strukturalni-fondy.cz/cs/Fondy-EU/2014-2020>.

#### Strategic Documents of EU

Europe 2020 – A strategy for smart, sustainable and inclusive growth supporting inclusion, COM (2010) 2020 in the final wording;

Strategic Framework for European Co-operation in Education and Training (ET 2020, or Education and Training 2020);

Renewed Framework of European Collaboration in Youth Area (2010–2018);

#### Strategic Documents of CR

Partnership Agreement for programming period 2014–2020;

Operational Programmes (OP Enterprise and Innovation for Competitiveness, OP Research, Development and Education, OP Transport, OP Environment, OP Employment, Integrated regional OP, OP Prague – Growth Pole, OP Technical assistance, OP Cross-border co-operation Czech Republic – Republic of Poland 2014–2020, OP Cross-border co-operation Slovak Republic – Czech Republic 2014–2020, OP Cross-border co-operation Republic of Austria – Czech Republic 2014–2020, OP Cross-border co-operation Czech Republic – Bavaria Free State 2014-2020, OP Co-operation Saxony Free State – Czech Republic 2014-2020, Rural Development Programme, OP Fisheries);

National Reform Programme of CR 2014;

International Competitiveness Strategy of the Czech Republic 2012–2020;

Strategy of educational policy of the Czech Republic before 2020;

Strategy of the Czech Republic for lifelong learning;

Priorities for areas of responsibility of the Ministry of Education, Youth and Sport of the Czech Republic in the future period of cohesion policy of the EU 2014–2020;

Material of MEYS: Status of gender equality at the MEYS and proposal of medium-term strategic plan in the area of gender equality;

Material of MEYS: Digital learning strategies as amended;

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Strategy of education for sustainable progress of the Czech Republic;  
 State programme of environmental education, upbringing and awareness in the Czech Republic;  
 Regional Development Strategy of the Czech Republic 2014–2020;  
 National policy for research, development and innovation of the Czech Republic for 2016–2020;  
 National priorities of oriented research, experimental development and innovations,  
 National Innovation Strategy of CR 2012–2020;  
 National Research and Innovation Strategy for Smart Specialisation of the Czech Republic (National RIS3 strategy);  
 Concept of support for development of talents and care of talents in the period of 2014–2020;  
 Strategy of the struggle against fraud and corruption in the context of CSF fund drawings in the period 2014–2020;  
 Government anti-corruption strategy 2013–2014;  
 A long-term plan of education and educational system development in the Czech Republic for 2015–2020;  
 Concept of Youth Support for 2014–2020.

## Other Documents

Documents related to preparation for the programming period 2014–2020 are available at <http://www.strukturalni-fondy.cz/cs/Fondy-EU/2014-2020/Dokumenty>.

## Methodological Guidelines of the Regional Development Ministry and the Ministry of Finance

**Methodology of programme management in the programming period 2014–2020<sup>12</sup>**, including the below stated annexes:

- a) Methodological Guideline for monitoring of implementation of the European Structural and Investment Funds in the Czech Republic in the programming period 2014–2020;
- b) Methodological Guideline for the area of contract awards for the programming period 2014–2020;
- c) Methodological Guideline for use of integrated instruments in the programming period 2014–2020;
- d) Methodological Guideline for the eligibility of expenditure and their reporting in the programming period 2014–2020;
- e) Methodological Guideline for publicity and communication of the European Structural and

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<sup>12</sup> All annexes are available at <http://www.strukturalni-fondy.cz/cs/Fondy-EU/2014-2020/Methodicke-pokyny/Methodika-rizeni-programu>



Investment Funds in the programming period 2014–2020;

- f) Methodological Guideline for management of calls, evaluation and selection of projects in the programming period 2014–2020;
- g) Methodological Guideline for management of risks of ESI funds in the programming period 2014–2020;
- h) Methodological Guideline for revision of programmes for the programming period 2014–2020;
- i) Methodological Guideline for principles of creation and application of indicators in the programming period 2014–2020;
- j) Methodological Guideline for evaluation in the programming period 2014–2020;
- k) Methodological Guideline for preparation of control documentation of programmes in the programming period 2014–2020;
- l) Methodological Guideline for HR development in the programming periods 2014–2020 and 2007–2013;
- m) Methodological Guideline for management and monitoring processes of ESI funds in MS2014+, part 1;
- n) Methodological Guideline for management and monitoring processes of ESI funds in MS2014+, part 2;
- o) Methodological Guideline for cash flows of the programmes co-financed from the European Structural Funds, the Cohesion Fund and the European Maritime and Fisheries Fund for the programming period 2014–2020 (the “MGCF”);
- p) Methodological Guideline for execution of controlling under responsibility of management authorities in implementation of the European Structural and Investment Funds for the period 2014–2020;
- q) Methodological Guideline for certification of expenditure for the programming period 2014–2020;
- r) Methodological Guideline for audits by the Audit Authority (AA) for the programming period 2014–2020.
- s) Methodological recommendation for the state aid area in the programming period 2014–2020;
- t) Methodological recommendation for income-generating projects in the programming period 2014–2020;

### **Other Methodological Documents**

Manual of uniform visual style of ESI funds in the programming period 2014–2020;

Methodological Guideline laying down methodology of non-compliance reporting on the external level to the European Anti-fraud Office (OLAF) for the programming period 2014–2020;

|   |                                 |                       |
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Methodological Guideline of the OPS Office for the Central de Minimis Register (hereinafter only the "RDM");

The OPC Methodological Handbook for application of the term "single enterprise" in terms of de minimis rules;

Handbook for users of the monitoring system MS2014+;

Guide to Cost-benefit Analysis of Investment Projects - Economic appraisal tool for Cohesion Policy 2014–2020;

Synergies between ESIF, Horizon 2020 + other EU smart growth programmes.

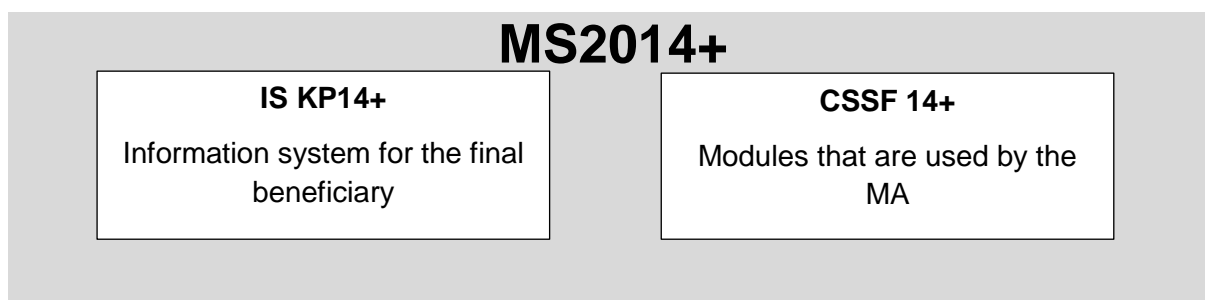
## 4. CHAPTER – CONTACTS AND COMMUNICATION WITH THE APPLICANT AND BENEFICIARY

Timely communication between the applicant/beneficiary and the MA can in many cases prevent occurrence of problematic situations, which may result in the correction, or withdrawal of the grant for the beneficiary, in the case of violation of the conditions and rules<sup>13</sup>. For the purpose of successful project implementation there is the below described system of communication between the MA and the applicants/beneficiaries.

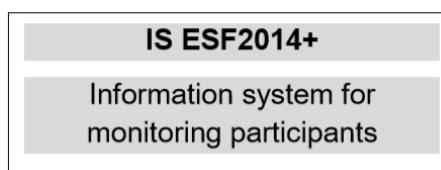
### 4.1 Communication in the IS KP14+

From the moment of submission of application by the potential applicant the communication is enabled in MS2014+ between the applicant (project manager) and the MA (especially the project administrator), for example in the matters of inquiries about the text of the project call/follow up documentation for the call, return of the grant application for supplementation, potential comments, negotiations before the conclusion of legal on the grant award/transfer, communication during the project implementation, etc.

Simplified Scheme of Monitoring System (MS2014+):



The term MS2014+ means the complete while the term IS KP14+ only refers to its applicant/beneficiary.



monitoring system, part entered by the

In case of inquiries concerning the IS KP14+, the applicant/beneficiary shall use the following options of communication with the MA or the system administrator:

In case of a non-registered user:

- for methodological and technical inquiries please use the form on tab FAQ;
- in case of problems with registration, use the form on the home screen of the Registration field;

<sup>13</sup> See Section 14e and Section 15 of the Budgetary Rules.

In the case of a registered user (with an existing grant application of OP RDE):

- For technical queries use the Dispatch functionality - the query is sent to the group address OPVVV\_Zadatel/Příjemce\_Technická podpora (OP RDE\_Applicant\_Technical support).

A detailed description of how to use the Dispatch functionality is described in the User Manual for the IS KP14+: Instructions for Completing the Grant Application Form (<http://www.msmt.cz/strukturalni-fondy-1/uzivatelske-prirucky-pro-praci-zadatele-prijemce-v-is-kp14>).

One of the main forms of communication of the MA with an applicant/beneficiary is the use of Internal messages, both in the form of the so-called User Messages, as well as by means of the System messages.

### **User Messages**

Most of communications between users of MS2014+ use the instrument for user messages without user type limitations. Both external (user of the IS KP14+/applicant/beneficiary) and internal (user of CSSF14+/implementation structure of the MA) users will receive an address on their registration and both types of users will be able to communicate by user messages from the very beginning. User messages will be created by the applicant/beneficiary, received and sent by it to the MA. A new message is always created from the opened grant application. This will create a link of the message to an object, which is the respective grant application. The messages will be kept with the project and they will be retained by the beneficiary even in the case, when the concerned employee communicating through dispatches is changed.

### **System Messages**

System messages will be distributed by the MA on the basis of system events to all users. These will include for example notifications of approaching deadlines of obligatory activities, information from the MA or information about changes of status of individual processes. System messages will be only received by the applicant/beneficiary without replying to them and will be automatically generated by the system or the MA.

## **4.2 Other Forms of Communication**

Applicants/beneficiaries can choose in some cases one of the following forms of communication with the MA with most of them taking place within the IS KP14+.

In the cases where neither in the RfAB nor the IS KP14+ specify a communication method for the particular situation the applicant/beneficiary shall choose the best communication method on the basis of agreement with the assigned project/finance administrator.

### **Written Correspondence**

In the case that written communication is needed beyond the scope of internal messages, the applicant/beneficiary will communicate with the MA, similarly as the MA with the applicant/beneficiary by means of the data box information system (hereinafter "ISDS"). ISDS is recommended for this type of communication by the MA. Communication via ISDS complies with the Act on Electronic Acts and Authorised Conversion of Documents. Communication via ISDS is based on data message sending and receiving.

Data message must be sent to the data box of the MEYS with the following identifier: "vidaawt".

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The beneficiary of the data message is a staff member of the MA, usually the project/financial administrator allocated to the project. The "Subject" field must include the project registration number.

The beneficiary, similarly as the MA, can also use documentary forms of communication. In those cases the communication is implemented by sending a letter to the MA by post or by courier (or by personal delivery to the registry of the MEYS) with specification of the allocated administrator of the respective project to the following address:

*Ministry of Education, Youth and Sports*

*The Department of (insert name of department) Operational Programme Research, Development and Education*

**Title, name, and surname** (replace the name of the MA employee)

**Project No.:** (fill in the registration number of the project)

*Karmelitská 529/5, 118 12 Prague 1 – Malá Strana*

### **Phone and e-mail communication**

With regard to the non-existence of the audit trail when using phone communication and insufficient justification of use of electronic communication in relation to internal messages these methods of communication with the applicants/beneficiaries are not recommended by the MA. Phone and e-mail communication can be fully substituted with the internal messages (see Chapter 4.1), or with written correspondence.

Contact email in case of general inquiries to the OP RDE is [opvvv@msmt.cz](mailto:opvvv@msmt.cz).

### **Personal Consultations**

The beneficiary can ask its allocated project/financial manager for personal consultation. Personal consultation is only possible on the basis of prior written/phone agreement with the project/finance administrator. For the reason of audit trail preservation the consultation is recommended to be agreed through an internal message.

### **Contact Persons**

The contact person for applicants is specified in the text of a specific call.

The main contact person for every beneficiary in the course of the project implementation is the project/finance administrator allocated to the respective project through the IS KP14+. The main part of the communication between the beneficiary and the MA takes place between the contact person of the beneficiary or representative of the statutory body of the beneficiary and the allocated project/finance administrators as the representative of the MA. Communication takes place in regular intervals in connection with periodic project implementation activities (such as report on project implementation submissions, payment application submissions), or in irregular intervals (such as for the purpose of the report on the initiation of a tendering procedure) and also in the case of emergencies (such as requests for the project change).

The contact person of the beneficiary is fully responsible for communication between the beneficiary and the MA. That is why the appointed contact person of the beneficiary must possess the required competencies (project knowledge, OP RDE condition knowledge etc.). The contact person of the

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beneficiary must be readily available all the time and must be able to actively and flexibly communicate and react to potential requirements of the MA or be temporarily substituted by another person able to take over such a role, if necessary. The contact person of the beneficiary is obliged to arrange for a substitute at the time of its absence to preserve the required fluency of communication between the beneficiary and the MA.

MA recommends appointing the contact person of the beneficiary with regard to the project period length in order to minimise the need for replacement of the contact person and to create such communication system for the contact person to have up-to-date project information or to be able to obtain and provide up-to-date information in time as needed.

### **4.3 OP website**

The website of the OP RDE is available at <http://www.msmt.cz/strukturalni-fondy-1/op-vwv> represent the basic information portal for applicants and beneficiaries of OP RDE projects. The website offers updated documents, including the Rules for Applicants and Beneficiaries of OP RDE, contact data of OP representatives (project and finance administrators), logos for publicity and new information of the MA concerning the progress of the OP.

## 5. CHAPTER – PROCESSES AND RULES FOR SUBMITTING THE GRANT APPLICATION, EVALUATION AND SELECTION OF PROJECTS

### 5.1 Announcement of the Call

The websites <http://www.dotaceeu.cz/cs/Kalendar-akci> and <http://www.msmt.cz/strukturalni-fondy-1/vyzvy-op-vvv> is used for publication of the time schedule of calls for proposals of the OP RDE for every programme year and detailed information on announcement of each individual call.

OP RDE includes the following types of calls for proposals:

- **Continuous**, i.e. non-competing calls, where the projects do not compete with each other. The applicants meeting the conditions of the call are awarded the grant in the order of their grant application submissions;
- **Round calls**, i.e. competing calls, where the projects are mutually compared. The grant is awarded to the projects meeting the call conditions in the order from the best to the worst, based on the result of the objective evaluation.

The calls are opened for 30 calendar days, at least<sup>14</sup>. Continuous calls are usually opened for a longer period (for example for one year) and are usually withdrawn when the allocation has been absorbed. In the case of continuous calls, the MA can decide on closing the call earlier, also due out of other reasons, these reasons must always be allowed by the text of the call.

Every call includes basic information about the grant provision conditions - content focus, time setting, form of aid information (financial allocation, the eligibility of expenditure, etc.), territorial focus, obligatory formal requirements of the grant application etc.

In relation to the approval process, the evaluation template, the enumeration of various stages of the approval process including deadlines, a list of entities involved in each stage, a list of criteria for evaluating projects, including the evaluation and selection for all stages of the approval process are established within each call.

The evaluation template depends on the call focus:

**In single round evaluation** – all data required for the evaluation are submitted by the applicant at once in a single grant application and a single approval process is held;

**For the double round evaluation** – in the first round the applicant submits a preliminary grant application with only part of project information in compliance with the call and the follow-up documentation (with simplified forms of the obligatory annexes). If the preliminary grant application is evaluated by the MA as compliant the applicant is requested to submit the full text of the grant application for the second round of evaluation, i.e. the complete documentation for evaluation of the grant application. The second round is only designed for projects meeting the requirements of the first round.

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<sup>14</sup> From the date of announcement of the call to the deadline for the receipt of grant applications.



## Modifications in the Call

The announced call and the follow-up documentation can be modified, especially in cases forced by a change in legislation or change in methodological environment. The modification of the call may not cause discrimination against applicants or worsening of their position. The modification in the wording of the call in substantive focus is only possible in order to clarify the text; the nature of the substantive focus must not be changed.

Modification in the call will be always published on the MEYS website by the announced call. Applicants who already have submitted the grant application based on the IS-KP14 will be informed of the publication of modifications in the call also by an internal message.

**In the case of round calls**, it is inadmissible to make the following changes in the conditions for winning the grant (unless these are enforced by legal regulations or an adjustment of the unified methodological environment):

- cancel the call,
- reduce the allocation for the call,
- change the minimum and maximum amount of total eligible project expenditure,
- change the co-financing amount,
- change the substantive focus of the call
- change the definition of an eligible applicant
- moving the deadline for the termination of the physical project implementation to an earlier date,
- move the end date for the acceptance of grant applications to an earlier date,
- change the criteria for evaluation and selection of projects.

**In the case of continuous calls**, it is inadmissible to carry out the aforementioned adjustments for the grant applications, which have been already submitted by the Applicants.

## 5.2 Preparing the Grant Application

The grant application must be submitted electronically via the IS KP14+ (see <https://mseu.mssf.cz/index.aspx>). The applicant must first register<sup>15</sup> in the IS KP14+, then prepare and finalise the grant application. To submit, or sign the grant application the applicant is required to possess a qualified certificate/personal electronic signature.

The procedure of filling out the electronic form of grant application (including the procedure for obtaining the qualified certificate/personal electronic signature) is described in the *User Manual for the IS KP14+ – Instructions for Completing the Grant Application Form* (see <http://www.msmt.cz/strukturalni-fondy-1/zadost-o-podporu>). The User Manual for the IS KP14+ includes, inter alia, the instructions for completing the individual sections of the grant application (descriptions of the section content), which are obligatory for the applicant. The grant application including annexes is the only source of data on the

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<sup>15</sup> The applicant (specific user) registration is carried out only once, when submitting the first grant application.

basis of which the application will be evaluated and subsequently (not) recommended to be financed, therefore it must be filled out conscientiously.

Before initiating the preparation of the grant application in the IS KP14+ the MA recommends to the applicants to:

- study the call and the follow-up documentation for the call;
- check the dates of seminars for applicants;
- learn about possible consultations with the MA;
- learn about the method and deadlines for the grant application submission and evaluation.

This information is available primarily at <http://www.msmt.cz/strukturalni-fondy-1/op-vvv>.

The MA recommends to the applicants to continuously monitor up-to-date information on the MEYS websites with respect to the opened call, where the MA publishes modifications in the call, update of sample annexes to the grant application, methodological interpretations, FAQ, etc.

### **Project proposal**

The MA recommends preparing a project proposal before preparation of the actual grant application in the IS KP14+ with a brief definition of the expected project achievements, assets and progress of implementation.

When preparing the project proposal, the applicant should evaluate the relevance of submitting the grant application for the respective call in terms of its eligibility. Project relevance must be evaluated with consideration of all conditions and rules defined by the respective call and the follow-up documentation for the call.

These include but are not limited to:

- Eligibility of the applicant = who can apply for grant;
- Eligibility of the place of project implementation and impact (localisation) = where the project can be implemented and what territories it can affect;
- Eligibility of target groups = who can become target group(s) of the project;
- Eligibility of project activities = what activities can be implemented in the context of the respective call;
- Eligibility of project partner and the notion of partnership = who can become project partner and what conditions they must meet;
- Eligibility of financing = what the financial resources can be used for, what is the minimum/maximum grant amount for a project.

The project proposal is not part of the IS KP14+ and is not evaluated by the MA either; its purpose is solely for use by the applicant or for potential consultation with the MA. Applicants may consult their queries regarding project proposals with a contact person stated in the call, well in advance before the deadline for the submission of the grant application (the project proposal for the consulting can have a specific form in the selected calls, determined by the MA, in such a case the information is always stated in the

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text of the call). The prepared project proposals can become the basis for a competent decision of the applicant whether to submit the grant application.

### **Grant application in the IS KP14+**

Only in the case of compliance of the project proposal with the rules and conditions of eligibility defined in the call the applicant can effectively continue with the project preparation, i.e. prepare the grant application in the IS KP14+. When preparing the grant application in the IS KP14+ the applicant is required above all to observe the following principles:

- The grant application must be in harmony with the relevant call for proposals;
- The grant application must clearly define the problem and its particular solution. The preparation for the grant application should be preceded with a profound analysis of the need for the project in relation to the planned project activities and in relation to the activities already implemented in the area (outputs and results of similar projects – for prevention of duplicate financing of identical activities);
- The objectives of the grant application must be measurable and the indicator values must be attainable and adequately ambitious;
- The key activities implemented in the context of the project must be detailed and must clearly show the links to the defined needs and objectives (the detailed activity description can be submitted as a separate annex to the application); and all planned activities must be necessary for achievement of the defined objectives;
- The time schedule of the grant application must be based on a logical structure;
- The budget of the grant application must be prepared in compliance with the rule of economic, purposeful and effective planned costs;
- Project sustainability must be described in detail if required by the call.

The applicant should note that under the provisions of Section 18a of the Budgetary Rules, the MA shall publish all documents and data<sup>16</sup>, which are decisive for the provision of grants. Data are published on the website operated by the Ministry of Finance DotInfo (<https://www.dotinfo.cz/>) and they are automatically transferred from the MS2014+ after issuing the Legal Act on the grant award/transfer. The legal act on the grant award/transfer is usually transferred to DotInfo. The MA can also specify other documents that are/aren't to be transferred. **Therefore, do not include in your application any sensitive data<sup>17</sup>/special categories of personal data<sup>18</sup>, any facts constituting trade secret, or any copyrighted information.** The applicant confirms this fact by signing the affidavit, which is mandatory part of the grant application. Before issuing the legal act on the grant award/transfer, the applicant is obliged to document

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<sup>16</sup> With the exceptions stated in the paragraph 2 Section 18a of the Budgetary Rules.

<sup>17</sup> Sensitive data – personal data revealing nationality, racial or ethnic origin, political beliefs, trade union membership, religious and philosophical beliefs, criminal convictions, health status and sexual life of the data subject and genetic data of the data subject; sensitive data is also biometric data, which allows direct identification or authentication of the data subject (e.g. photos).

<sup>18</sup> Article 9 of the General Regulation on the protection of personal data.

to the MA also the birth certificate number of the chief project manager, in compliance with the RDI Support Act, especially because of registering the given project in the Central Register of Projects.

The MA recommends to the applicants attendance of the seminars for applicants/beneficiaries focused on the specifics of the individual calls, preparation of the grant application and subsequent project implementation. The dates of the seminars are published by the MA on the OP RDE website at <http://www.msmt.cz/strukturalni-fondy-1/seminare> and also on <http://www.dotaceeu.cz>.

### **Annexes to the Grant Application**

The form of grant application may include obligatory, obligatory-optional and optional annexes.

- The obligatory annexes shall be attached by all applicants.
- The obligatory-optional annexes, which are submitted only under certain conditions (i.e. for example in the case of a partner in the project, in the selection of specified activities, or if the applicant/partner is not a legal entity, to which an exception is applied, if the exception is granted with respect to submission of the given annex). In the event that the applicant/partner meets the mentioned conditions, they are obliged to submit the annex mandatory for selection.
- Optional annexes are such annexes that the applicant submits in addition to the obligatory/restrictively elective annexes.

A specific list of annexes is set out for construction projects, which the applicant is required to submit along with the grant application. A general list of annexes for construction projects is provided in Chapter 5.2.7.

A list of annexes is stated in Chapter 18.10. Required annexes for each call are specified in the RfAB – Specific Part.

### **Form of submitting annexes to the grant application and further for the project monitoring needs**

#### **Original (or, as the case may be, an electronic original)**

A document filled out or prepared according to a sample, a document prepared by the applicant (no sample available) which must be attached with an authorised electronic signature<sup>19</sup>. The original data message with the electronic signature and time stamp.

#### **Certified copy (in an electronic form)**

The original document (excerpt, confirmation etc.) converted from the printed to the electronic format (authorised conversion).

#### **Plain copy**

A document scan (the original or a notarized copy must then be submitted by the applicant/partner on request of the MA or during inspection).

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<sup>19</sup>The document need not contain an autograph signature. If a sample includes a signature field this serves as the reminder of the necessity of the electronic signature.

## 5.2.1 Eligibility of Applicant / Partner

Eligibility of the applicant/partner is always defined in the call, the method of documenting and controlling is always defined by the call, depending on the type of applicant/partner, on the basis of their financial/professional/administrative/material-technical readiness, etc.

Applicant/partner is obliged to meet all eligibility conditions set out by the call.

**In relation to eligibility of the applicant/partner, it is checked, among other things, whether the applicant/partner meets the following requirements:**

**A) Applicant/partner meets the definition of eligible applicants/partners in the call<sup>20</sup>;**

- Method of evidence: Applicant/partner documents this fact by the annex to the grant application Eligibility documents.
- Exceptions: Not submitted by SOU, local government units, public and state HEIs and public research institutions.

**B) Applicant/partner is not in insolvency proceedings** pursuant to the Insolvency Act.

- Method of evidence: Applicant/partner neither documents this fact in the IS KP14 + nor in the form of annexes to the grant application. This is checked by the MA through publicly accessible registers.
- Exceptions: Not declared by SOU, local governments, CO of municipal governments and state universities;

**C) Applicant/partner with a financial contribution is not in liquidation** within the meaning of the relevant provisions of the Civil Code.

- Method of evidence: Applicant/partner neither documents this fact in the IS KP14 + nor in the form of annexes to the grant application. This is checked by the MA through publicly accessible registers.
- Exceptions: Not documented by the SOU, CO SOU, schools and school establishments founded by ministries, local government units, CO of local government units, state/public universities and public research institutions.

**D) No distraint proceedings are conducted against the applicant/partner** pursuant to the Rules of Distraint, **no administrative proceedings** pursuant to the Rules of Administrative Procedure, **no tax execution** according to the Tax Rules, or **the execution proceedings** according to the Civil Procedure Code.

- Method of evidence: Applicant/partner documents this fact by the Annex to the grant application Declaration on the eligibility of the applicant/partner.
- Exceptions: No exceptions.

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<sup>20</sup> Eligible applicants/partners and their definitions, or possibly other information, are always stated in the specific call/follow-up documentation for the call for submission of grant applications.

**E) Applicant/partner with a financial contribution (hereinafter "partner with the financial contribution") complies with the conditions of non-indebtedness** towards state administrative authorities, tax office and health insurance companies (no recorded tax arrears, no underpayment of public health insurance and penalty, or of social security premium and contribution to the state employment policy, fines for a breach of the budgetary discipline, etc., or other outstanding financial commitments from other projects co-financed from the EU budget to the authorities that provide resources from these funds).

- Method of evidence: Applicant/partner with a financial contribution documents this fact by the Annex to the grant application Declaration on the applicant/partner eligibility.
- Exceptions: Not declared by SOU, CO SOU, local governments, CO of municipal governments and state universities;
- The conditions of non-indebtedness are considered to be met, if the taxpayer (payer of tax) has been allowed a deferment of tax or tax payment in instalments pursuant to the provisions of Section 156 of the Tax Code, or a payment of premiums and penalties in instalments pursuant to the provisions of Section 20a of the Act on the social security premium and contribution to the state employment policy.

**F) Applicant/partner has no criminal record<sup>21</sup>.**

- Method of evidence: Applicant/partner documents this fact by the Annex to the grant application Declaration on the eligibility of the applicant/partner.
- Exceptions: Integrity of natural persons (authorised representative) is not submitted by the SOU and state universities; Integrity of legal entities is not submitted by the SOU, local government units and state universities.
- The conditions of integrity are considered to be met, when:
  - Applicant/partner was not finally and conclusively convicted for the criminal act, the body of which is related with the object of its business (activity) or for a criminal act of economic nature, or a criminal act against property or it is regarded as such under the law;
  - a person, who acts as an authorised representative, has not been subject to a disciplinary punishment pursuant to special legislation regulating performance of a professional activity, if such an activity has been related with the subject of the project in the past three years.

**G) Applicant/partner with a financial contribution is not an undertaking in difficulty** pursuant to GBER.

- Method of evidence: Applicant/partner documents this fact by the Annex to the grant application Declaration on the eligibility of the applicant/partner.
- Exceptions: Applicant/partner submits only in the case of projects financed by the ERDF.

<sup>21</sup> Corporate integrity and probity of a statutory body individuals.

**H) Applicant/partner with a financial contribution**, which is a legal entity, has identified their **ownership structure** in compliance with Section 14 (3) (e) of the Budgetary Rules.

- Method of evidence: The applicant substantiates the ownership structure in the IS KP14 + in the grant application on the Project Entities and Entity Persons tab. The partner with a financial contribution documents the ownership structure by the Annex to the grant application Proving ownership structure.
- Exceptions: Not submitted by the SOU and state HEIs.
- Applicant/partner with a financial contribution documents identity information of:
  1. *Persons acting on behalf of the applicant/partner* stating whether they act as its statutory body or they are acting based on granted power of attorney. In the case of such persons, the applicant/partner is obliged to submit upon request of the MA:
    - a) whether it is the statutory body that acts on behalf of the applicant – e.g. an abstract of the commercial register, statutes, founding charter of a charitable trust;
    - b) whether it is a person with a granted power of attorney that acts on behalf of the applicant – the power of attorney.
  2. *Persons with a share<sup>22</sup> in a legal entity of the applicant/partner*. In the case of such persons, the applicant/partner is obliged to submit upon request of the MA:
    - a) list of persons along with the amount of interest/shares (in the case of shares the nominal value and the number of pieces are provided) – necessary information on the natural persons (name and surname, date of birth/birth certificate number, address, possibly ID);
    - b) persons with a share in a legal entity of the applicant – identification by an abstract of the commercial register or by a list of shareholders pursuant to Section 264 of the Act on Business Corporations.
  3. *The 3rd persons in which the applicant/partner owns a share and on the amount of that share*. In the case of such persons, the applicant/partner is obliged to submit upon request of the MA:
    - a) list of the legal entities in which the applicant has an ownership interest (apart from the person of the applicant) along with the amount of interest/shares (in the case of shares the nominal value and the number of pieces are provided) – necessary information on the natural persons (name, address, registered office and ID).
    - b) Legal entities in which the applicant has an interest and the amount of this interest – identification by an abstract of the commercial register or by a list of shareholders pursuant to Section 264 of Act No. 90/2012 Coll., on Business Corporations.
- The MA assesses a potential conflict of interests of these persons, e.g. it verifies, whether these persons are not related to persons, who decided on the allocation of public funds (for example in the case of identified ultimate owners of a company that received a state grant, it verifies whether such ultimate owners are not e.g. members of the same political party as the person

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<sup>22</sup> Share – participation and rights and obligations arising from such participation.



who awarded the given contract, or grant, or whether the said person's relatives are not the ultimate owners.

- When inspecting a grant application, potential existence of facts indicating possible conflict of interest is assessed. A conflict of interest is considered to be a situation, when the interests of the persons, who are involved in, or have an influence on the approval process outcomes, threaten their impartiality or independence. The aforementioned interest of persons is understood as the interest to gain personal advantage or reduce the property or other benefit of the stakeholders.

I) **The applicant/partner with a financial contribution**, which is a legal entity (except for legal entities of public law - see the exceptions), submitted a **list of their real owners** in accordance with the provisions of Section 4 (4) of the AML Act. If it is not possible to determine the actual owner under the AML Act because the particular legal form of the beneficiary is not in the AML Act explicitly stated, the applicant/partner with a financial contribution shall provide information on the natural person or persons who perform the top management function within it.

- Method of evidence: The applicant substantiates the ownership structure in the IS KP14 + in the grant application on the Project Entities and Entity Persons tab. The partner with a financial contribution documents the ownership structure by the Annex to the grant application Proving ownership structure.
- Exceptions: Not submitted by the SOU, CO SOU, state funds, local government units and their contributory organizations, voluntary associations of municipalities, regional council of a cohesion region, European Grouping for Territorial Cooperation, public and state HEIs, public research institution, professional chamber established by law, state and national enterprise.
- The applicant/partner with the financial contribution is obligated to inform the MA about the changes in the ownership structure and changes which can cause conflicts of interest, namely from the grant application submission until the project termination.
- The applicant/partner with a financial contribution is obliged upon request of the MA and possibly other organizations (PCA, AA, EC or ECA) to submit documents proving the facts stated in the IS KP14 + on the Project Entities and Entity Persons tab and in annex Proving ownership structure.
- The applicant/partner with a financial contribution who does not demonstrate the ownership structure or the applicant/partner who experiences a conflict of interest does not meet the conditions of a legitimate applicant/partner.

J) **The applicant** meets the minimum threshold of the **annual turnover** specified by the call.

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- **Method of evidence:** The applicant/partner with a financial contribution documents this fact by the Annex to the grant application Proof of annual turnover - profit and loss account or an annual or other economic report<sup>23</sup>.
- **Exceptions:** Not presented by SOU, CO SOU, local government units, CO of local governments, voluntary associations of municipalities and applicants listed in the Register of schools and school facilities.
- The applicant is obliged to prove that the turnover of the applicant's organization/company achieves at least the minimum threshold determined by the call/follow-up documentation<sup>24</sup> in relation to the expected total eligible expenditure indicated in the grant application reduced by expected expenditure of the budget chapter expenditure on direct activities - investments. In the case of projects where the implementation involves partner(s) with a financial contribution, a relevant portion corresponding to the share of the partner(s) with a financial contribution can be demonstrated by the applicant through the partner(s) with a financial contribution.
- The condition of achievement of the desired turnover must be met for the past two consecutive closed accounting periods<sup>25</sup> lasting 12 months (that exist)<sup>26</sup> for which the applicant/partner with a financial contribution had to submit the tax returns and which precede the date of submission of the grant application.
- The definition of the annual turnover is specified in the provisions of Section 1d (2) of the Accounting Act. "The annual aggregate of the net turnover for the purposes of this Act is understood as the amount of revenue without the sales discounts, divided by the number of commenced months, for which the accounting period lasted, and multiplied by twelve."

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<sup>23</sup> In the event that at the time of filing the grant application, the last accounting period of the applicant/partner is not closed, the applicant/partner shall provide, as a mandatory annex to the grant application, an affidavit that the turnover for the last closed period will be demonstrated before issuing the legal act on grant award/transfer. Evidence of proof of a sufficient annual turnover (i.e. the threshold set by the call, but most frequently 30 % of the estimated total eligible expenditure of the project) is a binding condition for issuing the legal act on grant award/transfer. If the applicant/partner with a financial contribution does not demonstrate a sufficient level of the turnover at the latest when submitting the documentation needed for issuing the legal act on grant award/transfer, its grant application will be excluded from the approval process, i.e. will not be supported.

<sup>24</sup> The call will always set a specific minimum threshold that must be achieved by the applicant's turnover, e.g.: 30 % of expected total eligible expenditure of the project listed in the grant application reduced by the expected expenditure of the budget chapter expenditure on direct activities - investments.

<sup>25</sup> That means that the applicant demonstrates meeting conditions for turnover for each of the preceding two consecutive closed accounting periods separately.

<sup>26</sup> In the event that at the time of filing the grant application, the last accounting period of the applicant is not closed, the applicant shall provide, as a mandatory annex to the grant application, an affidavit that the turnover for the last closed period will be demonstrated before issuing the legal act on grant award/transfer. The evidence of proof of a sufficient annual turnover is an obligatory condition for issuing the legal act on grant award/transfer. If the applicant does not demonstrate a sufficient level of the turnover at the latest when submitting the documentation needed for issuing the legal act on grant award/transfer, its grant application will be excluded from the approval process, i.e. will not be supported.

- Publicly beneficial taxpayers<sup>27</sup> as defined in the provision of Section 17a of the Income Tax Act, shall include the annual aggregate of the net turnover of the overall activity, i.e. both of the main and economic activity. Taxpayers who keep tax records shall indicate the total of all revenues in the taxable period, or the period for which they filed the last income tax return.”

**K) Applicant/partner with a financial contribution** has its **own resources** for the project implementation (the project implementation is meant as the co-financing of the project) and financing the sustainability of the project outcomes for the duration of the project sustainability (where sustainability is required).

- Method of evidence: Applicant/partner documents this fact by the Annex to the grant application Declaration on the eligibility of the applicant/partner.
- Exceptions: Not declared by SOU, CO SOU, state higher education institutions, schools and school facilities established by the Ministries.

**L) Applicant/partner with a financial contribution** obtained **consent of the founder** to implementation of the project and it shall inform the founder about the project approval, conditions for the project implementation determined by the MA and the amount of funds (in total and in individual years).

- Method of evidence: Applicant/partner documents this fact by the Annex to the grant application Declaration on the eligibility of the applicant/partner.
- Exceptions: Declared only by the CO SOU and SOU founded by another SOU.

In the context of the applicant’s/partner’s eligibility it can be controlled, among other things, also whether:

**M)** Applicant/partner has at least the **material – technical equipment** defined by the call.

**N)** Whether the applicant/partner meets the **minimum number of years/history in the case of research, development and education** in compliance with the requirements of the call.

## 5.2.2 Territorial eligibility of OP RDE projects

Projects of OP RDE may be implemented in less developed regions (the 13 regions of the Czech Republic), as well as in the developed regions (represented in the Czech Republic by the Capital City of Prague). OP RDE therefore includes two programme areas. No project/activities outside the EU can be implemented within the ERDF calls. The project/activities outside the EU,<sup>28</sup> can be implemented in the framework of the ESF calls, if permitted by the call.

<sup>27</sup> A taxpayer who in accordance with its founding legal acts, statutes, Articles of Association, law or a decision of a public authority body performs as its main activity the activity that is not business. A public benefit taxpayer is not a) business corporation, b) Czech Television, Czech Radio and Czech News Agency, c) professional chamber or a taxpayer founded for the purpose of protecting and defending business interests of its members, whose membership fees are not exempt from tax payment with the exception of an organisation of employers, d) health insurance companies, e) association of unit owners f) foundation, 1. which according to its founding actions serves to support persons close to the founder; or 2. whose activity inclines to support people close to the founder.

<sup>28</sup> See Article 70 of the General Regulation and Article 13 of the ESF Regulation.

Every call defines the place of implementation or the acceptable region of project implementation and impact. The call can define the geographical scope of the projects as covering the whole of the Czech Republic including the capital city of Prague or more specifically as focusing on a socially excluded locality, municipalities with extended powers. **The particular specification of eligibility of the place of implementation and the project impact is always specified** in the call/follow-up documentation for the call **with regard to the focus of the call, target groups and applicants.**

The place of implementation is a place, where project activities are conducted. The place of impact can be identical with the place of implementation, or it can be broader/narrower depending upon the scope of the project and the reach of the target group, location of infrastructure, etc. Definition of the place of implementation and impact of the project is stated, at least, at the level of NUTS 3 (regions), so that it can be clear, whether it is implemented in the capital city of Prague and outside the capital city of Prague (unless otherwise provided in the call).

In connection with the place of implementation and project impact the defined project focus area is evaluated for compliance with the conditions defined by the call. However, eligibility is not be assessed only from the view of a territory, in which project activities will be implemented, but especially from the perspective of impact of project activities on the target group. The place of implementation is decisive for the decision about the project and its expenditure territorial eligibility (see Chapter 8.7.2). The projects must comply with the territorial eligibility specified in the call, on the basis of which the grant was awarded throughout the project implementation period.

In the context of the project implementation the beneficiary does not document the link of the target group to the programme area, unless otherwise provided in the call or the follow-up documentation.

Partial project activities (not the project as a whole) may in justified cases be implemented outside the territory defined in the call for the submission of a project (including outside the Czech Republic) but must always be in favour of the defined project territory and in accordance with the call.

Specific ratios of breakdown between more and less developed regions are always given in Chapter 8.1.5 of the RfAB – Specific Part. The breakdowns stated in Chapter 8.1.5 of the RfAB – Specific Part shall be exactly filled out by the applicant in the grant application on the Specific objectives tab.

**Example 1** The call defines a territory of project implementation in the territory of the Czech Republic. The territory of the project's impact is socially excluded localities. The applicant/beneficiary operates outside a socially excluded locality. With respect to the fact that one of the planned project activities is education of the target group and the applicant/beneficiary operates equipped educational facilities outside the socially excluded localities, this activity is implemented outside the socially excluded locality. The participants of the educational activity (target group) must be, however, primarily individuals from the socially excluded localities - therefore the territories of impact are socially excluded localities.

**Example 2** The call defines a territory of project implementation in the territory of the Czech Republic. The territory of the project's impact is always the whole Czech Republic. This definition usually occurs in systemic and conceptual project, where the anticipated reach/involvement of the target group is in all areas - the territory of the impact is thus the whole Czech Republic.

**Example 3** The call PO1 ERDF defines a territory of project implementation in the territory of the EU. The territory of the project impact is the Czech Republic. The beneficiary is a research organization that will modernize the infrastructure located in the capital city of Prague. The impact of such a project between

the more and less developed regions is always across-the-board - therefore the territory of impact is the whole Czech Republic.

**Example 4** The call PO1 ERDF defines a territory of project implementation in the territory of the EU. The beneficiary is a research infrastructure from Brno, which modernizes infrastructure. The impact of such a project is on a less developed region.

**Example 5** The call PO2 ESF defines a territory of the project implementation as the Czech Republic. The beneficiary is an HEI from the capital city of Prague, the focus of the project will be aimed only at faculties located in Hradec Kralove. Both impact and implementation of such a project is on a less developed region.

### 5.2.3 Eligibility of target groups

Eligible target groups or other information about target groups are always specified in the respective call for submission of grant applications. The particular method of eligibility check and evaluation of target groups is always specified in the call/follow-up documentation for the call. In connection with the eligibility of target groups it is checked, whether the target groups are not clearly in contradiction to the conditions of the call.

### 5.2.4 Eligibility of project activities

Eligible activities are activities contributing to fulfilment of the targets of the OP RDE, individual priority axes/investment priorities and specific objectives defined by the call. The particular method of eligibility check and evaluation of activities is always specified in the call/follow-up documentation for the call. In connection with eligibility of activities it is checked whether each individual activity specified in the grant application leads to fulfilment of the activities listed in the call, whether the grant application includes all activities required by the call, or whether it does not contain any of the excluded activities.

**For all OP RDE projects, a mandatory key activity of the project is the Project Management, unless otherwise provided in the call/follow-up documentation for the call.** The purpose of the **Project Management** key activity is the definition of project management procedures in advance for continuous monitoring of project management and implementation. A well-defined management system allows for timely identification of potential risks and elimination of their impact on project implementation.

The applicant must specify this activity in the grant application as a separate key activity called, for example: Project Management/Management of a Project, etc. The key activity description must contain the following:

- a description of the implementation team composition consisting of administrative and professional teams;
- a description of potential support systems (such as a SharePoint) for effective project management;
- other information on project management (such as implementation team meetings etc.).

In the event that the text field in the IS KP14+ (see the User Manual for the IS KP14+ - Instructions for Completing the Grant Application Form, Chapter 5) set for this key activity is not sufficient for the applicants, they shall refer to the annex to this grant application and state the information in this annex.

In relation to the key activity Project Management the applicant shall provide an obligatory annex entitled Implementation Team with:

- a description of activities of the individual team member positions with identification of their team allocation (one individual may perform both professional and administrative activities on condition that their activities are identifiable as administrative/professional);
- the project FTE allocation for each working position. In the case of external contractors (agreement to complete a job, agreement to perform work) the allocated weekly hours are specified instead of the FTE (for example: 20 hours/week).

**Other obligatory activities** may be specified in the call/ follow-up documentation for the call. In addition to the mandatory activities the call may define **activities which are restrictively elective/optional and excluded.**

### **Composition of Applicant's/Partner's Implementation Team**

The grant application must include a definition of the size and composition of the project implementation team. The team composition must correspond to the assumed demand of the project management and implementation from the content and financial points of view. Quality of the implementation team significantly affects quality of project management and overall success of implementation. The description of the implementation team and the project management method are mainly to be found in the **key activity of Project Management.**

The call/follow-up documentation for the call may require submission of professional CVs<sup>29</sup> of the project implementation team members (administrative/professional team) or partner staff. The requirement applies to employees performing important roles in the project management and also key professionals possessing the required knowledge and skills needed for the project implementation. These CVs serve as proof that the applicant and its potential partners will dispose with sufficient personnel capacity for management and professional implementation of the proposed project activities. The CVs will, for example, document experience of implementation team members in managing similar projects, experience in working with the target group, experience and expertise regarding the topics, which the project deals with, as well as the role, that will be assumed by a partner. The key worker may be defined by the call/follow-up documentation for the call.

**A key worker** – is a worker possessing the key knowledge and skills, which are needed for the project implementation and which are used actively by this worker to achieve the purpose of the project. Such a worker is a member of the administrative or professional team. If there are any qualification and expertise requirements stated in the call/follow-up documentation for the call and/or the grant application, they must be met by the key worker.

**An excellent worker** – is an expert possessing exceptional expertise and competence in the field in which he/she operates, which is needed for the project implementation and which is used actively to achieve the purpose of the project. Such a worker is exclusively a member of the professional team. If there are

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<sup>29</sup> The professional CV includes at least the level of the achieved qualification, work experience, completed education, professional preparation and training as well as other skills, knowledge and abilities including language skills, especially in the positions where these abilities are needed.

any qualification and expertise requirements stated in the call/follow-up documentation for the call and/or the grant application, they must be met by the excellent worker.

If the call/follow-up documentation for the call define the key/excellent worker and at the same time such documentation allows the calculation of wages/salaries for employees/workers according to Clause 3 of the document List of Wages/Salaries and the possible methods of calculation of wages/salaries for employees/workers involved in the implementation of projects of the Operational Programme Research, Development and Education (listed on the website of the Ministry of education), the applicant/beneficiary can make use of this method of calculation of the wage/salary/remuneration stated in the agreement.

**The implementation team has an administrative and a professional section<sup>30</sup>.**

**A) The administrative team** is particularly responsible for:

- Coordination of project activities;
- Organisation and operational side of the project;
- Achievement of the planned project objectives including compliance with the planned outputs and outcomes of the project.
- Assurance of effective communication on all levels of project implementation (towards the MA, the beneficiary organisation management, project partners and individual project team members).

Project management should be responsibility of a group of individuals, whose activities will be able to cover all levels of project management and all project administration related activities. They can be members of the applicant/beneficiary organisation or members of partner organisations (if the call permits partnerships). In the optimum case the team should be composed of individuals with sufficient experience in project management.

### **Examples of administrative team position types**

**Chief project manager:** is responsible for overall project management and usually serves as the principal contact person of the project communicating with the MA staff. This individual is responsible for project risk management, project progress evaluation, preparation of project implementation reports and their correctness, correctness of tendering/procurement procedures, correctness of project changes, due project run in compliance with the time schedule, monitoring of correctness and evaluation of project indicators, attendance of project controls etc.

**Project manager/administrator:** responsible for material correctness of the project administration, such as operative record keeping, administration of potential project changes, operational correspondence, directories, statistics, material preparation of monitoring reports, material archiving and project documentation and compliance with the rules of publicity.

**Financial manager:** is responsible for the financial accuracy and project payments, for example supervises project financing and project budget status, checks and prepares documentation for the requests for

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<sup>30</sup> One worker can perform both administrative and professional activities.



payments, prepares the requests for payments, prepares documents for the financial section of the progress reports on project implementation and takes part in the project inspections. The finance manager may also perform activities connected with the project accounting, accounting document filing, bank account management etc.

Depending on the project focus and demand, the number of key activities, the project budget, target groups etc. the administrative team may also include other positions such as:

Project accountant, project assistant, project publicity manager, HR manager, ICT engineer, or other administrative positions.

**B) The professional team** is responsible for:

- material implementation of project activities;
- creation of project outcomes and outputs;
- active work with the target group.

The professional team composition must comply with the project objectives and specific requirements defined by the call/follow-up documentation for the call. They can be members of the applicant/beneficiary possibly organisation or members of partner organisations (if the call permits partnerships) and external experts.

**Examples of professional team position types**

methodologist, teacher, lecturer, expert, psychologist, social worker, research staff, professional opponent, expert researcher, coordinator/key activity manager, research programme leader, expert in the area of technology transfer.

**5.2.5 Setting the budget and financial plan for the project**

When preparing project budget just expenditure that can be financed from OP RDE funds must be specified, i.e. the eligible expenditure/costs<sup>31</sup>. The rules of the eligibility of expenditure are described in detail in Chapter 8.7.

The MA recommends observing the following general principles of project budget preparation:

- the individual budget items must be linked to the planned project activities and the related expenditure;
- project expenditure must be itemised in the summary budget in the grant application (the budget structure is defined by the MA);
- The total budget and the individual budget items must be adequate and justified especially with regard to the project objectives and content, the target group size, the project length and key activity content and the target value of the outcome and output indicators<sup>32</sup>;

<sup>31</sup> The ineligible expenditure can be noted e.g. in the Feasibility Study if it is relevant for the project.

<sup>32</sup> The applicant/beneficiary may, when setting the budget and financial plan for the project, inspect the tables of limits of wages and asset prices common in the place and time.



- The planned project expenditure must serve the project purpose, must be effective and economical.

A specific method of control and evaluation of the budget and financial plan is always specified in the call/follow-up documentation for the call, e.g. in the part relating to the evaluation method, in the Evaluation criteria annex, or in the Manual for Evaluators.

The applicant is obligated to submit a mandatory annex to the grant application called Comments on the Budget. When preparing such annex, the applicant is obligated to use the binding Instructions for Completing, see Chapter 8.7.2.

### 5.2.5.1 Financial milestones

The financial milestone expresses a minimum amount of project expenditure, which the beneficiary is obliged to submit to the MA for the reporting periods, with respect to which the financial milestone is set<sup>33</sup>. The financial milestones (interim milestones and boundary milestones) are specified by the MA on the basis of the submitted financial plan for advance payments and expenditure statement by the applicant in the grant application and potentially adapted on the basis of the budget correction or adjustments before issuing the legal act on grant award/transfer.

The financial milestones are specified in the legal act on the grant award/transfer.

#### 5.2.5.1.1 Interim financial milestones

The interim financial milestone of the project is 80 % of the cumulative amount of the billing stated in the financial plan for the period, for which the financial milestone was set. The interim financial milestone is usually determined for two subsequent reporting periods in the case that each reporting period lasts for six months (or as the case may be, the first reporting period lasts for three months and the second for six months), or for four subsequent reporting periods in the case, that each reporting period lasts for four months.<sup>34</sup>

In case that a need arises for the beneficiary in the course of the project implementation to adjust the interim financial milestone, they can ask for a change through the change proceedings, see Chapter 7.2. The application for the significant change shall contain sufficient reasoning of the proposed change<sup>35</sup>. The change of the interim financial milestone may be requested by the beneficiary no later than by the mid of the term<sup>36</sup>, for which the interim milestone is set. Interim financial milestones need not be adjusted if the beneficiary is sure that they will be fulfilled in the minimum scope specified in the legal act on grant

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<sup>33</sup> project expenditure, which is included in the financial milestone, is submitted by the beneficiary in the framework of the project PIR/PA.

<sup>34</sup> The length of the period, for which the interim financial milestone is set, may be adjusted in the course of the project implementation, this being e.g. in connection with the submission of an extraordinary PIR report, etc.

<sup>35</sup> In justified cases, the MA is entitled to request additional information on the requested change, e.g. a detailed plan for drawing of the project budget for the subsequent reporting periods.

<sup>36</sup> In the case of a period, for which the interim financial milestone was set, in the length of 2 x 6 months, or 4 x 3 months, the application for a substantial change can be filed by the end of the sixth month of this period. <sup>36</sup> In the case of a period, for which the interim financial milestone was set, in the length of 3 + 6 months, the application for a substantial change can be filed by the fifteenth day of the fifth month (inclusive).

award/transfer. **The beneficiary is obliged to submit adjustment of the financial plan along with adjustment of interim financial milestones.**

In the case that the beneficiary exceeds the interim financial milestone, this excess is included in the fulfilment of the subsequent interim financial milestone.

The interim financial milestones will only be monitored in the case of projects where the implementation period from the start date of the physical project implementation to the assumed end date of the physical implementation will be longer than 30 months inclusive both the dates. The interim financial milestone will not be specified for periods commencing less than one year before the end of the project implementation.

Evaluation of the interim financial milestones will be done as of the date of approval of the PA for all monitoring periods for which the interim financial milestone has been specified. When evaluating the fulfilment of the above interim financial milestone, all submitted allocation amounts, which are included in the lists of documents for the respective PAs (after deduction of the costs, which the beneficiary excludes from the lists of documents, i.e. the final versions of the list before the MA approval) will be summed up and compared to the amount of the interim financial milestone (the MA will also add expenditure to the allocation amount, which were not accounted in the given period against the plan, because of handing the contract over to the OPC, however under condition that the OPC has not decided on the case yet - the beneficiary must prove this fact to the granting authority; in the event that the OPC decides that a lapse occurred in administration of the contract, the value of the contract will be retroactively deducted from the fulfilment of the interim financial milestone and in the case of failure to meet the interim financial milestone a potential fine will be determined for a breach of budgetary discipline).

In the case of failure to fulfil the above interim milestone, a potential fine will be determined to the beneficiary with respect to a breach of budgetary discipline pursuant to the legal act on grant award/transfer. The potential fine for a breach of budgetary discipline shall not be determined in the case serious circumstances, e.g. natural disasters, etc.

#### **5.2.5.1.2 Boundary financial milestone**

One of the above interim financial indicators will be specified for the beneficiary as a binding boundary financial milestone (for that period no interim financial indicator will be defined any more). The boundary financial milestone of the project is 60 % of the cumulative amount of the billing stated in the financial plan for the period amounting approx. to 60 % of the project implementation period<sup>37</sup>. The amount of the boundary financial milestone and the period, for which it was set, cannot be changed in the course of the project implementation by means of the change proceedings, apart from the following cases:

- The beneficiary, who uses an option of an earlier submission of the project PIR/PA in the period, for which the boundary financial milestone is set, is entitled to request an adjustment of the period, for which the boundary financial milestone is set, through the change proceedings in the

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<sup>37</sup> The period, for which the boundary financial milestone is set, shall be calculated as follows: start of the period is in the 1st monitored project implementation period and the end of the period is determined by the period being reported, which fell on the nearest interim financial milestone (amounting to approx. 60 % of the implementation period).

form of a significant change with an impact on the legal act on grant award/transfer and/or request an adjustment of its amount.

- The beneficiary, who will make a change of the implementation period in the period, for which the boundary financial milestone is set, is entitled to request an adjustment of the period, for which the boundary financial milestone is set, through the change proceedings in the form of a significant change with an impact on the legal act on grant award/transfer and/or request an adjustment of its amount.
- The beneficiary, who applies for the reduction of total eligible expenditure in the budget of the project, in the period, for which the boundary financial milestone is set, is entitled to request an adjustment of an amount of the boundary financial milestone through the change proceedings in the form of a significant change with an impact on the legal act on grant award/transfer.

The beneficiary shall update the financial plan, along with the change of the boundary financial milestone.

The boundary financial milestone is set for all projects, unless otherwise provided in the call/follow-up documentation for the call.

Evaluation of the boundary financial milestone will be done as of the date of approval of the payment applications for all reporting periods, for which the boundary financial milestone has been specified. When evaluating the fulfilment of the above boundary financial milestone, all submitted allocation amounts, which are included in the lists of documents for the respective PAs (after deduction of the costs, which the beneficiary excludes from the lists of documents, i.e. the final versions of the list before the MA approval) will be summed up and compared to the amount of the boundary financial milestone (the MA will also add expenditure to the allocation amount, which were not accounted in the given period against the plan, because of handing the contract over to the OPC, however under condition that the OPC has not decided on the case yet - the beneficiary must prove this fact to the granting authority; in the event that the OPC decides that a misconduct occurred in administration of the contract, the value of the contract will be retroactively deducted from the fulfilment of the boundary financial milestone and in the case of failure to meet the boundary financial milestone a potential fine will be assessed for a breach of budgetary discipline).

In the case of failure to fulfil the amount of the boundary financial milestone, a potential fine will be assessed to the beneficiary for a breach of budgetary discipline pursuant to the legal act on grant award/transfer. The potential fine for a breach of budgetary discipline shall not be determined in the case serious circumstances, e.g. natural disasters, etc.

### **Example of determination of financial milestones**

A project with an implementation period of 48 months and expected eligible expenditure of CZK 62 000 000. The Beneficiary created a financial plan before issuing the legal act on grant award/transfer:

**Table No. 2: Example of the financial plan**

| Reporting period | Billing plan (in CZK) |
|------------------|-----------------------|
| 1.               | 5 000 000             |
| 2.               | 5 000 000             |
| 3.               | 10 000 000            |

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|----|------------|
| 4. | 10 000 000 |
| 5. | 10 000 000 |
| 6. | 10 000 000 |
| 7. | 5 000 000  |
| 8. | 5 000 000  |
| 9. | 2 000 000  |

The financial plan was used by the MA staff used in determining financial milestones:

**Table No. 3: Example of determination of financial milestones**

| Financial milestone          | Periods, for which a financial milestone is set. | Amount in CZK (the min. amount of expenses, which the beneficiary shall bill) |
|------------------------------|--|---|
| Interim financial milestone  | 1st – 2nd reporting period                       | 8 000 000   |
| Interim financial milestone  | 3rd - 4th reporting period                       | 16 000 000  |
| boundary financial milestone | 1st - 6th reporting period                       | 30 000 000  |
| Interim financial milestone  | 7st – 8th reporting period                       | 8 000 000   |

## 5.2.6 Cost benefit analysis (CBA)

The financial and economic analysis (CBA) is used for the evaluation of 3E (economy, efficiency and the purpose) during the evaluation of projects. Outputs can be used for the evaluation of the economic performance of the project, the evaluation of its sustainability and economic impact.

The obligation to submit/not to submit the CBA is always determined by the call/follow-up documentation for the call. In the case of its obligation to submit the CBA, the applicant fills it out in the separate CBA module in the IS KP14+. The exception is the CBA for major projects, which the applicants shall prepare outside the IS KP14+ and submit as an annex to the grant application. Other exceptions may be determined by the call/follow-up documentation for the call.

**The financial analysis** is the basic precondition for verification of whether it is necessary to co-finance the project, as well as the initial point for the evaluation of the sustainability of the project, i.e. whether sufficient financial resources are ensured for the project. The applicant prepares the financial analysis in the CBA MS2014+ module. The obligation to prepare the financial analysis applies to:

- all revenue-generating projects according to Article 61 of the General Regulation (see Chapter 8.9);
- other projects with a value of total eligible expenditure of CZK 5 million or higher and at the same time, investment costs of the project amount to more than 50% of the total eligible expenditure.

**The economic analysis** contains the evaluation of risks and the expected impact on the stated industry and on the social-economic situation of the stated EU state and if possible, other regions of the EU.

**Financial and Economic Analysis (CBA)** shall be developed by an applicant in the case that the value of total eligible expenditure of the project is CZK 100 million and higher and at the same time the investment costs amount to more than 50 % of the total eligible expenditure.

**Development of the CBA is not obligatory in the case that:**

- an amount of investment costs of the project does not exceed 50 % of the total eligible project expenditure;
- the project is a project generating revenue pursuant to Article 61 of the General Regulation and a reduced rate of co-financing is applied to it pursuant to Article 61 (5) of the General Regulation<sup>38</sup>;
- projects should receive a grant within the programming level for which the maximum co-financing rate was reduced<sup>39</sup>;
- the project is a simplified project.

For the revenue-generating projects pursuant to Article 61 of the General Regulation, for which the potential net income is determined in advance using the method of the flat rate<sup>40</sup>, the obligation to develop CBA from the determined thresholds of total eligible expenditure of the project is complied with by the development of the “flat rate” type CBA in the MS2014 +.

Procedures for the applicants are described in the [User Guide for the IS KP14+](#) – Instructions for completing the CBA module.

### 5.2.7 Construction work

The applicant must submit the following documents along with the grant application, the part of which is construction work. All documents listed herein shall be submitted by the applicant along with the grant application, before an issuance of the legal act on grant award/transfer, at the latest. The specific list of documents and time of their submission may be specified in the RfAB – Specific Part.

#### Documents under the Building Act

The applicant shall submit required documents for all structures contained in the project, this being according to the below stated overview table and the specifying description of documentation in the framework of this annex and at the same time the applicant shall always elect the highest applicable option for each structure.

Documents under the Building Act must be submitted electronically through an annex in the IS KP14 +.

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<sup>38</sup> This reduction must be at least equal to the amount obtained by multiplying the maximum rate of Union co-financing, which arises from the rules related to each fund, by the relevant flat rate referred to in Article 61, Paragraph 3 of the first subparagraph, letter a).

<sup>39</sup> By the application of a reduced rate of co-financing all of the net income generated during the project and after its termination has already taken into account, and thus such net income is subsequently not deducted from the eligible project expenditure.

<sup>40</sup> The flat rate method is stated in the Article 61 (3) of the General Regulation, flat rates according to the sectors are listed in Annex V of the General Regulation.

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**Table No. 4: Overview of required documents**

| Variants | Requirements for the construction and technical part of the project under the Building Act with respect to the progress of work  | It is required to submit the following documents   |   |
|----------|--|--|---|
|          |  | I. when submitting grant applications  | II. no later than before issuing the Legal act on grant award/transfer  |
| <b>A</b> | The required building permit was issued prior to submitting the grant application  | <ul style="list-style-type: none"> <li>– a final building permit; or</li> <li>– a certificate issued by an authorized inspector; or</li> <li>– a public contract.</li> </ul>   | X   |
| <b>B</b> | The required approval of the building authority issued prior to submitting the grant application   | <ul style="list-style-type: none"> <li>– a building authority approval; or</li> <li>– a copy of the building notification and a written confirmation of a tacit consent of the building authority; or</li> <li>– affidavit</li> </ul>  | X   |
| <b>C</b> | The required building permit or the required approval of the building authority were not issued prior to submitting the grant application (The construction was not approved as to the date of submitting the grant application) | <ul style="list-style-type: none"> <li>– a final planning permit/consent; or</li> <li>– affidavit and any supporting documents (especially the standpoint of the building authority);</li> </ul> <p>and further:</p> <ul style="list-style-type: none"> <li>– a copy of the application for a building permit; or</li> <li>– a copy of the building notification with attachments; or</li> <li>– a copy of the contract with an authorized inspector.</li> </ul> | <p><b>A. Building permit:</b></p> <ul style="list-style-type: none"> <li>– a final building permit<sup>41</sup>; or</li> <li>– a certificate issued by an authorized inspector; or</li> <li>– a public contract</li> </ul> <p><b>B. Building authority approval:</b></p> <ul style="list-style-type: none"> <li>– a building authority approval; or</li> <li>– a copy of the building notification and a written confirmation of a tacit consent of the building authority; or</li> <li>– affidavit.</li> </ul> |
| <b>D</b> | Building permit or the building authority approval is not required under the Building Act  | <ul style="list-style-type: none"> <li>– a final planning permit/consent; or</li> <li>– an affidavit and any supporting documents (especially the building authority).</li> </ul>  | X   |

*This table is indicative only; more details are given in the text below.*

<sup>41</sup> In the case of joint planning and building proceedings (according to Section 78 of the Building Act), the applicant must submit no later than before issuing the legal act on grant award/transfer a final building permit, which will be the result of such joint proceedings.

#### **Variant A:**

For buildings, for which the building permit has already been issued before submitting the grant application, the applicant must submit along with the grant application the following:

- a **final building permit** issued pursuant to Section 115 of the Building Act or pursuant to Section 66 of the Act No. 50/1976 Coll., on Territorial Planning and Building Code, as amended (the "abolished Building Act"); or
- a **certificate replacing the building permit** issued by an authorized inspector (pursuant to Section 117 of the Building Act), along with the agreement with an authorized inspector and the building notification assessed by an authorized inspector to the building authority (according to Annex No. 3 to the Decree No. 526/2006 Coll., implementing certain provisions of the Building Act), along with a written document confirming when the notice was delivered to the building authority; or
- a **public contract** replacing the building permit pursuant to Section 116 of the Building Act.

#### **Variant B:**

For buildings, for which the Building Authority approval has already been issued prior to submitting the grant application (buildings mentioned in Section 104 of the Building Act or according to Section 57 of the abolished Building Act), the applicant must submit along with the grant application the following:

- a **valid written consent of the building authority** with the building notification; or
- if the building authority granted a tacit consent, the applicant shall submit, besides a **copy of the building notification** with the presentation stamp of the competent authority, also a **written confirmation from the building authority** that the tacit consent was granted and that it is valid; or
- only if the building authority refuses to issue the confirmation referred to in paragraph II above, without the reason being the forfeiture of the approval or any other circumstance affecting the viability of the construction, the applicant shall submit an **affidavit** (Document produced by the applicant - a template is not available) that within the statutory deadline from the date of delivery of the request to the building authority, the applicant has not received any prohibition or consent for the given construction and thus the granted approval has remained valid.

#### **Variant C:**

If the construction has not yet been approved as to the date of submitting the grant application, based on the building permit/building authority approval, the applicant submitting the grant application must submit the following:

- a final **planning permit** (pursuant to Section 92 respectively Section 95 of the Building Act or pursuant to Section 39 of the abolished Building Act), or the **planning consent** (pursuant to Section 96 of the Building Act); or
- if pursuant to the Building Act the planning permit or consent (pursuant to Section 79 of the Building Act) or the decision on the change of land use (according to Section 80 of the Building Act) are not required, the applicant shall supply an **affidavit** (a document produced by the applicant - a template is not available) stating the appropriate provisions of the Building Act, pursuant to which the

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aforementioned is not required by the Building Act; if possible, the applicant shall submit along with the affidavit also **other supporting documents**, especially the standpoint of the Building Authority;

and further:

- **an application for building permit** according to Annex No. 2 to Decree No. 526/2006 Coll., implementing certain provisions of the Building Act, with the presentation stamp of the competent authority, confirming when the application was delivered to the building authority; or
- **a building notification** with the presentation stamp of the competent authority, confirming, when it was delivered to the building authority; or
- **an agreement with the authorized inspector** to inspect the project documentation (pursuant to Section 117 of the Building Act) if the authorized inspector has not yet issued the certificate.

#### **Variant D:**

In case of a construction, for which the building permit/building authority approval is not required under the Building Act (constructions mentioned in Section 103 of the Building Act), the applicant submitting the grant application must submit the following:

- a final **planning permit** (pursuant to Section 92 respectively Section 95 of the Building Act or pursuant to Section 39 of the abolished Building Act), or the **planning consent** (pursuant to Section 96 of the Building Act); or
- if pursuant to the Building Act the planning permit or consent (pursuant to Section 79 of the Building Act) or the decision on the change of land use (according to Section 80 of the Building Act) are not required, the applicant shall supply an **affidavit** (Document produced by the applicant - a template is not available) stating the appropriate provisions of the Building Act, pursuant to which the aforementioned is not required by the Building Act; if possible, the applicant shall submit along with the affidavit also **other supporting documents**, especially the standpoint of the Building Authority;

#### **Project documentation and construction budget**

The submission of the project documentation and the construction budget is not relevant for projects that do not contain any construction part, i.e. the budget in the construction part is 0. The submission is relevant for projects that include the construction part in ineligible expenditure.

The applicant shall submit **the project documentation** required by the Building Act, at least in the scope for submitting an application for planning permit/consent<sup>42</sup>, or for applying for a building permit, or for a building notification, prepared in accordance with the relevant provisions of this Act and the Decree No. 499/2006 Coll., on the construction documentation.

Project documentation and construction budget must be submitted electronically via annexes in the IS KP14+, to the extent corresponding to the documents submitted in the annex “Documents under the Building Act”, i.e. pursuant to the selected variant for each construction.

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<sup>42</sup> Only in case of a construction, for which the building permit or building notification is not required pursuant to the Building Act.



In the case of reconstruction and other changes in construction, the submitted project documentation must clearly define (both graphically and by its description) the original condition, which is not subject to the project (and hence the budget) and the new condition, which is subject to the project and the budget.

**The itemized budget** will be submitted in the corresponding level of the processed project documentation, at least in the scope for the construction calculation.

**Documents on the proof of ownership - property**

The applicant shall submit all the documents necessary to assess the possibility of implementing the project in the proposed site, in an electronic form via annexes in the IS KP14+.

Such annex will include the List of property affected by the project (the template is on the MEYS website).

For each property listed in annex the List of properties affected by the project the applicant will submit at least one of the documents related to the proof of ownership (varies depending on the relationship of the applicant to the property).

**Table No. 5: Overview of required documents**

| Situation  | Type of required documents  |
|--|---|
| Property owned by the applicant registered in the Cadaster of Real Estates;    | <ul style="list-style-type: none"> <li>– Information from the Cadaster of Real Estates; * and a cut-out of cadastral maps with colour highlighting of all properties.</li> </ul>  |
| Property owned by the applicant not registered in the Cadaster of Real Estates | <ul style="list-style-type: none"> <li>– Proof of acquisition of the property;</li> <li>– Information from the Cadaster of Real Estates; * and a cut-out of cadastral maps with colour highlighting of all land plots, on which a minor structure is placed.</li> </ul>   |
| Properties, which are not owned by the applicant                               | <ul style="list-style-type: none"> <li>– Document proving other rights to properties (e.g. contract to conclude a future purchase contract, lease agreement, contract of easements, etc.).</li> <li>– Information from the Cadaster of Real Estates; * a cut-out of cadastral maps with colour highlighting of all properties;</li> <li>– A written consent of the owner of the given property with the project implementation (can be also part of the relevant contract)<sup>43</sup>.</li> </ul> |

\* The information from the Cadaster of Real Estates can be in the form of a plain copy (print) from the website [www.cuzk.cz](http://www.cuzk.cz).

If the properties are not owned by the applicant, the submitted documents must confirm the relationship of the applicant to the respective properties for at least 10 years from issuing the legal act on grant award/transfer if it is a property that will be permanently used by the project (typically land under the building, driveway communications, etc.). For the properties involved once or for a short term, esp. during construction (e.g. with respect to the realignment of networks, use of a other land plot for the

<sup>43</sup> A written consent of the property owner does not need to be submitted in this Annex, if it is submitted in the Annex to the grant application. In this case, the applicant shall provide in the table the link to the appropriate document.

time necessary for the refurbishment of the own building etc.) the relevant document will be submitted (e.g. the consent with the placement of a structure, short-term lease agreement) including the adequate explanation/justification.

For each property, if it is relevant to it (see above), by the date of submitting the grant application it is necessary to submit a binding proof corresponding to at least a contract to conclude a future purchase contract. Before issuing the legal act on grant award/transfer, all binding agreements should be already be concluded and submitted for such properties. Within 1 year from the date of issuing the legal act on grant award/transfer the applicant must substantiate that all purchased properties are registered in the Cadaster of Real Estates in the applicant's name.

*Note: In the cut-out of cadastral maps will be a colour highlighting of not only the existing ownership rights related to the individual properties, but also a cross-section of planned and existing structures to be part of the project affected by the construction or, for example, refurbishment to be able to assess the completeness of the submitted documents (the cut-out from the cadastral map should therefore have the appropriate level of detail - but does not have to reflect the "minor" works - e.g. fences, billboards).*

#### **Other permits necessary for the project implementation**<sup>44</sup>

All other permits, which are necessary for the project implementation, but do not fall into the category of "Documents under the Building Act," "Project documentation and construction budget" or "Documents on the proof of ownership - properties," will be submitted by the applicant as a separate annex "List of submitted documents - other permits necessary for the project implementation" in an electronic form in the IS KP14+.

The annex shall be submitted no later than before issuing the legal act of grant award/transfer, however, when submitting the grant application the applicant must attach information about what permits are necessary, and the fact they have already been applied for and when they will be issued. This can be for instance the authorization to work with hazardous materials, the location of radiation sources, deep wells, etc. (unless such authorizations are part of the planning proceedings or the building proceedings - in this case they would have been submitted in annexes "Documents under the Building Act" and "Project documentation and construction budget").

### **5.2.8 Comments on the budget**

The annex Comment on the Budget is used for an objective evaluation of the grant application. The evaluators use this Annex to evaluate the adequacy and consistency of the budget in relation to the content of the project. The comment allows an objective evaluation of compliance with 3E (economy, efficiency and effectiveness) of project costs. The applicant is required to submit this annex if the annex is required as part of the grant application.

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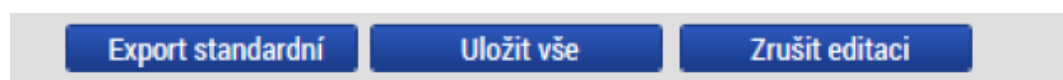
<sup>44</sup> For the avoidance of doubt it is stated that the permits, which are necessary only in the design stage following the issuing of the Legal act, shall be submitted in accordance with the conditions of the Legal act after its issuance (e.g. consent with the launch of a certain technology).

The planned expenditure on individual items/subchapters of the budget that will be missing a reasonably substantiated and demonstrable link to the project and its key activities, while the amount of planned expenditure is not justified, can be reduced/deleted from the project budget during the objective evaluation by the selection committee. The applicant fills in the comment on the budget only for budget items that are direct expenditure.

### Creation of an Annex – Step 1

Export – IS KP14+

According to the procedure in the User Manual for the IS KP14+ Instructions for Completing the Grant Application Form in Chapter 5.14. The Budget tab can export the unitary budget into .xlsx format via the Standard Export button.



Comment on the Budget – Excel Table

In the exported file, add a column entitled *Description and justification of item behind the budget.*

| Kód | Název | Cena jednotk<br>y | Počet<br>jednotek | Částka<br>celkem | Potomek | Úroveň | Procento | Měrná jednotka<br>(přednastavena<br>ŘO) | Měrná jednotka (z<br>číselníku) | Měrná jednotka<br>(individuální) | Popis a zdůvodnění položky |
|-----|-------|-------------------|-------------------|------------------|---------|--------|----------|---|---------------------------------|----------------------------------|----------------------------|
|-----|-------|-------------------|-------------------|------------------|---------|--------|----------|---|---------------------------------|----------------------------------|----------------------------|

### Instructions for completing – 2nd STEP

Individual items of the budget must be duly justified and substantiated. They must be justified not only in terms of their need in the project, but also in terms of their pricing.

#### **Expenses for direct investment activities (exceeding CZK 40 000 of fixed tangible assets and CZK 60 000 of fixed intangible assets)**

For each item, it is necessary to describe in detail the reason for the acquisition and the necessity for the project implementation. If an item is acquired under a public contract, it is necessary to refer to the number of the public contract from the grant application.

#### **Expenditure on direct activities – non-investments**

##### **Personnel expenditure**

In the event that a mandatory annex of the grant application is the annex Implementation Team, the applicant states in the Comments on the Budget for all items of the chapter Personnel Expenditure, besides the item Author's contributions only the reference to this annex. In case that the annex Implementation Team is not attached to the grant application, the applicant states in the Comments on the Budget the justification of all items of the chapter Personnel Expenditure, especially the reasons for the determination of payroll/salary rates, FTE, etc. The justification of the expenditure under Author's contributions is always stated by the applicant in the Comments on the Budget.

##### **Travel expenses**

**Domestic trips** – indicate the method of determining the number of units and unit prices; briefly state the context in which the domestic business trips are planned.

**Foreign business trips** – indicate the method of determining the number of units and unit prices.

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Per diem - briefly indicate in what context Per diem are planned, e.g. in relation to which project activities, etc.

### **Tangible assets and material, and intangible assets**

When purchasing tangible and intangible assets and material, it is necessary to plan the prices in the usual time and place, and respect the prices of equipment provided in the document List of common prices of equipment published on the MEYS website at <http://www.msmt.cz/strukturalni-fondy-1/seznam-obvyklych-cen-vybaveni>. For each item, it is necessary to describe in detail the reason for the acquisition, specification against the FTEs and the necessity for the project and link to the key project activity. If the price of the equipment listed in the document is exceeded, it is necessary to specify an explanation of the purchase in relation to the professional activity, and a proper justification of the actual pricing.

For purchased assets and material not included in the list of common prices, it is necessary to conduct e.g. market survey, which will also be part of the description and justification for the acquisition and which will clearly indicate that the price of the acquired assets is common at the time and place.

If an item is acquired under a public contract, it is necessary to refer to the number of the public contract from the grant application.

### **Depreciation**

When using depreciation of tangible and intangible assets, it is necessary to describe the reason for the acquisition and the necessity for the project. It is also necessary to state that the asset in question was not purchased using public funds (i.e. that the present or one of the previous owners of the equipment did not receive public funds (under another project) for the purchase of the asset), as well as the form of depreciation (in accordance with the Income Taxes Act), which will be used throughout the project implementation and which cannot be later changed.

### **Local office**

It is necessary to specify the costs given the size and composition of the implementation team.

### **Procurement of services**

When purchasing services, for each item it is necessary to describe in detail the reason for the acquisition and the necessity for project implementation. Concerning the acquired services, it is necessary to perform market research, which will also be part of the description and justification for the acquisition of each service, and which will clearly show that the price of the acquired asset is usual given the place and time.

If an item is acquired under a public contract, it is necessary to refer to the number of the public contract from the grant application.

### **Direct support**

For individual items, it is necessary to describe the direct connection to the target group. For travel expenses of the target group, it is necessary to include a method for determining the number of units and unit prices, briefly state the context in which the trips of the target group are planned. Especially foreign trips of the target group should be duly justified and clearly specified.

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Payroll contributions must be described so that it is clear that it is not a salary contribution for a worker acting as a substitute for another worker during his/her absence.

### 5.3 Receipt of Grant Applications

The grant applications shall only be accepted by the MA in the electronic format via the IS KP14+ in its final version signed by the applicant. The final version and signature of the application must be done before the deadline specified in the call (the final deadline for the grant application receipt/closing date of the call). The grant applications finalised/registered after the deadline specified in the call will not be accepted for the approval process. The governing date for this acceptance is the date of the grant application signature in the IS KP14+.

### 5.4 Project approval stage

The chapter describes a complete overview of the process of approving projects that can be used by the MA in the announced calls. Specific stages of the approval process are always stated in the text of the call and the RfAB – Specific Part.

The approval process is understood as a process from the closing date for the grant application receipt until issuing the legal act on grant award/transfer or until issuing the Notification to terminate the application administration.

The length of the approval process is always set by the follow-up documentation for the call, i.e. RfAB – Specific Part, namely with respect to the focus of the call/type of supported activities/type of projects.

Following the receipt of the grant application on the basis of the announced call every grant application undergoes the individual stages of the approval process, observing the principles of transparency, equal approach and non-discrimination. The process of approving grant applications may include the following parts/stages:

1. Evaluation Process;
  - a) Eligibility Check and Formal Check;
  - b) Objective evaluation;
  - c) Final verification of eligibility;
  - d) Risk analysis (ex-ante inspection).
2. Project Selection Process
  - a) Meetings of the selection committee;
  - b) The completion of the documentation for issuing the legal act on grant award/transfer;
  - c) Negotiation;
  - d) Issuing the legal act on the grant/transfer.

A grant application can proceed to the following stage of the approval process only if it has fulfilled the requirements of the previous stage.

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All submitted grant applications will at least be checked for eligibility and formal requirements. Individual parts/stages of the approval process are provided by the MA via evaluators/arbitrators/experts/evaluation committee/selection committee.

#### 5.4.1 Eligibility check and formal check

The purpose of the eligibility check and formal check is especially the evaluation of the basic factual and administrative requirements for the grant applications in the respective call.

The eligibility check and formal check can be performed as one step or divided into multiple steps.

The criteria of the eligibility check and formal check have an exclusive function, i.e. the grant application either fulfils or does not fulfil the criteria (or the criteria are not applicable to the particular grant application).

The criteria of the eligibility check and formal check are rectifiable (i.e. it is possible to supplement the data by the applicant in the approval process at the request for supplementation by the MA), and non-rectifiable (i.e. the non-fulfilment always means exclusion from the approval process without the possibility of supplementation by the applicant).

When failing to fulfil any of the rectifiable criteria<sup>45</sup> and concurrently, when fulfilling all the non-rectifiable criteria, the applicant is always asked at least once via the IS KP14+ <sup>46</sup> to fill in the missing information within a period of min. 5 business days from the date of the delivery of the request by the MA to supplement data. All deadlines for supplementation are specified in the RfAB – Specific Part, the exact period for supplementation is always stated in the text of the request by the MA to supplement data. If a call/follow-up documentation for the call allows more than one supplementation of missing information, the applicant will be asked to provide the supplementation repeatedly only if the applicant responds to the first request for supplementation by the MA. If the applicant fails to supplement the missing information/documentation on the basis of the request(s) for supplementation by the MA (according to the MA requirements and within the required deadline) then the grant application will be excluded from the approval process.

In the case of non-fulfilment of any non-rectifiable criterion the grant application will be excluded from the approval process automatically.

The criteria for the eligibility check and formal check are specified in the text of the announced call/follow-up documentation for the call including the evaluation method.

#### 5.4.2 Objective Evaluation

The purpose of the objective evaluation is to evaluate quality of the project with regard to fulfilment of the material objectives of the programme and in the case of round calls, to allow comparison of the project on the basis of their quality.

The CBA can also be subject to objective evaluation. The obligation to prepare the financial and/or economic analysis is always determined by the call/follow-up documentation for the call.

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<sup>45</sup> Rectifiable and non-rectifiable criteria are defined in the call or the RfAB – Specific Part.<sup>45</sup>

<sup>46</sup> The exact number is given in the RfAB – Specific Part.

Within the objective evaluation it is the evaluator/evaluation committee that assesses the grant application. The criteria of objective evaluation are always specified in the text of the announced call/follow-up documentation for the call, including the minimum score required to meet the objective evaluation stage, the maximum score and the evaluation method. The criteria can be distinguished according to their function as follows:

- Exclusion criteria – if the criterion is not fulfilled the grant application is excluded from the approval process;
- Evaluation criteria – points are assigned for fulfilment/non-fulfilment of a criterion;
- Combined criteria – points are assigned for fulfilment/non-fulfilment of a criterion, in the case of not reaching the minimum score set out by the call, the grant application is excluded from the approval process.

Grant applications meeting the conditions of the objective evaluation defined in the call will proceed to the next stage of the approval process.

The objective evaluation may be done in one of two following methods or a combination of both:

- by two evaluators with potential involvement of an arbiter;
- by an evaluation committee.

The objective evaluation stage can be divided to more steps, i.e. the evaluation table of the grant application can be divided to more parts. Every part of the evaluation table is populated either by two evaluators with potential involvement of an arbiter or an evaluation committee. Evaluators can consult their evaluation with experts.

### **Evaluators with Potential Arbiter Involvement**

Evaluation of grant applications in the stated step is performed by two evaluators independently of each other.

If at least one of the following conditions is met by the evaluation by two independent evaluators another independent evaluator, the arbiter, is involved in the evaluation in the evaluation of the given step:

- The score assigned by the two independent evaluators significantly differ in at least one of the criteria<sup>47</sup>;
- The total score assigned of the two evaluators differ significantly<sup>48</sup>;
- The outcome of the evaluation fulfilled/unfulfilled for at least for one exclusion or combined criteria differ for the individual evaluators;
- The two evaluators differ in the final conclusion of the evaluation, i.e. one of them recommends the grant application for approval while the other recommends its rejection.

The arbiter performs overall evaluation of the grant application in the given evaluation step. In the evaluation, the arbiter has both previous evaluations of the individual evaluators. The arbiter's point

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<sup>47</sup> The minimum score difference of the evaluators for arbiter involvement will be specified in the call text or the follow-up documentation.

<sup>48</sup> The minimum total score difference of the evaluators for an arbiter involvement will be specified in the call text or the follow-up documentation.

evaluation for the individual evaluation criteria in the given step must be within the range of the score assigned by the two previous evaluators. In the case of two evaluators having assigned the same number of points in some of the criteria, the arbiter may not change this result, the arbiter only takes over this number of points, and processes general comments for the given criterion.

In the case of involvement of only the two evaluators the total outcome of the objective evaluation of the grant application in the given step is calculated as the average of the point evaluation of both the evaluators and the evaluation table of both the evaluators.

In the case of involvement of two evaluators and the arbiter the total outcome of the objective evaluation of the grant application in the given step is the score assigned by the arbiter and the evaluation table of the arbiter.

### **Evaluation Committee**

The evaluation committee consists of at least three evaluators who evaluate in the stated step the submitted grant applications together according to the criteria defined in the call.

The evaluation committee action is governed by the Statute and the Rules of Procedure available at <http://www.msmt.cz/strukturalni-fondy-1/vzory-dokumentu-op-vvv>.

The decisions of the evaluation committee are justified to show the basis for the decision.

Minutes are taken of the meeting of the evaluation committee and must include at least the following information: date and time of the meeting start, the list of the evaluated projects and their point evaluation including the relevant justification for every project. The minutes of the evaluation committee meeting are published within 15 business days from the date of the meeting on the programme website (without names of the evaluation committee members). The result of the evaluation committee work in the given step is an evaluation table of the participating projects.

### **5.4.3 Final Verification of Eligibility**

It is a specific stage of the project evaluation process, relevant only for ITI integrated projects financed from ERDF. The aim is to verify the compliance of the grant application with the programme and the meeting of the eligibility rules.

### **5.4.4 Risk Analysis**

The objective of the risk analysis is to assess the risks (such as the risk of fraud, i.e. checking relationships of people involved in the project; the risk of project size, the risk of type/number of entities in projects, etc.), which can be associated with the implementation of projects. Grant applications, which exceed the specified maximum level of risk given by the call, will be subject to ex-ante inspection.

### **5.4.5 Selection of Projects**

The purpose of project selection is to perform a transparent selection based on the objective evaluation of the grant applications contributing to fulfilment of the material and financial objectives of the programme.

The selection of projects is ensured by the selection committee, which is appointed for each relevant call/group of calls/priority axis/group of projects.

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The selection committee is governed by the Statutes and Rules of Procedure of the selection committee, available at <http://www.msmt.cz/strukturalni-fondy-1/vzory-dokumentu-op-RDE>.

**The selection committee** takes decisions about the selection of the evaluated projects on the basis of the evaluations prepared in the objective evaluation stage in relation to the amount of the allocation based on the results of the project evaluation (and the order of projects based on the score reached), which was performed by the evaluators/arbiters/evaluation committee.

The selection committee decides whether the projects will be recommended for financing or rejected or recommended with reservation (the project may be supported only after meeting certain conditions defined by the selection committee) or recommendation.

The decisions and standpoints of the selection committee must be justified to show the basis for the decision. Every justification must be transparent, conclusive and unambiguous. At the same time the justification must not contradict the criteria on the basis of which the project was evaluated. The selection criteria and the possible reasons for non-recommendation of a grant application will always be specified in the call/follow-up documentation for the call/in the Statutes and the Rules of Procedure of the selection committee.

**The result of the meeting of the selection committee** will be the list of project recommended or not recommended for financing. The selection committee may compile a list of waiting projects. The minutes of the selection committee meeting are published in 15 business days from the date of the meeting on the programme website.

#### 5.4.6 Approval of the EC Major Projects

After the last stage of the project evaluation, or eventually meetings of the selection committee, the MA verifies the correct identification of the type of project, or rather identifies major projects<sup>49</sup>.

In accordance with Article 101 and 102 of the General Regulation major projects must be approved by the EC. EC processes the recommendations and comments on the received grant applications.

After the release of the EC decision on the grant application, the completion of the application begins on the side of the applicant in the form that was approved by the EC. The MA will ask the applicant to submit the necessary documents for the completion of the documents for issuing the legal act on grant award/transfer for successful applicants – see Chapter 5.5. Part of the legal act on grant award/transfer is the annex to the EC Decision.

### 5.5 Method of Announcing Results of the Approval Process

In 10 business days from the completion of every approval process stage the applicants will be notified about the result of the given stage by a **change of the project status in the IS KP14+ and by an internal message**.

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<sup>49</sup> A major project is a project, where total eligible expenditure exceeds EUR 50 million. For the conversion the EC rate is used<sup>49</sup>, valid on the date of approval of the grant application by MA, i.e. on the date of the recommendation of a grant application for funding (with a reservation).

After the completion of the last stage of the approval process, **successful applicants** are informed about the recommendation of the grant application for financing in the form of a **Notification on Grant Application for financing** (see Chapter 6.3). Through an internal message they are asked by the MA to submit documentation needed for issuing the legal act on grant award/transfer - see Chapter 6.4.

Following the project evaluation or SC negotiations (if part of the approval process) the projects recommended with a reservation may enter the process of **negotiation** in the context of which the applicant amends the grant application to bring it in compliance with the reservations by the evaluation/selection committee. The subject of the negotiation is just the method of processing of the reservations of the evaluation/selection committee, i.e. the way of meeting the conditions specified by the evaluation/selection committee by the applicant. The negotiation must not include change of the evaluation and selection result, i.e. change of the wording of the reservations by the evaluation/selection committee. Addressing of all reservations by the applicant is a necessary condition for the project support.

The evaluation/selection committee may also formulate recommendations for successful applicants in addition to reservations. The recommendations may subsequently be negotiated but the decision whether to consider them entirely/partially in the grant application or not is the power of the applicant who informs the MA about its decision to accept/partially accept/not to accept the recommendation by an internal message.

In case of **unsuccessful applicants**, who within 15 calendar days as of receipt of internal message notifying the negative outcome of the particular stage of the approval process did not use the possibility of submitting comments, or in cases where the grant application has not been after the settlement of the comments, returned to the approval process (see Chapter 10.1 Comments on MA documents in the process of project approval) the MA shall issue a **Notification to Terminate the Application Administration**, which is delivered to the applicant via the IS KP14+ and in accordance with legal requirements on delivery, i.e. to the beneficiary who has set up a data box (based on the law or upon request), the Notification to Terminate the Application Administration is delivered via the ISDS. To the beneficiary, to whom it is not possible to deliver via the ISDS, it is delivered in a paper form.

The Notification to terminate the application administration includes at least the following:

- The result of the evaluation and selection of projects;
- A justification of the withdrawal of the grant application or of the non-recommendation of the project for financing, stating the reasons and documents for the decision and how the MA dealt with an eventual statement of the applicant on documents for the decision;
- The findings that led to the termination of administration of the grant application;
- The information that it is not possible to file a remedy against the Notification to terminate the application administration.

In the case of a continuous call the failing applicants may submit a reprocessed grant application repeatedly within the same call, unless otherwise specified in the call.

## 6. CHAPTER – PROCESSES AND RULES FOR ISSUING A LEGAL ACT ON GRANT AWARD/TRANSFER

### 6.1 Providing Financial Support to the Applicant

Allocation of financial resources is governed by conditions of OP RDE and is further based on the mandatory guidelines of MoRD and MF referred to in Chapter 3.3.

The applicant is familiar with basic conditions that apply to the assignment of the grant during the preparation process and the submission of the grant application.

These are:

- Operational Programme RDE;
- current version of the announced call (i.e. including the published changes in the call) and the follow-up documentation for the call.

In the case of the approval of the project for financing, it is necessary that the successful applicant (i.e. the future beneficiary) is familiarized in detail with the wording of the legal act on grant award/transfer. This document contains the main conditions for the grant award and the primary obligations of the beneficiary. The legal act on grant award/transfer also includes further documents containing the conditions and rules that are binding for the beneficiary, which the beneficiary must follow during the project implementation.

This involves **Annexes to the Legal Act on Grant Award/Transfer**:

- Rules for Applicants and Beneficiaries;
- other documents referred to in the legal act on grant award/transfer.

These documents are updated on a regular basis. However, only the version of the documents referred to in the legal act on grant award/transfer, is binding.

These documents (including their upgraded versions) are published for the beneficiaries in a manner allowing remote access, i.e. on the website of the MA, which is the MEYS, at <http://www.msmt.cz/strukturalni-fondy-1/op-RDE> and also at <http://www.dotaceeu.cz>.

**Templates of the Legal Acts on Grant Award/Transfer on the website** are only general and are modified by the MA depending on the needs/specifics of the call/applicant, etc.

The beneficiary must, during the implementation of projects, also follow the valid and effective legislation of the CR and EU.

### 6.2 Forms of the Grant Award

The grant will be awarded to the beneficiary following the approval of the submitted grant application and based on issuing of the legal act on grant award/transfer. The granting authority is MEYS (MA OP RDE), except for projects where the beneficiary is CO SOU, the founder of which is not the MEYS (see below).

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Individual types of legal acts on grant award/transfer stipulate the relations between the granting authority and the beneficiary. Legal acts on grant award/transfer are processed on the basis of binding documents of OP RDE, and the valid legislation of the EU and Czech Republic.

On the basis of the results of the evaluation of the grant applications and approval for financing, the MA prepares the proposal for the following types of legal acts on grant award/transfer according to the type of beneficiary.

- a) **The Grant Award Decision** in accordance with Section 14(4) of the Budgetary Rules in the case of projects, where the beneficiary is for instance the CO established by the MEYS, local government unit and CO, by which the grant is awarded based on a special law except for the state organisational unit (SOU) or a contributory organization (CO SOU), the founder of which is not the MEYS.
- b) **Deputy Minister Measures** in case of projects where the beneficiary is the SOU - MEYS, or CSI (SOU directly managed by the MEYS), with set specific conditions for the use of resources in accordance with Section 26(2) of the Budgetary Rules.
- c) **Letter (Notification) of Deputy Minister on Grant Transfer**, which includes the Determination of conditions for the project implementation (hereinafter "Conditions"), in the case of projects, where implementers are external SOU and the state-funded contributory organization, i.e. SOU and CO SOU, the founder of which is not the MEYS. In the case that the beneficiary is CO SOU, external SOU, or the founder of CO SOU consequently issues its own Grant Award Decision based on the Budgetary Rules, in which the conditions and formal requirements sent to the MEYS are respected.

The applicants whose project was approved will be provided with financial resources for support on the basis of these legal acts on grant award/transfer depending on the type of the beneficiary.

**Particulars of the Legal Acts on Grant Award/Transfer** (Depending on the type of the legal act and the relevant legislation) are:

- the name and address of the granting authority,
- designation of the beneficiary, respectively the implementer of the project,
- project specifications,
- purpose for which the grant is granted,
- period within which the purpose is to be achieved,
- amount of the granted aid,
- date of issuing the legal act on grant award/transfer.
- classification of resources according to Section 44 (2) of the Budgetary Rules,
- method of providing resources for the project,
- mandatory implementation period of the supported project,
- obligations of the beneficiary, respectively the implementer of the project,
- conditions for the use of aid,
- possibly the determination of reduced fines for a breach of budgetary discipline and cases where the non-compliance with the obligations set out a by the legal act on grant award/transfer does not involve a violation of budgetary discipline in accordance with the Budgetary Rules.

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When **projects are registered in the EDS/SMVS**, these types of legal act on grant award/transfer are issued:

- a) **Registration of the event and the Grant Award Decision** (Issued in EDS for projects the beneficiary of which is a legal entity, including contributory organizations established by SOU);
- b) **Registration of the event and the Determination of expenditure** (Issued in SMVS for projects the beneficiary of which is SOU).

The mandatory annex of the legal act on grant award/transfer issued by the EDS/SMVS is always the **Determination of conditions**.

### **6.3 Notification of Approval of the Grant Application by OP RDE to the Applicant**

After the last stage of the approval process before issuing the legal act on grant award/transfer in each round call, the MA will compile the final list of recommended/not recommended grant applications for financing. In the case of ongoing calls such a list is not a definitive one.

The successful applicants are informed about the recommendation of the grant application for financing in the form of the **Notification on Grant Application for Financing**. This notification is sent to the successful applicants (or the statutory bodies provided in the grant application) via the IS KP14+, as a rule within 10 business days from signing the list of recommended/not recommended projects by the MA.

**The notification contains the following data:**

- The result of the project evaluation and selection stage;
- Detailed results of the project evaluation and selection including the reservations (i.e. the information about the need to make changes to the project based on the conclusions of the approval process – e.g. changes in the management of the project, eventual change in the budget – correction, modification of the indicators and factual activities) and the recommendations (i.e. non-binding amendments to the project that are subject to the decision of the applicant);
- Information concerning the start and end of the project and the eligibility of expenditure;
- template of the legal act on grant award/transfer (or with the request for supplementation of the relevant data - identification data, representative, address, activities/stages, account number);
- List and templates of additional documents for issuing the legal act on grant award/transfer;
- The information about the time limit of 15 calendar days, within which the applicants is obliged to familiarise itself with the results of the approval process, the legal act on grant award/transfer and the list of additional documents for issuing the legal act on grant award/transfer.

If the grant application is **recommended for financing (without reservations)**, the applicant will be asked to complete the documents for issuing the legal act on grant award/transfer (including the deadlines for their delivery) - see Chapter 6.4.

If the grant application is **recommended for financing (without reservations)**, the applicant will be asked to modify the grant application in the IS KP14+ and to complete the documents for issuing the legal act on grant award/transfer (including the deadlines for their delivery) - see Chapter 6.4.

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## 6.4 Documents Required for Issuing the Legal Act on Grant Award/Transfer

Before issuing the respective legal acts on grant award/transfer, successful applicants must send all requested documents to the provider that were notified by the granting authority in the call/the follow-up call documentation and in the Notification on the recommendation of the grant application for financing. These documents must be sent by applicants within the stated deadline stated by the granting authority (as a rule, 15 business days). Otherwise, applicants face the risk that the grant will be awarded to another project in the sequence order classified into the Set of alternative projects, or that the legal act on the grant award/transfer will not be issued to them.

The list of documents needed for the preparation and issuing of the legal act on grant award/transfer can be specified and mentioned in the call/follow-up documentation for the call. This list can be further specified in the Notification on Grant Application for Financing sent to the beneficiary.

**The requested documents include, for example:**

- 1a) Certificate of indebtedness<sup>50</sup>** – a certificate of indebtedness to the financial administration, health insurance companies and Czech management of social security.

Document proving that the applicant/partner with a financial contribution does not have any enforceable tax arrears recorded in the Czech Republic, as well as in the country of the registered office, does not have insurance arrears and penalties from public health insurance and/or contribution to the state unemployment policy either in the Czech Republic, as well as in the country of the registered office. The fact that the applicant/partner with a financial contribution arrears in payments and penalties of public health insurance is submitted in relation those health insurance companies in the Czech Republic, where the staff of applicant/partner with a financial contribution is registered. In the case of other health insurance companies where the employees are not registered, the applicant/partner with a financial contribution documents this fact by an affidavit.

The conditions of indebtedness are considered to be met, if the taxpayer (payer of tax) has been allowed a deferment of tax or tax payment in instalments pursuant to the provisions of Section 156 of the Tax Code, or a payment of premiums and penalties in instalments pursuant to the provisions of Section 20a of the Act on the social security premiums and contributions the state employment policy.

After the expiration of the date of the postponement to pay tax (deferred maturity) or the date of payment of tax in the form of instalments in the certificate of indebtedness, the applicant and the partner must repeatedly submit the document regarding the indebtedness that proves the non-existence of enforceable tax arrears.

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<sup>50</sup> Not older than 90 days.

**Who declares:** applicants/partners with a financial contribution.

**When is the submission made:** if the affidavit only was submitted during the submission of grant application (see Chapter 5.2.1).

**Form of submission:** original or certified copy.

**1b) Declaration of no debt**

**Who declares:** applicants/partners with a financial contribution.

**When is the submission made:** if the documents on non-indebtedness have been submitted during the submission of the grant application.

**Form of submission:** original or certified copy.

The template of the affidavit is published on the MEYS website.

**2) Power of attorney/authorisation for representation**

**Who declares:** applicants/partners.

**When is the submission made:** if during the submission of the grant application, the power of attorney/authorisation for representation was submitted in the form of a plain copy.

**Form of submission:** original or certified copy.

**3) Affidavit on the active data box and the commitment to have the data box active during the whole period of implementation and sustainability of the project.**

**Who submits the documents:** applicants, if they are called to submit.

**When is the submission made:** applicants for whom the establishment of a data box is **not** <sup>51</sup> mandatory<sup>52</sup> by law, and if they have an active data box.

**Form of submission:** original or certified copy.

The template of the affidavit is published on the MEYS website.

**4) Partnership agreement** – if the signed agreement was not attached to the grant application, it must be delivered no later than within the deadline for the submission of documents for issuing the legal act on grant award/transfer set out by the granting authority.

**Who submits:** applicants.

**When is the submission made:** if during the submission of the grant application, the “Principles of Partnership and Declaration of Partnership” annex was submitted.

**Form of submission:** original or certified copy.

A template partnership agreement is available on the MEYS website.

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<sup>51</sup> According to the Act on electronic transactions and authorized conversion of documents.

<sup>52</sup> E.g. legal entities not registered in the commercial register, i.e. associations, foundations, institutions, association of unit owners, generally beneficial companies, contributory organizations, churches, hunting companies and foreign legal entities not registered in the Czech Republic etc.

**4a) Clause certifying the consent of the founder with the legal entity entering into a partnership agreement**

**Who submits:** applicants.

**When is the submission made:** if a contracting party is a legal entity established by the state, region, municipality or association of municipalities, while at the same time the law sets as a condition of the agreement on partnership with the financial contribution to be a clause certifying the consent of the founder with the legal entity entering into a partnership agreement, it is necessary to provide this clause.<sup>53</sup>

**Form of submission:** original or certified copy.

**5) Affidavit of the partner** (Securing their own resources, the founder's approval, execution, criminal record, an undertaking in difficulty).

**Who declares:** Partner(s) with a financial contribution (see Chapter 5.2.1).

**When is the submission made:** if the original or certified copy was not submitted during the submission of the grant application.

**Form of submission:** original or certified copy.

The template of the affidavit is published on the MEYS website.

**6) Proof of a minimum threshold for annual turnover**

**Who declares:** Applicants/partners with a financial contribution<sup>54</sup> defined by the call/follow-up documentation for the call (e.g. LAG, micro-region, private bodies etc. (see Chapter 5.2.1).

**When is the submission made:** if during the submission of the grant application, the affidavit on the submission of the minimum threshold for annual turnover was submitted.

**Form of submission:** plain copy of the profit and loss statement for the previous closed accounting period.

**7) Declaration on size of enterprise**

**Who declares:** applicants/partners with a financial contribution.

**When is the submission made:** in the case of the application of GBER<sup>55</sup>.

**Form of submission:** original or certified copy.

The template of the affidavit is published on the MEYS website.

**8) Declaration on the relationship with other enterprises<sup>56</sup>**

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<sup>53</sup> E.g. it is a requirement laid down in the provisions of Section 32a of the Schools Act.

<sup>54</sup> In the case of projects, where the implementation involves partner(s) with a financial contribution, a relevant portion corresponding to the share of the partner(s) with a financial contribution can be demonstrated by the applicant via the partner(s) with a financial contribution.

<sup>55</sup> Definition of small, medium see GBER, Annex I.

<sup>56</sup> For the definition see the Methodological Handbook for application of the term "single enterprise" in conditions of the rules of de minimis aid, available at [www.compet.cz](http://www.compet.cz).



**Who declares:** applicants/partners with a financial contribution.

**When is the submission made:** in the case of the application of Commission Regulation No. 1407/2013, this concerns projects to which the support is provided in the de minimis regime.

**Form of submission:** original or certified copy.

The template of the affidavit is published on the MEYS website.

**9) Document on bank account/sub-account<sup>57</sup>** – information about the bank account or sub-account designated for financial transactions related to the approved project.

To be accepted, the document must be issued by a bank and it must contain all the relevant information, e.g. a certified copy of the concluded contract on the account, confirmation of account keeping, account statement without financial information. The confirmation and statement (except for a concluded contract on account keeping) may not be older than 90 calendar days from the date of sending the notification for the approval of the grant by the granting authority.

**Who submits:** applicants.

**When is the submission made:** Always obligatory.

**Form of submission:** original or certified copy.

**10) Document on the bank account of the founder<sup>58</sup>.**

**Who submits:** applicants.

**When is the submission made:** if relevant (e.g. in the case of so-called "flow grants" – CO established by local authorities - CO in municipalities and regions).

**Form of submission:** original or certified copy.

To be accepted, the document must be issued by a bank and it must contain all the relevant information, e.g. a certified copy of the concluded contract on the account, confirmation of account keeping, account statement without financial information. The confirmation (except for a concluded contract on account keeping) may not be older than 90 calendar days from the date of sending the notification for the approval of the grant by the granting authority.

**11) Construction Annexes**

**Who declares:** as described in the documentation for the call/follow-up documentation for the call.

**When is the submission made:** as described in the documentation for the call/follow-up documentation for the call

**Form of submission:** as described in the documentation for the call/follow-up documentation for the call.

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<sup>57</sup> Does not apply to the IPs.

<sup>58</sup> Optional if the founder is also the granting authority.

**12) Documents proving the fact** that all those involved in the project, which receive support (applicants/partners with a financial contribution) **are not an undertaking in difficulty.**

The balance sheet for the last two closed accounting period of the applicant/partner with a financial contribution is provided. The granting authority reserves the right to request further documents, which prove data from the affidavit that the applicant/partner with a financial contribution is not an undertaking in difficulty.

**Who declares:** Applicants/partners with a financial contribution.

**When is the submission made:** Only applicable for calls from the ERDF and if along with the application only an affidavit that the applicant/partner with a financial contribution is not an undertaking in difficulty, has been provided.

**Form of submission:** original or certified copy.

The applicant must provide a **revised grant application including annexes in the IS KP14+** as instructed by the MA, including the following:

- an updated financial plan of advance payments and settlement (if necessary also the budget corrections based on the evaluation/selection), which will serve to set binding financial indicators of the project and to determine the amount of the first advance payment, which will be specified in the legal act on grant award/transfer;
- the updated start date of the physical project implementation (this date will then be stated in the legal act on grant award/transfer): if the physical project implementation is initiated with/after issuing the legal act on grant award/transfer it involves the updated Assumed start date of the physical project implementation. In the event that the physical project implementation was initiated before issuing the legal act on grant award/transfer, in the IS KP14+ the Actual start date of the physical project implementation will be stated;
- the updated assumed end date of the physical project implementation.

The applicant can make in the grant application only changes that have been invited by the MA via a Notification on Grant Application for Financing (with the exception of significant and insignificant changes in the so-called change proceedings in the IS KP14+ - see Chapter 7.2). In the event that the required additional mandatory annexes beyond the above-mentioned, are listed in the RfAB – Specific Part/Notification on Grant Application for Financing.

**Forms of presenting annexes:**

The various forms of submission of annexes are described in detail in Chapter 5.2. The original or a certified copy must be submitted by the applicant/partner upon the request of the MA or during inspection.

## **6.5 Allocation of Financial Support**

After delivery of the requested documents by the applicant, the granting authority is to start the completion and preparation of documents for issuing the legal act on grant award/transfer. The legal act on grant award/transfer is issued within the period specified in the call/follow-up documents for the call.

The legal act on grant award/transfer is delivered to the beneficiary via a public data network to the data box. If it is not possible to deliver the legal act on grant award/transfer to the data box, it is delivered via postal service. The legal act on grant award/transfer is also stored in the MS2014+.

By issuing the legal act on grant award/transfer, respectively by gaining legal force in case of a Grant Award Decision, the applicant becomes the beneficiary and during the project implementation must follow the binding conditions mentioned in the legal act on grant award/transfer, including annexes.

The beneficiary is entitled to request a change to the legal act on grant award/transfer only in accordance with the Budgetary Rules and the rules stated in the Rules for Applicants and Beneficiaries (see Chapter 7.2).

The change in the legal act on grant award/transfer can be made on the basis of the application **in the form of change proceedings in the IS KP14+**, i.e. only on conditions stipulated in Section 14(13)(a) of the Budgetary Rules and on the basis of the RfAB, which provide a detailed specification for making changes in Chapter 7.2.

In the legal act on grant award/transfer, the granting authority is entitled make the following changes at the request of the beneficiary, in accordance with Section 14 (13) (a) of the Budgetary Rules:

- the amount provided or the amount up to which the grant may be granted;
- the time limit by which the given purpose shall be achieved;
- any additional conditions that must be met by the beneficiary in connection with the use of the grant;
- in the case of grants that include monetary resources according to Section 44 (2) (b) (d) (f) or (h) of the Budgetary Rules, the amount of such funds (Section 44 (6) of the Budgetary Rules);
- other duties that the beneficiary shall fulfil in connection with the grant award, and the non-compliance of which is not an unauthorised use according to Section 3 (e).

In the legal act on grant award/transfer **the following cannot be changed:**

- name, registered address and identification number of the beneficiary;
- name and address of the granting authority;
- purpose for which is the amount provided intended;
- date of issuing the Grant Award Decision;

unless otherwise provided in the Budgetary Rules (provisions of Section 14a to 14d).

Upon request of the beneficiary, the granting authority issues the **so-called Decision on the Amendment of the Legal Act on Grant Award/Transfer**, in which it sets out what requirements of the original legal act on grant award/transfer are being modified or replaced while the original legal act on grant award/transfer remains in force.

The Granting authority will issue **the so-called Corrective Decision** even without the appeals decision even without request by the beneficiary to perform the correct evident inaccuracies, which are mainly errors in writing and numbers, and changes resulting from these inaccuracies in projects registered in EDS/SMSV (if applicable) that do not change the binding indicators.

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The conditions of the legal act on grant award/transfer (Section 14 (4) (g) of the Budgetary Rules) can be only changed up to the moment at which their breach causes the BoBD.

The Decision on the Amendment of the legal act on grant award/transfer and the Correcting Decision are delivered to the beneficiary via a public data network to the data box. If it is not possible to deliver these legal acts to the data box, it is delivered via postal service. The Decision on the Amendment of the legal act on grant award/transfer and the Correcting Decision are also saved in the MS2014+.

## 7. CHAPTER – PROCESSES AND RULES OF THE PROJECT MANAGEMENT

### 7.1 Monitoring

Monitoring is an integral part of the project cycle. The objective of monitoring is to regularly collect, sort, aggregate, retain data and information and ascertain the status and the progress in the implementation of projects and compare the information obtained with the initial values and the proposed plan and after implementation (e.g. result indicators).

In addition to controlling and evaluation activities, monitoring activities also have a partially preventive function related to the timely reflection of possible risks and possible discrepancies. Monitoring is a continuous activity, which is conducted at least during the whole duration of the project. Monitoring of the project can be carried out usually by an administrative verification (via monitoring reports and monitoring visits), or via on-site inspections (see Chapter 9.1).

The beneficiary of the grant must fulfil the obligations related to monitoring, i.e. submission of interim report on project implementation (monitoring reports).

#### Types of monitoring reports:

- interim PIR,
- information on progress in the project implementation (IoP),
- final PIR (FPCR),
- final PIR for the whole period of the project implementation (FPCR for the whole implementation period),
- interim project sustainability report (PSR)
- final project sustainability report (FPSR)

**Relevant types of monitoring reports and the frequency of their submission** are mentioned in the related documentation for the call and consequently in the legal act on grant award/transfer.

Templates of annexes to monitoring reports/PA are published for information on the MEYS website at <http://www.msmt.cz/strukturalni-fondy-1/prehled-vzoru-prilohy-monitorovacich-zprav>.

As needed, the MA can perform the so-called “monitoring visit“ during which the state of the project will be verified on-site, and more particularly discussed and solved ambiguities and/or problems of the project requiring consultations between the beneficiary and the MA. This is to prevent eventual non-rectifiable misconduct or sanctioning of the beneficiary. It is the task of monitoring that does not follow the rules for the performance of public administration check (see Chapter 9.1). Thus, the cooperation of the applicant/beneficiary or their presence on the site is not required. The MA prepares the record from monitoring visit in the MS2014 + (the Monitoring Visit module). The beneficiary is informed about the processing of the monitoring visit record by the MA in the form of an internal message. In the event that the monitoring visit is followed up by an on-site inspection, the recording of monitoring visits may serve as a basis for the findings of the inspection.

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## Evaluation Activities

The project beneficiary/partner must also provide concurrence during the implementation of evaluation activities within OP RDE, throughout the whole period of the project implementation, and during the period of its sustainability at any time if it is necessary in relation to the resolution of the project. The aim of the implementation of evaluation activities of the programme is the evaluation of the success of the interventions implemented at the level of the programme, priority axes, investment priorities, specific objectives, calls as well as individual projects. The beneficiary participates, when addressed by the MA, in evaluating activities, e.g. in the form of participation in controlled interviews, questionnaire investigations, etc. The commitment of the beneficiary to provide and ensure concurrence by the partner during the evaluation of the success of the OP RDE interventions will be an integral part of the legal act on grant award/transfer. Features for evaluating activities will be specified according to the relevancy in the particular call or in follow-up documentation for the call.

### 7.1.1 Interim Project Implementation Report (including interim payment application)

The interim PIR serves to inform the MA about the progress of the project approved. It includes contextual, as well as financial monitoring of projects. The emphasis is placed on the description of the work carried out in the period from the submission of the previous PIR. The PIR contains information about keeping to the original work schedule in this period, changes in the implementation of the work and the reasons. The PIR also contains a description of the activities planned for the next period.

#### **The beneficiary submits the interim PIR along with the PA.**

Projects must be initiated no later than within the deadline specified in the text of the relevant call/follow-up documentation for the call to submit the grant application. If call/follow-up documentation for the call does not stipulate any deadline for the start of the physical project implementation, the project implementation must be launched no later than **within 6 months from the date of issuing the legal act on grant award/transfer.**

**The duration of the project (project period) is the period from the start date of the project physical implementation up to the end date of the project physical implementation and for the given project it is defined in the legal act on grant award/transfer.**

#### **Deadlines for submitting the interim PIR and PA**

The beneficiary is required, during the project implementation, to submit the interim PIR and PA to the MA, including all necessary annexes (e.g. the time schedule of key activities, the proof of payment of expenses stated in the list of documents, invoices, etc.), no later than **20 business days after the end of the reporting period, which is provided within each interim PIR.**

**The first interim PIR and PA may not be submitted prior to the date of issuing the legal act on grant award/transfer.**

**The submissions of the further PIR/PA is possible only after prior approval of the interim PIR/PA.**

In each interim PIR the beneficiary establishes relevant **reporting period, for which the report is made. In the first interim PIR/PA the beneficiary determines the first reporting period.**

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**The deadline for submission of the first interim PIR/PA (i.e. the interval to determine the first reporting period), unless otherwise defined in the call/follow-up documentation for the call, shall be as follows:**

- for projects, where the physical implementation has started before the date of issuing the legal act on grant award/transfer, it shall be the period from the actual start date of the physical project implementation for a period of generally 3 months<sup>59</sup> from the date of issuing the legal act on grant award/transfer, plus 20 business days;
- for projects, where the physical implementation has started after the date of issuing the legal act on grant award/transfer (inclusive), it shall be the period of generally 3 months<sup>60</sup> from the assumed start date of the physical project implementation, plus 20 business days.

The second/further reporting period is the period of generally 6 months, counting from the end of the first/previous reporting period, unless otherwise provided in the call/follow-up documentation for the call.

In the first interim PIR/PA the beneficiary shall submit to the billing also expenses related to the preparation of the project (see Chapter 8.7.1 and 8.7.2).

**Example 1: Determining the date of submission of the interim PIR/PA for the project, where *the physical implementation started before the date of issuing the legal act on grant award/transfer*:**

*Date of eligibility of expenditure (defined by the call) 1st January 2018.*

*The length of the reporting period (defined by the call/follow-up documentation for the call): 6 months except for the first reporting period.*

*The actual start date of the physical project implementation: 1st April 2018.*

*Expected end date of the physical project implementation: 31st May 2020.*

*Date of issuing the legal act: 27th July 2018.*

*The deadline for submission of the first interim PIR/PA: 28th November 2018 (31st October 2018 + 20 business days).*

*The reporting period in the first PIR/PA (the first reporting period) corresponds to the time interval from 1st April 2018 to 31st October 2018 (27th July 2018 + 90 days, i.e. 3 months from the date of the legal act on grant award/transfer = 26th October 2018, i.e. up to 31st October 2018, while maintaining the conditions of the last calendar day of the first reporting period) due to the set the Actual start date of the physical project implementation, which is fixed.*

*Determination of the second and further reporting period of 6 months, see table below.*

<sup>59</sup> The last day of the monitoring period, from which the subsequent time limit for submission of the PIR/PA is determined, falls on the last calendar day of the last month of the monitoring period.

<sup>60</sup> The last day of the monitoring period, from which the subsequent time limit for submission of the PIR/PA is determined, falls on the last calendar day of the last month of the monitoring period.

**Table No. 6: Timetable for submission of PIR/PA and determination of the reporting period**

| Order of the financial plan | Payment application       | The term of payment */submission | Monitoring period |                   |
|-----------------------------|---------------------------|----------------------------------|-------------------|-------------------|
|                             |                           |                                  | since             | by                |
| 1                           | The first advance payment | 26th August 2018                 | -                 | -                 |
| 2                           | First interim PIR/PA      | 28th November 2018               | 1st April 2018    | 31st October 2018 |
| 3                           | Second interim PIR/PA     | 28th May 2019                    | 1st November 2018 | 30th April 2019   |
| 4                           | Third interim PIR/PA      | 28th November 2019               | 1st May 2019      | 31st October 2019 |
| 5                           | Fourth interim PIR/PA     | 28th May 2020                    | 1st November 2019 | 30th April 2020   |
| 6                           | Final PIR/PA              | 24th July 2020                   | 1st May 2020      | 31st May 2020     |

\* Only applies to the first advance payment

**Example: 2:** Determining the date of submission of the interim PIR/PA, where **the physical implementation started after the date of issuing the legal act on grant award/transfer:**

Date of eligibility of expenditure (defined by the call) 1st January 2018.

The length of the reporting period (defined by the call/follow-up documentation for the call): 6 months, except for the first reporting period.

Assumed start date of the physical project implementation: 1st November 2018.

Expected end date of the physical project implementation: 31st May 2020.

Date of issuing the legal act: 1st August 2018.

The deadline for submission of the first interim PIR/PA: 28th February 2019 = 31st January 2019 + 20 business days.

The reporting period in the first PIR/PA (the first reporting period) corresponds to the time interval from 1st November 2018 to 31st January 2019 (i.e. 1st November 2018 + 90 days, i.e. 3 months after the start date of the physical project implementation).

Determination of the second and further reporting period of 6 months, see table below.

**Table No. 7: Timetable for submission of PIR/PA and determination of the reporting period**

| Order of the financial plan | Payment application       | The term of payment */submission | Monitoring period |    |
|-----------------------------|---------------------------|----------------------------------|-------------------|----|
|                             |                           |                                  | since             | by |
| 1                           | The first advance payment | 31st August 2018                 | -                 | -  |

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|   |                       |                    |                   |                   |
|---|-----------------------|--------------------|-------------------|-------------------|
| 2 | First interim PIR/PA  | 28th February 2019 | 1st November 2018 | 31st January 2019 |
| 3 | Second interim PIR/PA | 28th August 2019   | 1st February 2019 | 31st July 2019    |
| 4 | Third interim PIR/PA  | 28th February 2020 | 1st August 2019   | 31st January 2020 |
| 5 | Final PIR/PA          | 24th July 2020     | 1st February 2020 | 31st May 2020     |

\* Only applies to the first advance payment

### Postponement of the deadline for the submission of PIR/PA

If the MA does not receive from the beneficiary the PIR/PA within the deadline stated in the legal act on grant award/transfer, the request for correction is sent to the beneficiary in the form of an internal message with the notification of a possible financial penalty according to the legal act on grant award/transfer. The internal message states the time limit of max. 10 business days are stated for the submission of the PIR within the alternative deadline. This time limit starts from the day following the day on which the PIR/PA should be submitted in due course. The above mentioned applies even if the beneficiary requests via an internal message to postpone the deadline for the PIR/PA submission prior to the due date specified in the financial plan of the project. After the evaluation of the request, the MA informs the beneficiary via an internal message about the approval/refusal of the request for the postponement. In the case of non-fulfilment of the alternative deadline for the PIR/PA, the MA shall proceed to apply a financial penalty according to the legal act on grant award/transfer.

**The deadline for the submission of each PIR/PA can be extended only once, i.e. only one alternative deadline can be stated.**

### Returning the PIR/PA for revision

If the PIR/PA is returned to the beneficiary for revision, correction or amendment, the MA always defines the full list of PIR/PA defects in the project, if the MA does not agree with the beneficiary otherwise (for example, in the case of large PIR/PA, comments can be submitted in stages due to the fluent settlement). The beneficiary must settle the PA/PIR comments within the deadline stated by the MA. The MA usually sets the standard time limit of **10 business days**, however, depending on the character and the scope of the defects, a shorter or longer period may be stated<sup>61</sup> (in the case of its returning for revision, it is important to proceed in the administration of the PIR/PA in such a manner so as to meet the time limit of 90 calendar days).

### Insufficient period for the settlement of comments to the PIR/PA

If the beneficiary evaluates that the deadline for the settlement of comments is not sufficient, the beneficiary shall request the MA via an internal message in the IS KP14+ for an extension, with a sufficient time in advance (usually 2 business days before the expiration of the deadline for the settlement of

<sup>61</sup> This time limit may be extended only on the basis of proper justification, whereas proper justification being especially an intervention of a superior power. Considered irrelevant is any taking of leave of the implementation team members, the absence of a representative of the statutory body of the beneficiary etc.

comments). Through an internal message the MA sends to the beneficiary the information on the extension/non-extension of the deadline for the settlement of comments (the internal message contains the substitute deadline for the settlement of comments in the event that the extension of the deadline is agreed by the MA). The maximum period for the extension of the deadline for the settlement of comments to the PIR/PA is 10 business days. This period starts from the day following the date by which the settlement of comments to the PIR/PA is to be submitted. The beneficiary may request this extension only once (not during each repeated re-amending within one PIR/PA).

### **Earlier submission of the PIR/PA**

In extraordinary cases, the beneficiary may request the MA for earlier submission of the project PIR/PA. This is done through change proceedings where the beneficiary requests a significant change in the time schedule for the PIR and the financial plan of the project (PA). This change may also affect changes in financial milestones of the project (see Chapter 5.2.5.1). If the change proceedings are approved, the beneficiary submits the PIR/PA within an earlier deadline. The time schedule for the other PIR/PA is postponed depending on the length of the monitoring period stated in the legal act on grant award/transfer. **In case of ex-ante payments, the first interim report of the PIR/PA may be presented at an earlier date, but only after payment of the first advance from the granting authority.**

### **Submission of PIR/PA**

Project PIR/PA is submitted by the beneficiary in an electronic form on the stated form mentioned in the module Reports in the IS KP14+.

In addition to PA, the beneficiary submits the scanned accounting and other documents required to prove the eligibility of expenditure in the PA. Along with PIR the beneficiary submits also documents proving the facts stated therein (e.g. annexes to demonstrate the performance indicators, result indicators).

In case of projects implemented by the applicant/beneficiary that has, according to Section 2 (1) of the Contract Register, an obligation to publish private contracts in the Contract Register, the applicant/beneficiary has an obligation for each such registered contract related to the project implementation and which serves to prove the eligibility of expenditure of the project, to indicate the relevant contract ID in its presentation, under which is registered in the Contract Register. The applicant/beneficiary indicates this contract ID either in the actual contract or it enters it into the text field within the relevant activity of the PIR within which the contract was concluded.

**For ex-ante payments,** the beneficiary submits the settlement of financial resources pre-financed within advance payments. Part of the PA in the case of ex-ante payments is also a request for payment of a further advance payment. In the case that all funds from the **state budget designated for the project implementation were transferred to the beneficiary** the beneficiary will submit the PA, which must only contain the settlement of advance payments.

**For ex-post payments** the beneficiary submits in the PA expenses related to the project and paid from its own resources, documented by accounting, tax and other documents, along with the request for their payment.

**For the combined payments** the beneficiary submits paid expenditure, both the paid and unpaid costs in the PA (see Chapter 8.1.3).

### **Agreement between the MA and the beneficiary on the non submission of interim PIR/PA**

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Despite the change proceedings it can be negotiated not to submit the final regular PIR/PA (see Chapter 7.2.2). This is a significant change. This change is possible in the event that the last interim PIR/PA should have been submitted within 2 months (inclusive) before the termination of the project implementation. The beneficiary requests the MA for the non- submission of the PIR/PA and for the revision of the financial plan in a similar manner as in the case of the previous submission of the PIR/PA. The MA may consequently permit the production of only the final PIR (FPCR)/the final PA (FPA).

**Deadlines for Administration of PIR/PA**

The total period of administration of the PIR/PA from the submission by the beneficiary up to the approval by the MA **does not exceed 40 business days**. In the case that the submitted PIR/PA, or the requested documents contain defects or are incomplete, the MA contacts the beneficiary with a request to remove defects within the stated deadline. Typically the MA states the deadline for removing defects and amendment within the period of **10 business days**; however, depending on the character and the scope of defects, a shorter or longer deadline may be stated<sup>62</sup>. In the time during which the PIR/PA is at the beneficiary, **the period of 40 business days is paused**. As soon as the defect is removed, this period of 40 business days starts again from the beginning. The total period of administration of PIR/PA, including the pause in the period, must not exceed **90 calendar days** from submission by the beneficiary **up to approval by the MA in the case of the PIR project and up to the payment in the case of PA**. The beneficiary is informed of the approval/non- approval of the PIR and payment/non-payment of the PA via an internal message. Non-approval of the PIR means disagreement with the sent form or the content of the PIR (e.g. contains false or dubious data, which the beneficiary did not manage to defend with the submission of the additional documentation). The non-approval of the PA by the MA is only in the case that all submitted expenditure is rejected.

**Administration of PIR/PA**

The MA verifies formal requirements of PIR/PA. Subsequently, the MA may return the PIR/PA to the beneficiary for complementing or can resolve any defects during the process of objective inspection of the project PIR/PA. The beneficiary is informed about reasons for the return via an internal message.

The MA sets the content of the PIR and the content and format of the annexes in the MS2014+ in relation to the announced calls/follow-up documentation for the submission of grant applications (i.e. the format of the PIR may differ for projects supported in various calls). The template of PIR is provided in Chapter 18.2.

After the approval of PA from the MA side, the payment (or in the case of ex-ante financing, the payment of the further advance payment) is made no later than within **10 business days** from approval by the MA.

If the beneficiary is unable to submit all tax, accounting and other documents related to expenditure submitted in the PA, such expenditure may be excluded by the beneficiary from the PA. These excluded expenses are not eligible and will not be indicated as a non-compliance. In such a case, the beneficiary may submit these additionally documented expenditure within the following PA. If the beneficiary will

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<sup>62</sup> This time limit may be extended only on the basis of proper justification, whereas proper justification being especially an intervention of a superior power. Considered irrelevant is any taking of leave of the implementation team members, the absence of a representative of the statutory body of the beneficiary etc.

not submit such excluded expenditure no later than in the FPA, such expenditure shall become ineligible and the beneficiary cannot apply for payment.

The beneficiary has the final version of the list of documents at its disposal after the automatic data transfer from the CSSF14+ to the IS KP14+ (also in the case of deducting the ineligible expenditure by the MA).

If the MA ascertains that the conditions under which the support was approved were breached, the MA will evaluate the concerned expenditure as ineligible, and in relation to this, it has the option not to pay the concerned funds (see Chapter 9.2).

If it is necessary to request other bodies to submit a statement during the inspection of documents for the PIR/PA (and it is not possible to exclude these expenses from the submitted PA), there is a suspension of the period of 40 business days for the administration of the respective PIR/PA for the necessary period. Similarly, deadlines are paused in the case of the application of the following paragraph.

If during the administration of PA, the MA suspects that budgetary discipline was breached according to Budgetary Rules, there was a criminal act related to the operation co-financed from the EU budget or an administrative offence by the employer or vendor pursuant to PCA/PPA, the MA will submit the case to the competent body for further investigation, i.e. the financial administration body (hereinafter "BFA"), the Police of the Czech Republic or the prosecutor, Office for the Protection of Competition.

The granting authority may propose a temporary interruption in the payment during the project implementation. This occurs in the case:

- where the MA during the administration of the PA identifies a significant difference between the amounts paid by the granting authority for the stated project and the amounts that were settled by the beneficiary from these advance payments;
- when, at the same time, the beneficiary does not submit the financial plan for the settlement of further monitoring periods that correspond to the demand to pay the requested amount of the advance payment within the stated PA;
- when the MA identifies a suspicion of fraud concerning the existing unpaid amounts, which this suspicion could threaten - e.g. fraudulent obtaining of the grant award, suspicion of false reporting of activities, etc.

The MA with the concurrence of the beneficiary, proposes a temporary suspension of the payment and takes into account the plan for settlement and the time schedule for the planned project activities in the further reporting periods.

Consequently, the beneficiary is informed of the approval of the temporary suspension of payment via an internal message in the IS KP14+. At the same time, the beneficiary must notify the granting authority no later than before the deadline for the submission of the further PA of the change to the financial plan via change proceedings in the IS KP14+.

### **The return of unused financial resources during the project implementation**

During the project implementation, the beneficiary may **return in the course of one calendar year any unused financial resources that were sent in the form of advance payments**. Due to this reason the MA via an internal message in the IS KP14+ calls the beneficiary, as a rule by the 15 February, in the given

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calendar year to return any unused financial resources, which were pre-financed to the beneficiary in the stated year. At the same time, it must be valid that it concerns financial resources that the beneficiary will not use up to the end of the respective calendar year. In the case that the beneficiary does not use this possibility to return the unused financial resources, the beneficiary sends on the basis of this call, via an internal message, an **advice note for the returned amount at best 5 business days in advance, but a minimum of 1 business day before sending the financial resources to the account of the granting authority.** To simplify the records the beneficiary will state in the advice note the project registration number as the variable symbol as a compulsory item (the variable symbol shall be the last ten numbers of the project registration number). The financial resources must be credited to the account of the granting authority by the deadline, which is stipulated by the granting authority in the formal notice to return of the financial resources.”

### **PA issued from the level of the MA**

In the following cases it is possible to issue the PA not from the beneficiary's level, but the level of the MA. These are the cases when:

- a) **The PA is formally issued in payment of the first advance payment** (In the case of ex-ante payments);
- b) **the so-called Additional PA is formally issued - under the control and management activities** the MA reduces the amount of the expenditure submitted in the PA and approves it like that. The beneficiary submits comments and after the consideration of comments (on the basis of which the circumstances, which led to a reduction in these expenses, change) the MA does not consider such formerly reduced expenses as ineligible. In the case that the beneficiary has not yet submitted the FPA, which was approved by the MA, the beneficiary can re-submit these expenses in some of the further PA, under which it will be subsequently paid (these expenses must be submitted no later than in the FPA). In the event that the FPA has already been approved by the MA, **the MA issues the so-called Additional PA**, on the basis of which the amount of the reduced eligible expenditure from the previous period will be additionally paid;
- c) financing takes place via financial instruments.

Apart from the above cases, the MA is allowed to issue a PA from their level only if a specific range of cases was consulted in advance and approved by PCO<sup>63</sup>.

### **Uncovering the ownership structure and the change in the beneficial owner during the project implementation<sup>64</sup>**

Along with the PIR, the ownership structure of the beneficiary/partner is checked at the duration of the project implementation. In the event of a change in the ownership structure or change in beneficial owner, the beneficiary shall submit, along with the PIR, the annex **Proving ownership structure of the applicant/beneficiary in an updated version**. If there was no change in the ownership structure or the actual owners, the beneficiary may be asked by the MA to demonstrate this fact by an affidavit.

<sup>63</sup> Currently, based on prior consultation of the MA with PCO, other cases of establishing the PA from the level of the MA were allowed in if the administration of returns resulting from the Decision to withdraw the grant and administration of the return of unused financial resources in a given year, which were pre-paid in the same year (for ex- ante payments).

<sup>64</sup> Not submitted by SOU and state higher education institutions.

### 7.1.2 Information on project implementation progress

Information on progress (hereinafter “IoP”) is used for regular monitoring of the procedure for the implementation in the period from issuing of the legal act on grant award/transfer up to the submission of the first PIR and in the period between the submission of the further interim PIRs and FPCR. Information about the progress in the project implementation does not contain any payment application. IoP is an additional tool for the PIR, which the MA may use within the management and coordination of the implementation of the programme and individual projects. The MA may request the submission of this type of reports from the beneficiary any time during the project implementation from the time when it identifies in the project any principal defects or threats preventing the fluent implementation of the project activities.

In case of the requirement to submit the IoP, the minimum information which must be sent from the MA side via an internal message in MS2014+ is:

- specific frequency/period under which the IoP should be submitted including the preliminary information on for how long the beneficiary shall be required to submit this report;
- which facts are required for the submission of this report.

IoP in the project implementation is submitted by the beneficiary in electronic form on the printed form found in the module Reports in the IS KP14+.

The following IoP can be submitted by the beneficiary as soon as the previous information is approved by the granting authority.

Verification, approval and administration of FPCR are done in the same manner as checking the PIR (see Chapter 7.1.1).

The MA sets the content of the IoP and the content and format of the annexes in the MS2014+ in relation to the announced calls/follow-up documentation for these calls to submit grant applications (i.e. the format of the Report may differ for projects supported in various calls). The template of IoP is presented in Chapter 18.4.

### 7.1.3 Final report on project implementation

The final report on project implementation (hereinafter “FPCR”) provides the MA with information about the status of the project up to the termination of its physical implementation. The content of the FPCR evaluates the success of the whole project and advises the results and completed activities implemented within the project. The FPCR must contain a detailed description of the conditions under which the project was implemented, summary information of the measures undertaken for project publicity, information about the fulfilment of all conditions, parameters and indicators defined in the grant application, legal act on grant award/transfer, sources of financing and any information that can be used to evaluate the impact and synergy of the project.

The beneficiary submits the FPCR containing information for the last reporting period of the project. The beneficiary submits the FPCR along with the FPA (see Chapter 7.3.3).

The beneficiary must submit the FPCR **within 40 business days from the end date of the physical project implementation**<sup>65</sup>. In the case that the OP does not receive from the beneficiary the FPCR within the deadline stated in the legal act on grant award/transfer, the request for correction is sent to the beneficiary in the form of an internal message with the notification of a possible financial penalty according to the legal act on grant award/transfer. In the internal message will be a deadline for the submission of the project FPCR within an alternative deadline of 10 business days. This period starts from the date of delivery of this internal message. In the case of non-fulfilment of the alternative deadline for the submission of the FPCR, financial sanction can be applied according to the legal act on grant award/transfer.

In the case of a project which generates income according to Article 61 of the general directive, the beneficiary submits, along with the FPCR, the calculation of the financial gap according to the actual values.

The FPCR is checked in the same manner as checking the PIR, (see Chapter 7.1.1).

The MA sets the content of the FPCR of the project and the content and the format of the annexes in the MS2014+ in relation to the announced call/follow-up documentation for the call to submit grant applications (i.e. the format of the report may differ for projects supported in various calls). The template of FPCR is presented in Chapter 18.2.

#### **7.1.4 Final report of the project for the whole period of the project implementation**

The Final report of the project for the whole period of the project (hereinafter “FPCR”) of the project for the entire period of implementation includes information about the entire period of the project implementation and it is submitted by the beneficiary along with the FPA (see Chapter 7.3.3).

**The submission of this report is only binding for beneficiaries fulfilling one of the following conditions:**

- a) investment projects<sup>66</sup> with the volume of total eligible expenditure above CZK 100 million according to the legal act on grant award/transfer;
- b) projects for which with the last PA or the settlement, the physical and/or financial implementation of the event<sup>67</sup> continues that was part co-financed from ESIF.

In the case of projects that meet one of the above-mentioned conditions, the beneficiary shall submit only the FPCR for the entire period of implementation; that is after the end of the physical project implementation and/or the financial implementation of the event.

Deadlines for the submission of this report are the same as for the FPCR (see Chapter 7.1.3), and checking this report is the same as the checking of the interim PIR (see Chapter 7.1.1). Further information about this report is in Chapter 7.3.3.

The MA sets the content of the FPCR for the whole implementation period and the content and the format of the annexes in the MS2014+ in relation to the announced call/follow-up call documentation

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<sup>65</sup> The beneficiary may submit the FPCR as soon as the previous interim report is approved by the MA.

<sup>66</sup> It applies to the projects, where the investment expenditure represents more than 50 % of the total eligible expenditure.

<sup>67</sup> An event is understood as a set of projects financed from multiple sources.



for the call to submit grant applications (i.e. the format of the report may differ for projects supported in various calls). The template of the FPCR for the whole implementation period is specified in Chapter 18.3.

### **7.1.5 Interim Project Sustainability Report**

The interim PSR is submitted by the beneficiary during the period stated in the legal act on grant award/transfer. The monitoring period is regarded as either from the actual date of termination of the project implementation (valid for projects financed from ESF) or from the date when the project receives central status "Project financially terminated on the part of MA"(concerns projects financed from ERDF), not later than on the 10th business day after the expiration of each year of sustainability.

Verification, approval and further administration of the interim PSR is in the competence of the MA and is done in the same manner as checking the PIR (see Chapter 7.1.1).

The beneficiary submits reports via the IS KP14+, **the reports do not contain a PA**. The MA sets the content of the report and the content and the format of the annexes in relation to the announced call/follow-up documentation for the call to submit grant applications (i.e. the format of the report may differ for projects supported in various calls). The template of the interim PSR is presented in Chapter 18.5.

### **7.1.6 Final Project Sustainability Report**

The beneficiary has the obligation to submit FPSR within 10 business days after the expiry of sustainability period. The FPSR includes an evaluation of the success of the project implementation or the implemented activities (see Chapter 7.3.6). The report is to be submitted in the same form and content as the interim PSR.

## **7.2 Project Changes and Project Supplementation**

The applicant/beneficiary shall inform the provider about changes that occur from the time of the grant application up to the termination of the project sustainability (if set by the call). Each carried out change must respect the conditions for the project implementation given by the call/follow-up documentation for the call and legal act on grant award/transfer. The change is done by the applicant/beneficiary by change proceedings performed by a Change Request (hereinafter the "CR"), in the IS KP14+ (in case of annexes subsequently via the Document tab), while adequately describing the CR and justifying the requested change. The confirmation/approval/rejection of the CR by MA is always notified to the beneficiary by an internal message.

Changes not listed in the list of insignificant/significant changes below, which amends the text of the grant application and/or its annexes must be submitted by the beneficiary not later than along with each PIR, along with an updated version of the relevant documents (at the Documents tab). The obligation to update the annexes applies to mandatory annexes to the grant application in the given call.

The change may be initiated also by the MA, in which event it shall inform the applicant/beneficiary by an internal message on the initiation of the change proceedings. The MA can limit the area in which the changes should occur and the applicant/beneficiary will thus be allowed to adjust only certain data.

**The following changes are distinguished:**

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- **insignificant changes** – changes that can be made by the beneficiary without the previous consent of the MA;
- **significant changes** - changes that require a consent of the MA before they are implemented, significant changes are further divided into:
  - **significant changes** - these are the changes that alter the parameters of the project, but respect the fundamental conditions set out in the text of a legal act on grant award/transfer (compared to the situation described in the grant application there are only such changes for which it is sufficient to have the consent of the MA without the need to change the text of the legal act on grant award/transfer);
  - **significant changes establishing a change in the legal act on grant award/transfer** - these are the changes that have an impact on the fulfilment of the obligations arising from the legal act on grant award/transfer.

The MA encourages all applicants/beneficiaries to consult the character and the content of the amendments with the MA sufficient time in advance. The classification of changes, whether it is an insignificant change or a significant change, is decided by the MA. In the case of any doubt about the type of change, it is regarded that it concerns a significant change. Confirmation/approval of the change request by the MA automatically does not establish the eligibility of the expenditure spent on the basis of the changes made. Eligibility will be assessed by the MA on the basis of the presentation of relevant documents within the relevant PIR/FPCR of the project/PA.

**General rules for making changes:**

- Such changes must not lead to a change in the purpose of the grant.
- The changes must respect limits set by the call/follow-up documentation for the call.
- Budget Changes can be made only with regard to the rules defined in the call/follow-up documentation for the call and the Czech legislation.
- Changes in the budget must not lead to exceeding the binding mandatory limits established for individual Chapters of the project budget by the call/follow-up documentation for the call, and all conditions of the legal act on grant award/transfer must be complied with.
- The budget chapter means the summary part of the budget (e.g. travel expenditure); the budget item means its part (e.g. per diem).
- It is not possible to make transfers of funds between direct and indirect costs.
- It is not possible to increase the total eligible project expenditure.
- If the project uses simplified reporting in the form of indirect costs, it is not possible to increase the budget items, from which using a flat rate the amount of indirect costs is determined, if at the same time it caused an increase in total eligible expenditure of the project.
- Specific items, which were decreased/cancelled in the budget on the basis of the evaluation of the evaluation/selection committee, cannot be increased/renewed by the applicant during the

project implementation in the form of an insignificant/significant change<sup>68</sup> (does not concern legal social items and health insurance of employees and CSNF), which were reduced in relation to the decrease of other payroll item).

- It is not possible to make changes in the commitment proposed by the evaluation/selection committee on the basis of the project evaluation;
- It is not possible to make changes, which will change the place of impact from the less developed region to a more developed region and vice versa.
- When the call or the follow-up documentation for the call set out the obligation to submit a CBA, but the applicant did not have to process the CBA, because the project did not reach the limit for submission of the CBA, then the beneficiary cannot, during the implementation, make such changes to the budget, which would lead to the fact that the project has reached the limits of processing CBA (e.g. it is not possible in the budget to make such a transfer, which would increase the investment expenditure to more than 50 % of total eligible expenditure).
- It is not possible to accept the assignment of rights and obligations arising from the legal act on grant award/transfer. If the beneficiary is unable to fulfil the purpose of the grant, including the conditions imposed, it is obliged in the proceedings to withdraw the grant according to Section 15 of the Budgetary Rules to return the funds provided, unless the beneficiary has already violated the budgetary discipline. If the project should be implemented by another entity, then this entity would have to submit a change request in accordance with the provisions of Section 14 (3) of the Budgetary Rules.
- In case of a change in the applicant/beneficiary the successor must accede to all rights and obligations of the original entity, involving the grant provided. The change can be approved only after it has been documented that the successor meets all the conditions and accedes to all rights and obligations of the original entity.

### **Returning the application for change or amendment**

In the case that the application is returned to the beneficiary for completion, correction or supplementation, the MA will always define the full list of defects to the application for change. The beneficiary must settle the comments sent and submit the amended application for change within the deadline stated in the MA. The MA states the deadline as **5 business days** however, depending on the character and the scope of the defects, a shorter or longer period may be stated<sup>69</sup>.

### **Changes before issuing the legal act on grant award/transfer**

The applicant can submit a CR before issuing the first legal act.

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<sup>68</sup> However, it is possible to increase the number of units if the unit price was reduced and vice versa.

<sup>69</sup> This time limit may be extended only on the basis of a proper justification by the beneficiary with a proper justification being especially an intervention of a superior power. Considered irrelevant is any taking of leave of the implementation team members, the absence of a representative of the statutory body of the beneficiary etc.

After the submission the grant application up to the completion of the eligibility check and formal check (or the Objective evaluation) it is not possible to approve the project changes affecting the outcome of the evaluation.

When making changes before issuing the legal act on the grant award/transfer, the applicant is obliged to proceed similarly as in the case of changes made during the project implementation. In the event that the applicant initiated the change proceedings, the carried out changes must be in accordance with the Rules for applicants and beneficiaries and the call/follow-up documentation for the call.

The significant changes that can be made in this period include especially:

- Change in the registered office of the beneficiary – only if the legal conditions according to the Budgetary Rules are met.
- Change in the name of the beneficiary’s entity – only if legal conditions are met in accordance with Budgetary Rules.
- Change in the beneficiary’s ID number – only if legal conditions are met in accordance with Budgetary Rules.
- Change in the legal form of the beneficiary – the corporate entity of the beneficiary did not expire or its assets are not transferred to its successor; only its legal relations and the legal position of their partners are changed. Change to the legal form of the beneficiary is only possible in cases where all conditions of the applicant's eligibility set out by the call are met (or follow-up documentation in the call);
- Change in the name of the project.

In the event that the grant application is recommended for financing with reservations, the applicant is informed of this via an internal message and asked to amend the grant application. The applicant will change the data in the change proceedings. The MA subsequently checks the modified and supplemented data.

The applicant shall submit any changes made before issuing the legal act on the grant award/transfer via the IS KP14+ at the earliest after receiving an internal message with a notice on the approval of the grant application.

### **7.2.1 Insignificant Changes in the Project**

These are the changes in the project that do not require the prior approval by the MA. The beneficiary requests a change (hereinafter "CR") via change proceedings in the IS KP14+, the MA acknowledges this change and confirms it in the IS KP14+. The beneficiary notifies insignificant changes on a regular basis, however no later than before submitting the PIR.

The confirmation of the insignificant changes by the MA automatically does not establish the eligibility of expenditure spent on the basis of the insignificant change made. Eligibility will be assessed on the basis of the presentation of relevant documents within the relevant PIR of the project/PA.

**If insignificant changes fall within the monitoring period of the given PIR/PA, the MA encourages the beneficiary to report the changes sufficient time in advance in such a way so that they are confirmed by the MA before the submission of the PIR/PA into the IS KP14+. Otherwise, the beneficiary runs the**

risk that the change will not be included in the PIR/PA and it will be not be possible to submit expenses that are associated with this change within the currently submitted PIR/PA.

#### 7.2.1.1 Insignificant changes of a material character

- **Change in the beneficiary’s contact data;**
- **Change in the name of the partner subject.**
- **Change in the contact person;**
- **Change in the person of the beneficiary** when from a certain date there is renaming or the change of legal form.
- **Change in the person of the beneficiary while joining, merging and dividing of school legal entities** pursuant to Section 14d (3) of the Budgetary Rules;
- **Change in the auditor** (if the call/follow-up documentation for the call sets out the obligation to the beneficiary to have an audit performed);
- **Change to the contract of the beneficiary with the partner having the character of an insignificant change**, which does not influence the fulfilment of the objectives or the project and concerns, e.g. change of the address of the partner, representative of the statutory body of the partner, change of the bank account of the partner or other changes mentioned in this chapter related to the partner of the project;
- **Change in VAT payer status.**
- **Change of the statutory body/person** authorised to act on behalf of the beneficiary. The beneficiary must send the notification within 5 business days about the change of the representative of the statutory body along with the documents that prove this change.
- **Change in the place of project implementation** - on condition that it does not change the ratio of financing between more and less developed regions;
- **Insignificant changes of building – technical character<sup>70</sup>** – change of the construction and technical part (reduction of expenditure, but it may also be an increase<sup>71</sup> if the quality or range will increase, i.e. there may also be additional work that was objectively unforeseeable) that:
  - no negative impact on the scope and utility characteristics of the building,
  - does not cause deterioration of technical parameters of used materials.
- **Change of the building–technical character caused by external factors** (leading to an increase<sup>72</sup> or reduction in the expenditure), which could not be predicted even with due care.

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<sup>70</sup> It is documented by the Annex Change technical datasheet - TLZ (template on the MEYS website).

<sup>71</sup> This provision is without prejudice to the obligations related to the PC arising from the applicable legislation and methodological documents of the OP RDE.

<sup>72</sup> This provision is without prejudice to the obligations related to the PC arising from the applicable legislation and methodological documents of the OP RDE.

- **Earlier start/end of the key activity** - if the change will not affect the indicators, project financial plan, project start date, the start date of the physical project implementation or the end date of the physical project implementation;
- **Change in the manner of performing activities/stages**, which does not have a negative impact on the fulfilment of the objectives of the project:
- **Changes in the planned item of key equipment <sup>73</sup>/function module** or modification in the research programme, for which such equipment/module will be used, applies only to key equipment/functional modules with the acquisition price up to 5 million CZK without VAT, if changes in such key equipment exceed a total of 10 million CZK without VAT, in one calendar year, the change exceeding this limit and all following changes to the key equipment in the calendar year will be considered as a significant change irrespective of the price of the acquired key equipment.
- **Change in the key/excellent worker<sup>74</sup>** - can be carried out without restrictions, unless otherwise provided in the text of the call/follow-up documentation;
- **Other changes that do not affect the achievement of indicators and the fulfilment of the project objectives.**

#### 7.2.1.2 Insignificant changes of a financial character

- **Transfer of financial resources between items inside individual budget chapters** can be made without restriction with the exception of the transfer of financial resources concerning the Personnel expenditure chapter (see below). Withdrawals from the adjusted item can be made only after the approval of the change by the MA in the system, as for instance drawing from the non-existing items is not possible.
- **Transfer of financial resources between the budget chapters** - funds between the individual budget chapters can be moved only up to 15 % of eligible expenditure in the budget chapter (in each case calculated cumulatively in relation to the initial budget, which is annexed to the legal act on grant award/transfer to the date of issuing such legal act on grant award/transfer) from which financial resources are transferred. As a result of this or other transfers, the chapter Personnel Expenditure may be increased only up to 15 % of eligible expenditure in this chapter (in each case calculated cumulatively in relation to the initial budget, which is annexed to the legal act on grant award/transfer as at the date of this legal act on grant award/transfer).
- **Moving the saved financial resources under the item "savings for distribution"** (see Chapter 8.11).
- **Creating a new item or cancelling an item from the budget** – by transferring funds inside the chapter or by transferring funds within insignificant changes. The cancellation or creation of the

<sup>73</sup> If the original equipment is listed in the annex Overview of key outputs for the fulfilment of the project indicators, it is a significant change.

<sup>74</sup> It also applies to the involvement of a new key/excellent worker in the project.

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item can only be made under the condition that the activities approved in the grant application are fulfilled.

- **Modifying the financial plan** – this concerns the transfer of amounts for requested advanced payment/settlement between individual periods for the financial plan (in the case that financial milestones are applied to the project and, at the same time, it is necessary to take into account the rules for the change of these milestones - see Chapter 5.2.5.1). The change proceedings regarding the financial plan must be initiated by the beneficiary, however, the incentive to do so can be given by the MA. In the case of proposals for amendment of the financial plan by the MA, the MA forwards the proposal for changes via an internal message to the beneficiary for assessment, the beneficiary subsequently implements the change via change proceedings.

### **Constraints in implementation of insignificant changes**

Through insignificant changes it is possible in the following chapters/items to change only the following:

#### **Personnel Expenditure Chapter**

- change in the form of labour - legal relationship (e.g. from CoS to CfW), provided that the unit price of a newly created item is maximum in the amount of the approved unit price, from which the change occurs;
- division or merger of already approved FTEs (e.g. FTE for one worker 1.0 will continue to be carried out by two workers, each at 0.5 FTE); however, the merged FTE must respect the lowest approved unit wage from the merged FTEs (while it is necessary to respect the limit 1.0 times, respectively 1.2 times the pool of working hours, see Chapter 8.7.2 and the budget chapter "Personnel expenditure");
- changes caused by bonuses for work during Saturdays, Sundays and holidays, which are eligible (justified) and with their payment there will be the exceeding of budgetary expenditure of the items in this chapter;
- creation of a new work position;
- reduction of unit rates;
- increase or decrease of the FTE for the existing position (the approved unit price must not be exceeded, the units must be recalculated);
- create/increase the items for expenditure, which the beneficiary is required to pay by law (e.g. payments for social security and health insurance, CSNF, liability insurance - included under the budget item "Other compulsory expenditure, etc.).

**For contributory organisations with stated binding indicators for the budget<sup>75</sup>, any changes in the budget in the Personnel expenditure chapter which cause the transfer between limit values, are considered as significant changes.**

<sup>75</sup> Organizations are listed in the table part of the CR Government Resolution to the state budget, as amended.

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## Foreign business trips

- Foreign business trips abroad may be via one or more insignificant changes increased by up to 15 % of eligible expenditure in this item (in each case calculated cumulatively in relation to the initial budget, which is annexed to the legal act on grant award/transfer as at the date of this legal act on grant award/transfer).

## 7.2.2 Significant changes in the project

These are changes that will fundamentally change the parameters and content of the project, but may not result in a change in the purpose of the grant. Any significant changes to the project establish the beneficiary's obligation to submit via change proceedings in the IS KP14+ a change request including a sufficient justification for the requested change. The change request requires an assessment (approval or rejection) by the MA.

**If significant changes are within the monitoring period for which the project is being processed the PIR/PA, the MA recommends beneficiaries to notify such changes well in advance to be approved by the MA before the founding the PIR/PA in the monitoring system. Otherwise, the beneficiary runs the risk that the change will not be included in the project PIR/PA and expenses that are associated with this change, it will be submitted within the currently submitted PIR/PA.**

The application for a significant change, which changes the period of the project implementation (not the sustainability period) must be submitted to the granting authority **no later than 40 business days** before deadline for the termination of the project implementation, if the granting authority does not allow a shorter deadline.

### Effective date of significant changes

Approval of the changes cannot be made retroactively (i.e. change of the facts taking place before the submission of the change request). The change is effective as of the date of approval of the MA/as the effective date of the legal act. If a given change may have impact on the eligibility of expenditure, it is possible to accept a retroactive eligibility of expenditure, but not before the date of the change request.

### 7.2.2.1 Significant changes initiating the change to the legal act on grant award/transfer

Changes to the legal act on grant award/transfer can only be done on the basis of the CR initiated by the beneficiary in the IS KP14+, under the conditions set out in Section 14 (13) (a) of the Budgetary Rules.

- **Change in the registered office of the beneficiary** – only if legal conditions are met in accordance with budgetary rule.
- **Change in the name of the beneficiary's entity** – only if legal conditions are met in accordance with Budgetary Rules.
- **Change in the beneficiary's ID number** – only if legal conditions are met in accordance with Budgetary Rules.

- **Change in the legal form of the beneficiary whereas the personal details shall remain unchanged** <sup>76</sup>; the corporate entity of the beneficiary does not cease to exist nor are its assets transferred to its successor; only its legal relations and the legal position of their partners are changed. Change to the legal form of the beneficiary is only possible in cases where all the conditions of the authority of the applicant set out in the call are fulfilled (or follow-up documentation in the call) and the legal act on grant award/transfer;
- **Change in the business company or cooperative according to the Business Corporation and Cooperative Transformations Act** within the scope stated in Section 14a of the Budgetary Rules;
- **Change in the name of the project.**
- **Change in the end date of the physical project implementation** – the change is to be accompanied by the submission of the time schedule for the project implementation, the following alternatives of change in the end date of the project implementation are possible:
  - extension of the period of the project implementation;
  - shortening the project implementation period - early termination of the project is possible only provided that the beneficiary despite the early termination of the project reaches the planned outputs and results of the project, respectively the purpose of the grant.
- **Change to the bank account of the beneficiary** – the intention to change the bank account/sub-account must be notified in advance by the beneficiary to the granting authority. The beneficiary is entitled to make the change after issuing the amendment to the legal act on grant award/transfer (before issuing the amendment of the legal act on grant award/transfer, the beneficiary submits a verified copy of the contract on the opening of the bank account or the form of financial identification). The granting authority states for the beneficiary in the amendment to the legal act on grant award/transfer, the obligation to transfer all OP RDE funds designated for the project implementation from the original bank account of the beneficiary to the new bank account of the beneficiary. Unless the change in the legal act on grant award/transfer sets out another deadline, the beneficiary makes the transfer of funds within 10 business days from the date stated in the amendment to the legal act on grant award/transfer as the effective date of the change. The change of account must be reflected in the subsequent payment applications. In the case that the change of the bank is enforced by concluding the bank operations of the bank where the original bank account of the beneficiary was open, the beneficiary is to immediately send within 5 business days to the granting authority the notification of the change of account, which must include a copy of the contract on the opening of the new account or a printed form of financial identification confirmed by the bank along with the document on the transfer of financial resources from the original bank account to the new bank account.
- **Change in the founder's flow account.**

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<sup>76</sup> In case of the change of the legal status or legal change of the beneficiary, the granting authority takes note of the change on the basis of the notice written by the beneficiary, however, it does not change the actual legal act (i.e. does not issue a decision on changing the legal act on grant award/transfer).



- **Decrease in the total eligible expenditure** and related change to the financial plan.
- **Reducing interim financial milestone** - assuming that the call/follow-up documentation for the call does not prohibit such a change. For more information see Chapter 5.2.5.1.
- **Transfer of financial resources between investment items and non-investment expenditure**, or other changes in the budget resulting in a mutual change in the total level of investment and non-investment funds and the related change to the financial plan.
  - In the case that the project is recorded in the EDS/SMVS and in the grant application does not contain investments; the change of investments is only possible in the year in which the legal act on grant award/transfer was issued.
  - In case that at the time of applying for the grant the project budget did not include investments (and therefore was not recorded in the EDS/SMVS) and no legal exceptions of records in the EDS/SMVS apply to the legal form of the beneficiary or its specialisation, the beneficiary returns unused non-investment funds to the MA in case of the identified need to transfer non-investments to investments. It additionally registers the project in EDS/SMVS, issues the change of legal act on grant award/transfer and pays the required investment funds.
  - In the case of the projects which, on the basis of legal exceptions, are not recorded in EDS/SMVS, such changes can be implemented as significant changes that establish the change in the legal act on grant award/transfer.
- **Increase the set amount of advance payments** - only up to a maximum percentage amount of the first advance payment specified in the call.

**In the case of a significant change in the budget**, items in the new valid budget are taken into account for which a significant change was made and all items related to the significant change that were affected by a insignificant change.

#### 7.2.2.2 Significant changes

- **Change in the research programme.**
- **Change to the planned item of key equipment/functional module and the research programme for which such equipment/module will be used** with an acquisition price of over 5 million CZK excluding VAT.
- **Change to the contract of the beneficiary where the partner has the character of a significant change** – the applicant must document the new draft contract with the partner along with the application for a significant change. For example, this concerns the change of ID number (e.g. due to the merger of schools), change in the financial share of the partner<sup>77</sup>.
- **Involvement of a new/transformed partner in the project** – in extraordinary and sufficiently justified cases it is possible to involve a new partner in the project who was not mentioned in the

<sup>77</sup> Change is possible only when complying with the conditions of partnership, see Chapter 13: The beneficiary carries out the main, essential part of project activities, if the call does not set differently.

grant application (e.g. in the case of the transformation of the subject of the partner and the origination of a successor organisation for the replacement of the partner with another partner when complying with all obligations and commitments), unless such change is excluded in the call/follow-up documentation. In the case of such change, the principles of partnership mentioned in Chapter 13 must not be breached.

- **Cancellation/change of the partner during the project implementation.**
- **Changing the target values of binding output and result indicators in the relevant years.** Exceeding of the amount of set indicators is not considered as a significant change provided that this change is not related to the significant change of the budget nor does it exceed 25 % of the original target value of the indicator. A request for a significant change of target values of indicators will be granted only if the beneficiary justifies its request for a change thoroughly and relevantly. The binding indicators cannot be cancelled.
- **Adding an indicator** (can only be within indicators defined in the respective call).
- **Reducing the amount of the planned FTE at Key/excellent worker.**
- **FTE increase beyond 1.0 by a member of the expert team<sup>78</sup>** - In exceptional cases, the number of hours worked by an employee for all entities involved in implementing the project can be achieved in a sum up to 1.2 times the pool of working hours for each month (see Chapter 8.7.2).
- **Increase in the unit rate in the budget chapter Personnel expenditure<sup>79</sup>.**
- **Foreign business trips - an increase in appropriations by more than 15 % of the original volume** - always calculated cumulatively in relation to the initial budget, which is annexed to the legal act on grant award/transfer as at the date of this legal act on grant award/transfer).
- **The increase in the volume of eligible expenditure in Personnel expenditure chapter by more than 15 % of** - always calculated cumulatively in relation to the initial budget, which is annexed to the legal act on grant award/transfer as at the date of this legal act on grant award/transfer).
- **Moving between the budget chapters exceeding 15 % of eligible expenditure of the budget chapter, from which funds are transferred** - always calculated cumulatively in relation to the initial budget, which is annexed to the legal act on grant award/transfer as at the date of this legal act on grant award/transfer).
- **Change in the budget in the Personnel expenditure chapter** for organisations with the stated binding indicators causing the transfer between the limit values.<sup>80</sup> In the case that funds were paid according to the binding indicators in the form of advance payments, the change can only be made only in the case that the provision and the change are classified into the same calendar

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<sup>78</sup> Except for members of the expert team, who are teaching staff of schools defined by Section 7 (3) of the Education Act, academic staff defined by Section 70 of the Universities Act. These workers are granted an exemption by the MA, i.e. in case of an increase to 1.2 times the pool of the working hours for each month, the beneficiary does not submit via change proceedings the request for an exemption for those members of the expert team.

<sup>79</sup> Increase in unit rates is meant to increase the amount of compensation while maintaining the FTE/involvement of the staff.

<sup>80</sup> Organizations are listed in the table part of the CR Government Resolution to the state budget, as amended.

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year. In this case, the beneficiary will return the provided funds and the granting authority will provide them again in the requested structure.

- **Rescheduling the project implementation related to individual activities/stages** (not an extension of the total duration of the project). In this case, it is necessary to consider and take into account the impact of this change in other parts of the grant application, e.g. date of reaching the indicator value or the key outputs.
- **Change to key outputs**, which fulfil individual indicators (annex to the grant application/PIR).
- **Earlier submission of the PIR/PA** – with the approval of the proposal by the MA, the deadlines for the submission of the following PIR/PA are revised.
- **Creating a new budget item, which will be a contextual contribution to the project.**
- **Increase/decrease in the current budget item, which is a contextual contribution to the project** (if, concurrently with this change, the amount of financial resources is redistributed between the items of investment and non-investment expenditure, it is considered a significant change that establishes the change in the legal act on grant award/transfer).
- **Changes in the planned item of key equipment/function module or modification in the research programme**, for which such a device/module will be used, if changes in such key equipment exceed a total of 10 million CZK without VAT, in one calendar year, the change exceeding this limit and all following changes to the key equipment in the calendar year will be considered to be a significant change irrespective of the price of the acquired key equipment.
- **Moving the saved financial resources** from item "Savings to distribute" or directly transferring the saved financial resources to other budget items (see Chapter 8.11).
- **Rescheduling or more significant technical changes to the building - technical part of the project**, for example:
  - increase or decrease in the usable area;
  - change of the eligibility index of common areas;
  - change in the construction permit or a change in the construction before its completion according to the provisions of Section 118 of the Building Act;
  - all other changes in the construction, in particular changes leading to a correction in the scope of the construction, worsening of the utility properties of the construction and the worsening of the parameters of the materials used;

All the above-mentioned changes in the time schedule are accompanied by the submitted revised time schedule for the project implementation or documenting the change technical datasheet (hereinafter "TLZ") incl. the submission of the relevant part of the revised construction-technical documentation for the project.

### 7.2.3 Changes in the sustainability period

Similarly as in period for the project implementation, in the sustainability period (particularly in relation to the monitoring of the project in this period), the beneficiary may identify the change requirement in

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the fulfilment of the obligations in the legal act. At this point it appears desirable to implement the corrective measures in the form of a significant or insignificant change under the precondition of respecting the objectives and the purpose of the project. For changes in the sustainability period there are similar rules as for changes in the project implementation period and when making these changes beneficiaries proceed in the same way as in the implementation period, see Chapters 7.2.1. and 7.2.2.

**Insignificant changes in the sustainability period**, or changes of a formal character, are not the subject for the prior consent of the MA.

**An insignificant change in the sustainability period of the project is considered, for example, as:**

- change in the contact data of the beneficiary - addresses, telephone numbers of the beneficiary (we recommend to immediately notify this);
- change in the name of the beneficiary (we recommend to immediately notify this);
- change in the registered office of the beneficiary (we recommend to immediately notify this);
- change in the representative of the statutory body (we recommend to immediately notify this);
- change in the contact person for the project and the project manager (we recommend to immediately notify this);
- legal change of the beneficiary when from a certain date there is renaming or the change of legal form;
- change in the person of the beneficiary while joining, merging and dividing of school legal entities pursuant to Section 14d (3 of the Budgetary Rules);
- replacement of assets acquired from the support which the beneficiary/partner is obliged to keep for a certain period, in the case of damage, loss or theft;
- change in the partnership contract of the beneficiary with the partner having the character of an insignificant change;
- changes in the time schedule, number of events or number of participants in individual events, etc., when within one period of sustainability for which report on project sustainability is reported, there is the fulfilment of the commitment of the beneficiary related to this period. This concerns, for example:
  - change in the time schedule of activities within the individual sustainability period for which report on project sustainability is reported;
  - merger of similar events if the scope of the agenda and the number of participants remains the same;
  - change in the site where the sustainability activities taking place for this change do not influence the accessibility for the target group or the manner of the performance.

**Significant changes in the sustainability period**

The MA recommends to the beneficiaries to report significant changes in the period of sustainability in sufficient time in advance and in such a way that they could be approved by the MA before the establishment of the appropriate PSR in the IS KP14+.

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**A significant sustainability change <sup>81</sup> is considered to be for instance:**

- change in the actual subjects with whom the beneficiary originally declared collaboration in the sustainability period;
- changes related to indicators;
- changes in external circumstances where it is not possible to fulfil the original commitment (for example, during the development of new technologies, the beneficiary will not train using outdated technological procedures, but innovated procedures or in the case of a change of legislation where it will be necessary to modify the content and the manner of training, etc.);
- merger of events originally planned in various periods of sustainability;
- change of business company or cooperative according to the Business Corporation and Cooperative Transformations Act within the scope stated in Section 14a of the Budgetary Rules;
- change in the partner person, replacement of a partner, cancellation of a partner <sup>82</sup>;
- change in the contract of the beneficiary with the partner having the character of a significant change.

Approval of changes cannot be made retroactively (i.e. changing facts that occurred before the submission of the application by the beneficiary). The exception is the approval of changes, where the beneficiary could not influence the reason. The change is effective as of the date of approval of the MA or as the effective date of the legal act.

The MA recommends the beneficiaries of the support that the character<sup>83</sup> and the content of changes are consulted with the granting authority in advance.

**Changes that cannot be made:**

- a change in the ownership of assets (equipment, investments), which were acquired from the project funds if the obligation to keep the acquired equipment results from the conditions for the grant award – must remain under the ownership of the beneficiary<sup>84</sup>;
- changes which principally change the commitment to sustainability (e.g. the beneficiary wants to replace the commitment of the organization at one conference with the issue of publication or the establishment of collaboration with another subject, etc.);
- changes in the commitment proposed by the evaluation/selection committee on the basis of the project evaluation;
- change in the purpose of the project.

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<sup>81</sup> Changes that lead to a modification in the manner of implementation of sustainability, which is indicated in the grant application.

<sup>82</sup> Once the partner withdraws, another partner or beneficiary must assume his/her commitments.

<sup>83</sup> Meaning significant/insignificant changes in the sustainability period

<sup>84</sup> The change of ownership between the beneficiary and financial partners can be accepted, unless this would infringe the conditions for granting state aid or de minimis aid. If the conditions described in Chapter 7.3.6 are met, it is possible to transfer the assets to another entity at the time of sustainability.

- termination or correction of the sustainability period.

## **7.3 Project Termination and Sustainability**

### **7.3.1 Time Schedule for Termination of Projects**

All types of projects must be terminated by the beneficiary within the deadline mentioned in the legal act on grant award/transfer, however, no later than 31st December 2023. Due to ensuring sufficient time for the termination of all project activities, for the preparation of the final report of the programme and the respective documentation for close the whole programming period on the part of the support from the side of the MA, the OP RDE MA recommends that the project implementation is terminated **no later than 30th June 2023 unless otherwise provided in the announced call.**

The project implementation may be terminated earlier compared with the deadline mentioned in the legal act on grant award/transfer (hereinafter referred to as “early” or “previous”). In this case, it is a significant change in the project establishing a change in the legal act on grant award/transfer (see Chapter 7.2.2.1). After approval of the significant change, the applicant submits the FPCR (see Chapter 7.1.3), no later than 40 business days from the termination of the project implementation.

### **7.3.2 Formal Technical Termination of the Project Implementation**

Beneficiaries must ensure the termination of the project from a formal/technical viewpoint, i.e. to prepare and treat all documentation related to the fulfilment of the project to store it for the demands of the European commission, European Court of Auditors and other bodies with the right to view/inspect. All assets acquired from funds of the OP RDE must be marked by the beneficiary, for example, with the inventory number to enable easy identification during the binding period (the binding period is stated, for example, as the period of sustainability of activities and outputs, the period stated for the non-transfer of assets in the legal act on grant award/transfer, partnership agreement, etc.).

**The necessary steps before the termination of the project:**

- 1) to inspect the record keeping of the documents, and ensure that their explanatory power is guaranteed throughout the whole period (marking of documents, durability of carriers, in particular printing, web links - preferably in the form of PrintScreen, etc.).
- 2) if due to legal procedures it is not possible to include the originals into the documentation (e.g. payroll reports), to attach a written notification to the documentation where it is possible to search and verify these documents ("audit trail");
- 3) to inspect the separate accounting of project income and expenditure and accordance with the paid PA and the lists of documents and reported income, to store the extract from the separate accounting records;
- 4) to make, before the termination of the project, an inventory of assets acquired from project funds and to assign the list of assets to the retained documentation while adhering to the following instructions;
  - the beneficiary will prepare an inventory list in the format which is used in standard cases for the inventory of assets; in the header in the right upper corner of the prepared list will be the registration number of the project and its shortened name;
  - the acquired, recorded assets must be marked with the inventory number to be able to identify in the case of inspection; in the list there will be the location within the respective organization (beneficiary/partner); the inventory of such assets is submitted by the beneficiary as an attachment to the FPCR/PA;
  - in the case that the acquired assets were divided between several partners or will be handed over to the partners, these facts must be documented/recorded in writing, including instructing the transferee of the binding period for the holding assets and their identification, including the obligation to report to the granting authority any changes in the balance of assets (e.g. destruction, theft) and changes to their location;
  - the beneficiary will mark the asset cards during the binding period of assets holding to prevent cancellation or sale.
- 5) to prepare for retention all materials and documents that were produced during the publicity and promotion of the project (e.g. leaflets, publications, CD and other items);
- 6) in relation to the obligation to implement corrective measures imposed by authorized subjects on the basis of inspections and the recommendation of completed audits, to verify the completeness of documents related to the fulfilment of measures (records/memos) and to assign them to the retained documentation;
- 7) to assign to the retained documentation any correspondence except of the IS KP14+ with all subjects which is relevant for any inspection of the terminated project, in particular with the MA, Payment and certification body, Audit body, EU commission, European Court of Auditors, European Office for the Prevention of Fraud (OLAF), Ministry of Finance and Financial Administration, the Supreme Audit



Office, independent audit bodies, or any other bodies with the authority for inspection (MoRD-NCA, Office for the Protection of Competition, etc.);

- 8) during the sustainability period, to keep the project outputs in a suitable manner;
- 9) that staff ensure the sustainability of the project, especially the submission of PSR, if sustainability is determined.

**The beneficiaries must ensure no later than upon the submission of the FPCR:**

- correct use of personal data if it is the subject of retained documents according to the Act on the Personal Data Protection and the General Regulation on the protection of personal data;
- verification of the fulfilment of the notification obligation towards the Office for the Protection of Personal Data, if it is relevant for the project;
- originals of documents designated to be retained; the list of basic materials designated for the retention is in Chapter 7.4.2;
- conduct an audit of the project if this obligation is imposed;
- settlement of advance payments to the supplier;
- calculation of the level of indirect costs of the project in relation to the total eligible expenditure of the project (according to the requirement from the last list of documents) and their inclusion in the FPA;
- settlement of funds transferred into cash so as to be able to make any return of funds;
- keeping the user name and the password for access to the IS KP14+ (for the option to submit report on project sustainability via the IS KP14+), if sustainability is stated.

### **7.3.3 Termination of the Project Implementation from the Viewpoint of Monitoring and Financing**

After the termination of the project implementation, the beneficiary is to submit to the granting authority:

**1) FPCR/FPCR for the whole period of implementation (hereinafter "FPCR"), including project outputs**

The beneficiary submits the project outputs during the project implementation and submits them to the PIR; the submission is no later than with the FPCR, unless otherwise provided in the call or follow-up documentation. The legal act on grant award/transfer will include, as an integral part, the commitment of the beneficiary to provide outputs from the project for use of MA and for public information.

Products developed under the project according to the grant application before submitted by the beneficiary in an electronic form and in the case of works and other objects protected by copyright and related rights, the beneficiary shall attach the Creative Commons 4.0 license, BY or BY-SA variant, and make it available to the public in such a way that everyone has unlimited and free remote access and is allowed to further share the works and use it further in accordance with the selected license. If the holder of copyright or related rights to the works or other protected object, arising under the contract using the funds from this grant, is a third person other than the beneficiary, the beneficiary is obliged to

contractually ensure that the person joined to the works or other protected object the Creative Commons license on the same conditions as the beneficiary.

This commitment does not apply to the outputs of research and development projects according to the RDI Support Act, the outputs of projects supported under the compatible state aid or de minimis aid and outputs, the free dissemination of which is limited by personal data protection, safety regulations, legal protection of intellectual property (e.g. industrial rights) and the protection of trade secrets.

The procedure for the administration of the FPCR is in Chapter 7.1.3 and 7.1.4.

## 2) Final Payment Application

Along with FPCR, the beneficiary submits the FPA along with the following documents:

- the expenditure for the last reporting period,
- any further expenditure that can be applied in accordance with the conditions and rules of eligibility specified in the conditions.

Eligible project expenditure that is not included by the time of the FPA cannot be paid by the granting authority.

The beneficiary is obliged to submit as one of the mandatory annexes to the FPA, proving the eligibility of all direct expenditure (including expenditure up to CZK 10 000) the output report of project accounts from which the MA may verify the reporting of expenditure for the project.

**Recommendation of the MA: Before the submission of the FPA it is recommended that the beneficiary checks all the paid PA and the compliance with paid expenditure and provided advance payments. Before the submission of the FPA, all advance payments between the supplier and the beneficiary must be settled.**

**For ex-ante financing** during the check of financial accuracy of the FPA, the MA determines the difference between the paid funds on advance payments and the settled project expenditure in all the PA including the FPA, i.e. provides any amount of return of unused financial resources or any amount of arrears from the granting authority, broken down to investments and non-investments and broken down the share of the EU and the state budget.

In the event of a misconduct revealed during the inspection of the FPA by the MA, where the beneficiary cannot call for a remedy under Section 14f (1), the MA invites the beneficiary along with the return of unused financial resources also to return the grant/part of the grant under Section 14f (3) (see Chapter 9.2). The two returns are always formally distributed, administered, i.e. the beneficiary performs these returns as two separate payments.

In the case of calculation of the return of unused financial resources, the MA shall send to the beneficiary via the IS KP14+ a call for return of unused grant funds. The bank account, to which repayment is to be made, shall be informed by the MA along with this call to return of funds. The beneficiary is to return the funds within 30 business days from the approval of the FPCR/FPA or within the deadline according to Regulation No. 367/2015 Coll., according to whichever happens earlier. **The beneficiary is to inform the granting authority of the return by sending information in the form of an internal message (advice).**

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**The content of the advice on the return of unused funds is the following:**

- registration number of the project (the last ten digits of the registration number of the project serves as a variable symbol),
- name of the project,
- identification of the beneficiary,
- the amount of the return of funds, broken down to the share of the EU and share of the state budget and its breakdown to investments and non-investments,
- bank account to which the return of unused funds will be sent.

If the beneficiary does not fulfil the deadline for returning unused funds to the account of the granting authority, the MA will request return of the unused grant funds. If after being called repeatedly, the beneficiary does not fulfil the deadline for return of used funds, this is an unauthorized possession of financial resources and a BoBD according to the Budgetary Rules. The MA similarly proceeds in the case that the amount of the returned unused funds is lower than the amount which was requested from the beneficiary.

**In the case of ex-post payments,** after the submission of the FPA the MA conducts the PA inspection of the financial correctness of the submitted expenditure and states the level of additional payments owed by the granting authority.

**In the case of combined payments,** after the submission of the FPA the MA conducts the inspection of all accounting documents and states the level of additional payment owed by the granting authority.

**Maintaining a bank account after the termination of the project implementation** - if the beneficiary's obligation is determined by the call/follow-up documentation for the call to use for banking transactions related to the project a separate bank account (the "Project Account") the beneficiary may cancel it only when it the financial settlement has been made (i.e. all the payments relating to the project have been made, incl. the payment of the FPA, respectively the return of funds).

Rules for retaining the bank account also apply after the termination of the project within the same scope to the partner of the project with a financial contribution.

If the beneficiary must submit according to Regulation No. 367/2015 Coll., the financial settlement of the aid, the beneficiary will make the settlement by the 31st of December of the year in which the project was terminated. The deadline for the submission of documents by the beneficiary and return of funds to the other funds account (financial settlement) is usually determined by a decree on **15th February of the year following the year in which the project was terminated as defined below.**

**The termination of project financing for the purposes of financial settlement with the state budget means the day of transition of the project to the status PP41 "project financially terminated by the MA."**

During the financial settlement, the beneficiary:

- submits a form for financial settlement (to be used by type of beneficiary), which is annexed to the Decree No. 367/2015 Coll. This form is submitted to the granting authority in total for all grants received from the MEYS for projects that are subject to financial settlement in a given year;

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- returns the unused financial resources back to the granting authority.

For projects co-financed from EU funds such projects are not settled, for which funds were provided in the amount of expenditure already incurred, i.e. for projects with financing by ex-post payments (except for projects with financing payments by SOU and CO SOU, which in terms of reporting are only recorded at ex-post forms).

### 7.3.4 Non-achievement of the Purpose of the Grant at the Termination of the Project Implementation

Beneficiaries, whose project no later than by the project end date do not fulfil the purpose for which the grant was provided, shall not be entitled to any part of the grant.<sup>85</sup>

The granting authority reduces all expenditure presented in the FPA on the basis of the FPCR and invites the beneficiary on the basis of the provision of Section 14f (3) of the Budgetary Rules to return the previously provided funds to the bank account of the granting authority within the specified time limit. It is valid that for such funds returned by the beneficiary that there was No. breach of discipline and the granting authority, on the basis of Section 14f (7) of the Budgetary Rules, only informs the respective body of the financial administration of the issue of the call to return the grant and how the call was responded to.

### 7.3.5 Non-standard Termination of the Project Implementation

#### 1) Cancellation of the project implementation before issuing the legal act on grant award/transfer on the part of the applicant.

- The application is withdrawn at the latest in the status "Grant application fulfilled the conditions of objective evaluation":

Pressing the button "withdraw application" the applicant notifies the withdrawal of the grant application in accordance with Section 66 (1) of the Act No. 500/2004 Coll., the Administrative Code, as later amended. The withdrawal of the application can be made in any official way with handwritten or secure electronic signature of the statutory body or its authorized representative. The request to terminate the project administration is considered as an official "withdrawing the application" (incl. the electronic method by pressing the button "withdraw application" in the MS2014+). Pressing the button "withdraw application" is the possibility of signatories and agents via the MS2014+ to withdraw the grant application before issuing the legal act on grant award/transfer, even in case of the change in the actual label on the button in the MS2014+. Similarly, the phrase "withdrawal of application" is used. About the withdrawal the applicant is informed by the system message and at the same time the status of the application is changed to "grant application withdrawn by the applicant/cancelled by the MA/IB" and the applicant

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<sup>85</sup> The granting authority assesses the fulfilment of indicators and the achievement of the purpose of the grant also with regard to the **quality of the submitted project outputs**. The granting authority reserves the right to mark individual outputs/results as unsatisfactory on the basis of an expert assessment.

receives automatic messages linked to the project. In this case, there is no evaluation of the project/issuance of the legal act on grant award/transfer.

- b) An application withdrawn in the status "The grant application recommended for financing" or "The grant application met the conditions for issuing the legal act on grant award/transfer" (i.e. after the list of recommended projects was created):

The same procedure for the withdrawal of the application as under a) will be used by the applicant, e.g. due to non-acceptance of conditions of the legal act on grant award/transfer via the MS2014+ (the button "withdraw application"), or in any official way with handwritten or secure electronic signature of the statutory body or its authorized representative. The applicant then receives a "Notification of withdrawal from the project." An applicant who has established a data box (based on the law or upon request), shall receive a Notification of withdrawal from the project simultaneously via a public data network and to the data box. An applicant, to which is not possible deliver the Notification of withdrawal from the project to the data box, shall receive the Notification of withdrawal from the project via the postal service. The legal act on grant award/transfer will not be issued.

**2) Ending administration of the grant application before issuing the legal act on grant award/transfer by the MA**

- a) Ending the administration of the grant application before issuing the legal act on grant award/transfer by the MA:

If it is not possible to approve or not to approve a grant application in the evaluation process or issue a legal act on grant award/transfer, without the applicant withdrawing the application, the MA terminates the administration of the application by the "Decision to cease the proceedings." This procedure is applied mainly in cases where the applicant does not communicate with the granting authority and does not deliver the required documents for issuing a decision or initiation of the next stage of evaluation.

**3) Early termination of the project implementation with an issued legal act on grant award/transfer - a Grant Award Decision**

- a) Early termination of the project implementation with an issued legal act on grant award/transfer - a Grant Award Decision - by the MA

The MA may terminate the project early only for the reasons specified in Section 15 of the Budgetary Rules by withdrawing the grant in the proceedings on the grant withdrawal. Its result of the proceedings on the grant withdrawal will be the issuing of the administrative decision by which the grant will be withdrawn. The decision will contain the date by which the beneficiary must return the funds received by that day and identity of accounts to which such funds are to be transferred. These proceedings are the subject of General Regulations on administrative proceedings; therefore, it is possible to submit an appeal against the decision of the granting

authority upon the withdrawal of grant<sup>86</sup>. A grant may be withdrawn if the budgetary discipline was not breached due to the non-fulfilment of the purpose of the grant<sup>87</sup>.

b) Early termination of the project implementation with an issued legal act on grant award/transfer - a Grant Award Decision - by the beneficiary

The beneficiary asks for termination of the project by pressing the button "terminate the project" in the MS2014+ (sending an official request is not required)<sup>88</sup>. The "terminate the project" button is used for the purposes of notification of the intention of the granting authority to discontinue the project implementation. Merely pressing the button does not mean the formal termination of the project. The beneficiary may also, after notifying the intention not to implement a project, use the request for a significant change in the project (or other official form with the signature of the statutory body).

The change in the end date of the physical project implementation is always a significant change. The beneficiary will submit the application for the significant change of the project for early termination of the project implementation with the indication of the reason(s). If the granting authority accepts the application, it shall issue a Decision on the amendment to the legal act on grant award/transfer stating the new deadline (date) for the termination of the project implementation.

As a principle, early termination is enabled in cases where the beneficiary, even for the early termination of the project implementation, achieves the planned outputs and results. These are usually exceptional cases, and particularly serious reasons.

If the granting authority does not accept the application for early termination of the project implementation and the beneficiary does not want/cannot implement the project, then while meeting conditions mentioned in the provision of Section 15 of the Act of Budgetary Rule (e.g. the purpose of the grant may not be fulfilled properly and timely), the MA will initiate proceedings on the grant withdrawal. At the same time, the granting authority calls on the beneficiary in writing to stop the financing of the project. The decision on the grant withdrawal must be issued before the closing date of the project specified in the a Grant Award Decision, as amended.

The initiation of the proceedings on the grant withdrawal can occur in cases where the beneficiary notifies that they no longer wish to implement the project after receiving support through the Grant Award Decision, if they had not yet received any funds for the project implementation or received the funds but had not used them.

Acceptance of the application for early termination of the project implementation

On the basis of the application, the granting authority states in the legal act on grant award/transfer, the new date of termination of the project implementation. Depending on the

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<sup>86</sup> See Administrative Procedure.

<sup>87</sup> Breach of budgetary discipline, which occurred for other reasons than failure to fulfil the purpose of the grant, does not constitute an obstacle to the withdrawal of the grant and is addressed by the financial administration authority.

<sup>88</sup> Detailed procedure is described in the User Manual of the IS KP14+ in the part Instructions for Completing the Grant Application Form.

circumstances of the termination of the project implementation, the financing of the project can be stopped or the amount of the grant reduced.

In the case where at least formally, the physical project implementation was initiated, the beneficiary is bound to submit the PIR for the period in which the beneficiary uses the funds of the granting authority (the new end date of the project implementation will be stated in the Decision on the Amendment of the Legal Act on Grant Award/Transfer), if the beneficiary is not released from this obligation in the legal act on grant award/transfer or this decision. At the same time as with the PIR, the beneficiary must submit the account statement from which it is evident that they used the grant (also applies to fees for account maintenance). The beneficiary makes the financial settlement according to Regulation No. 367/2015 Coll., see Chapter 7.3.3.

#### **4) Early termination of projects implemented on the basis of the Deputy Minister Measure (technical assistance of the MA)**

Where the beneficiary (especially Department of Technical Assistance) finds that it is not possible to achieve the project objectives before issuing Deputy Minister Measures, the signatory (Minister) or agent (director of the Department of Technical Assistance under the authority of the Minister) withdraws the grant application using the "withdraw application" button in the MS2014+.

If a signatory requests to terminate the administration of an application with a handwritten or electronic signature, the Agent withdraws the application in the MS2014+.

If the beneficiary finds that it is not possible to achieve the project objectives defined in the Deputy Minister Measures, and at the same time a part of the project is not implemented in accordance with the call, the beneficiary shall submit a proposal for the p termination of the project by pressing the button "terminate the project."

Funds that the beneficiary used but did not include in the PA, the granting authority solves as a suspicion of breach of discipline with the submission of the initiation to the financial administration body.

If the expenditure has been paid, settled and approved in the PA, the granting authority solves the funds settled in the PA solves an inconsistency in suspected breaching of budgetary discipline and sends the submitted case to the financial administration body.

It is not considered to be an early termination of the project if it is possible to shorten and reduce the project's scope, in accordance with an call, only to an implemented part of the project. In this case, the beneficiary submits a request for a significant change in the project and the MA approves the change.

#### **5) Early termination of the projects implemented by other SOU, CO, foreign SOU (i.e. excluding CO established by the MEYS)**

If SOU is the project implementer, on the basis of the provision of Section 26 (3) of Budgetary Rules, the MA will proceed similarly pursuant to the provision of Section 14f of the Act on Budgetary Rules. This means that the MA calls on the beneficiary to return the currently provided or transferred funds. The provided funds are returned by the budgetary measure if they are to be returned to state budget; in other cases, the organisation unit of the state, whose budget was

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decreased, receives them into the other funds account. In the case of funds returned by the beneficiary in this way it applies that there was no breach of budgetary discipline and the MA pursuant to provision of Section 14f (7) of the Budgetary Rules only notifies the relevant Financial Administration on issuance of the request for returning the grant and on the response to such a request.

### 7.3.6 Project Sustainability

The fulfilment of the conditions at the time of the project's sustainability is based on Article 71 of the General Regulation and is further specified by the call/follow-up documentation for the call.

For projects that are the subject of the obligation to retain investment into the infrastructure or productive investment<sup>89</sup> in accordance with the provisions of the corresponding call, the beneficiary must prevent the termination of the project implementation in the stated period (last payments to the beneficiary) or relocation of the manufacturing activity outside the programme area, a change in the ownership of the infrastructure item and any significant change that negatively influences the nature and objectives of the project. In case of non-fulfilment of the obligation of sustainability, a potential fine will be assessed to the beneficiary for a breach of budgetary discipline in accordance with the legal act on grant award/transfer.

The transfer of assets to another subject in the sustainability time is possible in the form of significant changes without impacting the legal act on grant award/transfer; however, the original purpose during the acquisition must be retained and all conditions during the provision of grant must be kept. The subject to which the assets are transferred may not obtain undue benefit from their ownership. In this case, the beneficiary must return part of the grant at the level of the acquisition price of the assets (in accordance with Article 71(1) of the General Regulation).

**In the case of support, which includes investment into the infrastructure or productive investment,** the beneficiary must return the contribution from OP RDE if within 10 years from the last payment to the beneficiary, the manufacturing activity is relocated outside the territory of the EU with the exception of cases where the beneficiary is a small or medium sized enterprise (SME). If the contribution from European Structural and Investment Fund (ESIF) has the form of state aid, the period of 10 years is replaced by a period valid according to the rules for the provision of state aid (for example, if the support is provided according to the GBER, the sustainability period is stated in a different manner, in accordance with the conditions of relevant block exemption).

The MA reserves the right to state according to the specification of calls and their orientation, the condition of sustainability for projects for which this obligation does not result from the above-mentioned directive but are key by their focus and desire for sustainability. If this option is used, the condition of sustainability, including the specific conditions, will be stated in the call/follow-up documentation for the call.

Obligations that the beneficiary must fulfil during the sustainability period of the project are defined in the conditions of the call/follow-up documentation for the call.

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<sup>89</sup> See Article 3 of the ERDF Regulation.



Changes made at the time of sustainability are similarly subject to the rules and procedures set out in Chapter 7.2.3.

The beneficiary submits regular and final PSR during the period defined in the legal act on grant award/transfer. Detailed information about the types of reports submitted in the period of sustainability is in Chapters 7.1.5 and 7.1.6.

In the case of a project generating income according to Article 61 of the general directive with the last report on sustainability for the project (or with the closing of the programme – whichever occurs earlier), the beneficiary documents the recalculation of the financial gap and the MA administers any return of income.

As part of the inspection/verification in the sustainability period, the MA conducts inspections of the durability of operations.

## 7.4 Retaining Documents

### 7.4.1 General rules for retention of documents and documentation related to the project

The retention of documents and files related to the OP RDE is governed by the Act on Archiving and Records Service, as well as the provisions of the General Regulation, in particular Article 140, Commission Regulation in the transferred authority (EU) No. 480/2014<sup>90</sup>,

### 7.4.2 List of documents and project outputs that are the subject of retention

List of documents that must be retained<sup>91</sup>:

- documents submitted to the grant application (a detailed summary is mentioned in the call, see Chapter 5.1);
- documents submitted to the legal act on grant award/transfer (for a detailed summary, see Chapter 6.4);
- documents proving the promise and approval of the support (including annexes and any amendments) - legal act on grant award/transfer;
- documents for the procurement procedure – documentation on contracts and records on electronic actions related to the implementation of contracts;

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<sup>90</sup>It states the detailed minimum requirements for the audit trail concerning the accounting records that are to be retained and the documents to be retained at the level of the certification body, the Managing Authority, mediating subjects and beneficiaries of the support and the Implementing Regulation of the Commission (EU) No. 2014 of 821/2014 of 28 July 2014, laying down the rules for the application of Regulation (EU) No. 1303/2013 of the European Parliament and the council concerning detailed negotiations for the transfer and administration of contributions from the programme and submission of reports on financial tools, technical properties of information and communication measures for operations and the system for recording and retention of data.

<sup>91</sup> This is not an exhaustive list of documents for retention.

- documents proving the purpose of the provision of financial resources - e.g. PA, accounting records, invoices, bank statements;
- documents for monitoring reports of the project);
- documents related to conducting inspections by the Managing Authority and further bodies;
- complete correspondence, which the beneficiary received on the part of the Managing Authority and the implementation body and sent to those bodies;
- further documents related to the project and its implementation that document the course of the administration of the project for the final fulfilment of the indicators of the outputs of the operation, achieved values of indicators and the minimum required sustainability time of the project – e.g. photos, records of work, hand over protocols for constructions and delivered assets, etc.

### 7.4.3 Rules for the Retention of Documents

#### **The beneficiary must retain documents related to the project implementation.**

The documents that exist as the original in the IS KP14+ (or MS2014+), the beneficiary (or the partner) is not obliged to ensure retention of the originals in a different place from the IS KP14+ (or MS2014+). If there is only a scan of the document available in this information system, the retention of the original (or verified copy) must be ensured by the beneficiary or the partner.

In relation to the demand to ensure proper function of the system for recording and keeping accounting records, the deadline is stated for each activity during which the original documents must be available to the controlling authorities by 31st December 2033<sup>92</sup>, unless the legislation provides longer deadlines for some types of documents.

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<sup>92</sup> The time limit was set with regard to Article 140 of the General Regulation, which determines that the period during which the original documents must be available to the Commission and the European Court of Auditors in accordance with Article 140 of the General Regulation is two years after the submission of financial statement by the OP RDE, in which the final expenditure of the terminated operation are included and with regard to the provision of Section 44a (11) of the Budgetary Rules.

## 8. CHAPTER – PROCESSES AND RULES OF FINANCIAL MANAGEMENT

### 8.1 Project Financing

The financing of the project is performed in ex-ante or ex-post payments and in specific cases in combined method. The method of financing is determined according to the legal form of the beneficiary and is defined in the specific call/follow-up documentation for the call.

A combination of the various forms of payment at the project level is not permitted.

A combination of ex-ante and ex-post payments at the project level is possible only in exceptional cases. In this case, it is necessary that the amount of the ex-post payment that exceeds the amount of provided advance payments (i.e. to ex-ante payments) is reported separately in the particular PA. PA is recorded on the ex-ante form, stating the relevant amount of ex-post payments in the corresponding column of the form.

#### 8.1.1 Ex-post Payments

In the case of ex-post payments, the eligible expenditure is paid retroactively to beneficiaries spent for the project implementation. For these projects the beneficiary pays expenses for the project implementation from own sources and during the project implementation the beneficiary submits in accordance with the legal act on grant award/transfer, the PA in which the beneficiary asks for their payment retroactively. Ex-post payments, from the perspective of reporting in forms in the MS2014+, are considered to be payments between the MA and the beneficiary, which is SOU and CO SOU, CO except the MEYS SOU (see Chapter 8.1.4).

#### 8.1.2 Ex-ante Payments

In ex-ante payments the beneficiaries are, during the project implementation, provided with advance payments based on the submitted PA. The purpose of the spent funds is retroactively documented by the beneficiary in the form of documents for settlement, which are part of each following PA.

The maximum amount of the first advance payment is defined by the call, whereas the specific amount of the first advance payment is provided in the amount calculated as sum of expenditure planned usually for the first two monitoring periods mentioned in the proposed financial plan, unless otherwise provided in the call/follow-up documentation. The legal act on grant award/transfer states the amount and the deadline by which the granting authority pays the first advance payment.

The first advance payment is paid to the beneficiary by the granting authority usually within 30 calendar days from the date of the legal act on grant award/transfer, but no earlier than 60 calendar days before the start of the project implementation.

Further advance payments are provided for the beneficiary on the basis of the submitted PAs. The level depends on the expected demand of the beneficiary resulting from the financial plan of the project. The total sum of advance payments provided beyond the framework of the approved settlement must not exceed 50 % of the total eligible expenditure of the project.

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### 8.1.3 Financing by Combined Payments

The beneficiary submits the PA<sup>93</sup>, which may include documents both paid and unpaid by the beneficiary (e.g. contractor invoices), including all documents. Bank statements, finding protocols, lists of work carried out and other required documents are submitted as paid documents. The PA is submitted within the deadlines stated in the respective legal act on grant award/transfer.

The following conditions are valid for the implementation of combined payments and the submission of the PAs:

1. in cases where the beneficiary submits the outstanding documents for interim payment by the MA prior to the due date for submission of PA, the MA carries out a dual check of expenditure, first upon the submission of the outstanding documents for interim payment by the MA prior to the due date for submission of the PA and then upon the inclusion of the given expenditure in the PA;
2. the beneficiary must include in the PA all documents submitted and unpaid according to Clause 1, the payment of which by the MA and the proof of the payment by the beneficiary were carried out no later than at the date of processing the PA.

The MA checks the PA and verifies the eligibility of billing, or performs other checks. After the performed checks and approvals of the PA the MA passes the PA for payment. The MA transfers to the beneficiary's account, within 10 business days, finances designated for pre-financing, if the documents included in the PA have not been already paid (see point 1 above).

The beneficiary from the transferred funds pays the approved eligible expenditure from yet unsettled submitted documents to their suppliers no later than within 10 business days from the date of transfer of the funds.

### 8.1.4 Making Payments by SOU, CO SOU

Payments between the MA and the beneficiary, which is a SOU and CO SOU (except for CO MEYS), are considered to be ex-post payments and are recorded on the respective printed forms and in the appropriate forms in the MS2014+, **involving the ex-post payment from the view of the reporting on the forms, however, it does not always need to be the typical ex-post payment in all related aspects.** The reason is the fact that state organization unit (contributory organisation of state organisation unit receives funds for financing of the project in the form of a grant from its founder, i.e. state organisation unit, or funds from its own activity) finance their projects from their budgetary funds approved in the stated budget for the stated year. Consequently, funds are released for these sources for financing projects. The applied expenditure is reported by the beneficiary to the MA, which consequently checks submitted documents for the incurred expenditure.

The indication of the ex-post cash flow is only used from the viewpoint of European reporting and is not relevant from the viewpoint of the diction of Budgetary Rules with the interpretation of the term of unauthorized use of financial resources or breaching of the budgetary discipline.

<sup>93</sup> In case of combined payment, the payment applications are recorded on forms for ex-post.

### **The applicant/beneficiary is SOU**

State organization unit finances the project from its budgetary funds approved in the state budget (SB) for the stated year.

During the preparation of the state budget, state organisation unit must consider income and expenditure for the stated project in the respective chapter of the state budget. In the case than income and expenditure for the stated project were not considered in the budget of the SOU, then SOU acting in the role of the beneficiary, may request in accordance with the respective provision, a correlative increase in income and expenditure. A correlative increase of income and expenditure can only be claimed after funds were ensured in the state organisation unit budget for national co-financing of the project. State organization unit consequently releases funds from these sources for financing the project.

### **Applicant/beneficiary is a CO SOU**

SOU, who is the founder of the CO SOU finances the project from its budgetary funds approved in the state budget (SR) for the stated year.

If the founder of CO is MEYS, the given CO receives funds for the financing of the project in the form of a grant (i.e. it is a financing ex-ante), which are or are to be covered by funds from the EU budget.

In the case that the beneficiary is CO SOU other than the MEYS, its founder (i.e. SOU) during the preparation of the stated budget, must take into account the income and expenditure for the project of its CO in the respective chapter of the SB<sup>94</sup>. For this reason, it is important that state-funded institution, state organization unit informs the founder about the intention to submit a project co- financed from funds from the EU budget, about the approval of the project and the level of funds (in total in individual years) a sufficient time in advance so that the founder can ensure the necessary budgetary funds. The beneficiary who is CO SOU submits with a grant application also the declaration of securing the assent of the founder with the project implementation and the further statement that will notify the founder about the approval of the project and the amount of funds (in total and in each year).

In the case than income and expenditure for the stated project were not considered in the budget of the OSS acting in the role of beneficiary, the state organization unit in the role of the beneficiary may request in accordance with the respective provision for a correlative increase in income and expenditure. It is possible to request a correlative increase in income and expenditure after ensuring funds in the state organization unit budget in the role of the founder for national co-financing of the project. Contributory organisation state organization unit consequently releases funds for financing the project from these sources.

The beneficiary submits the PA for the MA payment within the deadlines stated in the legal act on grant award/transfer.

### **8.1.5 Co-financing of projects under OP RDE**

OP RDE is ranked among multi-category programmes covering two programme areas:

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<sup>94</sup> With the exception of Clause 2 above.

- less developed regions;
- more developed regions.

**The programme area means in the case of a programme related to more than one category in the region, the geographic area corresponding to the individual category of the region.**

The aid is provided in the form of non-returnable direct support (grant) up to the level of 100 % of the total eligible expenditure of the project. The level of co-financing of OP RDE from ESIF (ERDF/ESF) achieves a maximum of 85 % and the remaining minimum 15 % will be paid from national sources, either directly from the sources of the state budget or from the beneficiary's own resources.

**The level of co-financing required for the project implementation will always be declared in conditions during the announcement of the specific call.**

The specific co-financing rate for projects depends on the following factors:

1. Category of the region, in which the project will be implemented;
2. if the supported activity is subject to state aid within the meaning of Article 107 of TFEU;
3. type of beneficiary and the specialisation of the project activities.

Ad 1. Category of the region in which the project will have an impact

The OP RDE covers programming areas of more or less developed regions. The permissible combinations of programming areas and places of execution are set within each individual call in the RfAB – Specific Part. These allowed combinations are binding for applicants.

The ratio of the allocation of financial resources between OP RDE programme areas<sup>95</sup> is entered by the applicant into the IS KP14+ in the grant application (within the category Region, see Chapter Specific objectives in the User Manual the IS KP14+ – Instructions for Completing the Grant Application Form), from which subsequently monitoring system calculates the distribution of financing between the EU, SB and own resources of the applicant/beneficiary. **This ratio does not represent co-financing within the project from resources of EU, SR and resources of the applicant/beneficiary.** The entering of incorrect ratios of financial resources between programming areas or the actual applicant/beneficiary's co-financing rate falling for the particular programming area (in case the applicant is required to adjust this share) leads to incorrect calculation of shares of financing for the project.

Ad 2. The supported activity is subject to state aid within the meaning of Article 107 of TFEU; Mandatory level of support in this case is specified in the RfAB – General Part (Chapter 15) and the RfAB – Specific Part.

Ad 3. Type of beneficiary and the specialisation of its activities

The compulsory co-financing rate according to the type of beneficiary and the specialisation of its activities are established by the Rules of co-financing of the European Structural and Investment Funds

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<sup>95</sup> Cases where only one combination of the place of execution and the programme area is allowed, may be the exception. Then, the ratios of categories of region could be entered by default on the call.

in the programming period 2014–2020 issued by the Ministry of Finance (full text can be found on the website at <http://www.mfcr.cz/cs/zahranicni-sektor/podpora-ze-zahranici/strukturalni-fondy>).

This document shows the ratios of funds listed below in *Table No. 8 – Overview of rates of co-financing by beneficiary in the projects in the programming period 2014-2020*.

The compulsory co-financing rate of the applicant/beneficiary according to the legal form of the applicant/beneficiary in the monitoring system will be auto-completed but it can be adjusted by the applicant/beneficiary (in some cases it is a must). However, this value should never be lower than that one set out in the call.

Co-financing rate by the type of beneficiary:

**Table No. 8: Overview of rates of co-financing by beneficiaries in the projects within the programming period 2014–2020<sup>96</sup>**

| Type of applicant/beneficiary   | Less developed regions – co-financing rate – ERDF |        |                  |         | Less developed regions – ESF |                  |            |         | The region of the capital city of Prague – co-financing rate for ERDF |         |                  |             | The region of the capital city of Prague – co-financing rate for ESF |                  |            |         |
|---|---|--------|------------------|---------|------------------------------|------------------|------------|---------|---|---------|------------------|-------------|--|------------------|------------|---------|
|   | EU share %  |        | National share % |         | EU share %                   | National share % |            | Total % | EU share %  |         | National share % |             | EU share %   | National share % |            | Total % |
|   | ERDF  | SB     | Beneficiary      | Total % |                              | ESF              | SB         |         | Beneficiary   | ERDF    | SB               | Beneficiary |  | Total %          | ESF        |         |
| State organisational units and contributory organisations of the state (it also applies to schools and school facilities established by the ministries under Section 8 (2 - 4) of Act No. 561/2004 Coll., and to the state higher education institutions) | 85  | 15     | 0                | 100     | 85                           | 15               | 0          | 100     | 50  | 50      | 0                | 100         | 50   | 50               | 0          | 100     |
| Legal entities carrying out activities of schools and educational institutions (schools and school facilities that are registered in the school register) <sup>97</sup>   | 85  | 15     | 0                | 100     | 85                           | 15               | 0          | 100     | 50  | 50      | 0                | 100         | 50   | 50               | 0          | 100     |
| Territorial self-governing units and their contributory organizations <sup>98</sup>   | 85  | max. 5 | at least 10      | 100     | 85                           | max. 10          | at least 5 | 100     | 50  | max. 40 | at least 10      | 100         | 50   | max. 45          | at least 5 | 100     |

<sup>96</sup> The table is based on the Rules of Co-financing of the European Structural and Investment Funds in the programming period 2014–2020.

<sup>97</sup> Based on the decision of the MA the co-financing by the applicant/beneficiary is reduced to 0 %. This category of applicants/beneficiaries also includes schools and school facilities which are contributory organisations of territorial self-governing units and the voluntary associations of municipalities, registered in the school register.

<sup>98</sup> Voluntary associations of municipalities are also included in this category of applicants/beneficiaries.



| Type of applicant/beneficiary  | Less developed regions – co-financing rate – ERDF |         |                  |         | Less developed regions – ESF |         |                  |         | The region of the capital city of Prague – co-financing rate for ERDF |         |                  |         | The region of the capital city of Prague – co-financing rate for ESF |         |                  |         |
|--|---|---------|------------------|---------|------------------------------|---------|------------------|---------|---|---------|------------------|---------|--|---------|------------------|---------|
|  | EU share %  |         | National share % |         | EU share %                   |         | National share % |         | EU share %  |         | National share % |         | EU share %   |         | National share % |         |
|  | ERDF  | SB      | Beneficiary      | Total % | ESF                          | SB      | Beneficiary      | Total % | ERDF  | SB      | Beneficiary      | Total % | ESF  | SB      | Beneficiary      | Total % |
| Public universities and research organizations <sup>99</sup>   | 85  | max. 10 | at least 5       | 100     | 85                           | max. 10 | at least 5       | 100     | 50  | max. 45 | at least 5       | 100     | 50   | max. 45 | at least 5       | 100     |
| Private entities performing activities in the public interest, where the main purpose is not a profit-making activity <sup>100</sup> | 85  | 10      | 5                | 100     | 85                           | 10      | 5                | 100     | 50  | 45      | 5                | 100     | 50   | 45      | 5                | 100     |
| Other entities not included in the above categories <sup>101</sup>   | 85  | 0       | at least 15      | 100     | 85                           | 0       | at least 15      | 100     | 50  | 0       | at least 50      | 100     | 50   | 0       | at least 50      | 100     |

<sup>99</sup> The definition of research organisation is based on the definition mentioned in the Community Framework for State aid for research, development and innovation in the General Block Exemption Regulation (GBER) and in the RDI Support Act. According to the RDI Support Act, the research organisation is obligated to reinvest its whole profit in scientific activities.

<sup>100</sup> Usually these are the associations, public benefit organizations, institutes, churches and religious societies, foundations and endowments, local action groups (LAG), registered institutions, and the association of legal entities. In case of 1) support or protection of persons with disabilities and disadvantaged people, 2) social services and social inclusion activities, 3) activities in the field of education, and 4) activities of economic and social partners in social dialogue, the beneficiary will pay 0 % of the eligible expenditure. At the same time this category of applicants/beneficiaries includes the private higher education institutions, which are public benefit organizations and registered institutions, but to which the possibility of reducing its own share of co-financing to 0 % does not apply.

<sup>101</sup> This category of applicants/beneficiaries also includes the private universities that are joint stock companies or limited liability companies.

The resulting ratios of funds are calculated in the monitoring system on the basis of specified inputs (ratios of category of regions for each specific objective and the rate of financing in less/more developed regions).

Based on the resulting ratios of funds according to the grant application, a fixed ratio is set, by which during the project implementation any payments are distributed among the share of EU, state budget and own share of applicant/beneficiary. This implies that if the project includes investment and non-investment expenditure, the beneficiary is obliged to co-finance them in an equal way<sup>102</sup>, i.e. to co-finance investment and non-investment expenditure amounting to the percentage attributable to its own co-financing of the project.

**Example:** *The project, with total eligible expenditure of CZK 100 million, of which CZK 30 million investments and CZK 70 million of non-investments. Ratios of funding sources: 85 % EU, 10 % SR, 5 % of own resources. The project is implemented in the less developed region.*

**Table No. 9: Example of funding sources**

| <b>Sources of funding</b> |                         |                                      |  |
|---------------------------|-------------------------|--------------------------------------|--|
| <b>Source type</b>        | <b>The ratio (in %)</b> | <b>Investments (in millions CZK)</b> | <b>Non-investments (in millions CZK)</b> |
| EU                        | 85                      | 25.5                                 | 59.5                                     |
| SB                        | 10                      | 3.0                                  | 7  |
| Own share                 | 5                       | 1.5                                  | 3.5                                      |
| <b>TOTAL</b>              | <b>100</b>              | <b>30</b>                            | <b>70</b>                                |

*Conclusion: the beneficiary receives from the MA investments of CZK 28.5 million and non-investment funds of CZK 66.5 million from public resources (combined share of the EU and NB). From own resources, it shall cover investments of CZK 1.5 million and non-investment of CZK 3.5 million.*

In the case of the use of the contribution for co-financing the project, the rules of eligibility, documentation and options of its use are listed in Chapter 8.7.3.

If the applicant/beneficiary is a public higher education institution, the income of public universities is considered own funds of the applicant/beneficiary for co-financing of projects under the OP RDE according to Act on Universities in Section 18 (2) (a) (e) (g) (h) as well as funds mentioned in Section 18 (6) (a) (b) (d) and (g). For this purpose, own resources may be considered to also include grant funds for long-term strategic development of a research organization in accordance with the RDI Support Act. However, own resources from the above list can be considered to exclude resources the use of which for the co-financing of projects in OP RDE would be contrary to the purpose provided in the decision based on which they were granted. Using these funds for co-financing projects in OP RDE may not be in conflict with school internal regulations.

<sup>102</sup> For a particular call there may available also uneven way of co-financing of investment and non-investment expenditure, especially in connection with the use of in-kind contributions. This fact must be allowed by the RfAB – Specific Part of the call.

## 8.2 Accounting and Documentation

Beneficiaries must maintain bookkeeping or tax records in accordance with the legal regulations of Czech Republic.

The project must be maintained separately from the other activities of the organisation (for example, via analytical accounts with the use of an accounting centre, etc.). This only applies to actually incurred direct costs or contributions and depreciation, not expenditure reported using a simplified cost options. If ineligible expenditure is incurred, the beneficiary books them separately from eligible expenditure.

Beneficiaries not maintaining accounting according to the accounting act, must, in the case of actually incurred costs reported using the full reporting cost method, must maintain tax records according to the income tax act expanded by the following requirements, which will be mentioned in the legal act on grant award/transfer.

### **These beneficiaries:**

- a) keep separate records and assign the appropriate code to all accounting transactions related to the project implementation;
- b) the respective document must fulfil the stated formal requirements of accounting document pursuant to the provisions of Section 11 of the Accounting Act (with the exception of letter f) or prescribed particulars of a tax document in accordance with Section 29 to 30 of the VAT Act;
- c) the mentioned documents must be correct, complete, conclusive, understandable and chronologically continuously maintained in a manner ensuring sustainability;
- d) during the inspection, the beneficiary provides the controlling authority with the tax records in the full scope, upon request.

Separate book-keeping must be maintained no later than from the date of issuing the first act on grant award/transfer, otherwise the beneficiary takes the risk that spent costs cannot be checked and will be considered ineligible. When purchasing assets, the beneficiary is obliged when keeping records to ensure the marking that they are assets acquired from the specific project or projects. The beneficiary is obliged within each interim payment application to submit as a mandatory annex the output report from the accounts for the project in the particular reporting period.

In case of indirect/fixed expenditure, the beneficiary keeps accounts or tax records, but in its accounts or tax records individual accounting items need not to be assigned to a specific project and need not to prove by accounting documents the actual expenditure in relation to the project. In case of the use of flat rates, direct costs clearly defined in the relevant legal act on grant award/transfer, which must be adequately documented through accounting documents by the beneficiary, are the basis for determining the flat rate. For expenditure reported within the simplified cost option in the form of standard scales of unit costs, documents are submitted, which are necessary to verify that the activities or outputs that are listed in the legal act of grant award/transfer were actually carried out. In such cases, the beneficiary does not need to substantiate its expenditure by specific accounting documents in the payment application. For beneficiaries that keep their accounts according to the Accounting Act or tax records pursuant to the Act on Income Taxes, no obligation to clearly assign all accounting items applies to

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expenditure reported in a simplified form unless such an obligation is stipulated by regulations of the Czech Republic.

Accounting documents related to the project implementation, must be marked with the registration number of the project. The beneficiary/partner is obliged to bind the supplier to submit for payment only invoices that include the project registration number in the invoice text<sup>103</sup>.

**Determining the amount of eligible expenditure and their payment in connection with the possible emergence of exchange rate differences in the classification of the particular expenditure into the list of documents**

To determine the amount of eligible expenditure for payments, there are the following options:

a) Tax/accounting document in CZK, payment in CZK - the eligible expenditure is the amount paid in CZK including eligible part of VAT;

Tax/accounting document in CZK, payment in foreign currency - the eligible expenditure is the amount of CZK calculated as a multiple of the amount in foreign currency used for payment and CNB exchange rate on the payment date. The amount of CZK thus generally differs from the amount invoiced;

Tax/accounting document in foreign currency, payment in the same foreign currency - eligible expenditure is the amount obtained by multiplying the amount paid and the CNB exchange rate on the date of payment. In case of more payments in foreign currency the eligible amount in foreign currency is multiplied by the average rate rounded to 3 decimal places, which are calculated as the sum of the amounts paid and converted to CZK and the total price of the invoice in foreign currency;

Tax/accounting document in foreign currency, payment in CZK - the eligible expenditure is the entire amount paid. If the invoice contains other ineligible expenditure, the eligible expenditure is calculated by multiplying the eligible amount in foreign currency and the exchange rate of the payment according to the bank statement. It is necessary to clearly identify how much foreign currency was paid. It is not enough to state the amount in CZK alone, without clear links to how much it is in foreign currency. If the bank statement does not state the amount paid in foreign currency, it may be evidenced e.g. by an advice note on the foreign payment or other document certified by the bank, which contains this information;

Tax/accounting document in foreign currency part of the payment in the same foreign currency, part of the payment in CZK - eligible expenditure is translated in the same manner as in c).

The amount of eligible expenditure associated with travel compensation, where exchange differences may arise, shall be as follows:

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<sup>103</sup> In justified cases, the beneficiaries/partners are allowed to mark the invoice with the number of the project by themselves before their application in the payment application.

- in the case of providing an advance payment for a foreign business trip in foreign currency to an employee of a Czech entity, when making a settlement of this advance payment, the CNB exchange rate valid on the date of providing the advance payment shall be used<sup>104</sup>;
- in case of settlement of travel expenses related to the foreign business trip, where an employee of a Czech entity has not received an advance payment, when making a settlement of the foreign business trip the CNB exchange rate valid on the day of start of the employee on a business trip<sup>105</sup>.

### 8.3 Bank Account

Before issuing the legal act on grant award/transfer, the beneficiary is called to identify their bank account. The bank account may be open at any bank authorized to act in the Czech Republic and must be maintained exclusively in CZK. Payment to the beneficiary may be only be made to the account specified in the legal act on grant award/transfer. Subjects listed in Section 3 letter h) of the Budgetary Rules having their account at the Czech National Bank (CNB) must only mention on grant award/transfer these accounts open at the CNB. The beneficiary must retain their bank account after termination of the project up to the time of final settlement, see Chapter 7.3.3

The condition of grant from OP RDE is not a separate bank account/sub-account for the project unless otherwise provided in the call and the follow-up documentation.

Non-cash expenditure for the project may be paid from any bank account of the beneficiary. When proving direct expenditure, the payment must be proven by a scan of the bank statement from which the payment was actually made, unless otherwise provided. The statement must show clearly that this is the beneficiary's bank account and individual expenditure must be properly marked (e.g. with number according to the list of documents).

### 8.4 Cash

The beneficiary and the partner are not obliged to maintain for the project any separate cash for cash expenditure and income (however, it is necessary to ensure analytical records in the accounting when using the cash).

### 8.5 Value Added Tax

The value added tax (VAT) is generally as all taxes ineligible with the exception of cases where it is non-deductible according to domestic regulations. VAT is only eligible for beneficiaries who cannot apply for a VAT deduction on the input (according to the VAT Act).

Eligible value added tax applies only to the fulfilments which must be considered eligible. In the case that the fulfilment is only eligible from the aliquot part, then the value added tax related to this fulfilment is eligible from the same aliquot part.

<sup>104</sup> The procedure is in accordance with Section 183 of the Labour Code.

<sup>105</sup> The procedure is in accordance with Section 184 of the Labour Code.

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## Foreign VAT

If during the purchase of goods/import of goods/acceptance of services from another state, there is no option to report tax in another state or in the CR, then it is possible to apply VAT as eligible expenditure (under the conditions set out in this Chapter). If there is no possibility of reporting tax in another state/the CR, VAT is ineligible expenditure.

If during the purchase of goods/import of goods/acceptance of services from another state, the taxpayer is obliged to report tax in another state or in the CR, then it is not possible to apply VAT as eligible expenditure. An exception applies to non-payers of VAT, in the accounts of which there is no breakdown of the expense to the tax base and VAT. The expenditure thus can be claimed in full.

### **Settlement of VAT during the payment application for subjects (beneficiary/partner), who may claim a deduction partially on the basis of the coefficient.**

Entities (beneficiary/partner), which can claim a deduction of VAT partially on the basis of the coefficient within the framework of the project, use when reporting in the payment application (i.e. sum of the eligible expenditure) the advance coefficient, the amount of which is documented <sup>106</sup> with the first payment application containing the settlement. The eligible part of VAT may be applied in the list of documents:

- a) Continuously - VAT is claimed in the list of accounting documents along with associated expenditure (i.e. the amount VAT excluded) within the respective monitoring period.

At the same time, within the first payment application following the correct level of the settlement coefficient for the previous year in accordance with the act on VAT, the beneficiaries will settle the eligible part of the VAT on this basis of this settlement coefficient.

If the settlement coefficient is lower than the advance, i.e. in the project the higher part of VAT can be applied, this fact is taken into account on the list of documents, where the settlement is increased by the difference.

If the settlement coefficient is higher than the advance, i.e. in the project the higher part of the VAT can be applied, then this fact is taken into account on the list of documents, where the settlement is reduced by the difference.

As the document for the evaluation of the justification of the level of VAT applied during the year into eligible expenditure, the beneficiary submits the copy of the declaration of VAT stating the advance coefficient.

As the document for the evaluation of the settlement of VAT for the stated year, the beneficiary submits at the beginning of the following year, the copy of the declaration of VAT where the settlement coefficient is calculated. At the same time, the beneficiary submits the report from accounting regarding whether the VAT was properly booked in the accounting and that within the eligible expenditure of the project, only the actual eligible VAT is booked.

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<sup>106</sup> The advance coefficient can be stated by a tax consultant opinion, the opinion of the competent authority or plain copy of the declaration of VAT etc.

- b) Cumulatively - VAT is applied to the project on the basis of a settlement coefficient at the beginning of next year.

As the document for the evaluation of the settlement of VAT for the stated year, the beneficiary submits at the beginning of the following year, the copy of the declaration of VAT where the settlement coefficient is calculated. At the same time, the beneficiary submits the report from accounting regarding whether the VAT was properly booked in the accounting and that within the eligible expenditure of the project, only the actual eligible VAT is booked. The financial settlement of the eligible VAT in relation to the calculated settlement coefficient will be done for each calendar (accounting) year of the project.

If the beneficiary uses the average coefficient for the calculation of the claim for a tax deduction, there is the settlement of the eligible part of the VAT according to the actual value of the coefficient<sup>107</sup>, i.e. if the relative coefficient is calculated according to the actual use at the end of the year deviates from the relative coefficient estimated in advance by more than 10 percentage points.

If due to a time reason it is not possible to settle the eligible VAT for the last year of the project implementation within the final payment application, this settlement can be made within the financial settlement of the grant in accordance with Regulation No. 367/2015 Coll., laying down the principles and deadlines for the financial settlement of relations with the state budget, state financial assets or the National Fund, however only in the case that the settlement coefficient is higher than the advance, i.e. that a higher amount of VAT was applied - the beneficiary takes this fact into account within the financial settlement. However, if the settlement coefficient is lower than the advance, i.e. that the higher part of the VAT can be applied in the project, it is not possible to claim this difference within the financial settlement.

## 8.6 Reporting of Expenditure

### 8.6.1 Full reporting of expenditure

Within the full expenditure reporting, the level of eligible expenditure on the basis of reporting the actual incurred and paid expenditure is done by submitting the accounting, tax or other documents.

**In the case of full reporting of expenditure, the budget includes only direct expenditure.** Particulars of the accounting document are set out in Section 11 of the Accounting Act. The tax documents must fulfil the formal requirements stated by the VAT act.

Using accounting, tax or other documents, the beneficiary proves the eligibility from a contextual viewpoint, as well as from a time viewpoint and from the viewpoint of the adequacy related to the achieved outputs and results<sup>108</sup>.

#### Documentation of expenditure

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<sup>107</sup> The beneficiary submits e.g. tax consultant opinion/opinion of the competent authority/copy of the declaration of VAT at the beginning of next year.

<sup>108</sup> See Chapter 8.7 Eligible expenditure.

The beneficiary settles implemented expenditure via the payment application. The time schedule is stated in the legal act on grant award/transfer. Within the payment application, the beneficiary includes all their expenditure on the list of documents. Realized expenditure of the project is settled by the beneficiaries continuously, without undue delay.

Expenditure for which the total amount reported as eligible is higher than CZK 10 000 <sup>109</sup>, or in the case that the submission of the expenditure is expressly required by the MA, submission by scans of:

- accounting documents;
- documents on payment;
- and other supporting documentation specified within the description of the documentation for individual categories of eligible expenditure in the Chapter 8.7.2.

Expenditure that is not documented in the above-mentioned method is always considered as ineligible expenditure. The exception is expenditure that is classified under the simplified cost option. The procedure for simplified reporting is described in Chapter 8.6.2.

Expenditure, where the total amount reported as eligible equals or is lower than CZK 10 000, are submitted by a list of documents up to CZK 10 000. List of documents up to CZK 10 000 is included in the individual lists of documents in MS2014+, i.e. the lists of documents shall include expenditure up to CZK 10 00, but for these expenditure the scans of the documents listed above are not submitted.

## **Rules for specific types of accounting documents**

### **Advance invoices**

Advance invoices for suppliers of goods or services in the project can be paid and applied in the payment application only in the case that these expenditure meet the rules for eligibility, are issued in accordance with a valid contract (with the supplier of goods or services) and common business practice and will be submitted along with the invoice settlement. In addition to the advance invoices for water, fuel and energy, expenditure arising from the advance invoices can be included in an payment application only at the moment when it comes to their financial settlement by the supplier.

For the above reason, it is recommended to the beneficiary that in the event of advance payments for water, fuel and energy, to negotiate with the supplier a reading and a settlement no later than at the end date of the physical project implementation. If so, the settlement by the supplier will be provided after the date of termination of the (physical) implementation of the project (after the date mentioned in the legal act on grant award/transfer) at the time of submission of the final payment application, then the final payment application can only include actual settled expenditure.

### **Internal documents**

Eligible project expenditure can be documented also by internal accounting documents when the following conditions are met:

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<sup>109</sup> When reporting payroll expenses, one accounting document that can be included in the list of accounting documents, is considered to be the eligible part of the payroll/salary/remuneration of the individual employee not exceeding the amount of 10 000 CZK, assuming that this sum includes gross salary, including personal allowances and statutory health and social insurance. If a person has more part-time jobs within one project, the value of accounting documents is aggregated. In other documents, the total amount claimed to eligible expenditure is decisive within one accounting document.

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- the beneficiary keeps internal accounting consistently for the whole organization, i.e. costs and revenues are inter-organizationally structured always for all contracts without distinction of sources, from which they are financed;
- the amounts submitted for payment must not include ineligible expenditure and profits;
- internal invoice containing direct and indirect expenditure must be adequately divided into a part falling under the relevant chapter of direct expenditure and the part covered by indirect costs. Indirect costs may not be included by internal invoices in direct costs and thus submitted for approval in the list of documents;
- in internal billing the rules on public procurement and rules set by the RfAB may not be violated.

*Documentation for eligibility:*

- Internal invoice - meeting general formal requirements for the accounting document;
- Price calculation - with particular cost items for a given service or product. Price calculation must correspond to prices common in the place and time. At the request of the MA, the beneficiary must prove the price of the units used in the calculation, for instance by a proof of stock records, the primary document or document of equal probative value. Only a primary document is submitted to prove the price of the external supply acquired directly and only for the purposes of this internal invoicing;
- Internal directive - must provide the way of breaking down costs to the individual cost centres and the rules for issuing internal invoices;
- Bank statements- proving that the internal invoice, or a part thereof corresponding to eligible expenditure, was paid within a specified period of eligibility of such expenditure. The date of expenditure shall be considered the date of payment of the internal invoice. The date of payment related to primary accounting documents serving for the price calculation, is not relevant for the eligibility of expenditure, provided that these costs have already been paid;
- Market research - conducted in the place of fulfilment at least from 3 from external suppliers, by which the beneficiary proves that the price calculation is not higher than the price offered by selected suppliers (unless in exceptional cases it is not possible to document market research, the beneficiary must properly substantiate this fact).

### **8.6.2 Simplified reporting of expenditure**

Unlike the full reporting of expenditure, in the case of the use of the simplified cost options, there is a deviation from the principle of “actual expenditure” to the reporting of previously agreed amounts which represent estimates of actual expenditure spent by the beneficiary for the purpose of the project implementation. This estimate is for selected calls/supported activities on the part of the MA.

The expenditure reported using the simplified cost options are considered to be documented similarly as the expenditure proved by the accounting, tax or other document. The objective of the following audits and inspections is to exclusively verify that the conditions of individual simplified cost options were met.

Eligibility of expenditure reported by one of the simplified cost options is assessed in relation to the approved eligible direct expenditure.

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Simplified cost options are as follows:

- a) **Standard scale of unit costs** (hereinafter referred to as “unit costs”) – is used in projects in which it is possible to determine exactly the measurable output or result and it is possible to assign unit costs. The total eligible expenditure of the project consisting of unit costs is equal to the multiple of the number of achieved units of the output and the unit cost to achieve the output. The outputs of unit costs and unit costs per individual outputs are stated by the MA ex-ante.

The beneficiary only submits the results and outputs in the implementation report. The inspection is based on the evaluation; the level of the approved amount of the payment application is stated on the basis of the actual achieved outputs and the results of the project defined in the legal act of grant award/transfer documented by supporting documentation supplied by the beneficiary (e.g. by the report on project implementation, photo documentation or verification of the project in the place or in another suitable manner). A decrease in the number of achieved outputs means a decrease in the level of eligible expenditure. Accounting documents or other documents of equivalent probative value are not the subject of the inspection. The MA may request the documents for the implemented task and procurement and tendering procedure.

- b) **Lump sums of contributions from public resources up to EUR 100 000** – the level of eligible expenditure for the project reported as a lump sum is always nominally expressed as a flat rate amount which serves to cover the costs related to the achievement of the previously stated output or result. The maximum level of the lump sum for one project is EUR 100 000 contributed from public sources. The level of this amount is not binding for payments to beneficiaries within common action plans (see Article 109, par 1 of the General Directive).

Unlike standard scales of unit costs for lump sums, the proportional connection between the achieved partial outputs and payments to the beneficiary is not valid (i.e. the correction in the amount paid in the case of a decrease of the volume of achieved outputs) because the payment of the lump sum is the condition to achieve the previously stated objective for the project. In the case that the objective is not achieved, it is not possible to pay anything from the lump sum despite the fact that actual costs incurred for the beneficiary.

The maximum amount of the lump sum for the project within one call for the submission of the grant application is stated by the MA and cannot be changed within the call. The lump sum may consist of several partial lump sums related to the various activities of the project; however, the total volume of expenditure for the project reported by the lump sum must not exceed the maximum level of the lump amount stated in the general directive (EUR 100 000).

The maximum level of eligible expenditure that may be reported by the applicant/beneficiary as a lump sum and conditions for payment will be stated by the MA in the legal act on grant award/transfer.

The project outputs are declared by the beneficiary via the supporting documentation (e.g. the report on project implementation, photo documentation) or verified by the inspection of the project on site or in another suitable manner. **Accounting documents or other documents of equivalent probative value are not the subject of the inspection.**

- c) **Financing by flat rate for the calculation of indirect costs** – the flat rate represents the percentage

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rate calculated from the previously determined eligible direct expenditure or chapters of the project budget. Flat rate should take into account both the size of the project and, secondly, the degree of outsourcing by the beneficiary. Generally, indirect costs are falling (relatively) with increasing size of the project, and also share of activities implemented from outsourcing (i.e. not by the beneficiary).

Before signing the act of grant award/transfer the MA can reduce the maximum amount of the flat rate set out in the call based on negotiations with the applicant. Similarly, in the stage of checking eligible expenditure the granting authority may, based on the actual share of outsourcing of services reduce this rate for the beneficiary.

Based on the evaluation results, which leads to a correction in direct expenditure in the project budget, it is not possible to set a flat rate higher than was calculated from direct expenditure in the project budget before the correction.

**Indirect costs** can be calculated by one of the following flat rates:

1. flat rate up to the level of 25 % of the eligible direct costs and this rate is calculated on the basis of an adequate, fair and verifiable method of calculation or a method which within the regime for grants financed exclusively by the member state is applied to a similar kind of project and beneficiary;
2. flat rate of up to 15 % of eligible direct staff costs. The project budget includes three categories of costs: direct staff costs, other direct costs than staff costs and indirect costs; in the case of the use of such flat rate, expenditure related to the activity of the administrative and professional team and among direct personnel expenditure and the beneficiary settles and documents them by accounting, tax and other documents;
3. flat rate of eligible direct expenditure on the basis of existing methods and the respective rates valid within EU policies for the similar type of project of the beneficiary.

**For projects financed by the ESF** beyond the above-mentioned forms of indirect costs it applies that for their calculation it is possible to use a flat rate of up to 40 % of eligible direct expenditure per employee to cover the remaining cost of the project. The project budget includes both direct expenditure (direct personnel expenditure), and an amount corresponding to a flat rate of 40 %, to so-called fixed costs. During the project implementation the beneficiary makes a financial settlement in the PA and supports by accounting, tax or other documents only direct Personnel expenditure (the method of documenting direct Personnel expenditure is described in Chapter 8.7.2., the part Expenditure for direct activities - non-investment, Personnel expenditure); other costs are calculated at a flat rate of 40 % of eligible direct personnel expenditure. Other expenditure (other than direct personnel) will not be accounted for, or documented by the beneficiary. That means their eligibility will be assessed during the project implementation only in relation to the amount of approved eligible direct personnel expenditure. In the event that subsequent monitoring will be part of personnel expenditure classified as ineligible, it will become unsafe and a corresponding portion of fixed costs. There can never be double funding of personnel costs from other public sources, both national and EU sources.

The simplified cost options can be combined with full reporting (if allowed by the rules of the call/the RfAB – Specific Part).

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The simplified cost options (if financed by a flat rate also its percentage level) will be stated in the text of the call/the RfAB – Specific Part, and at the same time, will be mentioned in the legal act on grant award/transfer.

## 8.7 Eligible Expenditure

### 8.7.1 General conditions for expenditure eligibility

To be able to consider the expenditure eligible, the following conditions must be fulfilled cumulatively:

- 1) they must comply with legal regulations of the EU and the Czech Republic;
- 2) must be in accordance with the OP RDE rules and conditions of support (issued legal act on grant award/transfer);
- 3) must be proportionate i.e. must be spent in accordance with the principles of economy, efficiency and effectiveness<sup>110</sup> (and correspond to prices usual in the place and time);
- 4) must have incurred and have been paid by the beneficiary of the support/partner with the financial contribution in the period from 1. 1. 2014 to 31. 12. 2023;
- 5) must have a relation to the programme area;
- 6) must be fully identifiable, demonstrable and verifiable.

Together, these conditions represent five viewpoints of the eligibility of the expenditure:

- substantive (points 1,2);
- adequacy of the expenditure (point 3);
- time eligibility (point 4);
- local eligibility (point 5);
- proof of expenditure (point 6).

The eligible expenditure must fulfil all viewpoints of eligibility. If any of the mentioned viewpoints is not fulfilled, the expenditure cannot be evaluated as eligible.

Outside the scope of the mentioned facts, the MA reserves the right for individual calls to restrict the eligibility of expenditure (time and/or significant), or to state the limits of eligibility for a certain type of expenditure.

#### Material Eligibility

The expenditure must be in accordance with:

- general rules for eligibility stated in the RfAB – General Part;
- specific rules for eligibility stated by the RfAB – Specific Part (if these are issued in the stated call), if the objective eligibility is stated differently compared with the RfAB – General Part;

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<sup>110</sup> Section 2 of the Act on Financial Supervision.

- conditions stated by the legal act on grant award/transfer concluded between the granting authority and the beneficiary. Due to the specific character of individual priority axes/investment priorities/specific objectives, the specific conditions may differ within OP RDE for individual calls.

If the purchased assets, material or service in the project were used only partially, the eligible expenditure is only this part.<sup>111</sup>

### **Adequacy of Expenditure**

The adequacy of the expenditure means the achievement of the optimal relation between its economy, purposefulness and efficiency.

- Economy means ensuring stated tasks with the lowest possible outlay of funds while maintaining the corresponding quality of the tasks performed.
- Efficiency means the use of such funds, which achieves the maximum possible scope, quality and benefits of tasks performed in comparison with the volume of funds spent on their performance.
- The purposefulness is the use of funds that ensure the optimal rate of the achievement of objectives during the fulfilment of stated tasks.

### **Time Eligibility of Expenditure**

In conditions of time, expenditure is eligible if they incurred and were actually paid during the project implementation, whereas the duration of the project is clearly defined in the legal act on grant award/transfer. Eligible expenditure can also include expenditure that precedes the project implementation and is necessary for the project implementation (e.g. costs associated with the preparation of design documentation, etc.). However, such expenses must meet the conditions of time eligibility of expenditure, as defined by the call, i.e. may not incur before the date of eligibility of expenditure of the call and at the same time must incur before the date of issuing the legal act on grant award/transfer.

The expenditure spent after the termination of the project, in conditions of time, are eligible under the condition that their material implementation relates to the period in which the project was carried out and they are presented (and accounted for) no later than in the final payment application. Thus also the expenditure paid after the end date of the physical project implementation may be eligible, on condition that the costs incurred during its implementation (e.g. wage of the member of the Implementation team, paid in the month following the termination of the project implementation, belonging to the employee for the last month of implementation).

The MA may state the eligibility of expenditure paid within the stated deadline before the date of the announcement of the call; this date is mentioned in the text of the announced call or the RfAB – Specific Part.

In the event that the start date of the physical project implementation is prior to the date of issuing the legal act on grant award/transfer and at the same time this date is later than the date of eligibility of

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<sup>111</sup> It does not apply to projects/activities, where the main objective is to get the property, material or service (e.g. construction of research laboratories). If the activity of the project is research activity, the eligible expenditure is only a proportionate part of the property, materials or services.

expenditure (defined by the call), the only expenditure eligible for the period from the date of eligibility of expenditure up to the start date of the physical project implementation are expenditure associated with the preparation of the project. Likewise, in case the start date of the physical project implementation is later than the date of issuing the legal act on grant award/transfer, for the period before issuing the legal act on grant award/transfer only the expenditure associated with the preparation of the project in compliance with the objective eligibility of such expenditure, will be eligible (hereinafter see Chapter 8.7.1).

Expenditure incurred under an employment contract entered into prior to the date of eligibility of expenditure shall be eligible only under the condition that the work under this contract was carried out only after the date of eligibility of expenditure. Nevertheless the job responsibilities related to the project must be provided as an amendment to such a contract of employment or in another adequately appropriate way corresponding to the internal regulations of the applicant/beneficiary/partner.

**The earliest possible date for incurring eligible expenditure in OP RDE is 1st January 2014. Expenditure incurred before that date cannot be eligible expenditure.**

Time capacity may be further modified in the announced call, by defining the date of eligibility of expenditure. **If the time eligibility is not further defined in the call or the RfAB – Specific Part, it applies that expenditure is eligible not earlier than as of the date of issuing the legal act on grant award/transfer.**

If accounting documents are issued by a person that is not a VAT payer, the moment of incurring of eligible expenditure is the date of the transaction<sup>112</sup>. In most cases, the moment of the transaction is identical to the time of preparation of the document. For tax documents issued by VAT payer, the date of incurring of eligible expenditure is the date of a chargeable event. Also apply here, that the date of a chargeable event is a necessary requirement of a tax document in accordance with the VAT Act.

### **Territorial Eligibility of Expenditure**

From the viewpoint of the location of the project, the general principle is valid that the project expenditure is eligible if the project is implemented in the territory to which the programme relates within the framework that it is supported. The project implementation outside the programme area is possible subject to meeting the following conditions <sup>113</sup>.

In the case of the project implementation:

#### **1. In the territory of the EU:**

- a) the project must be for the benefit of the programme area, while complying with responsibilities in the area of the management, control and audit defined also in the union legislation,
- b) in the case of the project supported from ERDF, the intensity of the aid must not exceed the limit of 15 % of the aid on the priority axis; the Monitoring Committee must issue express consent for such a project or type of projects,

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<sup>112</sup> The date of the transaction is one of the requisites of accounting documents.

<sup>113</sup> For more details see Article 70 of the General Regulation and Article 13 of Regulation on the ESF.

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## 2. Outside the territory of the EU:

- a) the project must be in favour of the programme area of OP RDE, and, at the same time
- b) the obligations in the area of the management, control and audit must also be specified in the union legislation,
- c) in the case of a project supported from ESF, the level of the support must not exceed the limit of 3 % of the allocation on the priority axis; the Monitoring Committee must issue the express consent about such a project or the type of the project,
- d) in the case of the project supported from ERDF, this may only concern activities of a technical assistance or promotional activities.

The time eligibility may be modified in the call.

### Proof of Expenditure

The beneficiary is required to submit eligible direct expenditure claimed for the project by relevant accounting document or other supporting documentation. The beneficiary proves the time eligibility of incurring of expenditure, direct relation of expenditure spent to the project and its necessity for the project via accounting, tax or other documents. The expenditure, even eligible from a contextual viewpoint, which are not properly documented are always considered ineligible expenditure. Further information about the documentation of expenditure is listed in Chapters 8.2 and 8.7.2.

In the event that the project expenditure are realised under the contract, which the beneficiary is obliged to publish, under the Act on contracts, in the registry of contracts, the beneficiary submits within the PIR/PA a document demonstrating the compliance with this legal obligation. In case of a breach of the statutory obligation, the related expenditure will be deemed ineligible.

### 8.7.2 Eligible Expenditure by Type

In the following sub-chapters is a description of the types of eligible expenditure in the widest possible scope. **For individual calls, the rules of eligibility may be specified, restricted only for certain types of expenditure, mainly with respect to the character of supported activities in the stated call.** Expenditure as such can be divided to expenditure to which full reporting applies (see Chapter 8.6.1) and expenditure to which simplified cost options apply (see Chapter 8.6.2).

If the project is implemented in one of the simplified cost options, certain types of expenses that are given in Chapter 8.7.2 can be reported via indirect/fixed costs. Expenditure, which is, for the particular simplified cost option, reported in the form of indirect/fixed costs, is defined in Chapter 8.7.4.3 or in the text of the call and the follow-up documentation.

#### Expenditure is subdivided into investment and non-investment:

- Investment costs mean costs for the acquisition or technical evaluation of tangible and intangible assets with the time of use longer than 1 year and the amount of the acquisition price of fixed tangible assets or technical improvement higher than CZK 40 000 and intangible assets or their technical improvement higher than CZK 60 000;
- non-investment expenditure mean all expenditure not mentioned above.

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**In preparation for the project from the perspective of various types of expenditure, the following are considered as eligible:**

- expenditure associated with the preparation of grant application, including all annexes (i.e. for instance the expenses for obtaining planning/building permit);
- expenditure associated with the administration of tenders for supplies, services and works that are part of eligible project expenditure up to the time of issuing the legal act/start of the physical project implementation;
- expenses associated with the acquisition of land on which the project will be implemented;
- expenditure for support activities related to the eligibility of expenditure for project preparation (e.g. drawing up an expert opinion for determining the maximum amount of eligible expenditure on land);
- expenditure related to the activities of the project administrative team (in exceptional cases also members of the expert team).

For construction work it is possible that prior to issuance of an legal act on grant award/transfer a contract is concluded with the supplier/suppliers in case the time eligibility of expenditure is complied with, i.e. that until issuing the legal act on grant award/transfer or until the start date of the physical project implementation only expenditure for project preparation are eligible; and construction work can be started (meaning the first entry in the building diary) only after issuing the legal act on grant award/transfer or after the start of physical implementation, whichever comes first.

At the time of the project preparation, the expenditure related to the actual purchase of property essential for the project implementation as well as the expenditure associated with the implementation of key project activities are not eligible.

## **Types of Eligible Expenditure**

### **A. Expenditure on direct activities – investments**

#### **Fixed tangible assets**

- **Land**

It is possible to acquire land only in the case of projects financed from ERDF (European Regional Development Fund). Expenditure related to the purchase of land is eligible in the case that, at the same time, the following conditions are met:

- a) the acquisition price of the land is included maximum up to of 10 % of the total eligible expenditure for project;
- b) the land is evaluated by an expert opinion, which must not be older than 6 months before the acquisition of real estate<sup>114</sup>, and must be produced according to the act on the evaluation of assets;
- c) the eligible expenditure is the acquisition price up to the maximum level of the price determined by expert opinion.

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<sup>114</sup> The moment when the new owner is registered in the Land Registry is considered the acquisition of real estate.



Documenting eligibility:

- a) purchase contract or a contract to conclude a future purchase contract;
- b) the expert opinion of the market price;
- c) documents regarding payment;

and then in the versions:

- d) extract from the Cadaster of Real Estates;
- e) or a proposal for the registration into the Cadaster of Real Estates<sup>115</sup>.

From the viewpoint of time eligibility, the date of registration of the right into the Cadaster of Real Estates (date by which the registration has legal effects) is decisive. If the date of registration of the ownership right into the register fulfils the time test for eligibility, it is not decisive whether the contract for the purchase of land was drawn up outside the scope of the time eligibility.

• **Buildings and Constructions**

Buildings can be acquired and new construction carried out only in the case of projects financed from the ERDF. Expenditure related to the acquisition of buildings or their construction is only eligible subject to meeting the following cumulative condition:

1) New construction

- a) Eligible expenditure are mainly those for pre-project preparation (e.g. geological and hydro-geological studies, archaeological research), for the acquisition of the relevant project documentation, including the energy performance certificate (EPC), public hearing, providing for the zoning decision, building permit, perhaps construction notification, documentation for contractor selection and its own selection procedure, construction costs according to the evaluated bill of quantities, costs for architectural supervision (AS), the technical supervision of the beneficiary (TSI) and the position of occupational health and safety inspector (OHS). The construction expenditure may also include, for example the following expenditure: expenditure for improvements to land (rough improvements of area, landscaping around the building), expenditure on removal of construction necessary for the implementation of a new construction, removal of an environmental burden (decontamination and reclamation of land for the project implementation), expenditure on the network (including relocation of gas, water and electricity networks if they are necessary for the project implementation), construction of connections to the telecommunication networks, building of backbone networks, parking places and roads to buildings (eligibility of construction of parking places and roads is subject to the requirements of the building

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<sup>115</sup> In the case that the ownership rights are not registered in the Cadaster of Real Estates, it is possible to document the ownership via the proposal for registration into the Cadaster of Real Estates confirmed by the cadastral office and the contract for the acquisition of the ownership right. However, the extract from the Cadaster of Real Estates must be submitted with the final payment application at the latest.

- authority, which emerged from the building permit proceedings); expenses for geodetic surveying and engineering activities;
- b) and, at the same time, once completed the construction, the consent to using is issued by a competent building authority according to Section 120 of the Building Act, or occupancy permit according to Section 122. In case of the construction which does not need a construction permit from the building authority pursuant to Section 103 and other of the Building Act, the applicant shall submit a confirmation of the consent issued tacitly or its own affidavit. The construction is completed on time according to the contract and the expenditure spent in accordance with the approved budget and the documents listed below are submitted.
- 2) Construction work for existing buildings (modifications of existing constructions, extension or superstructure):
- a) expenditure pursuant to Clause 1) a) are eligible;
- b) and, at the same time, the construction works are completed in accordance with the terms of Clause 1) b).
- 3) Acquisition of a real estate (building)
- a) a building will be evaluated by an expert opinion, which must not be older than 6 months before the acquisition of the construction, and must be produced according to the act on the evaluation of assets, as amended;
- b) the eligible expenditure is the acquisition price up to the maximum level of the price determined by expert opinion.
- c) the construction condition of building and operating conditions comply with all the provisions of the Building Act for the use of buildings, its implementing regulations and other laws, especially fire, hygiene and safety;
- d) if the condition of the building does not meet the conditions determined in Clause 3 c), or the additional construction work is needed for the completion of the project of the OP RDE, the expenditure on the acquisition of project documentation and the execution of construction works in accordance with Clause 1a) are additional eligible expenditure;
- e) construction works are completed with the requirements pursuant to Clause 1b).

In the case that the construction is registered in the Cadaster of Real Estates according to the cadastral act, the decisive time for the evaluation of the time eligibility of the acquisition of the construction is the date of registration of the right into the Cadaster of Real Estate (date by which the registration takes legal effect).

In other cases when the construction is not recorded in the Cadaster of Real Estates, the time of the evaluation of the time eligibility of the acquisition of the construction as the date of passing or the transfer of ownership rights is decisive.

Proof of eligibility alternatively according to Clauses 1), 2) and 3)<sup>116</sup>:

<sup>116</sup> For variant 1) and 2) apply Clauses d, e, k or Clauses f, g, h, i, j if relevant; for option 3) apply Clauses a - e, or Clause f - j if relevant.

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- a) purchase contract;
- b) the expert opinion of the market price;
- c) extract from the Cadaster of Real Estates or the proposal for registration into the Cadaster of Real Estates;
- d) project documentation for building construction;
- e) documentation of the actual building construction;
- f) submission of relevant documents defined by the Building Act, specifically in Volume 1 “Permission and notification” and in Volume 2, “Use of buildings” (e.g. planning permit, building permit, occupancy permit, etc.);
- g) works contract, including attachments – itemised budget prepared according to published pricing (e.g. URS Prague, RTS Brno, etc.), time schedule of construction works, construction milestones (individual performance);
- h) documents of invoicing according to the itemised construction budget (invoice, including finding protocol with the list of works carried out);
- i) documents (protocols) on the implementation of the work schedule and milestones;
- j) contracts for the performance of activities and TDI and OHS and AD, including documents proving the performance of the activities.
- k) documents regarding payment.

Calculation of the eligible expenditure of common areas

In the case that the areas which are not only used for the project are part of the construction, the extension or reconstruction of the area, the amount of eligible expenditure for these common areas are determined by an applicant/beneficiary as follows:

- it defines the total floor area of the building and quantifies the financial performance of the building;
- it divides the total floor area of the building into the different types of areas:
  - a) for the purposes of the project;
  - b) outside the scope of the project;
  - c) common areas;
- it determines the absolute items/m<sup>2</sup>, which are directly linked to the construction of areas for the purposes of the project;
- it determines the absolute items/m<sup>2</sup>, which are directly linked to the construction of areas outside the scope of the project;

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- it calculates the eligible index of common areas in %<sup>117</sup>:

$$\text{index zp\u00fasob. spol. pr.} = \frac{\text{plochy absolutn\u011b zp\u00fasobil\u011b}}{(\text{plochy absolutn\u011b zp\u00fasobil\u011b} + \text{plochy absolutn\u011b nezp\u00fasobil\u011b})}$$

- it applies the eligibility index of common areas to common areas (it is also possible to apply the calculated eligibility index of common areas to the total amount of the invoice for the comprehensive building object, if the billing method does not allow to use it directly in the individual common areas);
- it applies the eligibility index of common areas to the expenditure related to the construction, e.g. technical supervision (TDI), author's supervision (AD), occupational health and safety (OHS).

- **Machinery and Equipment**

Purchase of new and used machines and equipment to technically improve existing assets where the acquisition price of equipment and sets of assets in accounting exceeds the amount of CZK 40 000 and the time of usability is longer than one year. The acquisition price is an eligible expenditure, i.e. the price for which the assets were acquired and costs associated with their acquisition, e.g. installation, transport, connections, etc., and post-warranty service not exceeding the period of project implementation.

For projects carried out in Priority Axis 1 and Priority Axis 2 of OP RDE, the beneficiary is required to keep instrumentation logs for all instruments to be used for carrying out the technical work of the project, and where the acquisition price is greater than CZK 5 million (inclusive). At the same time, however, instrumentation logs must be kept for instruments with the highest acquisition price, which add up to at least 70 % of the acquisition price of all instruments acquired from OP RDE funds within the project. The obligation to keep the instrumentation log does not apply to those instruments/equipment to be used for the administrative activities of the project implementation team (i.e. laptops, printers, overhead projectors, multifunctional equipment, etc.).

Documenting eligibility:

- delivery note;
- order/contract;
- documents for the implemented public procurement procedure (if applicable);
- expert opinion of a conclusive market survey for the market price of the assets used;
- invoice;
- documents regarding payment;
- inventory card of the assets (collectively documented in the FPCR/PA).

- **Hardware and Equipment**

<sup>117</sup> When calculating the eligibility index of the common areas, round mathematically the calculated amount of share (i.e. areas absolutely eligible/areas absolutely eligible + areas absolutely ineligible) to 4 decimal places and then convert it to %.

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Acquisition of servers, stationary and portable personal computers, printers, communication and network equipment, specialized terminal equipment, local networks, equipping of scientific workplaces with furniture (mobile and built-in), microscopes, mobile telephones, etc., including technical appreciation of existing assets. The valuation of individual movable assets or groups of assets in accounts exceeds CZK 40,000 and the useful life is longer than one year. The acquisition price is an eligible expenditure, i.e. the price for which the assets were acquired and costs associated with their acquisition, e.g. installation, transport, connections, etc., and post-warranty service not exceeding the period of project implementation.

Documenting eligibility:

- a) delivery note;
- b) order/contract;
- c) documents for the implemented public procurement procedure (if applicable);
- d) expert opinion of a conclusive market survey for the market price of the assets used;
- e) invoice;
- f) documents regarding payment;
- g) inventory card of the assets (collectively documented in the FPCR/PA).

### **Intangible Assets**

expenditure for software, purchase of databases (including updates), purchase of intellectual property rights (know-how, licences, patents, etc.), including technical improvements in existing intangible assets, are all eligible. The acquisition price of the fixed intangible assets exceeds the amount of CZK 60 000 and the period of the usability is longer than one year.

The acquisition price<sup>118</sup>, i.e. the price for which the assets were acquired and costs associated with acquiring them (e.g. installation, etc.), is an eligible expenditure, and for know-how and evaluation is carried out by an expert opinion from a certified expert. For licences, an eligible expenditure is the licence provided for the period during which the project is implemented or the period provided by the supplier, depending on which period is longer.

Documenting eligibility:

- a) order/contract;
- b) documents for the implemented public procurement procedure (if applicable);
- c) invoice/expert opinion;
- d) documents regarding payment.

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<sup>118</sup> In case of doubt the acquisition price can be verified by an expert opinion. An eligible expenditure is then the acquisition price up to the amount determined by the expert opinion.

## B. Expenditure on Direct Activities – Non-investments

### • Personnel Expenditure

In the whole document, the administrative team means employees who ensure the running of the project, monitor, prepare settlement and ensure publicity. The aim of their activities is not the work with the target group. In most cases, this concerns the project and financial manager, assistant, PR manager, etc. Professional positions mean employees who ensure the activities of the project and work with the target group for the project (a detailed description of the administrative and expert team is provided in Chapter 5.2.4).

**List of recommended wages and procedures for the calculation of wages for employees participating in the implementation of OP RDE projects can be found on the website at <http://www.msmt.cz/strukturalni-fondy-1/zpusobilost-mezd-platu-op-vvv>.**

**Eligible expenditure in the area of personnel expenditure is:**

- gross wage, salary or remuneration from agreements with employees working on the project<sup>119</sup>, including legal compensation or bonuses (e.g. for overtime work <sup>120</sup>, work during holidays if the employee worked in this time period on the project, remuneration and extra payments, etc.);
- payments for social and health insurance;
- sickness paid by the employer;
- legal insurance of liability of the employer;
- other binding expenditure: e.g. vacation during maternity leave, contributions to the cultural and social needs fund or social fund (in the case that the legal regulation requires it), personal obstacles in work or service (doctors' appointments, wedding, birth of child, graduation, participation in the funeral of a family member, etc.) or indisposition days off, scope of obstacles on the part of the employer and specific terms for the provision of compensation of wages/salary, bonuses and other benefits are determined either by legal regulation, the internal regulation of the employer or in the collective agreement.
- Author's contributions: Concluding a license agreement is governed by Act 121/2000 Coll., on copyright, rights related to copyright and amending certain laws (Copyright Act), as amended (unrelated to the labour-law relationship – i.e. no employment contract, or job agreement or work agreement, is concluded).

The hours worked as part of a concluded labour agreement with a project employee must not overlap, and the employee may not be paid more than once for the same work.

A person, whose remuneration is only partially covered by the funds of the OP RDE project can work the maximum number of hours for all entities (beneficiary and partners) involved in carrying out the project

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<sup>119</sup> Only personnel expenditure for activities directly related to the project, i.e. the activities that are described in the grant application and activities directly related to the implementation of key project activities, can be included in the eligible expenditure of the project.

<sup>120</sup> If the overtime was ordered by the supervisor and was necessary for the timely solution of time-bound tasks.

in each calendar month that equals 1.0 times<sup>121</sup> the pool of working hours for that month – 1 FTE (i.e. the sum of all hours worked by the employee, including any CoS or CfW for the beneficiary and partners, may not exceed the number of hours in the pool of working hours for that month) in all calendar months during the implementation of the OP RDE project.

In exceptional cases, the number of hours worked by an employee for all entities involved in implementing the project can be achieved in a sum up to 1.2 times<sup>122</sup> the pool of working hours for each month. The exception to this amount of hours worked applies for members of the expert team, who are teaching staff of schools defined by Section 7 (3) of the Education Act, academics defined by Section 70 of the Universities Act. In justified cases, an exception can also be made for other members of the expert team, where the beneficiary asks for the exception for these members of the expert team via change proceedings, see Chapter 7.2).

The number of hours worked also includes vacation, paid holidays, sick leave days and other work impediments in accordance with the Labour Code, the internal regulations of the employer, the collective agreement, and a work or job agreement in a relationship other than employment.

The amount of evaluated FTE does not include any period of maternity leave/parent vacation.

The beneficiary must also ensure that the use of the above exceptions does not result in a violation of the Labour Code, as amended, or other relevant regulations.

**For exceeding the FTE, only the expenses associated with hours worked over the permitted FTE are ineligible expenditure. The quantification of ineligible expenditure will be done as follows:**

- a) The worker fails to provide his/her monthly work statements for all their jobs for the project:
  - The FTE of the job/jobs within the framework of positions for the project shall be considered exceeded whenever the total FTE is exceeded.
  - The hours of the job with the highest hourly rate for a worker’s position shall always be curtailed,
  - If the worker has more FTE and a correction in the hours of the FTE with the highest hourly rate does not help achieve the maximum permitted FTE, the hours of the job with the second highest hourly rate shall be curtailed, etc.
- b) The worker provides his/her monthly work statements for all their jobs for the project:
  - Hourly corrections will be made with respect to hours worked reported on individual days (including vacation, paid holidays and impediments paid by the employer),
  - The hours for FTE that were worked last in the given month shall be curtailed; if on a given day the hours for 2 and more jobs are reported and it cannot be determined which hours were worked last, the job with the highest hourly rate shall be curtailed.

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<sup>121</sup> For using mandated overtime, the 1.0 times the pool of working hours can be exceeded, but only under the conditions stipulated by the Labour Code.

<sup>122</sup> For using mandated overtime, the 1.2 times the pool of working hours can be exceeded, but only under the conditions stipulated by the Labour Code.

Compensation for vacation is eligible within the scope:

- 5 weeks in a year: for employers defined in Section 109, (3) of the Labour Code, Act 262/2006 Coll.;
- a maximum of 5 weeks a year, if it is allowed by the collective agreement or internal regulations of the organisation: for all other employers;
- 8 weeks per year: for pedagogical employees and academic employees of universities in accordance with the provisions of Section 213(3) of the Labour Code.

During the determination of eligibility of the vacation during the project implementation, there must be the parallel character of the following criteria:

- a) compensation for vacation is the part of the gross wage/salary of the employee in the period for eligibility of expenditure;
- b) compensation for vacation applies to the period of the project implementation, i.e. if the project implementation takes 3 months, then the stated time section is a maximum of 3/12 of the vacation (in accordance with the valid legislation);
- c) compensation for vacation is reduced according to the level of the employee's FTE in the stated project;
- d) compensation for vacation is a binding expenditure of the beneficiary according to the Labour Code;
- e) the repayment of unused vacation in the case of termination of the relation is not an eligible expenditure.

Compensation for vacation, which meets all existing above-mentioned criteria, is an eligible expenditure. Compensation for vacation, which does not meet the criteria, is an ineligible expenditure.

If the employee participates in the project only with a part FTE, the eligible expenditure is the aliquot part corresponding to the ratio of the number of hours worked in the project and the number of hours worked in the organisation in total. This aliquot ratio is used for recalculation of all expenditure related to the stated employee.

expenditure for vacation above the aliquot portion of the vacation in a calendar year is eligible expenditure in the event:

- The employee becomes entitled to vacation in relation to the extent of his/her involvement in the project implementation in one calendar year, but due to work impediments on the part of the employee or urgent operational reasons on the part of the employer, this vacation was transferred to and taken during the following year. Vacation time transferred to the following year must be taken by 31st December of that year in accordance with Section 218, paragraph 2) of the Labour Code, and its taking shall proceed in accordance with other applicable legislation, European regulations, the collective agreement and internal regulations;



- Taking vacation occurs during the implementation of a project other than the one which entitles the employee to that vacation, provided that this unused vacation is paid for from funds within the same program<sup>123</sup>;
- Taking vacation occurs within another service location of a state employee in a service office other than in the one which entitles the employee to the vacation, provided that, for a change in the service classification of the state employee, the entitlement to taking remaining vacation time in the new service location is maintained. Calculating the amount of this expenditure proceeds in accordance with applicable laws, regulations and according to the terms of the project under which this vacation is taken<sup>124</sup>.

In the case of the overlap of the work contracts of two employees participating in the project implementation for the purpose of the replacement of one of the employees, the personnel expenses for both these employees can be considered eligible for a maximum of two months.

Documentation of the eligibility of personnel expenditure:

- a) Employment contracts or agreements – documented only with the first application of the expenditure (work contracts or agreements, including job description, payroll rates/salary/remuneration from the agreement and the amount of the FTE/number of hours for the project). If the employment contract or agreement is changed, it is necessary to submit the amendment to the employment contract or agreement no later than with the first application of the expenditure after making the change;
- b) payroll recapitulations or other suitable forms of documentation for the total eligible personnel expenditure of employees (e.g. payroll sheets, payroll cards, printouts of the payroll system) for the monitoring period. Submitted documents must contain information enabling the proper inspection of the amount of personnel expenditure related to the project (this involves e.g. information on the number of hours worked, the number of holiday hours, sick leave and other work impediments, amount of gross wage/salary/remuneration from the agreement appropriate to the FTE of the employee for the project, amount of payments for social security and health insurance for the employer corresponding to the gross salary of the employee for the project, the amount of the super-gross wage/salary, and others);
- c) Proof of payment or corresponding outputs from accounting or another system proving payment;

For proving expenditure as part of administrative validation, the beneficiary chooses from these two options for proving the payment of personnel expenses:

1. Accounting document proving the payment of each expenditure:

- Bank account statement – in case of the payment of wages/salary/remuneration from the agreement by transfer to the bank account of the employee;
- Cash disbursement document – in case of the payment of wages/salary/remuneration from the agreement to the employee in cash;

<sup>123</sup> The criteria b) and c), which generally define the eligibility of expenditure for vacation, do not apply to this point.

<sup>124</sup> The criteria b) and c), which generally define the eligibility of expenditure for vacation, do not apply to this point.

2. Output of the accounting system:

- Printouts from the accounting system of the employer, which show the turnover in the bank account of the beneficiary, or output from the accounting for the payment of wages/salary/remuneration from the agreement;
- or other conclusive printout, e.g. from the economic information system, where it is possible to create reports across the accounting and payroll system; if this printout is used, the beneficiary must submit information in the PA to show how this data in the printout was selected and also show that the information in the printout is sufficiently conclusive.

During on-site inspections, the beneficiary is always obliged to submit to the MA upon request the payment for expenditure under item 1.

- d) The CVs of key/excellent workers – documented only with first application costs. At the same time the justification for the selection of a key/excellent worker for a specific position and compliance with the requirements for this position are documented. When the key/excellent worker is changed, his/her CV is presented with the justification for occupying a specific position, incl. the fulfilment of requirement no later than with the first application of the expenditure after the change is made;
- e) Timesheets (create and document if relevant);
- f) IR attachment of the project – Implementation team – each IR of the project/PA is submitted, where this attachment includes an affidavit of the beneficiary about adhering to the rules for the maximum level of the FTE of all employees participating in the project implementation.

In the documentation for personal data during the settlement of the grant, the right of the employee for the protection of personal data is not breached.

The following is valid for proving personal data:

Employment contracts and work agreements outside employment must also contain in addition to the data required under the Labour Code:

- identification of the project in which the employee is involved;
- description of the work activity (i.e. work duties) relevant to the project, including distinguishing whether it concerns economic or non-economic activity;
- scope of activity, i.e. FTE or number of hours per time unit (month, year, etc.) with the indication of the adequate ratio for the project;
- Information about the payroll/salary (payroll/salary statement rules) indicating the adequate payroll/salary ratio for the project and information about remuneration from the agreement.

Actual hours worked are reported by the beneficiary via the work reports. **The work report** must be produced for all employees if it is not possible to exclude the fact (e.g., by the submission of work duties in the labour contract) that the stated employee could execute within their work duties economic activity/contractual research or another activity outside the project.

Work reports are presented in a summary for each period (monitoring period) or they are submitted as work reports for each calendar month. The beneficiary/partner must keep one original of the working report for the purpose of inspection.

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Timesheets are created and subsequently documented for the project employee in the case of an occurrence of one of the following circumstances:

- a) this is a worker who within the labour contract carries out activities for the project and outside the project;
- b) it concerns a project implemented in one of the simplified cost options, and for the particular job position it is not possible to eliminate the risk that it would perform also the agenda included in the simplified cost option <sup>125</sup> (i.e. there is a risk of double-financing). Whether there is risk of double financing is decided by the beneficiary (partner)/granting authority according to the description of the work activity of the stated employee, in the case of any queries, it is possible to contact the MA employee responsible for the stated project via the IS KP14+;
- c) in the case of projects in the area of RDI, where the grant is awarded in the regime of not establishing of state aid, if the employee's scope of activity also includes the execution of economic activity;
- d) this concerns an employee employed on the basis of agreement to perform work or employment agreement.

**The work report must contain the minimum following data:**

- identification of the project;
- identification data: name and surname of employee, name of the position, type of employment relationship, FTE of the employee in the regime of direct expenditure, total FTE for the employer and the overall FTE for all employers involved in the project implementation.
- number of actual hours worked, including hours worked for the project concerning only remuneration in the direct expenditure regime;
- number of vacation hours, including the number of vacation hours for the project concerning only remuneration in the direct expenditure regime (in detail to two decimal places);
- number of hours of sickness, including the number of hours of sickness for the project concerning only remuneration in the direct expenditure regime;
- number of hours related to other work impediments, including the number of hours related to other work impediments for a project dealing only with the direct expenditure regime;
- number of hours paid holidays, including the number of hours of paid holidays for a project dealing only with the direct expenditure regime;

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<sup>125</sup> In case of the combination of professional and administrative activities in one job, the applicant distributes a presumed FTE related to these activities between direct and administrative expenses. Part of professional activities is included in the budget as a direct expenditure, meanwhile, the administrative activities are included in administrative expenditure. Distribution is only necessary for the project for which the applicant proposes the use of indirect costs.

- monthly timesheet <sup>126</sup> further comprising: an overview of activities undertaken for the project under direct expenditure (indicate the day of the month, name of group activities, description of activities and number of hours);
- a summary timesheet<sup>127</sup> further comprising: an overview of activities undertaken for the project under direct expenditure (serial number of the activity, name of group activities, description of activities and number of hours (the employee does not fill in the detail of the exact day on which the activity was performed<sup>128</sup>, with the exception of actions like taking part in a business trip, meeting, workshop, training course, conference, etc., for which the date is always given (the time it takes place));
- the timesheet for reporting of economic and non-economic activities also includes: time allocation in hours from which it will be uniquely stated the time during which the employee executed economic and non-economic activities, including the indication of the identification sign of the order/economic activity, name and brief description of the stated order (concerns the project in the area of RDI supported in the regime not establishing aid);
- declaration of true data;
- description and date of the signature of the employee, name and surname, signature and the date of signing by the person authorized to confirm the veracity of the report.

Hours spent on activities outside the project or activities that impose indirect expenditure are included in the total numeric data for that reporting period at the employer's and not indicated in the overview of the activities undertaken for the project under direct expenditure.

### **Boarding expenses for members of the project implementation team**

Meal allowances provided to members of the project implementation team whose payroll/salary costs are covered fully or partially from the direct expenditure of the budget for the project can generally be considered eligible if it is an obligatory expenditure which the employer is obliged to provide employees according to law, the internal regulation of the employer, or the collective agreement.

It also applies that if the payroll/salary costs of the employers are indirect/fixed costs of the project, then the boarding expenses for these employees are indirect/fixed project expenditure.

Boarding expenses for employee meals can be applied to the project only at the aliquot amount with respect to the FTE of the employee for the project in relation to the total FTE of the employee under which the meals are provided. The beneficiary is also required to take into account the method of payment applied in the organisation in the calculation of the eligible portion of the meal allowance (e.g. meal vouchers can be paid in the organisation from several sources – a portion of the voucher can be paid by the employer in the form of a meal allowance and the remaining portion by the employee, perhaps as an allowance from CSNF, etc.).

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<sup>126</sup> This is the type of work report, which shows the work done in one particular calendar month.

<sup>127</sup> This is the type of work report that shows the activities undertaken during the reporting period (i.e. for more calendar months).

<sup>128</sup> It does not apply for RDI projects supported in the mode not establishing state aid.

The eligibility of a meal allowance is always based on a particular version of the RfAB (general and/or specific part), which are mandatory for the beneficiary.

One of the most common boarding expense is the meal allowance in the form of providing meal vouchers.

The beneficiary proves the eligibility of the boarding expenses with these documents/receipts:

- the internal regulation of the employer (e.g. internal guidelines of the organization governing the provision of meal vouchers to employees, internal regulation governing the provision of an allowance for corporate meals, etc.), which must show that the employer will provide employees an allowance for a chosen type of subsidized meals under certain conditions. The nominal amount of the meal allowance and the hours worked by the employee during the day must be specified,
- payroll/salary documents of the employee,
- schedule/plan of working hours which must unequivocally indicate the entitlement of the employee to the meal allowance for each calendar day. It can be treated directly in the employment contract or in the internal regulation of the organization (e.g. internal guidelines stipulate that employees have flexible working hours – always from 9 a.m. to 2 p.m., Monday-Friday, and the internal regulation of the organization likewise stipulates that employees are entitled to meal vouchers for hours worked, e.g. 4 hours per day, etc.). In the event the employee has more jobs that, taken together, meet the threshold for the meal allowance, he/she is required to provide the schedule/plan of working hours for each individual job,
- printout from the attendance management system or other suitable recap of the number of hours worked for the project and number of hours worked in total on a daily basis for each employee (applies to employees, whose working hours cannot be demonstrated according to the schedule/plan of working hours under the points above),
- summary calculation of expenditure for meal allowances paid by the employer per month in the structure: surname, name, total FTE for the project, the FTE in a position in the project, number of contributions for the given month, amount paid by the employer, amount claimed in the project. For this purpose, a template form is prepared by the MA.

The expenditure for the meal allowance (only that part which is paid by the employer) can be reported in the project budget under the item “remaining other obligatory expenditure” in the chapter Personnel Expenditure.

The beneficiary must ensure that all transactions, in particular income and expenditure related to the project, are clearly identified within the accounting. Therefore, it is necessary that the beneficiary maintains records of personnel expenses in the manner that enables them to separate the expenses that are exclusively related to the project and to book these expenses on the basis of the respective documents. The total level of eligible personnel expenditure must uniquely result from the submitted documents that are exclusively related to the stated project.

• **Travel Expenses**

Travel allowances must be:

- in accordance with the objectives of the project;

- implemented by the personnel involved in the project.

Travel allowances for the representatives of the target group are classified into the direct support chapter or are reported and financed within the purchase of services chapter.

Expenditure related to travel allowances must correspond to the usual prices in the place and time of the project implementation. With travel allowances, it is possible in relation to the project implementation to rank among eligible expenditure:

- 1) **travel expenses** – expenses related to business trip transport (expenditure for public transport tickets in 2nd class <sup>129</sup>, seat reservations, couches or beds, air tickets in economy class<sup>130</sup>, tickets for public city transport<sup>131</sup>, expenses related to the use of a motor vehicle in justified cases (i.e. non-existent connection, large volume of material is transported, etc.);
- 2) **accommodation/dormitory** – expenditure for accommodation/dormitory must correspond to the usual prices and the time;
- 3) **meal compensation** – pertain to respective employees depending on the time of duration of the working/business trip. The amount of the meal compensation, on the basis of the Labour Code and according to respective MLSA regulations, is determined by the employer for the employee after termination of the business trip within the settlement. The Labour Code (or the internal directive of the organisation) also states the rate for reducing the meal compensation for freely provided meals;
- 4) **necessary side expenditure** – expenditure related to the subject of the business trip, for example, parking fees, fees related to business trips, conference fees, fees for the use of telephone, highway fees, etc. These expenses can only be paid on the basis of proven payments by accounting documents.

This item in the budget also includes expenditure related to the participation of professional employees in the project on foreign training or conferences.

In the event any of the above expenses is done in the form of services (e.g. accommodation, travel documents, etc.), these expenses are primarily drawn from the budget chapter Travel Expenses. Should the beneficiary have financial resources allocated for these expenses in the budget chapter Purchasing Services, these expenses can also be drawn from this chapter, provided however that the amount of these expenses will be included in the limit of the chapter Travel Expenses, if established for the call.

### Specific rules for foreign business trips

Expenditure related to business trips of professional employees of the beneficiary and employees of partners during foreign business trips are eligible and the employer also means the subject who concluded with the beneficiary or the partner the agreement to perform work or work activity if it is

<sup>129</sup> The 1st class ticket is eligible only up to the price of the 2nd class ticket.

<sup>130</sup> In case of travelling by plane, the ticket in economy class and charges related directly (e.g. airport fee) are the eligible expenditure while flying at a distance greater than 500 km. For these purposes, the distance is considered the shortest distance by road between the starting point of the trip and the destination of the business trip according to a publicly accessible route planner. If the distance is shorter, spending on the ticket may be considered wasteful - in these cases, it is recommended that the beneficiary received prior to incurring such expenditure an approval of the MA. If the granting authority rejects the purchase of flight ticket, only the expenditure corresponding to the price of the ticket for economy class of the train of higher quality (SuperCity, EuroCity, InterCity, Express, etc.) can be paid from the project.

<sup>131</sup> When buying time coupons, it must be demonstrated that the purchase of the coupon is within the project cheaper than the payment of individual tickets.

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stated in this agreement that this subject will conduct business trips. The purpose of the business trip must be in accordance with the specific activity and objectives of the project.

Outside of the EU, it is only possible to consider eligible trips by experts and professional employees participating in the implementation of the substantive activities of the project with active participation in the organized event with a direct relation to the activities implemented within the project. Active participation means e.g. a presentation at a conference, seminar, and workshop.

During the settlement and documentation of foreign business trips, the procedure according to the Regulation of the Ministry of Finances on the basic rates for meal compensation in a foreign currency valid for the stated year is applied.

Accommodation in a hotel abroad is ensured at the prices usual for the time and place, as a rule in the\*\*\* category. The expenditure up to EUR 100 per person/night (in case of another currency, the amount corresponding to the equivalent of EUR 100) may be usually considered the eligible amount. When exceeding this amount, the documentation for these services is required; this survey is mainly requested for higher category hotels (more than \*\*\*) as the document for evaluation of eligibility. At least three different offers must be included in the market research.

In the case of foreign trips, the employer may provide the employee with an allowance in accordance with the rules for the provision of travel benefits during foreign trips on the basis of the Labour Code, as amended.

Documenting eligibility:

- a) settlement of business trip;
- b) report on the course of the foreign business trip;
- c) documents regarding payment;
- d) a copy of the large technical certificate for the car and the document on accident insurance (with the documentation for expenditure related to the use of car in the case of foreign business trips or domestic trips for projects that are not implemented in the indirect cost regime).

In the case of the documentation for a trip by private car, then also the consent the supervisor for the use of this car.

- **Per diems**

In the case of payment of travel expenditure for foreign experts, it is necessary to use valid EU rates. These expenses, known as “per diems”, cover expenditure for accommodation, meal compensation, and travel expenses in the Czech Republic.

The current rates of per diems are listed on the website

[http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm\\_en](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm_en). This procedure is applied, for example, for experts invited to conferences, educational courses and short-



term<sup>132</sup> foreign experts. It does not concern payment of travel expenditure for foreign experts who concluded a labour relation with the beneficiary or the partner according to Czech legal regulations.

The beneficiary documents any other contract with a foreign expert or the signed affidavit of a foreign expert where the identification of an event is mentioned (conference, seminar), plus the date and the declaration that the expert was not paid by any other subject. The bank account is specified to which funds are to be paid (if they are not paid in cash against the expenditure cash slip).

If it is not possible to state the time of the stay of the expert, the time rounded to hours is accepted <sup>133</sup>.

For the conversion of a foreign currency to CZK, the beneficiary uses the exchange rates valid for the payment of travel expenditure analogically according to the Labour Code.<sup>134</sup> "Per diems" are paid to the expert in the full amount. Only with their consent may "per diems" be stated lower, they may also be paid only as an additional payment for the payment of accommodation directly by the beneficiary if after the provision of boarding during the activity for which the expert was invited.

Per diems do not include the travel expenditure of a foreign expert to the Czech Republic (e.g. to the airport) and back. The air ticket or travel ticket for this trip is an eligible expenditure outside of per diems.

In the event any of the above expenses are realized in the form of services (e.g., accommodation, travel documents in CR, boarding, travel documents to CR and back, etc.), these expenses are drawn primarily from the budget chapter Per Diems. Should the beneficiary have financial resources allocated for travel expenses to the CR and back in the budget chapter Purchasing Services, these expenses can also be drawn from this chapter, provided however that the amount of these expenses will be included in the limit of the chapter Travel Expenses, if established for the call.

Documenting eligibility:

- a) contract with the foreign expert (or the affidavit from the expert);
- b) documentation related to the participation of the foreign expert in the conference, seminar and other events, (e.g. call, programme, photo documentation, etc.).

#### • **Tangible Assets and Material**

Suggested maximum prices of equipment are specified in the document **List of common prices of equipment**, which is placed on the website of the Ministry of Education: <http://www.msmt.cz/strukturalni-fondy-1/seznam-obvyklych-cen-vybaveni>.

The document also sets out the procedure when it is expedient that the recommended usual prices will be exceeded.

### **Hardware and Personal Facilities**

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<sup>132</sup> A short stay for a foreign expert in the Czech Republic is considered 2 months. A longer stay requires the prior consent of the MA, in the opposite case per diems for each day exceeding the limit evaluated as uneconomical, and therefore an ineligible expenditure.

<sup>133</sup> Example: Expert arrives on Wednesday at 10 a.m. and departs on Thursday at 7 p.m. The amount of eligible per diems is calculated  $14 + 19 = 33$  hours  $33/24 = 1.375$ . Daily rate per diems multiplied by 1.375 will be eligible.

<sup>134</sup> Starting day of the journey = day of crossing the border of the Czech Republic; day of granting of advance payments = day of crediting transfer, if it precedes the day of arrival in the country.

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Acquisition of servers, stationary and portable personal computers, printers, communication and network equipment, specialized terminal equipment, local networks, equipping of scientific workplaces with furniture (mobile and built-in), microscopes, mobile telephones, etc. The acquisition price of equipment and the set of assets in the accounting is equal or lower than CZK 40 000 and the time of usability is longer than one year. The acquisition price is an eligible their expenditure, i.e. the price for which the hardware and equipment were acquired and costs associated with acquiring them, e.g. installation, transport, connections, etc., and post-warranty service not exceeding the period of project implementation.

Documenting eligibility:

- a) delivery note;
- b) order/contract;
- c) documents for the implemented public procurement procedure (if applicable);
- d) expert opinion of a conclusive market survey for the market price of the assets used;
- e) invoice/receipt;
- f) documents regarding payment;
- g) inventory card of the assets (if relevant, collectively documented in the FPCR/PA).

### **Machinery and Equipment**

Purchase of new and used machines and equipment for the technical improvement of the existing assets where the acquisition price of the equipment and sets of assets in the accounting is equal or lower than the amount of CZK 40 000 and the time of usability is longer than one year.

The acquisition price is an eligible expenditure, i.e. the price for which the machinery and installations were acquired and costs associated with acquiring them, e.g. installation, transport, connections, etc., and post-warranty service not exceeding the period of project implementation.

Documenting eligibility:

- a) delivery note;
- b) order/contract;
- c) documents for the implemented public procurement procedure (if applicable);
- d) expert opinion of a conclusive market survey for the market price of the assets used;
- e) invoice/receipt;
- f) documents regarding payment;
- g) inventory card of the assets (if relevant, collectively documented in the FPCR/PA).

### **Material**

The beneficiary includes into this category all equipment and research and teaching material (chemicals, components, text books, material for practical teaching, etc.) which serve for professional key activities or direct work with the target group and other material, which is necessary for project implementation.

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Documenting eligibility:

- a) delivery note
- b) order/contract
- c) invoice/receipt;
- d) documents regarding payment.

- **Low-value fixed assets**

Expenditure for software, purchase of databases (including update), purchase of rights of intellectual property (know-how, licences, patents, etc.) are all eligible. The acquisition price of intangible non-investment assets is equal or lower than CZK 60 000. An eligible expenditure is the acquisition price<sup>135</sup> (including installation, etc.), and for know-how, the evaluation by an expert opinion from the relevant certified expert.

For licences, an eligible expenditure is the licence provided for the period during which the project is implemented or the period which is longer than the project implementation, however, the shortest as provided by the supplier.

Documenting eligibility:

- a) order/contract;
- b) documents for the implemented public procurement procedure (if applicable);
- c) documents regarding payment;
- d) invoice/expert opinion;

- **Depreciation**

Depreciations of tangible and intangible fixed assets (acquired before starting the physical project implementation or during implementation) are eligible expenditure of the project if the following conditions are met:

- public funds were not used for the purchase of concerned assets (i.e. the existing or previous owners of the equipment did not receive funds from public sources (during this project) for the purchase of the stated assets);
- the beneficiary selects the method of tax depreciation (in accordance with the Income Tax Act, as amended), which will be used during the whole period of the project implementation;
- an eligible expenditure is tax depreciation stated according to the Income Tax Act, as amended at the aliquot level with respect to the rate of use of the stated assets during the project implementation;
- depreciations are rounded upwards in crowns.

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<sup>135</sup> In case of doubt the acquisition price can be verified by an expert opinion. An eligible expenditure is then the acquisition price up to the amount determined by the expert opinion.

Depreciation of cars is not an eligible expenditure within the projects financed from ESF. The exceptions are projects where a car will be used for the implementation of activities for target groups with special educational needs (e.g. transport of handicapped pupils to school and places where activities are implemented, etc.).

Documenting eligibility:

- a) inventory card for assets;
- b) depreciation plan;
- c) document on the time and the rate of the use of assets for the stated project (e.g. device logs).

• **Local office**

Within this budget chapter, it is possible to use financial resources for ensuring the operation of the office, which serves for the management of the project. Eligible expenditure is considered to be expenditure for materials and services and is mainly used by the administrative team and is necessary for ensuring the project implementation.

Expenditure for the local office may apply exclusively to the project and must apply to other activities or apply to the project partially and be related to other activities of the beneficiary - in such a case it is possible to include in the eligible expenditure only the ratio corresponding to the administration of the project. This concerns, for example, consumer goods and operating material, telephone, mail fees, fax, payment for connection to the Internet, consumption of water, fuel and energy, rent of offices for the implementation team, etc.

Documenting eligibility:

- a) contract/order (if applicable);
- b) invoice/receipt;
- c) internal invoices for re-booking of part of the costs from the operating centre, including documentation for the method of calculation (if applicable);
- d) documents regarding payment.

• **Purchase of services**

Expenditure related to the purchase of services is only eligible in the case that:

- deliveries of all services are in accordance with the objectives of the project and they contribute to their planning;
- delivery of the services relate to the project implementation (time and locally).

The budget chapters of purchase of services include:

- **energy** – necessary for the implementation of activities of the project - operation of machines and equipment, research centres, etc.;
- **repairs and maintenance** – maintenance of machines and buildings, always in relation to the activities of the project;

- **other expenditure** – expenditure for legal consultancy, expert opinions, administration of orders ensured by external suppliers and other non specified above mentioned services directly related to the activities of the project and if they are necessary for implementation (e.g., expenditure necessary for the education of the professional team members related to the project).

Within this chapter the budget includes the item **Outsourced services**, which includes for example:

- **purchase order for developed or created publications**, training materials (textbooks, publications, books, manuals) and multimedia aids;
- **professional services/studies and research** – includes, for example study, analyses, collection of data and ensuring interpreting and other partial research tasks necessary for the project implementation, and may include a foreign expert if A labour contract or agreement is not concluded (in such a case, it would be reported within the personnel expenditure item);
- **audit of the project** – if required by the call, it is a direct expenditure in projects with full reporting of expenditure and a direct expenditure in projects with simplified reporting funded by the ERDF; in projects covered by the ESF, which are implemented in the simplified cost option, it is always an indirect cost;
- **expenditure for conferences/courses** – includes expenditure for ensuring the implementation of conferences or courses organized by the beneficiary or the partner with a financial contribution within the project - training or conference into which the target groups, invited participants or the general public will be involved; as a rule, these costs cover the leasing of premises, conference technicians, refreshments <sup>136</sup>, transport and accommodation for the target group, etc.;

Documenting eligibility:

- invoice;
- order/contract;
- list of present participants in the case of support for participants;
- internal invoices for re-booking of part of the costs from the operating centre, including documentation for the method of calculation (if applicable);
- documents regarding payment.

- **Rent and leasing**

If for the purpose of the project, the purchase of the respective movable and immovable assets is not economic, then these can be short-term or long-term leased.

In general, it is valid that the eligible expenditure is only part of the rent/leasing which is time related to the activities of the project in which the stated assets are used. If the assets within this period are used for the purpose only partially, then only the respective part of the rent or leasing instalments is eligible.

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<sup>136</sup> Refreshments price limit is determined by Clause 10. Direct support of this chapter (boarding bullet).

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## Leasing

- **Financial** – leasing of movable and immovable item where after termination the subject of leasing is **transferred** at the agreed purchase price into the **ownership** of the lessee<sup>137</sup>; can only be used if the subject of leasing is an eligible expenditure.

For leasing contracts with a re-purchase clause (or for contracts stating a minimum leasing period of the length corresponding to the service life of the investment, which is the subject of the contract) the eligible amount must not exceed the market value of the investment, which is the subject of leasing. Taxes and financial activity of the lessor related to the leasing contract are not eligible expenditure. Eligible expenditure is only instalments related to the period of the project implementation.

- **Operative** – leasing of movable item or immovable item, after the termination of which the subject of leasing is returned **to the lessor as a rule. It can also be used in the case that the subject of the leasing would not be an eligible expenditure. However, the beneficiary must prove that the stated assets are necessary for the project implementation**

The MA reserves the right to restrict the option of the eligibility of expenditure in the form of operative leasing for individual calls.

The contract for operative leasing is concluded with the company/open ended (i.e. a free or open end of the leasing relation is not possible), which does not enable to repurchase the equipment and buildings at a net book price (only eligible are instalments which relate to the period of the project implementation and, at the same time, to the period during which the subject of leasing is used for the stated project).

Documenting eligibility:

- a) leasing contract, repayment schedule;
- b) received invoices issued for individual instalments;
- c) calculation of the relative eligible part of leasing – the period must be evident for which the subject of leasing was used for the stated project, the actual level of leasing instalments per year, the methodology of the calculation of the leasing during the period of the project implementation and the total level of eligible leasing;
- d) documents regarding payment.

- **Administrative and other fees**

The general condition for the eligibility of administrative and other fees is their economy and direct relation to the project or the requirement of the granting authority for whom the spending is in relation to the project. This condition also applies to property insurance and administrative and local taxes, such as fees for land registration, an extract from the commercial register, issuance of building permit, an extract from the criminal record, payments for set-aside of agricultural land, notary fees, etc.

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<sup>137</sup> In terms of Section 21 of the Act on Income Taxes, the term tenant is used in these rules consistently with the term user and the term lessor is consistent with the term owner.

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Eligible expenditure include fees in relevant organizations or other associations if membership in them is necessary to achieve the objectives of the project and also bank fees associated with making payments for the project.

Actual fees that are considered eligible may be specified according to the setting made in individual calls.

Documenting eligibility:

- a) documents for payment of fees;
- b) bank statements

- **Direct support**

This chapter includes expenditure concerning a directly targeted project group and its involvement into the project activities. Expenditure mentioned in this chapter is not classified into the indirect costs of the project.

**Wage contributions** – are provided for the employer as compensation for part of the payroll costs (at the level of gross wage, including legal payments) for an employee during their participation in further education. This compensation within the OP RDE programme may concern target groups specified in the call and may be provided up to the level of 100 % of the actually paid payroll costs; however, a maximum of the amount corresponding to triple the amount of the minimum wage valid at the time of execution of the project activity. This compensation is only paid to the employer for the period (in hours) where its employees actually participated in the project activities instead of the execution of the agreed work. The trip to the place of the implementation of activity and back is not included in this time. Wage funds are only provided for employees participating in the activities of the project, not for employees who during the absence of a designated employee executed their work as a substitute/representative.

**Travel expenses, accommodation and meal compensation** – in the OP RDE it is possible to use direct aid to cover expenditure related to the implementation of practice, fellowship, excursions and multi-day educational stays where the accommodation, travel expenses, and meal compensation are paid in a lump sum.

Travel expenditure, accommodation and boarding are paid in the form of a direct payment to the individual. If the travel, accommodation and meal compensation are provided in the form of services, these are reported in the purchase of services budget chapter. The travel expenditure of the implementation team is classified into the travel expenditure chapter or into indirect costs (if used in the project).

**Direct aid for participants in projects can be paid:**

- **for travel expenditure** (e.g. on the basis of the submitted travel documents for mass public transport in 2nd class). In the case of the use of a car, eligible expenditure are restricted by the amount corresponding to the 2nd class of public transport multiplied by the number of people in the target group that were transported in the car. The exception is the use of the car in the case that it will be documented that it was not possible to use public transport, e.g. during the transport of handicapped people or when public transit schedules do not provide convenient connection for use. In this case, the travel expenditure can be paid similarly as for the implementation team;

- **accommodation** – the expenditure for representatives of target groups can be paid at the level of prices usual in the place, in the Czech Republic a maximum of CZK 1500 per person per night (for the capital city of Prague the limit is increased to CZK 2000 per person per night) or a lower price according to the internal regulations of the stated organisation. In the case of accommodation abroad, the for adults (including doctoral students, etc.) then accommodation in a hotel at prices usual in the place, as a rule in the category \*\*\* is considered adequate; for pupils and students, suitable accommodation is considered as accommodation in families, tourist accommodation facilities or university dormitories (other than those where the pupil/student is usually accommodated), etc.;
- **boarding** – the price limit for boarding/refreshments for participants is stated at CZK 300 per day per person in the case of a full day domestic business trip (i.e. an event taking place within one day and lasting a minimum of eight hours), at CZK 400 in the case of event related to the accommodation of participants (unless internal the beneficiary's regulations do not state a lower limit) abroad at the usual prices in the place.

Boarding can also be provided for further participants of the event if their relation to the project implementation will be justified - these are people who are not the target group but participate in the event, e.g. important guests or experts or members of the implementation team (does not relate to the claims for meals during a travel order).

All participants to whom accommodation and boarding was provided, must be registered in the list of present participants, which is issued each day separately and which contains relevant data on the participants in the stated event.

**In the case that it is not a full day event the limit must be decreased within the respective ratio.**

If employees are a target group, it is possible to pay the meal compensation in accordance with the Labour Code. In justified cases (only if it is not possible to ensure boarding in another manner), meal vouchers may be provided at the respective level or boarding expenditure may be paid on the basis of individually submitted accounting documents from the shop/boarding facility. In extraordinary and justified cases, the boarding of a representative of the target group who is not an employee and it is not possible to ensure boarding for them in a mass manner or within the travel compensation on the basis of the Labour Code, within the participation in the foreign event (e.g. fellowship) then it is possible to pay the boarding on the basis of the so-called unnamed contract concluded between the beneficiary/partner and the participant. The agreed payment for boarding must correspond to the prices common in the place.

In the case of participants in courses who are sent for training on the basis of a travel order by the employer, the travel expenditure can be paid and proven according to the Labour Code. In the case that within the project for the target group, payroll contributions and/or travel expenses, accommodation or meal compensation on the basis of travel orders, the employer of the target group is obliged to conclude with the beneficiary/partner for the support a contract on education<sup>138</sup> and to consequently submit to

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<sup>138</sup> At the partner – if not part of the partnership agreement.

the beneficiary/partner the list of travel compensation for its employees and to document them with copies of the respective documents (travel order, travel tickets, documents for accommodation, etc.).

During the settlement of foreign business trips, the same procedure is used as that for foreign business trips by the project employees (see Travel expenditure).

In the case of payment of direct support to target groups, it is necessary to document individual amounts by the appropriate spending document with the signatures of the supported persons. If the list of present participants serves as the document for the participation of the target group and the event lasts more days, the participation of the specific person must be documented by their signature for each day of the event.

**Accompanying activities** – this item is used for the payment of further expenditure related to the involvement of the target group in the project (e.g. tickets for events in which the target group participates within the project, etc.); in addition, it is possible to pay expenditure related to ensuring the assistant/assistant services provider directly to the representatives of target groups, e.g. pupils with special needs, handicapped, etc., and also for payment of necessary costs/at the locally common places) related to the care of children or other dependent persons so that such person can be involved in the project activities. These services will be provided on the basis of the contract concluded between the beneficiary and the assistant service provider. In addition, it is possible to pay from this item the expenditure for the pedagogical supervision of children, pupils and students that are involved in the project as a target group.

Documenting eligibility:

Wage allowances:

- a) pay and accounting sheets for the employee, where the payroll allowances are drawn (e.g. payslips, payroll sheets, payroll recapitulation, etc.);
- b) proof of the payment of wages;
- c) proof of the participation of the target groups in project activities (e.g. attendance sheets, etc.).
- d) calculation of the payroll allowances of individuals.

Travel expenses, accommodation and meal compensation:

- a) billing for business trips (if applicable);
- b) report on the course of the foreign business trip (if applicable);
- c) expenditure cash documents - in the case of direct payment for the direct aid to participants in activities;
- d) documents regarding payment.

Accompanying activities:

- a) order/contract (if applicable);
- b) invoice/expenditure cash documents;
- c) payment or settlement documents for employees ensuring accompanying activities (if applicable);

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- d) documents regarding payment;
- e) other documents according to the nature of the accompanying activity.

### **Comments on the Budget (annex to the grant application)**

The text describing the creation of the annex to the grant application Comments on the Budget is moved to Chapter 5.2.8.

### **8.7.3 In-kind contributions in OP RDE**

In-kind contributions can only be used in the OP RDE project providing that they were not acquired from ESIF, they fulfil the following conditions and, at the same time, **serve as the method of ensuring co-financing of the project on the part of the applicant/beneficiary.**

The contextual contribution for the purpose of eligibility within OP RDE can be considered to be the provision:

**construction works, goods, services, land, buildings, unpaid voluntary work,**

only subject to meeting the condition that expenditure related to purchase/acquisition were not paid from the project implemented within OP RDE, or the project which the applicant/beneficiary wants to co-finance with this contribution.

**In-kind contributions of an investment nature** are eligible only up to the level of co-financing eligible investment costs actually used by the applicant/beneficiary of the project (unless the call provides otherwise).

**In-kind contributions of a non-investment nature** are eligible only up to the level of co-financing of eligible non-investment costs actually used by the applicant/beneficiary of the project (unless otherwise provided in the call).

**Further information about the project co-financing is in Chapter 8.1.5.**

It is possible to provide contextual contribution in the stated call only under the precondition that the type of contribution - see above, is according to the type, an eligible expenditure of the stated call and fulfils/helps to fulfil the purpose of the project and, therefore, is necessary for its implementation.

**In general, the following is valid for in-kind contributions:**

- 1) State aid provided for the project, which includes in-kind contributions, must not exceed, after the deduction of in-kind contributions, the total eligible expenditure at the end of the project, i.e. financing from public resources may not exceed the actually incurred and paid expenditure, i.e. the amount without eligible expenditure in the form of in-kind contributions.
- 2) The value of in-kind contributions does not exceed the usual prices in the place and time and for the stated fulfilment.
- 3) The value and the provision of the contextual contribution can be independently evaluated and verified.

4) In the case that the applicant/beneficiary decides to use a contextual contribution for co-financing the project, they must state and describe the manner and the form of its provision in the grant application (into the text field of the respective key activity of the project in the IS KP14+) and, at the same time, create in the budget an independent item that concerns contextual contribution.

An in-kind contribution of the beneficiary is included in the list of documents for individual requests for pavement (interim and/or final) When including the in-kind contribution in the list of expenditure, the rule that the amount of the in-kind contribution shall not exceed the amount of the actual co-financing of eligible investment/non-investment expenditure already billed must always be followed<sup>139</sup>.

An expert opinion and other documents proving the value of the in-kind contribution and/or other required documents will be submitted by the beneficiary at the closest PIR, which follows the inclusion (use) of the in-kind contribution to the project.

5) In-kind contributions are used exclusively for co-financing projects implemented within OP RDE by the applicant/beneficiary.

6) In the case that within the stated call, the provision of the contextual contribution in a form of an asset is enabled, then for the purpose of documenting eligible expenditure, it is necessary to prove both ownership and the validity of the contextual contribution.

#### In-kind contribution in the form of land, real estate, movable property - materials (goods)

In the case of provision of land or real estate, the value is determined on the basis of an expert opinion, which will be drawn by a court expert on the basis of the Act on property valuation and related legislation in force, the value of in-kind contribution cannot exceed the **10% limit** of the total eligible project costs. At the same time, it is valid that the purchase of land or real estate is enabled within the stated call and it is necessary for the implementation of the stated project. In the case that the applicant/beneficiary decides to provide for co-financing their own land or real estate, it must be valid that the key activities of the stated project must be conducted on the designated land or real estate.

The ownership relation to the real estate is usually documented by the extract from the Cadaster of Real Estates. In the case that the ownership rights are not registered in the Cadaster of Real Estates, it is possible to document the ownership via the proposal for registration into the Cadaster of Real Estates confirmed by the cadastral office and the contract for the acquisition of the ownership rights (e.g. purchase contract, gift contract, etc.). The property valuation is documented by an expert opinion which will be drawn by a certified expert under the Property Valuation Act and related applicable legislation. This report may not be older than 6 months before inclusion (use) of the in-kind contribution to the project in the context of a relevant key activity (i.e. period of 6 months is regarded from the date when the implementation of the activity within which the in-kind contribution was included to the project started). Using real estate as an in-kind contribution is subject to the condition that the property must not have been funded previously from ESIF.

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<sup>139</sup> If e.g. an investment in-kind contribution claimed in any PA with the settlement of investment expenditure, the in-kind contribution to the amount of co-financing of investment expenditure settled in the given PA can be included in each of these PAs.

The ownership of movable assets is to be fully documented from the viewpoint of the required documents (e.g. by the submission of the warehouse/inventory card for assets). The value of the invested assets/material should also be documented by an expert opinion, which will be drawn by a certified expert under the Property Valuation Act and related applicable legislation. This report must not be older than 6 months before the inclusion (use) of the in-kind contribution in the project in the context of the applicable key activity. The value of the assets/material may also be accompanied by the sales contract (invoice) if the assets/material were acquired by the beneficiary no more than 6 months before the inclusion (use) of the in-kind contribution in the project in the context of the applicable key activity (the price of the assets/material must, however, be ordinary for the place and time). Using assets/material as an in-kind contribution is subject to the condition that they must not have been funded previously from ESIF.

In-kind contribution in the form of unpaid voluntary work

In the case of in-kind contributions in the form of unpaid voluntary work, the value of this work is determined on the basis of the verified volume of spent working hours (e.g. according to the work report) and rates used during remuneration for the equal work. In the case of this type of contextual contribution, the accounting records of the beneficiary are not required on the part of the MA. The voluntary work may be included by the applicant/beneficiary into the binding co-financing of the project when meeting the following conditions:

- it may only concern voluntary work organized via voluntary centres and accredited as sending organizations according to the act on voluntary service;
- voluntary centres must conclude a contract with the volunteer, must guarantee the execution of their work in accordance with the valid legislation and also confirm for the organisation the records on the scope of the work performed.

In-kind contribution in the form of services, construction works

In the case of in-kind contributions in the form of services, construction work, the value is determined on the basis of a market survey or expert opinion. The expert opinion must be drawn up by a court expert under the Property Valuation Act and related applicable legislation. This report must not be older than 6 months before the inclusion (use) of the in-kind contribution in the project in the context of the applicable key activity. For ordinary services, it is possible to estimate the form by conducting market research, by comparing at least 3 offers.

**The range of in-kind contributions may be restricted in the announced call.**

**8.7.4 Indirect / Fixed costs**

For projects with indirect/fixed costs the valid rules for expenditure eligibility defined in Chapter 8.7.1 and 8.7.2 apply, but with the exception that the actually proven eligible expenditure (i.e. direct expenditure) cannot include those items that belong under indirect/fixed costs based on the below-mentioned definitions and limitations.

Indirect/fixed costs mean costs incurred during the project implementation or as a consequence of it, although the level is based indirectly on a calculation using the flat rate/rate for indirect costs. These are

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costs incurred by the organization in relation to ensuring service activities (e.g. processing of book-keeping, payment of rent and energies), which cannot be directly assigned to a specific project. These also concern costs with low amounts that occur in projects in a high quantity and the MA did not classify these into indirect costs/fixed cost due to the administrative inspection (e.g. domestic travel expenditure). Finally, these are costs that are repeated in each project and are necessary for ensuring the project (e.g. for positions ensuring the administration of the project, see Chapter 5.2.1).

Due to the difficult nature of assigning expenditure to a specific activity and the complicated documentation and checking of such expenditure, reporting in the form of indirect/fixed costs is preferred.

Indirect/fixed costs are proven by the beneficiary by a percentage ratio relative to the actually spent eligible direct expenditure.

When a project applies NN, the MA does not review accounting documents related to indirect costs/fixed costs or their actual use, it only checks the direct costs of the project. In the case that during the consequent inspection, the part of direct costs is classified as an ineligible, the respective part of indirect costs/fixed costs stated by the flat rate/indirect cost rate also becomes ineligible.

Indirect/fixed costs are considered to be incurred without checking whether the beneficiary has actually spent the financial resources.

#### 8.7.4.1 Rates for indirect costs for projects funded under ESF/flat rate

If the rates of indirect costs for ESF are applied in the call, a flat rate for indirect costs is determined either:

1. up to 25 % of eligible direct costs according to the table below,

**Table No. 10: Rates for indirect costs**

| Lower limit of direct costs higher than – including (CZK) | Upper limit of direct costs less than (CZK) | Rate for indirect costs |
|---|---|-------------------------|
| 0   | 13 000 001                                  | 25 %                    |
| 13 000 001  | 21 000 001                                  | 21 %                    |
| 21 000 001  | 30 000 001                                  | 18 %                    |
| 30 000 001  | 40 000 001                                  | 16 %                    |
| 40 000 001  | 50 000 001                                  | 14 %                    |
| 50 000 001  | 80 000 001                                  | 12 %                    |
| 80 000 001  | 120 000 001                                 | 10 %                    |
| 120 000 001   | 200 000 001                                 | 8 %                     |
| 200 000 001   | and more                                    | 6 %                     |

2. or the flat rate up to the level of 15 % of eligible direct costs per employee (see Section 8.6.2);

3. or the flat rate up to the level of 40 % of eligible direct costs per employee for the purpose of covering the remaining costs for the project (see Chapter 8.6.2).

#### **8.7.4.2 Rates for indirect costs for projects funded from ERDF/flat rate**

If the rate for indirect costs for the ERDF is applied in the call, a flat rate for indirect costs is determined either:

1. individually for each project, or
2. it will be determined on the basis of an analysis at the level of the call, or
3. the flat rate up to the level of 15 % of eligible direct costs per employee (see Section 8.6.2).

The flat rate of indirect costs, see 1) and 2), may never exceed 25 %.

In the first alternative, this rate will be determined in the following manner:

- the applicant edits in the grant application edits budget in the classification into the administrative expenditure and other expenditure;
- the budget is evaluated in the process for of evaluation of the project by internal/external by external evaluators/evaluating/selection committee. If it contains ineligible expenditure or possibly overvalued amounts, it is cut in corresponding manner;
- The MA states the flat rate for indirect costs after the recommendation of the project by the selection committee for the termination of the approval process as the ratio of the administrative costs, after deduction of costs classified by their character into the group of indirect costs, to the total direct eligible expenditure of the project;
- The flat rate for indirect costs is fixed in the legal act on the grant award/transfer, and is valid until the end of the project implementation. This rate sets indirect costs in each payment applications.

#### **8.7.4.3 Definition of indirect/fixed costs**

This chapter provides the types of expenditure that cannot be reported as direct costs if a simplified cost option is chosen for a project in the form of indirect costs under Chapter 8.7.4.1(1). If the simplified cost option is chosen for a project under Chapter 8.7.4.1(2) and (3) and under Chapter 8.7.4.2(1), (2) and (3), the types of expenditure that are reported in the form of indirect/fixed costs can be further treated in the RfAB – Specific Part of the call.

Unless otherwise provided in the call and the related documentation, in which indirect costs/fixed costs are applied, **it is not possible to classify it as direct expenditure:**

- 1) Expenditure for the remuneration of employees within the organisation of the beneficiary or the partner of the activity<sup>140</sup>:**

<sup>140</sup> With the exception of projects using variations of the flat rate up to 40 % of eligible direct expenditure for employees and the flat rate up to 15 % of eligible direct costs for employees.

- expenditure associated with the administrative team of the project (see the definition of the administrative team under Chapter 5.2.1: e.g. project manager, financial manager, their assistants, etc.);
- book-keeping;
- personnel issues;
- administration of procurement procedures;
- ensuring training of occupational health and safety in the regime stated by the legal regulations of the Czech Republic;
- ensuring guarding;
- ensuring cleaning;
- ensuring repair and maintenance of equipment and equipment for use in real estate;
- ensuring the project publicity, including monitoring the press (advertising, leasing of premises for press conferences, refreshments for press conferences, production of promotional items, leaflets, etc.) with the exception of cases where publicity measures are the main activity of the project (mainly for projects focused on changing the knowledge of the target group, etc.);
- administration of computer networks and internet pages, including updates;
- copying;
- printing for administration and publicity of the project;
- expenditure for creating CSNF and other obligatory expenditure for employees who are paid within the project from indirect costs.

**2) Travel expenditure of the implementation team where the subject are:**

- all travel expenses related to the national business trips (it is irrelevant what means of transport was used to undertake the journey – e.g. the company or private vehicle, public transportation, taxi, etc.); expenses of the implementation team are not considered travel expenditure if they are related to a shared ride with the target group in a secured vehicle (e.g. bus), the vehicle was secured primarily for the target group and joint transportation of the implementation team does not create additional costs for the transport of the target group;
- all costs of operation of vehicles during national trips.

**3) Equipment and office appliances in the following items:**

- costs for hardware and software for the administrative project team;
- costs for the purchase of papers (including blocks), material for lamination, writing needs, files for documents, CD, DVD, USB flash disks and other data carriers, (i.e. if they are necessary for administration of the project or the target group);
- costs for consumer and office materials (other than in the previous bullet point) designated for the administration of the project), i.e. all material or minor items that do not have the character of the equipment or devices or are designated for single or gradual consumption and the service life does not exceed one year;

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- the cost for the purchase of devices and equipment and consumables which are procured in order to ensure the publicity of ESIF;
- costs for the acquisition of inventories of material for ensuring refreshments for employees of the project or the target group (these are cups, biscuits, tea, etc., which are not consumed at one specific event but are designated for gradual consumption, e.g. during individual consultations, and it is not decisive whether these “inventories” are booked, i.e. does not apply to the “for stock” accounting);
- costs for cleaning detergents and tools or devices (with the exception of cases where the target group uses them for its inclusion);
- depreciation of buildings used for the project implementation;
- depreciation of equipment or devices which serve for the administration of the project (i.e. the target group does not use it during its inclusion into the project).

**4) Expenditure for services where the subject is:**

- rent of offices and other premises used by the administrative team for the project (including publicity for the project), leasing of the premises for work with the target group of the project belong to direct costs (e.g. leasing of classroom, leasing of premises for the protected workshop, etc.);
- purchasing water (water, sewerage), fuel and energy (electricity, heating, etc.) on the premises used by the project implementation team where the specific professional activities of the project are not carried out (for example, office spaces of the administrative and expert team, etc., not the spaces of research centres, infrastructure, classroom spaces where specific educational activities are carried out, etc.);
- internet and telephone connection, fax, mail fees, transport fees, packing fees;
- book-keeping, including the maintenance of employees’ wages;
- maintenance of the budget, tax and legal advisory and consulting;
- costs related to processing the grant application and its annexes;
- costs related to the administration of grant;
- ensuring personnel issues (including costs related to the evaluation of fitness for work on the basis of an entrance inspection in accordance with the act on specific health services), ensuring OHS training in the regime stated by legal regulations of the Czech Republic;
- rent or leasing of operating equipment or devices serving for the administration of the project (i.e. not used by the target group for inclusion in the project);
- ensuring repair and maintenance of equipment and equipment used in real estate;
- ensuring the project publicity, including monitoring the press (advertising, leasing of premises for press conferences, refreshments for press conferences, production of promotional items, leaflets, etc.) with the exception of cases where publicity measures are the main activity of the project (mainly for projects focused on changing the knowledge of the target group, etc.);

- administration of computer networks and internet pages, including updating, copying, printing for project and publicity administration;
- bank fees, including bank fees for international financial transactions (foreign payments, cash withdrawals abroad, conversion fees, etc.);
- administration of tendering/procurement procedures necessary for the project and other service related to the assignment of contracts (advertising, consulting, etc.);
- audit of the project – in projects funded from the ESF using the simplified cost option; in projects funded from the ERDF using the simplified cost option, unless an audit of the project is required by the call;
- notary and administrative fees necessary for the project implementation (e.g. verification of documents, etc.);
- cleaning services;
- ensuring guarding;
- insurance of assets used for the project implementation.

## 8.8 Ineligible Expenditure

Ineligible Expenditure is according to Article 69 of the General Regulation:

- a) interest from due amounts, with the exception of grants awarded in the form of interest rate grants or guarantee fee grants;
- b) the purchase of land not built on and built-up land in the amount exceeding 10 % of the total eligible expenditure for the operation concerned. In the case of derelict areas and areas formerly used for industrial purposes, which include buildings, this ceiling will be raised to 15 %. In exceptional and duly justified cases, this ceiling may be raised beyond the above mentioned percentages for operations concerning environmental conservation;
- c) value added tax, with the exception of cases where it is non-deductible according to domestic regulations.

In addition, among the ineligible expenditure of the projects with the EU contribution funded by the ESF is by Article 13(4) of Regulation No. 1304/2013 includes:

- purchase of infrastructure;
- purchase of land;
- purchase of real estates.

**Ineligible expenditure is those that:**

- cannot be paid from grant funds;
- are not contained in the valid budget of the project;
- were supported in the past from public resources;
- are not spent in accordance with the objectives of the project and, at the same time, are not necessary to achieve the objective;

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- are not adequate and are not spent in accordance with the principle of economy, efficiency and purposefulness;
- they are not in accordance with Czech or European legislation, the RfAB or the legal act on grant award/transfer;
- are related to financing of the sustainability of projects supported from the previous programming period (development of projects supported from the previous programming period is not considered to be a promotion of sustainability).

**If such expenditure arises, the beneficiary will pay them from their own resources.**

Non-economic or non-effective expenditure may also be indicated by the MA as ineligible in the case that this expenditure is part of the approved budget. In case of cases of unjustified purchases of equipment, material or services before the termination of the project or purchases for which the beneficiary did not submit requested documents. Unjustified expenditure will be considered in relation to the status of the implementation of key activities of the project.

**Ineligible expenditure is considered to be, in particular:**

- payroll costs of employees who did not participate in the project (in the case of managers, it is necessary to evaluate their actual involvement into the project implementation, personnel expenditure of the representatives of the statutory body who are not directly involved into the project or only formally, cannot be considered eligible);
- payroll expenditure of the members of the implementation team which do not relate via their involvement to the off-project activities;
- payment of unused vacation in the case of termination of labour relation;
- other costs for employees, for which the employer are binding according to special regulations, e.g.
  - payments for health insurance in the case that the employee uses unpaid days off;
  - payments related to the vacation beyond the number of weeks specified in the provisions of Section 213 of the Labour Code;
  - costs related to the vacation agreed in the employment agreement;
  - severance;
  - contribution to pension insurance, gifts;
- value added tax or part thereof, if there is a legal claim for deduction;
- interest on credits and loans;
- sanction fees, fines and penalties or other sanction expenditure resulting from contracts or other reasons, cancellation fees;
- administrative and local fees not having a direct relation to the project and are not expressly stated by the MA;
- direct taxes (road tax, real estate tax, gift tax, inheritance tax, customs duties, etc.);

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- expenditure that are part of the liquidation of the company, bad receivables, etc.;
- expenditure for legal disputes incurred in relation to a certain project, e.g. expenditure for payment of legal fees, for the acquisition of evidence, for legal representation in the case of a dispute, expenditure for legal defence against the MA procedure, penalties, fines, other sanction expenditure and legal expenditure related to the legal dispute;
- reserves for possible future losses and debts;
- exchange losses, exchange losses are not considered losses incurred only in terms of accounting due to the difference in the exchange rate used according to the internal regulation of the organization and the exchange rate used in the case of actual payment;
- alcoholic beverages, tobacco products and psychotropic substances.

## 8.9 Project Income

Income is divided into:

- 1) income according to Article 61 of the general directive (see Chapter 8.9.1);
- 2) income outside Article 61 of the general directive (see Chapter 8.9.2);

**Project income is never:**

- payments which the beneficiary/partner receives from contractual penalties due to breaching of the contract between the beneficiary/partner and third party or parties;
- payments that arise due to the fact that a third person chosen by the procurement rules decides to withdraw its bid (cash security);
- bank interest yielded from the financial resources at the beneficiary's account, which is financed via the ex-ante financing.

### 8.9.1 General Rules for Projects Generating Income according to Article 61

The project generating income according to Article 61 of the General directive means any operation that includes investment into the infrastructure for the use of which fees are charged, paid directly to the user or any operation which includes the sale or leasing of land or buildings or any other provision of services against payment with total eligible expenditure exceeding EUR 1 million before the application of Article 61.

Provisions of Article 61 of the Directive are applied for projects which create net income **after implementation**.

The income represents cash flow in the form of fees paid directly by final beneficiary of the project output.

**The project creating income for the application of Article 61 means any project:**

- which includes investment into the infrastructure for the use of which fees are charged paid directly by the user;
- which includes the sale or leasing of land or buildings, constructions;

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- which includes other provision of services against payment (e.g., entrance fees to museums for visitors, fee for training paid by trainees).

**Article 61 does not apply to the following cases:**

- projects not creating income;
- projects not creating net income (the income is insufficient to fully cover operating costs);
- projects which are the subject of the rules of the state aid, i.e.
  - a) aid de minimis;
  - b) compatible state aid for small and medium sized enterprises for which in relation to the state aid, the intensity or the level of aid is restricted;
  - c) compatible state aid, in which case individual verification of the needs for financing was done in accordance with the valid rules for state aid;
    - projects where total eligible expenditure exceed EUR 1 million or are co-financed from ESF;
    - repayable financial aid, which must be returned in the full amount;
    - projects for technical assistance;
    - projects for which grant is awarded from public sources provided in the form of lump sums on the basis of unit costs.

The threshold of EUR 1 million of eligible expenditure applies to the total eligible expenditure of the project before modification according to Article 61. For conversion to EUR, the exchange rate of the European Commission (hereinafter referred to as EC) CZK/EUR is used that is valid in the month of the grant application by the Managing Authority. Such an exchange rate used to determine the total eligible expenditure of the project in EUR cannot be changed.

**8.9.1.1 Procedure for the calculation of potential net income**

Possible net income from the project is determined **in advance** by means of discounted net income from the operation (method of financial gap) while taking into account the reference period, the usual expected profitability of the stated category, application of the “polluter pays” principle, and possibly, the relative prosperity of the stated member state or region. A detailed description is provided in the methodological recommendation for projects creating income in the programming period 2014–2020.

Net income is deducted from eligible expenditure of the operation no later than at final PA, created during the execution of the operation from sources which were not taken into account during the determination of potential net income.

**If it is not possible to objectively determine the income in advance** with the use of the above-mentioned method, net income is deducted from expenditure reported to the Commission created within three years from the termination of the operation or up to the deadline for the submission of documents for closing the programme, whichever occurs earlier.

### 8.9.1.2 Monitoring of income

The beneficiary must notify the MA of all income created in relation to the project, which includes investment into the infrastructure for the use of which fees are charged, paid directly to the user or any operation which includes the sale or leasing of land or buildings or any other provision of paid services. This obligation applies to net income (as well as formerly not considered income or those significantly exceeding the original estimated values) incurred from the date of the physical project implementation.

Net income, which in the end will be implemented, will be monitored in the project during the project implementation and for sustainability. In the case of the discovery of significant discrepancies between the previously estimated net income and the implemented net income, the financial gap will be recalculated and the level of the deviation signalling the incorrectly stated level of the financial gap at the beginning of the project is considered by the European Commission to be a deviation in the financial gap exceeding 10 %.

If when determining the income in advance, the calculation gap method was used, the beneficiary must, along with the submission of the FPCR and the FPSR, recalculate the level of the financial gap according to the actual achieved values of income and expenditure. The MA consequently modifies the aid intensity in these cases where there was the exceeding of the above-mentioned 10% limit and the beneficiary must return the respective part of the grant, i.e. deduct in the period of the implementation the additional income from eligible expenditure of the operation not later than in the final Request for payment submitted by the beneficiary and to return due income in the sustainability period. It is possible to return this up to the end of the sustainability period or within the deadline for the submission of documents for closing the programme stated by the special rules for individual funds according to whatever occurs earlier.

### 8.9.2 General Rules for Projects with Income Outside of Article 61

Any income not classified under Article 61, with the exception of cases stated at the beginning of Chapter 8.9 is considered other financial income. This income decreases the total eligible expenditure of the project, which decreases the basis for the calculation of aid and thus the aid amount.

In accordance with Article 65(8) of the General directive, it is necessary that projects where the total eligible expenditure **exceed the limit of EUR 50 000**, deduct any other net financial income created in the period of the project implementation from the eligible expenditure of the project not later than during the submission of the final PA by the beneficiary, unless this income has been taken into account already during the approval of the project and the grant has not been reduced at the beginning of the project. If the expected level of new other financial income mentioned in the legal act on grant award differs from the actual achieved value, then the following applies:

- if real net other financial income is lower, the beneficiary does not have the right for an increase in the grant;
- if the real other net financial income is higher, the eligible expenditure is decreased by this increase, i.e. also the grant.

Net other financial income represents other financial income created by the project after the deduction of the operating expenditure of the project. If for the co-financing, the total investment expenditure is not eligible, it is necessary to divide net income in the ratio of eligible and ineligible expenditure.

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The beneficiary must monitor the other financial income created during the project implementation and report them in the monitoring reports of the project (see Chapter 7.1).

## **8.10 Financial penalties (Sanctions) for Non-compliance with Obligations by the Beneficiary/Partner**

The amount of potential sanctions for a breach of budgetary discipline, namely the non-compliance of the obligations of the beneficiary/partner, will be determined in the legal act on grant award/transfer.

## **8.11 Project Savings**

If a positive difference occurs between the estimated price of the order and the contracted price, and therefore project savings, the beneficiary:

- is obliged, via an insignificant change, to move the saved financial resources to the budget item Savings for Distribution or move the saved financial resources via a significant change to budgetary items, where it is able to use them in a meaningful and cost-effective way, and the beneficiary must justify this transfer in detail;
- is authorized, via a significant change, to move financial resources from the item Savings for Distribution to budgetary items, where it is able to use them in a meaningful and cost-effective way (the beneficiary usually requests the move once a year, in the event of an immediate need, the beneficiary can submit a significant change at any time).

The beneficiary may submit a request for a significant change to the MA for the issuing of a change to the legal act on grant award/transfer, for the purpose of reducing the project budget by an amount equal to the savings (reducing the budget can result in a change in financial milestone values).

The beneficiary of projects that have the item Savings over 10 % in their budget and have funds already transferred in this item are authorized to transfer these financial resources in the form of a significant change to budgetary items, where they are able to use these financial resources in a meaningful and cost-effective way (the beneficiary usually requests the move once a year, in the event of an immediate need, the beneficiary can submit a significant change at any time).

## 9. CHAPTER – PROCESSES AND RULES OF INSPECTIONS AND AUDITS

### 9.1 General Provisions on Checks, Verifications and Audits

The applicant/beneficiary is obliged to undergo inspections or audits by the following controlling authorities: MEYS – MA, MF (AO and PCO), EC, ECA, OLAF, SAO, financial management bodies of the Czech Republic under the Financial Administration Act of the Czech Republic, and, if necessary, inspectors and other controlling authorities according to the regulations of the CR and EU.

The beneficiary is obliged to inform the granting authority, in writing or in electronic form (such as internal message) on facts affecting implementation of the project specified by the MA, particularly to inform on any inspections and audits performed in relation to the project, within 15 business days following the end of this inspection or audit. The beneficiary is obliged to also provide at the request of the MA, PCO and AO any information on the results of previous inspections and audits, including copies of inspection reports and audit reports, and possibly also on all the proposed/imposed remedial measures that will result from these inspections/audits and their completion.

The beneficiary shall oblige also its partners engaging in the project implementation to all obligations specified above.

Administrative verification on the projects will be carried out by the MA, and possibly also on-site inspection in accordance with Article 125 of the General Regulation, Inspection Code, the law on financial control in public administration, methodological guidelines for the performance of inspections in the responsibility of the managing authorities in implementing EU structural and investment funds for 2014-2020 and the methodological guidelines for financial flows of programs co-financed from European structural funds, the Cohesion Fund and the European Maritime and Fisheries Fund for the programming period 2014-2020.

#### Types of inspections or administrative verifications

##### 1. Inspections on site/administrative verification before issuing the legal act on grant award/transfer

**Administrative verification/inspection on site** are performed during approval of the project, i.e. in the period from the submission of the grant application until issuing the legal act on grant award/transfer, where the readiness of the applicant for the overall implementation of the project and compliance with the conditions for granting the aid from OP RDE is determined.

##### 2. Inspections on site/administrative verification of the project implementation

**Administrative verification** is focused on verifying the operations of the project during the period from issuing of the legal act on grant award/transfer until the termination of the physical project implementation. In this case, the subject is particularly verification of information given in the monitoring reports, payment applications, and the input documents for such verifications are legal act on grant award/transfer and its eventual modifications, as well as other binding documentation, as it includes data and specific conditions for grant award affecting the eligibility of the expenditure within the project.

**On-site inspection** verifies, whether the project implementation complies with the issued legal act on grant award/transfer, OP RDE rules and EU/CR regulations, and whether the invoiced products were

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actually delivered and services provided, and whether the values stated by the beneficiary in the monitoring reports and payment applications comply with the actual state.

### 3. Inspections on site/administrative verification of sustainability

The subject of the administrative verification/inspection on site is the verification of compliance with the conditions of the legal act on grant award/transfer set for the sustainability period). Both types are performed after the termination of the project implementation within the ex-post inspection of the project.

#### On-site Inspection

During on-site inspection the MA as the controlling authority determines whether the inspected person fulfils its obligations resulting from the legal act on grant award/transfer, the CR/EU legislative regulations, and the OP RDE rules. During the on-site inspection, the inspector works with original documents, has all documents related to the subject of the inspection available and can verify the data in the information systems of the beneficiary (e.g. accounting system, assets record-keeping, information system documenting attendance, etc.). The controlling authority starts the inspection on site ex officio.

The inspected person means a legal entity, who is obliged to be subject to the public administration inspection of use of the grant funds by the controlling authority in compliance with relevant legal regulations. Thus it is beneficiary within the OP RDE, resp. other subject engaged in the supported project.

The controlled entity is informed about the on-site inspection with sufficient time in advance by the MA in writing or electronically, namely via the Planned Inspection Start Information. In cases where the purpose of the inspection could be defeated, the Planned Inspection Start Information shall not be sent.<sup>141</sup> Information about the Planned Inspection Start Information shall likewise not be sent out in the event an on-site inspection is initiated under Section 5(2)(b) of the Controlling Rules with the delivery of the Inspection Start Notice.

An on-site inspection is initiated under Section 5(2) of the Controlling Rules by three methods that are mutually equal in effectiveness and the use of them generally depends on the conditions and objectives of the inspection (e.g. depending on the required cooperation of the inspected with the inspector). An on-site inspection may be initiated:

- by presenting the inspection authorisation to the inspected person or other person, who delivers or delivered goods, or takes/took the goods from the inspected person, who performs or performed works for it, and/or provides/provided services to it, or uses/used services from it, resp. is/was engaged in any such activity (hereinafter referred to as „authorized person“), who is present at the inspection site.
- Delivery of the Inspection Start Notice to the inspected person, and such notification must include the inspection authorization or list of inspectors;

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<sup>141</sup> Planned Inspection Start Information shall likewise not be sent out in the event it involves an “unannounced inspection” focused mainly on verifying the progress of completing the activities of the project, initiated under Section 5(2)(a) of the Controlling Rules with the presentation of the authorization to conduct the inspection.

- By first of the inspection acts immediately preceding the submission of the inspection authorisation to the inspected or authorized person, who is present on the inspection site, if performing of such inspection steps is needed to perform the inspection.

Should an inspection be initiated by the receipt of the Inspection Start Notice, the inspected person can be invited by the head of the control group prior to the actual control visit to submit original documents for the inspection on site.

The inspected person must be acquainted with their rights and obligations, which are treated in Section 10 of the Controlling Rules, associated with the inspection on site.

1. The inspected person is entitled to:
  - Require from the inspector presentation of the inspection authorisation and other document proving that it is the person specified in the inspection authorisation;
  - Object to the bias of the inspector or invited person (template in Annex 7);
  - Acquaint with the content of the inspection report;
  - submit objections against the inspection findings specified in the inspection report (template in Annex No. 8).
2. The inspected person is obliged to create conditions for performance of the inspection, to enable to the inspector to perform the subject of authorisation specified by this act and provide needed collaboration to this, and to submit to the inspectors the written report on removal or prevention of the non-compliances detected during the inspection within the deadline specified by the inspector, if the inspector requests it.
3. The obliged person (see the inspection start) is obliged to provide to the inspector collaboration needed to the inspection performing, if the collaboration cannot be ensured by means of the inspected person.

The inspected person is furthermore obliged to allow the rights of the inspector to be exercised under Section 8 of the Controlling Rules.

During the inspection on site itself, the inspection group verifies the facts stated by the beneficiary in the grant application and its annexes, in submitted monitoring reports and in the project modifications. Compliance with the obligations of the beneficiary enshrined in the legal act on the grant award/transfer is also verified.

On basis of the results of the inspection on site. The controlling authority compiles within **30 calendar days** from performing of last inspection act (**within 60 calendar days** in especially complex cases) the Inspection Report. The final act of the inspection means the act that preceded the preparation of the Inspection Report; e.g. the final day of inquiry on site, evaluation of the particular documents, conducting the necessary analyses, etc.

A copy of the Inspection Report is sent to the inspected person, who has established a data box (by law and on request), via a public data network to that data box. In the event the inspected person has not established their own data box, the Inspection Report shall be sent via a postal services operator. In the event paper forms of the Inspection Report are sent, the moment the inspected person becomes acquainted with the Inspection Report in accordance with Section 19 (or Sections 20-26) of the Administrative Code shall be considered the date of receipt. The Inspection Report can likewise be given

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to the inspected person in person, especially in cases of complicated or extensive inspection findings, where it is necessary to communicate any verbal explanations on the findings. In the case of a personal delivery, the inspected person confirms receiving one copy of the Inspection Report by signature.

In cases when the Inspection Report is sent to the inspected person, the inspected person need not confirm the take-over directly into the Inspection Report. In this case, the confirmation is formed by the proof of delivery or take-over of the delivery (according to the sending method).

In compliance with Section 13 of the inspection rules, the inspected person can apply the written and justified objections against the inspection findings specified in the report **within 15 calendar days** from the Inspection report delivery date (see above). With regard to the inspection finding extent, the head of the inspection group can in compliance with Section 13 of the inspection rules determine the longer deadline in the report.

The inspected party must lodge objections in writing<sup>142</sup> and it must be clear from them which inspection findings they apply to, and they must also include a justification of the disagreement with this inspection finding (based, if possible, on relevant documents if they exist). In case the inspected person applies the objections after determined or extended deadline, the objections shall be refused as the late applied objections. In case the objections are applied by the non-authorized person, they will be also refused. In case the objections do not clearly show, against which inspection findings they apply, or if there is No. justification, then the objections shall be refused as unjustified.

If the objections are not fully satisfied by the head of the inspection group or inspector within 7<sup>143</sup> calendar days from date of their delivery, they must be resolved by the higher authority within 30 calendar days from their delivery by their satisfaction, partial satisfaction or refusal. In especially complex case the deadline for resolving of the objections by the inspection higher authority is extended by 30 days. The inspection higher authority shall notify the inspected person on extension of the deadline.

If based on the lodged objections corrections to inaccuracies identified in the Inspection Report are required, a further investigation of the matter will be carried out, the results of which will then be recorded in an addendum to the Inspection Report and a copy of it delivered to the inspected person.

Based on the results of the inspection on site and the inspection findings, the deficiencies identified during the inspection must be removed by the inspected person. The adoption of measures to remove the deficiencies identified during the inspection on site can then become the subject of an administrative verification or other inspection on site by the MA.

**The on-site inspection is terminated by:**

- vain expiration of deadline for applying objections or resigning the right to apply the objections, or
- day of delivery of the resolution of the objections to the inspected person, or
- day, on which the objections were handed-over for resolution to an administration body.

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<sup>142</sup> The term “in writing” means in the paper or electronic form with a secured electronic signature.

<sup>143</sup> If the deadline falls on a weekend or holiday, the end of the period falls on the first following business day (in detail according to the provisions of Section 40 of the Code of Administrative Procedure). The same procedure is applied when calculating the deadline for objections submission.

Outputs of the inspections on site will be logged in the information system. Misconducts, at which it is determined by legislative, will be handed over to relevant authorities (e.g. suspected cases of breaching of budget discipline will be submitted to financial administration authority).

#### 4. Audit and external control

Subjects that can within the implementation of OP RDE perform audits and external inspections on applicants, beneficiaries and partners drawing the aid from OP RDE, are as follows:

- MF ČR – Payment and Certification Authority,
- MF ČR – Audit Authority,
- European Commission,
- European Court of Auditors
- European Anti-Fraud Office (OLAF)
- Supreme Audit Office
- additional external control bodies.

Audit and inspection bodies always act in accordance with the applicable laws of the Czech Republic and the EU. Audits and inspections carried out by PCO and the audit authority are governed by Section 13a of the Financial Controls Act and Controlling Rules. The act of an inspection carried out by SAO is then governed by the SAO Act. The other audit subjects proceed in compliance with the EU legislative and rules.

The inspected person is obliged to provide the staff of authorized inspection/audit bodies adequate cooperation and the requested documentation during the inspection. Written draft of the audit report must be provided to the audited person. Subsequently, the audited person is entitled to put written position to the report draft, which is subsequently part of the audit report. Deadline for applying of the written position is determined by the inspection body staff. This deadline may not be shorter than 5 calendar days, if other deadline was not agreed upon. In order to minimize the impact of audits/external controls, beneficiaries are encouraged to prepare a written opinion on the draft of the audit report or objections to the inspection findings of external controls in advance with the MA.

After vain expiration of this deadline or after delivery of the written position of the audited person the audit report is finalized and submitted to the public administration supreme body performing the audit. The audit is terminated by the day of delivery of the audit report to the public administration supreme body. In addition, the final audit report is sent to audited person and the MA.

In case the final audit report includes suspected non-compliance, then the MA must deem the findings as confirmed (such findings are irreversible by the MA) and submit it to the relevant public administration body authorized for further examination (e.g. BFA, OPC).

## 9.2 Means of dealing with ineligible expenditure

### Glossary of the terms used for non-eligible expenditure (hereinafter referred to as "NEE")

A questionable expenditure is that expense not judged to have completed the eligibility requirement by the MA due to insufficient documents from the beneficiary. Prior to approving the PA, the MA calls on the beneficiary to exclude the questionable expenditure from the PA. These are NEE:

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An NEE is established after the MA concludes the assessment of the eligibility of the expenditure and detects a misconduct in this expenditure. NEE reduces the claim for the available allocation of the project.

Correction of expenditure – this is a reduction of the amount of the submitted settlement in the PA by the amount of NEE determined by the MA.

Suspicion of breaching budgetary discipline (hereinafter referred to as “Suspicion of BoBD”): Suspicion of BoBD arises in the event NEE is uncovered should the expenditure be paid from OP RDE funds. Should NEE be disclosed by the MA in projects funded ex-ante, the beneficiary is:

- asked pursuant to Section 14f(1) of the Budgetary Rules to take remedial action (the suspicion persists until the situation is remedied or a decision by BFA), or
- asked pursuant to Section 14f(3) of the Budgetary Rules to refund the grant or part of it (the suspicion persists until the funds are returned or a decision by BFA).

Examples of suspected BoBD:

- NEE were not paid in accordance with Section 14e of the Budgetary Rules (the suspicion persists until a decision by BFA).
- Breach of conditions, where no potential reduced fine for BoBD is determined in the legal act on the grant award/transfer pursuant to Section 14(6) of the Budgetary Rules;
- NEE billed in the PA and reduced prior to its approval (the suspicion lasts until it is either refunded pursuant to Section 14f (3) of the Budgetary Rules or until a decision by BFA in the event the beneficiary does not obey the summons pursuant to Section 14f(3) of the Budgetary Rules);
- NEE that was already approved in the PA (the suspicion lasts until it is either refunded By the beneficiary pursuant to Section 14f(3) of the Budgetary Rules or until a decision by BFA in the event the beneficiary does not obey the summons pursuant to Section 14f(3) of the Budgetary Rules);
- NEE reported in the PA (in the case of projects funded with payments from SOU and CO SOU, except for CO MEYS).

When there is no suspicion of BoBD:

- The beneficiary rectifies the situation based on a summons pursuant to Section 14f (1) of the Budgetary Rules (corrective action undertaken);
- The beneficiary returns the grant/part of the grant based on a summons pursuant to Section 14f (3) of the Budgetary Rules;
- Should the BFA decide that it is not a case of BoBD;
- Breach of conditions under which it is stipulated in the legal act on the grant award/transfer that they do not constitute a breach of suspected BoBD;
- The beneficiary for projects with a separate project account has shown the NEE was recharged to its own resources and has demonstrated a sufficient level of its own resources in this account.

Examples of possible cases of NEE:

**Example 1**

*The beneficiary claims higher payroll expenditure in the PA (e.g. expenses for a FTE exceeding 1.0 despite the beneficiary not having permission for the exception). This misconduct is identified by the MA during the administrative verification of the PA. The MA reduces the expense in the billing and then approves the PA with the correction (this cut affects the available allocation of the project). After the deadline for submitting comments to the MA documents for a project in implementation (based on the results of the administrative verification), the MA summons the beneficiary to make a refund pursuant to Section 14f (3) of the Budgetary Rules. The beneficiary ignores the summons. This is a suspected BoBD. The MA prompts BFA to conduct a fiscal overview and BFA decides if it is a case of BoBD and assesses a fine.*

**Example 2**

*The beneficiary claims higher payroll expenditure in the PA (e.g. expenses for a FTE exceeding 1.0 despite the beneficiary not having permission for the exception). This misconduct is discovered by an on-site inspection. Based on the inspection report, the MA summons the beneficiary to make a refund pursuant to Section 14f (3) of the Budgetary Rules. Should the beneficiary obey the summons, it is not a suspected BoBD. In the event the beneficiary ignores the summons, it is a suspected BoBD. The MA prompts BFA to conduct fiscal oversight. BFA decides if it is a case of BoBD and assesses a fine.*

**Possible solutions for NEE:**

- a) Measures to remedy the situation in accordance with Section 14f (1) of the Budgetary Rules (hereinafter referred to as “**Summons to remedy the situation**”);
- b) Measures in accordance with Section 14f (3) of the Budgetary Rules, Summons to refund the grant or part of it (hereinafter referred to as “**Summons to make a refund**”);
- c) Measures in accordance with Section 14e, of the Budgetary Rules, Non-payment of the grant or part of it (hereinafter referred to as “**Information about non-payment**”);
- d) Determining a potential fine for BoBD;
- e) Withdrawing the grant pursuant to Section 15 of the Budgetary Rules (hereinafter referred to as “**Withdrawing the grant**”);
- f) Notification of facts indicating the commission of an administrative offence (hereinafter referred to as “**Commission of an administrative offence**”) under the PCA or under the PPA;
- g) Notification of facts indicating that a crime has been committed (hereinafter referred to as “**Commission of a criminal offence**”).

In the case of resolving NEE, the MA summons the beneficiary to take measures either in accordance with Section 14f (1) or Section 14f (3) of the Budgetary Rules. In the event the beneficiary ignores the summons, the MA shall decide between taking action pursuant to Section 14e of the Budgetary Rules, or prompting the initiation of fiscal oversight by the respective BFA.

**A beneficiary who has established a data box (based on law or upon request) shall receive a Summons to remedy the situation, Summons to make a refund, or Information about non-payment via the Data Box Information System (DBIS). To the beneficiary, to whom it is not possible to deliver via the ISDS, it**

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**is delivered in a paper form.**

### **Summons to remedy the situation**

This measure can be undertaken in the event of a breach of the conditions under which the grant was awarded, whereby it was likewise established in the legal act on the grant award/transfer that the failure to comply will be penalized by a reduced payment compared to the overall amount of the grant, and the nature of the failure to meet the condition allows a remedy in an alternate time frame (for example, cases of missing the retained documents, deficiencies in publicity, etc.).

After the NEE is uncovered, the MA shall immediately summon the beneficiary to remedy the situation in the established time frame. **If a remedy is engaged, it is not an NEE or suspected BoBD and no other actions against the beneficiary are taken. If no remedy is engaged, it is an NEE and suspected BoBD at the same time.**

### **Summons to make a refund**

This measure can be undertaken in the event the grant was provided on the basis of a Grant Award Decision and the beneficiary breached the obligation established by law in direct relation to the grant, or failed to comply with the purpose of the grant, or breached another condition under which the grant was provided and for which Corrective Action cannot be undertaken.

If a misconduct was discovered during the administrative verification and the NEE was not approved in the PA, the PA is reduced by the NEE and after the deadline for submitting comments to the MA documents for projects in implementation shall send the beneficiary a Summons to make a refund (based on the results of the administrative verification).

If a misconduct was discovered during the administrative verification of the PIR for the project/PA for expenditure already approved in the previous PA, or discovered during the inspection on site, the MA shall send the beneficiary a Summons to make a refund.

In the case of both measures, should the beneficiary answer the summons and a remedy is engaged, it is not a suspected BoBD. Otherwise, it is a suspected BoBD and the MA shall further resolve these cases by either the non-payment of the grant (see below Information about non-payment), or prompt the respective BFA to initiate fiscal oversight.

### **Information about non-payment**

**This measure can be undertaken in exceptional cases after failure to comply with the deadline to undertake measures pursuant to Section 14f (1) (Summons to remedy the situation) or measures pursuant to Section 14f (3) (Summons to make a refund) of the Budgetary Rules** and in the event the grant was provided on the basis of a Grant Award Decision, and the beneficiary breached the obligations set by law in direct relation to the grant, or failed to comply with the purpose of the grant or the conditions under which the grant was provided, and if the entire grant has not been paid and likewise there exists the payment “pre-funding”, via which the respective amount can be reduced, and recognised in investments and non-investments.

A correction of the PA in response to this measure constitutes a suspected BoBD.

When using this method of resolving an NEE after discovering a misconduct, the MA shall first verify that

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the conditions for undertaking this measure have been met. In the event the conditions for non-payment are met, it is an NEE, and the MA reduces the PA in billing and in pre-funding prior to approving it. The MA shall further prepare the Information about non-payment and send it to the beneficiary.

The beneficiary has the option of lodging objections to this measure pursuant to Section 14e(2) of the Budgetary Rules, within **15 calendar days** from the date of receipt of the Information about non-payment. The minister shall rule on the objections.

In case of the above measures pursuant to Section 14e (5), and Section 14f (7) of the Budgetary Rules, the MA shall inform the respective financial authority about the non-payment of the grant/part of it, about issuing the Summons to remedy the situation, about issuing the Summons to make a refund, and about whether the beneficiary responded to them. Based on this information, the respective financial authority may initiate a tax audit of their activities.

### **Suspicion of BoBD**

In case of a suspicion of a breach of budgetary discipline according to the Budgetary Rules, the MA submits the case without delay along with relevant documentation (e.g. findings resulting from the performed inspection or audits within the particular project) to relevant financial administration authority to initiate tax proceedings and investigate suspected BoBD. The MA informs the beneficiary about this matter via an internal message.

Should the BFA come to the conclusion that a BoBD has occurred, it shall assess a fine for the BoBD in accordance with the Budgetary Rules. The MA shall examine and compare whether the conclusion of the fiscal oversight shall affect the amount of the NEE as figured by the MA, and proceed further in accordance with the results of this examination.

In accordance with Section 44a(12) and (13) of the Budgetary Rules, the beneficiary may ask the General Financial Directorate via the financial authority for a partial or total remission of the payment for the BoBD and the penalties<sup>144</sup>. The MA shall then proceed on the basis of the results of the proceedings following the remission or partial remission of the fine.

### **Withdrawing the Grant**

For a grant provided in accordance with the Budgetary Rules, it is possible, pursuant to Section 15 of the Budgetary Rules, to withdraw the grant if no case of BoBD occurred but the MA determines, on the basis of the results of an inspection that after issuing the legal act on the grant award/transfer there has been:

- a) a binding of state budget funds;
- b) the finding that the data that formed the basis for providing the grant was not complete or false;
- c) the finding that the legal act on the grant award/transfer was issued in violation of the law or the right of the European Community;
- d) the finding that, if no BoBD has occurred, the purpose for which the grant was provided cannot

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<sup>144</sup> When deciding about the remission, the GFD follows Guideline No. GFD-D-17 published on the website of the Tax Administration.

be fulfilled properly or on time;

- e) a decision by the European Commission on the recovery or provisional recovery of state aid;
- f) a finding that illegal work has been permitted; it is possible to withdraw funds provided for the period up to 12 months prior to the finding.

If the conditions are met for initiating proceedings on the grant withdrawal under any of the points above, the MA shall issue a Notice of initiation of proceedings pursuant to Section 46 (1) of the Administrative Code (hereinafter referred to as “Notice”).

The administrative proceedings ex officio are initiated pursuant to Section 46 (1) of the Administrative Code on the day the Notice is received. The service of documents is carried out according to Sections 19-26 of the Administrative Code. The MA shall collect all documents for issuing the Decision on Withdrawing the Grant pursuant to Section 50 of the Administrative Code. In terms of the statutory requirements, the Decision on Withdrawing the Grant must include a standardized statement, including the Provisions under which the proceedings were conducted, identification of the parties and the deadline for returning the funds, justification, i.e. a description of all acts undertaken by the provider prior to issuing this decision, including the rationale for the entitlement to issue such decision with a reference to the documents for issuing the decision and instructions for corrective actions<sup>145</sup>.

The decision on the withdrawal of the grant needs to be delivered in person (Section 72(1) of the Administrative Code).

**A beneficiary who has established a data box (based on law or upon request) shall receive the Decision on the withdrawal of the grant via the DBIS. To the beneficiary, to whom it is not possible to deliver via the ISDS, it is delivered in a paper form.**

The decision comes into force on the **15th day** following receipt, unless the party to the proceedings submits an appeal.

Should the beneficiary submit an appeal to the administrative authority against the Decision to withdraw the grant, the minister shall rule on the appeal pursuant to Section 152 of the Administrative Code within 30 days of the initiation of the proceedings, added to which is the time stipulated by Section 71(3) of the Administrative Code. The draft of the decision on the appeals proceedings is prepared by the appeals commission. During the appeal proceedings, the decision can be nullified, modified or the appeal rejected.

Should the party to the proceedings waive their right to submit an appeal, the decision comes into force on the day following the waiving of the right to submit the appeal.

In the event the party to the proceedings does not return the grant funds within the deadline, it shall amount to a distraint of the funds provided, which is a BoBD pursuant to Section 44 (1) of the Budgetary Rules, and the proceedings shall be accordingly.

### **Committing an Administrative Offence**

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<sup>145</sup> Whether it is possible to appeal the decision and the deadline for doing it, the initial date for lodging the appeal, which administrative authority decides on the appeal and which administrative authority to go to lodge the appeal.

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In case of suspicion to the administration offence by the contracting authority or the supplier within PCA/PPA, the MA submits the case for further examination to Office for the Protection of Competition by means of call to start the proceeding according to Section 42 of the administrative rules.

Submitting a complaint to the OPC does not affect the obligation of the MA to carry out tasks in the framework of the NEE.

Should the OPC decide that an administrative offence has been committed under PCA/PPA, but the extent or seriousness of the breach of PCA/PPA in the decision of the OPC is:

- greater than the breach assessed by the MA, the MA is required to follow the final decision and increase the quantification of the NEE so that it corresponds to the nature of the administrative offence;
- lower than the breach assessed by the MA, the MA shall assess whether there will be an adjustment in the amount of the NEE based on the decision of the OPC.

### **Committing a Criminal Offence**

In the event it involves an NEE consisting of the suspicion of the commission of a criminal offence related to a project co-funded from EU funds, the MA shall immediately inform the public prosecutor or police in accordance with the provisions of Section 8 of the Criminal Procedure Code.

Referring the matter to the public prosecutor or police does not affect the obligation of the MA to carry out tasks within the framework of resolving the NEE.

Should the court of jurisdiction rule that a criminal offence was committed under the Penal Code or the law on the criminal liability of legal entities and proceedings against them, the MA is obliged to respect the verdict of the court and increase the quantification of the NEE so that it corresponds to the nature of the criminal offence.



## 10. CHAPTER – PROCESSES AND RULES ON COMMENTS TO THE MA DOCUMENTS

Comments to the MA documents (hereinafter “comments”) mean the expression of a disagreement of applicant/beneficiary with the procedure of the MA under the following conditions<sup>146</sup>. This is not a procedure according to Section 94 et seq. Administrative Code.

Deadline for resolving of comments by the MA is determined at 30 calendar days from date of delivery of the comments by the applicant/beneficiary. In more complex cases, the deadline can be extended by the MA up to 60 calendar days, and the applicant/beneficiary will be notified on this by sending the notification on extension of deadline via an internal message.

All communication between the applicant/beneficiary and the MA, incl. informing on the method of handling comments takes place via the IS KP14+.

The comments can be submitted to:

- the MA documents in the process of project approval;
- the MA documents for a project in implementation.

### 10.1 Comments to the MA Documents in the Process of Project Approval

Each applicant is entitled to submit a comment more than once in relation to each stage of the approval process (with the exception of risk analysis stage) which was not successful, **within 15 calendar days** from the date of delivery of this internal message containing notification of the negative result of the stage of the approval process. An unsuccessful applicant is the one, whose grant application has been eliminated from the approval process. Applicants, whose grant application was included in the ledger of alternate projects are considered successful.

The deadline to submit comments begins on the day following the delivery of the internal message containing the negative result of the stage of the approval process by the applicant.

The applicant can submit comments via the IS KP14+ (see Annex 1), or in exceptional and justified cases (e.g. malfunction of the IS KP14+) via the data box. The day of delivery of comments to the MA is the date when the applicant submits the comments. Comments submitted after vain expiration of the above-specified deadlines will not be taken into account by the MA, the comments will not be submitted for consideration to the review committee and the result of the stage of the approval process will be considered final.

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<sup>146</sup> Comments cannot be submitted against the conclusions of the MA from the on-site inspection or against the Notice of non-payment of the grant or its part/correction – in the event of disagreement with the conclusions of the MA, the applicant can lodge objections in these cases pursuant to Section 10 of the Controlling Rules, or the provisions of Section 14e of the Budgetary Rules.

All communication between the applicant and MA, including obtaining information about the method of handling comments, is done via internal messages in the IS KP14+.

The MA shall assess submitted comments only if there has been a violation of OP RDE rules by the MA, i.e. only in the following cases:

- an objective contradiction of the comments/justification of the opinion of the evaluator, or evaluators or selection commission, with applicable laws and similar standards or methodological regulations, i.e. with the call or follow-up documentation for the call, e.g. with the Rules for Applicants and Beneficiaries of OP RDE, etc.);
- the comments/justification of the opinion of the evaluator, or evaluators or selection commission, are not in accordance with the rules for the evaluation and selection of projects;
- an obvious error in the justification/opinion of the evaluator, or evaluators or selection commission (e.g. the evaluator is critical of a missing, not inadequate description of a certain part of the grant application, and the applicant has demonstrated in the comments that the description has been included in the grant application);
- failure to comply with all the procedural steps in the approval process;
- bias/conflict of interest/breach of confidentiality and impartiality of the evaluator.

The MA considers unacceptable comments:

- which fail to meet any of the above conditions appealing the expert opinion of the evaluator without proof of evidence of a breach of a specific rule of OP RED;
- which are confusing (it is not clear what the applicant is appealing against, which of the evaluators are his comments raised against, they contain factual errors, etc.);
- appealing against a non-recommendation for funding due to insufficient financial allocations of the call;
- appealing against rejection of funding due to granting the previously submitted grant applications (relevant in the case of continuous calls);
- appealing against rejection of funding due to granting the grant applications, which were rated higher number of points in the objective evaluation (relevant in the case of round calls).

In submitting comments, the applicant is required:

- specify/justify why it is submitting comments (with an evaluation of which specific criteria or procedures it disagrees with);
- clearly justify its opinion and provide unequivocal and objective proof for it in the grant application, where such proof must be documented by specific references to the respective part of the grant application and its annexes, and to the respective part of the call/follow-up documentation for the call (additional information not indicated in the grant application or its annexes will not be taken into account);
- specify what result it is looking for by submitting the comments (this is a recommendation from the applicant to the MA).

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The applicant is required to submit its comments in full. Additional documents sent after the deadline for submitting comments will not be taken into account by the MA (they will not be submitted for consideration by the review commission).

Comments meeting the above mentioned conditions will be reviewed by the review commission. The review commission decides by consensus or voting by majority of all present members with the voting right. The negotiations result in the assessment of the comments, including a justification.

The comments are resolved by one of the following ways:

- granting the objections as justified;
- granting the objections as partially justified;
- not granting the objections on procedural grounds;
- not granting the objections on the grounds of it being unfounded.

If the review commission finds the objections as justified or partially justified, the MA will perform necessary corrective measures, e.g. insertion of the project back to the approval process<sup>147</sup> (in case of fault evaluation), exclusion of the evaluator from the evaluator database (in case of proven prejudice/conflict of interests of the evaluator).

The applicant cannot submit any further comments against the settlement of the objections.

## 10.2 Comments to the MA documents in projects under implementation

Each beneficiary may submit comments against notification of the MA, which was issued within the process of the project implementation<sup>148</sup>, **within 15 calendar days** from date of delivery of the notification of the OP RDE MA to the applicant via the IS KP14+. <sup>149</sup> Specified deadline starts by date following receiving of the notification by the beneficiary.

The beneficiary submits the comments via the IS KP14+ (see Annex 1). The day of delivery of comments to the MA is the date when the applicant submits the comments. After vain expiration of the above-specified deadline, the MA shall disregard it.

The beneficiary is entitled to submit comments only in relation to the act that the MA has already done and only once in the respective case. Comments must be properly justified by the beneficiary and must be directed towards a specific point/points of the MA notice.

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<sup>147</sup> The appeals evaluator/commission takes care of re-evaluating the grant application. Re-evaluation is performed only in cases where the result of the evaluation can be reversed with respect to the maximum possible points in the re-evaluation criteria, i.e. recommending for funding a grant application that had originally been not recommended.

<sup>148</sup> This is e.g. comments on the conclusions of the administrative verification, comments on the suspension of payments or comments on the disapproval of substantial changes. Comments cannot be submitted against the conclusions of the MA from the on-site inspection or against the Notice of non-payment of the grant or part of it/correction – in the event of disagreement with the conclusions of the MA, the applicant can lodge objections in these cases pursuant to Section 10 of the Controlling Rules, or the provisions of Section 14e of the Budgetary Rules. Furthermore, it is not possible, for the purposes of this chapter, to submit comments against the conclusions of ex-ante and interim inspections of public contracts.

<sup>149</sup> Or based on an approval email from the MA.

Comments which fail to meet any of the conditions mentioned above, will not be satisfied by the MA.

Comments meeting the above mentioned conditions will be reviewed by the MA. The MA issues an opinion on the comments based on an assessment.

The comments are resolved by one of the following ways:

- granting the objections as justified;
- granting the objections as partially justified;
- not granting the objections on procedural grounds;
- not granting the objections on the grounds of it being unfounded.

In the event that the MA finds the comments justified or partially justified, the necessary corrective measures will be undertaken. The applicant cannot submit any further comments against the settlement of the objections.

## 11. CHAPTER – METHODOLOGY OF OP RDE INDICATORS

The indicators serve for monitoring of course and result of the project implementation, specific objectives and priority axes of the programme regarding the determined objectives. Adherence of the project main objectives is proved by fulfilling of target values of individual indicators.

The monitoring is performed at the level of project, as well as in sum for the operation program. The result and output indicators are monitored within individual priority axes. A complete list can be found on the MEYS website at <http://www.msmt.cz/strukturalni-fondy-1/monitorovaci-indikatory-op-vvv>.

In the grant application, each applicant is obliged to state target, resp. also input values of prescribed output and result indicators of the project and to describe the method of determination of output and target values, incl. the date of achievement of the specified values. Project indicators have key importance in the approval process and are subsequently defined as part of the legal act on the grant award/transfer. The indicators are fulfilled from the start of the project implementation to the end date of the project implementation, unless otherwise provided in the call/follow-up documentation for the call provides otherwise.

### 11.1 Glossary of Terms

#### Classification of indicators according to their type

a) Output indicators are intended to monitor and evaluate the performed measures and activities characterizing particular activity. They provide information of actual outputs of the implementation of individual operations/actions/projects. They are usually expressed in physical units or number of items, people (e.g.: 6 00 00 *The total number of participants*, 5 21 00 *The number of supported products*, 2 04 00 *The number of new researchers in supported entities*).

**Each project must have at least one major output indicator.**

b) The result indicators are linked directly to the targets. They serve to prove whether the project programme objective has been achieved and cover actual effects of the aid. They contain information on middle-term changes due to created outputs, increase of the education quality and improving of conditions for research for beneficiaries. The indicators measuring result are important basis for the project control within whole period of its implementation. **Each project must feature at least one result indicator**, if the call or follow-up documentation does not specify otherwise.

Possible links between the output and result indicators are stated in the call/follow-up documentation for the call.

#### Classification of indicators according to EC terminology

a) **Common indicators** are the output and result indicators determined at the Commission level to aggregation of information in the member state and throughout all EU member states.

b) **Program-specific indicators** are output and result indicators above the frame of common indicators determined by EC, which form part of the indicator system of the operation programme are anchored in the National Codelist of Indicators (the "NCI").

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c) **Milestones** are continuous objectives for priority axes/projects of the Union, which expresses intended progress planned to specific deadline.

**Table No. 11: Milestones of the OP RDE priority axes**

| Priority Axis | Fund | Code    | Indicator name  |
|---------------|------|---------|---|
| PA1           | ERDF | 2 40 00 | Number of newly built, expanded or modernised research infrastructure and centres of excellence   |
| PA2           | ESF  | 6 00 00 | Total number of participants  |
| PA2           | ERDF | 3 06 00 | Acquired information sources  |
| PA2           | ERDF | 5 27 05 | The number of students who take advantage of newly built, expanded or modernized infrastructure, excluding infrastructure for education related to research |
| PA3           | ESF  | 6 00 00 | Total number of participants  |
| PA3           | ESF  | 5 17 15 | Number of children and pupils of Roma heritage included in education  |

#### Values of indicators

a) **Initial value of the indicator** – for the **result** indicator, it is the last available current value measured before the date of initiating the project implementation. At the ESF result indicators, the initial value is generally zero at the project level. For indicators 5 16 10 Number of children and pupils with needed support measures in the supported organisations, 5 17 10 Number of Roma children, pupils and students in supported organisations and 5 15 10 Total number of children, pupils and students in the supported organisations, there is however an obligation to determine the initial value of all projects featuring these indicators. The initial value does not change during the project implementation.

Initial value of the **output** indicators is **always zero**.

b) **Target value** of the indicator – at the project level the value is defined as plan of the indicator, to which fulfilment the applicant is obliged, incl. date, to which the value should be achieved. **The grant application must always describe the method of determination of the target value.** The applicant describes this information in the grant application in the tab Indicators, Description of the value. The specifications of the indicators, method of documentation and monitoring are provided in the call/follow-up documentation for the call.

c) **The achieved value of the indicator** is the fulfilment of the indicator (during the course of or after the termination of the project implementation). The achieved value is cumulative data from start of the project implementation, or incremental data according to nature of the indicator and its definition. Each value of the indicator is simultaneously related to the achieving date, which must be entered by the applicant/beneficiary/partner according to the actual state, i.e. date of the achieved value may not be confused with the date of its entering to the IS KP14+.

#### Breakup/breakup rule

The breakup is division of primary indicator (in the grant application) to partial indicators, the achievement of which is notified by the beneficiary within the monitoring reports. The partial indicators serve to more detailed monitoring of the project implementation. The breakup rule is applied at

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indicators at the project/programme level. Example is obligation to monitor and exhibit the participants of the project to men and women or monitor and exhibit the implementation/impacted territory according to region category (distinguishing between the less and more developed regions<sup>150</sup>).

### Count/counting rule

The count is reading of the value from inferior indicators to the superior indicator. The count can be performed from one or more inferior indicators. During count, the values of the inferior indicators are primarily detected and they form basis for automatic counting of the superior indicator, i.e. it is sum of indicators with different code. The count is performed at the project level on bass of counting rules for individual indicators (not all indicators must be part of the counting rule, i.e. it may not be superior nor inferior indicator). Example is output indicator 5 21 00 *Number of supported products*, to which, within the projects, majority of the ESF output indicators not related with the support of persons, are counted (such as 5 31 01 *Number of new study branches focused on practice*, 5 43 03 *Number of new support tools RDI at regional level*, 5 43 05 *Number of supported partnerships*, 5 49 01 *Number of regional systems*, 5 05 01 *Number of support personal measures in schools* etc.).

### Indicator attributes

The relevant attributes of the indicators are always provided in the call/follow-up documentation for the call, and can be:

- **Indicators mandatory to choose** - indicators which the applicant/beneficiary is required to choose in the grant application and which it is obliged to monitor and report during the course of the project implementation.
- Indicators **mandatory to achieve** - indicators for which the applicant/beneficiary in the grant application determines a target value that will binding, and its non-fulfilment is sanctioned. What is binding is the achievement of the values at the date of termination of the project implementation specified in the legal act on the grant award/transfer between the granting authority and the beneficiary.
- **Mandatory elective indicators** - the applicant/beneficiary chooses one or at least one indicator as specified in the calls, or documentation to the call, in the grant application. And during the course of the project implementation, the beneficiary is required to monitor and report this indicator.
- **Optional** indicators – the applicant/beneficiary may optionally include these indicators in the grant application. In the indicator it is stated, whether the applicant/beneficiary is obliged to determine the target value (mandatory to fulfil).
- **Mandatory linked** indicators are monitored as “bound”, i.e. if the applicant chooses to monitor indicator A in the grant application, it must also choose indicator B and vice a versa. Usually the result and output indicators are bound by this manner.

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<sup>150</sup> Less developed regions, where GDP per capita is less than 75 % of the average GDP in the EU; More developed regions, where GDP per capita is higher than 90 % of the average GDP in the EU (only the capital city of Prague in the Czech Republic).

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The set obligation to selection (obligatory for selection, restrictive elective - group and non-obligatory) can be combined with setting of obligation for fulfilment.

The obligation of the applicant/beneficiary to only report indicators (optional to complete) or be committed to the target (mandatory to complete) is specified for individual indicators by the MA in the call, or in the documentation to the call.

**Trivial support** is the limit determining scope of engagement of the participant to get the required effect from the intervention. The MA sets it at the level of the call in the RfAB – Specific Part. The time allocations of individual passed education events of particular person are summed (it is possible to sum up e.g. seminars, workshops, FTT, praxis, fellowships).

Unless otherwise provided in the call/follow-up documentation for the call, ordinary hours (60 minutes) and lessons<sup>151</sup> (45 minutes) are both taken as 1 hour of education. They are summed up as 1 + 1 = 2 hours of education. In the call/follow-up documentation for the call, the mandatory/recommended scope and method of education may be specified in detail.

At the moment of achieving the trivial support limit, the person is included into indicator 6 00 00 *Total number of participants*. Persons, whose support so-far has not exceed the trivial support limit, are not included so-far into the achieved values of the indicator 6 00 00 *Total number of participants*, but must be logged within the IS ESF2014+.

**The project must be designed so that educational activities of the supported person reach a minimum threshold of trivial support in total** unless otherwise stipulated in the call or follow-up documentation for the call.

## 11.2 Guidelines for Applicants

The complete characteristics (type, code, name, definition, measurement unit, output and target value, and periodicity) are stated in all indicators for individual levels of the OP RDE in the National Codebook of Indicators (NCI) and the current, precise definition is available to the applicant on the MEYS website.

**A list of indicators of the call is given in the call**, or in follow-up documentation for the call. The MA is entitled to limit their number in the call compared to list of indicators stated in NCI in relation to supported activities, however it is not entitled to modify them in any way.

During development of the grant application, the applicant selects **all** relevant indicators, for which it states planned value, i.e. value, which it is obliged to achieve by the project implementation. The latest possible date for fulfilment of the indicator is end date of project implementation (unless otherwise provided in the call), which is stated in the legal act on grant award/transfer. Target values of indicators, which are stated by the applicant in the grant application, must correspond with the text of the grant application (e.g. to values stated in description of individual activities etc.).

The indicators include also set of indicators, at which the beneficiary is not obliged to the target value (without obligation to fulfil), but which must be presented during the implementation, these are e.g. indicators 5 16 10 Number of children and pupils with need of support measures in supported

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<sup>151</sup> For example, lessons at school.



organisations, 2 05 02 Number of researches working in modernized research infrastructures – women). Exact specification is always stated in the call/follow-up documentation for the call.

Within the call/follow-up documentation for the call, the MA may specify the indicator with obligation of minimum fulfilment rate from the indicator target value to a specific date. E.g. the minimum of 30 % of target value of the indicator 6 00 00 must be presented in the PIR submitted by 31st December 2018.

On basis of recommendations of evaluators, evaluating/selection committee, the MA is entitled to determine to the project also other indicators, to the achievement of which the beneficiary subsequently bound in the legal act on grant award/transfer. It can be for example the case, when the applicant neglected some of the indicators, but it is able to present it. The legal act on grant award/transfer may be supplemented beyond the grant application only by indicators stated in the call. In addition, on basis of recommendations of evaluators, evaluating/selection committee, the MA is entitled to modify the target value of the indicator stated by the applicant in the grant application.

### 11.3 Guidelines for Beneficiaries

By issuing the legal act on the grant award/transfer, the indicators listed in the grant application **become mandatory** and a lack of compliance may lead to a possible reduced payment for breaching budgetary discipline pursuant to Section 14 (6) of the Budgetary Rules, or to a refund of the grant or part of it pursuant to Section 14f (3) of the Budgetary Rules. This can be applied in the case of mandatory values in the period of sustainability. The legal act on grant award/transfer includes tolerances for fulfilment of the target values, incl. quantification of financial sanctions for eventual non-adherence of the target values. If the legal act on grant award/transfer specified the allowed tolerance of the indicator values and such tolerance is kept, the possible payment is not specified.

The beneficiary is obliged to continually monitor the performance of all indicators provided in the grant application (for ESF also the indicators according to Annex I of the ESF regulation, which are based on the performance of 6 00 00). The achieved values of all indicators must be presented by the beneficiary in the monitoring report (see Chapter 7.1) via the IS KP14+.

The values achieved for indicators concerned with participants will be transferred from the IS of ESF2014+ to the monitoring reports in the IS KP14+, for which beneficiary individual data about the participants is recorded (i.e. card of the participant).

In the monitoring reports the beneficiary fills **for each indicator separately the relevant achieved value, date of achieving of the value and description of method of its achievement.**

The beneficiary shall always be guided by the applicable version of NCI and the extract from it for OP RDE, which is published on the MEYS website.

Value of indicators – achieved value of the monitored indicator. i.e. cumulative value of particular indicator for actual course of the project. The IR of the project is filled in incrementally during the reporting period and automatically augmented with the cumulative value, i.e. from the date of initiating project implementation to the date of terminating the monitoring period.

In case the beneficiary finds out during the project implementation, that fulfilment of the project indicators is endangered, it is necessary to implement the corrective measures as soon as possible and to solve such situation with the MA.

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Based on a properly justified **change request from the beneficiary via change proceedings**, the MA may decide to decrease or increase the target value of the obligatory indicator specified in the grant application, or add a new indicator (see Chapter 7.2).

Description of indicators – is a relevant comment to individual indicator, particularly how it was achieved and what the sources to verify the indicators are.

**Reporting indicators must be based on proven records** kept by the beneficiary/partner of the project. For presenting of indicators, the beneficiary/partner shall choose a form such that they are always capable of a clear demonstration of presenting the indicator to the MA. Recording means e.g. profession portfolio of the pedagogue, documents on passing the FTT, reflective reports, product outputs, contracts, issuing the occupancy permit, approval of test/pilot operation, list of publications, etc., i.e. the presented values must be proven and verifiable for inspection. For individual indicators, the required documentation methods are provided in the RfAB – Specific Part. Indicators are reported within the framework of the IR for the project at the moment the activities associated with the indicators have been completed and the successful achievement of the target value can be proven.

*Example: Output indicator 5 26 02 The number of platforms for specialized thematic meetings is reported when the platform completes its work, not at the beginning when the platform is established. The establishment of the platform and description of the activity of the platform described by the beneficiary in the IR of the ongoing project.*

The MA is entitled to assess the quality of the output and result indicators generated, especially in terms of whether the spent financial resources correspond to the quality of the outputs and results, whether they correspond to the requirements in the RfAB – Specific Part and description in the grant application.

Indicators, which must be achieved by the beneficiary during the process sustainability, are defined in conditions of the legal act on grant award/transfer.

The beneficiary must ensure the proper retention of documents to demonstrate the values of the indicators, including the cards of the participant (see Chapter 7.4).

### 11.3.1 Personal data protection

For collecting data needed for documenting the indicators 6 00 00 Total number of participants, it is necessary to proceed in accordance with the General Regulation on the Protection of Personal Data<sup>152</sup> and the Act on personal data protection. The beneficiary is entitled to process the personal or sensitive data of the supported person within the defined scope (see Chapter 11.3.2). Monitoring such data is public personal data processing. The beneficiary must take all measures to prevent unauthorised or accidental access to these data, their alteration, destruction or loss, unauthorised transfers, other unauthorised processing or abuse.

The beneficiary is entitled to process personal data solely in relation with implementation of the project, particularly during the preparation of monitoring reports. The beneficiary is entitled to process personal

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<sup>152</sup> The regulation is effective as of 25 May 2018, the legal consequences of the failure to comply with the GDPR regulation can be inferred only after it goes into effect.

data until 31.12.2033, i.e. up to the point the EC is entitled to conduct an inspection of OP RDE. The beneficiary is obliged to dispose of this personal information without undue delay after this period.

The beneficiary does not notify the Office for Personal Data Protection of the personal data processing. In this case, it is a matter of processing within the framework of the ESIF regulation. The MA requires the beneficiary in the legal act on the grant award/transfer to process specific types of data, specific indicators used to evaluate the effectiveness of providing financial aid based on the ESIF regulation. For beneficiaries, the legal grounds for processing personal data are in compliance with the legal obligations stipulated by Section 5(2)(a) of the Privacy Act<sup>153</sup>.

### 11.3.2 Common indicators

- a) For the programmes co-finance by **ERDF**, the common output indicator is based on annex I to the Regulation No. 1301/2013. For the OP RDE the relevant indicators are 2 04 00 *Number of new research staff in supported subjects*, 2 05 00 *Number of research worker working in modernised research infrastructures* and 2 00 00 *Number of enterprises cooperating with the research institutions*.
- b) For the programme co-financed from **ESF**, the annex I to the Regulation on ESF defines common indicator of output and result, by means of which is monitored the Total number of participants in interventions classified to the gender, age, position at the job market, education etc. In compliance with the Regulation on ESF „*the participants means the persons, which have direct benefit from the ESF intervention, who may be identified and requested for characteristics, and to which the particular expenditure are assigned. Other persons are not considered for participants*“. This means that a person who derives a direct benefit from the supported project is considered only a person who will take heart in the activities implemented within the project for target groups and for whom the scope of their involvement in the supported project will exceed minor aid.

The set of common indicators monitoring the participants of interventions is recorded in the **participant card**. **The beneficiary/participant adds the information from the participant card to the IS ESF 2014+**, i.e. to the system for monitoring participants supported from OP RDE under Annex I of the ESF Regulation.

The system especially makes possible:

- monitoring of supported persons with maximum use of actual data logged in the MLSA agenda systems, which are supplemented by collection of data from implementers of national individual projects;
- automatised calculation of indicators related to participants of national individual projects are transfer of achieved values of indicators in the IS KP14+.

The website of MEYS has the User Manual for the IS ESF2014+ <http://www.msmt.cz/strukturalni-fondy-1/is-esf-2014-evidence-podporenych-osob-2>

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<sup>153</sup> Or in accordance with currently applicable legislation.

## Monitored data on participants

Each participant records it only once for the project, regardless of the number of aids it has received within the project, meaning that it is enough to enter the card in the system only once.

In the event the same person is supported in multiple projects, that person acts as a unique person in each project and it is necessary to enter a new card for the participant for each project.

**The individual data on the participant card prior to the termination of that person's participation in the project includes:**

- Name, surname, birth date and domicile;
- Categorizing of participants according to gender (male/female);
- Position of the participant at job market (unemployed, long-term unemployed, inactive persons, who are not in the process of education or vocational training, employed, self-employed, inactive persons – other);
- Category of age group (to 25 years, above 54 years, above 54 years, which are unemployed, even long-term, or inactive, and are not in the educational or vocational training process);
- highest educational level<sup>154</sup>(with completed primary (ISCED 1) or lower secondary (ISCED 2) education; with completed upper secondary (ISCED 3) or post-secondary (ISCED 4) education; with completed tertiary education (ISCED 5-8);
- family background (participants living in households, where no member is employed, participants living in households, where no member is employed and where members are also dependent children, participants living in households, between whose members is only one adult person and dependent child, others);
- Type of disadvantage (migrants, participants originating abroad, minorities – incl. marginalised groups, such as Roma<sup>155</sup>, participants with health disability<sup>156</sup>, other disabled persons<sup>157</sup>;
- homeless or persons excluded from access to boarding;

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<sup>154</sup> According to the International Standard Classification of Education – ISCED.

(<http://www.naep.cz/image/content-management/ISCED%20klasifikace%20vzdelavani.pdf>)

<sup>155</sup> Persons who have not been granted permanent residence in the Czech Republic, come from outside of the Czech Republic, belong to a minority or need special aid at the job market because of language or other cultural problems. National minorities in the Czech Republic are listed exhaustively in Article 3 of the statute of the Government Council for National Minorities.

<sup>156</sup> According to Section 67 of Act No. 435/2004 Coll., persons with disabilities are physical persons who are recognized by the social security body a) invalid in the third degree, b) invalid in the first or second degree, c) physically disadvantaged. This category also includes natural persons who have been recognized as physically disadvantaged by the Labour Office of the Czech Republic and the decision has remained in effect. In case of projects involving schools and school facilities, in addition to the foregoing, the physically disabled participants are also children, pupils and students with disabilities in accordance with Section 16 of Act 561/2004 and Decree 73/2005, who need special help in learning because of their handicap. Persons may have several disadvantages.

<sup>157</sup> Persons who are neither migrants nor minorities nor physically disabled, but they still need special help at the job market because of their handicap, which is defined and adopted on the national level.

- people from rural areas<sup>158</sup>.

**The individual data on the participant card after the termination of that person's participation in the project includes:**

- Inactive participants, which start to search job after finishing of their participation<sup>159</sup>;
- Participants in the educational/vocational training process after finishing of their participation;
- Participants that obtained the qualification after finishing of their participation<sup>160</sup>;
- Participants employed after finishing of their participation, incl. self-employed;
- handicapped participants, which after finishing of their participation start to search job, are in the educational/vocational training process, improve their qualification or are employed, also self-employed;
- Place of work/study.

The exact wording of the partial indicators to the indicator 6 00 00 *The total number of participants*, including the code and definitions are available in the list of indicators on the MEYS website <http://www.msmt.cz/strukturalni-fondy-1/indikatorova-soustava-dle-narodniho-ciselniku-indikatoru-nci>.

**The subject of inspections** (from both the OP RDE level and inspection authorities) will not be verification on whether the participant really has the characteristic presented in the participant card (or other declaration/document). The beneficiary does not substantiate the original participant cards as part of the monitoring reports; the participant card is the focus of spot inspections to see whether the participant card has been completed and signed.

The beneficiary keeps continuous records in IS ESF 2014+ of all persons engaged in the project and maintain relevant documents from individual events **to prove the length of event**. The records of educational events must be documented after the event, at the latest following the termination of the project implementation, i.e. at the time of processing the FPCR.

Based on the data available to the participants of a specific project in IS ESF 2014+, IS ESF 2014+ calculates the values of indicators related to the participants of the project and transmits these values to the IS KP14+ in the elaborated monitoring report. For these reasons, the beneficiary cannot directly modify the data in the IS KP14+ on the indicators related to the project participants.

Once a specific person enters a support within a project, the beneficiary is obliged to ensure completing and signing the participant card for that person. The participant usually completes the card electronically, then it is electronically sent to the IS ESF 2014+ and also printed, signed by the participant and filed with the beneficiary for inspection on site. At the end of the support, each participant will complement and

<sup>158</sup> In the Czech context, the countryside is usually identified as rural municipalities with the statistical threshold of 3000 inhabitants.

<sup>159</sup> The person who started looking for a job is considered the project participant who has registered at the Labour Office.

<sup>160</sup> These include those who have received a certificate of qualification awarded on the basis of a formal verification of knowledge, which showed that the participant has acquired the qualification according to predefined standards.

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sign partial data required by Regulation on the ESF in the participant card, i.e. if the participant is in the educational/vocational training process after the termination of support. The beneficiary manually completes this information in IS ESF2014+. At the same time the participant fills in information about whether the participant achieved qualifications during the aid.

If the beneficiary, regarding the supported participant, **does not exhibit the partial indicators to the indicator 6 00 00 Total number of participants, such person will not be included** to achieved value of the indicator 6 00 00 *Total number of participants*. In spite of this the beneficiary exhibits such a person in the other indicators of supported persons (such as 5 40 01 *Number of supported employees with university decree, or 5 40 00 Number of supported persons – employees in educational area*) and documents successful engagement of the supported person in the project, e.g. by document on passing the course, report from thematic meetings, report from passed fellowship. The supported person shall be recognized in the indicator 6 00 00 once they have crossed the threshold of trivial support, even if it is not presented in the other indicators of supported persons. They will for example not complete the course, but they will spend more time in it than the limit for trivial support. If the person did not gain a certificate/other proof on the grounds of not completing the course, it is then recommended to indicate it the in brief description.

### Other common indicators

In addition to indicators related to the participants, in compliance with the Annex I on the ESF Regulation, the applicants/beneficiaries are obliged, where relevant, to present the indicators 6 20 00 *Number of projects performing completely or partly by the social partners or non-government organisations*, 6 22 00 *Number of project focused to the public administration authorities and public services at the national, regional and local level*, 1 01 06 *Number of supported micro-enterprises, small and medium-size enterprises* and 6 21 00 *Number of project focused to sustainable employability of women and sustainable progress of women in job*.

### 11.3.3 Programme-specific indicators

If the call requires from some of the ESF or ERDF indicator filling of annex to the grant application „Overview of key outputs to fulfil the project indicators“, particular output is included only after fulfilment (creation) or all outputs specified in this annex. Any change in plan is possible via change proceedings (see Chapter7.2.2).

In the project implementation there is an annex „Overview of key output to fulfil the project indicators“ is attached to the Report on project implementation (see Chapter 7.1) with list of created outputs in the audited (monitored) period. Should the beneficiary not attach an individual output directly to the PIR, that beneficiary is obliged to retain these outputs for a possible inspection on site. The MA can request proof of individual outputs during the inspection of the PIR; the obligations of proof can also be modified for each call in the RfAB – Specific Part.

### ESF output indicators

The ESF output indicators are of two types: **supported persons and supported products**.

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The indicators of persons include for example the indicator 2 08 06 Number of supported persons involved in the management and implementation of RDI policy, 2 40 01 *Number of supported employees with a university decree* 5 43 11 *Number of students studying abroad*, 5 40 00 *Number of supported persons – employees in the educational area and more*, and the indicator 6 00 00 *Total number of participants*.

All of these indicators, except indicator 6 00 00, shows the supported persons; indicator 6 00 00 shows the participants.

a) **Supported person** is any person who enters the project and receives aid related to the education financed from the project budget.

Each person is shown in the number of times they have received support in various types of education.

However, the supported person **is never**:

- a person who received only financial grant, i.e. wage, salary, remuneration for work during the project implementation, i.e. both administrative and specialist staff, incl. the „service provider“; such persons can be presented only if they were also the target group, i.e. were educated;
- a person, who visits or register at certain internet portal, without longer, systematic and direct collaboration (this person only visits the internet pages);
- a person, who only receives the leaflet;
- a visitor of Open Door event;
- a person who participated in a conference on the implemented project;
- a person who participated in informational or educational events (e.g. events presented under the indicator 5 10 16, 5 10 17);
- other person specified in the text of the call/follow-up documentation for the call.

**Method of counting aid:**

- If, within one project, the person educates in "x" modules/courses of the other type and/or individual educational module/courses are not linked together, such person is included to the supported persons just "x-times". A typical example is completing an ICT course and foreign language course.
- If, within one project, the person educates in "x" modules/courses of the same focus and/or individual educational module/courses are linked together, such person is included to the supported persons just once. Typical examples of this situation are various levels of the English language courses, where there is always obligation to pass the previous or lower grade of the English language course.

The supported person is presented, as soon as he (she) successfully finishes the support. Conditions of successful finishing of the support of given type must be clearly determined in the grant application (e.g. receiving of certificate, completion of fellowship, passing of specific number of educational hours, passing of test, written test, report from thematic meetings, accepting of paper thesis as the course output etc.). **For e-learning courses**, the same value is recorded for all persons who completed the course, namely the time allocation of the course, which is presented in the given course. It is not

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necessary to register how long the person actually worked in the e-learning program. It is, however, necessary to provide information about the length of time for which a person actually participated in the course in case of persons who did not complete the e-learning course.

- b) Indicator 6 00 00 **Total number of participants** is the number of persons presented in the indicators of supported persons decreased by repeated support, i.e. each particular person supported within the project is presented only once. Indicators are also shown for each person reported here in accordance with Annex I of the ESF regulation in the participant card. The participant is included at moment, when it fulfils minimum limit of trivial support determined in the call/follow-up documentation for the call.
- c) The product indicators include e.g. 5 29 01 *Number of newly created accredited study programmes in the Czech language*, 5 21 04 *Number of products of the advisory and assistance support*, 5 43 03 *Number of new support tools RDI at the regional level*, 5 49 02 *Number of national systems and their components*, 5 43 01 *Number of new project proposals prepared under support of Smart Accelerator etc.*

All product indicators are inferior and are automatically counted to the superior indicator 5 21 00 *Number of supported products*. This is not project indicator; thus it is not available for the beneficiary. **This counting rule shows that one particular created product cannot be presented in more indicators to prevent repeated counting into the superior indicator.**

Supported products can be material or non-material in nature. The non-material products cover particularly the provided services and created systems, as well as implemented events.

In case that a product is created, which represents subsequent stages of one process or one output, then it is counted only highest stage of the process and/or output.

## Result indicators

Result indicators are usually presented for the first time no later than the last but one IR for the project, unless otherwise provided in the call/follow-up documentation for the call. Their final achieved value is presented and documented in the FPCR.

Specific person, specific organisation, publication, patent application, graduate etc. is included in the outcomes within the project only once, unless otherwise provided in a definition, call/follow-up documentation for the call.

The “specialized publication” result indicators must be registered in the database of Thomson Reuters Web of Science, Scopus or ERIH PLUS (and in RIV) so that the link to OP RDE projects is clear.

## 11.4 Financial corrections due to beneficiary misconduct

The legal act on grant award/transfer obligates the beneficiary to fulfil the obligatory indicators, incl. the determination of penalties for their non-fulfilment. Financial corrections can also be established for the sustainability period. The particular amounts of any fines are specified in the respective legal act on the grant award/transfer.

Possible charges are set individually for each indicator, or determined by the average, especially for indicators of output, result, and milestones.

### Example of determining potential fines by average

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If, on the basis of the legal act on grant award/transfer, the beneficiary has set the obligatory target value for more output and/or result indicators, the non-fulfilment rate of the obligation will be calculated as average of percent achieved values separately for the output and result indicators. But exceeding above 100 % is always counted only as 100 %.

Milestone (one of the output indicators – 6 00 00, 2 40 00, 3 06 00, 5 27 05) is evaluated separately and thus is not included in the calculation of the output average.

**Table No. 12: Variant A (for projects including milestone)**

| The rate of fulfilling of the value of <b>output</b> indicators in relation to the data determined in the legal act | Amount of fine  |
|---|---|
| when the output average reaches below 35 %  | Fine in the amount determined according to the breach of budgetary discipline, regardless of the results and milestones |
| when it is in the interval from 35 % and less than 85 %   | Reduced fine from the grant total according to the formula: $x = (85 - n) \times 0.7$                                   |
| when it reaches 85 % and more   | it is not considered a suspected breach of budgetary discipline   |

x = amount of fine (%), n is the average percentage of outputs completed

| The rate of fulfilling of the value of <b>output</b> indicators in relation to the data determined in the legal act | Amount of fine  |
|---|---|
| when the output average reaches below 40  | Fine in the amount determined according to the breach of budgetary discipline, regardless of the fulfilment of output indicators and milestones |
| when it is in the interval from 40 % and less than 90 %   | Reduced fine from the grant total according to the formula: $x = (90 - n) \times 0.7$   |
| when it reaches 90 % and more   | it is not considered a suspected breach of budgetary discipline   |

x = amount of fine (%), n is the average percentage of outputs completed

| The rate of fulfilling of the value of <b>milestone</b> indicators in relation to the data determined in the legal act | Amount of fine  |
|--|---|
| when the milestone fulfilment reaches below 65 %   | Fine in the amount determined according to the breach of budgetary discipline, regardless of the fulfilment of output and result indicators |
| when it is in the interval from 65 % and less than 95 %  | Reduced fine from the grant total according to the formula $x = (95 - n)$   |
| when it reaches 95 % and more  | it is not considered a suspected breach of budgetary discipline   |

x = amount of fine (%), n is the average percentage of milestones completed

**Table No. 13: Variant B (for projects without milestone)**

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| The rate of fulfilling of the value of <b>output</b> indicators in relation to the data determined in the legal act | Amount of fine  |
|---|---|
| when the output average reaches below 35 %  | amount of fine, where it was decided about a breach of budgetary discipline regardless of meeting the result indicators |
| when it is in the interval from 35 % and less than 85 %   | Reduced fine from the grant total according to the formula $x = (85 - n)$   |
| when it reaches 85 % and more   | it is not considered a suspected breach of budgetary discipline   |

x = amount of fine (%), n is the average percentage of outputs completed

| The rate of fulfilling of the value of <b>output</b> indicators in relation to the data determined in the legal act | Amount of fine   |
|---|--|
| when the output average reaches below 40 %  | Fine in the amount determined according to the breach of budgetary discipline, regardless of the fulfilment of output indicators |
| when it is in the interval from 40 % and less than 90 %   | Reduced fine from the grant total according to the formula $x = (90 - n)$  |
| when it reaches 90 % and more   | it is not considered a suspected breach of budgetary discipline  |

x = amount of fine (%), n is the average percentage of outputs completed

## 12. CHAPTER – PROCUREMENT AND EXAMINATION PROCEDURES

### 12.1 Effect

- 1) This Chapter sets out the rules for awarding further defined contracts co-financed from the OP RDE and rules for the inspection of all contracts co-financed from OP RDE.
- 2) Contracting authorities are obliged by the procedures treated in Chapters 12.2 and 12.3 to award contracts that they do not specify in the procurement procedure under Section 3 of PPA or the procedure under Section 2(3), second sentence of PPA, unless otherwise provided in the text.
- 3) Contracting authorities are not obliged by the procedures treated in Chapters 12.2 and 12.3 to award contracts that meet the conditions for applying the exception stipulated in Section 29 or Section 30 of PPA or the conditions for applying the negotiated procedure without publication pursuant to Section 63 (3) or (5), or Sections 64-66 of PPA.
- 4) Contracting authorities are not obliged by the procedures treated in Chapters 12.2 and 12.3 to award small-scale contracts whose estimated value is less than:
  - a) CZK 400 000 excluding VAT, or
  - b) CZK 500 000 excluding VAT if the contract is awarded by a beneficiary who is not a contracting authority pursuant to Section 4 (1-3) of PPA and the grant awarded to such contract does not exceed 50 %.

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But in these cases contracting authorities are not obliged to comply with the provisions set out in Chapters 12.2.1, 12.2.4 and 12.2.5.

- 5) The contracting authorities are not obliged to use the procedures specified in Chapters 12.2 and 12.3 for small-scale contracts for services and deliveries in cases, where such contracts were placed as long-term ones, not only for individual project, but for standard activities of the submitter, if the price of contracts complies to prices usual at the time and place, the contractual terms are not modified due to the project and in addition the contracts were placed at least 6 months before date of implementation of project, or before putting the grant application, and applies the earlier date.
- 6) The contracting authorities may place the contracts of small value or contracts of higher value according to stricter procedures than the conditions specified in the Chapters 12.2 and 12.3, including the placing of such contracts in the procurement procedure according to the PPA.
- 7) Chapter 12.4 Inspection of tendering and procurement procedures applies to all contracts co-financed from OP RDE regardless the type of contracting authority or presumed value of the contract, unless otherwise provided hereinafter.

## 12.2 General Provisions

### 12.2.1 Procurement procedure principles

- 1) In awarding the contract, the contracting authority must respect the principles of transparency and proportionality. In relation to suppliers, the contracting authority must respect the principle of equal treatment and non-discrimination.
- 2) The contracting authority shall not restrict participation in the tendering procedure to those suppliers based in a member state of the EU, the European Economic Area or the Swiss Confederation, or in another country that has concluded an international treaty with the CR or EU guaranteeing access to suppliers from these countries to procurement.
- 3) According to the Act on Financial Supervision in the public administration, the beneficiaries must manage the public funds in compliance with rules of economy, efficiency and purposefulness.
- 4) The contracting authority may take necessary and reasonable corrective actions anytime during the course of the tender if it discovers that it had acted contrary to the provisions of this Chapter. For the purposes of this Chapter, corrective actions mean those actions of the contracting authority that correct a previous step that is contrary to the provisions of this Chapter.

### 12.2.2 Type of contract according to subject

The contracts are divided according to subject to contracts for procurement of goods, service contracts or contracts for construction works.

- 1) A contract for **supplies** is a contract, where the subject is the acquisition of things, animals or controllable forces of nature if they are not part of a contract for construction works under paragraph 3. Acquisition mainly means purchasing, renting or leasing.
- 2) A contract for **services** is a contract whose subject is the provision of activities other than those stipulated in paragraph 4 of this Chapter.

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- 3) Contract for a **construction work** is a contract with following subjects
- a) providing the activities referred to in section 45 of the main dictionary of the single classification system for the purposes of procurement in accordance with a directly applicable EU regulation<sup>161</sup>,
  - b) fabrication of construction works, or
  - c) providing related project activities if they are awarded along with construction works pursuant to a) or b).
- 4) **Construction** for the purposes of this chapter means the result of construction or installation works creating a unified whole that is sufficient in itself to perform an economic or technical function. Regardless of the legal form of cooperation between the contracting authority and the supplier, a public contract for construction works is also considered to be the realisation of a construction matching the requirements specified by the contracting authority, whereby matching the requirements specified by the contracting authority is considered a construction where the contracting authority has a decisive influence on the type or design of the construction.
- 5) Contracts that involve multiple types of contracts are awarded in accordance with the rules applicable to the type of contract corresponding to the main subject of this contract. If contracts for supplies also include services and do not involve a contract for construction works, the main subject shall be determined according to the part of the subject of the contract with the higher estimated value. In other cases, the main subject shall be determined by the basic purpose of the contract.

### 12.2.3 Type of contract according to presumed value

- 1) For purposes of this chapter, the contracts are classified according to presumed value to the contracts of
- a) small scale and
  - b) higher values<sup>162</sup>
- 2) A small-scale contract is a contract whose estimated value is equal to or lower than in the case of a contract
- a) for supplies or for services amounting up to CZK 2 000 000 excluding VAT, or
  - b) for construction works amounting up to CZK 6 000 000 excluding VAT.
- 3) A contract of higher value is a contract whose estimated value exceeds the values specified for small-scale contracts.

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<sup>161</sup> Commission Regulation (EC) No. 213/2008 of 28 November 2007 amending European Parliament and Council Regulation (EC) No. 2195/2002 on the Common Procurement Vocabulary (CPV), and European Parliament and Council Directive 2004/17/EC and 2004/18/EC on procurement procedures regarding the revision of the CPV.

<sup>162</sup> Treating procurement of higher value under this chapter concerns only beneficiaries who are not contracting authorities within the meaning of Section 4, (1-3) of PPA.

#### 12.2.4 Determination of presumed value of contract

- 1) Prior to the commencement of the tender or prior to awarding the contract on the basis of an exemption according to Chapter 12.1 (3), the contracting authority shall set the estimated value of the contract. The estimated value of the contract is the value estimated by the contracting authority as the payment for the performance of the contract. The estimated value of the contract does not include VAT.
- 2) The estimated value of the contract includes the value of all performances which may arise from the contractual agreement, unless otherwise provided. For the purposes of awarding the contract in a tender, the estimated value of the contract is set the moment the tender commences.
- 3) The estimated value of the contract is set according to data and information on contracts of the same or similar subject; should the contracting authority not have such data or information available, it shall be based on information acquired from market research, preliminary market consultation or other appropriate means.
- 4) The contracting authority sets the estimated value of the contract for all of its operating units. But where it concerns an operating unit with working autonomy for procurement or several of its categories, the estimated value of the contract can be set at the level of this unit.
- 5) Should the contract be divided into parts, the estimated value is set according to the sum of the estimated values of all these parts regardless of whether the contract is awarded in one or more tenders, or separately by the contracting authority or in cooperation with another contracting authority or other entity.
- 6) The sum of the estimated values of the parts of the contract under paragraph 5 above must include the estimated value of all performances that form one functional unit and are awarded in a time context. Except as provided in the cases in paragraph 7 of this section, each part of the contract must be awarded using procedures appropriate to the total estimated value of the contract.
- 7) An individual part of the contract may be awarded using procedures appropriate to the estimated value of that part in the event that the total estimated value of all these awarded parts of the contract does not exceed 20 % of the aggregate estimated value.
- 8) The estimated value of a contract whose subject are supplies or services that are regularly acquired or constant is set as
  - the actual price paid by the contracting authority for supplies or services of the same kind during the previous 12 months or previous accounting period that is longer than 12 months, adjusted for changes in prices or quantities that can be expected during the next 12 months, or
  - the sum of the estimated values of individual supplies and services to be specified by the contracting authority within the following 12 months or in an accounting period that is longer than 12 months if no data is available under a).

Should an agreement be concluded for a period longer than 12 months, the estimated value of the contract set according to this paragraph shall be treated in accordance with paragraph 10 or 11 mentioned below.

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- 9) Contracts under paragraph 8 of this section are not considered contracts with a subject of performance whose unit price is variable during the course of the accounting period and the contracting authority procures such supplies or services repeatedly according to its current needs.
- 10) For determining the estimated value of a contract for supplies, decisive for agreements concluded for
  - a) a fixed period is the estimated amount of payment for the entire duration of the agreement,
  - b) an indefinite period or whose duration cannot be fixed precisely is the estimated amount of payment for 48 months.
- 11) To determine the estimated value of a contract for services which does not set a total contractual price, decisive is the estimated amount of payment
  - a) for the whole duration of the agreement if the duration of the agreement is 48 months or last,
  - b) for 48 months for an open-ended agreement or an agreement where the term is greater than 48 months.
- 12) The contracting authority must also include in the estimated value
  - a) premiums, commissions and other related payments for insurance services,
  - b) fees, commissions, interest and other related payments for banking and financial services,
  - c) fees, commissions and other related remuneration for project activities.
- 13) Should the contracting authority provide a supplier with supplies, services or construction works that are essential for the provision of construction works requested by the contracting authority, their value is included in the estimated value of the contract.

On request of the MA, the contracting authority is obliged to prove the method of determination of presumed value of the contract.

### **12.2.5 Conflict of interest**

- 1) The contracting authority shall proceed so as to avoid any conflict of interest. The contracting authority shall require a written affidavit from all persons who assess or evaluate bids that are not a conflict of interest. If a conflict of interest is uncovered, it shall take corrective actions to remove it.
- 2) A conflict of interest is considered a situation that involves the interests of persons who:
  - a) are involved in the tender or award of the contract, or
  - b) have or could have influence on the outcome of the tender or award of the contract,
  - b) is a threat to impartiality or independence in connection with the tender.
- 3) For the purposes of this chapter, the interest of the persons mentioned in paragraph 2 means their interest to gain a personal advantage at the expense of the assets or other benefit of the contracting authority.

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## 12.3 Procurement Procedure for Contracts of Small Value and Higher Value

### 12.3.1 Types of procurement procedures

- 1) The contracting authority can place the order:
  - a) in an open call, or
  - b) in a closed call in the case of small-scale contracts.
- 2) A beneficiary who is not a contracting authority under Section 4 (1-3) of PPA and the grant provided for such contract is likewise not greater than 50 %, may also award a contract for construction works in a closed call whose estimated value is equal to or less than CZK 20 000 000 excluding VAT.
- 3) In announcing an open call, the contracting authority announces its intention to an unlimited number of suppliers to award a contract in this tender. The open call notification is an invitation to the suppliers to submit their bids. The contracting authority will publish its announcement of the open call throughout the entire period for submitting bids
  - a) on the profile of the contracting authority, or
  - b) in the National Electronic Tool<sup>163</sup>.

After publishing the call, the contracting authority may send it to certain suppliers; in such case the call must be sent to at least 3 suppliers.

- 4) In a closed call, the contracting authority sends a written invitation to submit bids to at least 3 suppliers. The contracting authority shall invite only those suppliers about whom it has information that they are qualified to provide the required performance. The contracting authority shall not invite repeatedly the same set of suppliers, unless it is justified by the subject matter of the contract or other special circumstances, possibly by cancellation of previous selection procedure.

If enabled by the order subject, the contracting authority may place the order at the electronic marketplace<sup>164</sup>. In awarding the contract on the electronic marketplace, the contracting authority proceeds in accordance with the rules of the electronic marketplace; in such case the provisions of this chapter do not apply. The principles under chapter 12.2.1 must still be complied with, however.

### 12.3.2 Contractual terms

- 1) The announcement of the open call or invitation to submit bids (hereinafter referred to as “tender notice”) must include at least:
  - a) Identification data of the contracting authority<sup>165</sup>,

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<sup>163</sup> The National Electronic Tool is available at <https://nen.nipez.cz>.

<sup>164</sup> More information about the system of electronic marketplaces is available on the website at <https://www.portal-vz.cz>.

<sup>165</sup> Identification data mean a business name or name, address, identification number, if assigned, if it is a legal entity and a business name or name and surname, registered address of entrepreneur or place of residence, identification number, if assigned, if is a natural person.

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- b) name of the contract;
  - c) Type of contract (delivery of goods, construction, services),
  - d) Deadline and place for submission of the bid,
  - e) Description of the contract subject in details necessary to process the bid,
  - f) Rules for the evaluation of bids, which include i) the evaluation criteria, ii) the method of evaluating bids in each of the criteria, and iii) the weight or other mathematical relationship between the criteria;
  - g) Method of negotiating with participants if the contracting authority intends to negotiate with participants in accordance with Chapter 12.3.5;
  - h) Conditions and requirements for elaboration of the bid, and which data related to the contract subject and its implementation should be specified by the participants to enable to the contracting authority to evaluate the compliance of the bid with the contract terms;
  - i) Requirement to processing method of the offered price,
  - j) time and location of contract fulfilment;
  - k) Requirement to variants of bids, if allowed by the contracting authority,
  - l) Rules for explaining the tender specifications in accordance with Chapter 12.3.4.
- 2) The contractual terms may include particularly:
- a) The requirements for proof of qualifications; in such case the contracting authority proceeds in accordance with Section 53 (4) of PPA;
  - b) Terms and conditions and other contractual terms, or a binding draft agreement to perform the contract;
  - c) Requirement for the specifications of any subcontractors (identification data) and the substance of the performance delivered via them.
- 3) Unless justified by the subject of the contract, the contracting authority must not favour or hinder certain suppliers or products by specifying the subject of the contract via a direct or indirect reference to:
- a) certain suppliers or products, or
  - b) patents, utility templates, industrial designs, trademarks and appellations of origin.
- 4) The contracting authority may use the reference under paragraph 3 if the specification of the subject of the contract may not be sufficiently precise or intelligible without using such reference. For each such reference, the contracting authority shall indicate the opportunity to offer an equivalent solution.



### 12.3.3 Deadline to submit the bids

- 1) The contracting authority shall always set a deadline for submitting bids with regards to the subject of the contract by setting a deadline for submitting bids in the tender notice.
- 2) The deadline for submitting bids set in accordance with this chapter commences on the day of publishing the announcement of an open call in accordance with Chapter 12.3.1 (3), or on the day the invitation to submit bids is sent out in accordance with Chapter 12.3.1 (4).
- 3) Deadline to submit the bids cannot be shorter than:
  - a) 10 days for small-scale contracts,
  - b) 15 days for contracts of higher value, unless otherwise provided,
  - c) 30 calendar days for contracts of higher value, whose estimated value reaches the minimum above-threshold value of procurement in accordance with Government Decree No. 172/2016 Coll., on determining financial limits and amounts for the purposes of PPA.

### 12.3.4 Explaining, changing and supplementing tender specifications

- 1) The supplier is entitled to make a written request to the contracting authority for an explanation of the tender specifications. The written request must be delivered to the contracting authority at least 4 business days before expiration of the deadline for bids submission.
- 2) The contracting authority shall send an explanation of the contract terms (i.e. tender conditions) or related documents within 2 business days after receiving the request under the preceding paragraph. If the contracting authority provides an explanation upon a request for an explanation that is not delivered on time, it does not have to meet the deadline mentioned in the previous sentence.
- 3) The explanation of the terms, including the precise text of the request according to paragraph 1, must be sent by the contracting authority at the same time to all applicants, who were invited within the closed call, or it will publish the explanation of the terms by the same method as the open call notification.
- 4) The contracting authority may provide the explanation of the terms also without prior request. Paragraphs 2 and 3 of this section shall apply mutatis mutandis.
- 5) The terms contained in the tender specifications may be changed or amended by the contacting authority before the closing date for bids. Any change or supplement to the tender specifications must be published or communicated to suppliers in the same way as the contract term that has been amended or supplemented. If the nature of the supplement or amendment to the tender specifications requires it, the contracting authority at the same time extends adequately the deadline for submission of tenders. If such change or supplement to the tender specifications can extend the range of potential bidders, the contracting authority will extend the period for submitting bids so that it is at least as long as the original one, starting upon the publication or notification of the changes or supplements to the tender specifications.

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### 12.3.5 Bids negotiation

- 1) The contracting authority can reserve in the contract term that it shall discuss the submitted bids with the participants. In such case, it must state in the contract terms:
  - a) the method and principles of dealing with participants regarding bids,
  - b) Method of selection of the participants to further stage of the proceeding, if the contracting authority decides to gradually decrease the number of participants according to paragraph 8 below, whose bids will be discussed in individual stages.
- 2) After opening, assessment and evaluation of the bids according to section 12.3.6, the contracting authority announces in writing to all participants, whose bids have been evaluated and have not been excluded, the preliminary result of evaluation of the bids. At the same time with the notification on preliminary result of evaluation of bids, the contracting authority in writing invites the participants to first bid negotiation and states the time, place and language of the negotiation.
- 3) The contracting authority is entitled to deal with the participants on all terms of the performance included in the bids, particularly on conditions, which are subject of the evaluation. The contracting authority may, during negotiations, change or supplement the contract terms, in particular the technical conditions, except for the minimum technical conditions specified in the tender terms as a minimum.
- 4) The contracting authority may assign the dealing on the bids to the committee, some of its members or authorised person.
- 5) During the bids negotiation, the contracting authority is not entitled to communicate to the participants the data related to bids of other participant without previous approval of such participant, except the actual bid price and other figures decisive for the evaluation.
- 6) The contracting authority may negotiate the bids with all participants individually or simultaneously.
- 7) The contracting authority compiles record from each bids negotiation with specification of all provisions, which can result in change of the offer or draft contract (hereinafter referred to as "meeting record"). The meeting record is signed by the contracting authority and the participant(s) participating in the bids negotiation.
- 8) After each stage of the bids negotiation, the contracting authority determines on basis of the negotiation results the order of the participants. The order of the participants is determined by the contracting authority on the basis of evaluation criteria, always using all the evaluation criteria. The contracting authority is obliged to compile a report on determination of order of participants with results of evaluation of the bids negotiation, order of participants and information, with which participants it will further deal in the next stage (hereinafter referred to as „report on final evaluation result“). Without improper delay, the contracting authority is obliged to send a report on final evaluation result to all participants, with which it negotiated at the particular stage.
- 9) Before any stage of bids negotiation, the contracting authority may notify the participants that it is the last bids negotiation, and the contracting authority may also agree on this in writing on this fact with all participants at any time.

### **12.3.6 Opening, assessment and evaluation of bids**

#### **A. Common provisions**

- 1) Opening, assessment and evaluation of bids is performed by:
  - a) contracting authority,
  - b) another person authorized by the contracting authority (hereinafter the "authorized person")  
or
  - c) a committee nominated by the contracting authority.
- 2) Evaluation of bids may be made prior to their assessment. In such case, the bid is assessed only for that participant who is to be awarded the contract (hereinafter referred to as "the selected supplier").
- 3) The report is elaborated on examination and evaluation of the offers, and the report must include at least:
  - a) names and signatures of the persons who carried out the opening, assessment and evaluation of the bids;
  - b) List of recommended bids, incl. identification data of the participants;
  - c) list of participants invited to supplement or clarify the bid;
  - d) list of excluded participants stating the reason for their exclusion;
  - e) description of the method and justification of the evaluation of the bids, if the bids were not evaluated only by the lowest tender price;
  - f) Result of evaluation.

#### **B. Opening of bids**

- 1) The envelopes shall not be opened before expiration of deadline to bids submission. Only bids delivered within the deadline of bids submission are opened.
- 2) Opening of the bid submitted in electronic form means making its content available. The bids submitted in the electronic form shall not be available before expiration of deadline to submit the bids.

#### **C. Assessment of the bids and exclusion of bidders from a selection procedure**

- 1) The evaluation of offers is based on evaluation, whether the offers are elaborated in compliance with the order terms.
- 2) If the bid is found to be unclear or incomplete, the applicant who submitted the bid may be invited to supplement it or clarify it. Adding or explanation may not result in modification of the offered price and/or information, which are subject to the evaluation.

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- 3) The contracting authority may exclude a participant if its bid does not meet the contract terms, i.e., if the data, documents, samples or templates submitted by the participant:
  - a) do not meet the contract terms or the participant did not submit them within the set time limit,
  - b) were not clarified or supplemented by the participant at the request of the contracting authority, or
  - c) do not correspond to reality and had or could have an impact on the assessment of compliance with the contract terms or on the fulfilment of the evaluation criteria.
- 4) The contracting authority may exclude a participant for incompetence, if it proves that:
  - a) performance offered by the participant would lead to non-compliance with obligations arising from the provisions of environmental law, social or labour legislation or collective agreements relating to the subject of the contract to be awarded,
  - b) conflicts of interest occurred, and other remedial measures, apart from cancelling the selection procedure, are not possible,
  - c) competition was distorted by prior participation of the participant in the preparation of the selection procedure, other remedial measures are not possible and the participant failed to prove upon invitation of the contracting authority that competition was not distorted,
  - d) the participant committed, in the last 3 years prior to the commencement of the selection procedure, serious or long-term misconduct in the performance of a previous contractual relationship with the contracting authority awarding the current contract, which led to damage, an early termination of the contractual relationship or other comparable sanctions,
  - e) the participant attempted to unduly influence the decision of the contracting authority in the selection procedure or tried without authorisation to obtain non-public information that could provide the participant with undue advantages in the selection procedure or
  - f) the participant committed, in the last 3 years prior to the commencement of the tendering procedure or after the commencement of the tendering procedure, serious professional misconduct which calls into question its credibility, including misconduct for which it was disciplined, or a disciplinary measure was imposed on it.
- 5) The contracting authority may exclude a participant for incompetence also if, on the basis of reliable information, it obtains reasonable suspicion that the supplier has entered into a prohibited agreement with other persons in connection with the contract to be awarded.
- 6) The contracting authority may exclude a participant if its bid contains an abnormally low bid price, which was not justified by the participant. If the contracting authority assesses the bid price of a participant as extremely low, it will invite such participant to substantiate its bid price.
- 7) The contracting authority will exclude the selected supplier from participation in the selection procedure, if it finds that the grounds for exclusion pursuant to paragraph 3 are fulfilled, see above, or can demonstrate the fulfilment of the grounds pursuant to paragraph 4. a) to c) of this chapter.

- 8) The contracting authority will immediately send to the participant a notice of exclusion stating the reason for the exclusion. If a contracting authority reserved it in the competition notice, it may publish the announcement of excluding the participant in the same way in which it published the competition notice. In such case, the notification of excluding the participant is deemed delivered upon publication.

**D. Evaluation of bids**

- 1) Evaluation of the bids is performed by the contracting authority, authorised person or a committee according to evaluation criteria specified in the contract terms. The most economically advantageous bid is evaluated as the most advantageous bid.
- 2) The economic advantage of bids shall be evaluated on the basis of the most favourable ratio between the bid price and the quality including the ratio of the life cycle cost to quality, or only based on the lowest bid price or the lowest life cycle cost. The contracting authority may also set a fixed price and only evaluate the quality of the performance offered.
- 3) To evaluate the economic advantage of the bids according to quality, the contracting authority shall establish criteria expressing the qualitative, environmental or social aspects related to the subject of the contract. The quality criteria must be defined so that it is possible to compare the bids by them and verify the criteria fulfilment. The quality criteria must not include the contract terms designed to reaffirm the supplier's obligations, or the payment terms.
- 4) Quality criteria may include in particular
- a) the technical level,
  - b) aesthetic or functional characteristics,
  - c) user-friendliness,
  - d) social, environmental or innovation aspects,
  - e) the organization, qualification or experience of the persons who are to be directly involved in the performance of the contract in the event that the quality of those people has a significant impact on the quality of performance,
  - f) the quality of service including technical assistance,
  - g) the conditions and period of delivery or completion of performance, or
  - h) other criteria if they are based on objective facts relating to the supplier personally or to the subject of the contract.
- 5) If there is only one participant in the selection procedure, the contracting authority may select it without making the evaluation.

### **12.3.7 Selection of the supplier and concluding the contract, notification of the outcome of the selection procedure**

- 1) The contracting authority is obligated to select for the award of the contract that participant, whose bid was evaluated as the most economically advantageous according to the result of the evaluation of bids and has been prepared in accordance with the contract terms.
- 2) The contract must be concluded in compliance with contract terms and selected bid.
- 3) If the successful bidder refuses to conclude the contract or fails to provide sufficient cooperation to the contracting authority in its conclusion, the contracting authority will exclude it from participation in the selection procedure. In such case, the contracting authority may invite the next bidder in line to conclude the contract, based on the ranking of the initial evaluation of bids or the result of a new evaluation. The contracting authority must carry out a new evaluation if the exclusion of the originally selected supplier has meant a substantial alteration of the original order of the bids. In the case that the participant has not provided the contracting authority with sufficient collaboration, the contracting authority will prove such fact by means of an affidavit if it cannot be proven in another way.
- 4) The contract must be in writing and must contain at least the following:
  - a) identification of the parties incl. organisation ID and VAT numbers if they are assigned;
  - b) Contract subject (detailed in quantities and qualities),
  - c) price without VAT, and information whether the supplier is or is not a VAT payer, payment terms;
  - d) time and place of performance;
  - e) other mandatory requirements under the Civil Code.
- 5) All participants submitting the bids within the deadline for bids submission, and whose bid was not excluded from the selection procedure, must be informed on result of the selection procedure without improper delay. Notification on result of the selection procedure must include at least the identification data of participants, whose offer was evaluated, and result of the offer evaluation, from which the order of the offers is clear. If a contracting authority reserved it in the competition notice, it may publish the notice on the selection procedure result in the same way in which it published the competition notice. In such case, the competition result notice is deemed delivered upon publication.

### **12.3.8 A change in the contract obligation**

- 1) The contracting authority shall not enable a significant change in the obligations resulting from the awarded contract. Significant change is such change, which would:
  - a) allow the participation of other suppliers or could affect the selection of the supplier in the original selection procedure, if the contract terms of the original selection procedure reflected that change,
  - b) change the economic balance of the contract obligation in favour of the selected supplier, or

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c) lead to a significant expansion of the scope of the contract performance.

2) A significant change of the contract obligation is not a change that does not alter the overall nature of the contract and whose value is less than

a) 10 % of the initial obligation, or

b) 15 % of the original obligation of a works contract.

If more changes are made, the sum of values of all those changes is decisive.

3) A significant change of the contract obligation is not additional works, services or supplies from the supplier of the original contract, which were not included in the original contract obligation, if they are necessary, and a change in the person of the supplier

a) is not possible for economic or technical reasons, primarily involving requirements for compatibility or interoperability with the existing equipment, services or installations purchased by the contracting authority in the original selection procedure,

b) would cause the contracting authority considerable difficulty or significant cost increases and

c) the value of additional works, services or supplies does not exceed 50 % of the original value of the obligation; if more changes are made, the sum value of all the changes under this paragraph is decisive.

4) A significant change in the contract obligation is not such change,

a) the need for which arose as a result of circumstances which the contracting authority acting with due diligence could not foresee,

b) that does not alter the overall nature of the contract and

c) the value of the change does not exceed 50 % of the original value of the obligation; if more changes are made, the sum value of all the changes under this paragraph is decisive.

5) A significant change in the contract obligation, the subject of which is the execution of works, is not the substitution of one or more items of the inventory of works with one or more items, provided that

a) the new items in the works inventory represent a comparable type of material or work to the replaced items,

b) the price of materials or work in the new items in the works inventory is equal to or smaller than the price of the replaced items,

c) the materials or work in the new items in the works inventory are of the same or higher quality than those in the replaced items, and

d) the contracting authority shall draw up an overview of each substitution, containing the new items of the works inventory, specifying the items in the original inventory of the works, which are being replaced, along with a detailed and clear justification of the comparability of material or work pursuant to a) and the same or better quality referred to in c).

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- 6) For the purposes of calculating the price increase or value of the change, the original value of the obligation is the price agreed in the contract adjusted in accordance with the provisions on price changes, if the contract contains such provisions. The overall price increase related to changes pursuant to paragraphs 3 and 4 above minus the works, services or supplies that were not implemented due to those changes, shall not exceed 30 % of the original obligation.

### **12.3.9 Cancellation of the selection procedure**

- 1) The contracting authority is entitled to cancel the selection procedure until the conclusion of the contract at the latest.
- 2) The contracting authority is obliged to notify all applicants who submitted the bid within the deadline for submitting bids about the cancellation of the selection procedure.
- 3) If the selection procedure is cancelled within the period for the submission of bids, the contracting authority shall notify of the cancellation in the same way it notified of the selection procedure.

## **12.4 Inspection of Tendering and Procurement Procedures**

Any tendering/procurement procedure, which the contracting authority is obligated to carry out in accordance with the OP RDE rules, is subject to review by the MA, in some cases, it may be a multistep check (ex-ante, interim, ex-post, on-site public-law inspection).

Exceptions are only such tendering/procurement procedures where financing is fully covered from the funds allocated to the project using simplified cost options, i.e. from indirect or fixed costs, or unit costs.<sup>166</sup> The MA checks such public contracts only if it suspects non-compliance with the rules for supplier selection, the procedures are not checked as part of the standard processes set out in paragraphs 12.4.2 to 12.4.8 of this chapter.

### **12.4.1 Obligations of contracting authority to retain documentation**

- 1) The contracting authority is obliged to keep contract documentation and records on acts related to the procurement procedure. Contract documentation means the compilation of all documents in the paper or electronic form, whose acquisition during the selection procedure, resp. after its termination, is required by the RfAB, incl. bids of the individual participants.
- 2) For purpose of verification of correctness of the procedure undertaken by the contracting authority in the procurement procedure according to the methods provided in the RfAB, particularly the following documents will be required during the inspection:
  - a) Contract terms specifying the contract subject, incl. documents proving their submission or publication;

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<sup>166</sup> The documentation associated with the implementation of such public contracts is kept by the beneficiary for inspection by control authorities in accordance with Chapter 7.4 within the scope of Chapter 12.4.1., it is attached to the IS KP14+ upon request of the MA.



- b) an explanation of the contract terms if it was provided, including any requests for it and documents proving its sending or publication;
  - c) bids submitted by the participants, incl. any explanation or supplement;
  - d) report on opening of envelopes, evaluation and evaluation of the bids signed by relevant persons;
  - e) Contract concluded with selected supplier, incl. all eventual annexes;
  - f) notification on the result of the selection procedure sent to all participants who submitted the bid within the deadline for bid submission, whose bid was not excluded, incl. documents proving its sending or publication;
  - g) notices of excluding a participant if any participants were excluded, including documents proving their dispatch or publication;
  - h) assignment of the authorised person or committee, if assigned, incl. an affidavit on no conflict of interest.
- 3) For the purpose of verification of correct procedure of the contracting authority in the contract award using the procedures provided for in the PPA, the documentation within the scope of the Section 216 of the PPA possibly the Section 155 of the PCA will be required in the inspections according to the Act on Financial Supervision.
- 4) When reviewing a contract of small extent, where the estimated value is lower than
- a) CZK 400 000 excluding VAT, or
  - b) CZK 500 000 excluding VAT if the contract is awarded by a beneficiary who is not a contracting authority pursuant to Section 4(1-3) of PPA and the grant awarded to such contract does not exceed 50 %,
- the submitted financial documents shall be inspected. In addition to the accounting documents, the contracting authority may prove the implementation of direct purchase also by written order for performance or by contract, if it was concluded. In this case, the accounting document is the decisive one for the inspection.
- 5) Time for which the contracting authorities must keep all original document related to closing and implementation of the contract, is specified in the legal act on grant award/transfer or in binding legal regulations regulating the area of procurement, for more details, see Chapter 7.4.

#### **12.4.2 Inspection before the commencement of the procurement procedure (ex-ante inspection)**

- 1) Contracting authorities intending as part of project implementation
  - a) to award an above-threshold public contract in a procurement procedure in accordance with PPA, unless it is a public contract pursuant to point c) and d),
  - b) to award a below-threshold public contract for works in a procurement procedure in accordance with PPA, unless it is a public contract pursuant to point c) and d),

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- c) to award an above-threshold public contract in a negotiated procedure without prior publication according to Section 63(3) or Section 64 letter a) or b) of the PPA or
- d) to award a below-threshold public contract in a negotiated procedure without prior publication according to Section 63(3) or Section 64 (a) or (b) of the PPA,

the MA will allow, before the commencement of the procurement procedure, a pre-inspection of the contract terms within the time limit specified in(5) of this Chapter and on the basis of the documentation at the extent of(2), see below (hereinafter referred to as “the ex-ante inspection”).<sup>167</sup>

- 2) The contracting authority submits for the ex-ante inspection the final draft tender specifications, with the exception of forms pursuant to Section 212 of PPA. In case of public procurement procedures according to(1) letter d) and e) of this Chapter, the contracting authority submits especially the reasoning of the intention to contract in the public procurement procedure without publication within the scope of Annex No. 12 to the RfAB.
- 3) The contracting authority shall submit documentation in the extent specified in the paragraph 2 above via the IS KP14+<sup>168</sup>. The contracting authority informs the MA about this fact via a structured internal message sent to the address “OPVVV\_Veřejné zakázky”.<sup>169</sup>
- 4) The MA informs the contracting authority, whether the procurement procedure was selected for the ex-ante inspection via an internal message in the IS KP14+ within 5 business days from the receipt of the internal message. If the MA does not express its opinion within this time limit, it is understood that the procurement procedure was not selected for ex ante inspection.
- 5) If the procurement procedure was selected for ex-ante inspection, the MA shall carry out this inspection usually
  - a) within 10 business days from the receipt of the internal message in the case of public contracts according to the paragraph 1. a) and b) and d), or
  - b) within 20 business days from the receipt of the internal message in the case of public contracts according to the paragraph 1(c) of this Chapter.

<sup>167</sup> To determine whether a public contract falls within the beneficiary’s obligation to submit it for an ex-ante inspection, the actual expected value of the public contract is decisive, not the scheme under which it is awarded. If the estimated value of the public contract in question reaches the limit for over-threshold public contract or a below-threshold public contract in the case of works contracts pursuant to Government Decree No. 172/2016 Coll. as amended, the beneficiary is required to submit documentation on the public contract at the extent required for the ex-ante inspection. The decisive criterion for submitting a public contract for ex-ante inspection in the case of a public contract financed from multiple sources (not only from OP RDE funds) is the estimated value that will be paid from OP RDE funds and not the whole estimated value of the public contract.

<sup>168</sup> The contracting authority shall submit the complete documentation to the MA for review via an internal message unless the MA specifies otherwise and at the same time will establish (create a record of) the expected public contract in the IS KP14+ in the tab "Public Procurement" (so-called procurement module) unless it has done so already. In the event of technical difficulties with the submission of documentation via the IS KP14+, the contracting authority shall be allowed to submit it in another suitable manner.

<sup>169</sup> The template of a structured internal message for the purposes of ex-ante inspection is published on the MEYS website at (<http://www.msmt.cz/strukturalni-fondy-1/vzor-strukturovane-interni-depese-pro-zasilani-podkladu-k-ex>).

- 6) The submission of all documentation at the extent necessary is a prerequisite for conducting the ex-ante inspection within the set time limits. If it is necessary for completing the ex-ante inspection, the MA may ask the contracting authority in justified cases to complete or clarify the submitted documentation via an internal message in the IS KP14+.
- 7) If in substantiated cases the ex-ante inspection cannot be carried out within the time limits indicated, the MA shall inform the contracting authority via an internal message in the IS KP14+.
- 8) The MA informs the contracting party of the result of the ex-ante inspection via an internal message in the IS KP14+.

#### **12.4.3 Inspecting the procedure undertaken by the contracting authority before concluding a contract or negotiating a change in a contract obligation (interim inspection)**

- 1) Contracting authorities which, as part of a project implementation,
  - a) award an above-threshold public contract in a procurement procedure according to the PPA, or
  - b) a below-limit public contract for construction work placed in the procurement procedure according to the PPA, or
  - c) intend to negotiate a change in the contract obligation from an above-threshold public contract or below-threshold public works contract,

allow the MA, prior to the conclusion of the contract<sup>170</sup> or negotiating a change in the contract obligation, to carry out an interim check of the procedure of the contracting authority within the time limit under paragraph 4, see below, on the basis of documentation at the extent pursuant to paragraph 2 of this Chapter (hereinafter "the interim inspection").<sup>171</sup>

- 2) For the Interim inspection of the procurement procedure, the contracting authority shall submit documentation to the extent in accordance with Chapters 12.4.1(2) or (3) (with the exception of documents that have not been required to be prepared or stored for the time being with respect to the achieved state of the tendering procedure), unless stated otherwise. In the case of bids, the contracting authority shall submit for the Interim Inspection at least the bid that was or is to be selected as the most

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<sup>170</sup> The contracting authority at its sole discretion decides whether to allow the MA to carry out the interim inspection before a decision on the selection of the supplier or after it.

<sup>171</sup> To determine whether a public contract falls within the beneficiary's obligation to submit it for an interim inspection, the actual expected value of the public contract is decisive, not the scheme under which it is awarded. If the estimated value of the public contract in question reaches the limit for over-threshold public contract or a below-threshold public contract in the case of works contracts pursuant to Government Decree No. 172/2016 Coll. as amended, the beneficiary is required to submit documentation on the public contract at the extent required for the interim inspection. The decisive criterion for submitting a public contract for interim inspection in the case of a public contract financed from multiple sources (not only from OP RDE funds) is the estimated value that will be paid from OP RDE funds and not the whole estimated value of the public contract.

appropriate and the bids that were excluded. In the event that the contracting authority submits documentation for the Interim Inspection before deciding on the selection of the supplier, at the same time it shall also submit a proposal of such a decision. For the interim inspection of changes in the contract obligation, the contracting authority shall submit the final draft amendment and the contract to which the amendment is related and reasoning from which it will be clear that by negotiating the change the contracting authority does not allow for a significant change in the public contract obligation within the meaning of Section 222, paragraph 3 of PPA.

- 3) The contracting authority shall submit documentation in the extent specified in paragraph 2 of this Chapter via the IS KP14+<sup>172</sup>. The contracting authority informs the MA about this fact via a structured internal message sent to the address "OPVVV\_Veřejné zakázky".<sup>173</sup>
- 4) The MA shall perform Interim Inspection usually within 15 business days from the receipt of the internal message.
- 5) The submission of all documentation to the necessary extent within the above specified time limit is a prerequisite to conduct the Interim Inspection. If it is necessary for completing the interim inspection, the MA may ask the contracting authority in justified cases to complete or clarify the submitted documentation via an internal message in the IS KP14+.
- 6) If in substantiated cases the ex-ante inspection cannot be carried out within the set time limit, the MA shall inform the contracting authority via an internal message in the IS KP14+.
- 7) The MA shall inform the contracting authority on the outcome of the Interim Inspection via an internal message in the IS KP14+.
- 8) With regard to the result of the inspection, the MA may recommend to the contracting authority considering its next steps and possibilities of adopting appropriate measures to rectify the identified shortcomings, including the possibility of cancelling the procurement procedure and starting a new one.

#### **12.4.4 Information on the intent to conclude the contract using the exemption**

The contracting authority that intends to award an above-threshold public contract by applying the exemption under Section 29, shall inform the MA about its intention via an internal message sent to the address "OPVVV\_Veřejné zakázky" at least 10 business days prior to the expected date of the conclusion of the contract. In such a case, neither the ex-ante nor interim inspection is conducted, however, the MA may in justified cases provide the contracting authority with the opinion on this intention via an internal message in the IS KP14+.

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<sup>172</sup> The contracting authority shall submit the documentation to the MA for review via an internal message unless the MA specifies otherwise and at the same time will establish (create a record of) the expected public contract in the IS KP14+ in the tab "Public Procurement" (so-called procurement module) unless it has done so already. In the event of technical difficulties with the submission of documentation via the IS KP14+, the contracting authority shall be allowed to submit it in another suitable manner.

<sup>173</sup> The template of a structured internal message for the purposes of interim inspection is published on the MEYS website at <http://www.msmt.cz/strukturalni-fondy-1/vzor-strukturovane-interni-depese-pro-zasilani-podkladu-k-ex>.

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#### **12.4.5 Special provisions for beneficiaries who are not contracting authorities within the meaning of PPA**

- 1) The beneficiary who is not a contracting authority pursuant to Section 4(1 to 3) of PPA will allow the MA in connection with the contract of a higher value, where the estimated value reaches at least the financial limit for above-threshold sector contracts pursuant to Government Decree No. 172/2016 Coll., on setting the financial limits and amounts for the purposes of PPA,
  - a) to perform the ex-ante inspection before the commencement of the procurement or tendering procedure,
  - b) to perform an interim inspection before concluding the contract or negotiating a change in the contract obligation,
  - c) if it intends to award the contract using the exemption under Chapter 12.1, paragraph 3, to assess such procedure before the conclusion of the contract.
- 2) The provisions of Chapters 12.4.2 to 12.4.4 shall apply mutatis mutandis.

#### **12.4.6 Common provisions for ex-ante and interim control**

- 1) The provisions of Chapters 12.4.2 to 12.4.5 shall not apply before issuing/closing the legal act on grant award/transfer.
- 2) The result of the ex-ante or interim inspection is based on facts that were known to the MA at the time the inspection was carried out. However, it is not possible to rule out the existence of other facts, the knowledge of which would lead the MA to different conclusions. The purpose of ex-ante and interim inspections is to assist contracting authorities in awarding contracts co-financed from OP RDE funds and prevent from risks of possible inconsistencies. The result of the ex-ante or interim inspection cannot be regarded as the confirmation of eligibility or ineligibility of expenses related to a specific contract. Responsibility for the compliance of awarding procedure for the award a specific contract with the legal act on grant award/transfer, any statutory provisions and other relevant rules are always borne by the contracting authority or beneficiary.

#### **12.4.7 Providing information to the MA during the procurement or tendering procedure.**

- 1) A representative of the MA is entitled to take part as an observer in the opening of the envelopes, meeting of the committee and in the competitive dialogue organised in relation to all contracts co-financed from OP RDE, if such meetings are held after issuing/concluding the legal act on grant award/transfer. Upon request of the MA, the contracting authority is obliged to enable access to an MA representative to such meetings. If the MA requires so on basis of ex- ante inspection or other facts, the contracting authority is in addition obliged to send via the IS KP14+ to the MA the invitation to opening of the envelopes, each meeting of the committee and each dealing in competing dialogue related to the particular order, at least 5 business days before such a meeting. The specified deadline may be shortened in case the meeting should take place earlier than within the 5 business days after previous meeting. On request of the contracting authority, the MA may waive the missing of the above-mentioned deadline.

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- 2) The contracting authority is obliged to immediately notify the MA via the IS KP14+ on all proceedings reviewing the acts of the contracting authority started by the Office for protection of competition (hereinafter referred to as „Office for the Protection of Competition“) and on decisions of Office for the Protection of Competition, possibly court proceedings, whose subject is the contract financed from OP RDE.

#### **12.4.8 Ex-post inspection of Tendering and Procurement Procedures**

Documentation within scope of Chapters 12.4.1(1 to 4) must be submitted in the copy to the granting authority via the IS KP14+ at the latest along with the payment application including the expenditure related to the relevant order. Documentation in the required scope shall be submitted via the tab "Public Procurement" (so-called procurement module). The approval of an amendment request means a confirmation of receiving the documentation, or the changes made to it (e.g. additions, clarifications) and not the approval of the content of the recorded documentation on the contract.

#### **12.4.9 Consequences of misconducts made by the beneficiary in the award of contracts co-financed from OP RDE**

- 1) The misconducts by the beneficiary involving non-compliance with the procedure pursuant to the PCA/PPA or in non-compliance with the procedure under Chapters 12.1 to 12.3, will be addressed in accordance with the legal act on grant award/transfer. The determination of reduced fines for a breach of budgetary discipline as a result of non-compliance in public procurement is usually provided for in the relevant annex to the legal act on grant award/transfer.
- 2) In the case of violation of public procurement rules set out in this chapter or in the PCA/PPA, the granting authority will assess the seriousness of the misconduct, especially in terms of its actual or potential impact on the outcome of the procurement or tendering procedure, in terms of the degree of violation of the fundamental principles of public procurement and in terms of the degree of violation of the principles of economy, efficiency and effectiveness of spending public funds.
- 3) Misconducts that do not or cannot influence the selection of the best bid, or the range of potential suppliers, do not affect the eligibility of expenditure used to finance the public contract or the amount claimed for payment in connection with the public contract.
- 4) In the case of misconduct that has or could have an impact on the selection of the best bid, or the range of prospective suppliers and the contracting authority was unable to take sufficient measures to remedy, the MA shall apply rules for determining the reduced fines for a breach of budgetary discipline as a result of non-compliance with the duties in procurement, set in the relevant annex to the legal act on grant award/transfer.
- 5) The reduced fine rate is determined from the amount of provided funds used to finance the public contract or the amount claimed for payment in connection with the public contract. If multiple misconducts are identified in the contract, the amounts of the reduced sanctions determined for each misconduct are not added up and the resulting reduced fine is set with regard to the most serious misconduct.

### **12.5 Chapter - cancelled - Project savings - moved to Chapter 8.11.**

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## 13. CHAPTER – PARTNERSHIP

Partnership is a relationship established by closing of Partnership Agreement<sup>174</sup>, when the applicant/beneficiary creates a unit with one or two subjects (partners) called partnership. The MA is not liable for the Partnership agreement content made between the applicant/beneficiary and partners.

In the Partnership Agreement, the beneficiary shall oblige the partner(s) with responsibilities so that the Agreement complies with the legal act on grant award/transfer. In case of conflict, the parties conclude a written supplement to the Agreement, the original or a certified copy of which must be attached by the beneficiary to the first PIR on the project (see Chapter 7.1.1).

The applicant mentions the partners in the grant application, including roles, share on project activities and financial share, if it is planned. The substance of such a relationship is that the partners participate with the applicant/beneficiary on creating the project and if successful, also on its implementation and sustainability.

The beneficiary carries out the main, essential part of project activities, if the call does not set differently. When submitting the grant application, the applicant submits the Statement of partnership/Partnership Agreement (determined by the claim or subsequent documentation to the call).

The procedures described in these rules must be followed both by the beneficiary and its partner(s).

Partner's legitimacy as well as their level of engagement is part of grant application and it is defined in the call or subsequent documentation to the call (see Chapter 5.2.1).

The beneficiary is responsible for the project as a whole to the Managing Authority, acts as a subject responsible for managing the project relative to the partners and at the same time is responsible for dividing received funds among the partners based on agreed project budget and on documented real expenditure.

The partner participation on the project must not be based on the commercial relationship to the project subject, this rule applies for the whole project implementation or sustainability. During the course of the project, the beneficiary does not have a right to enter into any contractual relationship with its partners enumerated in the approved grant application, whose subject is delivery or services for the project purposes provided for remuneration. Carrying out the partnership principle must not be in contradiction to the applicable Czech laws, in particular the partnership principle must not be abused to circumvent the PPA.

Engaging the partner must be carried out in accordance with the rules for state aid, in such a way that there was not an indirect state aid of the partner and his advantage according to Article 107(1) of the TFEU (see Chapter 15).

The beneficiary is the subject liable to the MA for carrying out the whole project (including those part of the project carrying out by its partners), i.e. when the project outputs and objectives are not met, the beneficiary must be assigned to return the whole amount of aid, even if not reaching was caused by one

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<sup>174</sup> A recommended template of the contract can be found on the website of the MEYS. If more partners participate in the project, a multilateral agreement (between the beneficiary and all its partners) can be used.



of the partners. The partner's activity and amount of drawing of the aid on expenditure carried out by the partner must be described in the provided monitoring reports of the project.

## 13.1 Partnership Types

A partnership may take two forms:

- a) **partner with a financial contribution** – partner gets part of a grant for implementation of project activities via the beneficiary;
- b) **partner without a financial contribution** – the partner takes part in carrying out material project activities, but is not provided with any financial contribution.

The funds for financing partner's eligible expenditure are provided to the partner via the beneficiary. Therefore, there is not a direct money flow between the Managing Authority and the partner.

The ways of reimbursement between the beneficiary and project partner are given by the Partnership Agreement. The reimbursements can be made by advance payments, based on expenditure reports/payment of eligible expenditure before the approval of project implementation report, or payment after the approval of project implementation report (this variant is recommended by the MA). The partner is thus obliged to provide the beneficiary all the documents that form a foundation for preparing of project monitoring reports. Based on the wording of the Partnership agreement the beneficiary and the partners must agree on dividing the devices and unused consumables paid from the awarded grant between the partners before the project termination (applying the dates stated in the awarded grant). The beneficiary must provide the copy of deeds of transfer (deeds of gift) along with the list of transferred or given devices or consumables to the MA with the Final report on project implementation.

### Collaboration on local inspections

In case there is an on-site inspection carried out at the project, the partner is obliged to provide maximum collaboration to the control body, e.g. provide access to accounting documents or assets evidence, or enable performing a part of this inspection directly at the partner's premises.

## 13.2 Change of Partner

On rare occasions a partner exchange during the project course is possible. Each situation must be individually assessed by the MA.

Solving the situation, when the partner wants to leave the project or ceases to exist, means taking over his liabilities by the grant beneficiary or other partners engaged in the project, or replacing the withdrawing partner with a new partner or new partners. Partner's withdrawal from project implementation is handled as a significant project change (see Chapter 7.2).

If it is not possible that the withdrawing partner's liabilities are taken over by the beneficiary or other partner(s) engaged in the project, there may be an exception that the withdrawing partner is replaced by a new one or new ones (see Chapter 7.2). The call/follow-up documentation for the call can modify or limit this regulation, or prohibit changing the partner.

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## 14. CHAPTER – SYNERGIES AND COMPLEMENTARITIES

Synergistic and complementary calls may be announced. The aim is to use the potential created by the options of combinations of support to fulfil the programmes' objectives and enable higher effect of project results.

### **Synergistic calls**

Managing authorities announce **synergistic calls** (continuous or time-limited) focused on synergistic projects. In addition to synergistic projects, such calls may receive also non-synergistic projects. Conditions for their submission and implementation will be further specified in the call/follow-up documentation for the call. If the call is called as a synergic one, it will be mentioned in the text of the call. The synergic calls are divided into initial ones and following ones from the time point of view.

Depending on, whether the call is initial or following from the point of view of synergic connection, the applicant will fill out the following project attributes in the grant application, such as:

- for project submitted as part of the initial call, the applicant specifies the planned following activity/activities that he will carry out in the project/projects within the following synergic call;
- for the project submitted within the following call the applicant selects particular project from the particular call, with which it is synergic or to which it follows and describes a material continuity to the initial project.

Assessment of the relevance of the synergies described is part of the project approval process.

In the course of the implementation of a project that has been identified as synergistic, the beneficiary reports the progress in implementing the synergy in the monitoring reports (description of the progress in implementing the synergy – evaluating the project's contribution in a link to the synergistic project, what the added value is of the reciprocal implementation of both synergistic projects and how the collaboration works).

### **Complementary calls**

If the call is called as a **complementary** one, this fact will be mentioned in the text of the call. Complementarity of a submitted grant application may be determined in the appraisal process or all projects of the call may be marked as complementary. The applicants/beneficiaries, whose grant application is marked as complementary, do not have any special duties either when filling in the grant application, or during project implementation, unless stated otherwise in the call/follow-up documentation for the call.

## 15. CHAPTER – STATE AID

### 15.1 Introduction to state aid

In the call/call documentation, the mode in which the aid is provided is always mentioned (e.g. whether it is provided in the mode that does not establish state aid, in the mode of compatible state aid according to the GBER, in the aid mode of a small extent/de minimis or services of general economic interest). This chapter outlines general conditions concerning individual aid modes and associated duties for the applicant/beneficiary and partners. The call/following call documentation can specify other relevant conditions concerning state aid.

The European legislation generally prohibits provision of aid from state or public budgets that violates or can violate economic competition by making some enterprises or industries more advantageous, because it essentially means advantage in market environment and is therefore an undesirable event that corrupts economic competition. Providing such advantage constitutes **state aid**. There are however exceptions or special modes that on the predefined conditions make granting of state aid possible (there are so called block exemptions, aid of small extent/de minimis or services of general economic interest). No enumeration of state aid forms exists and each case must be evaluated individually.

The central coordination, advisory, consulting and monitoring body in the area of state aid is the Office for the Protection of Competition (hereinafter “OPC”). The OPC activities in the area of State aid are defined by Act No. 215/2004 Coll., regulating certain relations in the field of State aid and amending the Act on the promotion of research and development, as amended. Since 1.5. 2004, all the decision-making authority of the Office for the Protection of Competition in the area of evaluating of the state aid compatibility with internal market was transferred to the European Commission (hereinafter “Commission”).

#### What is state aid

The basic regulation of the rules for State aid follows the primary EU legislation, Article 107–109 of the Treaty on the Functioning of the EU (“TFEU”) that is further explained in the regulations of the Council and the Commission, as well as in non-legislative rules established by the Commission.

State aid meeting the requirements of Article 107(1) of the TFEU means any aid granted by in any way via State aid of from public funds, which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market. **The aid that meets these criteria, is incompatible with the internal market and therefore is prohibited.** Some exceptions from general prohibition of state aid can be allowed based on directly usable regulation (e.g. block exemptions, de minimis aid etc.), or based on the Commission decision.

It is not state aid in case of financing the projects directly by the EU agencies or institutes (e.g. from the projects like Horizon 2020, Erasmus+, etc.). Last, but not least, it is not a state aid in case of execution of official authority on the part of the state (i.e. activities that are among the basic state functions – e.g. the police, army, etc.).

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**State aid is defined by 4 constituent elements. If the constituent elements are cumulatively present, it is State aid:**

- 1. Aid provided by the state or from state funds** (they can be e.g. national, regional, state, or public banks funds). The financial resources, from which grants are provided, has its origin in the national or EU budget. In the case of projects supported from OP RDE, this element is always present.
- 2. Preferential treatment for enterprise or industry in any form.** The preferential treatment for the purposes of EU rules regulating state aid is treated as an economic benefit that an enterprise would not gain without the public institution intervention on the market. The aid may give an advantage to certain enterprise's <sup>175</sup> business, because it enables this grant beneficiary to lower the cost on implementation of plans that would otherwise have to be paid from its own resources. From the point of view of accomplishing this feature it is therefore necessary to evaluate the following:
  - a) whether the applicant/beneficiary performs an economic activity (i.e. whether it is an enterprise in terms of State aid rules);
  - b) how is such activity associated with the project;
  - c) whether the aid represents an advantage for the applicant/beneficiary, because economic activity will be carried out in the project implementation or the pursuit of economic activities of the beneficiary will be affected;
  - d) whether the aid is selective.

Due to the fact that the aid from the OP RDE is always an advantage, which the beneficiary would not receive under normal market conditions and, concurrently, the aid is always selective because it is restricted only to the beneficiaries of the OP RDE, the investigation of this character is always limited to the assessment whether the beneficiary is an enterprise in the meaning of state aid rules (see the text below for an explanation of the enterprise and economic activity). The enterprise is not advantaged if the public funding is not directed to economic activity (under the condition of separate accounting for non-economic activities and economic activities).

- 3. Possible distortion of competition.** In assessing this element, it is necessary to determine whether there is a market and (potential) competitors for the supported economic activity. In the event that the beneficiary carries out an economic activity on the liberalised market, it can usually be assumed that the granting of aid will distort competition because the aid can strengthen the position of the beneficiary when compared to other competitors on the market. Aid may distort competition if it improves the competitive position of the enterprise compared to its competitor (e.g. enables it to offer services at lower prices than the competition because of lower costs, enables the introduction of improved products, expansion of production etc.). In

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<sup>175</sup> Alternatively, the entire production sector at the expense of other sectors. Production sector for the purposes of Article 107 of the TFEU means not only actual production of certain goods but also the provision of services. Production sector includes not only electrical industry but also IT services, motor vehicles production, as well as transport.

order to accomplish this characteristic, only the possibility of disruption of competition is sufficient, not its actual disruption.

- 4. Possible effect on trade between EU Member States.** If the advantage is given to an enterprise that is active on the market that is open to competition, it is supposed that the trade among EU member states can be influenced. To fulfil this feature it is sufficient to influence the trade among EU member states, not a factual influence on the trade exchange. Trade will be influenced when the business activity of the enterprise has a so-called border effect, whether in the territorial sense (i.e. the activity going beyond the geographic boundaries of the Czech Republic) or in terms of personal (i.e. the entities with the nationality of another EU member state participate or can participate in the competition on the relevant market or the customers come from other EU member states). Trade between member states may also be affected by the aid granted to the enterprise that provides only local or regional services and does not provide services outside the country of origin, if such services could be offered by the enterprises from other member states and unless such an option is only hypothetical. Effect on trade is less likely if the scope of economic activities is very small (e.g. a very small turnover of the beneficiary). The trade among member states can be influenced also in the cases, when the receiving enterprise does not export. The influence on the trade in such cases infers from the prerequisite that its competitors can have more difficult access to given market because of the fact that such measure enables the beneficiary to keep or increase its production. The Commission presumes this condition to be met almost at all times. In the light of the foregoing, it is therefore always necessary to assess the nature of the goods and services, where they are provided and to what customers. Therefore if the applicant refers only to the place of impact of its activities, it must prove it appropriately.

**If the above constituent elements are cumulatively present, the support for the project constitutes State aid, which is generally prohibited.** In such case, the State aid can be provided only based on one of the exemptions, or if the Commission declares it compatible with the internal market during the notification process.

If the state aid definition characteristics are improperly assessed, it can lead to the granting of an illegal state aid and associated obligation to recover the aid including interest.

### **The Enterprise**

Based on the Article 107 Paragraph 1 TFEU the state aid rules are generally used only in case that the beneficiary of the support is an enterprise.

**An enterprise for the purposes of State aid is considered to be any entity engaged in an economic activity, regardless of its legal form or method of financing.** Thus, enterprises may in some cases include non-profit organizations, civic associations and societies, or even municipalities or regions, including their contributory organizations, in relation to economic activities that can be separated from the exercise of official authority.

The fact whether the enterprise carries out an economic activity, i.e. carries out any activity consisting in offering goods or services on the market is crucial for the determination of the enterprise. The subject that performs both economic, and non-economic activities, is considered to be an enterprise only in connection with economic activities.

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The fact that a certain service is provided internally or its provision is not permitted to third parties does not exclude the existence of an economic activity if other operators were willing able to provide the particular service on the respective market.

### **Economic activities**

**Economic activities are defined as any activities lying in offering goods or services on the market<sup>176</sup>.** Economic activity can be identified especially if the output of the supported project is a service or goods that will be offered to a particular customer. It is also true that to apply the EU rules that regulate state aid it is not decisive whether the respective entity generates profit, because also the non-profit entities can offer goods and services on the market. In their case it will depend, to what activity the public funds will be directed.

The above division of activities into economic and non-economic pursuant to State aid rules might not match the division of activities within the meaning of the relevant legislation of the Czech Republic and is not recommended limiting the economic activities only to activities which are listed as supplementary/additional/other according to the relevant national legislation<sup>177</sup>. If the same subject makes activities of both economic, and non-economic nature, the public financing of non-economic activities will not be done pursuant to Article 107(1) of the TFEU, if both activity types can be clearly separated to prevent cross-financing of economic activities and aid therefore will be provided for the implementation of non-economic activities. The certificate of distribution of costs, finances and income can be e. g. annual financial reports of given subjects.

### **Local character of measures**

In line with the Commission Communication on the concept of the state aid, according to the Commission, the trade is not affected in the cases where the beneficiary provides services on a limited area of a single member state and is unlikely to attract customers from other member states and as well as the effect on trade will not occur, if more than a marginal impact of aid on cross-border investments and the creation of new businesses in the sector cannot be assumed. Thus, if public sources fund an activity that is an economic activity and meets the above conditions (is carried out in a limited area of a Member State, will not attract customers from other Member States, has no or at most marginal predictable impact on cross-border investment and the creation of new businesses) it can be assumed that the measures will have a purely local impact and will not affect trade between Member States.

The examples of local measures include e.g. sports and leisure facilities serving mostly for local users, cultural events, at which it is not likely to attract visitors from other member states, hospitals and health care facilities with the focus on local residents, information platform for tackling unemployment and social conflicts in a pre-defined and very small local area, etc.

According to the Commission Notification on a simplified procedure for assessing certain types of state aid<sup>178</sup>, a purely local character can be possible to prove inter alia, where:

- a) aid does not result in attracting investments in the region concerned;

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<sup>176</sup> See e.g. the judgment of the Court of 12 September 2000, Pavlov and other, C-180/98 to C-184/98.

<sup>177</sup> See e.g. the Higher Education Act (main and ancillary activities), the Act on public research institutions (main, additional, or other activities), etc.

<sup>178</sup> See Article 5(b)(viii), Footnote 27.

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- b) goods or services produced by the beneficiary are purely local and/or are attractive only for a geographically limited area;
- c) effect on consumers from neighbouring member states is insignificant;
- d) market share of the beneficiary in terms of any relevant market definition used is minimum and the beneficiary does not belong to a wider group of enterprises.

The local nature of the measure must always be examined in relation to the specific project or beneficiary and it needs to be justified.

## 15.2 Public financing in the area of education, research and development not establishing state aid

### Aid in Education

Public education organised within the national educational system and funded and inspected by the state can be viewed as a non-economic activity according to the jurisdiction of the European courts and in accordance with Article 2.5 of the Commission Communication on the concept of the state aid.

In principle, the non-economic nature of public education is not affected by the fact that pupils/students or their parents must sometimes pay tuition or enrolment fees, which contribute to the payment of operational expenses of the system. If these financial resources cover only a fraction of the actual cost of the service, they should not be construed as the payment for a provided service, if they do not change the economic character of public education service, which is funded mainly from public sources. The public educational services, however, should be distinguished from services financed predominantly by parents or pupils or commercial revenues.

Providing public education must be distinguished from providing services that do not fall under the national education system, although it is offered by the entities which are part of it. These are services that are related to supplementary activities of schools and school facilities, where schools/school facilities compete with other operators in the market (e.g. commercial language courses for the public) and which are financed predominantly by parents or pupils/students or commercial revenues. Despite the fact that these services/educational activities are offered by the entities that are part of the public education system, they are services by which schools/school facilities compete with other operators in the market and which can be usually regarded as an economic activity due to their nature, financing structure and the existence of competitive private organisations.

### Aid in research

Paragraph 20 of the Framework for State aid for research and development and innovation 2014/C 198/01 (“Framework”) states that if the research organization<sup>179</sup> or research infrastructure<sup>180</sup> is used for economic as well as non-economic activities, the rules of state aid apply to public financing only if this financing covers the cost associated with economic activities. **If the research organization or infrastructure**

<sup>179</sup> For the definition of a research organisation/organisation for research and dissemination of knowledge see Chapter 2 of the RfAB.

<sup>180</sup> For the definition of the research infrastructure see Chapter 2 of the RfAB.

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**used only for non-economic activities, its financing can completely fall behind the force of state aid rules provided that its economic usage is purely secondary**, i.e. It is an activity that is directly associated with the operation of research organization or infrastructure and is necessary for its operation or is inseparably connected with its main non-economic usage and its scope is limited.

For the purposes of the Framework this condition will be met, according to the Commission, if absolutely identical inputs will be used for economic activities (e.g. the material, devices, work force and fix capital) as well as for non-economic activities and the capacity allocated every year to these activities will not exceed 20 % of overall annual capacity of the given subject (relevant entity).

In order to prove the purely incidental nature of economic activities within the meaning of Section 20 of the Framework, it is necessary to proceed in accordance with the **Methodology for reporting economic activities in terms of state aid in OP RDE** (the "Methodology"). This methodology forms Annex 11 to the Rules for applicants and beneficiaries and is published on the website at <http://www.msmt.cz/strukturalni-fondy-1/analyza-verejne-podpory-op-vvv>. The methodology is binding for beneficiaries/partners<sup>181</sup>.

The methodology sets out basic rules for reporting the capacities for the purpose of proving the purely ancillary nature of the economic activities of research organizations/research infrastructures supported from the OP RDE funds within the meaning of paragraph 20 of the Framework. Given the wide range of beneficiaries, different types of projects and specific characteristics of the individual projects and sectors, the beneficiaries/partners of OP RDE are allowed to choose from several options of defining the relevant entity and the methods of calculating the total capacity.

**The relevant entity** can be defined in line with the wording of paragraph 20 of the Framework in relation to a research organization or in relation to research infrastructure<sup>182</sup>. The Commission defines it as an individual unit (e.g. a department or laboratory) that could independently carry out research and/or dissemination of knowledge with respect to the organizational structure, capital, materials and labour, which it can effectively dispose of.

According to the Commission declaration, within one legal entity several relevant entities may exist that are evaluated separately from the point of view of application of paragraph 20 of the Framework, regardless if the given subject (relevant entity) is a separate legal entity. Concurrently a general policy applies that it does not depend on the legal position of the beneficiary/partner, neither its financing.

Fulfilling the conditions of Paragraph 20 of the Framework (qualitative and quantitative conditions for possible performance of secondary economic activities) can be related to more narrowly defined "relevant entity" with regard to the nature of the project supported from OP RDE and with regard to the internal organisational arrangement of the beneficiary/partner.

The relevant entity may also be either an independent project supported from OP RDE (meeting conditions of paragraph 20 of the Framework must, in such case, be assessed in relation to the project or its part for which the public funds are provided), or the relevant entity can be defined in justified cases

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<sup>181</sup> The methodology applies to project partners with a financial contributions who received aid outside the scheme of State aid for non-economic activities in accordance with Chapter 2.1.1 of the Framework.

<sup>182</sup> See the introduction to paragraph 20 of the Framework: "If a research organization or research infrastructure is used for both economic and non-economic activities, ..."



in accordance with the internal organisation of the beneficiary/partner (particularly, in accordance with its organisational structure or internal division, provided that it is clearly defined in the internal rules of the beneficiary/partner and at the same time it is a unit that can effectively independently perform research activities and/or dissemination of knowledge with regard to organisational structure, capital, material and manpower, which it can effectively dispose of.

More information on the above described possibilities and procedures for defining the relevant entity and the method of calculating the capacity to demonstrate the complementary nature of the economic activity is provided in the Methodology.

### **Separating Economic and Non-Economic Activities**

In case, when there are economic activities made on the relevant entity level, it is necessary to ensure separate reporting of accounting costs and revenues associated with economic and non-economic activities. The usage of resources (material, devices, workforce and fix assets) for economic activities must be purely secondary, i.e. It must be such activity that is directly associated with the (relevant entity) operation and is necessary for its operation or is inseparably connected with its main non-economic usage and its scope is limited.

Separating economic and non-economic activities must be established in basic internal rules of the applicant/beneficiary/partner (statutes, founder charter etc.), no later than as of the date of submitting the grant application. The proof of the due distribution of costs, financing and income can be e.g. annual financial reports of the given entity, statements/outputs from the accounting system.

In addition to the aforementioned separation in accounting, it is recommended making also a factual separation of the economic and non-economic activities, notably via records of the use of the individual inputs (e.g. keeping instrument diaries, records of the use of the individual areas, keeping time sheets, etc.). The aim of this monitoring is to provide clear evidence of the rate of economic recovery and to avoid the possible state aid. Template documents for recording the individual inputs are available on the website of OP RDE in the Documentation for applicants and beneficiaries

<http://www.msmt.cz/strukturalni-fondy-1/prehled-vzoru-prilohy-monitorovacich-zprav>.

The beneficiary/partner is obliged to give a proof to granting authority that possible additional economic usage of the resources is purely secondary pursuant to the regulation of the Paragraph 20 of the Framework. For these purposes a capacity<sup>183</sup> of the economic usage is reported separately for individual years (it cannot be an average for more years). According to the Framework, the capacity is measured for the previous year (i.e. from 1st January to 31st December of the reporting year<sup>184</sup>) and the beneficiary proves it for each year of the implementation and sustainability of the project via the Overview of the economic use of the supported capacity, or via other documents solicited by the MA. This annex is provided by the beneficiary along with the submitted monitoring report of the project or separately, no later than on 31st July of the year following the reporting year. If the beneficiary is implementing the project in year n, but the legal act on grant award/transfer is issued after 31st July of year n+1, the beneficiary is obliged to submit

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<sup>183</sup> For the purpose of calculating capacity for devices, it is possible to use for example the nameplate capacity of the device.

<sup>184</sup> In the case of beneficiaries for which the accounting period is the economic year, the capacity can be possibly measured for the accounting period of the beneficiary determined in accordance with Section 3(2) of the Act on Accounting.

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to the grant provider the data for year n within 20 business days from issuing of the legal act on grant award/transfer. Presentation of the calculation in the case of partners is regulated in the Methodology.

**The conditions of non-economic usage of supported infrastructure (pursuant to paragraph 20 of the Framework) must be followed for the whole lifetime/or asset depreciation. Given this fact, it is essential that the beneficiary, even after the expiration of sustainability, continues to monitor the share of the complementary economic activities of the relevant entity for at least 10 years from the granting of the aid and, in the event of a risk of exceeding the limit of the possible complementary economic use pursuant to paragraph 20 of the Framework, informs the granting authority immediately. This monitoring must be carried out at least for 10 years from granting the aid (if the useful life of the supported assets is more than 10 years).**

In case of a failure to comply with the conditions of paragraph 20 of the Framework, there is a risk that the granted/disbursed aid might constitute state aid within the meaning of Article 107(1) of the TFEU. That would make it necessary to re-examine the provided aid scheme with a potential impact on reducing the intensity of aid for the project or its complete recovery.

Details on defining the relevant entity, the capacity calculation and reporting of its use can be further specified by the MA (e.g. depending on the interpretation and decision-making practice of the Commission and the courts).

#### **Non-economic activities in the area of science, research and innovations**

The following activities are in general considered non-economic activities (according to the paragraph 19 of the Framework):

a) Primary activities of research organizations and infrastructures, mainly:

- education with the aim of increasing numbers and improving the qualification of human resources. In accordance with the judicature and decision-making practice of the Commission and according to the notification on the state aid concept, the public education organised within the state educational system, which is largely or completely financed from the state funds and is controlled by the state. Education of the staff in the sense of state aid rules for supporting the education cannot be considered non-economic research agencies primary activities;
- independent research and development (“R&D”), with the aim to gain new findings and better understand the new topic, including cooperative R&D, if the collaboration, in which the organization for research and dissemination of knowledge (hereinafter “Research Organization”) or research infrastructure is engaged, is effective<sup>185</sup>;
- public dissemination of research results on non-exclusive and non-discriminatory foundation, e.g. via tuition, open-access databases, publicly accessible databases or open software;

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<sup>185</sup> Effective collaboration means collaboration of at least two independent parties for the purpose of knowledge or technology exchange or achievement of a common objective on the basis of division of labour where the parties jointly specify the scope of the collaboration project, contribute to its implementation and share risks and results. The project expenditure can be borne in any extent by one or more parties and thus rid other parties of their financial risks. Contractual research and provision of research services are not considered as forms of collaboration.

b) Activities within knowledge transfer, if they are carried out by the research organization/infrastructure (including their departments or affiliates) or along with other similar subjects or on their behalf and if all the profit from these activities is re-invested to primary research organization/infrastructure activities. Non-economic character of these activities is maintained even in the case of entrusting the provision of the respective services to third parties via an open procurement procedure.

### **Forms of collaboration of publicly financed research organisations and research infrastructures with enterprises**

Generally it can be said that the collaboration of research organizations/research infrastructures with enterprises can have two basic levels, the level of contractual research/research services, and the level of effective cooperation projects. In both cases it is necessary to investigate, whether there is no advantage for enterprises engaged in the cooperative projects with publicly financed research organizations/research infrastructures (in the meaning of Article 107 Paragraph 1 of TFEU).

If the conditions set forth in the Framework (Articles 2.2.1 and 2.2.2) are met, the enterprise may not gain an advantage and the enterprise thus is not provided indirect state aid. However, if the conditions set forth in the Articles 2.2.1 or 2.2.2 of the Framework are not met, the whole amount of the research organization/research infrastructure contribution will be considered an advantage for cooperative enterprise/enterprises to which the state aid rules apply.

In case of effective collaboration the project costs can be borne in full extent by one or more parties and thus rid other parties of their financial risks. If the conditions of the Article 2.2.2 of the Framework are met, the enterprise involved in the cooperative project is not considered under indirect state aid. In the event that the project involves activities of independent research and effective cooperation, it is essential that the partnership agreement between the research organization/research infrastructure and the enterprise specifies the requirements of the relevant form of effective cooperation.

#### **Procurement procedure**

The beneficiary is obliged to carry out procurement of goods and services (or another comparable transaction) pursuant to the procurement rules and public procurement regulation in a way that prevents state aid (see Chapter 12).

### **15.3 Exceptions that allow state aid without the need to notify the EC**

In spite of the fact that the Article 107 of TFEU generally prohibits state aid, the EU legislation provides many exceptions, based on which the state aid can be provided entirely in accordance with the EU law.

#### **15.3.1 Block exemptions**

If the aid is provided according to the Commission Regulation (EU) No. 651/2014 from June 17 2014 that pursuant to Articles 107 and 108 of the TFEU that declare certain aid categories compatible with the internal market, as amended by the Commission Regulation (EU) No. 2017/1084 of 14 June 2017<sup>186</sup>

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<sup>186</sup>Official Journal of the EU, L 187, 26th June 2014, page 1- 84. The effective wording of GBER is available at <http://eur-lex.europa.eu>.

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(hereinafter "GBER"), this information will be stated in the call and aid and thus can be compatible with the internal market in the sense of Article 107, Paragraph 3 of the TFEU and is exempt from the notification requirement under Article 108(3) of the TFEU.

GBER relates to the following areas: regional aid, aid for small-size and medium-size enterprise (further referred as "SME" <sup>187</sup>), support of access for small-size and medium-size enterprise to financing, aid for research, development and innovations, aid for education, aid for disadvantaged staff and handicapped staff, social aid for transport of inhabitants of remote regions, aid for environmental protection, aid for compensations for damages caused by some natural disasters, aid for broadband infrastructure, aid for culture and keeping cultural heritage, aid for sport and multifunctional recreational infrastructure and aid for local infrastructure.

Relevant rules and conditions will be available in the call and possibly follow-up documentation to the given call, because when applying the GBER the implementation must strictly follow the conditions set forth for particular aid category, mainly in the area of supported activities and aid intensity (see chapter III of the GBER). Further it is necessary to keep the common conditions described in chapters I and II of the GBER, e.g. by the allowable aid form, motivational effect or the cumulation rules.

Aid under GBER cannot be provided to:

- a) an undertaking in difficulty<sup>188</sup> defined in GBER;
- b) to the enterprise that operates in areas mentioned in paragraph 3 of Article 1, chapter I of GBER;
- c) to support activities associated with export to third countries or member states, i.e. aid directly associated with exported quantity, aid for devices and operation of distribution network, or other regular expenses connected with the export activity;
- d) for the support conditioned by the use of domestic goods instead of imported goods.

The grant provided under GBER may not be paid to an entity, which has an outstanding debt based on a recovery order issued in response to the Commission's decision, in which the support provided by the same Member State (Czech Republic) is declared to be unlawful and incompatible with the internal market. The beneficiary is obliged to prove this fact in each payment applications for all partners with a financial contribution involved in the project implementation, supported by GBER.

**Aid intensity** – for individual block exemptions there is so called maximum aid intensity that must not be exceeded established in the GBER. The relevant aid intensity will be outlined in the call/follow-up call documentation. For the purposes of calculating the support intensity and eligible costs all used figures are reported before the deduction of tax or other charges.

**The aid threshold** is a value of maximum aid amount that can be provided within given block exemption. It must not be circumvented by artificially separating the project.

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<sup>187</sup> For the SME definition see Chapter 2 of the Rules/Annex I of GBER.

<sup>188</sup> For the definition of the undertaking in difficulty, see Chapter 2.

**Incentive effect:** The aid can be provided in accordance with the GBER only in the case if it has a motivational effect, it means that the applicant will submit the grant application before starting the project implementation<sup>189</sup>. To accomplish the motivational effect, it is further necessary that the grant application contains all these data: name and size of the enterprise, project description including its start and end, project locality, list of project costs and aid type (e.g. a grant) and the amount of public financing that is necessary for given project.

**Cumulation:** If the project obtains aid from more state aid sources, rules of cumulation must be followed. It means that it is necessary to add all the state aid to the same eligible expenditure so that the threshold values are not exceeded (the maximum intensity of the aid and absolute threshold).

The aid provided according to GBER, for which the eligible expenditure can be identified, can be accumulated:

- with other state aid as for various identified eligible expenditure;
- with other state aid for payment of the same (partially or fully overlapping) eligible expenditure, but only in the case that such cumulation does not lead to exceeding the highest intensity or aid size that is used for such aid according to the GBER.

The aid provided in accordance with the GBER cannot be accumulated with the aid de minimis for the same eligible expenditure, if such cumulation leads to exceeding the intensity of the aid established in the respective block exemption.

**For these purposes the applicant is obliged to submit along with the application form also the Affidavit that no other state aid was provided to pay the eligible expenditure, or the de minimis aid and the maximum intensity of the state aid according to the GBER.**

**Announcing the information** – all the aid that will be after 1. 7. 2016 provided according to GBER and will exceed EUR 500 000, will be announced by the MA on the summary web page devoted to the State aid (for more information see Article 9, Chapter I of GBER). To fulfil the obligation of transparency, the Czech Republic uses the electronic system of the European Commission Transparency Award Module (hereinafter also "the system of the European Commission TAM"). The data will be recorded on the website

<https://webgate.ec.europa.eu/competition/transparency/public/search/home>. Wide public can gain an anonymous access to published data without registration.

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<sup>189</sup> "Start of works" means the earlier of either the start of construction works relating to the investment, or the first legally binding commitment to order equipment or any other commitment that makes the investment irreversible. Purchase of land as well as the preparatory work, such as obtaining permits and preparing feasibility studies are not considered to be the commencement of work (however, if the price of the built-up plots is included in the eligible expenditure, this purchase will be considered the commencement of work). Costs incurred in connection with such purchase of land or with preparatory work (permits, feasibility studies) cannot be included in eligible costs. For take-overs, "start of works" means the moment of acquiring the assets directly linked to the acquired establishment.

The granting authority may lay down additional conditions in the call/follow-up documentation for the call beyond those mentioned above.

### 15.3.2 De minimis aid

If the aid is provided according to the Commission Regulation (EU) No. 1407/2013 from 18 December 2013 on using Articles 107 and 108 of the Treaty on the Functioning of the EU to de minimis aid<sup>190</sup> (hereinafter “Commission Regulation No. 1407/2013”), this information will be mentioned in the call.

De minimis aid can be, unlike other types of measures, granted for any purpose, i.e. purposes of investment as well as operational in nature.

De minimis aid (or the aid of a small extent) has no impact to competition because of its limited in extent, nor it influences a trade among Member States, thus it is not considered state aid when all the provisions by the Commission Regulation No. 1407/2013 are kept.

De minimis aid under Commission Regulation No. 1407/2013 may be granted to enterprises in all sectors with the exception of:

- a) aid granted to undertakings active in the fisheries and aquaculture sectors, covered by Regulation No. 1379/2013;
- b) aid granted to undertakings active in the primary production of agricultural products;
- c) aid granted to undertakings active in the processing of agricultural products and their marketing, if the amount of aid is determined on the basis of price or quantity of products purchased from primary producers or marketed by the undertakings concerned, or if the granting of the aid is conditional on being partly or entirely passed on to primary producers;
- d) aid for activities associated with export to third countries or member states, i.e. aid directly associated with exported quantity, establishing and operation of distribution network, or other regular expenses connected with the export activity;
- e) aid conditional on the use of domestic goods at the expense of imported goods.

If the applicant/beneficiary also operates in the excluded sectors and industries covered by Regulation No. 1407/2013, it must ensure in an appropriate manner (e.g. by dividing the activities or differentiating the expenses) that the activities in the sectors excluded from the scope of that regulation do not use the de minimis aid.

#### A threshold for the de minimis aid

The de minimis aid (by Article 3 Paragraph 2 of the Commission Regulation No. 1407/2013) is such that its total amount provided by the member state to one enterprise cannot exceed 200 000 EUR. The applicant can verify the disposable amount for using the de minimis aid in the Central de Minimis Register (the “RDM”) on the website of the Ministry of Agriculture (<http://eagri.cz/public/app/RDM/Portal>).

However, we recommend to all the applicants to always verify their “disposable limit” for drawing de minimis aid before submission of the grant application and adjust their project budget in such a way that

<sup>190</sup>Official Journal of the EU, L 352, 24.12.2013, page 1-8.

the aid does not lead to exceeding it. The stated limit is necessary to examine in the sum of all the entities falling within the definition of "a single enterprise" (see below). The limit will be verified before issuing the legal act on grant award/transfer.

Regarding the provided aid that the beneficiary is not drawn down in full, the granting authority may modify the record in the RDM to match the actual amount of the de minimis aid disbursed. This step must be preceded by the amendment of the legal act on grant award/transfer, in which the granting authority declares the amount of the de minimis aid that the beneficiary actually received and that by this change it loses the legal claim for the remaining part of the aid to which it was legally entitled in the primary legal act of providing de minimis aid. The amendment to the legal act on grant award/transfer during the project implementation will be made based on a request to amend the budget in the form of a significant change requiring an amendment to the legal act on grant award/transfer.

### **Single enterprise**

The EU Court of Justice decided that all the subjects controlled (legally or factually) by the same subject should be for using the de minimis rule considered single enterprise (for details, see the Methodological Handbook for application of the term "single enterprise" according to the de minimis rules, the website at <http://www.uohs.cz/cs/verejna-podpora/podpora-de-minimis.html>).

The term "single enterprise" for the purposes of Commission Regulation (EU) No. 1407/2013 includes all the subject, which have at least one of the following relationships:

- a) one subject owns majority of voting right that belong to the shareholders or associates in another subject;
- b) one subject has a right to nominate or withdraw majority of members of another subject's administrative, management or supervisory body.
- c) one subject has a right to apply decisive influence in another subject according to the agreement made with given subject, or by the provision in the articles of association, or the statute of this subject;
- d) one subject that is a shareholder or associate of another subject has itself, pursuant to the agreement with other shareholders or associates of given subject, majority of voting rights belonging to shareholders or associates in given subject.

The subjects that have any relationship stated above letters a) to d) via one or more other subjects are also considered one enterprise.

The interconnectedness of enterprises for the purpose of examining the de minimis aid for "single enterprises" is monitored in companies regardless of their official address.

Enterprises, which have a direct link to the same public authority body (i.e. municipality, region etc.) and have no mutual relationship, are not considered to be linked enterprises and thus do not constitute a "single enterprise".

Applicant/partner with a financial contribution is obliged to provide the MA with a statement about the relationship of the link to other enterprises in the sense of defining one enterprise, in the form of Affidavit in the form of annex within completing the foundations for preparing the legal act on grant award/transfer, so that the MA can verify in advance that by providing the aid the allowed maximum limit of de minimis aid will not be exceeded.

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## Reference period

The beneficiary's reference period is defined as **three consecutive annual accounting periods** according to the accounting period used by the beneficiary. In accordance with the provision of Section 3(2) of the Accounting Act, that time period is an accounting period – consecutive twelve months, unless otherwise stated. The accounting period either matches the calendar year, or is an economic year.

The three-year period should be evaluated continuously in such a way that when new de minimis aid is assigned, the overall amount of provided de minimis aid must be taken into account in given one-year period and during two previous one-year accounting periods. The period of three one-year periods will be established according to the accounting period used by the enterprise.

## De Minimis Register

The de minimis aid will be recorded within 5 business days of its provision in the RDM by the granting authority regardless of when the de minimis aid was paid to the enterprise.

## The exchange rate for the aid amount

The exchange rate for the aid amount of a small extent from CZK to EUR depends on the day of granting de minimis aid. The exchange rate issued to this date by European Central Bank will be used for conversion. It can be found at the website at <http://www.ecb.eu/stats/exchange/eurofxref/html/index.en.html>.

With regard to the fact that the aid threshold is set in thousands EUR and the aid is paid in CZK in the Czech Republic, it is necessary to correctly find out the not drawn part of the limit, always by conversion according to the currently valid exchange rate. The conversion will be made before issuing the legal act on grant award/transfer.

## De minimis aid cumulation

De minimis aid granted under this Regulation may be cumulated with de minimis aid granted in accordance with Commission Regulation (EU) No. 360/2012 up to the ceiling laid down in the Regulation. De minimis aid granted under other regulations on de minimis aid can be cumulated up to the ceiling laid down in Article 3(2) of Commission Regulation No. 1407/2013.

De minimis aid cannot be cumulated with public aid for the same eligible expenditure if such cumulation would result in exceeding the highest relevant aid intensity or the amount of aid determined for the specific circumstances of each case in a block exemption regulation or Commission decision. De minimis aid that is not granted for specific eligible expenditure or is not attributable to it, may be cumulated with other public aid granted under a block exemption regulation or Commission decision.

## The applicant/beneficiary obligations to the granting authority

- a) The applicant is obliged to provide the granting authority the declaration on the relationship with other enterprises in the sense of the definition of single enterprise, in the form of Affidavit.
- b) the applicant is further obliged to inform the granting authority of what accounting period he uses, and if he applies the economic year, to define also the start and end dates of the economic year (e.g. 1st April – 31st March).

It is necessary that the applicant provides that data to the granting authority as part of completing the documents for the preparation of the legal act on grant award/transfer, e.g. in the form of an affidavit

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(the template is available on the website of the OP RDE in the “Documentation for applicants and beneficiaries”).

### 15.3.3 Services of general economic interest (SGEI)

The term services of general economic interest (“SGEI”) is not defined in TFEU, or in secondary EU law. However, the Commission defined that SGEI are economic activities that bring results in overall public interest and that would not be provided on the market without public intervention. These services are usually ensured by the state, regions or municipalities in public interest (i.e. in the interest of public) and their distinctive characteristics is the fact that if they were not financially supported by public subject, they would not be provided at all, or their quality and scope would be limited. The public service obligation arises to the service provider based on the authorisation and the criterion of public interest and thus it ensures providing the service subject to conditions enabling the achievement of its objective. There is a special legal modification concerning the aid that is provided to the beneficiary for the purposes of providing SGEI.

The services of general economic interest essentially refer to the grants for public subjects that usually finance operations of these providers. These compensatory payments (compensations) can establish state aid. The sample areas, where Services of general economic interest can be identified are e.g. travellers transport, health care, social services, public service broadcasting, postal services, power engineering.

The decision-making factor for determining, whether the SGEI financing from public funds represents the state aid is the judgement of the European Court of Justice (nowadays the Court of Justice of the European Union) to the Altmark judgement (C-08/00). In this decision the Court set out 4 cumulative conditions, under which the compensation fulfilment (compensation payment) does not constitute any advantage for the SGEI operator. Therefore, one of the definition signs of state aid is excluded (advantage of the SGEI operator), thus also the compensation (balancing payment) and aid provided for the implementation of SGEI does not constitute a state aid.

#### Aid under Decision No. 2012/21/EU

Aid in the form of compensation payment for the public service obligation, which meets all the conditions of Decision No. 2012/21/EU<sup>191</sup>, is compatible with the internal market and shall be exempted from the notification requirement laid down in Article 108(3) of the TFEU if it also meets the requirements under the contract or sectoral EU legislation.

A verifiable fact that throughout the project implementation, the beneficiary shall carry out activities within the project that fall among the activities defined by the Authorisation to perform services of general economic interest, i.e. a document which the beneficiary receives as an integral part of the legal act on grant award/transfer, for the entire term of the project is such a condition for granting aid from the OP RDE. The Authorisation shall determine the activities and their scope, term of authorisation and

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<sup>191</sup> Commission Decision of 20. 12. 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to state aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest.



the amount of the compensation payments, which are considered to be services of general economic interest. The aid granted is considered to be the compensation payment.

The period of authorisation may not exceed 10 years and the maximum amount of the compensation payment (aid) must not exceed EUR 15 million/year. Support under this Decision may not be granted to undertakings in the land transport sector.

### **Aid according to the Commission Regulation No. 360/2012**

Another possible variant of financing the SGEI is the support provided according to the special Commission Regulation (EU) No. 360/2012 on using Articles 107 and 108 of the Treaty on the Functioning of the European Union to the de minimis aid granted to establishments providing the services of general economic interests (hereinafter “Commission Regulation No. 360/2012”). In this case, the beneficiary receives as integral part of the legal act on grant award/transfer the Authorization to perform public service, for the entire term of the project. The Authorisation shall determine the activities that are considered services of general economic interest, their scope, period of authorisation and the amount of compensation.

One enterprise may be provided with the aid to 500 000 EUR for three financial years and one enterprise shall be determined in the same manner as in the case of de minimis aid pursuant to Commission Regulation No. 1407/2013. This limit also includes the aid granted under other regulation on de minimis aid. De minimis aid under Commission Regulation No. 360/2012 cannot be cumulated with any other compensatory payment for the same service of general economic interest (Article 2(8) of Regulation No. 360/2012), regardless of whether such compensation constitutes or does not constitute a state aid or compatible state aid according to Decision No. 2012/21/EU.

The provided aid shall be recorded by the granting authority in the central registry of small-scale aid within the time limit stipulated by law. More information on the application of the SGEI rules can be found along with the Manual of Services of General Economic Interest on the website of the Office for the Protection of Competition (<http://www.uohs.cz/cs/verejna-podpora/sluzby-obecneho-hospodarskeho-zajmu-sgei.html>).

If the aid is provided in the form of SGEI, it will be mentioned in the call/follow-up documentation for the call.

## **15.4 Identification of the State Aid within the Supported Activities**

The expected support schemes within the OP RDE interventions can be found on the OP RDE website in the “Documentation for applicants and beneficiaries”.

## **15.5 The Basic Obligations of the Applicant/Beneficiary of the State Aid**

The applicant is obliged to act based on the conditions that are set out for the given aid scheme in the call for proposals and in the follow-up documentation for the call. Engaging the partner must be carried out in accordance with the rules for state aid, in such a way that there was not an indirect state aid of the partner and his advantage according to Article 107(1) of the TFEU (see Chapter 13).

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The beneficiary is obliged to carry out procurement of goods and services (or another comparable transaction) pursuant to the procurement rules and public procurement regulation in a way that prevents state aid (see Chapter 12).

For the purposes of evaluation, the beneficiary/ is obliged to allow the granting authority access to all documents concerning its activities, inner structure, accounting etc., any time during the evaluation of the grant application, as well as during the follow-up project implementation and its sustainability, to judge, whether the applicant/partner meets the above mentioned conditions. To avoid any doubts it is mentioned that when evaluating the fulfilment of these conditions by the applicant/partner, the granting authority can verify not only formal setting or formal information (e.g. in public registers), but also the factual functioning of the applicant/partner.

## **15.6 State Aid Register in the MS2014+**

The granted State aid will be registered in the MS2014+ at the level of grant application on the project budget and a separate screen State aid. The spending of State aid will then be recorded in the individual payment requests.

## **15.7 Consequences of a Breach of State Aid Rules**

The Commission has the main role in assessing violation of the State aid rules. Beneficiaries of public aid can be required to repay the state aid granted, including interest.<sup>192</sup> It is irrelevant whether the fault was on the part of the public aid beneficiary or not. Thus, if the Commission finds that the granted State aid is incompatible with the common market and decides to return or provisionally recover the State aid, the beneficiary is obligated to return that State aid including interest. In the process of recovering aid, the MA will follow Section 7 of Act No. 215/2004 Coll., regulating certain relations in the field of State aid and amending the Act on the promotion of research and development.

The limitation period for the commencement of a dealing in the case of unlawful aid is 10 years and it starts on the day on which the aid was granted.

Exceeding the limit for the de minimis aid may result in recovery the granted aid. Not only the part of the aid exceeding the limit, but the whole aid is recovered (see e.g. Article 3(7) of Commission Regulation No. 1407/2013).

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<sup>192</sup> Council Regulation (EU) No. 2015/1589, Interests shall be payable from the date on which the unlawful aid was available to the beneficiary to the date of its refund; the amount of interests is determined in accordance with Commission Regulation (EC) No. 794/2004.

## 16.CHAPTER – HORIZONTAL PRINCIPLES (PURSUANT TO ARTICLE 7 AND 8 OF THE GENERAL REGULATION)

According to the Common Provisions Regulation, so-called horizontal principles are monitored in the grant application and during the project implementation. They are:

- equal opportunities for women and men;
- equal opportunities and non-discrimination;
- sustainable development.

The applicant in a specific part of grant application describes the impact and reasons of the project influence on individual horizontal principles, or describes implementation of particular activities for their support.

Compliance with the selected horizontal principles is reported by the beneficiary via monitoring reports based on which horizontal principles were fulfilled in the reporting period.

### 16.1 Equal Opportunities for Women and Men

In OP RDE there are predominant activities that are not primarily focused on the equality between women and men; all priority axes however have influence in this area. The principle of equality between women and men will thus be applied as a horizontal principle across individual investment priorities. When programming, managing, monitoring and evaluating the contribution of supported interventions to the equality between men and women will be taken into account. The beneficiary is liable for ensuring equal access of men and women as target groups to activities implemented by the project and ensures that discrimination based on sex is not applied.

Within the support of equality between men and women the applicants properly must properly take into account special needs of individual target groups and uses additional means to remove possible barriers (e.g. via taking into account special educational needs of girls and boys, or via removing gender stereotypes).

### 16.2 Equal Opportunities and Non-Discrimination

The principle of equal opportunities and protection against discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation were already respected in designing the OP RDE text in all the priority axes and specific objectives. These principles will also be monitored in the implementation of projects where the aim is to remove barriers for the target groups, which would inhibit their participation in the project activities.

No measures will be supported that lead to discrimination and segregation of marginalised groups such as Roma children and pupils and other children and pupils with the need for supportive measures (children and pupils with disabilities and social disadvantage).

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## 16.3 Sustainable Development

The OP RDE focused on improving the quality of education, research, development, and co-operation among the actors. The basic modern principles both in education and in research and development include the development of key competences for sustainable development, environmental protection, resource efficiency, measures mitigating climate change, providing conditions for disaster resilience and risk prevention. Responsible attitudes to sustainable development will be encouraged both in grant applications and their subsequent implementation, and throughout implementation, e.g., by preferring electronic communication.

No support will be provided to projects which could have a negative impact on sustainable development. Minimum principles of sustainable development will be required from each project and subsequently will be assessed as part of the project implementation.

The issue of environmental impact is evaluated only in projects supported from the ERDF, i.e. construction works, purchase of sophisticated machines, devices, equipment etc. For this type of projects, the relevance of environmental protection, reducing the risk of disasters (of natural and other origin) or resource efficiency (including electric, heating and other savings) is high and the aim is that investments of this type meet the highest current standards. Therefore, environmental protection and the meeting of the current standards is a part of the approval process.

In monitoring, the beneficiary is obligated to monitor for the relevant specific objectives at the project level the output environmental indicator 4 66 01 "Extended, refurbished or newly built capacity without taking agricultural land" which is specified in the call/follow-up documentation for the call. In research and development projects specialising on research activities as such and on co-operation of various actors, the emphasis will be put on environmental protection within the relevance of the project activities. Applicants will describe in their grant applications the environmental impact of their projects, mainly in resource efficiency, climate change, disaster resilience and prevention. The principle of sustainable development is taken into account in the approval process via the selection criteria.

## 17. CHAPTER – PUBLICITY RULES

For the purpose of promotion of the implementation of the OP RDE as a whole, the MA sets a minimum scope of collaboration for the beneficiaries while promoting the projects, while the beneficiary is obliged to respect two rules:

- The beneficiary has no right to obstruct promotion of the project if such promotion does not require its collaboration;
- If the promotion of the project **requires** the beneficiary’s collaboration, it is the duty of the beneficiary to provide any reasonable collaboration; in such extent that the Beneficiary does not incur any additional costs of such collaboration.

### 17.1 General Obligations of Beneficiaries in terms of Publicity

General obligations of beneficiaries in the area of publicity include the following:

1. For all the information and communication measures, the beneficiary shall demonstrate the grant awarded from ESIF by displaying **the EU emblem, reference to the EU and reference to the fund or funds** from which the project is supported.
2. In the course of the project implementation, the beneficiary shall inform the public about the grant awarded from the funds in the following manner:
  - a) the Beneficiary shall publish on its website (if any), a brief description of the project, including the objectives and the results, emphasising that the project has obtained grant from the EU;
  - b) after the commencement of the physical project implementation, it shall place at least one **poster with information** about the project (A3 size at least)<sup>193</sup>, including the information on the financial aid from the Union in the following wording: “(This) project “project title” is co-financed by the EU.” at a place easily visible to public, such as for example the entrance area of the building. If the Beneficiary implements multiple projects at one place<sup>194</sup> and funded from the same programme, it is possible to install one poster, of minimum size A3, for all those projects.

#### **The poster is displayed in case of following projects:**

- the projects financed from ESF;
- the projects financed from ERDF and the total Union contribution to the project does not exceed EUR 500 000;
- The project is funded from the ERDF and the total Union contribution to the project does not exceed EUR 500 000 and the project was not based on purchase of tangible asset or financing of

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<sup>193</sup> The poster can be replaced by a carrier, on which the information shall be displayed permanently in writing (a board, billboard, etc.) while observing the minimum A3 size.

<sup>194</sup> In the cases when a poster cannot be placed in the place of the project implementation (projects aimed at social work in the field, etc.), the poster can be placed at the registered office of the beneficiary.

infrastructure or construction work, or infrastructure or construction work was purchased at a total value of EUR 500 000.

- c) In case of operations supported from the ESF and where appropriate in case<sup>195</sup> of operations supported from the ERDF or CF, the beneficiary shall ensure that the subjects participating in the operation will be informed of that financing.

Every document related to the project implementation, which will be used for informing the public or target groups of the project or its part, including any acknowledgement of the participation or other acknowledgement, must include a declaration stating that the project was supported from the European structural and investment funds. Such obligation will be considered as fulfilled if the Beneficiary informs about the supported project in the following way:

- displaying the EU emblem, referring to the EU along with a link to ESIF and OP RDE.

The obligation to indicate with the prescribed logos and texts in accordance with the rules stated above/below shall not apply to documents that are not intended to inform the public or the target groups about the project supported (contracts, invoices, public contracts, etc.).

- d) In case of implementation of a project funded from the ERDF, the beneficiary shall post, at a prominent place, well visible to the public, a temporary billboard (for the implementation period of the project), which will be of significant size<sup>196</sup>, for every operation based on financing infrastructure or construction work, where total financial aid exceeds EUR 500 000.

The rules concerning disclosing mandatory publicity instruments and related activities (information on the website) are recommended to be met in the shortest period after issuing the legal act on grant award/transfer, but not later than before the submission of the first project PIR in which the beneficiary informs of fulfilling those obligations.

3. No later than within three months after the completion of the operation, the Beneficiary shall put **up a permanent plaque or a permanent billboard** of significant size at a prominent place, well visible to the public, for each operation fulfilling the conditions set out in paragraph 2d). The poster, permanent plaque or billboard shall state the title of the operation/ project, main objective of the operation/project, and amount of the financial support provided by the EU in the following wording: "(This) project "project name" is co-financed by the European Union."

The permanent plaque, billboard or poster shall be made in compliance with the Manual of Uniform Visual Style of the ESIF funds for the programming period 2014–2020 (hereinafter the UVS Manual) and the MEYS Manual of Visual Identity, available on the MEYS website at <http://www.msmt.cz/strukturalni-fondy-1/pravidla-pro-publicitu>.

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<sup>195</sup> Suitable cases mean trainings, conferences, seminars and workshops.

<sup>196</sup> Specifications of a billboard and a permanent plaque are part of the Manual on Uniform Visual Style of the ESI Funds. According to this specification, the temporary billboard can be of two sizes: a) temporary billboard minimum size of 2.1 x 2.2 m in projects up to EUR 1 million; b) recommended temporary billboard size of 2.4 x 5.1 m is obligatory for projects above EUR 1 million.

The appropriate instrument with all the required formalities is recommended to generate via the Generator of Mandatory Publicity Tools for the programming period of 2014-2020, which is available at the website at <https://publicita.dotaceeu.cz/>.

**Table 14 – Summary of tools**

| Obligatory tools  | Optional tools  |
|---|---|
| <ul style="list-style-type: none"> <li>• Temporary billboard (for the term of the project)</li> <li>• Permanent memorial plaque/billboard</li> <li>• Poster of the minimum A3 size</li> </ul> | <p>All other communication tools and activities fall under the optional tools/optional publicity.</p> |

## 17.2 Obligatory Elements in Obligatory and Optional Tools/Optional Publicity

Obligatory elements defined by the Common Provisions Regulation and further specified by its Implementing Regulation are obligatory for all subjects and all tools (obligatory and optional):

- **EU emblem;**
- **Title "European Union";**
- **Reference to ESI Funds;**
- **Reference to OP RDE.**

### General rules of using logos

- a) Using logos other than the EU emblem with a reference to the EU is the only item specified beyond the scope of requirements following from the Common Provisions Regulation and its Implementing Regulation.
- b) Graphic norms for the EU emblem and the determination of standard colours are available in the Manual of uniform visual style of the ESI funds for the programming period 2014–2020 (see the website at <http://www.msmt.cz/strukturalni-fondy-1/pravidla-pro-publicitu>, including the combination of the EU emblem and the text embedded in the EU emblem.
- c) Logos must be well-visible. Their position and size must be proportional to the dimensions of the material or the document. For multi-page documents (including PowerPoint presentations), it is possible to place the logo in the header/footer of the entire document or only on the first/last page.
- d) The logos are placed so that, regardless they are used horizontally or vertically, the following rule of position is respected: the EU logo should be placed on the left (if used horizontally); and on the top (if used vertically); the MA's OP RDE logo is placed on the second position.
- e) The EU emblem should be at least the same size as the other logos used.
- f) In several logos in a row, protective zones of individual logos should be respected.

- g) The logos shown on website are **always made in colour**; in all the other cases, the colours should be used as well (if possible). The monochromatic version may be used in well-grounded cases only. The well-grounded exceptions i.e. the use of the monochromatic logo, include the cases when the materials are printed on standard office printers, or some other cases, when the material would not allow using the colour version, or if using the colour version would be uneconomical, non-ecological or non-aesthetic.
- h) Making black-and-white copies of original colour material is not considered as non-compliance with Publicity Rules.
- i) In optional tools, the obligation of reference to the fund shall not apply for small promotional objects, where the display of the full version is not technically feasible. For the minimum dimensions of the EU logo, refer to the Manual of the uniform visual style.

## Particular obligations of the beneficiaries related to using logos in individual types of tools/cases

### 1. Obligatory tools

In the case of mandatory instruments covered from OP RDE, the zone designated for compulsory publicity will include at most two logos:

- a) EU logo;
- b) MEYS logo.

It is impossible to place any other logos within the tool. Furthermore, a reference to the EU and ESI funds (jointly) and to the programme will be stated. This information shall be included in the EU logo (see the example):



EVROPSKÁ UNIE  
Evropské strukturální a investiční fondy  
Operační program Výzkum, vývoj a vzdělávání



### 2. Optional tools

As regards optional tools/optional publicity funded from OP RDE, the tool must bear the EU emblem, the reference to EU and ESI funds (jointly) and to the programme. This information may be included in the EU logo. Abbreviated names of programmes may be used within the EU logo as well.

The optional instrument may bear other logos, or a third logo. However, it is recommended respecting the zone of obligatory publicity as defined in the UVS Manual, i.e., it is not recommended placing additional logos (the beneficiary, the project), excluding the logo of MEYS as the MA in one horizontal line in the horizontal arrangement of logos, or in one vertical line in the vertical arrangement of logos. If the technical solution of a specific tool allows it, the third logo should be located outside the level of the logolink of the EU and MEYS (i.e. the obligatory publicity zone). If for technical reasons in a specific tools it is necessary to place a third logo in the same line with the logos of obligatory publicity, it is necessary to strictly observe the protective zone of each logo (pursuant to paragraph f of the general rules for the use of logos and in accordance with the UVS Manual).

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## 17.3 Financial Sanctions in the case of Non-compliance with the Publicity Rules for Beneficiaries

The fundamental prerequisite of successfully fulfilled obligations in the area of publicity is applying preventive procedures, not repressive recourse.

The following rules are applicable for all misconducts in the area of publicity:

1. Any misconduct subject to financial sanctions should be visible/identifiable to the naked eye (irregularities not visible to the naked eye are not given sanctions);
2. Reasonable deadlines are determined for remedy;
3. The maximum amount of financial sanctions related to misconducts in the area of publicity per one project is CZK 1 000 000 to avoid too high financial sanctions for misconducts which do not directly affect the project objectives;
4. The amount of financial sanctions is set as a percentage in the legal act on grant award/transfer; the percentage is computed from the **total amount of grant**, which is awarded for the project implementation in the legal act on grant award/transfer, and that at its **current amount** at the time when the financial sanction was imposed;
5. Any documentation (request for correction, notification on misconduct etc.) is communicated via the MS2014+.

Misconducts are divided into two types:

### A) Rules for enforcement of financial corrections in obligatory tools

In case of a finding stating a Beneficiary's breach in a concrete rule in the area of publicity in any of obligatory tools, the Beneficiary will be asked for correction in writing, within a deadline defined by the inspection body (the deadline shall correspond to the time needed for such correction). After that, the following procedure will apply:

1. The beneficiary corrects the situation within the required deadline – no financial correction is imposed.<sup>197</sup>
2. If the beneficiary does not provide remedy within the stipulated period or provides it wrongly - a **financial correction** will be imposed for misconduct according to Table 15 (see below) and will then be prompted again to correct the misconduct, the inspection body will set a reasonable period for that remedy.
3. If the Beneficiary does not rectify the situation after such repeated request, the **financial correction for not respecting the request made by the granting authority** will be imposed in the same amount as it was determined at the time of identification of the breach, according to Table No. 15; for the purpose of this, it is stated in the legal act that the financing is provided on condition that an issue will

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<sup>197</sup> In accordance with point 14 f) paragraph 1 and 2 of the budget rules, if the beneficiary is asked for rectification within a substitute period and rectifies its error, no financial correction is imposed.

|  |                                 |                        |
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be corrected if the beneficiary is asked to do so, and, furthermore, that failure on the beneficiary's side to rectify the situation within the determined deadline and in the way as required will constitute a breach of the conditions for providing the financing; and furthermore, that every failure to rectify the situation will be sanctioned, i.e. every unfulfilled request for rectification constitutes one breach of conditions of the grant award. Following from such arrangements, it is possible to impose the financial correction for not respecting of the request by the MA several times if the rectification is not ensured within the deadline specified in the request, until the correction has been ensured. In terms of obligatory tools, any irregularity must be rectified, in any case.

**Table 15 - Financial corrections in the obligatory tools**

| Publicity Tool          | Misconduct  | The amount of financial correction |
|-------------------------|---|------------------------------------|
| <b>Obligatory tools</b> | The tool is completely missing  | 1.2 %                              |
|                         | Something is missing or is incorrect on the tool: <ul style="list-style-type: none"> <li>– EU logo (EU emblem including all statutory references/texts)</li> <li>– name, main objective of the operation and information on EU financial aid</li> <li>– prescribed dimension of the tool</li> </ul> | 0.8 %                              |
|                         | Redundant logo is stated  | 0.1 %                              |
|                         |   |                                    |

**B) Rules for enforcement of sanctions in optional tools/optional publicity**

In case of a finding stating a Beneficiary's breach in a concrete rule in the area of publicity in any of optional tools, **the beneficiary will be asked for correction in writing, within a deadline defined by the inspection body** (the deadline shall correspond to the time needed for such correction). After that, the following procedure will apply:

1. If the correction **is** possible and the Beneficiary **rectifies** the situation within the required deadline, no financial correction is imposed.
2. If the correction is not possible (for example, for technical reasons, there is no sense in doing it, it would be economically unsound <sup>198</sup>), the Beneficiary will be reproached – **reproach No. 1**, category A or B, refer to Table No. 16 (see below) no financial correction will be imposed. Should the same non-compliance occur in any other tool/medium again during the following inspection, the Beneficiary will be reproached once more - **reproach No. 2**, category A or B refer to Table 16 below and financial correction is not applied. The financial correction will be imposed if the Beneficiary, during the third inspection, is reproved for the third time – **reproach No. 3**, for the third misconduct in the same

<sup>198</sup> All the reasons for which the remedy is not possible need to be properly substantiated in writing by the beneficiary within a specified period. Generally, the correction is economically disadvantageous, unless the costs of removing the misconduct exceed the amount of the financial correction. Other cases need to be assessed by the inspection body.

category (A or B) in any optional tool<sup>199</sup>. The same financial correction will be applied if the fourth or any other misconduct is identified in the same category (A or B).

3. If a correction **is** possible but the beneficiary **does not correct** the situation within the required deadline, the financial correction as per Table 16 will be applied.

**Table 16 – Financial corrections in optional tools/optional publicity**

| Publicity Tool                    | Category | Misconduct   | Level of misconduct                      | The amount of financial correction |
|-----------------------------------|----------|--|--|------------------------------------|
| Optional tools/optional publicity | A        | EU logo (EU emblem, including all statutory references/texts)          | completely missing                       | 0.6 %                              |
|                                   | B        | – EU logo (emblem of the EU, including all mandatory references/texts) | it is listed incorrectly                 | 0.4 %                              |
|                                   |          | – Information on the website, if such exists <sup>200</sup>            | completely missing/is listed incorrectly |                                    |

<sup>199</sup> One censure may be imposed for more optional instruments together. Tools that have already been counted once cannot be imposed with any other censure subsequently.

<sup>200</sup> EP and Council Regulation (EU) No. 1303/2013, Annex XII, 2.2, Responsibilities of Beneficiaries, paragraph 3.

## 18. ANNEXES

### 18.1 Annex No. 1: Template – Standard Form for Processing an Application for Review

|  |  |
|--|--|
| Registration number of the grant application*: |  |
| Name of the project*:                          |  |

|   |  |
|---|--|
| <b>CONTACT DETAILS OF THE APPLICANT - LEGAL ENTITY</b>              |  |
| Business name or name*:   |  |
| Official address ( <i>street name and number, town, postcode</i> ): |  |
| Identification number*:   |  |
| E - mail:   |  |
| Phone:  |  |

Mandatory field\*

|   |  |
|---|--|
| <b>REQUEST FOR REVIEW</b>   |  |
| Subject ( <i>what part of the appraisal the applicant objects to</i> )*:  |  |
| Description of the request for review ( <i>detailed wording of the request and the individual comments, including a justification, identification of grant application and identification of criteria which the request for review concerns</i> )*: |  |
| Annexes:  |  |
| Proposal of the applicant ( <i>what outcome the applicant expects from the review</i> ):  |  |
| Date*:  |  |
| Signature*:   |  |

\* Mandatory field

## 18.2 Annex No. 2: Template – Interim/final Project Implementation Report

The template report contains a minimum list of the mandatory fields. **The call can extend both mandatory and optional fields.**

### Document Start Page

| Data entry                             | Fulfilment   | Note:  |
|--|--|--|
| <b>Name of the document</b>            | Interim report on the implementation of an individual project/major project/simplified project No. X<br>Final report on the implementation of an individual project/major project/simplified project No. X | Automatically<br>X = Project registration number |
| <b>Project registration number</b>     |  | Automatically                                    |
| <b>Name of the project</b>             |  | Automatically                                    |
| <b>Programme/Partnership Agreement</b> | Codelist   | Automatically                                    |
| <b>Type of document</b>                | Implementing   | Automatically                                    |
| <b>Kind of document</b>                | Codelist<br>– Report on implementation of an individual project<br>– Report on implementation of a major project<br>– Report on implementation of a simplified project                                     | Automatically                                    |
| <b>Logo</b>                            |  | Automatically                                    |

### Document content

| Number | Chapter                                 | Data entry                   | Binding   | Fulfilment  | Note:   |
|--------|---|------------------------------|-----------|---|---|
| 1.     | <b>Basic information on the project</b> | Project registration number  | Mandatory |   | Filled in automatically, only those data items are displayed and their data which are relevant for the project. |
|        |   | Name of the project          |           |   |   |
|        |   | The name of the beneficiary; |           |   |   |
|        |   | Type of operation            |           | Codelist<br>– Individual project<br>– Major Project<br>– Simplified Project |   |
|        |   | Project attribute            |           | Codelist<br>– integrated  |   |

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| Number | Chapter                                   | Data entry   | Binding   | Fulfilment   | Note:   |
|--------|---|--|-----------|--|---|
|        |   |  |           | <ul style="list-style-type: none"> <li>- synergistic</li> <li>- complementary</li> <li>- irrelevant</li> </ul> |   |
|        |   | Number and name of the integrated tool, if the project is "integrated" |           |  |   |
|        |   | Number and name of project(s) with which the project is "synergistic"  |           |  |   |
|        |   | Number and name of the programme from which the project is co-financed |           |  |   |
|        |   | Number and name of priority axis/priority of the Union                 |           |  |   |
|        |   | Number and name of the investment priorities/specific objective (EMFF) |           |  |   |
|        |   | Number and name of measure (EMFF)                                      |           |  |   |
|        |   | Number and name of objective (EMFF)                                    |           |  |   |
|        |   | Number and name of the specific target/specific objectives             |           |  |   |
|        |   | Fund   |           |  |   |
|        |   | Number of the stage  |           |  | to be filled by the beneficiary, if the project is divided to stages. |
| 2.     | <b>Basic information about the report</b> | Identification number of the report                                    | Mandatory |  | Automatically   |
|        |   | Type of report   |           | Codelist   |   |

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| Number | Chapter | Data entry                          | Binding | Fulfilment   | Note:   |
|--------|---------|-------------------------------------|---------|--|---|
|        |         |                                     |         | <ul style="list-style-type: none"> <li>- ongoing</li> <li>- final</li> </ul> |   |
|        |         | Serial number of the report/version |         |  |   |
|        |         | Actual submission date              |         | dd.mm.yyyy   | Date on which the beneficiary submitted the report to the MA/IB if it is involved in the implementation. Filled in automatically.   |
|        |         | Reference period from:              |         | dd.mm.yyyy   | Filled in automatically. date of issuing the legal act on grant award/transfer, or start date of the physical implementation, if prior to the date of issuing the legal act on grant award/transfer, or the date following the date referred to in "Reporting period until" in the previous report. |
|        |         | Reference period to:                |         | dd.mm.yyyy   | To be completed by the beneficiary. Selected from the calendar.   |
|        |         | Actual start date                   |         | dd.mm.yyyy   | To be completed by the beneficiary. Selected from the calendar.   |
|        |         | Actual completion date              |         | dd.mm.yyyy   | To be completed by the beneficiary.   |

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| Number | Chapter   | Data entry   | Binding  | Fulfilment | Note:   |
|--------|---|--|--|------------|---|
|        |   |  |  |            | Selected from the calendar.   |
| 3.     | <b>Contact data relevant for the report</b>   | Name:  | Mandatory  | Text field | To be completed by the beneficiary.   |
|        |   | Last name:   | Mandatory  | Text field | To be completed by the beneficiary.   |
|        |   | Email  | Mandatory  | Text field | To be completed by the beneficiary.   |
| 4.     | <b>Information on progress in the project implementation in the reporting period</b>      | Description of progress in implementation during the reporting period                | Mandatory for individual projects and major projects, unless they have key activities defined<br>Optional for the projects, for which the key activities are defined | Text field | Description of progress to date and the achieved status of implementation of the project. To be completed by the beneficiary.                   |
| 5.     | <b>Information on progress in implementing the key activities in the reporting period</b> | Number and title of the key activity   | Required for the projects, for which the key activities are defined  |            | Filled in automatically based on the legal act on grant award/transfer<br>Relevant only for projects, for which the key activities are defined. |
|        |   | Description of the progress in implementing the key activity in the reporting period | Required for the projects, for which the key activities are defined  | Text field | Description of progress to date and the achieved status of implementation of the key activity. To be completed by the beneficiary.              |
| 6.     | <b>Information on performance against indicators</b>                                      | Information on the performance against indicators for the project                    | Mandatory  | ///        | Information on the physical progress of the project.  |

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|--------|---------|---|-----------|----------------------|--|
|        |         |   |           |                      | In the simplified projects (SP) which have indicators bound to units of the SP activities, the achieved indicator values are uploaded from the part <i>Information on performance against indicators of the SP activity units</i> (see below). |
|        |         | Code and name of the indicator            | Mandatory | Format per NCI 2014+ | Filled in automatically, according to NCI 2014+. Data are uploaded for each indicator, to which the beneficiary has committed, and are uploaded from the legal act on grant award/transfer.  |
|        |         | Unit of measurement                       | Mandatory | Format per NCI 2014+ |  |
|        |         | Environmental Indicator (ENVI)            | Mandatory | Format per NCI 2014+ |  |
|        |         | Baseline value                            | Optional  | Format per NCI 2014+ |  |
|        |         | Date of initial value                     | Optional  | dd.mm.yyyy           |  |
|        |         | Target value                              | Optional  | Format per NCI 2014+ |  |
|        |         | Date of target value                      | Optional  | dd.mm.yyyy           |  |
|        |         | Achieved value (for the monitored period) | Mandatory | Format per NCI 2014+ | This is a value that was achieved in the reporting period for which the report is submitted. To be completed by the beneficiary according to the facts.  |
|        |         | Achieved value (cumulative)               | Mandatory | Format per NCI 2014+ | This is a cumulative figure since the beginning of the physical project implementation until the end of the  |

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|--------|---------|---|---|------------|--|
|        |         |   |   |            | reporting period for which this report is submitted.<br>To be completed by the beneficiary according to the facts.<br>For the simplified projects automatically. |
|        |         | Date of achieved value  | Mandatory   | dd.mm.yyyy | To be completed by the beneficiary. Beneficiary selects from the calendar.   |
|        |         | Percentage of the target value  | Mandatory   |            | Automatically if the target value of the indicator is not part of the legal act on grant award/transfer, N/A is filled in.                                       |
|        |         | Comment   | Optional  | Text field | Explanation of the achieved value of the indicator. To be completed by the beneficiary, if considered desirable.   |
|        |         | Information on the performance against indicators for the SP activity units | Mandatory with simplified projects that have indicators linked to the SP activity units | ///        | Information on the physical progress in the SP activity units. Shows only for relevant simplified projects.  |

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| Number | Chapter | Data entry                                | Binding   | Fulfilment  | Note:   |
|--------|---------|---|---|---|---|
|        |         | The number and title of the SP activity   | Mandatory for simplified projects that have indicators linked | Format as per the codelist of unit costs <sup>201</sup> | To be completed in accordance with the legal act on grant award/transfer  |
|        |         | Code and name of the indicator            | Mandatory   | Format per NCI 2014+                                    | Filled in automatically, according to NCI 2014+. Data are uploaded for each indicator, to which the beneficiary has committed, and are uploaded from the legal act on grant award/transfer. |
|        |         | Unit of measurement                       | Mandatory   | Format per NCI 2014+                                    |   |
|        |         | Environmental Indicator (ENVI)            | Mandatory   | Format per NCI 2014+                                    |   |
|        |         | Baseline value                            | Optional  | Format per NCI 2014+                                    |   |
|        |         | Date of initial value                     | Optional  | dd.mm.yyyy  |   |
|        |         | Target value                              | Optional  | Format per NCI 2014+                                    |   |
|        |         | Date of target value                      | Optional  | dd.mm.yyyy  |   |
|        |         | Achieved value (for the monitored period) | Mandatory   | Format per NCI 2014+                                    | This is a value that was achieved in the reporting period for which the report is submitted. To be completed by the beneficiary according to the facts.                                     |
|        |         | Achieved value (cumulative)               | Mandatory   | Format per NCI 2014+                                    | This is a cumulative figure since the beginning of the project implementation until the end of the reporting period for which this report is submitted.                                     |

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<sup>201</sup> MA creates the codelist when defining the call for simplified projects.

| Number | Chapter   | Data entry                              | Binding                          | Fulfilment  | Note:   |
|--------|---|---|----------------------------------|---|---|
|        |   |   |                                  |   | To be completed by the beneficiary according to the facts.<br>For the simplified projects automatically.                      |
|        |   | Date of achieved value                  | Mandatory                        | dd.mm.yyyy  | To be completed by the beneficiary. Beneficiary selects from the calendar.  |
|        |   | Achievement percentage of target value  | Mandatory                        |   | Automatically<br>If the target value of the indicator is not part of the legal act on grant award/transfer, N/A is filled in. |
|        |   | Comment                                 | Optional                         | Text field  | Explanation of the achieved value of the indicator. To be completed by the beneficiary, if considered desirable.              |
| 7.     | <b>Information on implementation of simplified project activities</b> | The number and title of the SP activity | Mandatory                        | Format as per the codelist of unit costs <sup>202</sup> | Filled in automatically, according to the legal act on grant award/transfer   |
|        |   | Unit number and name                    | Mandatory                        | Format per the codelist of unit costs                   |   |
|        |   | Number of units in the SP activity      | Mandatory                        | Number  |   |
|        |   | Number of the SP activities             | Optional for simplified projects | Number  |   |
|        |   | Total number of units in the project    |                                  | Number  |   |

<sup>202</sup> MA creates the codelist when defining the call for simplified projects (see the “MG management of calls and appraisal of projects 2014- 2020” and “MG MS2014+).

| Number | Chapter | Data entry  | Binding                          | Fulfilment                                      | Note:  |
|--------|---------|---|----------------------------------|---|--|
|        |         | Cost per unit   | Mandatory                        | Financial resources rounded to 2 decimal places |  |
|        |         | Total cost of the given number of units in the SP activity  | Mandatory                        | Financial resources rounded to 2 decimal places |  |
|        |         | Total costs of the SP activity                              | Optional for simplified projects | Financial resources rounded to 2 decimal places |  |
|        |         | Total number of approved units from previous PIR for the SP | Mandatory                        | Number  | Filled in automatically according to previous approved PIR for the SP.   |
|        |         | Demonstrated by the beneficiary                             | Mandatory                        | ///   | Part that includes information on the achieved progress and absorption of the simplified project for the reporting period and since the start of the project implementation. |
|        |         | Achieved number of units (for the reporting period)         | Mandatory                        | Format per the codelist of unit costs           | This is a value that was achieved in the reporting period for which the report is submitted.<br>To be completed by the beneficiary according to the facts.                   |
|        |         | Achieved number of units (cumulatively)                     | Mandatory                        | Format per the codelist of unit costs           | This is a cumulative figure since the beginning of the project implementation until the end of the reporting period for which this report is submitted.<br>Automatically     |

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|--------|---------|---|-----------------------------------|---|--|
|        |         | Remains to be achieved  | Mandatory                         | Format per the codelist of unit costs           | Automatically  |
|        |         | Documented eligible expenditure for the achieved units (for the reporting period) | Mandatory                         | Financial resources rounded to 2 decimal places | Automatically<br>The amount is in CZK  |
|        |         | Documented eligible expenditure for the achieved units (cumulatively)             | Mandatory                         | Financial resources rounded to 2 decimal places | Automatically<br>The amount is in CZK  |
|        |         | Remains to absorb   | Mandatory                         | Financial resources rounded to 2 decimal places | Automatically<br>The amount is in CZK  |
|        |         | Approved by the MA/IB, if it is involved in the implementation                    | Mandatory for simplified projects | ///   | Part filled in by the MA/IB if it is involved in the implementation - project manager. The beneficiary can see this part when completing PIR for the SP, but cannot edit it. |
|        |         | Approved achieved number of units (for reporting period)                          |                                   | Format per the codelist of unit costs           | To be completed by the MA/IB, if the project manager is involved in the list of outputs  |
|        |         | Approved achieved number of units (cumulatively)                                  |                                   | Format per the codelist of unit costs           | Automatically  |
|        |         | Remains to be achieved  |                                   | Format per the codelist of unit costs           | Automatically  |
|        |         | Approved eligible expenditure for the achieved units (for the reporting period)   |                                   | Financial resources rounded to 2 decimal places | Automatically<br>The amount is in CZK  |
|        |         | Approved eligible expenditure for the   |                                   | Financial resources rounded to 2 decimal places | Automatically<br>The amount is in CZK  |

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| Number | Chapter                                   | Data entry   | Binding                           | Fulfilment                                      | Note:   |
|--------|---|--|-----------------------------------|---|---|
|        |   | achieved units (cumulatively)                      |                                   |   |   |
|        |   | Remains to absorb                                  |                                   | Financial resources rounded to 2 decimal places | Automatically<br>The amount is in CZK   |
|        |   | <b>Correction</b>                                  | Mandatory for simplified projects | ///   | Part filled in by the MA/IB if it is involved in the implementation - project manager.<br>The beneficiary can see this part when completing PIR for the SP, but cannot edit it. |
|        |   | Reduced number of units (for the reporting period) |                                   | Format per the codelist of unit costs           | To be completed by the MA/IB, if the project manager is involved in the list of outputs   |
|        |   | Cut/ineligible expenditure                         |                                   | Financial resources rounded to 2 decimal places | Automatically.<br>The amount is in CZK.   |
|        |   | Method of correction                               |                                   | Text field.                                     | To be completed by the MA/IB, if the project manager is involved in the list of outputs.  |
|        |   | Justification of the corrections for beneficiaries |                                   | Text field.                                     | To be completed by the MA/IB, if the project manager is involved in the list of outputs.  |
| 8.     | <b>Information on corporate variables</b> | Number of employees                                |                                   | Number  | Definition under Regulation 651/2014.<br>Note: FTE  |
|        |   | Annual turnover                                    |                                   | Number  | Definition under Regulation 651/2014.   |

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| Number | Chapter   | Data entry   | Binding  | Fulfilment   | Note:   |
|--------|---|--|--|--|---|
|        |   | Annual balance sheet total   |  | Number   | Definition under Regulation 651/2014.   |
|        |   | Enterprise size  |  | Automation - codelist:<br>– microenterprise<br>– small enterprise<br>– medium-sized enterprise<br>– large enterprise | Filled automatically according to EC Regulation 651/2014, Annex 1 on the basis of data in previous fields.  |
| 9.     | <b>Information on implementation of synergies</b>             | Registration number and name of project with which the project is synergistic  | Mandatory for projects that are identified as synergistic, and only in the final IR of the project             |  | Identification of the mirror (synergistic) project.<br>Filled in automatically, according to data in the legal act on grant award/transfer  |
|        |   | Description of progress in implementing the synergies  | Mandatory for projects that are identified as synergistic, and only in the final IR of the project             | Text field   | Evaluation of the benefits of the project in relation to the mirror (synergistic) project. What is the added value of mutual implementation of both synergistic projects, how is the cooperation between the project beneficiaries functioning, etc.? To be completed by the beneficiary. |
| 10.    | <b>Information on implementation of horizontal principles</b> | Description of the achievement of objectives of the project in the field of equal opportunities and non-discrimination | Required for projects in which the applicant/beneficiary for aid specifies - positive of specifically targeted | Text field   | The beneficiary within the text field describes what measures have been taken to ensure the HP equality between men and women.  |

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| Number | Chapter                         | Data entry   | Binding  | Fulfilment                                       | Note:   |
|--------|---------------------------------|--|--|--|---|
|        |                                 | Description of achievement of the project objectives in ensuring equality between men and women. | Required for projects in which the applicant/beneficiary for aid specifies - positive of specifically targeted | Text field                                       | The beneficiary within the text field describes what measures have been taken to ensure the HP equality between men and women.  |
|        |                                 | Description of the achievement of the project objectives in the field of environmental impact    | Required for projects in which the applicant/beneficiary for aid specifies - positive of specifically targeted | Text field                                       | The beneficiary describes in the text box what measures have been taken to ensure the performance against ENVI indicators. Performance against ENVI indicators is automatically linked to the Indicators tab. |
| 11.    | <b>Information about income</b> | Amount of income actually earned pursuant to Article 61 for the reporting period                 | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF                      | The financial amount rounded to 2 decimal places | To be completed by the beneficiary.   |
|        |                                 | Amount of income actually earned pursuant to Article 61 cumulatively                             | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF                      | The financial amount rounded to 2 decimal places | Automatically based on the previous field and the previous IRs.   |
|        |                                 | Amount of actually earned other monetary income for the reporting period                         | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF                      | Financial amount rounded to 2 decimal places     | To be completed by the beneficiary.   |
|        |                                 | Amount of actually earned other monetary income cumulatively                                     | Mandatory for individual projects and large projects co-   | Financial amount rounded to 2 decimal places     | Automatically based on the previous   |

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|        |         |  | financed by the ERDF, CF and EMFF   |  | field and the previous IRs.   |
|        |         | Amount of actually achieved operating expenses for the reporting period      | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.   |
|        |         | Amount of actually achieved operating expenses cumulatively                  | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF | Financial amount rounded to 2 decimal places | Automatically based on the previous field and previous PIR.   |
|        |         | Amount of actually earned net other monetary income for the reporting period | Mandatory for ESF   | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.   |
|        |         | Amount of actually earned net other monetary income cumulatively             | Mandatory for ESF   | Financial amount rounded to 2 decimal places | Automatically based on the previous field and previous PIR.   |
|        |         | Recalculated in the CBA module   | Mandatory for individual projects   | Codelist<br>– yes<br>– no                    | Recalculation is mandatory in the Final Report on project implementation for projects that have the calculation made in the CBA module. To be completed by the beneficiary. |
|        |         | Annex - CBA calculation (made outside the CBA module in the MS2014+)         | Mandatory for individual projects that have an exception in MG                            | File   | Uploaded by beneficiary.  |

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|--------|---|--|--|---|---|
|        |   |  | Management of Calls and Appraisal of Projects 2014-2020 and for major projects |   |   |
| 12.    | <b>Information on progress in public procurement</b>  | More in Chapter 12   |  |   | Relevant for projects that plan/implement public contracts. Data items are offered depending on the state of preparation or implementation of the public contract(s). |
| 13.    | <b>Information on the inspections carried out at the beneficiary during the period for which this report is submitted (except for checks by the granting authority)</b> | Inspection authority                                       | Mandatory  | Codelist  | The beneficiary selects one item from the codelist.   |
|        |   | Inspection start date                                      | Mandatory  | dd.mm.yyyy  | to be selected by the beneficiary from the calendar.  |
|        |   | Inspection Completion Date                                 | Mandatory  | dd.mm.yyyy  |   |
|        |   | Conclusion/inspection result                               | Mandatory  | Codelist<br>– without finding<br>– with findings        | Determining the result of the inspection. The beneficiary selects one item from the codelist.   |
|        |   | Annex - Inspection report/audit report                     | Mandatory  | File  | Uploaded by the beneficiary if the conclusion/result of the inspection was with a finding.  |
| 14.    | <b>Information on ensuring mandatory publicity</b>  | <b>Obligatory tools:</b>                                   | Mandatory  | ///   |   |
|        |   | Billboard for ERDF/CF projects worth more than EUR 500 000 | Required for projects that meet the condition                                  | Codelist:<br>– yes<br>– not for now<br>– does not apply | Displayed for relevant projects according to the legal act on grant award/transfer  |

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|        |         |  |   |   | Allocation for the total eligible expenditure in CZK is converted at the exchange rate valid at the time of concluding the legal act on grant award/transfer.<br>To be completed by the beneficiary.<br>Choose one item from the codelist.   |
|        |         | Permanent/memorial plaque for ERDF/CF projects worth more than EUR 500 000                       | Required for projects that meet the condition | Codelist:<br>– yes<br>– not for now<br>– does not apply | Displayed for relevant projects according to the legal act on grant award/transfer<br>Allocation for the total eligible expenditure in CZK is converted at the exchange rate valid at the time of concluding the legal act on grant award/transfer.<br>To be completed by the beneficiary.<br>Choose one item from the codelist. |
|        |         | Comment  | Optional                                      | Text field.   | Explanation To be completed by the beneficiary, if considered desirable.   |
|        |         | Posters for ESF projects and for ERDF/CF projects worth less than EUR 500 000 of min. size of A3 | Required for projects that meet the condition | Codelist:<br>– yes<br>– not for now<br>– does not apply | Displayed for relevant projects according to the legal act on grant award/transfer   |

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| Number | Chapter | Data entry  | Binding                                       | Fulfilment  | Note:  |
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|        |         |   |   |   | Allocation for the total eligible expenditure in CZK is converted at the exchange rate valid at the time of concluding the legal act on grant award/transfer.<br>To be completed by the beneficiary.<br>Choose one item from the codelist.   |
|        |         | Posters for ERDF/CF projects worth more than EUR 500 000 of min. size of A3 | Required for projects that meet the condition | Codelist:<br>– yes<br>– not for now<br>– does not apply | Displayed for relevant projects according to the legal act on grant award/transfer<br>Allocation for the total eligible expenditure in CZK is converted at the exchange rate valid at the time of concluding the legal act on grant award/transfer.<br>To be completed by the beneficiary.<br>Choose one item from the codelist. |
|        |         | Comment   | Optional                                      | Text field.   | Explanation To be completed by the beneficiary, if considered desirable.   |
|        |         | Mandatory elements (logos, reference to the                                 | Mandatory                                     | ///   |  |

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|        |                   | fund, slogan and other mandatory requirements)   |           |   |  |
|        |                   | The mandatory elements are shown on documents, websites and other media financed from European funds in accordance with the Rules for Applicants and Beneficiaries, in line with the mandatory technical parameters. | Mandatory | Codelist:<br>– yes<br>– not for now<br>does not apply | To be completed by the beneficiary.<br>Choose one item from the codelist.  |
|        |                   | Comment  | Optional  | Text field.   | Explanation To be completed by the beneficiary, if considered desirable.   |
| 15.    | <b>Affidavits</b> | List of affidavits   | Mandatory | A text box with the wording of the affidavit(s)       | The beneficiary selects from the offered affidavits and with its electronic signature attached to the project IR it confirms agreement with their wording. |

### 18.3 Annex No. 3: Template - Final Report for the entire period of the project

The template report contains a minimum list of the **mandatory fields**. The call can extend both **mandatory and optional fields**.

#### Document Start Page

| Data entry                             | Fulfilment  | Note:  |
|--|---|--|
| <b>Name of the document</b>            | Final Report for the entire period of implementation of individual project No. X<br>Final Report for the entire period of implementation of major project No. X | Automatically<br>X = Project registration number |
| <b>Project registration number</b>     |   | Automatically                                    |
| <b>Name of the project</b>             |   | Automatically                                    |
| <b>Programme/Partnership Agreement</b> | Codelist  | Automatically                                    |
| <b>Type of document</b>                | Implementing  | Automatically                                    |
| <b>Kind of document</b>                | Codelist<br>– Report on implementation of an individual project<br>– Report on implementation of a major project  | Automatically                                    |
| <b>Logo</b>                            |   | Automatically                                    |

#### Document content

| Number                       | Chapter                                 | Data entry   | Binding   | Fulfilment | Note:  |
|------------------------------|---|--|-----------|------------|--|
| 1.                           | <b>Basic information on the project</b> | Project registration number                                  | Mandatory |            | Filled in automatically, only those data items and their data are displayed, which are relevant for the project. |
| Name of the project          |   |  |           |            |  |
| The name of the beneficiary; |   |  |           |            |  |
| Type of operation            |   | Codelist<br>– Individual project<br>– Major Project          |           |            |  |
| Project attribute            |   | Codelist<br>– integrated<br>– synergistic<br>– complementary |           |            |  |

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|        |   |  |           | – irrelevant |   |
|        |   | Number and name of the integrated tool, if the project is "integrated" |           |              |   |
|        |   | Number and name of project(s) with which the project is "synergistic"  |           |              |   |
|        |   | Number and name of the programme from which the project is co-financed |           |              |   |
|        |   | Number and title of priority axis/Union priority                       |           |              |   |
|        |   | Number and name of the investment priorities/specific objective (EMFF) |           |              |   |
|        |   | Number and name of measure (EMFF)                                      |           |              |   |
|        |   | Number and name of objective (EMFF)                                    |           |              |   |
|        |   | Number and name of the specific target/specific objectives             |           |              |   |
|        |   | Fund   |           |              |   |
|        |   | Number of the stage  |           |              | to be filled by the beneficiary, if the project is divided to stages.   |
| 2.     | <b>Basic information about the report</b> | Identification number of the report                                    | Mandatory |              | Automatically   |
|        |   | Type of report   |           | "final"      |   |
|        |   | Serial number of the report  |           |              |   |
|        |   | Actual submission date   |           | dd.mm.yyyy   | Date on which the beneficiary submitted the report to the MA/IB if it is involved in the implementation. Filled in automatically. |

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|        |  | Reference period from:                                  |   | dd.mm.yyyy | Filled in automatically. The date from issuance of the legal act on grant award/transfer or the start date of the physical project implementation, if prior to the date of issuing the legal act on grant award/transfer or the date following the date set out in item "Reference period until" in the previous report. |
|        |  | Reference period to:                                    |   | dd.mm.yyyy | To be completed by the beneficiary. Selected from the calendar. It is the end date of the physical project implementation.   |
| 3.     | <b>Contact person for the report</b>                           | Name:   | Mandatory   | Text field | To be completed by the beneficiary.  |
|        |  | Last name:  | Mandatory   | Text field | To be completed by the beneficiary.  |
|        |  | Email   | Mandatory   | Text field | To be completed by the beneficiary.  |
| 4.     | <b>Information on the course of the project implementation</b> | Description of the course of the project implementation | Mandatory for individual projects, major projects and simplified projects, unless they have key activities defined. Optional for the projects, for which the key activities are defined | Text field | To be completed by the beneficiary.  |
| 5.     | <b>Information on the performance of key activities</b>        | Number and title of the key activity                    | Required for the projects, for which the  |            | Filled in automatically based on the legal act on grant award/transfer.  |

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|        |  |  | key activities are defined  |                      | Relevant only for projects, for which the key activities are defined.   |
|        |  | Description of performing the key activity during the project implementation | Required for the projects, for which the key activities are defined | Text field           | To be completed by the beneficiary.   |
| 6.     | <b>Information on performance against indicators</b> | Code and name of the indicator   | Mandatory   | Format per NCI 2014+ | Filled in automatically, according to NCI 2014+. Data are uploaded for each indicator, to which the beneficiary has committed, and are uploaded from the legal act on grant award/transfer. |
|        |  | Unit of measurement  | Mandatory   | Format per NCI 2014+ |   |
|        |  | Environmental Indicator (ENVI)   | Mandatory   | Format per NCI 2014+ |   |
|        |  | Baseline value   | Optional  | Format per NCI 2014+ |   |
|        |  | Date of initial value  | Optional  | dd.mm.yyyy           |   |
|        |  | <b>Target value</b>  | Optional  | Format per NCI 2014+ |   |
|        |  | Date of target value   | Optional  | dd.mm.yyyy           |   |
|        |  | Achieved value   | Mandatory   | Format per NCI 2014+ | This is a cumulative value since the start of the project implementation. To be completed by the beneficiary according to the facts.  |
|        |  | Date of achieved value   | Mandatory   | dd.mm.yyyy           | To be completed by the beneficiary.<br>Selected from the calendar.  |
|        |  | Percentage of the target value   | Mandatory   |                      | Automatically. If the target value of the indicator is not part of the legal act on grant award/transfer, N/A is filled in.   |
|        |  | Comment  | Optional  | Text field.          | Explanation of the achieved value of the indicator. To be completed by the beneficiary, if considered desirable.  |

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| Number | Chapter   | Data entry   | Binding  | Fulfilment  | Note:   |
|--------|---|--|--|-------------|---|
| 7.     | <b>Information on implementation of synergies</b>             | Registration number and name of project with which the project is synergistic  | Mandatory for projects that are identified as synergistic  |             | Identification of the mirror (synergistic) project. Filled in automatically according to the data in the legal act on grant award/transfer  |
|        |   | Description of progress in implementing the synergies  | Mandatory for projects that are identified as synergistic  | Text field. | Evaluation of the benefits of the project in relation to the mirror (synergistic) project. What is the added value of mutual implementation of both synergistic projects, how is the cooperation between the project beneficiaries functioning, etc.? To be completed by the beneficiary. |
| 8.     | <b>Information on implementation of horizontal principles</b> | Description of the achievement of objectives of the project in the field of equal opportunities and non-discrimination | Required for projects in which the applicant/beneficiary for aid specifies - positive of specifically targeted | Text field  | The beneficiary within the text field describes what measures have been taken to ensure the HP equality between men and women.  |
|        |   | Description of achievement of the project objectives in ensuring equality between men and women.                       | Required for projects in which the applicant/beneficiary for aid specifies - positive of specifically targeted | Text field  | The beneficiary within the text field describes what measures have been taken to ensure the HP equality between men and women.  |
|        |   | Description of the achievement of the project objectives in the field of environmental impact                          | Required for projects in which the applicant/beneficiary for aid specifies - positive of specifically targeted | Text field  | The beneficiary describes in the text box what measures have been taken to ensure the performance against ENVI indicators. Performance against  |

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| Number | Chapter                      | Data entry   | Binding   | Fulfilment                                   | Note:  |
|--------|------------------------------|--|---|--|--|
|        |                              |  |   |  | ENVI indicators is automatically linked to the Indicators tab. |
| 9.     | <b>Information on income</b> | Amount of income actually earned pursuant to Article 61 for the reporting period   | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.                            |
|        |                              | Amount of income actually earned pursuant to Article 61 cumulatively   | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF | Financial amount rounded to 2 decimal places | Automatically  |
|        |                              | Based on the previous field and the previous IRs. Amount of actually earned other monetary income for the reporting period | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.                            |
|        |                              | Amount of actually earned other monetary income cumulatively   | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF | Financial amount rounded to 2 decimal places | Automatically based on previous field and previous PIR.        |
|        |                              | Amount of actually achieved operating expenses for the reporting period  | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.                            |

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|--------|--|--|---|--|--|
|        |  | Amount of actually achieved operating expenses cumulatively                  | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF   | Financial amount rounded to 2 decimal places | Automatically based on previous field and previous PIR.  |
|        |  | Amount of actually earned net other monetary income for the reporting period | Mandatory for ESF   | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.  |
|        |  | Amount of actually earned net other monetary income cumulatively             | Mandatory for ESF   | Financial amount rounded to 2 decimal places | Automatically based on previous field and previous PIR.  |
|        |  | Recalculated in the CBA module   | Mandatory for individual projects   | Codelist<br>– yes<br>– no                    | Recalculation is mandatory in the final report for the whole period of implementation for projects that have made the calculation in the CBA module. To be completed by the beneficiary. |
|        |  | Annex - CBA calculation (made outside the CBA module in the MS2014+)         | Mandatory for individual projects that have an exception in MG Management of Calls and Appraisal of Projects 2014-2020 and for major projects | File   | Uploaded by beneficiary.   |
| 10.    | <b>Information on public contracts</b> |  | Mandatory   |  | Relevant for projects that plan/implement public contracts.<br>Data items are offered depending on the state of preparation or implementation of the public contract(s).                 |

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| Number | Chapter   | Data entry   | Binding                                       | Fulfilment  | Note:   |
|--------|---|--|---|---|---|
| 11.    | <b>Information on the inspections carried out at the beneficiary during the project implementation (except for checks made by the granting authority)</b> | Inspection authority   | Mandatory                                     | Codelist  | The beneficiary selects one item from the codelist.   |
|        |   | Inspection start date  | Mandatory                                     | dd.mm.yyyy  | to be selected by the beneficiary from the calendar.  |
|        |   | Inspection Completion Date   | Mandatory                                     | dd.mm.yyyy  |   |
|        |   | Conclusion/result of the inspection  | Mandatory                                     | Codelist<br>– without finding<br>– with findings        | Determining the result of the inspection.<br>The beneficiary selects one item from the codelist.  |
|        |   | Annex - Inspection report/audit report                                     | Mandatory                                     | File  | Uploaded by the beneficiary if the conclusion/result of the inspection was with a finding.  |
| 12.    | <b>Information about ensuring mandatory publicity</b>   | <b>Obligatory tools</b>  | Mandatory                                     | ///   |   |
|        |   | Billboard for ERDF/CF projects worth more than EUR 500 000                 | Required for projects that meet the condition | Codelist:<br>– yes<br>– not for now<br>– does not apply | Displayed for relevant projects according to the legal act on grant award/transfer<br>Allocation for the total eligible expenditure in CZK is converted at the exchange rate valid at the time of concluding the legal act on grant award/transfer.<br>To be completed by the beneficiary. Choose one item from the codelist. |
|        |   | Permanent/memorial plaque for ERDF/CF projects worth more than EUR 500 000 | Required for projects that meet the condition | Codelist:<br>– yes<br>– not for now<br>– does not apply | Displayed for relevant projects according to the legal act on grant award/transfer<br>Allocation for the total eligible expenditure in CZK is converted at the exchange rate valid at the time of concluding the legal act on grant award/transfer.   |

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|--------|---------|--|---|---|---|
|        |         |  |   |   | To be completed by the beneficiary. Choose one item from the codelist.  |
|        |         | Comment  | Optional                                      | Text field.   | Explanation of the achieved value of the indicator. To be completed by the beneficiary, if considered desirable.  |
|        |         | Posters for ESF projects and for ERDF/CF projects worth less than EUR 500 000 of min. size of A3 | Required for projects that meet the condition | Codelist:<br>– yes<br>– not for now<br>– does not apply | Displayed for relevant projects according to the legal act on grant award/transfer<br>Allocation for the total eligible expenditure in CZK is converted at the exchange rate valid at the time of concluding the legal act on grant award/transfer.<br>To be completed by the beneficiary. Choose one item from the codelist. |
|        |         | Posters for ERDF/CF projects worth more than EUR 500 000 of min. size of A3                      | Required for projects that meet the condition | Codelist:<br>– yes<br>– not for now<br>does not apply   | Displayed for relevant projects according to the legal act on grant award/transfer<br>Allocation for the total eligible expenditure in CZK is converted at the exchange rate valid at the time of concluding the legal act on grant award/transfer.<br>To be completed by the beneficiary. Choose one item from the codelist. |
|        |         | Comment  | Optional                                      | Text field.   | Explanation of the achieved value of the indicator. To be   |

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|--------|-------------------|--|-----------|---|--|
|        |                   |  |           |   | completed by the beneficiary, if considered desirable.   |
|        |                   | <b>Mandatory elements (logos, reference to the fund, slogan and other mandatory requirements)</b>  | Mandatory | ///   |  |
|        |                   | <b>Mandatory elements are shown on documents, websites and other media financed from European funds in accordance with the Rules for applicants and beneficiaries.</b> | Mandatory | Codelist:<br>– yes<br>– not for now<br>does not apply | To be completed by the beneficiary. Choose one item from the codelist.   |
|        |                   | Comment  | Optional  | Text field.   | Explanation of the achieved value of the indicator. To be completed by the beneficiary, if considered desirable.   |
| 13.    | <b>Affidavits</b> | List of affidavits   | Mandatory | A text box with the wording of the affidavit(s)       | The beneficiary selects from the offered affidavits and with its electronic signature attached to the project IR it confirms agreement with their wording. |



## 18.4 Annex No. 4: Template - Information on progress in implementation

The template report contains a minimum list of the mandatory fields. **The call can extend both mandatory and optional fields.**

### Document Start Page

| Data entry                             | Fulfilment  | Note:  |
|--|---|--|
| <b>Name of the document</b>            | Information about progress in the implementation of individual project No. X<br>Information about progress in the implementation of major project No. X<br>Information about progress in the implementation of the simplified project No. X | Automatically<br>X = Project registration number |
| <b>Project registration number</b>     |   | Automatically                                    |
| <b>Name of the project</b>             |   | Automatically                                    |
| <b>Programme/Partnership Agreement</b> | Codelist  | Automatically                                    |
| <b>Type of document</b>                | Implementing  | Automatically                                    |
| <b>Kind of document</b>                | Codelist<br>– Information about progress in the implementation of individual project<br>– Information about progress in the implementation of major project<br>– Information about progress in the implementation of a simplified project   |  |
| <b>Logo</b>                            |   | Automatically                                    |

**Document content**

| Number | Chapter                                    | Data entry   | Binding   | Fulfilment   | Note:  |
|--------|--|--|-----------|--|--|
| 1.     | <b>Basic information about the project</b> | Project registration number  | Mandatory |  | Filled in automatically, only those data items and their data are displayed, which are relevant for the project. |
|        |  | Name of the project  |           |  |  |
|        |  | The name of the beneficiary;   |           |  |  |
|        |  | Type of operation  |           | Codelist<br>– Individual project<br>– Major Project<br>– Simplified Project      |  |
|        |  | Project attribute  |           | Codelist<br>1. integrated<br>2. synergistic<br>3. complementary<br>4. irrelevant |  |
|        |  | Number and name of the integrated tool, if the project is "integrated" |           |  |  |
|        |  | Number and name of project(s) with which the project is "synergistic"  |           |  |  |
|        |  | Number and name of the programme from which the project is co-financed |           |  |  |
|        |  | Number and title of priority axis/Union priority                       |           |  |  |
|        |  | Number and name of the investment priorities/specific objective (EMFF) |           |  |  |
|        |  | Number and name of measure (EMFF)                                      |           |  |  |
|        |  | Number and name of objective (EMFF)                                    |           |  |  |

| Number | Chapter                                   | Data entry   | Binding   | Fulfilment | Note:  |
|--------|---|--|-----------|------------|--|
|        |   | Number and name of the specific target/specific objectives |           |            |  |
|        |   | Fund   |           |            |  |
|        |   | Number of the stage  |           |            | To be completed by the beneficiary if the project is divided to stages.  |
| 2.     | <b>Identification of the information</b>  | Identification number of the information                   | Mandatory |            | Automatically  |
|        |   | Serial number of the report                                |           |            |  |
|        |   | Actual submission date                                     |           | dd.mm.yyyy | Date on which the beneficiary submitted the report to the MA/IB, if it is involved in the implementation. Filled in automatically.   |
|        |   | Reference period from:                                     |           | dd.mm.yyyy | Filled in automatically. The date from issuance of the legal act on grant award/transfer or the start date of the physical project implementation, if prior to the date of issuing the legal act on grant award/transfer or the date following the date set out in item "Reference period until" in the previous report. |
|        |   | Reference period to:                                       |           | dd.mm.yyyy | To be completed by the beneficiary. Selected from the calendar.  |
| 3.     | <b>Contact person for the information</b> | Name:  | Mandatory | Text field | To be completed by the beneficiary.  |
|        |   | Last name:   | Mandatory | Text field | To be completed by the beneficiary.  |

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| Number | Chapter  | Data entry   | Binding   | Fulfilment | Note:   |
|--------|--|--|---|------------|---|
|        |  | Email  | Mandatory   | Text field | To be completed by the beneficiary.   |
| 4.     | <b>Information on progress in the project implementation in the reporting period</b>           | Description of progress in implementation during the reporting period                | Mandatory for individual projects, major projects and simplified projects if they do not have key activities defined. Optional for the projects, for which the key activities are defined | Text field | Description of progress to date and the achieved status of implementation of the project.<br>To be completed by the beneficiary.  |
| 5.     | <b>Information on progress in the implementation of key activities in the reporting period</b> | Number and title of the key activity   | Required for the projects, for which the key activities are defined   |            | Filled in automatically on the basis of the legal act on grant award/transfer Relevant only for projects, for which the key activities are defined.   |
|        |  | Description of progress in implementing the key activity during the reporting period | Required for the projects, for which the key activities are defined   | Text field | Description of progress to date and the achieved status of implementation of the key activity. To be completed by the beneficiary.  |
| 6.     | <b>Information on performance against indicators</b>   | <b>Information on the performance against indicators for the project</b>             | Mandatory   | ///        | Information on the physical progress of the project. In simplified projects (SP) which have indicators bound to units of SP activities, the achieved indicator values are uploaded from the part <i>Information on performance against indicators of SP activity units</i> (see below). |

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| Number | Chapter | Data entry                                | Binding   | Fulfilment           | Note:   |
|--------|---------|---|-----------|----------------------|---|
|        |         | Code and name of the indicator            | Mandatory | Format per NCI 2014+ | Filled in automatically according to NCI 2014+. Data are uploaded for each indicator, to which the beneficiary has committed, and are uploaded from the legal act on grant award/transfer   |
|        |         | Unit of measurement                       | Mandatory | Format per NCI 2014+ |   |
|        |         | Environmental Indicator (ENVI)            | Mandatory | Format per NCI 2014+ |   |
|        |         | Baseline value                            | Optional  | Format per NCI 2014+ |   |
|        |         | Date of initial value                     | Optional  | dd.mm.yyyy           |   |
|        |         | Target value                              | Optional  | Format per NCI 2014+ |   |
|        |         | Date of target value                      | Optional  | dd.mm.yyyy           |   |
|        |         | Achieved value (for the monitored period) | Mandatory | Format per NCI 2014+ | This is a value that was achieved in the reporting period for which the report is submitted.<br>To be completed by the beneficiary according to the facts.  |
|        |         | Achieved value (cumulative)               | Mandatory | Format per NCI 2014+ | This is a cumulative figure since the beginning of the project implementation until the end of the reporting period for which this report is submitted.<br>To be completed by the beneficiary according to the facts.<br>For the simplified projects automatically. |
|        |         | Date of achieved value                    | Mandatory | dd.mm.yyyy           | To be completed by the beneficiary. Beneficiary selects from the calendar.  |
|        |         | Comment                                   | Optional  | Text field.          | Explanation of the achieved value of the indicator. To be completed by the beneficiary, if considered desirable.  |

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| Number | Chapter | Data entry   | Binding  | Fulfilment  | Note:  |
|--------|---------|--|--|---|--|
|        |         | <b>Information on the performance against indicators for the SP activity units</b> | Mandatory for simplified projects that have indicators linked to the SP activity units | ///   | Information on the physical progress in the SP activity units.<br>Shows only for relevant simplified projects.   |
|        |         | The number and title of the SP activity  | Mandatory for simplified projects that have indicators linked                          | Format as per the codelist of unit costs <sup>203</sup> | Filled in according to the legal act on grant award/transfer.  |
|        |         | Unit number and name   | Optional   | Format per the codelist of unit costs                   |  |
|        |         | Code and name of the indicator   | Mandatory  | Format per NCI 2014+                                    | Filled in automatically according to NCI 2014+. Data are uploaded for each indicator, to which the beneficiary has committed, and are uploaded from the legal act on grant award/transfer  |
|        |         | Unit of measurement  | Mandatory  | Format per NCI 2014+                                    |  |
|        |         | Environmental Indicator (ENVI)   | Mandatory  | Format per NCI 2014+                                    |  |
|        |         | Baseline value   | Optional   | Format per NCI 2014+                                    |  |
|        |         | Date of initial value  | Optional   | dd.mm.yyyy  |  |
|        |         | <b>Target value</b>  | Optional   | Format per NCI 2014+                                    |  |
|        |         | Date of target value   | Optional   | dd.mm.yyyy  |  |
|        |         | Achieved value (for the monitored period)  | Mandatory  | Format per NCI 2014+                                    |  |
|        |         | Achieved value (cumulative)  | Mandatory  | Format per NCI 2014+                                    | This is a value that was achieved in the reporting period for which the report is submitted.<br>To be completed by the beneficiary according to the facts.<br><br>This is a cumulative figure since the beginning of the project implementation until the end of the reporting period for which this report is |

<sup>203</sup> The MA creates the codelist when defining the call for simplified projects.

| Number | Chapter   | Data entry   | Binding                          | Fulfilment  | Note:  |
|--------|---|--|----------------------------------|---|--|
|        |   |  |                                  |   | submitted.<br><br>To be completed by the beneficiary according to the facts.<br>For the simplified projects automatically. |
|        |   | Date of achieved value                                     | Mandatory                        | dd.mm.yyyy  | To be completed by the beneficiary. Beneficiary selects from the calendar.   |
|        |   | Percentage of the target value                             | Mandatory                        |   | Automatically.   |
|        |   | Comment  | Optional                         | Text field.   | Explanation of the achieved value of the indicator. To be completed by the beneficiary, if considered desirable.           |
| 7.     | <b>Information on implementation of simplified project activities</b> | The number and title of the SP activity                    | Mandatory                        | Format as per the codelist of unit costs <sup>204</sup> | Filled in automatically based on the legal act on grant award/transfer.  |
|        |   | Unit number and name                                       | Mandatory                        | Format per the codelist of unit costs                   |  |
|        |   | Number of units in the SP activity                         | Mandatory                        | Number  |  |
|        |   | Number of the SP activities                                | Optional for simplified projects | Number  |  |
|        |   | Total number of units in the project                       |                                  | Number  |  |
|        |   | Cost per unit  | Mandatory                        | Financial resources rounded to 2 decimal places         |  |
|        |   | Total cost of the given number of units in the SP activity | Mandatory                        | Financial resources rounded to 2 decimal places         |  |

<sup>204</sup> The MA creates the codelist when defining the call for simplified projects (see the “MG management of calls and appraisal of projects 2014- 2020” and “MG MS2014+).

| Number | Chapter | Data entry  | Binding  | Fulfilment                                      | Note:   |
|--------|---------|---|--|---|---|
|        |         | Total costs of the SP activity  | Optional for simplified projects   | Financial resources rounded to 2 decimal places |   |
|        |         | Total number of approved units from previous PIR for the SP                       | Mandatory  | Number  | Filled in automatically according to previous approved PIR for the SP.  |
|        |         | <b>Demonstrated by the beneficiary</b>  | Mandatory  | ///   | Part that includes information  |
|        |         | on the achieved   | Progress and absorption of the simplified project for the reporting period and since the start of the project implementation. Achieved number of units (for the reporting period)Mandatory | Format per the codelist of unit costs           | This is a value that was achieved in the reporting period for which the report is submitted.<br>To be completed by the beneficiary based on reality.                          |
|        |         | Achieved number of units (cumulatively)   | Mandatory  | Format per the codelist of unit costs           | This is a cumulative figure since the beginning of the project implementation until the end of the reporting period for which this report is submitted.<br><br>Automatically. |
|        |         | Remains to be achieved  | Mandatory  | Format per the codelist of unit costs           | Automatically.  |
|        |         | Documented eligible expenditure for the achieved units (for the reporting period) | Mandatory  | Financial resources rounded to 2 decimal places | Automatically.<br>The amount is in CZK.   |
|        |         | Documented eligible expenditure for the achieved units (cumulatively)             | Mandatory  | Financial resources rounded to 2 decimal places | Automatically.<br>The amount is in CZK.   |

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| Number | Chapter | Data entry  | Binding   | Fulfilment                                      | Note:   |
|--------|---------|---|-----------|---|---|
|        |         | Remains to absorb   | Mandatory | Financial resources rounded to 2 decimal places | Automatically.<br>The amount is in CZK.   |
|        |         | <b>Approved by the MA/IB, if it is involved in the implementation</b>           | Mandatory | ///   | Part filled in by the MA/IB, if it is involved in the implementation - project manager. The beneficiary can see this part when completing PIR for the SP, but cannot edit it. |
|        |         | Approved achieved number of units (for the reporting period)                    | Mandatory | Format per the codelist of unit costs           | Filled in by the MA/IB, if it is involved in the implementation - project manager on the list of outputs.   |
|        |         | Approved achieved number of units (cumulatively)                                | Mandatory | Format per the codelist of unit costs           | Automatically.  |
|        |         | Remains to be achieved  | Mandatory | Format per the codelist of unit costs           | Automatically.  |
|        |         | Approved eligible expenditure for the achieved units (for the reporting period) | Mandatory | Financial resources rounded to 2 decimal places | Automatically.<br>The amount is in CZK.   |
|        |         | Approved eligible expenditure for the achieved units (cumulatively)             | Mandatory | Financial resources rounded to 2 decimal places | Automatically.<br>The amount is in CZK.   |
|        |         | Remains to absorb   | Mandatory | Financial resources rounded to 2 decimal places | Automatically.<br>The amount is in CZK.   |
|        |         | <b>Correction</b>   | Mandatory | ///   | Part filled in by MA/IB, if it is involved in the implementation - project manager. The beneficiary can see this part when completing PIR for the SP, but cannot edit it.     |

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| Number | Chapter   | Data entry   | Binding  | Fulfilment                                       | Note:  |
|--------|---|--|--|--|--|
|        |   | Reduced number of units (for the reporting period) | Mandatory  | Format per the codelist of unit costs            | Filled in by the MA/IB, if it is involved in the implementation<br>- project manager on the list of outputs.   |
|        |   | Cut/ineligible expenditure                         | Mandatory  | Financial resources rounded to 2 decimal places  | Automatically.<br>The amount is in CZK.  |
|        |   | Method of correction                               | Mandatory  | Text field.                                      | Filled in by the MA/IB, if it is involved in the implementation<br>- project manager on the list of outputs.   |
|        |   | Justification of corrections for the beneficiary   | Mandatory  | Text field.                                      | Filled in by the MA/IB, if it is involved in the implementation<br>- project manager on the list of outputs.   |
| 8.     | <b>Information on progress in public procurement</b>  | More in Chapter 12.                                | Mandatory for projects with a public contract(s) |  | Relevant for projects that plan/implement public contracts.<br>Data items are offered depending on the state of preparation or implementation of the public contract(s). |
| 9.     | <b>Information on the inspections carried out at the beneficiary during the period for which this report is submitted (except for checks by the granting authority)</b> | Inspection authority                               | Mandatory  | Codelist   | The beneficiary selects one item from the codelist.  |
|        |   | Inspection start date                              | Mandatory  | dd.mm.yyyy                                       | beneficiary selects from the calendar.   |
|        |   | Inspection Completion Date                         | Mandatory  | dd.mm.yyyy                                       |  |
|        |   | Subject of the inspection                          | Optional   | Text field.                                      | Specifying what the check was focused on.<br>To be completed by the beneficiary.   |
|        |   | Conclusion/inspection result                       | Mandatory  | Codelist<br>– without finding<br>– with findings | Determining the result of the inspection.<br>The beneficiary selects one item from the codelist.   |

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| <b>Number</b> | <b>Chapter</b>    | <b>Data entry</b>                      | <b>Binding</b> | <b>Fulfilment</b>                               | <b>Note:</b>   |
|---------------|-------------------|--|----------------|---|--|
|               |                   | Annex - Inspection report/audit report | Mandatory      | File  | Uploaded by the beneficiary if the conclusion/result of the inspection was with a finding.   |
| 10.           | <b>Affidavits</b> | List of affidavits                     | Mandatory      | A text box with the wording of the affidavit(s) | The beneficiary selects from the offered affidavits and with its electronic signature attached to the project IR it confirms agreement with their wording. |

## 18.5 Annex No. 5: Template - Sustainability Report

The template report contains a minimum list of the mandatory fields. **The call can extend both mandatory and optional fields.**

### Document Start Page

| Data entry                             | Fulfilment   | Note:  |
|--|--|--|
| <b>Name of the document</b>            | Interim report on sustainability of individual project No. X/Final report on the sustainability of individual project No. X<br>Interim report on sustainability of major project No. X/Final report on sustainability of major project No. X | Automatically<br>X = Project registration number |
| <b>Project registration number</b>     |  | Automatically                                    |
| <b>Name of the project</b>             |  | Automatically                                    |
| <b>Programme/Partnership Agreement</b> | Codelist   | Automatically                                    |
| <b>Type of document</b>                | Implementing   | Automatically                                    |
| <b>Kind of document</b>                | Codelist<br>– Report on sustainability of an individual project<br>– Report on sustainability of a major project   | Automatically                                    |
| <b>Logo</b>                            |  | Automatically                                    |

### Document content

| Number | Chapter                                 | Data entry                   | Binding   | Fulfilment   | Note:  |
|--------|---|------------------------------|-----------|--|--|
| 1.     | <b>Basic information on the project</b> | Project registration number  | Mandatory |  | Filled in automatically, only those data items and their data are displayed, which are relevant for the project. |
|        |   | Name of the project          |           |  |  |
|        |   | The name of the beneficiary; |           |  |  |
|        |   | Type of operation            |           | Codelist<br>– Individual project<br>– Major Project                          |  |
|        |   | Project attribute            |           | Codelist<br>– integrated<br>– synergistic<br>– complementary<br>– irrelevant |  |

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|--------|---|--|-----------|----------------------------------|---|
|        |   | Number and name of the integrated tool, if the project is "integrated" |           |                                  |   |
|        |   | Number and name of project(s) with which the project is "synergistic"  |           |                                  |   |
|        |   | Number and name of the programme from which the project is co-financed |           |                                  |   |
|        |   | Number and title of priority axis/Union priority                       |           |                                  |   |
|        |   | Number and name of the investment priorities/specific objective (EMFF) |           |                                  |   |
|        |   | Number and name of measure (EMFF)                                      |           |                                  |   |
|        |   | Number and name of objective (EMFF)                                    |           |                                  |   |
|        |   | Number and name of the specific target/specific objectives             |           |                                  |   |
|        |   | Fund   |           |                                  |   |
| 2.     | <b>Basic information about the report</b> | Identification number of the report                                    | Mandatory |                                  | Automatically   |
|        |   | Type of report   |           | Codelist<br>– ongoing<br>– final |   |
|        |   | Serial number of the report  |           |                                  |   |
|        |   | Actual submission date   |           | dd.mm.yyyy                       | Date on which the beneficiary submitted the report to the MA/IB if it is involved in the implementation. Filled in automatically. |

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|        |  | Reference period from:   |           | dd.mm.yyyy                | Filled in automatically. The date from issuance of the legal act on grant award/transfer or the date following the date referred to in "Reporting period until" in the previous report. |
|        |  | Reference period to:   |           | dd.mm.yyyy                | To be completed by the beneficiary. Selected from the calendar.   |
| 3.     | <b>Contact person for the report</b>                       | Name:  | Mandatory | Text field                | To be completed by the beneficiary.   |
|        |  | Last name:   | Mandatory | Text field                | To be completed by the beneficiary.   |
|        |  | Email  | Mandatory | Text field                | To be completed by the beneficiary.   |
| 4.     | <b>Information on achieving the project sustainability</b> | Description of achieving the project sustainability  | Mandatory | Text field                | Description of the project state during the sustainability period. To be completed by the beneficiary.  |
|        |  | Has the productive activity been stopped or relocated outside the programme area?  | Mandatory | Codelist<br>– yes<br>– no | The beneficiary selects one of the items in the codelist.   |
|        |  | Explanation  | Mandatory | Text field                | The beneficiary specifies the changes if "yes" was selected.  |
|        |  | Has there been a change in ownership of an item of infrastructure which gives the enterprise/public body an undue advantage? | Mandatory | Codelist<br>– yes<br>– no | The beneficiary selects one of the items in the codelist.   |
|        |  | Explanation  | Mandatory | Text field                | The beneficiary specifies the changes if "yes" was selected.  |
|        |  | Has there been a significant change adversely affecting the nature, objectives or  | Mandatory | Codelist<br>– yes<br>– no | The beneficiary selects one of the items in the codelist.   |

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|                                |  | implementing conditions of the operation, that would put its original objectives at risk?     |                      |  |  |
|                                |  | Explanation   | Mandatory            | Text field   | The beneficiary specifies the changes if "yes" was selected.   |
|                                |  | Date of completion of the building approval process   | Mandatory            | dd.mm.yyyy   | Beneficiary selects from the calendar.   |
|                                |  | Date of putting the building into permanent operation   | Mandatory            | dd.mm.yyyy   | Beneficiary selects from the calendar.   |
|                                |  | Planned securing of the project sustainability for the remainder of the sustainability period | Mandatory            | Text field.  | Description of the intended operation and maintenance of the project for the remainder of the sustainability period. To be completed by the beneficiary.                                   |
| 5.                             | <b>Information on performance against indicators</b> | Code and name of the indicator  | Mandatory            | Format per NCI 2014+   | Filled in automatically according to NCI 2014+. Data are uploaded for each indicator, to which the beneficiary has committed, and are uploaded from the legal act on grant award/transfer. |
| Unit of measurement            |  | Mandatory   | Format per NCI 2014+ |  |  |
| Environmental Indicator (ENVI) |  | Mandatory   | Format per NCI 2014+ |  |  |
| Baseline value                 |  | Optional  | Format per NCI 2014+ |  |  |
| Date of initial value          |  | Optional  | dd.mm.yyyy           |  |  |
| <b>Target value</b>            |  | Optional  | Format per NCI 2014+ |  |  |
| Date of target value           |  | Optional  | dd.mm.yyyy           |  |  |
| Achieved value                 |  | Mandatory   | Format per NCI 2014+ | This is a cumulative value since the start of the project implementation. To be completed by the beneficiary according to the facts. |  |
| Date of achieved value         |  | Mandatory   | dd.mm.yyyy           | To be completed by the beneficiary. Selected from the calendar.  |  |

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|        |   | Percentage of the target value   | Mandatory  |            | Automatically. If the target value of the indicator is not part of the legal act on grant award/transfer, N/A is filled in.  |
|        |   | Comment  | Optional   | Text field | Explanation of the achieved value of the indicator. To be completed by the beneficiary, if considered desirable.   |
| 6.     | <b>Information on implementation of synergies</b>             | Registration number and name of project with which the project is synergistic  | Mandatory for projects that are identified as synergistic  |            | Identification of the mirror (synergistic) project. Filled in automatically according to the data in the legal act on grant award/transfer   |
|        |   | Description of implementing the synergy  | Mandatory for projects that are identified as synergistic  | Text field | Evaluation of the benefits of the project in relation to the mirror (synergistic) project. What is the added value of mutual implementation of both synergistic projects, how is the cooperation between the project beneficiaries functioning, etc.?<br>To be completed by the beneficiary. |
| 7.     | <b>Information on implementation of horizontal principles</b> | Description of the achievement of objectives of the project in the field of equal opportunities and non-discrimination | Required for projects in which the applicant/beneficiary for aid specifies - positive of specifically targeted | Text field | The beneficiary within the text field describes what measures have been taken to ensure the HP equality between men and women.   |
|        |   | Description of achievement of the project objectives in  | Required for projects in which the   | Text field | The beneficiary within the text field describes what measures  |

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|--------|---------------------------------|---|--|--|---|
|        |                                 | ensuring equality between men and women.  | applicant/beneficiary for aid specifies - positive of specifically targeted                                    |  | have been taken to ensure the HP equality between men and women.  |
|        |                                 | Description of the achievement of the project objectives in the field of environmental impact | Required for projects in which the applicant/beneficiary for aid specifies - positive of specifically targeted | Text field                                   | The beneficiary describes in the text box what measures have been taken to ensure the performance against ENVI indicators. Performance against ENVI indicators is automatically linked to the Indicators tab. |
| 8.     | <b>Information about income</b> | Amount of income actually earned pursuant to Article 61 for the reporting period              | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF                      | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.   |
|        |                                 | Amount of income actually earned pursuant to Article 61 cumulatively                          | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF                      | Financial amount rounded to 2 decimal places | Automatically based on previous field and the previous PIRs and PSRs.   |
|        |                                 | Amount of actually earned other monetary income for the reporting period                      | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF                      | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.   |
|        |                                 | Amount of actually earned other monetary income cumulatively                                  | Mandatory for individual projects and large projects co-financed by the ERDF,                                  | Financial amount rounded to 2 decimal places | Automatically based on previous field and the previous PIRs and PSRs.   |

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|--------|---------|--|---|--|--|
|        |         |  | CF and EMFF   |  |  |
|        |         | Amount of actually achieved operating expenses for the reporting period      | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF           | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.  |
|        |         | Amount of actually achieved operating expenses cumulatively                  | Mandatory for individual projects and large projects co-financed by the ERDF, CF and EMFF           | Financial amount rounded to 2 decimal places | Automatically based on previous field and the previous PIRs and PSRs.  |
|        |         | Amount of actually earned net other monetary income for the reporting period | Mandatory for ESF   | Financial amount rounded to 2 decimal places | To be completed by the beneficiary.  |
|        |         | Amount of actually earned net other monetary income cumulatively             | Mandatory for ESF   | Financial amount rounded to 2 decimal places | Automatically based on previous field and the previous PIRs and PSRs.  |
|        |         | Recalculated in the CBA module   | Mandatory for individual projects   | Codelist<br>– yes<br>– no                    | Recalculation is mandatory in the Final Report about the project sustainability for projects that have the calculation made in the CBA module. To be completed by the beneficiary. |
|        |         | Annex - CBA calculation (made outside the CBA module in the MS2014+)         | Mandatory for individual projects that have an exception in MG Management of Calls and Appraisal of | File   | Uploaded by beneficiary.   |

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|--------|---|--|---|--|---|
|        |   |  | Projects 2014-2020 and for major projects |  |   |
| 9.     | <b>Information on the inspections carried out at the beneficiary during the period for which this report is submitted (except for checks by the granting authority)</b> | Inspection authority                   | Mandatory                                 | Codelist   | The beneficiary selects one item from the codelist.   |
|        |   | Inspection start date                  | Mandatory                                 | dd.mm.yyyy                                       | Selected by beneficiary from the calendar.  |
|        |   | Inspection Completion Date             | Mandatory                                 | dd.mm.yyyy                                       |   |
|        |   | Conclusion/result of the inspection    | Mandatory                                 | Codelist<br>– without finding<br>– with findings | Determining the result of the inspection.<br>The beneficiary selects one item from the codelist.  |
|        |   | Annex - Inspection report/audit report | Mandatory                                 | File   | Uploaded by the beneficiary if the conclusion/result of the inspection was with a finding.  |
| 10.    | <b>Affidavits</b>   | List of affidavits                     | Mandatory                                 | A text box with the wording of the affidavit(s)  | The beneficiary selects from the offered affidavits and with its electronic signature attached to the PSR it confirms agreement with their wording. |

**18.6 Annex No. 6: Terms and Conditions of Contracts for Construction Works - annex cancelled**

**18.7 Annex No. 7: Objection to Controller's Bias**

.....  
(trade name or title, name and surname of the inspected person)

.....  
(official address of the inspected person)

.....  
(organisation ID/date of birth of the inspected person)

.....  
(statutory agent/representative of the inspected person)

Reference number:

.....  
.....  
(place and date of issue)

.....  
.....  
(number of attachments<sup>205</sup>)

**Objection to bias of a controller/admitted person**

I hereby raise, in accordance with Section 10 of Act No. 255/2012 Coll., on inspection (the Inspection Code), as amended, an objection of bias of the controlling/admitted person Ms/Mr ..... (*identification of the inspecting/admitted person at least by name and surname*), who was mandated <sup>206</sup>to exercise inspection number:

\_\_\_\_\_

<sup>205</sup> If there are attachments, indicate their number. Provide the list of attachments at the end of the document.  
<sup>206</sup> The authorisation for inspection may have, according to Section 4(3)(b) of the Inspection Code, the form of a license, if so provided by other legislation.

..... of the project(s) below

|  |  |
|--|--|
| Name of the inspected person   |  |
| Statutory body/representative of the inspected person <sup>207</sup> |  |
| Official address of the inspected person                             |  |
| Organisation ID <sup>208</sup> of the inspected person               |  |
| Project registration number <sup>209</sup>                           |  |
| Name of the project <sup>210</sup>                                   |  |
| Project implementation period <sup>211</sup>                         |  |
| Subject of the inspection  |  |
| Inspected period <sup>212</sup>                                      |  |
| Venue of the inspection <sup>213</sup>                               |  |

The reason for filing this objection is ..... (*description of specific reasons*)

Done in ..... date:.....

.....

(*signature of the statutory agent/representative of the inspected person*)

.....

(*title, name and surname of the statutory agent/representative of the inspected person*)

.....

(*position*)

\_\_\_\_\_

<sup>207</sup> Indicate for legal entities.

<sup>208</sup> If the identification number is assigned. For natural persons the date of birth.

<sup>209</sup> If multiple projects are checked, indicate the numbers of all projects.

<sup>210</sup> If multiple projects are checked, indicate the names of all projects.

<sup>211</sup> Optional. If filling in, indicate the periods of implementation of all projects.

<sup>212</sup> Optional. If filling in, indicate the inspected periods of all projects.

<sup>213</sup> Optional.

# 18.8 Annex No. 8: Objection to the Inspection Findings

.....  
 (trade name or title, name and surname of the inspected person)

.....  
 (official address of the inspected person)

.....  
 (organisation ID/date of birth of the inspected person)

.....  
 (statutory agent/representative of the inspected person)

Reference number:

.....  
 .....  
 (place and date of issue)

## OBJECTION TO THE INSPECTION FINDINGS

I hereby lodge an objection(s) against the inspection finding(s) specified in the inspection report/addendum to the inspection report<sup>214</sup> of the below-identified inspection number .....

|  |  |
|--|--|
| Name of the inspected person   |  |
| Statutory body/representative of the inspected person <sup>215</sup> |  |
| Official address of the inspected person                             |  |
| Organisation ID <sup>216</sup> of the inspected person               |  |
| Project registration number <sup>217</sup>                           |  |

\_\_\_\_\_

<sup>214</sup> Select depending on whether the objections are raised against the findings made in the inspection report or in the addendum to the inspection report. It is possible to add the identification symbol (e.g. Ref. No.) of the report/annex.  
<sup>215</sup> Indicate for legal entities.  
<sup>216</sup> If the identification number is assigned. For natural persons the date of birth.  
<sup>217</sup> If multiple projects are checked, indicate the numbers of all projects.

|  |  |
|--|--|
| Name of the project <sup>218</sup>           |  |
| Project implementation period <sup>219</sup> |  |
| Subject of the inspection                    |  |
| Inspected period <sup>220</sup>              |  |
| Venue of the inspection <sup>221</sup>       |  |

under .....(*name of the OP, programme*).

| Designation/number of the inspection findings | Description of the findings | Rationale for the disagreement with the findings |
|---|-----------------------------|--|
|   |                             |  |
|   |                             | 222  |

**Inspected person:**

.....

(*signature of the statutory agent/representative of the inspected person*)

.....

(*title, name and surname of the statutory agent/representative of the inspected person*)

.....

(*position*)

<sup>218</sup> If multiple projects are checked, indicate the names of all projects.

<sup>219</sup> Optional. If filling in, indicate the periods of implementation of all projects.

<sup>220</sup> Indicate the inspected periods of all projects where multiple projects are inspected.

<sup>221</sup> If the inspection is made at the desk, indicate here "A desk check", below it will be possible to insert the address.

<sup>222</sup> The number of rows based on the number of objections.

## 18.9 Annex No. 9: Objection Against the Information about Non-payment of the Grant

Done in ..... date:.....

### Objection to measure of the granting authority according to Section 14e of Act No. 218/2000 Coll.

|  |       |
|--|-------|
| Project registration number                | ..... |
| Project title:                             | ..... |
| Name of the grant beneficiary:             | ..... |
| ID of the beneficiary:                     | ..... |
| Official address of the grant beneficiary: | ..... |

On ..., I received information about non-payment of part of the grant with ref. No. ..., informing me that grant/its part will not be paid in the amount of CZK ... because of *(add a description of the misconduct, which led to corrections)*.

I lodge an objection against this action within the set time limit. *Specify the reasons for the objection and support them with relevant documents.*

Annexes:

name and surname of the person authorized to act on behalf of the grant beneficiary

#### **Information for the beneficiary on filing objections based on a measure of the granting authority according to Section 14e of Act No. 218/2000 Coll.:**

*It is possible to file an objection to the granting authority against non-payment of grant or its part/correction (on the basis of Section 14e of Act No. 218/2000 Coll., Budgetary Rules) within 15 days of receipt of the information.*

*Objection from which it will not be clear what it is raised against, objection for which lacks justification or objection filed late or by an unauthorized person will be dismissed as unfounded by the person deciding on the objection.*



## 18.10 Annex No. 10: Annexes to the Grant Application – a List and Method of Evidence

The list of required attachments to the grant application can vary depending on the requirements of the call. The current list of required attachments is always provided in the RfAB – Specific Part.

The current wording of the template annexes to the grant application is available in the IS KP14+<sup>223</sup> in the announced call. Updates templates for annexes to the grant applications are not considered as modifications of the call. Documents that do not have a template are created by the applicant.

The various forms of submission of annexes are described in Chapter 5.2.

### A. Affidavit: initial and final

- **Presented by:** Applicant/partner
- **Exceptions:** None
- **Method of evidence:**
  - Applicant - Affidavit in the IS KP14+
  - Partner - Annex to the grant application in the IS KP14+
- **Form of submission:** Original
- **Language of evidence:** Specified in RfAB – Specific Part

### B. Declaration of eligibility (own resources, the founder approval, execution, no debt, integrity (physical and legal entities), the entity is not an undertaking in difficulty)

- Summary affidavit
- **Presented by:** Applicant/partner
- **Exceptions:**
  - Ensuring own resources:
    - in the case of a partner declared only by a partner with a financial contribution in case of co-financing;
    - not declared by SOU, CO SOU, state universities and schools and school facilities established by the Ministries;
  - Consent of the founder:
    - declared only by CO of SOU and CO of local governments;
  - Non-indebtedness:
    - in the case of a partner declared only by a partner with a financial contribution
    - not declared by SOU, CO of SOU, local governments, CO of local governments and state universities;

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<sup>223</sup> Or on the website [www.msmt.cz](http://www.msmt.cz).

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Integrity of individuals:

- not declared by SOU and state universities;

Integrity of legal entities

- not declared by SOU, local governments and state universities.

The entity is not an undertaking in difficulty

- only ERDF projects

- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original
- **Language of evidence:** Specified in RfAB – Specific Part

**C. Schedule of key activities**

- **Presented by:** Applicant
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original
- **Language of evidence:** Specified in RfAB – Specific Part

**D. Comments on the budget**

- **Presented by:** Applicant
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original
- **Language of evidence:** Specified in RfAB – Specific Part

**E. Implementation Team**

- **Presented by:** Applicant
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original
- **Language of evidence:** Specified in RfAB – Specific Part

**F. Statement of compliance of the project with state aid rules**

- **Presented by:** Applicant
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original
- **Language of evidence:** Specified in RfAB – Specific Part

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#### G. Proof of turnover

- **Presented by:** Applicant (in the case that the applicant proves part of the turnover via a partner with a financial contribution, the applicant shall supply also the proof of the annual turnover of the partner – see Chapter 5.2.1)
- **Exceptions:** Not presented by SOU, CO SOU, local government units, CO of local governments, voluntary associations of municipalities and applicants/(possibly partners with a financial contribution) listed in the Register of schools and school facilities.
- **Method of evidence:** Annex to the grant application in the IS KP14+ (profit and loss statement or annual accounts or other report on economic result)
- **Form of submission:** Plain copy
- **Language of evidence:** Specified in RfAB – Specific Part

#### H. Proving ownership structure

- **Presented by:** Applicant/partner with a financial contribution
- **Exceptions:**  
The ownership structure according to Budgetary Rules - not demonstrated by SOU and State HEI  
  
Ownership structure according to the AML Act - not demonstrated by SOU, CO SOU, state funds, local government units and their contributory organizations, voluntary associations of municipalities, regional councils of a cohesion region, European Grouping for Territorial Cooperation, public and state HEIs, public research institutions, professional chambers established by law, state and national enterprises
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original or certified copy
- **Language of evidence:** Specified in the RfAB – Specific Part

#### I. Documents proving eligibility

- **Presented by:** Applicant/partner
- **Exceptions:** Not submitted by SOU, local government units, public and state HEIs and public research institutions
- **Method of evidence:** Annex to grant application in the IS KP14+ (e.g. the foundation charter, statute, articles of association, memorandum of association, etc.)
- **Form of submission:** Plain copy
- **Language of evidence:** Specified in RfAB – Specific Part

#### J. Overview of key outputs for the fulfilment of ERDR/ESF project indicators

- **Presented by:** Applicant
- **Exceptions:** Documented only if the relevant indicators are selected
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original

|  |                                 |                        |
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- **Language of evidence:** Specified in RfAB – Specific Part

**K. Partnership agreement**

- If it has been signed (otherwise the partner provides Partnership Principles and a Partnership Statement)
- **Presented by:** Applicant
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original or certified copy
- **Language of evidence:** Specified in RfAB – Specific Part

**L. Partnership Principles and Statement of Partnership**

- If the Partnership Agreement has not been provided
- **Presented by:** Partner
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original or certified copy
- **Language of evidence:** Specified in RfAB – Specific Part

**M. Compliance with RIS3 strategy**

- **Presented by:** Applicant
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original
- **Language of evidence:** Specified in RfAB – Specific Part

**N. Grant application, including all relevant annexes in English**

- **Presented by:** Applicant
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Original

A file with all documents in English must be converted into a .zip format and, under the name such as Documentation English version, uploaded to the system (i.e. in reality it will be one attachment containing all documents in English)

- **Language of evidence:** English language

**O. Feasibility Study including any attachments**

- **Presented by:** Applicant
- **Exceptions:** None
- **Method of evidence:** Annex to the grant application in the IS KP14+

|  |                                 |                        |
|--|---------------------------------|------------------------|
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- **Form of submission:** Original
- **Language of evidence:** Specified in RfAB – Specific Part

**P. Annexes - Construction**

- Documents under the Building Act, Design documentation and construction budget, List of real property affected by the project, List of submitted documents - other permits necessary for the project implementation, Technical sheet of change and other attachments specified in Chapter 5.2.7 and in the RfAB – Specific Part
- **Presented by:** Applicant/partner
- **Exceptions:** Specified in the RfAB – Specific Part
- **Method of evidence:** Annex to the grant application in the IS KP14+
- **Form of submission:** Specified in the RfAB – Specific Part
- **Language of evidence:** Specified in the RfAB – Specific Part

### 18.11 Annex No. 11: The methodology of reporting economic activities in terms of the state aid

The methodology for reporting economic activities in terms of State aid (the "Methodology") is placed on the website at <http://www.msmt.cz/strukturalni-fondy-1/analyza-verejne-podpory-op-vvv>. The beneficiary is obliged to proceed according to the currently valid version of the methodology.

### 18.12 Annex No. 12: Reason for intention to award a contract in a negotiation procedure without publication

| <b>Identification data</b>  |   |
|---|---|
| Project No.   |   |
| Name of the project   |   |
| Name of contracting authority   |   |
| Organisation ID of contracting authority                                      |   |
| Name of the public contract   |   |
| Registration number of the public contract in the Public Procurement Bulletin | <i>The contracting authority indicates the Reg. No. of the contract according to the preliminary notification according to Section 34 of PPA published in the Public Procurement Bulletin. Filled in only if the preliminary notification has been published.</i> |
| The reason for using the negotiated procedure without publication             | <i>The contracting authority selects from the following options:<br/>Section 63(3) of PPA<br/>Section 64 letter a) of PPA<br/>Section 64 letter b) of PPA</i>   |
| Estimated value of the public contract  | <i>The contracting authority provides the estimated value of the public contract in CZK or in other currency excluding VAT.</i>   |
| Supplier(s)   | <i>The contracting authority gives the name of the supplier(s) (candidate(s)) which it intends to invite to the negotiated procedure without publication.</i>   |

**Demonstrating the need for the acquisition of specific performance to meet the objectives of the project**

*The contracting provides such information which will imply that the need of the contracting authority bound to the project objectives cannot be met by means other than the acquisition of the specific performance (e.g. a specific scientific instrument of specific technical parameters) and that there are no other alternatives to meet such needs of the contracting authority and the project objectives.*

**Proving the existence of grounds for awarding a public contract under a negotiated procedure without publication**

*The contracting authority provides such information which will imply that all legal conditions are met for the award of a public contract under negotiated procedure without publication according to the above provisions of PPA (e.g. what are the specific technical reasons causing the absence of competition Section 63(3) (b) of PPA).*

**Demonstrating the method of determination of the estimated value**

*The contracting authority indicates what specific information it used to determine the estimated value in accordance with PPA.*

**List of Annexes**

*The contracting authority attaches the relevant documents proving the foregoing (e.g. documents proving the method of determining the estimated value, the manufacturer's declaration of exclusive representation of the supplier in the Czech Republic, etc.).*



## 19. LIST OF ABBREVIATIONS

|            |   |
|------------|---|
| AA         | Audit authority   |
| CBA        | Cost-benefit analysis   |
| CRSB       | Central Register of Grants from the State Budget  |
| CZK        | Czech crown   |
| CNB        | Czech National Bank   |
| CZ         | Czech Republic  |
| CSI        | Czech School Inspectorate   |
| TIN        | Tax identification number   |
| CfW        | Contract for work   |
| VAT        | Value added tax   |
| CfS        | Contract for services   |
| FTT        | Further training of teachers  |
| ECB        | European central bank   |
| EC         | European Commission   |
| EDS/SMVS   | Grant Registration System/State-owned Property Administration (formerly Information System for Programme Financing – ISPROFIN). |
| ERDF       | European Regional Development Fund  |
| EIS        | Economic Information System   |
| EMFF       | European Maritime and Fisheries Fund  |
| ENVI       | Environmental   |
| EC         | The European Communities  |
| ESF        | European Social Fund  |
| ESI/ESIF   | European Structural and Investment Funds  |
| EU (Union) | European Union  |
| ECA        | European Court of Auditors  |
| EUR        | Euro  |
| EAFRD      | European Agricultural Fund for Rural Development  |
| FAQ        | Frequently Asked Questions  |
| FP         | Financial plan  |
| FPCR       | Final report of the project for the whole period of the project implementation  |
| CSNF       | Cultural and Social Needs Fund  |
| CF         | Cohesion Fund   |
| FTE        | Full-time equivalent  |
| GBER       | General Block Exemption Regulation  |
| GDP        | Gross domestic product  |

|   |                                 |                        |
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|             |  |
|-------------|--|
| HP          | Horizontal principle   |
| ICT         | Information and communications technologies  |
| ID          | Identification number  |
| IoP         | Information on progress in the project implementation  |
| IP          | Individual project   |
| IPs         | Individual systemic project  |
| IS          | implementation structure   |
| ISCED       | International Standard Classification of Education   |
| ISDS        | information system of data boxes   |
| IS ESF2014+ | Information system for monitoring participants in interventions                              |
| IS KP14+    | Information system for the final beneficiaries (a module of the MS2014+)                     |
| UVS         | Uniform visual style   |
| UPT         | Urban public transport   |
| MF          | Ministry of Finance  |
| MoRD        | Ministry of Regional Development   |
| MG          | Methodological Guideline   |
| MoLSA, MLSA | Ministry of Labour and Social Affairs  |
| SMEs        | Small and medium-sized enterprise  |
| MEYS        | Ministry of Education, Youth and Sports  |
| MS2014+     | Monitoring system of Structural Funds and the Cohesion Fund for the programming period 2014+ |
| MC          | Monitoring Committee   |
| N/A         | Not Available  |
| NCI         | National Codelist of Indicators  |
| SAO         | Supreme Audit Office   |
| DM          | Deputy Minister  |
| NCA         | National Coordination Authority  |
| NCC         | New Civil Code   |
| NSRF        | National Strategic Reference Framework   |
| NUTS        | Territorial statistical unit   |
| TA          | Tax authority  |
| OLAF        | European Anti-Fraud Office<br>(Office Européen de Lutte Anti-fraude)                         |
| GBER        | General Block Exemption Regulation   |
| OP          | Operational Programme  |
| OP RDI      | Operational Programme Research and Development for Innovation                                |
| OP RDE      | Operational Programme Research, Development and Education                                    |

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|        |  |
|--------|--|
| MEP    | Municipality with extended powers  |
| SOU    | State organizational unit  |
| PCA    | Paying and Certifying Authority:   |
| CO SOU | Contributory organization of a State organizational unit                     |
| RfAB   | The Rules for Applicants and Beneficiaries                                   |
| BoBD   | Breach of budgetary discipline   |
| RDM    | Central de Minimis Register  |
| RIS3   | Smart Specialization Strategy of the Czech Republic                          |
| MA     | Managing Authority   |
| Coll.  | Collection of Laws   |
| SO     | Specific objective   |
| SF     | Structural funds   |
| TFEU   | Treaty on the Functioning of the European Union                              |
| SMS    | Short message service  |
| SGEI   | Services of general economic interest  |
| SB     | State budget   |
| CSF    | Common Strategic Framework   |
| TA     | Technical assistance   |
| TPaN   | Thematic partnerships and networks   |
| OPDP   | Office for Personal Data Protection  |
| OPC    | Office for Protection of Competition   |
| R&D    | Research and development   |
| R&D&I  | Research, development and innovation   |
| RI     | Research Infrastructure  |
| RO     | Research organization/ organization for research and knowledge dissemination |
| MP     | Major Project  |
| HEI    | Higher education institution   |
| AFS    | Act on Financial Supervision   |
| SCO    | Simplified cost options  |
| PIR    | Project implementation report  |
| PSR    | Project sustainability report (PSR)  |
| FPSR   | Final report on project sustainability                                       |
| SP     | Simplified Project   |
| PCA    | Public Contracts Act   |
| PPA    | Public Procurement Act   |

FPA Final Payment Application

PA Payment Application