



Annual Programme Report No.4 EEA Grants 2009-2014

Programme CZ06 – Cultural Heritage and Contemporary Art

Reporting period: 1.1.2016 – 31.12.2016

Programme Operator: Ministry of Finance Czech Republic

Programme Partner: Ministry of Culture Czech Republic

Donor Programme Partner: Arts Council Norway

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1. Executive summary

The Ministry of Culture provides funding to support the development and preservation of cultural heritage through national grant programmes in the Czech Republic. Though cultural heritage is a very important activity of the Ministry of Culture (allocation at preservation and restoration of cultural heritage increased from 5 to 6 % of the MoC budget in 2016), it grows much faster than its total budget in recent years. It is also essential to increase the funding of current grant programmes for the contemporary arts in order to ensure support is also provided to the full spectrum of arts genres, both in the professional arts sector, as a priority area, and in the area of nonprofessional artistic activities. Moreover, it is vital to optimise subsidies programmes annually while stressing continuity and support for innovative, experimental, and interdisciplinary projects.

Despite the considerable potential of cultural sector, it remains undervalued in terms of financing and public budgets do not cover the volume of resources required. Making use of support within the framework of international funds, including the EEA and Norway Grants, thus represents needed complementary financial source of funding. The support of the EEA Grants within the cultural area is a highly valuable contribution as the grants have had a very positive impact on the condition and use of the cultural heritage and arts supported. The EEA Grants mechanism is fully in line with the strategies outlined in the national cultural policy and provides essential financial support.

The Programme CZ06 *Cultural Heritage and Contemporary Arts* for the conservation of cultural heritage and the promotion of diversity in culture and arts provides support to give cultural heritage in the Czech Republic a new lease of life, stimulates new developments in arts and culture and by doing so, it contributes to strengthening bilateral cooperation and sharing of know-how, to greater mutual understanding and social cohesion.

Based on the continuous monitoring, all the approved projects are rightfully considered to have high potential to help the planned Programme outcomes and outputs to be achieved. Total figures are not yet available as not all projects have been finished (23 projects out of 58 completed in 2016). 17 projects in the PA17 have been completed, having their desired results achieved. The outputs of the PA17 are specific projects in a variety of artistic disciplines in the area of contemporary professional arts, significantly promoting live arts, with special attention to degree of their innovativeness and quality. The content of the projects focused also on the socializing and enculturation function of arts, supporting cultural diversity and community coherence in order to remove negative social aspects.

Completed projects have helped fulfilling the aims of the cultural policy both at the national and international level. The project *Brave New World Ltd. exhibition* represents a good practice example, enhancing artistic diversity, with emphasis on the support of creativity and attempting to compensate the negative impacts of the consumption society and promoting respect to diversity of cultural expressions. All project activities were executed with a great deal of professional expertise, which was evidenced by numerous positive responses from the Czech and international professional community as well as from the general public.

Continuation of partner cooperation may be reasonably expected after the project is implemented in many cases. Some projects have already had long-term ties with the Donor State partner and the project has significantly contributed to the continuation and intensification of the bilateral partnership. Beyond the main project activities, additional activities with the same Donor State partner and/or other Donor State entities have been developed within the scope of the initiatives funded by the Bilateral Fund, measure “b”, in which the Open Call for application submission was prolonged till July 2017. In 2016, 15 measure “b” initiatives were approved in the Programme CZ06.

New significant risk has been identified in the area of management and control structures of the Programme management, potentially threatening other Programme areas of interest within the

implementation, particularly its absorption capacity and bilateral relations. The application of the Civil Service Act (Act no. 234/2014 Coll.), may present risk to the Programme in terms of personnel destabilization with the Programme Partner management structures. Risk of key people leaving, having long-time experience in cultural heritage revitalisation and management, significant professional competence, qualification, management skills including considerable results achieved within the EEA Grants, has become an influential risk factor in the final period of the Programme implementation. Mitigating actions will be carried out in 2017 in order to secure the risk will not impede the achievement of the crucial Programme operations and the achievement of desired Programme results.

2. Programme area specific developments

In April 2015, the government passed Resolution No. 393 which acknowledges the *State Cultural Policy for 2015-2020* (with a view to the year 2025) as the main strategic plan based on the economic, social and civic levels of the cultural sector. The government considers culture a determining part of the Czech national identity, a base increasing the quality of life and contributing to raising the quality of respected values. The culture and arts and support of their presentation within the context of international cooperation is perceived as a unique opportunity for promoting cultural diversity emphasising original national values on the map of European and world culture, protecting cultural heritage, easing obstacles to the mobility of cultural professionals, and supporting the contribution of cultural and creative industries to boosting growth and jobs, in line with the principles of the European Agenda for Culture.

The *State Cultural Policy for 2015-2020* was approved by the Czech Government Resolution No. 266 of 15 April, 2015. The six priorities of the State Cultural Policy are:

- supporting cultural identity, cultural diversity, and intercultural dialogue;
- supporting creativity, cultural activities, creation of cultural goods, provision of cultural services and work with public, and promoting access to culture and participatory form of culture that encourages social integration;
- promoting conservation of cultural heritage;
- making use of cultural heritage and cultural activities, services, and goods for economic development, increased competitiveness and enhanced mobility;
- using e-Culture tools for the development of culture;
- creating a more effective environment for the support of cultural activities, provision of public cultural services, creation of cultural goods and conservation of cultural heritage.

In reference to the *State Cultural Policy 2015–2020*, the *Strategy of Support for the Arts 2015–2020* was adopted by the Government of the Czech Republic in Resolution No. 1009 of 9 December 2015. The *Strategy* proposes measures for creating an environment and conditions conducive to the development of the arts and the activities of organisations or persons engaged in cultural work. It is aimed at fulfilling following objectives:

- support of creativity and creation of works of art, professionalism and strategic planning;
- using the potential of arts to contribute to the development of the society;
- support of international cooperation and export.

The main instruments of support by which the state cultural Policy and related strategies are implemented to realize their main objectives include legislative and economic areas. In 2016, amendments to the acts on certain types of support of culture and arts, amendments to certain related laws and new legislation were adopted in the sector of culture. The changes do not have any impact on the Programme modification:

- *Amendment to Act no. 20/1987 Coll., On state preservation of monuments, as amended by Act no. 127/2016 Coll.*

- Amendment to Act no. 122/2000 Coll., On protection of museum collections, as amended by Act no. 243/2016 Coll.
- Amendment to Act no. 3/2002 Coll., On freedom of religion and the status of churches and religious societies (Act on Churches and Religious Communities), as amended by Act no. 192/2016 Coll.
- Amendment to Act no. 239/2016 Coll., On State Fund of Culture of the Czech Republic, as amended by Act no. 188/2016 Coll.
- Amendment to Act no. 496/2012 Coll., On audiovisual works and promotion of cinematography, enacted by Act no. 139/2016 Coll.
- Measures of general nature in the area of heritage preservation, declaring zones as listed in accordance with § 6 of Act no. 20/1987 Coll., On state monument care

Among economic areas of support, subsidies from the state budget, regional and municipal budgets play an important role in funding of culture and arts. Despite the considerable potential of cultural sector, it remains undervalued in terms of financing and public budgets do not cover the volume of resources needed. Long-term insufficient financing of all cultural areas represents the main trend in the cultural area. Decreased expenditures on the arts in the past decade have led to stagnation, declining activity, and in extreme cases represent a threat concerning potential demise of some organisations in the cultural sector.

A crucial significance for feasibility of the tasks, measures and implementation of the objectives of the state cultural policy lies within the governmental performance of the obligations detailed in the statement of policy, namely increasing the share of the national budget given to support culture gradually up to 1 % of the state budget. In 2016, 0.93 % of the state budget was allocated to the Ministry of Culture. As this figure included also property settlement with churches and religious communities, the real budget of 0.66 % of the state budget leads to detriment to various areas of culture.

Budget heading	Total costs 2013 (CZK)	Total costs 2014 (CZK)	Total costs 2015 (CZK)	Total costs 2016 (CZK)
Ministry of Culture	8 889 694 000	10 415 749 414	10 889 523 999	11 707 143 311
- portion of state budget	0,75 %	0,86 %	0,89 %	0,39 %
- portion of state budget excluding property settlement with churches	0,63 %	0,57 %	0,60 %	0,66%
State Budget Total	1 180 767 603 000	1 211 307 508 965	1 218 455 000 000	1 250 860 000 000

Chart 1: Budget of the Ministry of Culture Overview in 2013 -2016

The Ministry of Culture provides funding to support the development and preservation of cultural heritage through national grant programmes established by the Ministry. Though cultural heritage is a very important activity of the Ministry of Culture (allocation at preservation and restoration of cultural heritage increased from 5 to 6 % of the budget), it grows much faster than its total budget in recent years. It is also essential to increase the funding of current grant programmes for the arts and culture in order to ensure support is also provided to the full spectrum of arts genres, both in the professional arts sector, as a priority area, and in the area of nonprofessional artistic activities. Moreover, it is vital to optimise subsidies programmes annually while stressing continuity and support for innovative, experimental, and interdisciplinary projects.

Making use of support within the framework of international funds represents needed complementary financial source of funding. Beside the EEA and Norway Grants, the only all-European programme 'Creative Europe' for direct support of cultural and creative industries exists in the EU in the programming period 2014-2020, aimed at European cooperation projects and literary translation within its sub-programme Culture and at audio-visual area including distribution of European films in cinemas within the sub-programme Media. The focus of the program "Creative Europe" is not in conflict with the Program CZ06, having no impact on the planned Programme CZ06 results.

The Programme CZ06 *Cultural Heritage and Contemporary Arts* provides support to cultural heritage preservation in the Czech Republic and notably contributes to achieving high-quality results of artistic efforts and strengthening bilateral cooperation. The support of the EEA and Norway Grants is a highly valuable contribution as the grants have had a very positive impact on the condition and use of the cultural heritage supported. The EEA Grants mechanism is fully in line with the strategies outlined in the national cultural policy and provides needed financial support.

The application of the Civil Service Act (Act no. 234/2014 Coll.), which took effect on 1 January 2015, may present risk to the Programme as affecting Programme management structures. Analysis of the situation and mitigating actions planned are described in chapter Risk management.

3. Reporting on outputs

3.1. Programme outputs overview

The Programme's outputs and their indicators, as defined in the Programme Agreement, as amended are summarized in the table below. Target values achieved in 2016 by completed projects and estimated target values to be achieved are given.

Programme outputs		Baseline	Target planned (Programme Agreement)	Target achieved in 2016/Estimated target total
Output	Cinematographic works restored and digitalised			
Output Indicator	<i>Number of restored and digitalized cinematographic works</i>	1	14	0/18
Output	National cultural heritage sites, cultural heritage sites, UNESCO heritage sites and buildings used for museum-type collections renovated or repaired			
Output Indicator	<i>Number of buildings of cultural heritage value and buildings for museum-type collections restored or rehabilitated</i>	0	12	8/21
Output	Collections including libraries collections restored; optimal environment for museums, libraries, archives and written cultural heritage created			
Output Indicator	<i>Number of actions taken to preserve movable cultural heritage and written cultural heritage</i>	0	2	3/13
Output	New performance projects supported			
Output Indicator	<i>Number of new cultural performances, interdisciplinary and exhibition projects and concert events in the area of theatre, visual, music and film art</i>	0	4	34/69
Output	Creative workshops in the area of theatre, music, visual and film art held			
Output Indicator	<i>Number of creative workshops (specialized courses, conferences, seminars)</i>	0	4	89/144

Chart 2: Overview of Programme Outputs

Project activities are contributing to the achievement of desired Programme outputs. Activities in the PA16 are directed mainly towards renovation of cultural heritage sites and monuments, particularly maintenance, reconstructions, restoration, repairs, landscaping and other works and towards restoration, digitalization or subsequent presentation. These activities carried out in order to preserve and rescue cultural heritage have been accompanied by presentation of the renovation process and by popularization of the buildings themselves.

Activities in the PA17 are aimed at creation, organization and presentation of diverse projects in artistic disciplines of professional theatre, music and visual art. The objectives will also be achieved through art-creating and art-supporting means that will enrich and develop valuable results of the artistic efforts of present artistic structures.

Measurement of progress in terms of quantitative indicators is achieved through indicators, explicitly stated in project applications and appraisal documents and reported in monitoring reports by Project Promoters. Indicators for the PA16 are registered within the existing registration system – the Central list of cultural heritage items/National Film Archive or Evidence of the Ministry of Culture. Indicators for the PA17 focused on the main objectives of the Programme will show the scope of achieved results.

Verification of project results including the values achieved is carried out during the final monitoring visits. Total figures are not yet available as not all projects have been completed (23 projects out of 58 completed in 2016). Based on the continuous monitoring, all the approved projects are rightfully considered to have high potential to help the defined Programme outputs to be achieved.

3.2. Pre-defined projects

PDP 1 Digital Restoration of Czech Film Heritage has been in implementation phase, having the expected completion date set for 30 April 2017. The main project activity - restoration and digitalization of the Czech film art works - draws to a close. The process of digitization itself was carried out according to the method set in the public procurement and resulted in digitized and digitally restored version of 14 selected films. However, the works on the long term data retention and archiving are still ongoing. Within the running project activities, the National Film Archive has put emphasis on the promotion of the project, providing also comprehensive information about the cinematographic art in order to strengthen and preserve the values of Czech film culture. 7 cinema premieres of the digitalized films took place in 2016. On the top of that, the film *Ikarie XB 1* had a sneak preview at the Cannes Film Festival in the prestigious Classic section, which largely supported the publicity of the project in general.

PDP 2 Industrial Heritage was completed in 2016, having the desired results achieved. The aim of the project was to study, evaluate and mediate knowledge in the area of cultural heritage management and establish cooperation between specialized institutions of cultural heritage care in the Czech Republic and Norway. The project has helped to make each other acquainted with the industrial heritage in Norway and the Czech Republic, with the methods of documentation, evaluation from the perspective of cultural heritage management, renovation and education. Based on this, a touring exhibition dedicated to industrial heritage as a whole and to selected topics was prepared and professional publication issued.

3.3. Small Grant Scheme

Out of 30 projects, only 1 project will continue its implementation in 2017. 21 projects finished their implementation in 2016 (8 already in 2015). 17 projects have been completed (also from the administrative point of view), having their desired results achieved. The outputs of the PA17 are specific projects in a variety of artistic disciplines in the area of contemporary professional arts, significantly promoting live arts, with special attention to degree of their innovativeness and quality. The content of the projects focused also on the socializing and enculturation function of arts, supporting cultural diversity and community coherence in order to remove negative social aspects.

Cultural dialogue has been enhanced by international cooperation in most of the projects, helping to strengthen the bilateral partner relations, exchange of expertise and promoting valuable results of the artistic efforts of the existing art structures to the audience. Guest artist experience of Czech artists abroad and foreign artists in the Czech Republic had positive impact on bilateral cooperation, supporting

the creativity and education of artists and other persons providing cultural services and the desired increase in the mobility of artists and other cultural workers within the international cooperation.

4. Reporting on Programme outcome(s)

The PA16 is focused on the protection, revitalization and presentation of movable and immovable cultural heritage. The PA17 focuses on the support of contemporary art and culture and their presentation to the wide public. The Programme's outcomes and their indicators, as defined in the Programme Agreement, are summarized in the table below. Target values achieved in 2016 by completed projects and estimated target values to be achieved are given.

Programme	CZ06 - Cultural Heritage and Contemporary Arts			
PA	16 - Conservation and Revitalization of Cultural and Natural Heritage			
Outcome	Cultural heritage restored, renovated and protected			
		<i>Baseline</i>	<i>Target planned</i>	<i>Target achieved in 2016/Estimated target total</i>
Outcome indicator	<i>Number of buildings of cultural heritage value and buildings used for museum-type collections restored or rehabilitated</i>	0	12	7/21
Outcome indicator	<i>Number of actions taken to preserve or digitalize cultural heritage value</i>	1	13	1/19

PA	17 - Promotion of Diversity in Culture and Arts			
Outcome	Contemporary art and culture presented and reaching a broader audience			
Outcome indicator	<i>Number of projects focused on the main objectives of the programme i.e. projects intended to increase understanding and integration of minorities and disadvantaged groups (social inclusion), cultural activities for children in terms of projects that promote understanding and acceptance of cultural diversity/number of coproduction projects focused on the main objectives of the programme</i>	0	30	17/30

Chart 3: Programme Outcomes overview

Indicators for measuring progress were developed and are used to make sure that various individual projects help to contribute to reach the set Programme results. Based on the continuous monitoring, all the approved projects are rightfully considered to have high potential to help the defined Programme outcomes to be achieved. Total figures are not yet available as not all projects have been completed (23 projects out of 58 completed in 2016).

The Outcome Indicator *Number of buildings of cultural heritage value and buildings used for museum-type collections restored or rehabilitated* target value is expected to be met in 2017. The value of 7 has been reached so far, as restoration including optimisation the use of 7 buildings showcasing important cultural collections was completed in 2016.

The Outcome Indicator *Number of actions taken to preserve or digitalize cultural heritage value* has reached the value of 1 out of the expected target of 19 so far with the project *General restoration NKP Třebechovice nativity scene*, completed in 2016. The National cultural landmark of the Probošt's Třebechovice nativity scene belongs to the most valuable landmarks in the Czech Republic and has no analogy in European context. The main project activities included overall rehabilitation, restoration and other artistic and technical measures ensuring a long-term preservation and presentation of the museum collections with the intention to increase the public awareness of the landmark value. It is expected that the costs incurred will return in the form of acceleration cultural values sharing between

generations. Support by grant to the project has helped to increase the potential for the museum use for an overall enhancement of cultural awareness and education, the potential for the development of tourist industry and the potential to motivate economic development.

The PA17 Outcome Indicator has reached the value of 17 out of the expected target of 30. Completed projects have helped fulfilling the aims of the cultural policy both at the national and international level. The project *Brave New World Ltd. exhibition* represents a good practice example, enhancing artistic diversity, with emphasis on the support of creativity and attempting to compensate the negative impacts of the consumption society and promoting respect to diversity of cultural expressions. All project activities were executed with a great deal of professional expertise, which was evidenced by numerous positive responses from the Czech and international professional community as well as from the general public. The exhibition, open from September 2015 till January 2016, became the fourth most visited exhibition in the Czech Republic in 2015 (approximately 26 052 visitors). The prestigious British magazine "Aesthetica" added the exhibition to worldwide TOP 10 exhibitions of the autumn 2015 gallery season. By doing so, the Project Promoter DOX Centre was recommended beside institutions such as Tate Modern London or Guggenheim Museum in New York. The DOX Centre also significantly exceeded the quantitative targets set for the projects, these being attendance figures, the number of educational programmes for all types of schools, etc.

The project *Showcase festival ITCH MY HAAAAHA* also achieved international recognition and success since it was nominated in the competition The Vinyla Awards – Achievement of the Year 2016. The festival represented one of the biggest music events in the city Brno, competing for the title of UNESCO Creative City of Music. The visual aids and presentation of the festival had a very positive response and were mentioned in several major foreign media devoted to graphic design. The project also helped to make artistic works of minorities focusing on live arts accessible to public, focusing on the acknowledgment of the specific nature of their cultural activities as carriers of the identity, value and meanings.

It is not expected, that the Programme will not achieve its planned outcomes. However, mitigating actions have been put in place to address the identified risks in order to secure the achievement of desired Programme results and level of Programme effects. Projects especially in the area of contemporary culture and arts are specific in terms of their characteristics, differing significantly from projects in other areas. Applicants, whose professional career is fully vested in the performing arts and who lack grant project experience, struggle in formulating and specifying their activities and needs due to specific jargon used within grant schemes and the Programme complexity. Development of skills, competencies and know-how in the area of cultural management and education of artists and other persons providing cultural services need to be supported more significantly in the next programming period in order to secure that programmes are reaching their objectives smoothly.

4.1. Progress on horizontal concerns

The Programme CZ06 aims to address horizontal concerns and cross-cutting issues throughout its duration. Horizontal concerns include hate speech, extremism and hate crime, racism and xenophobia, homophobia, anti-Semitism, tolerance and multicultural understanding, inclusion of Roma and other minorities. The cross-cutting issues are good governance, sustainable development and gender equality. Diversity at the level of cultures, nations and minorities, guarantees adherence to the principles of equal opportunities of men and women in terms of their social and professional development, non-discrimination and equal opportunities regardless of race, ethnicity and religion are supported. These affect all aspects of the Programme and its operation and are integrated at every level.

Horizontal concerns and cross-cutting issues have been addressed during open calls for applications, with projects, through the bilateral initiatives and complementary actions and also supported when selecting projects, monitoring and evaluating the Programme. Horizontal concerns were also included in

the selection criteria, resulting in cultural activities of the minorities being stressed in many of the approved projects. The horizontal nature of the priorities consisted in the obligation of all applicants to explain the impact that the project will have on horizontal topics and classify it as focused, positive or neutral in terms of the horizontal priority in question. The table lists number of projects aimed at specific horizontal concern within the project activities.

Horizontal concerns						
	Roma inclusion	Minorities inclusion	Combatting hate speech through social media and new technologies	Combatting extremism, racism, homophobia and anti-semitism	Equal rights of men and women	Anti-corruption measures
PA16	5	9	1	3	7	3
PA17	10	12	10	14	10	1

Chart 4: Horizontal concerns in projects of the Programme CZ06

Considerable amount of applicants used the opportunity to consult scope of their proposal with the PP and the PO. Monitoring of projects has proved that the project tasks and measures necessary for their implementation do not have a negative impact on equal opportunities and the environment. Especially projects of the PA17 have opened new possibilities for organizing various events of both artistic and social nature, like conferences, concerts, lectures, cooperation with minorities and further partner entities.

Programme CZ06 is relevant from a Roma inclusion perspective. Explicit but not exclusive targeting on Roma inclusion can be found in 12 projects within the Programme. On the top of that, in 3 projects in the PA17 it is a crucial topic for the justification of project implementation and its impact, namely the *International Roma Music Festival Romale*, project *Let’s Sing!* and especially the *World Roma Festival KHAMORO*, an extensive project bringing a big emphasis on Roma inclusion, equal opportunities and combatting discrimination. 29 workshops were organized within the project, with a total number of 15 000 visitors and 620 performers. A strong media campaign of the project enhanced debates around Roma issues and their status in society. It also focused on presenting positive Roma role-models to support mutual respect and tolerance. All project activities contributed significantly to the fight against extremism and racism both at the national and international levels and the festival is ranked among the “hate-free” festivals, promoting society without prejudice and with the respect for the rights of minorities.

The *International Roma Music Festival Romale* was aimed at presenting Roma culture to general public. 21 workshops, aimed at raising awareness about Roma issues, took place within the festival, which attracted about 900 visitors. One of the choirs performing within the project *Let’s Sing!* was half made up of Roma singers, representing pilot project example aimed at promoting Roma integration through music and striving for better dialogue between the minority and the majority. The mission of the project was also to encourage the understanding of other minorities, creativity and tolerance.

Projects aimed at awareness raising campaigns to promote intercultural dialogue and to enhance mutual trust among the majority and minorities involve *3 faces of freedom - support of cultural diversity in Ústí nad Labem*, trying to tackle prejudices and Roma inclusion in the drama *Kick* (having 14 re-runs within the project).

Other significant example of a project dealing with the inclusion of minority groups, including the Roma was *Showcase festival ITCH MY HAAAAA*. The festival was aimed at presentation of current top

European musicians working outside the mainstream to the public. Electronic music workshop for young Roma musicians was part of the project, helping Roma children and youth to get acquainted with contemporary electronic music and the basic procedures of its creation. Performance of children's Roma music groups Cincinaty took place during the festival, presenting a modern approach in the current creation of the Roma youth to the audience - not a traditional folk or ethnic music ensemble, but a formation that supports current music styles (hip-hop, rap, custom texts that describe life of today's children and youth). The aim was to raise awareness of the current Roma culture in society and increase tolerance towards this group through the introduction of their cultural activities to wide public. 20 workshops were organized and about 3 200 visitors attended the festival.

Roma issues have been tackled though marginally in the PA16. An exhibition that depicts the everyday life of Roma population was installed in Svijany castle, the Project Promoter of the project *Restored SVIJANY CASTLE presents unique sites of Bronze Age, and other history and culture*. Roma citizen has been employed as an administrator of an estate since April 2016. The project was also dealing with the unfavourable situation concerning other minorities groups, including the handicapped by providing a free admission. Roma children have been involved in educational programmes piloted within the project *Restoration of the Neo-Gothic Temple in the parkland of the Krásný Dvůr manor house*.

The fight against the extremism, racism, homophobia and antisemitism was tackled in the project *DOC.STREAM: New Impulses for Czech-Norwegian Documentary Environment*. Some of the documents screened during the international documentary film festival in Jihlava, which was attended by approximately 1 300 visitors, focused on equal opportunities and equal treatment and combating any form of discrimination.

5. Project selection

No Open Calls for individual projects proposals in the PA16 and PA17 were launched in 2016. The project selection process was completed in the previous period, resulting in 58 projects approved. Experts and selection committee assessed projects on the basis of multi-criteria evaluation. The quality of the PA17 project proposals was evaluated mainly according to artistic value of the proposed intention, its potential to enhance social coherence, degree of innovativeness contributing to cultural interaction, strengthening of social dialogue and diversity. All projects were also evaluated in accordance with the criteria related to horizontal concerns.

Bilateral cooperation was envisaged in most project applications for grant support. With regard to maximum objectivity and transparency of project selection, the PP decided to invite experts from the ACN to attend both Evaluation Committee meetings in the PA17, which has proved as the example of good practice. Optimum criteria for project evaluation both in the PA16 and the PA17 were consulted by the PP with the DPP, supporting selection of quality projects.

Funds under the measure "b" are available through a rolling Open Call, with the deadline for application submission set on 31 July 2017. Grant applications are submitted continuously via the IT system CEDR. Support is provided to bilateral initiatives project proposals both in the PA16 and 17 that increase the interest in and knowledge of cultural heritage and contemporary arts of the Czech Republic and the Donor States, initiate a dialogue between creative artists in the Czech Republic and the Donor States and enhance the continuity of its development.

Thanks to the intensive promotion of the Bilateral Fund and the EEA Grants in general, run by the Programme Operator in close cooperation with the Ministry of Culture and the Arts Council Norway, the extent of bilateral cooperation within the programme CZ06 has - with the total number of 30 initiatives approved within the measure "b" - increased and the commitment of 89 % achieved at the beginning of December 2016. The immense interest of applicants in measure "b", documented by the high number of

submitted applications and the very high request on financial resources, created a need for the for Programme Agreement modification request. Reallocation of project savings to the Fund for bilateral relations was approved in December 2016 supporting the overall objective of strengthening bilateral relations between the Donor States and project promoters in the Czech Republic to a greater extent.

6. Progress of bilateral relations

One of the main objectives EEA Grants, strengthening bilateral relations between the Czech Republic and the Donor States, is being implemented both at Programme and project levels in the Programme CZ06. 78 % of the projects approved within the Programme have been implemented in cooperation with partners from the Donor States, ranking the Programme first in bilateral cooperation share among the EEA and Norway Grants programmes implemented in the Czech Republic in the programming period 2009 - 2014. 56 % out of all bilateral projects supported in 10 Programmes operated by the Ministry of Finance in the Czech Republic comes under the Programme CZ06.

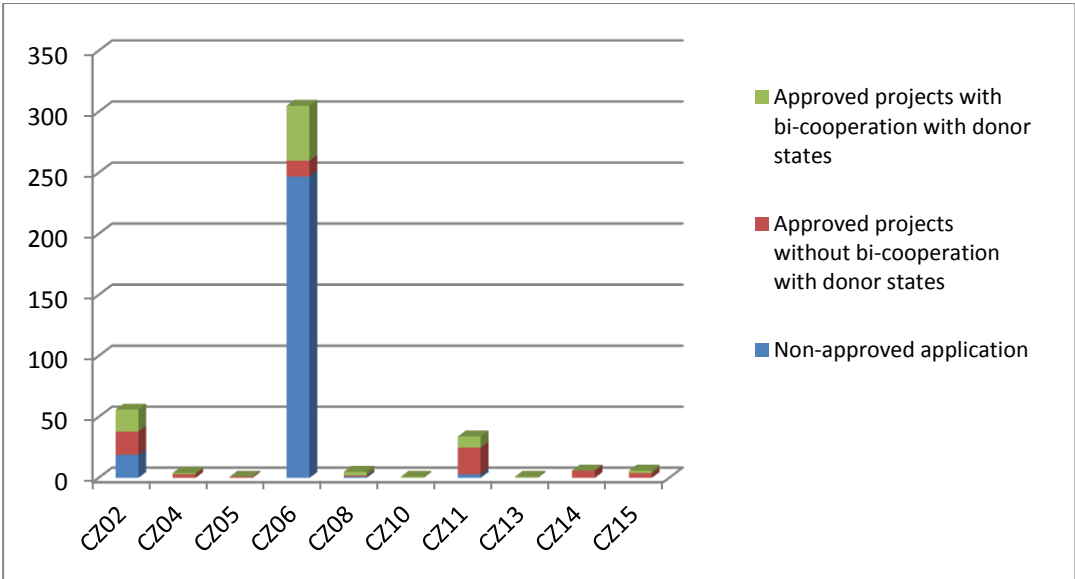


Chart 5: Comparison of bilateral cooperation results in the Czech Republic within the EEA and Norway Grants 2009-2014

The table below includes the overview of four bilateral indicators set within the Programme (number of project partnership agreements in civil society, private and public sector as well as projects with expected shared results). Target values achieved in 2016 by completed projects and estimated target values to be achieved are given.

Bilateral indicator	Baseline	Target	Target achieved in 2016/ Estimated target total
Number of project partnership agreements in civil society	0	8	7/15
Number of project partnership agreements in the private sector	0	2	6/12
Number of project partnership agreements in the public sector	0	6	7/12
Number of projects with expected shared results (both partners are involved professionally in planning and implementation and can claim credit for achieved results)	0	10	11/31

Chart 6: Bilateral indicator overview

Partnerships with the Donor State entities within projects are strongly appreciated by Project Promoters. Based on descriptions in monitoring reports and information provided to the PO during

consultations, cooperation in most projects has been active. Project partners from Donor States were actively involved in the preparation and implementation of the projects from the very beginning. They provided assistance in the implementation, took active part in project activities such as exhibitions, performances, festivals, music events and other artistic projects. Some of the project partners led workshops and seminars that were part of the project activities. With activities taking place in the Donor States, Project Promoters helped with logistics, transfer and residencies for the Czech team. Implementation of projects with partners from the Donor State has significant benefits at the level of development of artistic and productive cooperation between Czech and Donor States organizations and ensembles working with the performing arts. An equally important benefit lies in the introduction of current trends and the exchange of experience and know-how.

Continuation of partner cooperation may be reasonably expected after the project is implemented in many cases. Some projects have already had long-term ties with the Donor State partner and the project has significantly contributed to the continuation and intensification of the bilateral partnership cooperation. Observations indicate that the partnerships established in the projects on the basis of previous cooperation or recommendations of already well-tested partners show a lower number of conflicts and generally contribute to a smooth course of the project. Thanks to the successful cooperation, further cooperation with project partners after the project's completion is planned in most projects. For example, the project *Frontiers of solitude* will tour its exhibition in Iceland and in Norway after the project completion.

Beyond the main project activities, additional activities with the same Donor State partner and/or other Donor State entities are being developed within the scope of the initiatives funded by the Bilateral Fund, measure "b".

Analysis of bilateral cooperation between entities from the Czech Republic and the Donor States in the context of the EEA and Norway Grants 2009 - 2014 within 10 programmes implemented in the Czech Republic was conducted at the end of the year 2015 by external evaluator. Results of the survey were presented in March 2016, identifying the Programme CZ06 the best practice example in terms of the progress of bilateral relations and their results and also procedures applied by the Ministry of Culture acting as the Programme Partner.

Following conditions and prerequisites have been fulfilled, supporting the successful progress of the bilateral cooperation with the Programme:

- The Programme specifies that strengthening bilateral relations is expected in the implementation of most of the projects, including the emphasis on close bilateral cooperation within the pre-defined projects.
- The Programme lays down that 8 out of 13 activities in the PA17 must be carried out in bilateral cooperation, with a precise specification of the activities.
- The extent of bilateral cooperation in the projects was included in selection criteria, evaluating if the proposed project contributes to the development of bilateral cooperation with the Donor States and helps strengthening the bilateral relations. Within the evaluation, the inclusion of a Donor State partner scored additional points, including the quality of partnership taken into account in the assessment of applications.
- Referencing to basic policies and international conventions signed by the Ministry of Culture that are related to international cooperation, including requirements such as presentation of the Czech culture and art in foreign countries and enhanced mobility of artists and cultural workers.
- Potential grant applicants are informed about international networking supported with an extra allocation from the Bilateral Fund
- Issues related to bilateral cooperation are addressed in all documents available to applicants and Project Promoters, during consultations and information campaigns.

- Websites in Czech and English are used to provide up-to-date information and all key documents on all Programme parts.
- The Programme details the role of the ACN, which is to provide match-making service for applicants seeking a partner for bilateral cooperation and expert assistance in developing bilateral relations with the Donor States.

Based on the Programme modification approved in December 2016, the initial Bilateral Fund allocation has been increased from 1.5 % to 2.8 % of the total Programme budget. The new proportion within the Bilateral Fund is as follows:

- 5.6 % of the Fund for Bilateral relations allocation has been used for measure “a”;
- 94.4 % of the fund for Bilateral relations allocation has been allocated to measure “b”.

The Ministry of Culture, responsible for the operation of the measure “a”, completed all the planned activities including their administrative settlement in 2016. The unused funds have been reallocated to the measure “b”. Bilateral Fund at Programme Level – measure “b” has been used for the purpose of networking, exchange, sharing and transfer of knowledge, experience and best practices between Project Promoters and entities in the Donor States during the implementation phase of the approved projects or even after the project completion. The Operator of the Fund for Bilateral Cooperation, the Ministry of Finance, updated the Guideline for applicants and promoters in November 2016.

In line with the Programme Agreement, funds under measure “b” are available through a rolling Open Call. In December 2016, the Open Call was updated in terms of eligible initiatives, expenditures and the allocation, so that the actual amount of funds left is indicated. The PO informed both the PP and the DPP about the intention to update the Open Call and changes were discussed at the Cooperation Committee meeting in Trondheim in November 2016. Planned changes to the Bilateral Fund were supported by the Arts Council Norway. The promotion of the call and the BFB was also briefly discussed.

The applications for support within the Bilateral Fund, measure “b” can be submitted at the latest till 31 July 2017 (formerly till 31 December 2016) or until the allocation is used. The initiatives may be implemented at the latest till 15 September 2017 with the expenditures eligible till 15 October 2017 at the latest. The Open Call is promoted via current webpages in the Czech Republic (www.eeagrants.cz and www.norskefondy.cz) and Facebook in the Czech Republic. All Projects Promoters, representing the only potential eligible applicants, were informed about the Open Call update through the note in the IS CEDR. Publicity channels of the ACN (mailing list, webpage, Facebook) will also be used for the Open Call further promotion.

The interest of Project Promoters to cooperate with Donor States entities has been immense. Within the measure “b” initiatives, the partner dialogue and cooperation has been strengthened and maintained beyond the participation in the approved projects, hereby producing shared results in which both partners are active and strengthening mutual understanding. With the extra funding in the measure “b” of the Bilateral Fund, project promoters have had the possibility to ask for grant over and above the project budget. In 2016, 15 measure “b” initiatives were approved in the Programme CZ06. In total, 30 initiatives have been approved since the Open Call was launched in January 2015. The Fund Operator expects the reallocated funds will be fully used. With regards to the short term nature of the activities, the limited time for their implementation (during the period January – July 2017) is not considered as a significant restraint.

Bilateral relations at the Programme level with the DPP, the Arts Council Norway, have been supported by the meetings of the Cooperation Committee, e-mail and telephone communication on a regular basis. The Arts Council Norway has been acting as an advisory body, supporting also the promotion of the Programme in Norway. The acting of the DPP during the implementation phase of the Programme includes advising on Programme implementation course, advising the PO of any revision of

the Programme likely to facilitate the achievement of the Programme's expected objectives, reviewing progress made towards achieving the desired results, supporting the PO and the PP in better understanding of the Donor States' cultural field as well as through organization of the Cooperation Committee. Two meetings of the Cooperation Committee, which the representatives of the Arts Council Norway took part in, were held in 2016 – in June and November 2016.

In order to draw lessons for the future in terms of strengthening bilateral relations, main recommendation include the necessity of timely provided information and explanatory bilingual guidelines and manuals being at disposal in sufficient time prior the implementation. The PP stresses that the Programme set-up shall include not only compulsory cooperation projects, but also activities which allow implementing projects without the mandatory bilateral partnership. Such setting of the Programme areas and activities, reasonably justified and well integrated in the programme strategy, will not limit potential applicants directly in the decision about the nature of their project. Experience from the current period shows, that several projects which were not at first implemented in the bilateral partnership involved Donor State partners later thanks to the additional bilateral activities within the measure "b".

Best practise example of fruitful bilateral cooperation within additional measure "b" initiatives can be traced in the project *Exhibition "Brave New World"*. It is possible to identify not only benefits for the Project Promoter of the project, Contemporary Art Gallery DOX, but also an evident benefit for each project partner. Since DOX is a well-established organization in the field of art and possesses a large base of contacts and cooperating entities, the foreign partners established beyond the scope of the project a number of contacts in the Czech Republic and from abroad, which were mediated to the partner by DOX representatives. Certain contacts have already been used in the performance of activities carried out by the foreign partner beyond the scope of the project activities and such cooperation is going on. At the same time, the cooperation of foreign partners with DOX provided to those partners an opportunity to present their artistic activities to specialized periodicals, which pay sufficient attention to DOX with regard to its high credit. Such acquired space in the media means a significant benefit for presentation of the project partner to the professional and general public.

Hence, the good practice at the project level lies in the use of the existing contact network of the Project Promoter in a manner which enables the foreign partner to also use such contacts and to initiate cooperation with other entities in the Czech Republic (and abroad) beyond the scope of the project activities. This contributes to the fulfilment of the partnership principle and also increases opportunities for other Czech entities to make use of the foreign partners in any new projects supported by the EEA Grants. The potential use of the project good practice in other projects may be considered as high. Sharing of contacts and networking may spread to acquire another network of the contacts on both Project promoter and project partner sides. Partners may establish partnerships with other organizations from both countries, enhancing mutual cooperation between the states. Such contact-sharing method may also be beneficial to potential new applicants for support from EEA Grants in search for a suitable partner.

6.1. Complementary action

Funds have been set aside for complementary actions within the Programme CZ06. Three complementary actions, stimulating the exchange of experience and best practices among beneficiary states, took place in 2016.

The major event within the complementary actions of 2016, the Meeting of Programme Operators of the PA16 – Conservation and Revitalisation of Cultural and Natural Heritage, was held in Český Krumlov (23 – 24 November 2016). The meeting was organized in cooperation with the Ministry of Culture of the Czech Republic, the National Heritage Institute, the Arts Council Norway and the Norwegian Directorate for Cultural Heritage with the intention to establish a platform for sharing experience and good practice

with the implementation of projects which seek to protect the European cultural heritage under the EEA Grants. The first joint meeting for Programme Operators was held on the grounds of Český Krumlov Castle and Chateau on the occasion of the closing event and international conference of the project supported by the EEA Grants, representing the example of good practice project at the same time. Participants of the meeting, Programme Operators from nine Beneficiary states and partners from the Donor states, shared positive experience and good practice from the programming period 2009-2014. The aim of the meeting was to focus both on Programme outcomes and the Programme impact, namely to present results of the implemented projects within the PA16 in the Beneficiary states including their added value in terms of the benefits of the restored cultural heritage for the local and regional development and the development of educational activities. The purpose of the meeting was not only to exchange of experience and mutual learning with regard to the implementation of the programmes across Beneficiary states, but also in order to gain valuable inspiration for the next programming period of the EEA and Norway Grants. With regard to the proposed aims and suggested measures of the PA14 and on-going preparation of the new period of the EEA Grants, the meeting also focused on the benefits of the cultural entrepreneurship and creative industries.

With regard to the importance of capacity building and institutional cooperation, two study trips were financed from the Complementary action budget allocation in order to support strengthening bilateral relations, institutional cooperation among the Beneficiary states and the Donor states and the development of efficient administrations to a high standard. The cooperation would contribute to the development of networks and exchanges of knowledge and the dissemination of best practices with regard to the programme outcomes.

The representative of the Ministry of Culture and the PO took part in the Final Conference of PL09 and PL08 Programmes and the Meeting of Programme Operators in PA17 in Warsaw, Poland on 27 - 28 September 2016. The aim of the meeting was to reflect on the whole process concerning the development of the cultural programmes in the Beneficiary states, from their commencement to completion, share experience and knowledge and discuss challenges in order to elaborate suggestions and better solutions for the upcoming period of the Financial Mechanisms.

The representative of the PO took part in the conference titled *International Cooperation: Cultural Players' Insight on Its Benefits and Challenges* in Vilnius, Lithuania on 6 October 2016. The aim of the meeting was to promote international cultural cooperation and to provide platform for knowledge exchange between players in of the cultural sector. Topics such as regional audience development and the benefits of international cooperation for the emerging and well-established cultural organizations were discussed.

As the fund for complementary action stimulates the exchange of experience and best practices among the Beneficiary states, it is being assessed very positively. Approximately three quarters of the allocation has already been spent. Further use of the complementary actions shall be discussed by the PO with the PP and the DPP during 2017.

7. Monitoring

The regular project monitoring has been carried out via collecting information from the Project Promoters through the project reports. The interim reports, submitted electronically through the IS CEDR, have been used as the key instrument of the monitoring system. Monitoring period is generally set for four calendar months, however it may be adjusted according to the course of the project implementation including the adjustment of the last reporting period depending on the total project duration. The interim reports describe both the project progress and the financial progress. The information requirements and interim report related procedures have remained the same as in 2016.

Monitoring has also been carried out through the final project reports, that contain the same information as the interim reports. In addition, they describe the achievement of the overall objective of the project and contain information on cross-cutting issues relevant to the project, fulfilment of project conditions and sustainability of the project. Monitoring reports were checked by the Programme Operator. Neither significant departures from plan nor problems with the implementation of the projects were detected. 29 final monitoring reports were submitted in 2016, 23 of which have been already approved and herewith the project completed.

On site monitoring visits, carried out by the external technical experts in cooperation with the Programme Operator staff, were executed in order to verify, whether the project progress and financial status comply with the information declared in monitoring reports and whether the project management is efficient to meet declared objectives. Representatives of the Programme Partner were invited to participate as observers and provided with the final reports for information, on condition that the Project Promoter is the Contributory Organisation of the Ministry of Culture. The on site monitoring reports, comprehensive of findings and related recommendations, have been consulted with Project Promoters. Findings are being followed up by the Programme Operator and remedial actions of Project Promoters enforced.

Within the implementation phase of the projects, in total 15 ordinary monitoring visits in the PA16 were carried out. By the end of the year, all the PA16 projects have had their ordinary control passed. No serious problems or obstacles hindering planned project goal achievement were identified.

4 ad-hoc controls in the PA17 were carried out. No major problems that may endanger the project implementation were identified. However, as shortcomings were identified in three projects, follow-up visits were made in order to check to what extent the proposed corrective actions were implemented. The ad hoc visits on the spot proved to be very beneficial and helpful since some projects need more assistance due to the lack of experience with project administration. In comparison to other financial sources in the area of contemporary arts within the PA17 (grants of the Ministry of Culture, regional and local grants) the system of project administration under the EEA Grants is new to some project promoters and it is considered more demanding.

Final on site monitoring visits of completed projects were carried out, namely 13 visits in the PA16 and 24 visits in the PA17. Shortcomings identified during the final visits in some of the PA17 projects included:

- planned project indicators target values (especially the visit rates) were overestimated and not reached due to unfavourable unforeseen circumstances (e.g. unfavourable weather condition);
- some expenditures were incurred prior/after the project eligibility period;
- personal expenses demanded did not correspond to data in timesheets;
- accounting documents did not meet all requirements according to the Czech Law and Guidelines of the National Focal Point on Eligible Expenditures EEA and Norway Grants 2009 – 2014.

When concluded, that the Project Promoter violated their obligations in direct connection with the grant, or has not respected the purpose of grant or conditions under which was the subsidy granted, and the grant or part thereof had not yet been paid out, the Programme Operator was entitled to withhold the grant or a part thereof. The amount of the unpaid part of the grant was determined in accordance with Table defining reduced penalties for breach of budgetary. Within the defined percentage ranges given in Table, the Programme Operator has always taken into consideration the seriousness of the breach and its impact on compliance with the purpose of the subsidy. Where corrective measures could not be prescribed, the Project Promoter was commanded to return a proportion of the grant.

The PO reported on all irregularities, their investigation and remedies taken to the FMC. 6 reports on irregularities were submitted in 2016, 3 of which referred to irregularities indicated within projects. No

irregularity was fraud-related. Project irregularities involved duplicate payment (70 EUR), filling incorrect claim for reimbursement (28 EUR) and return from an advance payment that was not spent (4 660 EUR). The other 3 irregularities were related to the Programme Partner management costs, encompassing financial corrections in the total amount of 130 EUR.

Archiving of all the documents in relation with the performed controls is done electronically in the IS CEDR. The Monitoring Plan for 2017 is enclosed to this report.

Review of the Programme shall be carried out by external experts contracted by the PO in 2017. It shall provide overall picture of Programme performance, focusing on effectiveness and efficiency of the Programme in achieving declared outputs and outcomes, relevance of projects in relation to the Programme outcomes, strategies, Beneficiary State's needs and priorities. It shall also assess the Programme impact, cross-cutting issues and lessons learned.

Review of the Programme shall be carried out April and May 2017 by the external company that shall be contracted in January 2017. The programme shall be evaluated based on the five evaluation criteria (relevance, efficiency, effectiveness, impact, sustainability) with respect to its outcomes and outputs as specified in the Programme Agreement. Each criterion will be scored using the five-grade grid. The score will be awarded based on objective and impartial expert opinion substantiated by verifiable and well-founded data, facts and evidence.

The theory of change shall be developed for the Programme, outcome harvesting shall be used as one of the methods for data collection, so as to exploit all effects of the Programme, including unintended or unexpected ones. Achievement of bilateral indicators will be examined as well. The review report will be subject to consultation process and debriefing with all relevant stakeholders prior to its publication in Czech and English.

8. Need for adjustments

In 2016, the Programme Operator suggested to modify the Programme in line with Article 5.9 of the Regulations and the Programme Agreement during the reporting period. Two modifications to enhance the impact of the Programme were proposed, approved and subsequently formalised through an amendment of the Programme agreement.

According to the Programme Agreement, the Programme Operator initially set aside 1.5 % of the total Programme budget to the Fund for bilateral relations (322 350 EUR). Funds under measure "b" were made available through a rolling open call, launched in January 2015 (281 058 EUR). Thanks to the intensive promotion of the Bilateral Fund, run by the Programme Operator in close cooperation with the Ministry of Culture and the Arts Council Norway, the commitment of 99 % was achieved at the end of May 2016.

In June 2016, the Programme Operator submitted a request for the Programme Agreement modifications regarding reallocations of project savings (165 101 EUR) to the Fund for bilateral relations in order to increase the expected results of bilateral cooperation and thereby to secure the overall objective of strengthening bilateral relations between the Donor States and Project Promoters in the Czech Republic to a greater extent. With the agreement of the National Focal Point to the modification proposal, the Financial Mechanism Office approved the modifications to the Programme CZ06 on 28 June 2016.

In December 2016, the Programme Operator submitted another request for the Programme Agreement modification regarding increasing the budget line item *Fund for bilateral relations*, in order to increase

the measure “b” allocation to be able to support more bilateral initiatives within the Programme. Reallocation of savings (121 212 EUR) was requested. The Financial Mechanism Office approved the modifications to the Programme CZ06 on 13 December 2016.

According to the amended Programme agreement, the Programme Operator has set aside 2.83 % of the total Programme budget to the Fund for bilateral relations. 5.6 % of the Bilateral Fund has been used for measure “a”, namely for a seminar for potential and existing Project Promoters and potential partners from the Donor States and for an open call for submission of seed money applications. 94.4 % of the Bilateral Fund will be used for networking events, as well as the exchange of knowledge and experience between Project Promoters and entities in the Donor State within the measure “b”. The updated budget headings are shown in the table below.

Budget heading	Eligible expenditure 2015	Eligible expenditure 2016
Programme management	€1,508,031	€1,508,031
Cultural heritage restored, renovated and protected	€16,766,101	€16,540,421
Contemporary art and culture presented and reaching a broader audience	€2,744,631	€2,683,998
Fund for bilateral relations	€322,350	€608,663
Complementary action	€50,000	€50,000
Preparation of Programme Proposal	€98,887	€98,887
Total	€21,490,000	€21,490,000

Chart 7: Programme CZ06 budget

9. Risk management

The PO updated the Programme risk analysis in 2016 under the guidance of the NFP. Compared to 2015, the total risk of the Programme CZ06 has increased. The development of the total risk of the Programme is shown in the table below.

Programme	Risk analysis (year)			
	2013	2014	2015	2016
CZ06 - Cultural Heritage and Contemporary Arts	194	172	135	162

Chart 8: Total Programme Risk

New significant risk has been identified in the area of management and control structures of the Programme management, potentially threatening other Programme areas, particularly its implementation, absorption capacity, reporting and bilateral relations. The application of the Civil Service Act (Act no. 234/2014 Coll.), which took effect on 1 January 2015, may present risk to the Programme as affecting Programme management structures in terms of personnel destabilization with the Programme Partner management structures.

In December 2016, the head of the EEA and Norway Grants Department of the Ministry of Culture failed in the selection procedure for the position re-election. Risk of key people leaving, having long-time experience in cultural heritage revitalisation and management, significant professional competence, qualification, management skills including considerable results achieved within the EEA Grants, has become an influential risk factor, especially in terms of institutional support and legislative country context, concerned with Programme implementation.

The Programme Operator (PO) in cooperation with the Programme Partner (PP) and the Donor Programme Partner (DPP) are responsible for managing the Programme. Clear structure of cooperation has been established, including all aspects of inter-team cooperation such as coordination, responsibilities, deadlines, communication means etc. in order to mitigate the risks related to the operational issues of the Programme. Withdrawal of key personnel in the final period of the Programme

implementation may impair successful cooperation and impede the Programme achievements if quality performance of PP'S roles and tasks will not be assured by skilled personnel.

The Ministry of Culture is defined as the PP responsible for technical and professional content issues in the Programme CZ06. The Partnership Agreement has been signed between the PO and The Ministry of Culture to set up a clear division of responsibilities between the Programme Operator and Programme Partner in administrative and technical issues. As such, the Ministry of Culture shall particularly hold the membership in the Cooperation Committee, be consulted and provide advice on significant programme or project modifications, be invited to on-the-spot monitoring visits in projects and be provided with projects reports. The PP participates in creation of the call contents including setting up criteria ensuring professional evaluation of the PA16 and the PA17 specifics. The PP also actively participates on reviews and evaluation of programme and projects and is consulted in debriefing and follow-up to these activities. The PP provides expert consultations on the Programme publicity, conferences and secures expert assistance to Project Promoters. The Partnership Agreement has also set up responsibilities of the Ministry of Culture in administration of sub-projects, individual projects and pre-defined projects which are implemented by Contributory Organisations of the Ministry of Culture. These include, according to the applicable national legislation, particularly the following:

- project financing – advance payment and other selected activities of financial control and management,
- regular monitoring and on the spot verification of project progress and results,
- control of public procurement,
- publicity.

Mitigation actions related to above mentioned risk are carried out. The complaint of unfair treatment of the selection committee was made in order the selection procedure was reviewed by the Ministry of the Interior. List of references including professional connections who can attest to the skills and qualifications of the PP representative shall be prepared for the sake of transparency and objective assessment during the investigation of suspected unlawful conduct that is being conducted by the Ministry of the Interior.

Time risk - delay in the commitment and disbursement of funds, being the factor of the highest risk in previous periods, has remained the risk of medium importance. Although the approved Programme and individual project extensions, allowing prolonged timescales for the implementation, have significantly increased the likelihood of achieving the desired level of effects and reduced risks in delivery, non-completion of projects and ineligible expenditures, risks related to Programme management structures and absorption capacity may affect time aspects on the Programme level.

However, prolonged project implementation has helped projects to secure, that the desired objectives, outcomes and outputs expected shall be achieved. 30 projects out of 58 have been extended, 10 of which will continue their implementation in 2017. Mitigating actions, put in place to address time risk, included the use and continuous update of the IT system in order to secure more effective process including communication among different stakeholders and disbursement of funds. In order to prevent potential risks in projects realization, on-site checks of projects will be carried out before their finishing.

Programme specific risks involve a financial challenge, as negative cash-flow ranks among the common risks especially in the PA17. The grants allocated to projects or bilateral initiatives are not transferred directly to the Project Promoter. Financial means are paid as a reimbursement afterthought based on the request for payment, submitted within the monitoring report after set period, and only on the basis of invoices and receipts, which obliges project promoters and their partners to prove every expenses they make. Therefore, Project Promoters and their partners are forced to bridge the gap between the actual payment and the reimbursement of the project costs, for instance by taking a bank loan. Paying the interests, causes also problems, as such expenses are not included in the eligible expenditures, and thus project promoters need to find the budget within their organisation. Mitigating actions from the

PO side in order to minimize the risk of insufficient financial resources at project promoters' sides involve the effort of as early approval of monitoring reports and reimbursement of financial means as possible. Consultations are also provided to Project Promoters in order their reports were devoid of formal shortcomings.

Common risks identified especially in the PA17 in 2016 involved also project poor management and inefficient control structures. Mitigating actions include consultations provided both by the PO and the PP and corrective measures applied based on on-site monitoring visits findings.

The table below shows the overview of the risks and their assessment within the Programme in 2016 compared to the situation in 2014 and 2015. Importance of all the Programme risks is at the low or middle level.

Year	Programme Title	Programme financial allocation	Type of Programme Operator	Programme complexity	Conditions stated in PA	Management and control structures, programme management	Programme implementation set up	Time risk - delay in commitment and disbursement of funds	Programme absorption capacity	Legislation changes	Reports and irregularities	Programme audits/controls	Number of programme partners	Bilateral relations	Information system	Corruption risk	Specific programme risk	Specific programme risk - description	Total - Programme
2016	CZ06 - Cultural Heritage and Contemporary Arts	15	6	15	12	15	15	15	15	3	4	9	4	9	6	4	15	Projects' own financial sources, project poor management and inefficient control structures (PA17)	162
2015		15	6	15	12	10	8	10	5	3	4	9	4	6	9	4	15	Projects' own financial sources in PA17	135
2014		15	6	15	12	10	12	25	5	3	4	12	6	9	9	4	25	Insufficient project's quality	172

Chart 9: Risks assessment in the Programme

10. Information and publicity

As far as publicity is concerned, the publicity of the EEA Grants is secured both at the programme and project level. The Programme publicity has been ensured by the Programme Operator in close cooperation with the Programme Partner and the Arts Council Norway.

The PO and the PP fulfil tasks associated with general awareness and promotion of the EEA Grants and ensure planning, implementation and coordination of activities to promote general awareness. Publicity campaign about drawing funds in the Czech Republic, consistent and comprehensive dissemination of

information to encourage transparency, visibility and awareness is ensured. All publicity and information initiatives are planned in line with the publicity regulation, manuals and guidelines.

The web site www.eeagrants.cz of the PO has been used and continuously updated. All relevant information on funding opportunities within the EEA Grants 2009-2014, current situation of the Programme including its main events and achievements, summary of the projects supported, documents relevant to the Programme (methodology, guidelines, manuals), contact information etc., has been published online, both in the Czech and English language. News and up to date events in projects are promoted mostly via official Facebook profile of the EEA and Norway Grants in the Czech Republic. The PO promoted news and up to date events in projects via official Facebook profile using short videos from projects (a link to YouTube, if available) and photos from projects.

The PP runs the website www.norskefondy.cz as the information source to ensure awareness about the EEA and Norway Grants, provided granting aid, the implementation of the Programme to key stakeholders and general public. The Ministry of Culture also secures publicity through the official ministry websites, website of the Arts and Theatre Institute (contributory organization of the Ministry of Culture) and newsletter.

Media relations have been also used as communication tool within the Programme. The National Focal Point (NFP) has used press releases about utilization of the EEA and Norway Grants, announcements of call for proposals and also ad hoc releases through national newspaper which contain promotion of successful projects, partnerships and successful stories connected to project realization including examples of good practice.

Publication activities serve as a complement to other communication activities. Information brochure on achievements in the PA17 was created by the PO in 2016. The publication introduces particular projects in an attractive way in combination with general information about the EEA Grants to general public. Emphasis was given to visual quality of the material, facts, numbers and simplicity of texts. The publication serves as an aggregate information material intended not only for general public, but also for prestigious events such as conferences, media and foreign institutions. Information brochure about the PA16 shall be created in 2017.

Programme closing conference shall take place in 2017 (late spring is estimated). The PP shall be involved in preparation, organization and promotion of this event. Attendance of the representatives of the DPP, the Norwegian Embassy and the donors is expected.

Both the PO and the PP provide professional help to grant recipients continuously in forms of personal consultations. The information system CEDR has also been actively used for communication and publicity purposes. Project Promoters have informed the PO about upcoming activities and events in their projects (exhibitions, performances, festivals, music events and other artistic projects) through the system. Completed project level information has been filled in and submitted by the PO in Doris.

Cooperation between the NFP and the Norwegian Embassy includes mainly promoting the EEA and Norway Grants including bilateral aspects of the grants towards Czech and Norwegian media, communication with media, monitoring of the media coverage of the grants, sharing relevant documents, informing the donors, facilitating contacts between Project Promoters and Donor project partners etc.

At the project level, the promotion has been guaranteed by the project promoters in line with the publicity guidelines and the Communication and Design Manual. Project Promoters, responsible for carrying out information and publicity measures relevant to the operations for the public, promote their projects by using the various channels at their disposal, i.e. websites, Facebook profiles, launches, publications, advertisements, information leaflets and selected seminars and conferences. Promotional materials, such as leaflets, brochures, publications, stickers and other materials bearing the logo of EEA

Grants, represent a frequent and popular form of publicity. Many project promoters organized press conferences to inform the media and wide public about their project activities, based on which articles in regional and local newspapers were published. Part of the publicity was the result of spontaneous interest of the press. Cooperation with the media - TV and radio – was secured, bringing the benefits of dissemination of offers of cultural events and information about the implementation of the projects. Spots on TV or radio gave end users immediate information about the projects and encouraged them to visit the site or event and familiarise themselves with the output and outcomes of the project. Both the PO and the PP took part in closing ceremonies of completed projects.

11. Cross - cutting issues

In the frame of the Programme implementation, the highest possible degree of transparency, cost-effectiveness, accountability, economy and efficiency, as well as the principles of good governance, sustainable development, gender equality and equal opportunities have been adopted as the main principles both in the PA16 and the PA17 in compliance with the requirements of the Donor States, applying also zero tolerance to corruption.

Good governance

The principles of sound administration are followed in the implementation phase of the Programme, that is implemented in line with the good governance main principles, the relevant Czech and EU legislation, the EEA and Norway Grants Regulation and related legal documents. The Programme is managed by qualified personnel both on the PO, PP and DPP sides, representing a key element to good governance, with the great emphasis put on the cooperation among all managing parties involved. Good governance principles have also been included into all published manuals and guidelines.

The implementation of the Programme, including the Open Calls launches, evaluation of the submitted applications, project selections, has been managed in a way that guarantees adherence to the principles of equal opportunities, fair access to a wide public by using different media channels, so that fair access of all target groups is secured.

The principles of good governance are requested to be followed by all the project promoters of the approved projects and initiatives and the adherence to such principles is continuously being monitored. The project promoters are obliged to fill in the information on horizontal topics (good governance, sustainable development, gender equality, anti-corruption measures etc.) in annual interim and final project reports. Monitoring is also done on-site.

Sustainability

Within sustainable development, the environmental, economic and social sustainability have been reflected. Though the approved projects are not directly targeted on environmental sustainability as such, all projects fulfill main principles in this respect. Due to the nature of the approved projects, the protection of the environment has been considered particularly in the PA16, where reconstructions of buildings are being performed. The commitment on environmental sustainability has been reflected in the contracts with the Project Promoters, stating where construction and reconstruction works are carried out, the project promoter or their contractors are obliged to observe waste disposal legislation and building regulations. No projects with a negative result of EIA has been supported, which was part of the selection criteria. The applicants had to document that their proposed projects are harmless to the environment. In several projects, minor or larger landscaping and replanting activities are included, e.g. in the project Pruhonice park - Renovation of Castle Alpin Rock garden.

Overall sustainability of the PA16 projects over a period of 5 years has been stipulated. Within the selection process, only projects respecting the sustainability and 3E principles have been selected. The projects are individually economically sustainable and upon their termination they will carry on with the initiated activities, while using their own resources for financing.

Equality

Arts and culture have a unique capacity to raise awareness, challenge social habits and promote behavioural shifts in our societies. They can also open new avenues to tackle the international dimension of such issues. Since projects of the PA17 aim at presentation of the performing arts through music, dance, theatre, visual and film art to broad audience, they have great potential to include minority groups and Romas and to fight against the extremism, racism, homophobia and antisemitism. Project *"Brave New World Ltd."* exhibition dealing with the critique of the growing media influence, preserving often negative stereotypes supporting extremism, racism, homophobia, may serve as an example of good practice, seeking to support democratic values.

In general, diversity at the level of cultures, nations and minorities has been supported within the Programme and within the selection criteria, the requirements on social sustainability and gender equality topics, have been applied. Both approved projects and bilateral initiatives support activities helping to create and deepen social capital and experiences, helping to foster creative and intercultural skills, which can be considered as a factor of competitiveness, helping us better respond to new economic and social challenges. The approved projects and initiatives have opened new possibilities for organizing various events of both artistic and social nature, like conferences, concerts, lectures, cooperation with minorities and further partner entities. They have also provided greater engagement by the civil society and to the creation of new cultural centres in the regions, that will substantially extend the possibility of cultural activities, the absence of which was sensitively perceived in respective regions.

12. Attachments to the Annual Programme Report

Annex 1: Risk assessment of the programme

Annex 2: Monitoring plan 2017

Annex 3: List of projects for communication purposes or as examples of best practices

SIGNATURE:**For Programme Operator**

I certify that I am duly authorised to sign this Annual programme report and that I have thoroughly reviewed the progress of the programme, reporting on outcomes and outputs, risk management provided in this report and the information are correct and accurate.

				<i>Optional second signature</i>		
Name	Zuzana Matyášová			Martina Bečvářová		
Position	Head of the Department of International Relations			Head of the Monitoring Unit		
Organisation	Ministry of Finance of the Czech Republic			Ministry of Finance of the Czech Republic		
Signature						
Date	Day	Month	Year	Day	Month	Year
	8	2	2017	15	02	2017

For the National Focal Point

The National Focal Point certifies that the status of reporting of the programme described above is accurate.

				<i>Optional second signature</i>		
Name	Lenka Dupáková					
Position	Deputy Minister of Finance					
Organisation	Ministry of Finance of the Czech Republic					
Signature						
Date	Day	Month	Year	Day	Month	Year
	10	02	2017			

Annex 1: Risk assessment of the Programme

Programme	Type of objective ¹	Description of risk	Likelihood ²	Consequence ³	Mitigation planned/done	
CZ06	Cohesion (Programme) outcomes	Programme absorption capacity	The number of submitted applications far exceeded the available allocation both within the PA16 and the PA17. Immense interest in funding from Bilateral Fund.	1	5	The allocation on the PA16 and the PA will be covered. Many projects of high quality and significant importance could not be supported, necessity to seek out possibilities of creating outside-budget resources. Reallocation s to the Fund for Bilateral relations.
		Legislation changes	Programme not directly related to any legislation change implementation. No legislative changes with the impact on the Programme changes occurred during this reporting period.	1	3	All legislative proposals will be monitored in advance and evaluated with regard to their impact on the projects realization. In case of need, changes will be implemented to reflect the actual legislation.
		Time risk - delay in commitment and disbursement of funds	Time risk - delay in the commitment and disbursement of funds, being the factor of the highest risk in the previous period, has decreased. The decision of the FMO and other representatives of the Donor States – to allow an extension of the timescale for completing projects – reduced the time risk, however it still belongs to the most significant risk factors. The late approval of projects and the long timescales required for physical investments represent a risk, that the desired objectives, outcomes and outputs expected might not be achieved, especially in the PA16. New significant risk has been identified in the area of management and control structures - personnel destabilization with the Programme Partner management structures, potentially threatening disbursement of funds and other Programme	3	5	Mitigating actions, put in place to address time risk, included speeding up all administrative procedures connected with the selection of projects including their verification and adopting more flexible approach within the project implementation, especially in case of problems occurred during the realization and changes within the projects. The use and constant update of new modern IT system, supporting selection, monitoring and payment to the projects and realization of other components within the Programme, has been running. The PO closely monitors all tender procedures and project time schedule especially in

¹ The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

² Each risk should be described as to whether it poses a risk to the cohesion outcomes (programme outcomes), the bilateral outcome or crucial operational issues 4 = Almost certain (75 – 99% likelihood); 3 = Likely (50 – 74%); 2 = Possible (25 – 49%); 1 = Unlikely (1 – 24%)

³ Assess the consequence(s) in the event that the outcomes and/or crucial operations are not delivered, where 4 = severe; 3 = major; 2 = moderate; 1 = minor; n/a = not relevant or insignificant.

		areas.			the monitoring reports. Mitigating actions related to PP: appeal to relevant authorities, investigation of suspected unlawful conduct.
	Specific programme risk (risk identified in PP relating to PRG outcomes)	Projects' own financial sources in PA17 are limited and cultural entities often reported they suffer from the lack of financial means. Negative cash-flow ranks among the common risks, specifically in the PA17. The grants that are allocated to a specific project are not transferred directly to the organisation. Financial means are paid as a reimbursement afterthought based on the request for payment, submitted within the monitoring report after set period, and only on the basis of invoices and receipts, which obliges project promoters and their partners to prove every expenses they make. Project promoters are forced to bridge the gap between the actual payment and the reimbursement of the project costs.	3	5	From the Programme Operator, mitigating actions are being implemented in order to minimize the risk of insufficient financial resources at project promoters' sides, including the effort of as early approval of monitoring reports and reimbursement of financial means as possible and provision of extra advance payments (up to 60 %).
Bilateral outcome(s):	Bilateral relations	Difficulties to find project partners from the Donor States were prevented by the active help of the DPP, motivating in obtaining a partner from the Donor States. Both the majority of approved projects within the PA17 and the PA16 are implemented in the cooperation with the entities from the Donor States. The BFB Open Call is open. The DPP has been actively involved in project selection (2nd Open Call in the PA17) and information provision to entities from the Donors States acting as project partners. Personnel destabilization with the Programme Partner management structures may threaten successful bilateral cooperation.	3	3	Support of bilateral relations through the websites of the PO, the PP, the DPP and the Norwegian Embassy provided. Communication between the PO, the PP and the DPP is ongoing on regular basis, Cooperation Committee meetings organized. Mitigating actions related to PP: appeal to relevant authorities, investigation of suspected unlawful conduct.
Operational issues:	Management and control structures, programme management	In order to prevent inconsistency in the implementation process including failures in keeping deadlines and rules stipulated by the EEA Grants, the Manual of the Programme Operator and other related documents. New significant risk has been identified in the area of management and control structures - personnel destabilization with the Programme Partner management structures, potentially threatening institutional support,	3	5	Ongoing communication between the PO, the PP and the DPP, procedures performed according to the PO Manual, regular checks and update of PO Manual. Mitigating actions related to PP: appeal to relevant authorities, investigation of suspected unlawful conduct.

		coordination, responsibilities, deadlines, communication means etc. Withdrawal of key personnel in the final period of the Programme implementation may impair successful cooperation and impede the Programme achievements if quality performance of PP'S roles and tasks will not be assured by skilled personnel.			
	Programme implementation set up	All the manuals and guidelines are elaborated and regularly checked and updated. Guidelines for the Project Promoters and Manual for applicants and project promoters of BFB were updated in 2016. Leaving of key PP personnel in the final Programme period may impede the Programme achievements.	3	4	Check and update of manuals and guidelines. Mitigating actions related to PP: appeal to relevant authorities, investigation of suspected unlawful conduct.
	Reports and irregularities within programme	6 irregularities have been reported, none of which was fraud-related.	1	4	Regular programme and project monitoring to be performed.
	Programme audits/controls	Audit of Programme Partner management and selected project operations were carried out by the Audit Organ in 2016.	3	3	Regular monitoring, on-site controls and audits to be carried out.
	Information system	The information and monitoring system CEDR is in service. Adjustments are ongoing.	2	3	IT systems supporting the selection, monitoring, payment to the projects and realization of other components within the Programmes has been running, in order to secure more effective process including communication among different stakeholders. Adjustments of the system are solved with the contractor. Breakdowns and failures will be minimized by intensive cooperation with the contractor.
	Corruption risk	The NFP system of control and tender procedures are well set up.	1	4	Project selection performed transparently according to the rules and legislation. Regular monitoring of the Programme and projects carried out.

Annex 2: Monitoring plan

Project no.	Name of the project	Planned date of on-site monitoring visit /review	Note
EHP-CZ06-OV-1-018-2014	Restoration of the Jewish cemetery in Melnik in Dobrovskeho Street	1Q 2017	Final on the spot monitoring; project termination date 31/12/2016
EHP-CZ06-OV-1-026-2014	Rescue of "Rotunda St. Wenceslas" at the Malostranske square in Prague	1Q 2017	Final on the spot monitoring; project termination date 31/10/2016
EHP-CZ06-OV-1-041-2014	Renovation and Rehabilitation of St James's Church In Unesco World Heritage Site Kutná Hora	1Q 2017	Final on the spot monitoring; project termination date 31/10/2016
EHP-CZ06-OV-1-042-2014	The Revival of the Convent Complex of St. Agnes of Bohemia. Historic Treasure in the Centre of the Capital	1Q 2017	Final on the spot monitoring; project termination date 31/10/2016
EHP-CZ06-OV-1-033-2014	Castle Czech Krumlov - Study Center	2Q 2017	Final on the spot monitoring; project termination date 28/2/2017
EHP-CZ06-OV-1-034-2014	Reconstruction of the Renaissance Church of the Assumption of the Virgin Mary - Horní Maršov	2Q 2017	Final on the spot monitoring; project termination date 30/11/2016
EHP-CZ06-OV-1-022-2014	Renewal of the roof and the wall sheathing of the Virgin Mary of Snows church	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017
EHP-CZ06-OV-1-027-2014	The Reconstruction of the Historic Novomlýnská (New Mill) Water Tower and its Opening to the Public - 1. Phase	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017
EHP-CZ06-OV-1-032-2014	Restoration of the Selected Paintings and Furniture of the Archbishop's Castle in Kroměříž	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017
EHP-CZ06-OV-1-037-2014	Pruhonice park - Renovation of Castle Alpin Rock garden	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017
EHP-CZ06-OV-1-038-2014	Historical Tapestries and Textiles from the Collection of the Museum of Decorative Arts in Prague - Conservation and Presentation	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017
EHP-CZ06-OV-1-039-2014	Books discovered once again	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017
EHP-CZ06-OV-1-040-2014	When in Wallachian, do as the Wallachians do	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017
EHP-CZ06-OV-1-045-2014	Restoration of the Neo-Gothic Temple in the parkland of the Krásný Dvůr manor house	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017
EHP-CZ06-MGSPA17-1-011-2014	3 faces of freedom - support of cultural diversity in Ústí nad Labem	1Q 2017	Final on the spot monitoring; project termination date 30/6/2016
EHP-CZ06-MGSPA17-2-059-2015	Let's Sing!	1Q 2017	Final on the spot monitoring; project termination date 31/12/2016
EHP-CZ06-MGSPA17-2-068-2015	TRANS(e)MISSION – Partnership program of new art/tech festivals and workshops dedicated to digital media impact on visual art and generally on culture in Czech and Norway	1Q 2017	Final on the spot monitoring; project termination date 29/4/2016
EHP-CZ06-MGSPA17-2-056-2015	Synapse 2015	2Q 2017	Final on the spot monitoring; project termination date 29/4/2016
EHP-CZ06-MGSPA17-1-005-2014	Norwegian forest on the Czech stage	2/3Q 2017	Final on the spot monitoring; project termination date 31/12/2016
EHP-CZ06-MGSPA17-2-066-2015	"The Soul of Money" exhibition	1Q 2017	Final on the spot monitoring; project termination date 31/10/2016
EHP-CZ06-MGSPA17-1-007-2014	Scintilla Tour	3Q 2017	Final on the spot monitoring; project termination date 30/4/2017

Annex 3: List of projects for communication purposes or as examples of best practices

Project no.	Name of the project	Note
EHP-CZ06-OV-1-039-2014	Books discovered once again	Example of an ongoing project aimed at sharing the bilateral results within the PA16, implemented in cooperation with significant partner from the Donor State. The extent of cooperation intensified with 3 bilateral initiatives implemented in addition to the main project. Project performing publicity that may serve as an example of best practices.
EHP-CZ06-PDP-1-002-2014	Industrial Heritage	Project has helped specialized institutions of cultural heritage care in the Czech Republic and Norway to make each other acquainted with the industrial heritage in Norway and the Czech Republic, with the methods of documentation, evaluation from the perspective of cultural heritage management, renovation and education. Based on this, a touring exhibition dedicated to industrial heritage as a whole and to selected topics was prepared and professional publication issued.
EHP-CZ06-MGSPA17-1-013-2014	"Brave New World Ltd." exhibition	Example of a completed project aimed at meeting the PA17 outcome, which established cooperation with Donor State entities in 2 additional measure „b” initiatives, thanks to which wider effects of mutual cooperation have been achieved. All project activities were executed with a great deal of professional expertise, which was evidenced by numerous positive responses from the Czech and international professional community as well as from the general public.