

KAPPA Terms and Conditions

Part A – Basic Provisions

Article 1 *General Provisions*

1. KAPPA Terms and Conditions are binding and enforceable against the parties to the Project Contract for the solution of the programme project (hereinafter “Contract”).
2. KAPPA Terms and Conditions are also binding and enforceable if the Project Promoter (an organisational unit of state or ministry) was granted the Decision on the Provision of Funding (hereinafter “Decision”), in which case they shall apply accordingly.
3. The Project Contract and KAPPA Terms and Conditions contain the rights and obligations of the Project Promoter. The methodological and procedural aspects of their execution are stated in the Implementation Guide available on Programme Operator’s website.
4. The Project Contract and KAPPA Terms and Conditions are in line with the Programme Agreement of the Programme Research, the Guideline for Research Programmes and the Regulations on the Implementation of the EEA / Norwegian Financial Mechanism 2014-2021 available on the Programme Operator’s website.
5. The Project Promoter and project partners shall follow all the documents in the Article 1(4). In the areas not regulated by these documents, Donor State and third country project partners shall ensure compliance with their respective national laws and regulations. In case of conflict between KAPPA Terms and Conditions and national laws and regulations, the national laws and regulations take precedence.
6. The conditions set out in the Call Documentation, published on the day of the Call for Proposal announcement on Programme Operator’s website, are binding during the whole implementation period of the projects funded within this Call for Proposal.
7. All communication between the Programme Operator and Project Promoter is in English, including submission of the documents for monitoring.

Article 2
Definitions

1. For the purposes of the Contract and the KAPPA Terms and Conditions, the following definitions apply¹:
- a) “**Approved Eligible Costs**” mean eligible costs and expenditures in research and development that are justified, verifiable, and approved by the Programme Operator,
 - b) “**Beneficiary**” means the applicant or a project partner in favour of which a grant is provided upon the Programme Operator’s decision, whereas the decisive day is the day of delivery of this decision to a Project Promoter. If the Beneficiary is subject to rights and obligations arising from this decision, those shall be applied jointly for the Project Promoter and project partners,
 - c) “**Call for Proposals**” means a Call for Proposals in research, development and innovation,
 - d) “**Confidential Information**” means information which is considered a trade secret within the meaning of the relevant provisions of Act No. 89/2012 Sb., Civil Code, or designated as confidential by one of the Parties, or any information the disclosure of which by one of the Parties may result in unfavourable conditions for the other Party, unless generally known to the public or designated as non-confidential by the Party,
 - e) “**Consortium**” means all the entities cooperating on the project, where the minimum number of participants shall be an applicant (research organization or enterprise) from Czechia and at least one project partner (research organization or enterprise) from Donor State.
 - f) “**Data Management Plan**” means a formal document describing the data management life cycle for the data collected, processed and/or generated within a Project,
 - g) “**Donor States**” mean Iceland, the Principality of Liechtenstein and the Kingdom of Norway,
 - h) “**Eligible Costs**” mean costs and expenditures in research and development which can be spent by a Project Promoter and all project partners on activities in research, development and innovation, or in relation to them; individual categories of eligible costs are specified in the article 17.
 - i) “**Enterprise**” means an entity engaged in an economic activity, regardless of its legal form within the meaning of Annex 1 to the EU State-Aid Regulation, whereas the Article II (2 and 24) of this Regulation defines the sizes of enterprises as large, medium, small and micro enterprises,
 - j) “**Irregularity**” means an infringement of the legal framework of the EEA and Norway Grants 2014-2021 referred to in the Article 1.5 of the Regulation on the implementation of the EEA and Norway Grants 2014-2021; any provision of the European Union law; or any provision of the applicable national law, which leads or can lead to a loss in the budget of the EEA and Norway

¹ Definitions in this paragraph are sorted alphabetically, therefore their order does not correspond with the Czech version of Kappa Terms and Conditions

Grants or the public budget of the Czech Republic.

- k) **“Key Project Parameters”** annex to the Contract which is an approved project proposal within the meaning of paragraph 2 of the Act on the Support of Research and Development and which contains the designation of the Project Promoter and Project Partners first name, last name and any academic titles and degrees of the project solver, project timeline including the date of start and completion of the project, objectives of the project, declared results of the projects, and it includes a table of approved eligible project costs.
- l) **“Monitoring Process”** means the process defined by the Programme Operator, in the Article 19 of KAPPA Terms and Conditions, in order to evaluate the fulfilment of the project objectives, achieved results and their legal protection, particularly the opposition procedure, reporting, final evaluation and sustainability monitoring,
- m) **“Partnership Agreement”** means the agreement concluded between the Project Promoter and project partner(s),
- n) **“Plan for Exploitation and Dissemination of Results”** (PEDR) means the plan submitted by the Project Promoter mapping the utilisation of Project results, their brief description, definition, degree of confidentiality, indication of costs etc.,
- o) **“Programme”** in research, development and innovation means a specific set of material, time and financial conditions for activities necessary to achieve its objectives,
- p) **“Programme Operator”** means the Technology Agency of the Czech Republic (TA CR),
- q) **“Project”** in research, development and innovation means a set of activities to fulfil an indivisible task of a precise economic, scientific or technical nature, with clearly defined objectives in research and development, formulated by the Programme Operator in a Call for proposals in research, development and innovation,
- r) **“Project Contract”** means an agreement between the Programme Operator and the Project Promoter regulating the implementation of a project in accordance with the legal framework of the EEA and Norway Grants and the Section 9 of the Act on the Support of Research and Development,
- s) **“Project Duration”** means the time period from the day of the project start until the project completion by the Project Promoter and project partners, while the project is considered completed even in case of premature discontinuance of the project in connection with the expiration of the Contract/Decision,
- t) **“Project Grant”** means targeted funds for project provided by the Programme Operator in the form of a grant following the results of the Call for Proposals under the Contract/Decision,
- u) **“Project Partner”** means a legal entity, organisational unit of the state or ministry, interested in research and development, whose involvement in the project is defined in the project proposal and with which the Project Promoter concluded a Partnership Agreement, while such project partner is usually not related to the Programme Operator,

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- v) **“Project Promoter”** means the beneficiary which enters into a contractual relationship with the Programme Operator and is responsible for the fulfilment of all obligations against the Programme Operator during the project under the Contract/Decision; both the Project Promoter’s obligations and the obligations of project partner,
- w) **“Project Result”** in applied research means new knowledge and skills for the development of products, processes or services; knowledge and skills applied as results that are protected under the laws governing the protection of the results of copyright, inventive or similar activities or used by the professional public or other users; project result in development means design of new or substantially improved products, processes or services,
- x) **“Public Administration Control”** means an inspection of the beneficiary of the public financial aid, or of the applicant for the public financial funding, performed by the Programme Operator as the inspecting body within the meaning of Section 3(1a) of Act No. 320/2001 Sb. on Financial Control,
- y) **“Research Organisation”** means an organisation for research and knowledge dissemination within the meaning of Article II (83) of the EU State-Aid Regulation,
- z) **“RDI IS”** means the information system for research, experimental development, and innovation or the public administration information system ensuring the collection, processing, provision and use of data on research, development, and innovation supported by public funds; the IS content and procedure for transfer, classification, processing and provision of data is governed by the Czech Act on the Support of Research and Development and Government Regulation No. 397/2009 Sb. on the information system for research, experimental development and innovation, special legislation and the RDI IS operating regulations,
- aa) **“Rules for Providing Aid”** means a set of rights and obligations set forth in the Contract/Decision, KAPPA Terms and Conditions, Programme KAPPA and relevant Call Documentation, Programme Agreement of the Programme Research, Guideline for Research Programmes, Regulation on the Implementation of the EEA / Norwegian Financial Mechanism 2014-2021, and generally binding legal regulations (national and European), in particular the Czech Act No. 130/2002, on the support of research, experimental development and innovation from public funds and amending certain related laws (Support of Research and Experimental Development and Innovation Act) (hereinafter “Act on the Support of Research and Development”), the Czech Act No. 134/2016 Sb. on Public Procurement (hereinafter “Act on Public Procurement”), Czech Act No. 218/2000, on budgetary regulations and amending certain related laws, as amended (hereinafter “Budgetary Regulations”), and rules for state aid,
- bb) **“Rules for State Aid”** mean a set of rights and obligations set forth in Articles 107 and 109 of the Treaty on the Functioning of the European Union and, for the purposes of research, development, and innovation, particularly by the Communication from the Commission – Framework for state aid for research and development and innovation (2014/C 198/01) (hereinafter “Framework”) and Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles

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107 and 108 of the Treaty on the Functioning of the European Union (hereinafter “EU State-Aid Regulation”),

- cc) “**Subject of Intellectual Property**” means immaterial assets protected by the copyright and rights related to the copyright and subjects of industrial right protection, i.e. technical solutions (patents, utility models, or topographies of semiconductor products), subjects of industrial design and design (industrial designs), product labels and services (trademarks, designations of origin, geographical designation, company) and, above all, trade secrets and know-how (both written and unwritten production, commercial and other experience),
- dd) “**State aid**” means the funding within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union,

Part B – Rights and Obligations of Parties, Consequences of Violation and Termination of the Contract

Article 3
Provision of Grant

1. The Programme Operator provides the grant to the Project Promoter under the Contract and the KAPPA Terms and Conditions set forth therein, including grant intended for project partners.
2. Following the Call for Proposals, the Programme Operator undertakes to provide grant for the project in the amount specified in the Key Project Parameters.
3. The grant will be provided if:
 - a) the reversionary state budget or the cuts in the funds from the state budget will not cause changes to the level of spending of the state budget, and
 - b) the provision of grant is not suspended.
4. If the regulation of the spending of the state budget occurs, then, depending on the nature and extent of such regulation, the Programme Operator shall
 - a) notify the Project Promoter in writing that the Programme Operator will not provide the relevant part of the grant within the deadline and, if possible, specify a new deadline in which the Project Promoter shall receive the given part of the grant,
 - b) propose to the Project Promoter a change in the Key Project Parameters, or
 - c) terminate the Contract.
5. The Programme Operator provides the grant via a bank transfer to the Project Promoter's bank account once a year of the project duration in the amount set in the Key Project Parameters:
 - a) the first advance payment within 30 calendar days from the day the Contract comes into effect,
 - b) for multi-annual projects in the second and every following year of the project within 30 calendar days from the approval of project interim reports of the previous year, but no later than 60 calendar days after the beginning of the calendar year.
6. The provision of grant, the accounting of grant and other financial requirements are carried out in CZK (Czech Crowns). The cash flow between the Project Promoter and all project partners (including the Donor States partners) shall be stipulated in the Partnership Agreement. The risks of the exchange rate losses are borne by the Project Promoter.
7. The Programme Operator reserves the right not to provide the grant within the deadline according to the Article 3(5) in case of ongoing Monitoring Process, initiated in order to verify the fulfilment of the obligations from the Article 4. The deadline shall be extended for the duration of the Monitoring Process.

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8. The Project Promoter's obligations are deemed fulfilled for the purposes of providing grant unless, based on the ongoing monitoring process and within the deadline of providing grant, the Programme Operator
 - a) notifies the Project Promoter in writing of the commencement of another Monitoring Process,
 - b) invites the Project Promoter in writing to fulfil additionally all of its obligations,
 - c) sends the Project Promoter its termination of or withdrawal from the Contract or
 - d) initiates a procedure on the violation of budgetary discipline with the local financial authority or submits a criminal complaint related to the alleged offence committed in connection with the Project to the local and responsible law enforcement authority.
9. The Programme Operator provides grant to the
 - a) public university or public research institution by transfer from the Programme Operator's bank account to the CNB bank account specified in the Contract,
 - b) other legal entities by transfer from the Programme Operator's bank account to the bank account specified in the Contract and
 - c) organisational unit of state or ministry by transfer of state budget funds using a budgetary measure.
10. The relevant part of the grant is deemed as provided on the day the funds thus determined are released from the Programme Operator's bank account or by the approval of the budgetary measure by the Czech Ministry of Finance.
11. All activities for which the grant is provided must aim towards achieving the Project objectives (as defined in the Key Project Parameters) and fulfil the purpose of the grant.
12. The Programme Operator reserves the right to suspend payments and to request a refund from the Project Promoter also in the case of such decision being taken by the Financial Mechanism Office or the National Focal Point, and in case of the Project Promoter or a project partner have committed an irregularity or failed to remove the causes and consequences of irregularity within the time limit defined by the control body.
13. If the entire provided grant is not spent during the Project, the Project Promoter shall return the unused portion of the grant back to the Programme Operator's current expense account stated in the Contract within the deadline set below within the Project Promoter's obligations. The Project Promoter is obliged to transfer the unused portion of the grant back to the Programme Operator's current expense account no later than within 14 calendar days after the Project Promoter learns it will not use this portion for any reason or after it was asked to do so by the Programme Operator.

This returned grant shall be credited to the Programme Operator's current expense account by 31 December of the year of the Project completion. Maximum of 5% of the unused portion of the grant provided for the last year of the project shall be returned until 15 February of the year following the Project completion to the external funds account No. 6015-3125001/0710. By this date the

Project Promoter is also obliged to present a statement of the provided grant for the entire Project Duration and perform a financial settlement with the state budget.

Article 4
Project Promoter's Obligations

1. The Project Promoter is obliged to
 - a) draw on and use the grant in accordance with the Rules for providing Aid and the Key Project Parameters, in particular to use the grant for approved eligible costs in accordance with Part E of the KAPPA Terms and Conditions and to follow the Act on Public Procurement in accordance with the Section 8 para. 4 of the Act on the Support of Research and Development, and to fully comply with the provisions of the legal framework of the EEA and Norway Grants 2014-2021 referred to in Article 1.5 of the Regulation on the Implementation of the EEA and Norway Financial Mechanism 2014-2021 and of the Guideline for Research Programmes.
 - b) pay for the part of the grant used by project partner in conflict with the Rules for Providing Aid and Key Project Parameters consisting mainly of not using the grant by the project partner for approved eligible costs in accordance with section E,
 - c) achieve all project results declared in the Key Project Parameters within the duration of project,
 - d) transfer the relevant part of the grant from the Project Promoter's bank account to the project partners' bank accounts according to the Key Project Parameters within 15 calendar days after the Project Promoter received payment from the Programme Operator,
 - e) reimburse the Programme Operator on its regular expense account for the part of the grant not used according to Article 3(10),
 - f) keep separate accounting records of approved eligible costs and provided Project Grant, financed from funds targeted for the project, for each individual project and in case of tax records, to keep separate records of Project incomes and expenditures,
 - g) pay contractual penalty set forth in accordance with Article 5(3),
 - h) submit the Agreement on Utilisation of Results together with the final report, concluded with the user of the results, or proper statement (sworn statement on the utilisation of results), especially if the Project Promoter is the only user of the Project results,
 - i) provide the Project Results in accordance with the rules set forth in Article 15,
2. The Project Promoter is further obliged to
 - a) commence the Project within the deadline set in the Key Project Parameters, but no later than 60 calendar days of the date the Contract becomes effective,
 - b) inform the Programme Operator in writing of any change concerning its legal entity or project partner, of any change of facts specified in Key Project Parameters and of any other change and

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situations which could affect the project and its objectives or of change of details published in the RDI IS and to send notice that the Project Promoter or project partner ceased to fulfil the qualification obligations effective since the day the Contract came into effect, and such notification can be made directly in the form of a request for change in compliance with Article 21,

- c) follow the information and communication requirements as defined in the Regulation on the implementation of the EEA / Norwegian Financial Mechanisms 2014-2021 (Article 1.7, Chapter 3, Annex III), in particular when presenting the information about the project or project results funded by TA CR and the EEA and Norway Grants 2014-2021 in mass media or otherwise to add the information about the fact that the project was implemented with a grant from the EEA and Norway Grants 2014-2021 and with the financial participation of TA CR, in all promotional materials and every type of media relevant to the project or project results,
- d) submit complete reports and other relevant information within set deadlines in accordance with relevant monitoring processes (Article 19 and Article 11 on Reporting) related to the project implementation and to the fulfilment of the Plan for Exploitation and Dissemination of Results of the consortium,
- e) provide clear information and ensure that all information contained in the reports or other submitted documents are consistent with the actual state, in particular that the financial statements included in the final report correspond with the actual amount of the returned part of the unused grant,
- f) provide all necessary cooperation, which differs from the cooperation defined in letter e), in relation to Monitoring Processes according to Article 19, provide, upon the Programme Operator's request, any information related to the project, its results, and the necessary information on the Plan for Exploitation and Dissemination of Results progress as well as provide the Programme Operator with all necessary information for the purposes of their disclosure in RDI IS, all within the deadline defined by the individual Monitoring Processes, legal deadlines or the deadlines set in Programme Operator's requests,
- g) ensure awareness and cooperation of project partners in relation to the monitoring processes (Article 19),
- h) upon the Programme Operator's request, prove the fulfilment of obligations set forth in the Rules for Providing Aid within the deadline set by such request,
- i) provide all necessary cooperation to provide the necessary information and documents within the deadlines,
- j) calculate and pay the Programme Operator all project revenues in compliance with Article 9 and not to prevent obtaining them,
- k) have concluded the Partnership Agreement(s) with all partners mentioned in the Contract, with all its requisites in compliance with Article 6, before signing the Project Contract,

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- l) submit a Data Management Plan (DMP) to the Programme Operator within six months from the start date of the project. The Data Management Plan shall describe which data will be created, managed, or collected; which methods and standards will be applied; in which way the data will be shared and made public; and how the data will be stored during the project period and preserved after the end of the project.
3. The Project Promoter is also obliged to ensure that the project partner also complies with the obligations above, or provides all necessary cooperation in order for the Project Promoter to comply with the obligations.
4. The Project Promoter and project partners are obliged to ensure archiving of the originals of all the supporting documents regarding expenditures and audits related to the project for at least 10 years after January 1 of the year following the approval of the final project report by the Programme Operator, at least until December 31, 2030.
5. The Project Promoter is obliged to publish in compliance with Act 563/1991 Coll., on Accounting, the annual account in the relevant register under the Act 304/2013 on Public Registers, for the project duration, if they are obliged by the aforementioned acts. The Project Promoter is obliged to ensure the fulfilling of this obligation for the project partners as well.
6. If the Project Promoter is required to deliver documents to the Programme Operator in writing within the set deadline and does not use the electronic submission option (signature container information system or e-mail with certified electronic signature to posta@tacr.cz), the Project Promoter is obliged to deliver such documents by the end of the TA CR Mailroom office hours on the last day of the deadline at the latest. The office hours of the TA CR Mailroom are listed on the Programme Operator's website.
7. The Project Promoter and the project partners are obliged to take measures to remedy the issues identified during the Monitoring Processes without undue delay, but no later than within the deadline set by the monitoring body, and to inform the Programme Operator of the measures taken by the Project Promoter or the project partner, while the Programme Operator reserves the right to inspect the Project Promoter's or the project partner's fulfilment of the imposed remedies.
8. The Project Promoter and project partners are obliged to carry out the project in accordance with fundamental ethical principles and to respect the fundamental principle of research integrity as set out in the European Code of Conduct for Research Integrity. The Project Promoter and project partners are also obliged to take measures to implement the principles set out in the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers, in particular regarding the working conditions, the method of recruitment of researchers and equal opportunities for men and women in conducting research, in particular to ensure gender balance at all professional levels of the personnel involved in the project implementation.

Article 5
Consequences of Violation of Conditions for Providing Grant

1. If the Project Promoter violates its obligations, the Programme Operator is entitled to suspend the provision of support and not to grant the relevant part of the support within the specified deadline.
2. Violation of the Project Promoter's obligations set forth in Article 4(1) is deemed as a violation of budgetary discipline and shall result in the initiation of the proceeding on the violation of budgetary discipline, while the Project Promoter shall return to the Programme Operator:
 - a) under a), 100% of the grant used without authorisation,
 - b) under b), 100% of the grant not returned,
 - c) under c), if such violation results in non-fulfilment of a Project objective, 100% of the grant provided to achieve such not fulfilled objective,
 - d) under d), 5% of the relevant part of the grant not transferred to the project partner,
 - e) under e), 100% of the relevant part of the grant not returned and its part returned in the next calendar year upon the Project completion, exceeding the permitted percentage limits under Article 3(10),
 - f) under f), 100% of the entire grant provided so far,
 - g) under g), 100% of the amount matching the contractual penalty,
 - h) under h), 5% of the grant provided so far,
 - i) under i), 100% of the total grant.
3. The Project Promoter's violation of obligations defined in Article 4(2) shall result in
 - a) under a), a contractual penalty of CZK 5,000 for each commenced month of delay, but no more than CZK 50,000,
 - b) under b), the obligation to settle the contractual penalty of CZK 5000 for each such violation,
 - c) under c), the obligation to settle the contractual penalty of CZK 5,000 for each such violation,
 - d) under d), the obligation to settle the contractual penalty of CZK 1,000 for each commenced day of delay, but no more than CZK 50,000,
 - e) under e), the obligation to settle the contractual penalty of CZK 5,000 for each such violation,
 - f) under f), the obligation to settle the contractual penalty of CZK 10,000 for each such violation,
 - g) under g), the obligation to settle the contractual penalty of CZK 10,000 for each such violation,
 - h) under h), the obligation to settle the contractual penalty of CZK 10,000 for each such violation,
 - i) under i) the obligation to settle the contractual penalty of CZK 5,000 for each such violation,
 - j) under j), the obligation to settle the contractual penalty of CZK 5,000 for each such violation,

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- k) under k), the obligation to settle the contractual penalty of CZK 10,000 for each commenced month of not meeting the obligation,
 - l) under l), the obligation to settle the contractual penalty of CZK 1,000 for each commenced day of delay, but no more than CZK 50,000,
4. A violation of any of the obligations by the project partner results in the exercise of relevant provisions of this Article against the Project Promoter, including the provision on violating the budgetary discipline.
 5. A violation fulfilling the definition of an irregularity will be further treated following the procedure for dealing with irregularities of the Regulation on the implementation of the EEA / Norwegian Financial Mechanism 2014-2021 and the Methodology of financial flows, control and certification of programmes financed from the EEA and Norwegian Financial Mechanisms 2014-2021.
 6. Withdrawal from the Contract shall not affect the exercise of other relevant provisions of this Article.
 7. The Project Promoter acknowledges that if it consistently violates its obligations, including those imposed on the Project Promoter after the project completion, in particular, submission of reports on implementation, or the Programme Operator considers a violation as serious, the Programme Operator is entitled to exclude the project proposals submitted by the Project Promoter (regardless of the fact if it submits them to the Call for Proposals as the applicant or project partner) to any Call for Proposals of the Programme Operator for up to 3 years of the date of proof of the Project Promoter's violation or of its own written acknowledgment of such violation. If this violation of obligation is committed by the project partner, the exclusion of the projects shall be applied against this entity in the future and par. 4 does not apply.
 8. This Article is without prejudice to the Programme Operator's claim for damages arising out of violating any of the obligations. The specified contractual penalties do not include the compensation for damages and are applied in addition to the sanctions under the legislation or under the Rules for Providing Aid.
 9. The individual contractual penalties specified in this Article shall be added up, but to the maximum amount of the maximum amount of grant for the Project for the entire Project Duration set forth in the Contract.
 10. If the Project Promoter expects not to be able to fulfil some of the obligations set in Article 4, the Project Promoter is entitled within the deadline of fulfilment of such obligation to request a change in accordance to Article 21, or to provide the Programme Operator with a written statement on the default on its fulfilment due to force majeure or suspected violation of the Programme Operator's obligations. The Programme Operator reserves the right to insist on the fulfilment of this obligation within set deadline or to stipulate an additional deadline for its fulfilment based on the assessment of the request or statement pursuant to the previous sentence. Should its decision be positive, the Programme Operator may require the Project Promoter to return the relevant part of the support (e.g. based on the request for reduction of the expected results).

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11. The request or statement as set in the preceding paragraph submitted after the deadline terminates the calculation of those contractual penalties, that are calculated cumulatively for days/weeks/months since the deadline, or terminates the set period for remedy.
12. The Parties shall act in the interest of preserving the Project and in order to prevent the premature termination of or withdrawal from the Contract, if possible and if it is purposeful in respect to the Project's nature and its solution; in particular, they shall seek to terminate the involvement of the project partner in the Project which violates or is likely to violate its obligations, or ceases to fulfil the qualification obligation under Section 18(2) of Act on the Support of Research and Development. The Programme Operator also reserves the right to negotiate with project partners on the continuation of the Project, if the Project Promoter violates or is likely to violate its obligations, or ceases to fulfil the qualification obligation under Section 18(2) of Act on the Support of Research and Development. This Paragraph is without prejudice to the Project Promoter's obligation to bear the consequences of violating the obligations under this Article.
13. If the Project Promoter violates any of the obligations set in Article 4, the Programme Operator shall request in writing the Project Promoter to remedy such situation, if possible with respect to the nature of the violation, and stipulates a reasonable time limit to do so. The Programme Operator may also notify in writing the Project Promoter or project partner of the commencement of a Monitoring Process to ascertain the actual state of the matter; in the case of a suspected violation of the budgetary discipline, the Programme Operator will usually carry out a Public Administration Control. In the case of Public Administration Control, the request to remedy is replaced by the appropriate remedy. This Paragraph is without prejudice to the obligations to pay the charges for violating the budgetary discipline, contractual penalties and damages.

Article 6 **Partnership Agreement**

1. The Partnership Agreement functions as a tool for internal arrangements between the Project Promoter and project partners to ensure an efficient implementation of the project, carried out jointly by the consortium in accordance with the Contract and KAPPA Terms and Conditions, in particular to ensure the compliance with above mentioned obligations by all project partners.
2. The Partnership Agreement must be concluded in writing, in English, and contain, in particular:
 - a) a concept or a method of distribution of rights to the results, respecting the prohibition of indirect state aid according to the Framework, i.e. the determination of the co-ownership ratio takes into account proportionally the ratio of the costs distribution among Project Promoter and individual project partners;
 - b) definition, management and supervision of rights introduced and acquired or created during the project which are necessary for the Project,
 - c) obligation to comply with the obligations under Article 4 by project partners as well, or to

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provide all necessary cooperation to comply with the Project Promoter's obligations, including the Project Promoter's responsibility for violations of the budgetary discipline by project partner,

- d) the Project Promoter's obligation to transfer the relevant part of the support from its own bank account to the bank accounts of project partners, including the designation of the transfer deadline,
 - e) the Parties' confidentiality obligation on all data related to the Project, including the project proposal, in order not to jeopardise its results and objectives,
 - f) commitment to cooperate on the Plan for Exploitation and Dissemination of Results to the project results and submitting implementation reports.
 - g) statement of all the Parties that they are familiar with all the provisions of the Contract, KAPPA Terms and Conditions and Key Project Parameters,
 - h) provisions on dispute resolution,
 - i) provisions on audits of the project partners,
 - j) the method of payments used for all project partners including currency exchange rules for such transaction in accordance with the Guideline for Research Programmes.
3. The Partnership Agreement may be subject to evaluation within a Monitoring Process. In the relevant remedial measure, the Programme Operator may oblige the Project Promoter to ensure a revision the Partnership Agreement, if it is in contradiction to the Rules for Providing Aid or the approved project proposal.

Article 7 Termination

1. The Programme Operator is entitled to terminate the Contract if
 - a) the Project Promoter or the project partner ceases to be eligible under Section 18(2) of Act on the Support of Research and Development, with the exception of effective conviction for an offence affecting the eligibility to fulfil the obligations for receiving grant,
 - b) if further continuation in Project becomes ineffective, particularly due to the existence of a parallel solution of the same or similar project by another Project Promoter with better results even under different programme or for different Programme Operator, or if the Project results become outdated due to the existence of another, more applicable, methods and procedures, and if the Project Promoter has not been aware of or could not know of such facts,
 - c) it is obvious that the procedure for the project solution does not produce the expected results as a result of facts not caused by the Project Promoter,
 - d) regulation of drawing state budget occurs as a result of budgetary provision or reduction of state

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funds or

- e) the Project Promoter's performance under the Contract becomes otherwise impossible and the performance obligation thus ceases to exist and such inability is not caused by the violation of its obligations, while the performance is not considered impossible if it may be done under difficult conditions or after the performance deadline.
 - f) the Project Promoter or a project partner have committed an irregularity or failed to remove the causes and consequences of irregularity within the time limit defined by the control entity.
 - g) the project no longer fulfils the conditions of eligible consortium set in the Call Documentation.
2. The Parties are obliged to mutually settle each other's rights and obligations, in particular, to perform all necessary activities related to the early completion of the Project (e.g. if efficient, to submit final reports, perform the final evaluation, submit implementation reports etc.).
 3. The termination becomes effective on the date of delivery of the written and justified notice of termination to the Project Promoter.

Article 8 Withdrawal

1. The Programme Operator may withdraw from the Contract if
 - a) the Project Promoter or project partner acts (including when it fails to act under an obligation to act) in violation to the Rules for State Aid or commits an action resulting in a violation of the Rules for State Aid by the Programme Operator,
 - b) the Project Promoter provides incomplete, inaccurate or false details or other facts in the Call for Proposals while concluding the Contract or under its obligation to provide information during the Project or after its completion with the intention of obtaining support or another advantage,
 - c) the Project Promoter violated any of its obligations under Article 4, and if the Programme Operator, which requested the Project Promoter to take remedial measure, shall withdraw from the Contract only after the expiry of the set deadline for remedies,
 - d) the Project Promoter repeatedly (3 times) violates any of its obligations without set deadlines for their fulfilment but their fulfilment is conditioned by other facts,
 - e) the Project Promoter or project partner is effectively convicted of an offence affecting the eligibility to fulfil the obligations for receiving grant,
 - f) further continuation in Project becomes ineffective, particularly due to the existence of a parallel solution of the same or similar project by another Project Promoter with better results even under different programme or for different Programme Operator, or if the Project results

T A Č R

become outdated due to the existence of another, more applicable, methods and procedures, and if the Project Promoter has been aware of or should know of such facts (when in doubt, a similar provision on termination applies),

- g) it is obvious that the Project procedure does not produce the expected results or meet the project objectives due to events caused by the Project Promoter (especially in the case when the progress of the project grossly differs from the project proposal, when in doubt, a similar provision on termination applies) or
 - h) based on control procedures, the Project Promoter is found to commit severe financial imbalance or fraud.
2. The Programme Operator is not entitled to withdraw from the Contract if the violation of the Project Promoter's obligations is caused solely by the Programme Operator's failure to fulfil its obligations.
 3. The withdrawal becomes effective on the date of delivery of written and justified notice of withdrawal to the Project Promoter.
 4. By withdrawing from the Contract, the effects set forth in Sections 2004 and 2005 of Act No. 89/2012 Sb., Civil Code, become effective.

Article 9 **Revenues from Projects**

1. The Project revenues mean any revenues of the Project Promoter or project partners incurred in connection with the Project, which it would not incur under different circumstances and which are primarily unexpected during the project or upon its completion. Therefore, the Project revenues do not include the income from declared results. This is considered an advantage which the Project Promoter or project partners should dispose of by paying the relevant amount corresponding to such Project revenue to the Programme Operator.
2. In particular, the Project revenues include
 - a) interest on the relevant part of the grant for the time it is deposited on the Project Promoter's or a project partner's account,
 - b) any commercial use or other monetisation of property acquired from the grant which can no longer be used to implement the Project and
 - c) sanctions issued to suppliers, including those not enforced, when procuring goods and services for the purposes of the Project or other indemnification (e.g. discounts for late delivery).
3. The Project Promoter and project partners are obliged to act as a proper business entity when generating revenues, i.e. not preventing their acquisition unless it would do so even if the revenues were unrelated to the Project. Otherwise, it shall be considered a violation of the Rules for Public Aid. If the relevant Project Promoter's or project partner's bank does not provide interest, the Project Promoter or project partner shall prove this as a regular part of the product offered to other

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clients as well and it is not an *ad hoc* agreement between the Project Promoter or project partner and the bank.

4. The Project Promoter shall include the overview of the project revenues, or reasons of their non-existence, for the Project duration to the final report and pay them out to the Programme Operator no later than by 15 February of the year following the Project completion to the revenue account No. 19-3125001/0710. The calculated amount does not need to strictly correspond to reality if the Project Promoter's or a project partner's effort to do so is disproportionately time-consuming and administratively costly in relation to the result obtained. However, in such case, the Project Promoter or project partner shall at least choose such a simple calculation method which approximates reality while considering the main purpose of this provision is the Project Promoter's and project partner's obligation to dispose of such an advantage, as described in Par. 1.
5. The Project Promoter and project partners shall transfer to the Programme Operator the Project revenues incurred within the Project duration and three years after its completion.
6. Revenues generated by the assets acquired from the grant in the part determined to be used in the project, are considered unauthorised and mean the Project promoter's or project partner's violation of the budgetary discipline.
7. The pay-out obligation does not apply to revenues not exceeding CZK 200 in one Project by one Project Promoter or project partner in the relevant calendar year.

Part C – Disclosing Information, Confidentiality, Submission of Reports**Article 10*****Disclosing Information and Confidentiality***

1. The Programme Operator shall ensure disclosing of the relevant information to the RDI IS in accordance with Chapter VII of Act on the Support of Research and Development and Government Regulation No. 397/2009 Sb. on the information system for research, experimental development and innovation. For this purpose, the Programme Operator requests such information from the Project Promoter and project partners, unless it already received them based on other facts.
2. All information related to the Project and the Project results are considered confidential except for information entered into RDI IS or information which the Programme Operator is obliged to provide to a government body, judicial body or law enforcement authority. The Programme Operator also reserves the right to disclose relevant information to other Programme Operators, other governmental bodies or bodies of the EEA / Norwegian Financial Mechanism for the effective performance of activities related to the provision of aid in research, development, and innovation.
3. The Parties shall keep all relevant information confidential and, if the information is disclosed under the Contract to third parties, the Parties shall ensure that these third parties keep confidentiality of the information disclosed to them as confidential and use them only for purposes for which they were disclosed to them.
4. The preceding paragraph does not apply to informing the public that the project, or its results and outputs, is or was co-financed using the EEA and Norway Grants with the financial participation of the Programme Operator.
5. The Programme Operator has the right of free, exclusive and irrevocable disclosure, dissemination and distribution of science, technical, and other articles from magazines and conferences as well as information from other documents related to the Project published by the Project Promoter or project partner, or with their consent.
6. If the subject of the Project is subject to legal or recognised confidentiality obligation, the Parties disclose the information on the performed research, development, and innovation and its results with the exception of the information defined in the applicable law.
7. The Parties are exempted from the confidentiality obligation,
 - a) if the information content provided to them as confidential has been made publicly available based on other activities performed outside the scope of the Contract or under other provision not related to the Project, or
 - b) the confidentiality obligation is revoked by the entity in favour of which the obligation was established.

Article 11
Submission of Reports

1. During the Project, the Project Promoter submits the following reports in the follow deadlines:
 - a) interim report for each year of the Project, no later than January 30 of the following year,
 - b) special report upon the Programme Operator's written request, in particular, in the case if the Project Promoter or project partner is suspected of violating its aforementioned obligations, within the deadline set in the Programme Operator's request for submission of the report,
 - c) final report on the Project together with the Plan for Exploitation and Dissemination of Results, no later than 60 calendar days of the completion of Project,
 - d) report on the implementation of the results, no later than July 31 of the following year after the end of the three-year period for monitoring of implementation of the results.
2. The final report replaces the interim report for the final year or final stage of the Project.
3. A report is deemed as submitted, if it is duly submitted through the Information System of the Programme Operator and the Confirmation of electronic report generated by the Information System was sent and it includes all compulsory requisites and all other necessary documents are attached to it, the interim (if any) and the final report shall especially include the Plan for Exploitation and Dissemination of Results.
4. The methodical procedure of the preparation and submission of the report and other documentation by the Project Promoter are set forth in the relevant internal regulation of the Programme Operator.

Part D – Property Ownership, Rights to and Utilisation of results**Article 12*****Property Ownership***

1. The owners of assets necessary for the Project are under Section 15 of Act on the Support of Research and Development the Project Promoter and project partners which acquired set assets or created it during the Project.
2. If the Project Promoter and project partner is an organisational unit of the Czech Republic or a ministry of the Czech Republic, the owner of such assets is the Czech Republic.
3. If the Project Promoter and project partner is an organisation unit of the regional self-governing unit of the Czech Republic, the owner of the assets is the given regional self-governing unit of the Czech Republic.

Article 13***Plan for Exploitation and Dissemination of Results and Agreement on Utilisation of Results***

1. The Plan for Exploitation and Dissemination of Results is submitted by the Project Promoter together with the final report as its annex, or together with the interim report as its annex, if the result is achieved during the Project. The Plan for Exploitation and Dissemination of Results is submitted for each result or for specific groups of results, which are logically connected and whose implementation shall proceed together. If all project results meet this condition, it is possible to submit one plan for all project results. The Plan for Exploitation and Dissemination of Results shall particularly include results that the Project Promoter or a project partner does not intend to pursue commercially or research. The plan shall include in particular all rights to the project results and proposals for the use of project results, and other mandatory particulars listed in the Programme Operator's information system for report submission.
2. The Programme Operator reserves the right to monitor the fulfilment of the Plan for Exploitation and Dissemination of Results for the entire duration of its validity, for minimum of 3 years after achieving the result, if the results are achieved during the Project, however, for maximum of 3 years following the project completion, in particular, on the basis of the Project Promoter's submissions of reports on implementation pursuant to the relevant Monitoring Process.
3. Implementation reports and Final implementation report are submitted by the Project Promoter for those results included in the Plan for Exploitation and Dissemination of Results. The results included in the Implementation report should be previously included in the Plan for Exploitation and Dissemination of Results. Before the submission of Implementation report it will be possible to modify the groups of reported results (always restricted to the Plans for Exploitation and Dissemination of Results submitted within the same year). Similar necessary modification will be possible before the submission of the Final implementation report.

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4. The Agreement on Utilisation of Results may be concluded either between the participants, if there is no other user, or, if another user exists, such is also party of this agreement, or, if the rights to the results are already resolved otherwise, the agreement may be concluded only between the result owner and its user. If there is one owner of the result utilising it itself, the Agreement on Utilisation of Results is replaced by the Sworn Statement on the utilisation of the results.
5. The Agreement on Utilisation of Results includes in particular
 - a) Project title and identification details,
 - b) definition of results and their comparison to the Project objectives,
 - c) definition of ownership rights or rights of use to the results under Section 16 of Act on the Support of Research and Development,
 - d) method of use of the results and period in which the results will be used, no longer than 5 years following the Project completion,
 - e) the extent of the degree of information confidentiality and manner of handling such information under specific legislation,
 - f) sanctions for violating the agreement and
 - g) date of the agreement becoming and ceasing to be effective.
6. The Agreement on Utilisation of Results shall be concluded in accordance with the conditions under the Contract and the KAPPA Terms and Conditions.
7. The Programme Operator reserves the right to review the wording of the Agreement on Utilisation of results and its completeness.

Article 14 ***Rights to Project results and Their Protection***

1. Rights to results arising from activities carried out in projects under the KAPPA Programme, shall be the property of the participant carrying out the activities generating those results. Where several participants have jointly carried out work generating results and where their respective share of the activities cannot be ascertained, they shall have joint ownership of such results. An agreement shall be established regarding the allocation and terms of exercise of joint ownership in accordance with the Contract and KAPPA Terms and Conditions.
2. The Project Promoter guarantees the legal integrity of the project, i.e. guarantees the Project results do not interfere with rights to Subjects of Intellectual Property and other third parties' rights for any utilisation of the project results in the Czech Republic and abroad. The guarantees also apply to project partners.
3. The Project Promoter may disclose the information on Project results to which it has property rights, unless their disclosure affects their protection, informs the project partner of its intention

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well in advance, and at the same time it meets the obligations set in Article 4.2(d).

4. The Project Promoter and project partners are obliged to ensure open access in case of the J-type result, i.e. online access free of charge for any user to all peer-reviewed scientific publications related to the project results and to all data associated with these publications. The result is deemed J-type result only if the requirements for open access defined in the Guide for Applicants are met.

Article 15

Utilisation and Provision of Results

1. The details of the utilisation of the Project results shall be outlined in the Plan for Exploitation and Dissemination of Results and the Agreement on Utilisation of results.
2. While providing the Project results, the Project Promoter is obliged to ensure that the provisions of Section 16 of Act on the Support of Research and Development are followed.
3. The Project Promoter and project partners are entitled to provide the results to third parties in a way that doesn't cause breach of the state aid rules and to indirect aid.

Part E – Costs, Evaluation and Inspections

Article 16

General Principles of Approved Eligible Project Costs

1. All funds provided by the Programme Operator as the support for the Project in research and development have the character of earmarked funding ~~targeted funds~~.
2. Approved eligible costs shall be
 - a) incurred in accordance with the Programme’s objectives and be directly related to the Project,
 - b) verifiably paid by the Project Promoter or project partners (December costs must be paid by the day of submission of Interim report, no later than January of the following year),
 - c) supported by probative accounting documents (it must be clear from the documentation that all eligibility conditions as set in Articles 16 and 17 were met),
 - d) reasonable (corresponding to the prices usual to the place and time) and
 - e) spent in accordance with the principles of economic efficiency (cost/expense minimisation while following the Project objectives), usefulness (direct link to the Project and integral for the Project) and effectiveness (maximising the ratio of Project outputs and inputs),

while the fulfilment of all these conditions is reflected in the evaluation and review processes, or upon the Programme Operator’s request.
3. Provided transactions between the Project Promoter and project partners or among project partners are not considered an approved eligible cost. The costs of taxable transaction between the day on which effects of a merger, division or transfer of assets to the shareholder occur, and the day of the approval of such change, are also not considered as an approved eligible costs, unless the Project Promoter or project partner requested in due time a consent to the transfer of rights and obligations in conversion pursuant to Section 14a of the Budgetary Regulations and the approval is delayed solely for reasons on the part of the Programme Operator.
4. If the Contract becomes effective on a date later than the specified date of commencement of the Project in the Key Project Parameters, the costs of the Project incurred between such dates shall be considered as costs incurred after the Contract becomes effective.
5. Each cost is considered as if funded from the provided support and non-public resources with the ratio based on the intensity of the provided grant to the relevant Participant for the entire Project duration.
6. If the Key Project Parameters document prescribes the obligation to achieve two or more results within the Project duration, the amount of provided support required to achieve each individual result is calculated for the purposes of the Contract according to a formula, where the value of a

T A Č R

result equals the value of the points² of such result multiplied by the quotient of the total amount of support divided by the sum of points of all declared results. In case the costs are distributed to each individual result in the Project proposal, or in the reports submitted to the Programme Operator, the Programme Operator shall determine the value of the results based on such data.

7. The Project Promoter and project partners are obliged to keep separate accounting records on all costs in accordance with the Act no. 563/1991 Coll., on Accounting, and keeps separate records of Project incomes and expenditures in case of tax records.
8. If the Project Promoter or a project partner is a VAT taxpayer and is entitled to deduct tax according to Act 235/2004 Sb., on Value-Added Tax, such VAT may not be considered as an approved eligible cost.
9. All costs must be demonstrably related to the subject of the Project and make a demonstrable contribution to the fulfilment of the Project objective and its results, they must be further assigned to a specific activity within the Project and to specific R&D categories, i.e. to applied research or experimental development and they shall be provided to the Programme Operator upon its request.
10. If the amount of the approved eligible costs is reduced, the maximum amount of the grant shall be reduced proportionately, maintaining the specified aid intensity.
11. If the Project Promoter or a project partner acquires tangible or intangible assets or services for the purposes of the Project and simultaneously the exception pursuant to Section 8(4) of Act on the Support of Research and Development cannot be applied, the Project Promoter or a project partner is obliged to act according to the relevant provisions of Act on Public Procurement, regardless of the intensity or amount of the provided grant.
12. Project Promoter and project partners, that receive a grant of less than 325 000 EUR, do not submit a proof of expenditure. Project Promoter and partners that receive a grant above 325 000 EUR, shall submit the proof of expenditure with the final project report, in one of the following forms accepted as a sufficient proof of expenditures incurred:
 - a) A certificate by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the claimed costs are incurred in accordance with the Guideline for Research Programmes, the EEA/Norway Regulation, the national law and relevant national accounting practices.
 - b) A certificate issued by a competent and independent public officer recognised by the relevant national authorities as having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements, certifying that the claimed costs are incurred in accordance with the Guideline for Research Programmes, the EEA/Norway Regulation, the relevant law and national accounting practices.

² results P, N, Z, F, G, H, R, V – 100 points, O – 20 points (only in the case of P or F application – 100 points).

Article 17

Individual Categories of Eligible Costs and Conditions for Their Recognition

1. All individual types of costs not listed in this Article and following specific costs are not considered eligible:
 - a) charges for financial transactions and other purely financial costs, except costs related to the accounts required by the Donors (FMO), NFP or the applicable law and costs of financial services required by the implementation contract;
 - b) exchange losses;
 - c) paid tax (road tax, real estate tax, gift tax, inheritance tax etc.) and customs duties;
 - d) administrative fees (extract from the land register, extract from the commercial register etc.);
 - e) fines, penalties and costs of litigation.
2. Eligible Costs apply in the following categories:
 - a) staff costs,
 - b) subcontract costs,
 - c) other direct costs and
 - d) indirect costs.
3. **Staff costs** are the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this corresponds to the Project Promoter's and project partner's usual policy on remuneration. The corresponding salary costs of staff of national administrations are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken.

Overtime work is not an eligible expenditure.

Project Promoters and project partners shall ensure that the work of employees working part-time on the project is registered in timesheets, alternatively reported by a fixed share specified in the contract or in the official job description.

Project partner using the standard scales of unit costs method does not have to claim real staff costs; in the cost category "Personnel" the unit costs are claimed. These unit costs include staff and indirect costs (overheads), therefore the project partner cannot claim any other costs in the category "Indirect" costs at the same time.

For the Project Promoter and Czech project partners, the staff costs include the wage and salary costs, increased by other costs the employer pays for the employee, i.e. mandatory insurance, part of costs of social insurance and a part of costs of general health insurance. Furthermore,

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other mandatory costs resulting from the employer's valid internal regulation (CSNF, pension contribution, life insurance, social fund, etc.). Bonuses pursuant to §134 and § 134a) of the Act No. 262/2006 Sb., of the Labour Code or similar legislation³ can only be paid to the employees that are employed pursuant to the Act No. 262/2006 Sb., of the Labour Code, and participate in the Project in question (i.e. demonstrably work on the project at least in a part-time manner). These costs are only eligible only if they are duly justified and **only up to a maximum amount of two-month wages/salaries according to the valid wage/salary determination or wage agreement with regard to the full-time equivalent and the number of months allocated to the project in the relevant calendar year.**

Wages, salaries, work performance agreement or contract for work remunerations must be in accordance with the approved wage, salary or other internal regulations of the Project Promoter and project partners.

For compensations, the eligible costs are all compensations according to the Labour Code (for the employees with fixed full-time employment participating in the project).

Staff costs include scholarships as set in the §91(2c) of Act No. 111/1998 Sb., on Higher Education Institutions and on Amendments and Supplements to some other Acts, or their proportional part, if the decision to grant a scholarship clearly declares that it is granted for the research activity in the project.

4. Subcontract costs are costs of services of research nature. The subcontracting contractor must not be a member of the research team or person connected (as defined in Section 23 (7) of the Act No. 586/1992 Sb., on income tax) to the Project Promoter or a project partner. The subcontracting costs are limited to 20 % of the total approved eligible costs of all the participants of the project for the entire duration;

5. Other direct costs include

- a) the costs of protection of intellectual property rights declared as a result of the project (in particular the related fees, research and patent attorney costs) and the costs for the protection of the already incurred intellectual property rights necessary for the project,
- b) other operating costs incurred in the direct connection to the project such as the materials, services and small tangible and intangible assets,
- c) the costs of repair and maintenance of tangible and intangible assets used during the project in the amount corresponding to the period length and the proportion of the use of the assets for the project,
- d) part of the annual depreciation of long-term tangible and intangible assets in the amount corresponding to the length of the period and share of actual use of the assets for the project implementation, which was not acquired from public funds. Only tax depreciation can be an

³ especially the Act No. 361/2003 Sb., about the Staff Regulation of the members of Armed Forces, Act No. 234/2014 Sb., about Civil Service

eligible expenditure. The entry price that is a basis for the calculation of tax depreciation has to be adjusted for the eligibility purposes, so it includes only eligible cost items.

e) the travel expenses incurred in the direct connection to the Project, if the business trip is made by an employee working on the Project, incurred in compliance with the applicable national legislation of the respective country of the travelling employee (both Czech and foreign), while the trip must have a demonstrable benefit to the project or the business trip is already declared in the approved project proposal.

6. The costs substantiated only by the internal accounting documents (internal invoices) shall not be approved eligible project costs. The costs of material charged on the basis of internal documentation (warehouse issue slip) can be only considered as approved eligible costs while the internal directive for inventory appraisal and invoices for the purchase of the same material for previous period are also submitted.

7. **Indirect costs** are costs arising in the direct connection to the project or the part thereof determined according to one of the following methods, i.e. the administrative costs, rent, auxiliary staff and infrastructure costs and energy and services costs, unless already listed in other categories.

The indirect costs can be reported by the reporting method of indirect costs on the basis of fixed rate, i.e. the “**flat rate**” method in the amount of up to 25 % of the sum of the actual reported staff costs and other direct costs of the Project Promoter and project partners in the year, except for investment costs, when indirect costs reported in such way do not need to be supported by the relevant accounting documents, however, the total amount of indirect costs of the organisation and their distribution to the centres/projects/divisions etc. are reported.

The flat rate method cannot be used in case when the project partner is a Norwegian research institute which is using the “**standard scales of unit cost**” method, in which case the indirect costs are already covered and claimed in the category "staff costs", and hence cannot be claimed in the “indirect costs” category.

Article 18

Transfer and Change of Approved Eligible Costs of Project and Support

1. The approved eligible costs and the related amount of the provided support for the Project for the entire Project duration may be changed during the Project by maximum of 50% of the amount of approved eligible costs or of the amount of support from public funds specified in the Contract as stipulated by the Programme Operator during the evaluation of the Call for Proposals in research, development, and innovation.
2. The SME-07 Project Change Management Directive determines the Parties’ course of action in the event of the Project Promoter’s request for change in transfer or in the approved eligible costs of the Project and the amount of support.

Article 19
Monitoring Process

1. The Programme Operator shall carry out the following types of inspections within the scope of control of the project solution pursuant to Section 13 of the Act on the Support of Research and Development:
 - a) on-the-spot public administration control,
 - b) monitoring of project objectives,
 - c) interim monitoring of project solutions through reporting,
 - d) final monitoring in the form of the final expert control.
2. The Programme Operator is entitled to perform the on-the-spot public administration control at any time in accordance with Act No. 320/2001 Sb., on Financial Control, Act No. 255/2012 Sb., on Inspection (Inspection Code), and to the minimum extent stipulated in Section 13 of Act on the Support of Research and Development. The Programme Operator follows these regulations as well as the **SME-22 Financial Control in Public Administration Directive**.
3. The Programme Operator monitors the fulfilment of the project objectives through a regular interim and final reports control and through a monitoring control performed at least once during the project implementation. The monitoring is initiated by a Notice of the monitoring, which set out a form and its implementation. The monitoring can be performed on-site (i.e. in the Project Promoter's premises where are carried out research and development activities), or at the headquarters of the Programme Operator.
4. The interim monitoring of project solutions through reporting is regulated by Article 11.
5. The Programme Operator performs final monitoring of the project to assess the achievement of project objectives, achievements, and their relationship to the objectives of the project, the final form of the expert control after completion of the project. The final expert control is initiated by the Notice of the final expert control, which also specifies the form of its execution. The final expert control may be carried out on the spot (i.e. in the Project Promoter's premises in which the research and development activities are carried out) or at the headquarters of the Programme Operator with the participation of the Project Promoter's representatives or in bulk for several projects.
6. Details of the monitoring processes are regulated by the Programme Operator's internal regulations.
7. The Project Promoter is obliged to allow the Programme Operator and persons authorised by the Programme Operator to perform a comprehensive inspection under this Article and allow access to its accounting records related directly or indirectly to the Project in accordance with the provisions of Section 8(1) of Act on the Support of Research and Development and provide the necessary cooperation therewith at any time during the Project proposal or within ten years after the Contract terminates. This provision is without prejudice to the rights of inspection and financial bodies of the Czech government.

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8. Upon the Programme Operator's request during the monitoring, the Project Promoter shall submit the documents above on behalf of the project partner from which it obtained set documents well in advance.
9. Other public authorities involved in the EEA and Norway Grants, such as the Certifying Authority, the Audit Authority, the National Focal Point, the Financial Mechanism Office, as well as the authorized national financial institutions, can execute relevant monitoring processes of the Project Promoter and project partners or access the results of the Programme Operator's monitoring processes.

Part F – Final Provisions

Article 20 ***Parties' Disputes***

1. The Parties' disputes arising under the Contract and in connection herewith shall be arbitrated by the relevant body or court.

Article 21 ***Amendments to the Contract***

1. The Contract, including its Annexes, may be supplemented, modified and amended at the request of the Project Promoter only by written and consecutively numbered Amendments to the Contract signed by the Parties in the case of facts that are specified directly in the Contract.
2. The Key Project Parameters may be changed on the basis of a request from the Project Promoter and a notification of the Programme Operator's consent. The notification of the Programme Operator's consent results in the new version of the Key Project Parameters being generated in the Programme Operator's information system.
3. The request for change shall be submitted via a dedicated form in the Programme Operator's Information System and by sending a confirmation of submission via a data box. If any changes occur in the Project proposal, which are not reflected in the Key Project Parameters, the Project Promoter informs the Programme Operator of such changes in the following interim or final report and does not draw up a report or request for change regarding such changes. The information on such modifications shall also include the time when it occurred and its justification.
4. The preceding paragraph also applies when results, which are not declared in the Key Project Parameters, occur during the Project realization, in order to achieve the declared results.
5. The request for change must contain the consent of all project partners with this change. Fulfilling this obligation is a condition of the Programme Operator's approval of the change.
6. The detailed approval process of the request for change is regulated by the Programme Operator's internal regulations.

Article 22 ***Expiration of the Contract***

1. The Contract expires after 3 years since the date of the Project completion unless the Parties agree to extend it.
2. The Contract also expires by termination or withdrawal.
3. The term of validity of the Contract includes the Project duration and the subsequent period

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necessary for the evaluation of the Project results, including the settlement of the provided support under the Budgetary Regulations, which may not be longer than 180 calendar days from the date of the Project completion. However, the term of validity of the Contract does not include the Project duration prior to the signature of both Parties. This Paragraph is without prejudice to Article 16(4).

4. Obligation according to the article 4 paragraph 2 letter e) shall be valid for a period of 3 years after the results have been achieved, even after the termination of the Contract.
5. Obligation according to the article 4 paragraph 2 letter a) shall be valid for a period of 10 years after the results have been achieved, even after the termination of the Contract.