



Methodical Letter No. 1

to the Rules for Applicants and Beneficiaries – General Part, version 4.

Chapters 5.2.5.1 Financial milestones

Chapters 7.1.1 Interim report on project implementation (including the interim payment request) – evidencing of ownership structure

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Chapters 14 Synergies and complementarities

Operational Programme Research, Development and Education (OP RDE) for the period 2014–2020

VERSION:	1
ISSUED BY:	OP RDE Managing Authority
IN FORCE FROM:	On the date of publication of the website of the MEYS—OP RDE
IN EFFECT FROM:	19 October 2016



EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání



MINISTERSTVO ŠKOLSTVÍ,
MLÁDEŽE A TĚLOVÝCHOVY

Methodical Letter No. 1 to the Rules for Applicants and Beneficiaries – General Part, version 4.

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Effective date: 19 October 2016

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This methodological letter is issued for a transitional period from the date of effectiveness to incorporation in Rules for Applicants and Beneficiaries – General Part. The methodological letter ceases to be valid upon incorporation in Rules for Applicants and Beneficiaries – General Part.

The above paragraph is irrelevant for recipients bound by this methodical letter under the legal act on granting/transferring support. For these beneficiaries, the methodical letter shall remain in force throughout the duration/sustainability of the project, if relevant. Or until the moment when the recipient asks for transition to a higher RAB, in which the methodical letter will be incorporated.

Methodical Letter No. 1 replaces the entire Chapter 5.2.5.1 of Rules for Applicants and Beneficiaries – General Part, version 4 by the following text:

5.2.5.1 Financial milestones

A financial milestone reflects the minimum amount of project expenses which the recipient is obliged to submit the MA OP RDE for the financial milestone's reporting periods¹. Financial milestones (interim milestones and border milestone) are set by the MA OP RDE based on the submitted financial plan of advances and billing drawn up by the applicant in the application for support and, if necessary, adjusted on the basis of budget cuts or adjustments before issuing a legal act on provision/transferring support.

Financial milestones are defined in the legal act on granting/transferring support.

5.2.5.1.1 Interim financial milestones

An interim financial milestone of the project is 80% of the cumulative amount from the financial plan for four consecutive reporting periods in case of the 3-month reporting period, or for two consecutive reporting periods in the case of 6-month reporting period (the first interim milestone for two consecutive reporting periods is considered the first reporting period of 3 months and the following reporting period of 6 months).

In case the recipient needs to adjust the interim financial milestone during implementation of the project, they may request a substantial change constituting amendment of the legal act on granting/transferring support. The request for substantial change must contain sufficient justification for the proposed amendment². The beneficiary must request the change in the interim financial milestone no later than by the middle of the period³ for which the interim

¹ The beneficiary submits project costs included in the financial milestone within IR/RfP.

² In justified cases, the MA OP RDE is entitled to request additional information to the required change, e.g. a detailed plan of project budget spending for subsequent reporting periods, etc.

³ For periods with the interim financial milestone with the length of 2 x 6 months or 4 x 3 months, the request for a

financial milestone was set. It is not necessary to amend interim financial milestones if the beneficiary knows that they the minimum amount set in the legal act on granting/transferring support will be achieved. Along with the change of interim financial milestones, the beneficiary shall submit amendments to the financial plan.

If a cumulative saving of 10% of total eligible costs is created within project period for which an interim financial milestone is set (see Chapter 12.5) and the recipient does not intent to use the saving in this period and, at the same time, the non-spending of the saving will make it impossible to meet the interim financial milestone, the beneficiary is entitled to request a substantial change any time before the deadline for submission of the next interim IR/RfP within which the interim financial milestone will be evaluated. In such case, the request for substantial change shall contain only a change in the amount of the saving. Along with the change of the interim financial milestone, the beneficiary shall submit a change in the financial plan which will also reflect the planned use of the saving. This change does not affect the border financial milestone – see chapter 5.2.5.1.2 Rules for Applicants and Recipients – General Part.

Interim financial milestones shall be monitored only for projects whose duration from the date of commencement of the physical implementation to the expected completion of (physical) implementation is 30 months or more. No interim financial milestone shall be set for periods shorter than one year before the end of the project implementation.

Evaluation of interim financial milestones shall be performed by the date when requests for payment are approved for all reporting periods with set interim financial milestones. When evaluating fulfilment of the interim financial milestone, all the billed amounts included in the lists of documents of the respective RfP (net of expenses removed from the list of documents, i.e. the final version of the list before approving by the the MA OP RDE) shall be added up and compared with the amount of the interim financial milestone. In case of failure to meet the interim financial milestone, the MA OP RDE recipients imposes a penalty on the beneficiary under the act on granting/transferring support⁴. The percentage rate of the penalty shall be set in the act on granting/transferring support.

5.2.5.1.1 Border financial milestones

One of the above interim financial milestones shall be be determined as a binding border

substantial change shall be submitted by the end of the sixth month of the respective period. For periods with the interim financial milestone with the length of 3 + 6 months must, the request for a substantial change shall be submitted by the fifteenth day of the fifth month (inclusive).

⁴ The MA OP RDE may decide not to impose the penalty in case there are serious reasons for not imposing it, e.g. a tender submitted to the OPC, and the like.

milestone for the beneficiary (no interim financial milestones shall be set for this period). The border financial milestone of the project is 60% of the cumulative amount from the financial for a period corresponding to about 60% of the project implementation period⁵. The beneficiary cannot decrease the border financial milestone by a substantial change, unless they also request a substantial change consisting in reduction of the total amount of the grant. Along with the change of the border financial milestone, the beneficiary shall submit amendment to the financial plan. It is not possible to change the period for which the border milestone is evaluated⁶.

A border financial milestone shall be set for all projects.

Evaluation of the border financial milestone shall be performed by the date when requests for payment are approved for all reporting periods with the set border financial milestone. When evaluating fulfilment of the border financial milestone, all the billed amounts included in the lists of documents of the respective RfP (net of expenses removed from the list of documents, i.e. the final version of the list before approving by the the MA OP RDE) shall be added up and compared with the amount of the border financial milestone.

In case of failure to meet the border financial milestone, the MA OP RDE recipients imposes a penalty on the beneficiary under the act on granting/transferring support⁷. The percentage rate of the penalty shall be set in the act on granting/transferring support.

Example of determination of financial milestones

A project with an implementation period of 48 months and estimated eligible expenses of CZK 62 mil. Prior to issuance of the legal act on granting/transferring support, the beneficiary created a financial plan:

Reference period	Billing plan (in CZK)
1.	5,000,000
2.	5,000,000

⁵ The period for which the border financial milestone is set is calculated as follows: the period starts with the 1st reporting period of the project and ends with the reporting period to which the upcoming interim financial milestone would fall (corresponding to about 60% of the implementation period).

⁶ In exceptional cases, it is possible to change the period, e.g. in case of extension of the project.

⁷ The MA OP RDE may decide not to impose the penalty in case there are serious reasons for not imposing it, e.g. a tender submitted to the OPC, and the like.

3.	10,000,000
4.	10,000,000
5.	10,000,000
6.	10,000,000
7.	5,000,000
8.	5,000,000
9.	2,000,000

The following financing plan was used by the MA OP RDE to set financial milestones:

Financial milestone	Period for which financial milestone was set	Amount in CZK (the minimum amount of expenses to be accounted by the beneficiary)
Interim financial milestone	1st-2nd reporting period	8,000,000
Interim financial milestone	2nd-4th reporting period	16,000,000
Border financial milestone	1st-6th reporting period	30,000 000
Interim financial milestone	7th-8th reporting period	8,000,000

Methodical Letter No. 1 adds the procedure for uncovering the ownership structure of the beneficiary during project implementation to Chapter 7.1.1 of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:

7.1.1 Interim report on project implementation (including the interim payment request)

Uncovering the ownership structure during project implementation

The ownership structure of the beneficiary/partner is monitored together with the project's RfP during project implementation. In case there was no change in the ownership structure, the beneficiary shall produce, together with the project's RfP, affidavit on validity of the originally documented facts proving the ownership structure of the beneficiary/partner. If there was a change, the beneficiary shall produce, together with the project's RfP, the updated attachment Demonstration of ownership structure of the applicant/beneficiary.

Methodical Letter No. 1 replaces the entire Chapter 10.1 of Rules for Applicants and Beneficiaries – General Part, version 4 by the following text:

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10.1 Comments on MA documents in the process of project approval

Each applicant is entitled to submit a comment once for each stage of the approval process⁸, they did not pass. The comments shall be submitted within **fifteen calendar days** of receipt of the internal notification of the negative result of the approval process stage. The deadline for submitting comments begins on the day following the receipt of the internal notification of the negative result of the approval process stage by the applicant.

The applicant⁹ submits their comments via IS KP14+ (on the form entitled Application for review of the decision). The subsequent communication between the applicant/beneficiary and the MA OP RDE, including information on results of assessment of comments, takes place through internal notifications in IS KP14+.

The day of receipt of comments by the MA OP RDE is considered the date of delivery to the MA OP RDE, or the day when the applicant submits the comments in IS KP14+. To comments submitted after the lapse of the above deadline will not be taken into account by the MA OP RDE, such comments will be not be submitted for consideration of the review committee and the results of the evaluation process stage will be considered final.

The applicant is entitled to submit comments only if the MA OP RDE violated the rules of the OP RDE, i.e. only in the following cases:

- an objective contradiction between the comments/justification of the evaluator's opinion, or opinion of the evaluation and selection committee, with applicable laws and similar standards or methodological regulations (i.e. the call or the related documentation – e.g. Rules for Applicants and Beneficiaries of the OP RDE etc.).
- The comment/justification of the evaluator's opinion, or opinion of the evaluation or selection committee, does not correspond to the methodology for material evaluation and selection of projects, or the committee's comment is not consistent with the methodology for selection of projects;
- an obvious error in the evaluator's opinion/reasoning, or the opinion/reasoning of the evaluation and selection committee (e.g. the evaluator points out to missing (not insufficient) description of some of the parts of the application for support and the applicant proves that the description in question was included in the application);
- failure to comply with all procedural steps of the approval process;
- bias/conflict of interest/breach of confidentiality and impartiality on the part of the

⁸ The approval process may consist of the following stages (on which applicants may comment): evaluation of projects and selection of projects. The project evaluation process may consist of the following phases: evaluation of acceptability, evaluation of compliance with formal requirements, and material evaluation. The project selection process then consists of the following phases: project selection, preparation and issuance/signing of legal act on granting/transferring support (see Chapter 5.4 of Rules for Applicants and Beneficiaries – Version 4).

⁹ Person authorised to act on behalf of the applicant.

evaluator.

The MA OP RDE will reject comments which:

- fail to meet any of the above conditions;
- are confusing (it is not clear what the applicant claims, or which evaluator is the comment addressed to);
- appeal against non-recommendation for funding due to insufficient financial allocation of the call;
- appeal against rejection non-recommendation for funding due to selection of applications for support that were received earlier (this is relevant for continuous calls);
- appeal against non-recommendation for funding due to the fact that other applications for support got higher scores in the material evaluation (this is relevant for calls with several rounds).

In their comments, the applicant shall:

- explain/justify why the comment was submitted (what criteria or procedure evaluation does the applicant disagree with);
- clearly justify their position and prove it by unequivocal and objective evidence (additional information which were not mentioned in the application or its annexes will be disregarded);
- state what do they seek by the comment (i.e. the applicant's recommendation for the MA).

Only complete comments are accepted. Additional documents submitted after the deadline for submitting comments will not be accepted by the MA OP RDE (such documents will be submitted for consideration of the review committee).

Comments meeting the above conditions will be reviewed by the review committee. The review committee decides by consensus or vote – by an absolute majority of all present members with voting rights. The review results in an assessment of the comments, including a justification.

There are the following possible results of review of comments:

- acceptance of comments as justified;
- acceptance of comments as partially justified
- rejection of comments on procedural grounds;
- rejection of comments due to their unfoundedness.

If the review committee finds the comments justified or partly justified, the MA OP RDE performs the necessary corrective actions, e.g. returns the project back to the evaluation

process ¹⁰ (in case of an erroneous evaluation), excludes the evaluator from the evaluator database (in case of a proved bias/conflict of interest), etc.

No additional comments of the applicant are allowed on the settlement of comments.

Methodical Letter No. 1 amends Chapter 14 Synergies and complementarities of Rules for Applicants and Beneficiaries – General Part, version 4 as follows:

The sentence: “Evaluation of the relevance of the synergy described is part of the check of eligibility and formal requirements.” was replaced by the sentence: “Evaluation of the relevance of the synergy described is part of the evaluation process.”

¹⁰ *The repeated evaluation is the performed by the appeal evaluator/evaluation committee (at the project evaluation stage) or appeal selection committee (at the project selection stage).*