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Development Partnership Program for the private sector (B2B Program)

Methodological Guide



DEVELOPMENT PARTNERSHIP PROGRAM FOR THE PRIVATE SECTOR

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1 Basic Information

1.1 Program objectives

The Development Partnership Program for the private sector (hereinafter referred to as the “Program”) aims to involve the private sector in the fulfilment of the objectives of the Czech Republic's foreign development cooperation and Sustainable Development Goals (SDGs), while supporting the development of the private sector in developing countries. The Program supports the activities of Czech companies in the markets of Foreign Development Cooperation (FDC) partner countries and, at the same time, draws on Czech know-how and innovative technologies to address specific development challenges of partner countries and boost the competitiveness of local partners. The Program is complementary to other activities of FDC CR and Czech foreign policy.

The private sector plays an irreplaceable role in international development. It provides new job opportunities to local people, passes on the necessary know-how, and helps to improve the business environment in the countries concerned. The FDC is also an opportunity for the Czech private sector as it offers Czech companies the chance to expand into new markets through socially beneficial projects. The Program is also suitable for **small and medium-sized entrepreneurs** who come up with innovative business ideas with the potential to address development issues in partner countries.

The objectives and sectoral and geographical priorities of the program are defined at the national level by the current Czech Government resolution on the Czech Republic Foreign Development Cooperation Policy and Czech Government resolutions on bilateral foreign cooperation in the given year and on the medium-term outlook for the funding of such cooperation until 2019. The basic principles and rules for private sector involvement in the FDC are further based on international commitments at the UN, OECD, and European Union level.

The Program is divided into two main categories: Preparation and Implementation.



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The Program allows subsidies to be granted for three basic "subsidy pillars": the **Feasibility Study**, the **Business Plan** (both in the Preparation category) and the **B2B Project** (Implementation category).

The Program is managed by the Czech Development Agency (CDA) and is announced as a **subsidy title under the de minimis state aid scheme** in accordance with Act No 151/2010 Coll., on Foreign Development Cooperation and Humanitarian Aid Provided Abroad and on Amendments to Related Acts, and Government Resolution No 366/2010 on the Czech Republic Foreign Development Cooperation Policy for the period 2010-2017. The Program is also announced as a subsidy title in accordance with the provisions of Section 7 (1) (d) and (u) of Act No 218/2000 Coll., on Budgetary Rules and on Amendments to Certain Related Acts, as amended, and also in accordance with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (hereinafter referred to as the "*de minimis* aid").

1.2 Territorial specification

The Program focuses on the following **partner countries of the FDC CR**, which were approved by the relevant resolutions of the Government of the Czech Republic (in alphabetical order: Afghanistan, Angola, Bosnia and Herzegovina, Ethiopia, Georgia, Cambodia, Kosovo, Moldova, Mongolia, Palestine, Serbia, Ukraine, Vietnam, and Zambia). **The subsidy in the Preparation category**, i.e. for the Feasibility Studies and Business Plans, **can be implemented in all developing countries** (according to the OECD classification¹).

1.3 Sectoral specification

The Program is not sector-specific, but the project cannot apply to fields that are not in line with the concept of official development assistance (ODA) as defined by the Development Assistance Committee (OECD/DAC)². Given that *de minimis* aid is involved, areas excluded from the scope of the Commission Regulation (EU) No 1407/2013³ cannot be covered by the project.

¹ The current list of countries can be found at <http://www.oecd.org/dac/stats/daclist.htm>

² See <http://www.oecd.org/dac>.

³ Aid cannot be granted to: (a) undertakings active in the fisheries and aquaculture sectors covered by Council Regulation (EC) No 104/2000, (b) undertakings active in the primary production of agricultural products listed in Annex I to the Treaty, (c) undertakings active in the processing and marketing of the agricultural products listed in Annex I to the Treaty where the amount of the aid is fixed on the basis of the price or quantity of products purchased from primary producers, (d) activities relating to exports to third countries or Member States, in particular aid directly linked to quantities exported to set up and operate a distribution network, (e) in the case of aid dependent on the use of domestic products at the expense of imported products, see Commission Regulation (EU) No 1407/2013 for a complete and detailed description of the areas excluded from *de minimis* aid.



2 Supported Activities

2.1 Preparation

2.1.1 Feasibility study

The “Feasibility Study” in this methodology is defined as a **technical and technological solution to a problem in a developing country and its appraisal, and the identification of specific sources of funding**, mainly from international financial institutions, other donors, the public budget of a given country, or from local or foreign investors. Feasibility studies are complementary to other FDC instruments such as the Aid for Trade program coordinated by the Ministry of Industry and Trade

The main objective of the Feasibility Study subsidy pillar is ensure greater involvement of the private sector in foreign development cooperation instruments by conducting feasibility studies (“studies”) to verify the conditions of the technological / innovative solution for the chosen issue, assuming that these studies will subsequently be financed. The second objective is to offer this solution to potential funding institutions and entities. By drawing on Czech know-how and innovative technologies, the subsidy pillar helps to solve specific development problems in partner countries. The aim is also to share the know-how and information identified with other professional and public entities. Therefore, the general, summary part of the study must be intended for public use. This publishable part is posted on the CDA website.

Working on the studies enables Czech companies to get to familiarise themselves with the local market and acquire new partners. It also allows the transfer of know-how within the framework of the proposed technological or innovative solutions.

The output of this subsidy pillar is a study (a document in English, or in Czech and translated into another language, which is needed to obtain follow-up funding, or for use by the final recipient of the document, if that recipient is the state administration of the country in question, for example). The study is carried out with regard to the specific development objective of the given country (in line with official government strategies - specific documents must be referenced in the subsidy application). **The applicant will have to document confirmation of the relevance of the submitted application (feasibility study) by submitting a positive statement from the relevant institution / state administration authority in the given country, provisionally from the territorially competent embassy of the Czech Republic (if the application is selected for support, the applicant must then furnish this confirmation from the institution of the country in question).**



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2.1.2 Business plan

The "Business Plan" subsidy pillar serves to explore the market environment and to identify a suitable partner with a view to establishing a business partnership. The pillar is also suitable for **small and medium-sized businesses** that come up with innovative business ideas with the potential to address development challenges in partner countries. The support gives them a better understanding of the conditions in the given territory (the legal and regulatory framework, business and investment conditions, etc.) and possible demand for the services or goods offered.

The main objective of the subsidy pillar is therefore to create a business plan (a written document in Czech or English) for a particular business partnership with the private sector in the selected developing country, analyse the prerequisites necessary to establish such a partnership and assess the risks. The Czech applicant is expected to possess sufficient economic expertise to create a business plan (or use paid external experts – these can be included in the subsidy budget) and the proposed project must have a development impact and be in line with the principle of additionality (see Chapter 7.2). The Czech Development Agency will cooperate closely with successful applicants for the duration of subsidy, including through external experts / mentors.

The Business Plan subsidy pillar is therefore a direct precursor to the B2B Project. If it proves that entry to the market in question is possible and the chosen business plan will be financially recoverable, the implementer **may apply for a follow-up subsidy under the B2B Project subsidy pillar (see the following chapter), but only provided that the selected country is a FDC partner country (see chapter 1.2). After the Business Plan subsidy has ended it is also possible and desirable to continue without grant support from the FDC (a commercial loan, guarantee). We automatically recommend this option to Business Plan applicants outside the FDC partner countries that, according to the rules, cannot continue with the B2B Project (this pillar is only intended for FDC partner countries).**

2.2. Implementation

2.2.1 B2B Project

The aim of the B2B Project subsidy pillar is to create economic growth, strengthen the business environment and reduce poverty in developing countries by promoting commercially sustainable business partnerships between Czech business entities and entities in the FDC partner countries.

Business partnerships mean investment, such as the creation of *joint ventures*, the *outsourcing* of the local workforce, entry into supplier contracts by the Czech know-how holder, or the establishment of subsidiaries of Czech companies in the



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developing country, which will create jobs and enable the transfer of expertise. The introduction of trial production is also promoted (possibly with the help of demonstration exports of Czech technology for overhead costs), as is the training of local staff, developing capacities, payment for legal and translation services, strengthening the capacities of local suppliers and investments in local infrastructure, imports from the developing country and long-term business activities such as service, licensing, and franchise agreements.

Applicants for subsidies must already have identified a partner with whom to implement the B2B project. The primary objective of B2B support is to develop the private sector in the country in order to be more competitive on the national, regional and international markets. This includes the creation of supply chains, the transfer of technologies and know-how, optimizing production and introducing measures to improve quality, work and social standards.

The Czech Development Agency does not cover the costs of exports or projects aimed at finding a local agent or distributor for Czech exports (i.e. it does not support the creation of distribution networks, which is contrary to *de minimis* legislation⁴). The foreign office of CzechTrade or the embassy can assist in finding a distributor for Czech exports. The B2B Project must be implemented in accordance with the local legislation, taking account of the developing country's needs, and must be in line with the international environmental and social legislation standards.

Subsidy applicants may apply for a financial contribution for a term of up to three years, indicating in the application the amount of support needed in each phase (year) of the project. **Funding for each phase (year) will be conditional upon successful achievement of the selected project milestones for the year in question. Multi-year financing of the B2B Project requires that the subsidy be re-applied for every year, with an updated budget and on standard subsidy application forms.**

3 Eligible Activities

3.1 Preparation

3.1.1 Feasibility study

For the purposes of the study eligible activities primarily include analytical activity and data collection, as well as the organization of personal meetings, workshops and training courses (travel and organizational costs) or, where justified, the testing of any new working and technological methods needed for the proposed solution. Study

⁴ Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid – the exact wording is in Article 1 (1d).



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trips to the Czech Republic (so-called incoming missions) are not supported under this pillar.

3.1.2 Business plan

For business plan development purposes eligible activities primarily include analytical activity and data collection, as well as the organization of personal meetings (travel and organizational costs) or, where justified, the testing of any new working and technological methods needed to develop the plan. The subsidy applicant's budget is expected to include an *in-house* or external expert qualified in the development of business plans. Study trips to the Czech Republic (so-called incoming missions) are not supported under this pillar

3.2 Implementation

3.2.1. B2B Project

Support for the B2B Project includes all the activities needed to set up and run a partner project. The implementation of the project must lead to the achievement of certain milestones proposed in the subsidy application in accordance with the Program and is limited to three calendar years (the project may take 1-3 years).

a) Technical assistance and training

The transfer of technical skills and know-how between a Czech business entity and a local partner in the target partner country is crucial. Technical assistance may involve the participation of Czech workers in the day-to-day activities (production / operation / management) of the partner in the target country. Technical assistance can be focused on establishing more efficient working methods, improving environmental protection, enhancing quality and management capacity, or developing and implementing modern control systems. Training activities are based on a structured analysis of training needs necessary for current or future partner operations. In justified cases, a study trip to the Czech Republic may also be included as an activity.

b) Raising awareness

To ensure the sustainability of project plans it is often necessary to raise awareness among target groups and the general public about the importance and necessity of introducing new workflows, technologies, or innovative products and services. It is also necessary to have an appropriate regulatory framework at the site where the project is to be implemented. The B2B Project therefore supports the organization of seminars and workshops as well as the operation of demonstration units designed to raise awareness in these and related areas.

c) Establishment and initial support for business partnerships



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Financial support from the FDC CR funds may include the initial costs of establishing a development partnership in the target country, such as legal service costs, permits and fees paid in connection with the establishment of a joint venture or for registering products in order to protect intellectual property rights, etc.

4 Eligible costs

Subsidies can only be used to cover the following expenses:

- Personal and travel expenses: the applicant's wage costs are only eligible if the applicant's employee provides expert advisory and consulting services within the framework of the project necessary for its implementation.
- The subsidy can only be used to cover the expert services of the actual Czech subsidy recipient. In justified cases, it may be resolved by subcontracting the local partner's know-how, but the local partner's current wages or overheads unrelated to the project cannot be covered.
- Fees for consulting and advisory services or expert opinions.
- Expenditure related to the use of premises for the purposes of the project.
- Expenditure on the acquisition of tangible and intangible assets. Cannot be used for the Preparation phase.
- Expenditure on the acquisition of small material for workshops and training purposes.
- The cost of public relations up to a maximum of 5 percent of the CDA subsidy.
- Research and development is not supported, but innovative products that have already passed through the prototype phase may be piloted and tailored to the conditions of the country in question.

A detailed description of eligible costs is given in the Program Announcement (“Announcement”) - Annex “Eligible Expenditures of the Czech Republic's Foreign Development Cooperation project under the *de minimis* subsidy”.

Important: The CDA Review Committee reserves the right to comment on selected projects before the final approval of subsidy applications – this mainly concerns budget adjustments (e.g. ineligible or uneconomic costs if they appear in the budget). It is only after the comments of the Review Committee have been dealt with that the decision to grant the subsidy can be issued

5 Subsidy Recipients and Partners



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5.1 Subsidy recipients

In accordance with the provisions of Section 7 (1) (d) and (u) of Act No 218/2000 Coll., subsidies from funds earmarked for FDC CR may also be provided to legal entities and natural persons for business activity.

The subsidy applicant must be a business entity registered in the Czech Republic (business corporations, natural persons engaged in business, and other natural persons engaged in business under special legal regulations) and defined in accordance with the Czech legislation ("subsidy applicant"). **Responsibility for the implementation of the project towards the CDA lies solely with the subsidy applicant or subsidy recipient (in the case of successful applicants).** The subsidy may not be used by other legal entities or natural persons, with the exception of those who, on the basis of a supplier-customer relationship, provide goods or services associated with the implementation of the approved project under the approved subsidy budget. The scope of the subsidy applicant's business activities should correspond to the planned project.

5.2 Partners

Within the subsidy pillars in the **Preparation** category, i.e. the Feasibility Study and the Business Plan, **no partner is required.**

At least two entities must participate in the project under the "**B2B Project**" subsidy pillar (**in the Implementation phase**); one Czech entity (the "subsidy applicant" or "subsidy recipient" in the case of successful applicants) and one entity from the target partner country (hereinafter referred to as the "main partner"). If appropriate, a partnership or association of several Czech private, public or non-profit institutions in the Czech Republic or in the given developing country (hereinafter referred to as "Partners") may be formed within the framework of the activities in the B2B Project subsidy pillar. The main partner from the target country must be a business entity based in the country and eligible for business in accordance with the local legislation.

6 Form and Amount of Aid

6.1 Preparation

Financial support from FDC CR funds for carrying out a feasibility study or a business plan is 90 percent of the demonstrated costs, while **the maximum possible amount per feasibility study or business plan is CZK 500,000** (excluding VAT).



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6.2 Implementation

Financial support from the FDC CR funds amounts to a **maximum of 50 percent** of the costs incurred in the project Implementation phase (B2B Project), while the **maximum possible amount for three years is CZK 5,000,000** (excluding VAT).

7 Announcement and Selection of Projects

The Program is implemented through individual Announcements, which set out the conditions of the Program in greater detail. Announcements to stimulate the submission of subsidy applications are posted by the Czech Development Agency on its website (www.czechaid.cz). Announcements concerning the Preparation category are made twice a year (usually in November and May), while the Implementation category is only announced once a year in November, unless the Announcement stipulates different deadlines.

7.1 Submitting a subsidy application

The subsidy application is submitted by the subsidy applicant on the basis of the Announcement for the submission of subsidy applications posted on the CDA website, **using the standardized form** attached to the Announcement. **One eligible entity, the subsidy applicant, may submit a maximum of three applications within one Announcement in any pillar. For example, it is possible to apply for three subsidies for feasibility studies, or the applicant may submit the same proposal for different countries - in this case he/she submits three separate applications.**

In the case of the B2B Project, the application will also include **proof of interest in working with the local partner on the project in question** (such as a Memorandum of Understanding).

If applying for a subsidy in the Preparation category (the Business Plan), the proof of interest in cooperation from the counterpart in the developing country is not required. In the case of the Feasibility Study, the applicant submits confirmation of interest in carrying out the study from the relevant institution.

The current Announcement always includes a detailed list of all the requirements stipulated for the application as well as the procedure for their assessment and selection.



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7.2 Assessment criteria

In addition to fulfilling the formal conditions of the Program, the following factors in particular will be taken into account in the assessment and selection of subsidy applications:

- **Development impact of the project** (transfer of know-how and technologies, development of the private sector in the given country – the creation of new jobs, introduction of production and working standards etc., reference to priorities and cross-cutting themes of the Czech FDC, fulfilment of sustainable development goals);
- **Relevance to the territory** (timing of the intervention, if the country and project site are appropriately selected, compliance with government priorities or the objectives of the Czech FDC for projects in FDC partner countries).
- **Sustainability and financial adequacy** (the possibility of follow-up financing and application of the study is important for feasibility studies; for business plans their commercial eligibility and financial returns are assessed, while B2B projects are assessed in terms of the selected business strategy and financial returns; generally speaking, the multiplying potential of the solution and long-term sustainability of activities).

Assessment criteria, including assessment methodology, are set out in the Announcement.

The points below provide a more detailed explanation of the above assessment criteria. They also set out the program conditions, which we expect to be automatically incorporated into the subsidy applications.

Development impact

Development impact means, for example, increasing the availability of quality vocational education, improving public health, greater food security, including access to drinking water, energy security, reducing the number of people living in extreme poverty or the creation of jobs, especially for young people, women, girls and other disadvantaged groups (see fulfilment of sustainable development goals). The planned projects should help to improve the living conditions of the local population, for example by ensuring better access to innovative services, products or technologies. Development impact also means improving efficiency and social and environmental conditions in the value chain (e.g. by securing certification for local suppliers), creating and supporting jobs, increasing labour productivity, and the transfer of know-how and technologies. Feasibility studies should include an environmental impact assessment.

The project must be clearly in line with the country's development goals. Projects that support sensitive business transactions such as trade in armaments or dangerous goods will automatically be excluded from this assessment.



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Sustainability and multiplier effect

The submitted application must clearly indicate how reliable supplies of goods or services will be made from the partner country, whether the project is financially /commercially viable and to what extent follow-up funding is ensured. A sustainable project must have political and institutional support at the place in which it is to be implemented. Its sustainability must also be ensured by follow-up services and related work as well as technical and financial capacities, ideally from local sources. The subsidy recipient must make every effort to ensure that the proposed implementation procedures meet the relevant EU environmental standards. Ecological sustainability also means minimizing any potential negative environmental externalities of the intended project

Condition of fulfilling the principle of additionality

The aid granted must not distort the market environment and at the same time must constitute added development value. This means that it will only be possible to implement development activities that would not have taken place without the aid or would have taken place over a much longer time frame or to a significantly lesser extent (the so-called **principle of additionality**).⁵

Applicant profile and qualification of project staff

The principal partners (i.e. the subsidy applicant, and, in the Implementation phase, also the main partner in the developing country) must possess sufficient funding and human resources for the business partnership. Applicants for a subsidy in the Preparation category must possess adequate funding and human resources to produce a good study or plan

7.3 Review Committee for the subsidy title Development Partnership Program for the private sector

The Review Committee, composed of experts from the Czech Development Agency, the Ministry of Foreign Affairs of the Czech Republic and other external experts, where applicable, will assess the relevance of all subsidy applications that meet the formal conditions of the Announcement. The Review Committee will select the winning subsidy applications for implementation under the Business Partnership Program for the private sector.

⁵ The European Commission identifies the principle of “additionality” in its Communication as one of the five principles that are key to the involvement of the private sector in foreign development cooperation. See COM (2014) 263 final, “A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries,” 13 May 2014.



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Detailed methodology for the activities of the Review Committees and project selection procedures are set out in the Announcement and the relevant Review Committee Rules of Procedure.

7.4 Decision on the granting of a subsidy

After the review committee has selected the winning subsidy applications, successful applicants will receive the CDA's decision concerning the granting of a non-investment, purpose-related subsidy from the state budget of the Czech Republic ("Decision"). In the Decision, the CDA stipulates in writing the conditions that must be met by the subsidy applicant. The subsidy may be used only in accordance with the content of the subsidy title and for the purpose stated in the Decision.

For ongoing multi-year Implementations of the project (B2B Project), a separate Decision is issued for each year of the project implementation based on the subsidy application submitted every year. **Subsidies are reimbursed retrospectively on the basis of the issued Decision** to the subsidy recipient's account after submission of the final report on the implementation of the project activities, the final accounts, and after fulfilment of all requirements of the Program, the Announcement and other requirements specified below.

8 Conditions of the Program

8.1 Formal conditions of the Program

8.1.1 Subsidy applicant

The subsidy applicant must show that

- he/she is a trading company or an entrepreneurial natural person duly registered in the Czech Republic and engaged in business within the Czech Republic;
- there are no insolvency proceedings under way against the applicant's assets in which a bankruptcy order has been issued or an insolvency petition has not been dismissed due to insufficient assets to cover the costs of the insolvency proceedings or bankruptcy has not been cancelled due to lack of assets or forced administration has been established under special legislation (Act No 182/2006 Coll., on Bankruptcy and Settlement, as amended);
- he/she does not exceed the **de minimis limit of EUR 200 000** per entity **over a three-year period** (the current and two previous fiscal years used by the recipient for tax purposes, i.e. calendar or business year), provided that the subsidy is granted under this project. De minimis aid is deemed to be granted on the date on which the legal act establishing its provision becomes legally effective or final. The assessment of the provision of de minimis aid concerns



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related undertakings under the definition of one undertaking as specified in Article 2 (2) of Commission Regulation (EU) No 1407/2013 of 18 December 2013.

8.1.2 Main partner in the Implementation category (B2B Project)

The main partner must

- be a duly registered company or natural person engaged in business and possess sufficient funding and managerial and staffing capacities to engage in partnership;
- comply with the international standards of working conditions to prevent the abuse of child labour and harmful working conditions in the workplace; the applicant's activities must pose no risk to the environment.

9 Method for Implementing the Project and Conditions of Using the Subsidy

9.1 Preparation

Essential requirements for the implementation of feasibility studies and business plans:

- The duration of the subsidy is limited to one calendar year.
- The subsidy recipient submits a feasibility study or business plan in the language selected by the CDA for approval (and encloses copies of accounting documents confirming the actual use of the subsidy). In parallel, the applicant sends a copy of this document to the territorially competent embassy of the Czech Republic in the given country for possible comments.
- After the feasibility study or the business plan has been approved by the CDA and all comments made by the embassy have been settled, the document becomes final.
- If necessary, the subsidy recipient translates the final version of the feasibility study into a language understandable to the potential subsidy recipient in the country in question (e.g. state administration institutions which will make further use of the documents). The cost of translating the study may be charged to the Program budget. The subsidy recipient guarantees the correctness of the translation and the submission of the final version of the study to the potential recipient, if the study is intended for such a recipient.
- The subsidy recipient will submit the final report no later than by **15 November of the given year**. The final version of the feasibility study or business plan and other items specified in the Announcement form the annex to the final report (in Czech, see the draft final report). The binding structure of the final report, together with the mandatory annexes, is attached with the Announcement.



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- The subsidy recipient will also submit the final version of the feasibility study or business plan and the final report with all its annexes to the territorially competent embassy of the Czech Republic.
- Activities involved in the preparation of the study or plan must begin and end in the given calendar year. **However, activities demonstrably related to the implementation of Preparation may also be covered from the subsidy from January 1 of the given calendar year, i.e. retroactively.**

Specific implementation requirements are further regulated by the Announcement.

9.2 Implementation of the project

Basic requirements for the implementation of B2B Projects:

- The duration of the project implementation is limited to a maximum of three calendar years. The realization of activities in each given year must **end in the same calendar year. Implementation of the B2B Project may also be shorter (e.g. one year, up to a maximum of three years). Implementation does not have to be preceded by preparation in the Business Plan pillar.**
- For each calendar year of the implementation of the project **an annual report must be submitted, no later than by November 15 of the calendar year in question.**
- The binding structure of the final report, together with the mandatory annexes, is attached with the Announcement.
- The approval of the annual report is a prerequisite for the submission of a subsidy application for the next project year for multi-year projects within the framework of the project Implementation.

Specific implementation requirements are further regulated by the Announcement.

9.3 Conditions for the financial settlement of the subsidy with the state budget

The subsidy will be reimbursed to the subsidy recipient's account after all activities have ended. The recipient of the subsidy is obliged to submit to the CDA, within the deadlines specified in the Announcement, a written final statement of accounts for the year of implementation and a clear annual or final report containing all the required data as stipulated in the annexes to the Announcement and the evaluation of the project benefits or other binding outputs specified in the Decision.⁶

Reimbursement of the subsidy is conditional upon the approval of the final report and its annexes by the CDA, taking into account the recommendations of the Czech embassy in the partner country. All costs claimed for reimbursement must be

⁶ These binding outputs result from the provisions of Annex 3 to Decree No 367/2015 Coll., on the Principles and Deadlines for Financial Settlement of Relations with the State Budget, State Financial Assets and the National Fund.



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included in the approved budget of the Decision and confirmed in the final statement. The amount of the reimbursed subsidy cannot exceed the total amount approved in the Decision for the CDA project in question.

Reimbursement may only be claimed for activities completed by **15 November**, unless otherwise specified in the Announcement.

9.4 Legal framework for the granting and use of a subsidy

- The subsidy recipient cannot transfer the subsidy to third parties.
- There is no legal entitlement to a subsidy. Refusal to grant a subsidy is final and no objection or appeal may be filed.
- The subsidy will be awarded by the Decision to grant a non-investment subsidy from the state budget of the Czech Republic.
- The implementation of the entire project, including the use of subsidy, must be recorded in the subsidy recipient's files in a manner that always enables the relevant accounting transactions to be traced.
- The granting of subsidies from the state budget (selective subsidy procedure) to eligible entities is not covered by Act No 134/2016 Coll., on Public Procurement, as amended. Aid given to any project does not automatically mean any further aid. Aid for multi-year projects does not automatically mean entitlement to funding for the second or third year.
- The CDA, in cooperation with the local embassy, or other entity designated by the CDA, is authorized to monitor the implementation of the project and the drawing of the subsidy both continuously and retrospectively. The subsidy recipient will allow the authority to conduct checks and verify that subsidy funds are being used correctly in the accounting books upon request.
- The CDA also has the right to inquire about the status of the project during the implementation of the Program. In the case of such an inquiry, the subsidy recipient must prepare an interim report to the extent stipulated by the CDA. The interim report must be submitted to the CDA within 14 days of receipt of the request. The evaluation of the results by the CDA can be supplemented by a standard evaluation of the Program by the Ministry of Foreign Affairs of the Czech Republic.