

# ANNUAL REPORT FOR 2012

## Integrated Operational Programme



Intended for the 11<sup>th</sup> meeting of the IOP Monitoring Committee  
held on June 6, 2013



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## EXECUTIVE SUMMARY

The Integrated Operational Programme implemented in the 2007-2013 programming period focuses on the support for development of information technologies in public administration, improving the infrastructure for social services, public health, employment services and services in the field of security, risk prevention and management, support of tourism, cultural heritage, improving the environment in housing estates and development of systems for creation of territorial policies.

Details concerning the **progress and implementation of IOP until 31 Dec 2012** are presented in this Annual Report, compiled by the Managing Authority in cooperation with other actors involved in the programme.

The total IOP allocation (ERDF contribution) amounts to EUR 1 602.7 million, major part of which in the amount of EUR 1 591.4 million is channelled to the Convergence objective, while EUR 29.4 million goes to the Regional competitiveness and employment objective.

In the course of 2012, a total of 464 project applications in the amount of EUR 322.0 million were submitted, 311 projects in the amount of EUR 259.1 million were approved. The beneficiaries were paid the funds amounting to EUR 225.1 million. The certified expenditure reached the amount of EUR 188.8 million.

By the end of 2012, projects totalling EUR 1 549.5 million were approved for implementation, which accounts for 81.3 % of the total allocation. The beneficiaries were paid the funds in the amount of EUR 580.9 million, representing 30.5 % of the total allocation. Expenditure amounting to EUR 484.6 million (25.4 %) was certified.

Due to the **investigations of a high level of expected error rate stated in the Annual Control Report for 2011 by the AA**, in February 2012 the MA withdrew the 8<sup>th</sup> interim application for payment (EUR 28.14 million under CONV objective and EUR 1.44 million under RCE objective). For the very same reason the MA upon agreement with the PCA did not submit the supporting documents for the regular 9<sup>th</sup> certification of expenditure for the period from 1 Nov 2011 to 31 Jan 2012 (EUR 23.14 million under CONV objective and EUR 0.02 million under RCE objective).

The IOP MA disagreed with the quantified error rate and findings of the DAB audit of operations and presented to the AA its arguments disproving the DAB findings. Based on additional investigations results of concluded investigations of the LTO/OPC, results of the audit conducted by the EC and based on the arguments submitted by the IOP MA, the Audit Authority revised the original error rate.

The implementation of IOP continued, the funds were being paid to beneficiaries from national sources, the MA prepared aggregate payment claims and kept submitting them continuously to the

PCA. Once the certification of expenditure was relaunched, in October 2012 the 9<sup>th</sup> interim application for payment was sent to the EC, covering the certified expenditure for the period from 16 Sep 2011 to 19 Oct 2012 (EUR 187.33 million under CONV objective and EUR 4.39 million under RCE objective). **The volume of certified expenditure thus reached the amount necessary for the attainment of n+3 target in 2012 provided the advance payments are accounted for in both the objectives.**

**In 2013, the fulfilment of n+3/n+2 rule is at risk in case the forecast absorption of funds is not fulfilled due to the postponements in projects' timetables. Therefore, the IOP MA adopted measures to prevent it.** They include e.g. reduced approval of changes in timetables of project stages, extraordinary division of projects into stages with the aim to increase the amount of funds certified before the end of 2013, holding talks with the OPC concerning the completion of investigations which cause suspension of administration of applications for payment, and continuous consultations on applications for payment provided to beneficiaries.

In the light of prevailing problems to meet the forecast absorption, the IOP MA introduced **a system of monitoring and management of sleeping and risky projects** as a tool to optimize the absorption of funds. Its aim is to reduce the failure to meet the project implementation timetables and transfer the activities into the next project stages. The IOP Intermediate Bodies identified the specific problem in individual projects and assigned to it a matching measure as well as the deadline of its expected resolution. The IOP MA, having verified the adequacy of the selected measure, classified the level of risk of individual projects (sleeping or risky).

While 17 sleeping projects were originally identified, at the end of November 2012 following the update there were 4 projects only identified as such. A negligible progress was recorded, though, in high-risk projects, where following the update 40 high-risk projects were identified as against the original 45. With respect to little progress in their implementation and the prevailing type of beneficiaries, a document is being drafted for the members of the Government to be submitted by the Minister for Regional Development in February 2013, together with a resolution committing the relevant ministries to resolve the crisis situation and to elaborate detailed proposals for corrective measures.

On account of highly unsatisfactory situation in the implementation of intervention areas under the responsibility of the MoI CR, **the delegated activities in Intervention areas 2.1 and 3.4 were transferred by the IOP MA in cooperation with the CRD CR from the MoI CR to the MRD CR and CRD CR.** This change in delegated activities was made as of 1 Jul 2012. It aimed at the improved quality, reduced error rate and accelerated administration. Being relieved of this agenda, the MoI CR now has capacity to reinforce the administration and control of projects in Intervention area 1.1.

The **basic registers which constitute of one of the main pillars of eGovernment implemented under Intervention area 1.1.** have become fully operational. Apart from increased effectiveness of state administration, the processing of applications filed by citizens, businesses and other entities with public administration authorities is sped up and the administrative burden is reduced.

In 2012, a call was announced by the MA for IUDP applicants in response to the possibility **to use soft (preference) loans from JESSICA financial instrument.** The IOP MA launched pre-notification that will be followed by notification of expenditure in Intervention area 5.2 so that the support can be granted in the form of soft loans.

## 1 PROGRAMME IDENTIFICATION

OPERATIONAL PROGRAMME	Objective concerned: Convergence and Regional Competitiveness and Employment
	Eligible area concerned: <ul style="list-style-type: none"> <li>• NUTS 2 Prague</li> <li>• NUTS 2 Central Bohemia</li> <li>• NUTS 2 Southwest</li> <li>• NUTS 2 Northwest</li> <li>• NUTS 2 Northeast</li> <li>• NUTS 2 Southeast</li> <li>• NUTS 2 Central Moravia</li> <li>• NUTS 2 Moravia-Silesia</li> </ul>
	Programming period : 2007-2013
	CCI number of the Programme: 2007CZ16UPO002
	Programme title: Integrated Operational Programme
ANNUAL IMPLEMENTATION REPORT	Reporting year: 2012
	Date of approval of the Annual Report by the Monitoring Committee:

The Integrated Operational Programme (IOP) is implemented in the Czech Republic based on the National Strategic Reference Framework (hereinafter referred to as the NSRF) for the 2007-2013 programming period.

The IOP focuses on addressing common regional issues in the field of infrastructure for public administration, public services and territorial development: development of information technologies in public administration, improving infrastructure for social services, public health, employment services and services in the field of security, risk prevention and management, support of tourism, cultural heritage, improving the environment in housing estates and development of systems for creation of territorial policies.



## 1.1 IOP Objectives

The IOP strategy includes **the global objective and three specific goals** underlying the individual priority axes and intervention areas. The achievement of specific goals is preconditioned by the implementation of activities within individual priority axes, intervention areas and activities.

IOP Global Objective		
To support social and economic growth of the CR and to increase the quality of life of citizens through better functioning of the public administration and public services.		
<b>Specific goal 1</b> Improving the effectiveness and quality of processes and improving the accessibility of public administration services at the national and regional level by applying modern ICT.	<b>Specific goal 2</b> Modernisation and system change of the selected public services with the goal to initiate a process of overall public services transformation.	<b>Specific goal 3</b> Better exploitation of the territory's potential by means of national and system interventions in tourism, culture, housing and the development of systems for territorial policies.

In accordance with Article 32 para 1 of General Regulation and based on discussions with the EC the IOP is drafted as a **multi-objective programme** which – apart from the main focus on support of regions under the Convergence objective – also facilitates the support under the Regional Competitiveness and Employment objective (RCE).

Seven of the eight **Cohesion regions** fall under the Convergence objective, while Prague falls under the RCE objective. Article 53 and Annex III to Council Regulation No 1083/2006 (EC) stipulates the method of calculation of ERDF contribution for these regions. Generally, the ERDF contribution shall not be higher than 85 % of eligible expenditure for operational programmes (Article 53 (3) (4) and Annex III) for both the objectives; the rest is the contribution from the state budget of the CR.

**Table No 1 - Allocation by year and objective (in EUR)**

Year	ERDF Convergence objective	ERDF RCE objective	Total
	1	2	3=1+2
2007	192 686 939	3 951 894	196 638 833
2008	202 164 946	4 030 931	206 195 877
2009	211 684 389	4 111 551	215 795 940
2010	221 648 970	4 193 781	225 842 751
2011	237 465 225	4 277 657	241 742 882
2012	247 398 119	4 363 210	251 761 329
2013	278 308 099	4 450 474	282 758 573
<b>Total for 2007 - 2013</b>	<b>1 591 356 687</b>	<b>29 379 498</b>	<b>1 620 736 185</b>

Source: Programming Document, December 2011

**Table No 2 - Allocation by priority axis for 2007-2013 period (in EUR)**

Number of Priority axis	Name of Priority axis	Fund/rate of co-financing related to	Community contribution	National funds	Indicative breakdown of national funds		Total funds	Co-financing rate	For information	
					National public funds	National private funds				
			A	b(=c+d)	c	d	d=a+b	e=a/d	EIB	Other funds
1a	Modernisation of public administration	ERDF/public Convergence objective	310 602 133	54 812 141	54 812 141		365 414 274	85 %		
1b	Modernisation of public administration – Regional competitiveness and employment objective	ERDF/public RCE objective	23 892 472	4 216 319	4 216 319		28 108 791	85 %		
2	Introducing ICT in territorial public administration – Convergence objective	ERDF/public Convergence objective	170 831 173	30 146 678	30 146 678		200 977 851	85 %		
3	Improving public services quality and accessibility – Convergence objective	ERDF/public Convergence objective	545 106 743	96 195 308	96 195 308		641 302 051	85 %		2 097 710
4a	National support of tourism – Convergence objective	ERDF/public Convergence objective	60 567 416	10 688 368	10 688 368		71 255 784	85 %		719 755
4b	National support of tourism – Regional competitiveness and employment objective	ERDF/public RCE objective	4 659 032	822 182	822 182		5 481 214	85 %		55 366
5	National support of territorial development – Convergence objective	ERDF/public Convergence objective	459 211 913	81 037 396	81 037 396		540 249 309	85 %		129 384 784
6a	Technical Assistance – Convergence objective	ERDF/public Convergence objective	45 037 309	7 947 760	7 947 760		52 985 069	85 %		
6b	Technical Assistance – Regional competitiveness and employment objective	ERDF/public RCE objective	827 994	146 117	146 117		974 111	85 %		
<b>TOTAL (Convergence objective + Competitiveness objective)</b>			<b>1 620 736 185</b>	<b>286 012 269</b>	<b>286 012 269</b>	<b>0</b>	<b>1 906 748 454</b>	<b>85 %</b>	<b>0</b>	<b>132 257 615</b>
<b>Of which: Convergence objective</b>			<b>1 591 356 687</b>	<b>280 827 651</b>	<b>280 827 651</b>	<b>0</b>	<b>1 872 184 338</b>	<b>85%</b>	<b>0</b>	<b>132 202 249</b>
<b>Competitiveness objective</b>			<b>29 379 498</b>	<b>5 184 618</b>	<b>5 184 618</b>	<b>0</b>	<b>34 564 116</b>	<b>85%</b>	<b>0</b>	<b>55 366</b>

Note: The rate of co-financing is related to public funds, private funds are given just for information in the "Other funds" column.

Source: Programming Document, December 2011

## 1.2 Division of Powers Between the Managing Authority and Intermediate Bodies

Division of activities between the MA and IB is laid down in the IOP Programming Document, namely in Chapter 4 “Programme Implementation”, or in Sub-chapter 4.1 “IOP Implementation Structure”.

Pursuant to Government Resolution No 175/2006, the Ministry for Regional Development of the CR was designated to be the Managing Authority of the IOP. The IOP MA shall carry out the tasks in line with Article 60 of Council Regulation No 1083/2006. In accordance with Article 59 para 2, or Article 42 para 1 of Council Regulation No 1083/2006, the MA shall entrust some of the tasks to the Intermediate Bodies.

Due to understaffing in 2009 the MRD, MoLSA and MoI signed the Addendum to the Agreement on delegating the tasks from the IOP Managing Authority. The Addenda concerned the involvement of CRD in the administration of projects under Intervention areas 2.1, 3.1, 3.3 and 3.4.

As of 1 July 2012 there has been a change in delegated activities in Intervention areas 2.1 and 3.4. The delegated activities in Intervention areas 2.1 and 3.4 have been transferred by the IOP MA in cooperation with the CRD from the MoI CR to the MRD CR and CRD CR. It aimed to improve quality, to reduce error rate and to accelerate administration. By cutting down the agenda of MoI CR, capacities will be released to strengthen the administration and controls of projects under Intervention area 1.1.

**Table No 3 - IOP Intermediate Bodies broken down by intervention area**

Intervention area	Intermediate Body
<b>1.1 a,b</b> Developing information society in public administration	Ministry of Interior CR (SF Department)
<b>2.1</b> Introducing ICT in territorial public administration	Ministry of Interior CR (SF Department) until 30 June 2012, Centre for Regional Development CR
<b>3.1</b> Social integration services	Ministry of Labour and Social Affairs CR (EU Funds Implementation Department and Programme Financing Department), Centre for Regional Development CR
<b>3.2</b> Public health services	Ministry of Health CR (EU Funds Department)
<b>3.3</b> Employment services	Ministry of Labour and Social Affairs CR (EU Funds Implementation Department and Programme Financing Department), Centre for Regional Development CR
<b>3.4</b> Services in security, risk prevention and management	Ministry of Interior CR (SF Department) until 30 June 2012, Centre for Regional Development CR
<b>4.1 a,b</b> National support of tourism	Centre for Regional Development CR
<b>5.1</b> National support for utilising the cultural heritage potential	Ministry of Culture (Strategy and Aid Policy Department)
<b>5.2</b> Improving the environment in problematic housing estates	Centre for Regional Development CR
<b>5.3</b> Modernisation and development of systems for	Centre for Regional Development CR

Intervention area	Intermediate Body
creating territorial policies	
<b>6.1 a,b</b> Activities connected with the IOP management and 6.2 a,b Other costs of the IOP technical assistance	Centre for Regional Development CR

### 1.3 Links of IOP to Strategic Documents

The links of IOP to strategic documents follow from the Programming Document and relate to the following documents<sup>1</sup>.

#### National Lisbon Programme for 2005-2008 (National Reform Programme of the CR)

The National Reform Programme (NRP) is a document through which the CR responded to the EU initiative aimed at the creation of a new system of managing the Lisbon agenda. The NRP shall contribute to the simplification and enhanced effectiveness of the to date practice in coordinating the economic policies at the level of EU as well as the Member States, and secure better identification of these Member States with the set out priorities of the Lisbon Strategy.

The IOP builds on the principles of the Lisbon strategy relying on the development of information and knowledge-based society and on investments in human capital. The main instruments applied by the IOP in the fulfilment of the Lisbon Strategy principles are the reinforcement of central state administration and territorial public administration, improvement of quality and accessibility of public services and elimination of regional disparities by effective use of socio-economic sources.

**Table No 4 - Links of IOP to NRP**

NRP focus	IOP priority axis			
	PA-1, PA-2	PA-3	PA-4	PA-5
<b>Macroeconomic part</b>				
Macroeconomic stability and sustainable growth	XX	XX	XX	XX
<b>Microeconomic part</b>				
Business environment		X		X
Research and development, innovation	X	X		
Sustainable use of resources				X
Modernisation and development of transport and ICT networks	XX		X	
<b>Employment part</b>				
Flexibility in labour market	X	X		X
Inclusion in labour market		X	X	
Education	X	X		

*Note: XX – direct link; X – indirect link*

*Source: Programming Document, December 2011*

#### Community Strategic Guidelines

The strategy governing the use of financial resources from EU Structural Funds in the programming period 2007 – 2013 is based on Council Decision (EC) of 6 October 2006 on Community strategic

<sup>1</sup> Other policy documents defining the strategies and priority axes of IOP are given in Annex 1 to the Programming Document.

guidelines on cohesion (2006/702/EC). This Decision in line with the General Regulation specifies the EC strategic priorities for cohesion policy in order to promote the implementation of Lisbon strategy.

IOP content reflects the focus of all the Community guidelines in the way shown in the following table.

**Table No 5 - IOP links to CSGs**

Focus of CSGs	IOP Priority axis			
	PA-1, PA-2	PA-3	PA-4	PA-5
<b>Guideline I.: Making Europe and its regions more attractive places in which to invest and work</b>				
Expand and improve transport infrastructures				X
Strengthen the synergies between environmental protection and growth		X	X	X
Address Europe's intensive use of traditional energy sources				
<b>Guideline II.: Improving knowledge and innovation for growth</b>				
Increase and better target investment in RTD	X	X		X
Facilitate innovation and promote entrepreneurship	X	X		
Promote the information society for all	XX	XX	X	
Improve access to finance	XX	XX		
<b>Guideline III.: More and better jobs</b>				
Attract and retain more people in employment and modernise social protection systems	X	X		X
Improve adaptability of workers and enterprises and the flexibility of the labour market	X	X		
Increase investment in human capital through better education and skills	X	X		
Administrative capacity	XX	XX		
Help maintain a healthy labour force		XX		

Note: XX – direct link; X – indirect link

Source: Programming Document, December 2011

### National Strategic Reference Framework of the CR 2007-2013

The NSRF of the CR 2007-2013 outlines the basic directions for interventions from the Structural Funds in the CR and constitutes the key strategic starting point for elaboration of the IOP.

The most significant is the IOP link to the Strategic objective II “Open, flexible and cohesive society”, particularly to Priority D - Development of the information society and E - Smart Administration, which in the IOP is addressed by Priority axis 1 - Modernisation of public administration and Priority axis 2 - Introducing ICT in territorial public administration. Also important is the link to the NSRF Strategic objective I “Competitive Czech economy”, specifically to Priority C - Development of sustainable tourism and utilisation of the potential offered by the cultural heritage, which in IOP is addressed through Priority axis 4 “National support of tourism”. The link between the IOP and the NSRF Strategic objective IV “Balanced territory development”, namely Priority A - Balanced regional development and B - Development of urban areas is addressed within Priority axis 5 “National support of territorial development”.

More detailed definition of links is given in the table below.

**Table No 6 - IOP links to NSRF**

Focus of NSRF	IOP Priority axis			
	PA-1, PA-2	PA-3	PA-4	PA-5
<b>I. Strategic objective: Competitive Czech economy</b>				
Competitive business sector	X	X	X	X
Support of R&D capacity for innovation	X	X		
Development of sustainable tourism	X		XX	
<b>II. Strategic objective: Open, flexible and cohesive society</b>				
Education	X	X		
Increasing employment and employability		XX	X	X
Strengthening social cohesion		XX		X
Development of the information society	XX	X	X	X
Smart Administration	XX	XX		XX
<b>III. Strategic objective: Attractive environment</b>				
Protection and improvement of the environment quality	X	X	X	X
Improved accessibility to transport				
<b>IV. Strategic objective: Balanced territory development</b>				
Balanced regional development	X	X	X	XX
Development of urban areas		X	X	XX
Development of rural areas		X	X	XX

Note: XX – direct link; X – indirect link

Source: Programming Document, December 2011

### Strategy of implementation of Smart Administration in the period 2007–2013

The underlying policy document in the field of enhancing effectiveness of public administration is the Strategy for Effective Public Administration and Friendly Public Services (Smart Administration), approved by Government Resolution No 757/2007. The Strategy defines the areas and project topics primarily supported from OP HRE and IOP in the framework of implementation of the NSRF Smart Administration priority. In relation to IOP, the Strategy is implemented through intervention under Priority axes 1 and 2, with links to activities carried out under Priority axis 3 “Improving public services quality and accessibility”. IOP interventions are directed at safeguarding technology, which nowadays means especially the ICT supporting Government.

### Europe 2020 Strategy

Some priority axes or intervention areas of the Integrated Operational Programme are directly linked to Europe 2020 strategy targets even though the IOP was adopted and implemented before the adoption of this strategy.

Linked to the thematic objectives stipulated in Article 9 of the proposal for a “Common Provisions” regulation are the Priority axes 1a, 1b and 2 (Thematic objective 2), Intervention areas 3.1 and 3.2 (Thematic objective 9), 3.3 (Thematic objective 8), 5.2 (Thematic objectives 4 and 9) and 5.3 (Thematic objective 11).

More details on these matters are provided in section 2. 1. F – Qualitative analysis (IOP contribution to Europe 2020 strategy).



## 1.4 Overall Economic Situation and Its Impact on IOP

The financial and economic crisis that started in 2008 has dramatically changed the economic environment of both the EU and CR. The global crisis on financial markets and subsequent recession were manifested in the Czech economy by a marked slowdown of economic growth. Whereas in 2005–2007 period the GDP in the CR grew annually by more than 6 % on average and in 2008 it dropped to 3.1 % (in EU 27 the GDP rose by 0.3 %), in **2009 the GDP fell by 4.5 %** (in EU 27 it fell by 4.3 %), which has been the worst ever result since the Czech Republic was founded in 1993.

Even though in 2010 and 2011 the Czech economy reported an overall recovery (GDP grew by 2.5 %, or by 1.9 % respectively), since the beginning of 2011 the growth has started to slow down and towards the end of 2011 the economy was again going into a recession; in 2012 the GDP is estimated to drop by 1.2 % (in EU 27 the GDP dropped by 0.3 %). As a result the **GDP level in 2012 still failed to reach its pre-recession level of the turn of 2008 and 2009**. Ranking among the risks threatening future EU development are especially the persistent problems in financial sector, high levels of public debt in majority of EU Member States and subsequent impacts of budget consolidation as well as uneven development in Eurozone countries. These risks have and may have a negative impact on the situation in the CR.

The economic downturn was accompanied by **growing unemployment both in 2009 and 2010**. The number of unemployed in 2008-2010 grew by more than 60 %, in 2011 the unemployment rate slightly decreased, which however stopped in the 4<sup>th</sup> quarter of the year. Even though in 2012 the unemployment rate remained the same as in 2011, the forecast for 2013 reckons with its further rise.

**Table No 7 - Development of economic indicators in 2007-2012 period**

Indicator	2007	2008	2009	2010	2011	2012
Increase/decrease in GDP (in %)	5,7	3,1	- 4,5	2,5	1,9	-1,2
Registered unemployment rate (in %, annual average)	6,6	5,4	8,0	9,0	8,6	8,6
General government balance – in % of GDP	- 0,7	- 2,2	- 5,8	- 4,8	- 3,3	- 5,0
General government debt – in % of GDP	27,9	28,7	34,2	37,8	40,8	45,2

Source: MoF and MoLSA – status as of 11 Feb 2013

**The adverse development of economy did not have any major impact on IOP implementation.** The main reason is the fact that a prevailing part of aid beneficiaries are public sector entities, with public sector being much less hit by the crisis than business entities; e.g. the state budget funds earmarked for financing the operational programmes co-financed from the EU Funds have not been cut down, this expenditure ranks among top priorities when the budget is drafted.

More details on matters related to economic situation in the CR are provided in Chapter 2.4 Changes in the Context of Programme Implementation.

## 2 OVERVIEW OF PROGRAMME IMPLEMENTATION

### Programme milestones in 2012

Date	Activity
17 Jan 2012	Commencement of the control of the Supreme Audit Office at the IOP MA No 12/02 Monetary resources of EU and SB earmarked for the implementation of IOP
20 Jan 2012	Submission of the 1 <sup>st</sup> aggregate payment claims to the MoF
26 Jan 2012	Completion of the system audit of DAB No 28/11
31 Jan 2012	Change in the 12 <sup>th</sup> continuous call of MRD for Priority axes 4a and 4b National support of tourism – restriction of supported activities and transfer of allocated funds from the cancelled

Date	Activity
	activity b) <i>Introduction and information support of national and international standards in tourism services (including especially certification, manuals, methodologies, systems, controls)</i> to activity e) <i>Support for the promotion of the CR as a tourism destination</i>
31 Jan 2012	Closing of the call No 13 of MRD for Intervention area 4.1, activity b)
2 Feb 2012	Announcement of the 13 <sup>th</sup> call of MoI for Intervention area 3.4, activity d)
17 Feb 2012	EC recommended to the IOP MA to withdraw the 8 <sup>th</sup> interim application for payment submitted on 20 Dec 2011
20 Feb 2012	IOP MA applied for the withdrawal of the 8 <sup>th</sup> interim application for payment
27 Feb 2012	AA received a draft report of DG REGIO audit
28 Feb 2012	Information of PCA concerning the suspension of the 9 <sup>th</sup> certification of IOP expenditure
1 Mar 2012	Submission of the 2 <sup>nd</sup> aggregate payment claim to the MoF
7 Mar 2012	Announcement of the 9 <sup>th</sup> and 10 <sup>th</sup> call of MoH for Intervention area 3.2, activity c) and b)
29 Mar 2012	Launch of <a href="http://www.kvalitazivota.eu">www.kvalitazivota.eu</a> website which provides information on successful projects of IOP
30 Mar 2012	Meeting with the European Commission concerning the state of play of Smart Administration and of the implementation of intervention areas under the responsibility of MoI CR and MoLSA
4 Apr 2012	Submission of the 3 <sup>rd</sup> aggregate payment claim to the MoF
5 Apr 2012	Submission of the 4 <sup>th</sup> aggregate payment claim to the MoF
6 Apr 2012	Submission of the 5 <sup>th</sup> aggregate payment claim to the MoF
30 Apr 2012	Closing of the call No 13 of MoI for Intervention area 3.4, activity d)
3 May 2012	Submission of the 6 <sup>th</sup> aggregate payment claim to the MoF
4 May 2012	Submission of the 7 <sup>th</sup> aggregate payment claim to the MoF
10 May 2012	Closing of the call No 10 of MoH for Intervention area 3.2, activity b)
17 May 2012	Closing of the call No 9 of MoH for Intervention area 3.2, activity c)
22 May 2012	Submission of the 8 <sup>th</sup> extraordinary aggregate payment claim to the MoF
31 May 2012	9 <sup>th</sup> meeting of IOP Monitoring Committee
8 Jun 2012	Submission of the 9 <sup>th</sup> aggregate payment claim to the MoF
12 Jun 2012	Completion of an analysis of work procedure optimisation called Identification of barriers to the absorption of funds in Intervention areas 3.1 and 3.3
1 Jul 2012	Launch of full operation of the system of basic registers
1 Jul 2012	Transfer of delegated activities under Intervention areas 2.1 and 3.4 from MoI to MRD and CRD
12 Jul 2012	Submission of the 10 <sup>th</sup> aggregate payment claim to the MoF
16 Jul 2012	Announcement of the call for IUDP project applicants to extend or develop a IUDP in connection with the use of JESSICA FI
28 Jul 2012	Extension of call No 8 of MoLSA for Intervention area 3.1, activity c)
1 Aug 2012	Approval of the Action Plan for the Identification of barriers to the absorption of funds in Intervention areas 3.1 and 3.3
6 Aug 2012	Submission of the 11 <sup>th</sup> aggregate payment claim to the MoF
8 Aug 2012	Announcement of the 11 <sup>th</sup> call of MoH for Intervention area 3.2, activity b)
10 Aug 2012	Announcement of the 15 <sup>th</sup> call of MRD for Intervention area 3.4, activity d)
16 Aug 2012	Announcement of the 12 <sup>th</sup> call of MoH for Intervention area 3.2, activity c)
4 Sep 2012	Announcement of the 14 <sup>th</sup> call of MoI for Intervention area 1.1, activity a)



Date	Activity
7 Sep 2012	Submission of the 12 <sup>th</sup> aggregate payment claim to the MoF
5 Sep 2012	Commencement of the AA audit “Compliance with procedures in the fulfilment of administrative capacity in NSRF implementation structure “
10 Sep 2012	Submission of the 13 <sup>th</sup> aggregate payment claim to the MoF
24 Sep 2012	Submission of the 14 <sup>th</sup> extraordinary aggregate payment claim to the MoF
19-20 Sep 2012	IOP Annual Conference in Ostrava – Quality of Life – Forms of social integration supported by the EU
25 Sep 2012	Announcement of the 16 <sup>th</sup> call of MRD for a holding fund under Intervention area 5.2, activity b) – Implementation of JESSICA financial instrument
1 Oct 2012	Closing of the call No 16 of MRD for Intervention area 5.2, activity b) – Implementation of JESSICA financial instrument
5 Oct 2012	Submission of the 15 <sup>th</sup> aggregate payment claim to the MoF
8 Oct 2012	Closing of the 11 <sup>th</sup> call of MoH for Intervention area 3.2, activity b)
8 Oct 2012	Submission of the 16 <sup>th</sup> aggregate payment claim to the MoF
30 Oct 2012	9 <sup>th</sup> interim application for payment was sent to the EC
15 Nov 2012	Announcement of the 13 <sup>th</sup> call of MoH for Intervention area 3.2, activity a)
16 Nov 2012	Announcement of the 17 <sup>th</sup> call of MRD for Intervention area 5.3, activity b)
21 Nov 2012	10 <sup>th</sup> meeting of the IOP Monitoring Committee
21 Nov 2012	Submission of the 17 <sup>th</sup> aggregate payment claim to the MoF
21 Nov 2012	Submission of the 18 <sup>th</sup> aggregate payment claim to the MoF
28 Nov 2012	Closing of the call No 15 of MRD for Intervention area 3.4, activity d)
30 Nov 2012	Closing of the call No 14 of MoI for Intervention area 1.1, activity a)
10 Dec 2012	Submission of the 19 <sup>th</sup> aggregate payment claim to the MoF

## 2.1 Progress Achieved and Its Analysis

### 2.1.A Information on physical progress of the Programme

The physical framework for the system of measuring and quantifying the programme objectives is determined by the nature of foreseen outputs from implemented activities and in compliance with the European Commission methodology comprises three levels of indicators:

- **Output indicators** which express the scope of conducted activities and are included in the ongoing monitoring process, in IOP they are brought down to the level of intervention area;
- **Result indicators** which describe the direct effects of the programme on aid beneficiaries, in IOP they are brought down at the level of intervention area;
- **Impact indicators** at the level of the programme inform on the context beyond the immediate effects of the programme.

At the programme level, **context indicators** are set that provide measurable information on social and economic situation of the environment in which the IOP is implemented. They express main macroeconomic trends in a quantified manner.

Throughout this Report, the following is monitored at all levels of indicators:

**Achieved value total<sup>2</sup>:** value of the current fulfilment of the indicator, i.e. in the year covered by the submitted report. The achieved value is a cumulative value since the beginning of project implementation, or an incremental value depending on the nature of the indicator and its definition (the incremental value is given e.g. in statistical or ratio indicators).

**Baseline value total:** value of the indicator ascertained before the launch of programme implementation. This value does not change throughout the programme implementation.

**Target value total:** value of the indicator at the end of the programming period.

The values of IOP context and impact indicators as of 31 Dec 2012 are presented in the following tables.

**Table No 8 - Context indicators as of 31 Dec 2012**

NCI code	Name of indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Total
010200	Created GDP at current prices	CZK mil.	CSO	Achieved	3 662 573	3 848 411	3 758 979	3 799 547	3 841 370	N/A	3 847 370
				Baseline	2 994 400	3 662 573	3 848 411	3 758 979	3 799 547		2 994 400
				Target							N/A
072200	Employment rate in population aged 15-64 – total	%	CSO, Eurostat	Achieved	66,1	66,6	65,4	65,0	65,7	N/A	65,7
				Baseline	64,8	66,1	66,6	65,4	65,0	65,7	64,8
				Target							N/A
072201	Employment rate in population aged 15-64 –	%	CSO, Eurostat	Achieved	74,8	75,4	73,8	73,5	74,04	N/A	74,04
				Baseline	73,3	74,8	75,4	73,8	73,5	74,04	73,3
				Target							N/A

<sup>2</sup> In indicators expressing the number of supported projects, the achieved value is monitored after the completion of project implementation. In 2007 and 2008, due to the necessity to report the physical progress, these projects were monitored starting from the stage of project implementation. This fact was changed in 2009 and the historical data has been recalculated.

NCI code	Name of indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Total
	men										
072202	Employment rate in population aged 15-64 – women	%	CSO, Eurostat	Achieved	57,3	57,6	56,7	56,3	57,23	N/A	57,23
				Baseline	56,3	57,3	57,6	56,7	56,3	57,23	56,3
				Target							N/A
020101	State budget balance (SB)	CZK mil.	CNB, CSO	Achieved	66 392	20 003	192 394	156 416	142 771	N/A	142 771
				Baseline	56 300	66 392	20 003	192 394	156 416	142 771	56 300
				Target							N/A
412500	Overnight stays of guests in collective accommodation establishments total	Number (ths)	CSO	Achieved	40 831	39 283	36 662	36 909	38 236	N/A	38 236
				Baseline	40 320	40 831	39 283	36 662	36 909	38 236	40 320
				Target							N/A
412600	Overnight stays of guests in collective accommodation establishments, of which foreigners	Number (ths)	CSO	Achieved	20 610	19 987	17 747	18 366	19 425	N/A	19 425
				Baseline	19 595	20 610	19 987	17 747	18 366	19 425	19 595
				Target							N/A
021103	ICT expenditure - percentage of GDP	%	CSO Eurostat	Achieved	2,2	2	2,2	2,2	N/A	N/A	2,2
				Baseline	3	2,2	2	2,2	2,2	N/A	3
				Target							N/A
021101	Total health care expenditure – percentage of GDP in current prices	%	CSO (Institute of Health Information and Statistics)	Achieved	6,1	6,9	7,8	7,3	N/A	N/A	7,3
				Baseline	7	6,1	6,9	7,8	7,3	N/A	7
				Target							N/A
021102	Total culture and sports expenditure - percentage of GDP	%	CSO (NI-POS)	Achieved	0,99	1,02	1,18	1,21	1,06	N/A	1,21
				Baseline	1,7	0,99	1,02	1,18	1,21	1,06	1,7
				Target							N/A
011406	Average annual energy consumption <sup>3</sup>	GJ/byt	CSO	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A
				Baseline	78,2	N/A	N/A	N/A	N/A	N/A	78,2 <sup>4</sup>
				Target							N/A

Source: MSC2007 as of 6 Mar 2013

<sup>3</sup> Baseline value was ascertained based on the ENERGO 2004 questionnaire survey, in the following years no survey was conducted, which is why for 2007-2011 the value of this indicator is not given. The MA seeks to find an alternative way of monitoring of this indicator.

<sup>4</sup> Value as ascertained in 2004 (ENERGO 2004).

**Table No 9 - Impact indicators as of 31 Dec 2012**

NCI code	Name of indicator	Unit of measure	Source	Value <sup>5</sup>	2007	2008	2009	2010	2011	2012	Target value 2015	Total
153501	Government effectiveness indicator <sup>6</sup>	Index	World Bank	Achieved	78,6	79,6	78,9	80,4	81,5	N/A	N/A	81,5
				Baseline	76,6	78,6	79,6	78,9	80,4	81,5	N/A	76,6
				Target	N/A						88	88
412700	Increase in the share of tourists in the number of visitors to the CR	%	MRD	Achieved	41,4	43,2	42,8	39,2	39,5	N/A	N/A	39,5
				Baseline	31	41,4	43,2	42,8	39,2	39,5	N/A	31
				Target	N/A						41	41
520513	Employment rate in tertiary sector	%	CSO	Achieved	56,2	56,1	58,1	58,6	58,2	N/A	N/A	58,2
				Baseline	56	56,2	56,1	58,1	58,6	58,2	N/A	56
				Target	N/A						70	70

Source: MSC2007 as of 6 Mar 2013

## 2.1.B Information on IOP financial data

By the end of 2012 the total amount of certified eligible expenditure incurred by beneficiaries was EUR 547.4 million. The contribution from public funds accounts for EUR 486.5 million which equals 25.52 % of IOP financial resources.

The largest share of certified eligible expenditure is reported in Priority axis 5 (29.79 %, or EUR 160.9 million), Priority axis 1a (27.66 %, or EUR 101.1 million) and 1b (27.66 %, or EUR 7.8 million), 6a (26.90 %, or EUR 14.3 million) and 6b (26.92 %, or EUR 0.3 million). The smallest share is recorded in Priority axis 4a and 4b, namely 11.83 %, equalling EUR 160.8 million for Priority axis 4a and EUR 8.4 million for Priority axis 4b.

<sup>5</sup> Values are given cumulatively for individual years.

<sup>6</sup> The values for individual years are monitored in % from the following sources:  
[http://info.worldbank.org/governance/wgi/sc\\_chart.asp](http://info.worldbank.org/governance/wgi/sc_chart.asp).

**Table No 10 - Financial data (in EUR)**

	Funds of the operational programme - total (EU and national)	Basis for the calculation EU contribution (from public funds or total)	Total certified eligible expenditure incurred by beneficiaries	Contribution from public sources	Rate of fulfilment in % <sup>7</sup>
Priority axis 1a	365 414 274	Public funds	101 073 207	101 073 207	27,66%
Priority axis 1b	28 108 791	Public funds	7 774 862	7 774 862	27,66%
Priority axis 2	200 977 851	Public funds	32 321 486	32 321 486	16,08%
Priority axis 3	641 302 051	Public funds	161 751 162	160 821 651	25,08%
Priority axis 4a	71 255 784	Public funds	8 441 444	8 431 017	11,83%
Priority axis 4b	5 481 214	Public funds	649 338	648 536	11,83%
Priority axis 5	540 249 309	Public funds	220 904 347	160 931 811	29,79%
Priority axis 6a	52 985 069	Public funds	14 253 888	14 253 888	26,90%
Priority axis 6b	974 111	Public funds	262 196	262 196	26,92%
<b>Sum total</b>	<b>1 906 748 452</b>		<b>547 431 930</b>	<b>486 518 654</b>	<b>25,52%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: valid at the time of accounting for in IS VIOLA

Source of funding: public funds total

<sup>7</sup> Difference in the percentage of certified expenditure in individual objectives under Priority axes 6a and 6b is caused by rounding off of the amounts.

**Table No 11 - IOP Financing plan**

Priority axis	Name of Priority axis/Intervention area	Objective of the intervention	Contribution in EUR (ERDF)	Share in allocation in % (IOP=100%)
<b>1a</b>	<b>Modernisation of public administration – Convergence objective</b>	<b>CONVERGENCE</b>	<b>310 602 133</b>	<b>19,16</b>
1.1	Developing information society in public administration	CONVERGENCE	310 602 133	19,16
<b>1b</b>	<b>Modernisation of public administration – Regional competitiveness and employment objective</b>	<b>RCE</b>	<b>23 892 472</b>	<b>1,47</b>
1.1	Developing information society in public administration	RCE	23 892 472	1,47
<b>2</b>	<b>Introducing ICT in territorial public administration – Convergence objective</b>	<b>CONVERGENCE</b>	<b>170 831 173</b>	<b>10,54</b>
2.1	Introducing ICT in territorial public administration	CONVERGENCE	170 831 173	10,54
<b>3</b>	<b>Improving Public Services Quality and Accessibility – Convergence objective</b>	<b>CONVERGENCE</b>	<b>545 106 743</b>	<b>33,63</b>
3.1	Social integration services	CONVERGENCE	79 203 544	4,89
3.2	Public health services	CONVERGENCE	248 481 706	15,33
3.3	Employment services	CONVERGENCE	46 590 320	2,87
3.4	Services in security, risk prevention and management	CONVERGENCE	170 831 173	10,54
<b>4a</b>	<b>National support of tourism – Convergence objective</b>	<b>CONVERGENCE</b>	<b>60 567 416</b>	<b>3,74</b>
	National support of tourism	CONVERGENCE	60 567 416	3,74
<b>4b</b>	<b>National support of tourism - Regional competitiveness and employment objective</b>	<b>RCE</b>	<b>4 659 032</b>	<b>0,29</b>
	National support of tourism	RCE	4 659 032	0,29
<b>5</b>	<b>National support of territorial development - Convergence objective</b>	<b>CONVERGENCE</b>	<b>459 211 913</b>	<b>28,33</b>
5.1	National support for utilising the cultural heritage potential	CONVERGENCE	230 303 850	14,21
5.2	Improving the environment in problematic housing estates	CONVERGENCE	213 377 956	13,17
5.3	Modernization and development of systems for creating territorial policies	CONVERGENCE	15 530 107	0,96
<b>6a</b>	<b>Technical Assistance – Convergence objective</b>	<b>CONVERGENCE</b>	<b>45 037 309</b>	<b>2,78</b>
6.1	Activities connected with the IOP management	CONVERGENCE	27 177 687	1,68
6.2	Other costs of the IOP technical assistance	CONVERGENCE	17 859 622	1,10
<b>6b</b>	<b>Technical Assistance – Regional competitiveness and employment objective</b>	<b>RCE</b>	<b>827 994</b>	<b>0,05</b>
6.1	Activities connected with the IOP management	RCE	499 612	0,03
6.2	Other costs of the IOP technical assistance	RCE	328 382	0,02
<b>IOP TOTAL</b>			<b>1 620 736 185</b>	<b>100,00</b>
<b>Of which: CONVERGENCE</b>	<b>1a + 2 + 3 + 4a + 5 + 6a</b>	<b>CONVERGENCE</b>	<b>1 591 356 687</b>	<b>98,19</b>
<b>RCE</b>	<b>1b + 4b + 6b</b>	<b>RCE</b>	<b>29 379 498</b>	<b>1,81</b>

Source: Programming Document, December 2011

Convergence obj.; RCE obj.

## List of advance and interim payments

Following the approval of the programme, the PCA received a total of 4 advance payments in the amount of EUR 142 415 115, which equals 9 % of the total allocation.

By the end of 2012, the EC reimbursed 8 interim payments in the amount of EUR 413 540 856. Seven interim payments were executed in the period from 2009 to 2011. In December 2011, the MA through the PCA submitted to the EC an application for the eighth interim payment in the amount of EUR 29 563 594. This interim application for payment was withdrawn by the MA in February 2012 and it was not reimbursed by the EC. The 9<sup>th</sup> interim application for payment was submitted in October 2012 once the issues concerning the error rate stated in the Annual Control Report of AA for 2010 were settled and it was reimbursed in November 2012.

**Table No 12 - Overview of received advance and interim payments**

Order and date of advance/interim payment <sup>8</sup>	Advance payments received from EC – separately		Interim payments received from EC – separately	
	CONV	RCE	CONV	RCE
1 <sup>st</sup> advance payment 23 Jan 2008	31 060 213	587 590		
2 <sup>nd</sup> advance payment 1 Apr 2008	46 590 320	881 385		
3 <sup>rd</sup> advance payment 5 Feb 2009	31 060 213	587 590		
4 <sup>th</sup> advance payment 20 Apr 2009	31 060 213	587 590		
1 <sup>st</sup> interim payment 16 Dec 2009			5 008 671	3 569
2 <sup>nd</sup> interim payment 27 May 2010			18 395 859	40 343
3 <sup>rd</sup> interim payment 30 Aug 2010			21 911 277	62 328
4 <sup>th</sup> interim payment 28 Dec 2010			40 318 211	748 314
5 <sup>th</sup> interim payment 4 May 2011			33 623 868	288 784
6 <sup>th</sup> interim payment 29 Aug 2011			40 952 914	276 952
7 <sup>th</sup> interim payment 24 Nov 2011			58 609 916	1 572 239
9 <sup>th</sup> interim payment 12 Nov 2012			187 337 383	4 390 225
<b>Total</b>	<b>139 770 960</b>	<b>2 644 155</b>	<b>406 158 101</b>	<b>7 382 754</b>

Source: MSC2007 as of 31 Dec 2012

## Fulfilment of n+3/n+2 rule

IOP MA monitors the progress in absorption of funds from the SF at individual stages of administration of project applications and compares the rate of absorption against the allocation for the given year. The n+3/n+2 rule is fulfilled once the amount of certified expenditure for each objective separately equals or is higher than the allocation for the given year, or the allocation for the given year minus the advance payments received from the EC.

The target for 2012 amounted to EUR 478.1 million, with advance payments included the total amount of EUR 545.9 million was received from the EC.

<sup>8</sup> In December 2011, the 8<sup>th</sup> interim application for payment was submitted in the amount of EUR 28 120 764.12 for CONV objective and EUR 1 442 828.55 for RCE objective. In February 2012 the application was withdrawn.



**Table No 13 - Summary of fulfilment of n+3/n+2 rule for CONV objective**

Financing plan – year	Total allocation of EU funds 2007-2013 - annual	n+3/n+2 targets – aggregate	EC advance payments - annual	Interim/final applications for payment submitted to the EC - annual <sup>9</sup>	Advance payments from the EC + payment claims of the CR – annual	Advance payments from the EC + payment claims - aggregate	Difference between targets and payments - aggregate
		A	b	c	d=b+c	e	f=e-a
2007	192 686 939				0	0	
2008	202 164 946		77 650 533		77 650 533	77 650 533	
2009	211 684 389		62 120 427	5 008 671	67 129 098	144 779 631	
2010	221 648 970			80 625 348	80 625 348	225 404 979	
2011	237 465 225	234 279 436		133 186 699	133 186 699	358 591 678	124 312 242
2012	247 398 119	478 078 315		187 337 383	187 337 383	545 929 061	67 850 746
2013	278 308 099	1 001 806 915					
2014		1 280 934 098					
2015		1 591 356 687					
<b>Total</b>	<b>1 591 356 687</b>	<b>1 591 356 687</b>	<b>139 770 960</b>	<b>406 158 101</b>	<b>545 929 061</b>	<b>545 929 061</b>	

Source: MSC2007 as of 31 Dec 2012, IOP Programming Document, December 2011

The target for the fulfilment of n+3 rule in 2012 accounted for EUR 9.5 million, the payments received from the EC, with advance payments included, totalled EUR 10.0 million.

**Table No 14 - Summary of fulfilment of n+3/n+2 rule for RCE objective**

Financing plan – year	Total allocation of EU funds 2007-2013 - annual	n+3/n+2 targets - aggregate *	EC advance payments - annual	Interim/final applications for payment submitted to the EC - annual <sup>10</sup>	Advance payments from the EC + payment claims of the CR – annual	Advance payments from the EC + payment claims – aggregate	Difference between targets and payments - aggregate
		A	b	c	d=b+c	E	f=e-a
2007	3 951 894				0	0	
2008	4 030 931		1 468 975		1 468 975	1 468 975	
2009	4 111 551		1 175 180	3 569	1 178 749	2 647 724	
2010	4 193 781			850 986	850 986	3 498 710	
2011	4 277 657	4 689 580		2 137 974	2 137 974	5 636 684	947 104
2012	4 363 210	9 459 780		4 390 225	4 390 225	10 026 909	567 129
2013	4 450 474	19 248 516					
2014		24 270 375					
2015		29 379 498					
<b>Total</b>	<b>29 379 498</b>	<b>29 379 498</b>	<b>2 644 155</b>	<b>7 382 754</b>	<b>10 026 909</b>	<b>10 026 909</b>	

Source: MSC2007 as of 31 Dec 2012, IOP Programming Document, December 2011

Evaluation of the fulfilment of n+3 rule by individual objective in 2012 is illustrated in the chart below. Under the Convergence objective, the target was achieved provided the advance payments are deducted. Altogether 25.51 % of the allocation for this objective was certified (contrary to the amount of payments received from the EC in this case the recoveries are included). When the advance payments received from the EC are deducted, altogether 34.06 % was absorbed. In 2012, a total of

<sup>9</sup> The 8<sup>th</sup> interim application for payment submitted in December 2011 was withdrawn in February by the PCA upon request of IOP MA. This payment is not included in the calculation of fulfilment of n+3 rule. If the 8<sup>th</sup> interim application for payment is included, the 2011 annual applications under the CONV objective amounted to EUR 161 325 666.

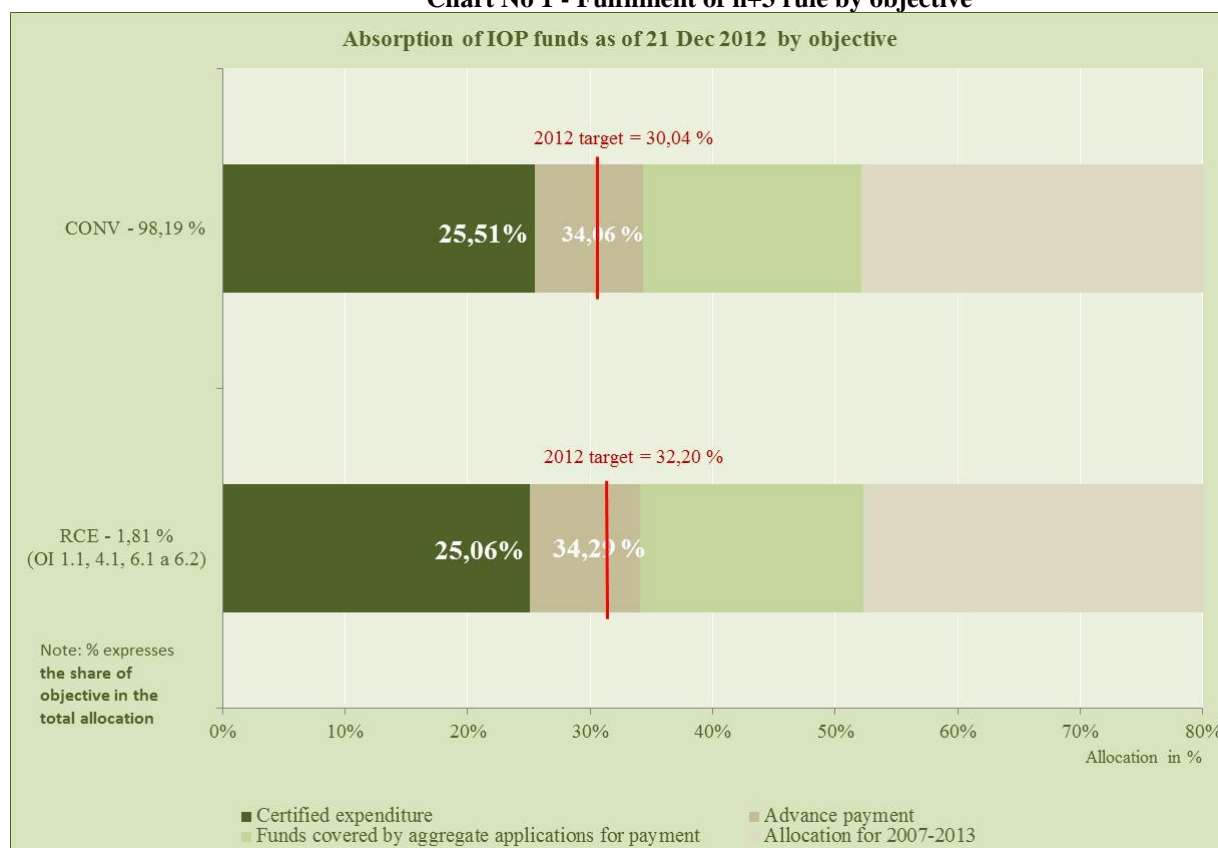
<sup>10</sup> When including the 8<sup>th</sup> interim payment, the annual applications (payment requests) in 2011 under the RCE objective amounted to EUR 3 580 801.



30.04 % had to be absorbed. In order to fulfil the n+3 rule a part of the advance payment totalling EUR 72.2 million was deducted.

The target to meet the n+3 rule under the RCE objective for 2012 was 32.20 %. The certified expenditure equalled 25.06 % and altogether 34.29 % was absorbed when the advance payments received from the EC are deducted. In order to fulfil the n+3 rule under the RCE objective, the advance payments amounting to EUR 0.3 million were deducted in 2011 and EUR 2.1 million in 2012.

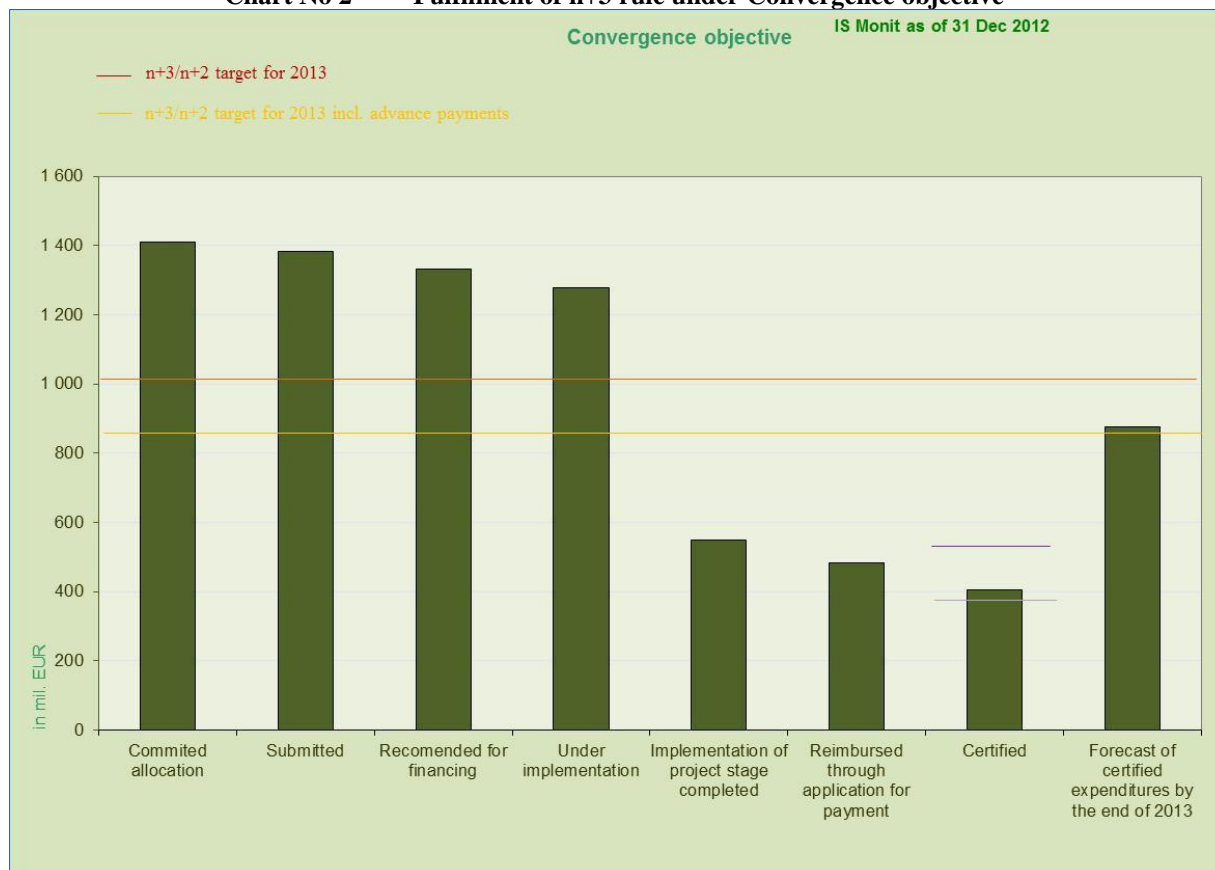
Chart No 1 - Fulfilment of n+3 rule by objective



Source: MSC2007 as of 4 Jan 2013  
CZK/EUR exchange rate: 25.140

The IOP Managing Authority monthly evaluates the progress in the financial status of both the objectives with regard to the achievement of the n+3 target. The following charts illustrate the volume of funds committed in the announced calls, the volume of funds in individual stages of project implementation, including the certified expenditure (recoveries inclusive) as of 31 Dec 2012, and **the forecast certified expenditure until the end of 2013** - all as against the respective targets, or targets minus the received advance payments (2012 – violet lines, 2013 – red lines).

Chart No 2 - Fulfilment of n+3 rule under Convergence objective



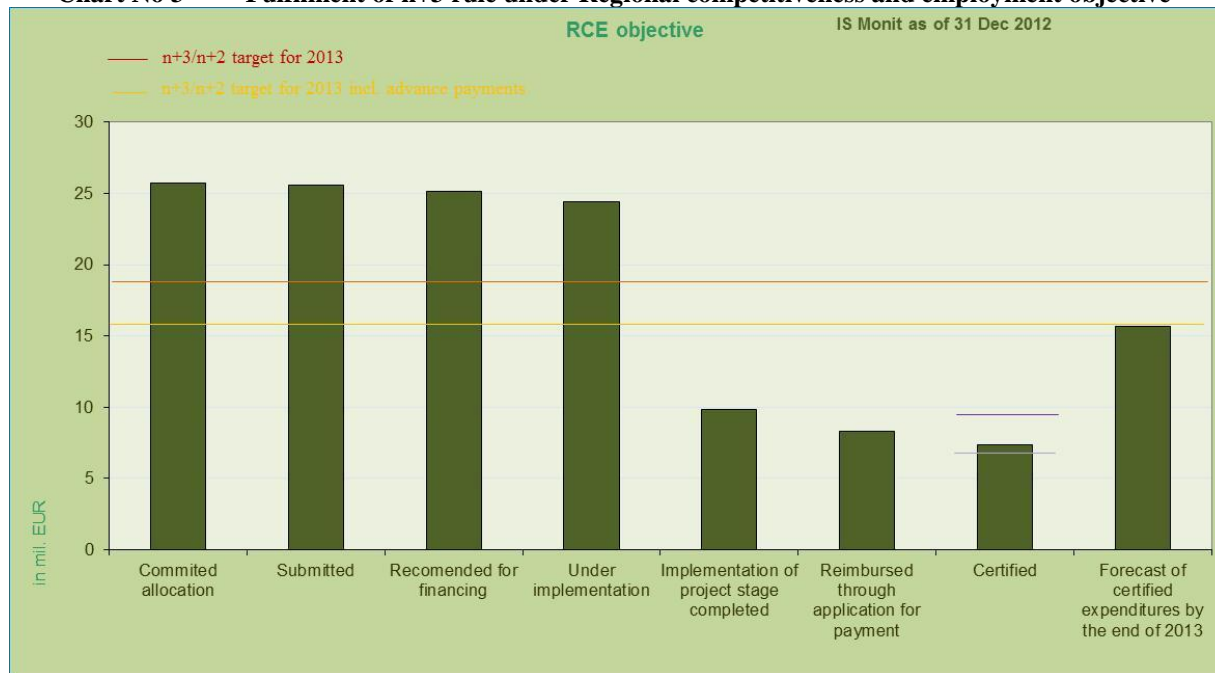
Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: Community contribution

According to the data from IS Monit7+ IOP as of 4 Jan 2013, the allocation committed to the Convergence objective, i.e. the funds committed to the ongoing calls and financial requirements of projects submitted under the closed calls, totals EUR 1 409.6 million. Projects amounting to EUR 1 332.5 million are recommended for financing and the amount of completed stages equals EUR 550.8 million. Altogether EUR 482.7 million was paid out to beneficiaries.

Based on the current predictions the **expenditure amounting to EUR 892.6 million should be certified** by the end of 2013. The target for the fulfilment of n+3/n+2 rule in 2013 **amounts to EUR 1 001.8 million, or to EUR 882.8 million with the advance payments deducted**. Under the CONV objective the n+3/n+2 rule should be fulfilled in 2013 if most of the received advance payments are deducted.

**Chart No 3 - Fulfilment of n+3 rule under Regional competitiveness and employment objective**

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: Community contribution

**Based on the current predictions the expenditure totalling EUR 15.6 million should be certified by the end of 2013. The target for the fulfilment of n+3/n+2 rule in 2013 equals EUR 18.9 million, or EUR 16.2 million in case the advance payments are deducted.** In 2013 there is a risk of decommitment of allocation amounting to EUR 0.6 million under RCE objective which is why the IOP MA adopted a set of preventive measures. It stresses the necessity to reduce changes in project timetables, to divide projects into stages with the highest possible amount of project expenditure to be certified before the end of 2013, it holds talks with the OPC concerning the completion of investigations mainly in projects with submitted applications for payment or applications for payment planned to be submitted in 2013 (see Chapter 2.3.5.3 Measures taken to ensure the fulfilment of n+3/n+2 rule).

The forecast decommitment of allocation under RCE objective would require the IOP MA to reduce the allocation for CONV objective pro rata by EUR 7.5 million.

### Cross financing

IOP allows for the exploitation of cross-financing in Intervention areas 3.2 Public health services and in Priority axes 4a - National support of tourism – Convergence objective and 4.1b - National support of tourism – Regional competitiveness and employment objective. The non-investment expenditure, eligible for financing from ESF, shall not exceed 9 % of the total eligible expenditure of the project.

Under Intervention area 3.2, cross financing was allowed as eligible expenditure in the first call of the Ministry of Health of the CR. Of the total of 34 submitted applications, which could use this instrument, 9 project applications were not recommended for financing by the Selection Committee. Therefore, no project under this intervention area uses cross financing.

In Priority axes 4a and 4b National support of tourism, cross-financing was applicable in the 4<sup>th</sup> continuous call of the MRD. Cross-financing was planned to be utilised by 5 projects under Intervention area 4.1a and by 5 projects under Intervention area 4.1b of 14<sup>11</sup> submitted projects. One

<sup>11</sup> Of this number of submitted project applications one was resubmitted after it had been withdrawn.

project was implemented in each intervention area, the expenditure on cross-financing did not exceed 1 % of total eligible expenditure and was incurred in relation to education and training activities. The expenditure was certified and project financing was completed. The share of certified expenditure reached 90.97 % of the amount requested by projects.

**Table No 15 - Overview of the use of cross-financing**

IA	Number of the call	Project status	Number of projects submitted in the call	Number of projects with cross-financing	Total of eligible expenditure	Cross financing – total eligible expenditure	Share of cross-financing	Share of certified expenditure in the amount stated in project application in projects with cross-financing
3.2	01	N2.3 Project not recommended/not approved		9	698 302 000	2 871 000	0,41%	
Call 01 total			34	9	698 302 000	2 871 000	0,41%	
IA 3.2 total				9	698 302 000	2 871 000	0,41%	
4.1a	04	N5 Project application withdrawn by applicant		1	46 020 000	4 114 000	8,94%	
		N7 Project not completed/withdrawn		3	131 654 000	11 745 501	8,92%	95,01%
		P6 Project financing completed		1	69 178 571	78 929	0,11%	90,97%
Call 04 total			14	5	246 852 571	15 938 430	6,46%	91,33%
	12	N1.1 Project application failed to meet at least one eligibility criterion		1	32 500 000	3 714 286	11,43%	
Call 12 total			-	1	32 500 000	3 714 286	11,43%	
IA 4.1a total				6	279 352 571	19 652 716	7,04%	91,33%
4.1b	04	N5 Project application withdrawn by applicant		1	3 540 000	317 000	8,95%	
		N7 Project not completed/withdrawn		3	10 127 000	903 499	8,92%	95,01%
		P6 Project financing completed		1	5 321 429	6 071	0,11%	90,97%
Call 04 total			14	5	18 988 429	1 226 570	6,46%	91,33%
	12	N1.1 Project application failed to meet at least one eligibility criterion		1	2 500 000	285 714	11,43%	
Call 12 total			-	1	2 500 000	285 714	11,43%	
IA 4.1b total				6	21 488 429	1 512 284	7,04%	91,33%
<b>Sum total</b>				<b>21</b>	<b>999 143 000</b>	<b>24 036 000</b>	<b>2,41%</b>	<b>91,33%</b>

Source: IS Monit7+IOP as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

## 2.1.C Information on the use of funds

Priority theme	Form of finance	Type of territory	Economic activity	Location	Amount in EUR as of the end of 2012	Allocation to priority theme 2007-2013 (EUR)
13 – Services and applications for citizens ( <i>e-health, e-government, e-learning, e-inclusion</i> )	01	01, 05	17	CZ0	455 270 217,66	505 325 778,00
53 – Risk prevention ( <i>incl. the drafting and implementation of plans and measures to prevent and manage natural and technological risks</i> )	01	01, 05	17, 19	CZ0	150 012 851,91	190 397 663,00
55 – Promotion of natural assets	01	01, 05	14, 17, 22	CZ0	42 292 194,18	45 006 249,00
57 – Other assistance to improve tourist services	01	01	17, 22	CZ0	8 577 170,18	20 220 199,00
58 – Protection and preservation of the cultural heritage	01	01, 05	17, 18, 22	CZ0	189 689 283,59	198 389 481,00
59 – Development of cultural infrastructure	01	01	18, 22	CZ0	13 181 712,60	31 914 369,00
61 – Integrated projects for urban and rural regeneration	01, 02	01	00, 16, 17, 21, 22	CZ0	133 452 640,80	213 377 956,00
75 – Education infrastructure	01	01	17, 22	CZ0	7 421 497,54	14 976 240,00
76 – Health infrastructure	01	01, 05	19, 22	CZ0	194 602 745,10	228 915 216,00
79 - Other social infrastructure	01	01, 05	03, 04, 14, 16, 17, 20, 21, 22	CZ0	63 815 367,37	110 817 624,00
81- Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes	01, 02	01, 05	17	CZ0	14 268 421,95	15 530 107,00
85 - Preparation, implementation, monitoring and inspection	01	01	17	CZ0	25 339 044,55	27 677 299,00
86 - Evaluation and studies; information and communication	01	01	17	CZ0	5 713 592,68	18 188 004,00
<b>IOP total</b>					<b>1 303 636 740,11</b>	<b>1 620 736 185,00</b>

Source: MSC2007 as of 4 Jan 2013, CZK/EUR exchange rate: 25.140, source of funding: Community contribution

Note: **Form of funding:** 01 – Non-repayable aid

**Type of territory:** 01 – Urban, 05 – Rural areas (other than mountains, islands and sparsely or very sparsely populated areas)

**Economic activity:** 00 – Not applicable 03 – Manufacture of food products and beverages, 14 – Hotels and restaurants, 16 – Real estate, renting and business activities, 17 – Public administration, 18 – Education, 19 – Human health activities, 20 – Social work, community, social and personal services, 21 – Activities linked to the environment, 22 – Other unspecified services

**Location:** CZ0 – Czech Republic

In 2012 the IOP MA dealt with a wrong choice of priority theme 78 – Housing infrastructure. In projects under Intervention area 5.2 where applicants had chosen this priority theme, it was corrected and replaced by priority theme 61 – Integrated projects for urban and rural regeneration, which is the only one allowed by the IOP Programming Document for this intervention area.

## 2.1.D Assistance by target group

The target group with respect to beneficiaries are the public administration bodies and organisations established by them, non-governmental non-profit organisations, business entities and interest associations of legal persons. Detailed classification of aid beneficiaries under individual priority axes is as follows:

- Priority axis 1 - government agencies and budgetary organisations established by them;
- Priority axis 2 - regions and municipalities and organisations, unions of municipalities established and founded by them;
- Priority axis 3 - government agencies and budgetary organisations established by them, regions and municipalities and organisations established by them, non-profit non-governmental organisations, entrepreneurs (persons registered in the Company Register and persons conducting business based on the trade license or in line with special regulations), natural and legal persons providing public services in the field of health care, government agencies in the field of employment services (MoLSA, Labour Office);
- Priority axis 4 - government agencies and budgetary organisations established by them, NGOs, interest associations of legal persons with national operation in tourism;
- Priority axis 5 - government agencies and budgetary organisations established by them, non-profit non-governmental organisations, interest associations of legal persons, municipalities and organisations established by them, unions of municipalities, regions, owners of residential or non-residential (commercial) premises;

A monthly updated list of assisted projects and aid beneficiaries is available on the Structural Funds website: <http://www.strukturalni-fondy.cz/Programy-2007-2013/Tematicke-operacni-programy/Integrovaný-operacní-program/Projekty/Podporene-projekty>.

### *Investments in regions with concentrated state aid*

Investments in regions with concentrated state aid are made in line with the approved Strategy for Regional Development of the CR for 2007 – 2013 period pursuant to the Government Resolution No 141 of 22 Feb 2010. Affected regions are divided into 3 categories:

1. Structurally affected regions – cover the territory of the districts: Most, Chomutov, Teplice, Ústí nad Labem, Karviná, Nový Jičín and Sokolov.
2. Economically weak regions – cover the territory of the districts: Tachov, Hodonín, Třebíč, Bruntál, Děčín, Jeseník, Přerov, Šumperk, Znojmo, Blansko and the territory of former military districts Ralsko and Mladá.
3. Regions with strongly above average unemployment – cover the territory of:
  - a) districts: Česká Lípa, Jablonec nad Nisou, Louny, Svitavy, Ostrava-město, Kroměříž, Vsetín.
  - b) municipalities with extended powers: Ostrov, Frýdlant, Světlá nad Sázavou, Králíky, Šternberk, Uničov, Valašské Klobouky, Vítkov.

The above referred to categories are not monitored in the IOP. The assistance to housing is granted in some of the referred to municipalities based on the IUDPs approved pursuant to Article 7 para 2 letter a) of Council Regulation (EC) No 1080/2006.

More details on IUDP are given in Chapters 2.6.3 – Integrated Urban Development Plans - and 3.5 – Priority axis 5.

## 2.1.E Assistance repaid or re-used

In 2012, the IOP MA registered a total of 146 cases of suspected irregularity, the total amount at risk was CZK 593 829 978 (EUR 23 911 061). No system irregularity was identified in operations or in the operational programme.

Irregularities were identified in all the intervention areas, except for 3.3 and 6.2, with the largest number of irregularities registered in Intervention area 2.1.

All cases of irregularities were addressed in compliance with the set out procedures for addressing irregularities.

Of the total number of suspected irregularities, in 2012 the following irregularities were identified:

- 2 cases at the stage of addressing the justification of suspicion,
- 32 cases of justified irregularities,
- 2 cases of unjustified irregularities,
- 75 cases of confirmed irregularities,
- 35 cases of unconfirmed irregularities.

In confirmed irregularities, the sums wrongly paid were calculated at CZK 104 712 018, of which 54 suspected irregularities were confirmed under Intervention area 2.1.

According to the records in MSC2007, in 2012 the beneficiaries repaid a total of CZK 840 833.00 (EUR 33 332) of wrongly paid funds based on 75 cases of confirmed irregularities. All the funds were returned to the state budget.

In the course of 2012, the IOP MA closed the investigation of altogether 34 irregularities:

- In Intervention area 2.1 - 27 irregularities,
- In Intervention area 3.1 - 1 irregularity,
- In Intervention area 3.2 - 3 irregularities,
- In Intervention area 5.1 - 3 irregularities.

In 2012, no financial corrections were made by the IOP MA as defined in Article 98 para 2 of Council Regulation (EC) No 1083/2006.

**Table No 16 - Irregularities registered in 2012 by intervention area**

IA	Number of irregularities	Amount of funds affected by irregularities in CZK	Amount of funds affected by irregularities in EUR	Stage of irregularity investigation				
				Addressing the justification	Justified	Unjustified	Confirmed	Unconfirmed
1.1	5	6 084 829	247 768	0	0	0	3	2
2.1	83	2 179 862	86 668	0	12	1	54	16
3.1	2	0	0	1	0	1	0	0
3.2	18	304 962 013	12 256 183	1	4	0	6	7
3.4	1	8 660 072	347 557	0	1	0	0	0
4.1	6	755 134	29 825	0	2	0	4	0



IA	Number of irregularities	Amount of funds affected by irregularities in CZK	Amount of funds affected by irregularities in EUR	Stage of irregularity investigation				
				Addressing the justification	Justified	Unjustified	Confirmed	Unconfirmed
5.1	15	249 166 557	10 040 898	0	12	0	0	3
5.2	13	1 496 025	60 762	0	0	0	6	7
5.3	1	15 600	637	0	0	0	1	0
6.1	2	20 509 885	840 764	0	1	0	1	0
<b>Total</b>	<b>146</b>	<b>593 829 978</b>	<b>23 911 061</b>	<b>2</b>	<b>32</b>	<b>2</b>	<b>75</b>	<b>35</b>

Source: IS MSC2007 as of 5 Feb 2013

## 2.1.F Qualitative analysis

By the end of 2012, funds in the total amount of EUR 1 550.0 million, i.e. 81.29 % of the total allocation for the Programme, **were approved**. A high percentage of approved projects is reported in Intervention areas 5.3 (91.51 %), 6.1a and 6.1b (91.51 %), 2.1 (1.1a and 1.1b (89.98 %), 2.1 (89.20 %) and 5.1 (83.23 %). The smallest share of approved funds is seen in Intervention areas 6.2a and 6.2b (39.83 %) and 3.1 (44.04 %).

**Beneficiaries were reimbursed** funds totalling EUR 580.9 million, which represents 30.47 % of the total allocation. The highest share of reimbursed funds is exhibited in Intervention areas 5.3 (90.93 %), 5.2 (51.79 %) and 3.2 (49.00 %). The lowest share of funds reimbursed to beneficiaries is in Intervention areas 3.1 (3.99 %) and 3.3 (6.15%).

Before the end of 2012 **the expenditure** amounting to EUR 486.5 million (25.52 %) **was certified**. Expenditure was certified in all the intervention areas. The highest share of certified expenditure is shown in Intervention areas 5.3 (89.33 %) and 3.2 (45.04 %).

**Table No 17 - Financial status of IOP as of 31 Dec 2012**

Intervention area	2007-2013 allocation	Funds covered by Decision/Contract (Addendum) <sup>12</sup>		Funds paid to beneficiaries		Certified funds submitted to the EC <sup>13</sup>	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
1.1a	365 414 274	328 792 126	89,98%	115 537 307	31,62%	101 073 207	27,66%
1a	365 414 274	328 792 126	89,98%	115 537 307	31,62%	101 073 207	27,66%
1.1b	28 108 791	25 291 703	89,98%	8 887 368	31,62%	7 774 862	27,66%
1b	28 108 791	25 291 703	89,98%	8 887 368	31,62%	7 774 862	27,66%
2.1	200 977 851	181 746 210	90,43%	41 989 336	20,89%	32 321 486	16,08%
2	200 977 851	181 746 210	90,43%	41 989 336	20,89%	32 321 486	16,08%
3.1	93 180 640	41 032 981	44,04%	3 714 709	3,99%	2 585 776	2,78%
3.2	292 331 419	240 869 189	82,40%	143 245 023	49,00%	131 664 872	45,04%
3.3	54 812 141	41 543 229	75,79%	3 372 627	6,15%	3 380 062	6,17%
3.4	200 977 851	169 331 731	84,25%	25 074 710	12,48%	23 190 941	11,54%
3	641 302 051	492 777 131	76,84%	175 407 069	27,35%	160 821 651	25,08%
4.1a	71 255 784	49 628 085	69,65%	11 010 342	15,45%	8 431 017	11,83%

<sup>12</sup> In one project under Intervention area 4.1b the status "The decision on providing a grant was issued" was added retroactively in January 2013 as of 12 Dec 2012. The total amount of funds covered by the Decision/Contract (Addendum) was for this reason adjusted by the amount of EUR 425 485.28 of the respective project.

<sup>13</sup> The amounts of certified expenditure in Intervention areas 3.1 and 5.1 are wrongly stated in IS MSC2007, for technical reasons the corresponding national sources in the amount of EUR 63 327 in IA 3.1 and EUR 1 890 924 in IA 5.1 were not loaded properly. The amounts in the given column were therefore additionally corrected.



Intervention area	2007-2013 allocation	Funds covered by Decision/Contract (Addendum) <sup>12</sup>		Funds paid to beneficiaries		Certified funds submitted to the EC <sup>13</sup>	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
4a	71 255 784	49 628 085	69,65%	11 010 342	15,45%	8 431 017	11,83%
4.1b	5 481 214	3 817 757	69,65%	846 937	15,45%	648 536	11,83%
4b	5 481 214	3 817 757	69,65%	846 937	15,45%	648 536	11,83%
5.1	270 945 706	237 520 968	87,66%	62 805 573	23,18%	54 814 772	20,23%
5.2	251 032 889	175 304 169	69,83%	130 010 612	51,79%	89 795 591	35,77%
5.3	18 270 714	16 753 382	91,70%	16 613 834	90,93%	16 321 447	89,33%
5	540 249 309	429 578 519	79,51%	209 430 019	38,77%	160 931 811	29,79%
6.1a	31 973 749	29 257 853	91,51%	13 952 494	43,64%	11 209 757	35,06%
6.2a	21 011 320	8 370 620	39,84%	3 541 234	16,85%	3 044 131	14,49%
6a	52 985 069	37 628 473	71,02%	17 493 727	33,02%	14 253 888	26,90%
6.1b	587 779	537 889	91,51%	256 629	43,66%	206 203	35,08%
6.2b	386 332	153 890	39,83%	65 140	16,86%	55 993	14,49%
6b	974 111	691 779	71,02%	321 769	33,03%	262 196	26,92%
<b>IOP total</b>	<b>1 906 748 453</b>	<b>1 549 951 784</b>	<b>81,29%</b>	<b>580 923 876</b>	<b>30,47%</b>	<b>486 518 654</b>	<b>25,52%</b>

Source: MSC2007 as of 4 Jan 2013; CZK/EUR exchange rate: 25.140; Source of funding: public funds total  
Convergence objective; RCE objective

In 2012 the amount of **funds covered by Decision/Contract (Addendum)** increased to EUR 259.6 million. The most notable progress was achieved in Intervention areas 3.3 (45.61 % of the allocation for this intervention area), 3.1 (31.58 %) and 4.1a and 4.1b (36.59 %).

**Funds paid to beneficiaries** in 2012 amounted to EUR 225.1 million, the most notable progress was made in Intervention areas 5.2 (26.22 %), 5.3 (14.17 %), 1.1a and 1.1b (14.12 %). The smallest progress in the reimbursement of funds to beneficiaries was seen in Intervention area 3.4 (1.94 %).

In 2012 **expenditure** totalling EUR 190.8 million **was certified**, which equals 10.01 % of the Programme allocation. The highest increase was reported in Intervention area 5.3 (15.53 %), 5.2 (14.17 %), 5.1 (12.53 %) and 1.1a and 1.1b (12.08 %).

Evaluation of progress made in individual intervention areas in 2012 is provided in Chapter 3.

**Table No 18 - Financial progress of IOP in 2012**

Intervention area	2007-2013 allocation	Funds covered by Decision/Contract (Addendum) <sup>14</sup>		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
1.1a	365 414 274	5 858 938	1,60%	51 585 288	14,12%	44 146 583	12,08%
1a	365 414 274	5 858 938	1,60%	51 585 288	14,12%	44 146 583	12,08%
1.1b	28 108 791	450 688	1,60%	3 968 096	14,12%	3 395 891	12,08%
1b	28 108 791	450 688	1,60%	3 968 096	14,12%	3 395 891	12,08%
2.1	200 977 851	3 052 442	1,52%	22 918 563	11,40%	19 109 948	9,51%
2	200 977 851	3 052 442	1,52%	22 918 563	11,40%	19 109 948	9,51%
3.1	93 180 640	29 428 586	31,58%	2 214 135	2,38%	1 320 201	1,42%
3.2	292 331 419	43 339 204	14,83%	26 485 186	9,06%	29 773 421	10,18%
3.3	54 812 141	24 999 982	45,61%	3 004 937	5,48%	2 984 723	5,45%

<sup>14</sup> Starting with the year 2012 the amounts of funds covered by Decision/Contract (Addendum) are given only for projects which continue to be implemented. Until 2011 these amounts covered also the projects withdrawn following the issuance of Decision/signing of the Contract. For the sake of the financial progress table the data for 2011 are therefore recalculated based on the new methodology.

Intervention area	2007-2013 allocation	Funds covered by Decision/Contract (Addendum) <sup>14</sup>		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
3.4	200 977 851	41 075 152	20,44%	3 892 732	1,94%	16 415 991	8,17%
3	641 302 051	138 842 924	21,65%	35 596 989	5,55%	50 494 336	7,87%
4.1a	71 255 784	26 070 712	36,59%	3 770 693	5,29%	856 364	1,20%
4a	71 255 784	26 070 712	36,59%	3 770 693	5,29%	856 364	1,20%
4.1b	5 481 214	2 005 628	36,59%	290 050	5,29%	65 455	1,19%
4b	5 481 214	2 005 628	36,59%	290 050	5,29%	65 455	1,19%
5.1	270 945 706	20 818 260	7,68%	34 888 647	12,88%	33 950 332	12,53%
5.2	251 032 889	57 256 735	22,81%	65 816 120	26,22%	35 582 012	14,17%
5.3	18 270 714	29 899	0,16%	2 589 105	14,17%	2 837 984	15,53%
5	540 249 309	78 104 894	14,46%	103 293 872	19,12%	72 370 328	13,40%
6.1a	31 973 749	4 941 794	15,46%	2 670 485	8,35%	28 698	0,09%
6.2a	21 011 320	135 973	0,65%	895 551	4,26%	307 413	1,46%
6a	52 985 069	5 077 766	9,58%	3 566 036	6,73%	336 110	0,63%
6.1b	587 779	90 848	15,46%	49 094	8,35%	528	0,09%
6.2b	386 332	2 499	0,65%	16 465	4,26%	5 652	1,46%
6b	974 111	93 347	9,58%	65 559	6,73%	6 179	0,63%
<b>IOP total</b>	<b>1 906 748 453</b>	<b>259 557 339</b>	<b>13,61%</b>	<b>225 055 146</b>	<b>11,80%</b>	<b>190 781 195</b>	<b>10,01%</b>

Source: MSC2007 as of 4 Jan 2013; CZK/EUR exchange rate: 25.140; Source of funding: public funds total  
Convergence objective; RCE objective

### Information on rejected projects<sup>15</sup>

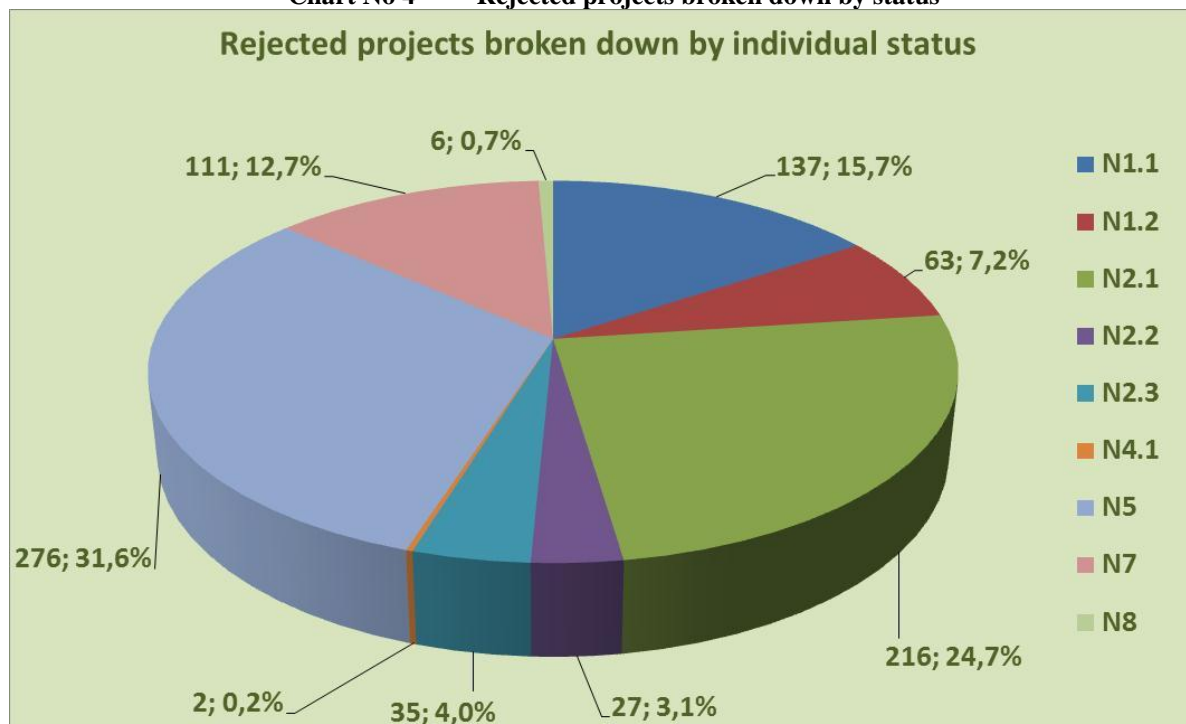
The IOP MA monitors the statistics of rejected projects based on their positive and negative status. The rejection of a project in the period prior to the issuance of the legal act (status N1.1, N1.2, N2.1, N2.2, N2.3 and N5) is distinguished from the rejection in the period following the issuance of the legal act (status N7, N8). Projects can be rejected based on a decision of the applicant (who will no more aspire at being granted the assistance, which corresponds to status N5 Project application withdrawn by the applicant and N7 Project not completed/withdrawn in IS Monit7+ IOP), or based on a decision of the MA/IB (hereinafter referred to as denied projects).

**As of 31 Dec 2012**, of the total number of 8 562 submitted project applications 773 were rejected (of which 324 project applications for CzechPoint under 2.1), which represents 10.19 %. Most often the application was withdrawn by the applicant – in 276 cases, which constitutes 31.06 % of all the rejected applications. The second most frequent reason for project denial was the non-compliance with evaluation requirements, namely in 216 cases representing 24.7 % of all the rejected projects, and the failure to meet at least one eligibility criterion, namely in 137 project applications representing 15.7 %.

The chart below illustrates the number and percentage of rejected projects at individual stages of administration.

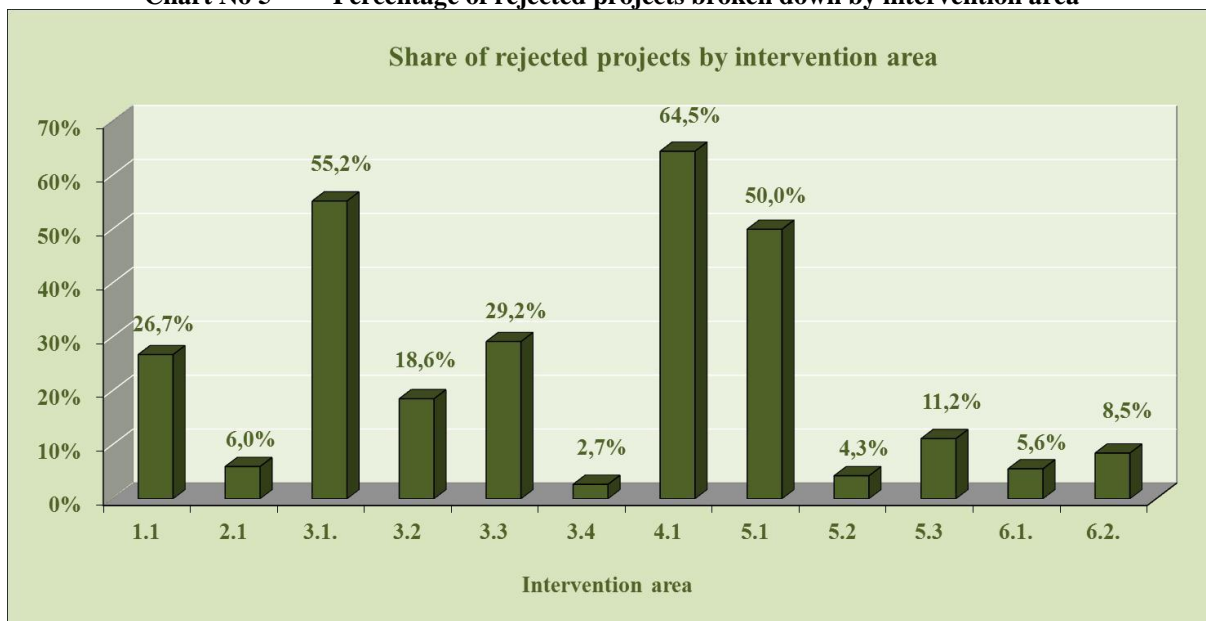
<sup>15</sup> For the purpose of monitoring the statistics of rejected projects, it is essential to distinguish between the rejected and denied projects. **Rejected projects** = all projects in negative status. **Denied projects** = all projects in negative status with the exception of status N5 Project application withdrawn by the applicant and status N7 Project not completed/withdrawn. The difference consists in whether the project is rejected by the administrator, or whether it is withdrawn by the applicant/beneficiary himself.

Chart No 4 - Rejected projects broken down by status



Source: IS Monit7+ IOP as of 4 Jan 2013

<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>
<i>N1.2 Project application failed to meet formal requisites</i>
<i>N2.1 Project failed to meet evaluation requirements</i>
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>
<i>N2.3 Project was not recommended for financing by the Selection Committee</i>
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>
<i>N5 Project application was withdrawn by the applicant</i>
<i>N7 Project was not completed/project was withdrawn</i>
<i>N8 Contract was terminated by the MA/IB</i>

**Chart No 5 - Percentage of rejected projects broken down by intervention area**

Source: IS Monit7+ as of 4 Jan 2013

A high percentage of rejected projects **in Intervention area 3.1** is caused to a certain degree by the development in recent years, when the share of rejected projects in this intervention area was one of the highest. As against 2011 the percentage dropped from 63.0 % to 55.2 %. In 2012 altogether 71 project applications were rejected, most often on the grounds of not meeting the evaluation requirements (in 46 cases), and additional 14 applicants withdrew their application. The share of rejected projects dropped thanks to a high number of newly received applications.

In **Intervention area 4.1** the high percentage of rejected projects is persisting and as against 2011 (63.8 %) in 2012 it slightly grew to 64.5 %. Of the total number of 98 rejected project applications, 10 applications were rejected in 2012. In 6 cases the project application was withdrawn by the applicant, the content and outputs were preserved and merged into 2 new project applications submitted on 3 Jan 2012.

**Intervention area 5.1** reports the third highest percentage of rejected projects, caused most frequently by non-compliance with the conditions of the call and in more than 50 percent of cases by the failure to meet eligibility criteria. In 2012 this was not the case, only one project application was withdrawn by the applicant.

More information on project rejection is given in Chapter 3 under individual intervention areas.

### Horizontal themes

In accordance with the General Regulation and the Community Strategic Guidelines on Cohesion 2007 - 2013 two main horizontal themes have been defined for the period 2007-2013 which are reflected in the IOP strategy and subsequently in the programme implementation:

- equal opportunities (Article 16 – Equality between men and women and non-discrimination)
- sustainable development (Article 17 – Sustainable development)

#### *Equal opportunities*

IOP in compliance with Article 16 of General Regulation and in dependence on the character of the supported area provides for the support of **equality between men and women** and the integration of the gender perspective during the various stages of implementation of the Funds. Concurrently, the

equality of opportunities is taken into account with respect to racial and ethnic origin, disability, age, religion or belief or sexual orientation.

Attention is paid to gender issues; in programming, monitoring and evaluation the contribution to equality between men and women and support of women is born in mind so that the benefit brought by the SF funds is equal for men and women.

**Table No 19 - Equal opportunities**

Monitoring of horizontal themes	Unit of measure	Number of projects
Number of projects <b>with a neutral impact on equal opportunities</b>	Number of projects	1 503
Number of projects <b>with a positive impact on equal opportunities</b>	Number of projects	5 902
Number of projects <b>focused on equal opportunities</b>	Number of projects	51

Source: IS Monit7+ as of 10 Jan 2013

Before the end of 2012 the Decision on providing a grant/Statement of expenditure was issued for a total of 7 456 projects<sup>16</sup>, of which 1 503 projects have a neutral impact on equal opportunities, 5 902 projects have a positive impact on equal opportunities and the remaining 51 projects are focused on equal opportunities. The high number is given by the large number of project applications received in call No 2 for CzechPoint type projects, where all 5 272 approved projects have a positive impact on equal opportunities.

### ***Sustainable development***

In accordance with Article 17 of General Regulation the IOP shall ensure the support for sustainable development and the promotion of the goal of protecting and improving the environment in the course of individual stages assistance. This is based on the assumption that the SF are designed mainly for the support and development of economic and social sector provided that their implementation contributes also to the improvement of the environment. The MA IOP will therefore monitor the impacts of IOP implementation on the environment with the intention to improve the environmental conditions in the supported areas.

**Table No 20 - Sustainable development**

Monitoring of horizontal themes	Unit of measure	Number of projects
Project focuses mainly <b>on the environment</b>	Number of projects	7
Project <b>has a positive environmental impact</b>	Number of projects	675
Project is environmentally <b>neutral</b>	Number of projects	6 669
Project will help <b>improve the air</b>	Number of projects	122
Project will help <b>improve the quality of water</b>	Number of projects	13
Project will use <b>alternative sources</b>	Number of projects	18
Project will enlarge <b>the area of urban vegetation</b>	Number of projects	22
Project will improve <b>population awareness of environmental protection</b>	Number of projects	58
Project requires <b>an environmental impact assessment</b>	Number of projects	160

Source: IS Monit7+ as of 10 Jan 2013

<sup>16</sup> Throughout this report, the impact of projects on equal opportunities or sustainable development is monitored solely in the approved projects in a positive status (i.e. not in rejected projects).

Projects, for which by the end of 2012 the Decision on providing a grant/Statement of expenditure<sup>14</sup>, was issued, are mostly environmentally neutral – 6 669 projects, of which 5 272 in Intervention area 2.1, under which the CzechPoint type projects are implemented. Fairly many projects have a positive environmental impact (675 projects), or require an environmental impact assessment (160 projects). Moreover, 122 projects under IOP will help improve the air, 58 projects will improve population awareness of environmental protection, 22 projects will enlarge the area of urban vegetation, 18 projects will use alternative sources, 13 projects will help improve the quality of water and 7 projects focus on the environment (all under Intervention area 5.2).

The IOP MA and IB make sure that the requirements for sustainable development are addressed at the level of projects in all IOP intervention areas:

- In construction projects the applicants shall present the zoning and planning decision and building permission, whose inseparable part is also the assessment and elimination of the environmental impact of the project,
- If a project is subject to the environmental impact assessment pursuant to Act No 100/2001 Coll., or the assessment of the project impact on the NATURA 2000 sites pursuant to Act No 114/1992 Coll., on nature and landscape protection as amended, the beneficiary shall also present these documents,
- In project application the applicants shall describe the impact of the project on the environment,
- When assessing the projects at the level of IB, the environmental effects or impacts of the project are considered: during the eligibility check the projects showing negative impact on the environment are automatically rejected, while when evaluating the projects based on the pre-determined selection criteria, the projects having a positive impact on the environment are awarded preferential scoring.

## Lisbon Strategy

The National Reform Programme (NRP) of the CR builds on the EU initiative, whose aim was to create a new system of management of Lisbon agenda. The NRP shall contribute to the simplification and higher effectiveness of coordination of economic policies at the level of EU and Member States and ensure better identification of these Member States with the set Lisbon process priorities.

The NRP of the CR (Government Resolution No 1200/2005) provides integrated and coherent interlinkage between the macroeconomic and microeconomic policies and the employment policy. The NRP is scheduled for a three-year period and when defining priorities the emphasis was put on their feasibility in the given period, on the set expenditure frameworks of the CR budget, on the mutual synergy effect of individual measures and the ability of evaluating them.

**Table No 21 - Lisbon strategy priorities as reflected in IOP priorities**

Priority theme	2007-2013 allocation (EUR)	Absorbed in 2012 of 2007-2013 allocation <sup>17</sup>
13 – Services and applications for citizens (e-health, e-government, e-learning, e-inclusion)	505 325 778	8,76 %
<b>TOTAL</b>	<b>505 325 778</b>	<b>8,76 %</b>

Source: MSC2007 as of 31 Dec 2012

<sup>17</sup> In the Annual Report of IOP for 2011 the figure of 90 % of approved projects was given. The figure of 8.76 % given in the Annual Report of IOP for 2012 represents the funds absorbed of the total allocation.



## IOP contribution to Europe 2020 strategy

On 17 June 2010 the Council of the European Union adopted the Union strategy for smart, sustainable and inclusive growth. On 13 July 2010, the Council adopted a recommendation on the broad guidelines for the economic policies of the Member States and the Union and on 21 October 2010, adopted a decision on guidelines for the employment policies of the Member States, which together form the “integrated guidelines”. Member States were invited to take the integrated guidelines into account in their national economic and employment policies.

Each CSF Fund (in case of IOP it concerns only the ERDF) shall support 11 thematic objectives in accordance with its mission in order to contribute to the Union strategy for smart, sustainable and inclusive growth, defined in Article 9 of the proposal for a Regulation of the EP and of the Council laying down common provisions on CSF funds; the thematic objectives are reflected in specific, the so called investment priorities defined in special rules for the respective funds (in case of ERDF stipulated in Article 5 of the proposal for a Regulation of the EP and of the Council concerning the ERDF).

The Integrated Operational Programme was adopted by the European Commission in December 2007, i.e. at the time of validity of the so called Lisbon strategy. In line with Article 9 para 3 and Annex IV to Regulation No 1083/2006 (Regulation laying down general provisions) the support of EU priorities in the framework of IOP concerns only the Priority axes 1a and 1b (Modernisation of public administration) and 2 (Introducing ICT in territorial public administration); It largely consists in the introduction of information and communication technology in central and territorial public administration. In total, 31 % of IOP allocation goes into the support of these priority axes.

Even though the IOP was adopted and implemented long before the adoption of Europe 2020 strategy, it is directly linked to the objectives of Europe 2020 strategy. It applies to the following priority axes or intervention areas of IOP:

- a) Priority axes 1a, 1b and 2 – a link to the integrated guideline 2 (interalia the development of e-government) and thematic objective 2 Improving access to and quality of information and communication technologies (also a link to thematic objective 11 Enhancing institutional capacity and effective public administration);
- b) Intervention area 3.1 Social integration services – a link to the integrated guideline 10 (Promoting social inclusion) and thematic objective 9 Promoting social inclusion and combating poverty;
- c) Intervention area 3.2 Public health services – a link to integrated guideline 10 (efforts should also concentrate on ensuring equal opportunities, including through access to affordable, sustainable and high quality services and public services) and thematic objective 10, investment priority 10a (investing in health and social infrastructure which contribute to national, regional and local development);
- d) Intervention area 3.3 Employment services – a link to integrated guideline 7 (increasing labour market participation) and thematic objective 8 Promoting employment and supporting labour mobility, namely to investment priority 8d (investing in infrastructure for public employment services);
- e) Intervention area 5.2 Improving the environment in problematic housing estates – a partial link to integrated guideline 5 (Improving resource efficiency and reducing greenhouse gases – energy savings in housing stock) and integrated guideline 10 (Promoting social inclusion); a partial link to thematic objective 4 Supporting the shift towards a low-carbon economy in all sectors (investment priority 4c – Supporting energy efficiency and renewable energy use in public infrastructures, also in public buildings and housing sector) and thematic objective 9



Promoting social inclusion (investment priority 9b – Support for physical and economic and social regeneration of deprived urban and rural communities);

- f) Intervention area 5.3 Modernisation and development of systems for creating territorial policies – a link to thematic objective 11 Enhancing institutional capacity and an efficient public administration.

The referred to priority axes and intervention areas with a link to Europe 2020 strategy cover roughly two thirds of IOP allocation.

**Table No 22 - Links of IOP intervention areas to thematic objectives of Europe 2020 strategy**

Priority axis, intervention area	Link to thematic objective (number of TO)	Share in IOP allocation (in %)
Priority axis 1a, 1b Modernisation of public administration	TO - 2	20,63
Priority axis 2 Introducing ICT in territorial public administration	TO - 2	10,54
Intervention area 3.1 Social integration services	TO - 9	4,89
Intervention area 3.2 Public health services	TO - 9	15,33
Intervention area 3.3 Employment services	TO - 8	2,87
Intervention area 5.2 Improving the environment in problematic housing estates	TO - 4/TO - 9	13,17
Intervention area 5.3 Modernisation and development of systems for creating territorial policies	TO - 11	0,96
<b>TOTAL</b>		<b>68,39</b>

*Source: Programming Document of IOP 2011*

On 10 July 2012 the Council of the European Union adopted the Recommendation on the Czech Republic's 2012 National Reform Programme and the opinion on the Czech Republic's Convergence Programme for 2012 – 2015. The Council of the European Union adopted a total of 6 recommendations for the Czech Republic.

- Recommendation 1 – it is not relevant for the IOP implementation, it focuses on addressing macroeconomic issues (budget deficit, improving tax collection, reducing tax evasion, avoiding across-the-board cuts, etc., a link primarily to the Convergence Programme).
- Recommendation 2 – it is not relevant for the IOP implementation, it focuses on changes in the public pension scheme to ensure its long-term sustainability.
- Recommendation 3 – it is not relevant for the IOP implementation, matters of essential improvement of the availability of affordable and quality pre-school childcare facilities in the CR, particularly within the competence of municipalities, the content of this recommendation is covered by Regional Operational Programmes.
- Recommendation 4 – a link to IOP and OP HRE with the view to strengthen public employment services. In IOP these matters are covered by Intervention area 3.3 Employment services which since the very beginning has faced difficulties in the absorption of allocated funds. In 2012 measures were taken to accelerate the implementation of individual projects (responsible for the implementation was MoLSA CR).

- **Recommendation 5** – Adopt and implement as a matter of urgency the Public Servants Act, to ensure adequate implementation of the new Public Procurement Act, ensure correct implementation of EU Funds and step up the fight against corruption. As regards the Public Servants Act, responsible for its drafting is the Ministry of Interior of the CR, the Act will most likely be adopted in 2013. The content of the amendment to Public Procurement Act (Act No 55/2012 Coll.) was in the course of 2012 incorporated in the relevant IOP documentation (e.g. Methodological Guideline of IOP MA No 32, IOP Operational Manual version 1.4 valid as of 2 Jan 2013, etc.). Matters concerning correct implementation of EU Funds were addressed throughout the year in the framework of crisis management in cooperation with MRD – NCA (a total of 36 corrective measures) and within the incorporation of Action Plan measures.
- **Recommendation 6** – it is not relevant for the IOP implementation. It concerns the system for quality evaluation of higher education and research institutions which is under the responsibility of MEYS CR. The evaluation framework aimed at improvements in compulsory school education falls apart from MEYES CR also under the responsibility of regions and municipalities. It is linked primarily to the OP Education for Competitiveness.

## 2.2 Compliance with Community Legislation

This chapter provides information on the compliance of Czech legislation with the EU legislation and on reflecting these key areas in the IOP design.

The IOP MA issues controlled documentation covering the entire IOP system of implementation which is in line with the CR and EU legislation. The system of controlled documentation as to its content and formal aspects stresses the compliance with the rules of:

- competition,
- correct public procurement procedures,
- state aid,
- generating revenue by projects,
- environmental protection,
- promoting equal opportunities.

### Rules of competition

Funds intended for the Programme implementation are considered to be public funds, the provision of which is subject to the relevant EU rules and national legislation governing the state aid.

The central state administration authority ensuring the support and protection of competition is pursuant to Act No 273/1996 Coll. the Office for the Protection of Competition. As defined in Act No 215/2004 Coll., on regulating certain relationships in the field of state aid, as amended and in Act No 137/2006 Coll., on public contracts as amended, the OPC also ensures the coordination and monitoring in the field of public contracts and state aid. By amendments to Act No 215/2004 Coll. implemented through Act No 109/2009 Coll., including the follow-up implementing Decree No 465/2009 Coll. of 15 Dec 2009 and Act No 236/2012 Coll., the central register of de minimis aid was set up in the Czech Republic, in which starting from 1 January 2010 all the providers are obliged to enter the data on de minimis aid. In the framework of IOP, this obligation is applicable to Intervention area 3.1 Social integration services, activity 3.1c) Social economy, where the assistance is provided by MoLSA.

The observance of the rules of competition is incorporated in eligibility checks of applications for support, in risk analysis of projects and checklists for the conduct of administrative checks and on-the-spot checks. An obligatory component of the call for project proposals and the Handbook for Applicants and Beneficiaries is, in line with the IOP Operational Manual, the information on public procurement rules. In the Conditions, included in guidance documents, the provider of assistance imposes an obligation upon the beneficiary to implement public procurement in accordance with Act No 137/2006 Coll., on public contracts, as amended. In case of contracts to which this act does not apply, the beneficiary is obliged to follow the Binding procedures approved by the Government Resolution No 48/2009 of 12 January 2009.

## Public procurement

All the beneficiaries are obliged to proceed in line with Act No 137/2006 Coll. which reflects the European Directives 2004/17/EC and 2004/18/EC governing the award of public contracts. The most marked changes in 2012 were brought about by Act No 55/2012 Coll., amending Act No 137/2006 Coll., on public contracts (Public Procurement Act), as amended, and Act No 167/2012 Coll., amending Act No 499/2004 Coll., on the archives and records management and on amendments to some related acts, as amended, Act No 227/2000 Coll., on electronic signature and on amendments to some related acts (Electronic Signature Act), as amended, and other related acts.

The Binding procedures for the award of public contracts co-financed from EU Funds, to which Act No 137/2006 Coll., on public contracts does not apply, in 2007-2013 programming period, were updated by the Ministry for Regional Development of the CR (NCA) in connection with the amendment to Act on public contracts and based on experience with their application.

To complement the rules for the award of public contracts the IOP MA has issued the following binding opinions.

- Binding opinion No 2 on procedure and observance of obligations in public procurement procedures as defined in the Binding procedures for the award of public contracts co-financed from EU funds, to which the Act No 137/2006 Coll., on public contracts does not apply, in 2007 – 2013 programming period in the award of public contracts under IOP  
15 Jun 2012
- Binding opinion No 3 on issuance of the Statement of expenditure for financing the actions of GA, including the Conditions or the Letter with conditions (amendment to Act No 218/2000 Coll., on budgetary rules and on amendments to some related acts)  
2 Jul 2012
- Binding opinion No 4 on information about the ownership and controlling structure of a legal person (Amendment to Act No 218/2000 Coll., on budgetary rules and on amendments to some related acts)  
10 Sep 2012
- Binding opinion No 5 on setting basic qualification requirements as defined in Section 53 of Act No 137/2006 Coll., on public contracts, by the contracting authority.  
3 Oct 2012
- Binding opinion No 6 on update of the Binding procedures for the award of public contracts co-financed from EU funds, to which the Act No 137/2006 Coll., on public contracts does not apply, in 2007 – 2013 programming period.  
19 Oct 2012

On 31 August 2012 the MA issued the Methodological Guideline No 34 governing the Checklists for controls pursuant to Article 13, which was issued in order to comply with the European Commission requirements for the alignment of control systems in EU SF co-financed programmes.

In IOP, all the tenders (public contracts beyond the scope of the Act on public contracts) and public procurement procedures are subject to control, also in case the tenders or public procurement procedures were conducted or are conducted prior to the submission of the application for support. The beneficiary is obliged to present all the documents for a tender or a public procurement procedure. In the event the applicant/beneficiary has not commenced the tender/public procurement procedure as yet, it is the duty of IB to check the supporting documents to this public procurement procedure/tender and the correctness of procedures prior to its publishing (announcement). The IB completes the checklist and elaborates an opinion on the tender or public procurement procedure, and discusses the detected deficiencies and proposals for corrective measures with the beneficiary.

The checks of tender/contract documents are carried out on a sample also by the IOP MA in order to prevent mistakes in the course of public procurement procedure.

## State aid

In 2012 several new EU regulations came into force governing the rules of provision of services of general economic interest:

- Communication from the Commission on the application of the European Union State aid rules to compensation granted for the provision of services of general economic interest (adopted on 11 Jan 2012),
- Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (in force as of 31 Jan 2012),
- Community framework for State aid in the form of public service compensation (in force as of 31 Jan 2012),
- Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (in force as of 28 Apr 2012).

The above mentioned regulations specify the rules determining the cases in which the public service compensation constitutes state aid, Regulation No 360/2012 stipulates the new ceiling of de minimis aid for undertakings providing services of general economic interest of EUR 500,000 over the period of three fiscal years.

- In the CR on 1 Jul 2012 the Act No 236/2012 Coll., amending the Act No 215/2004 Coll., on regulating certain relationships in the field of state aid and amending Act on support to research and development, as amended by Act No 109/2009 Coll., came into effect.

On 31 August 2012 the MA issued the Methodological Guideline No 34 governing the Checklists for controls pursuant to Article 13, which was issued in order to comply with the European Commission requirements for the alignment of control systems in EU SF co-financed programmes.

Since 2012 the state aid provider is obliged to first have a look in the central register of de minimis aid in order to make sure that the applicant does not exceed the ceiling laid down by the Commission Regulation. So far the register has been used to monitor the limits of drawn assistance.

In IOP the state aid is provided at the following levels:

- aid compatible with de minimis rule pursuant to Commission Regulation (EC) No 1998/2006 on the application of Articles 107 and 108 of the Treaty to de minimis aid; it applies to activity 3.1c), (when the aid is granted by MoLSA; since 1 January 2010 the providers of de minimis aid shall register in the central register of de minimis aid every provision of de minimis aid no later than 5 working days following the issuance of the Decision on providing a grant;
- aid granted in Intervention area 5.2, activities related to regeneration of residential buildings, approved by the European Commission on 10 December 2008 by Decision No K(2008) 7845, the European Commission confirmed that the proposed aid scheme constitutes state aid as defined in Article 107 para 1 of the Treaty of the Functioning of the EU, the aid is granted by MRD;

On 19 July 2012 the MA requested the launch of pre-notification of the change of support N 342/2008, approved by Commission Decision C(2008) 7845 of 10 December 2008, consisting in the addition of JESSICA financial instrument.

One of the specific project eligibility criteria is to assess the compliance of the project with the state aid rules for the relevant intervention area.

Matters associated with the state aid, if relevant to the project, are embedded in the Conditions for the Decision, which stipulate in particular the following:

- the beneficiary takes note of the fact that based on the evaluation of aid provider the aid does not accomplish elements of the state aid pursuant to Article 107 para 1 of the Treaty of the Functioning of the EU; the aid is granted in line with Commission Decision No K(2008) 7845, by which the relevant aid scheme was approved;
- the beneficiary takes note of the fact that the aid is based on the evaluation of aid provider granted in compliance with Regulation No 1998/2006 (de minimis aid),
- the beneficiary takes note of the fact that the compatibility of aid with the internal market is assessed by the European Commission which adopts a binding decision in this matter. The aid beneficiary concurrently takes note of the fact that the European Commission can impose upon the beneficiary the obligation to recover the state aid together with the interest rate accrued in the event it establishes that the granted aid constitutes incompatible state aid pursuant to Article 107 para 1 of the Treaty on the Functioning of the EU.

State aid related matters are controlled:

- based on the monitoring reports on the progress of project implementation,
- during the control of applications for payment,
- during the project risk analyses
- during ex-ante, interim and ex-post checks of projects,
- during the audit on a sample of operations conducted by the Authorised Audit Entity,
- when investigating the suspected irregularity.

### **Revenue-generating projects**

Pursuant to Article 55 of the General Regulation a revenue-generating project means any operation involving:

- ain investment in infrastructure the use of which is subject to charges borne directly to users,
- the sale or rent of land or buildings,
- any other provision of services against payment.

Article 55 does not apply to the following cases:

- projects that do not generate revenues,
- projects, the revenues of which do not fully cover the operating costs – this fact, however, shall always be evidenced by the relevant calculation (funding gap etc. based on the predictability of revenues and the total costs of the projects),
- projects to which the state aid rules apply as defined in Article 87 of the Treaty, Article 55 (6),
- projects, the total costs of which are not higher than EUR 1 million.

The IOP Operational Manual lays down the procedures for revenue-generating projects, the total costs of which are higher than EUR 1 million and that simultaneously meet other conditions as laid down in Article 55 of the General Regulation. In IOP the procedures for revenue-generating projects required by the General Regulation are applied to all the projects if the total forecast expenditure, as stated in project application, is higher than or equal to CZK 20 million.

With respect to sound financial management, the simplified procedures are applied to projects in which the total forecast expenditure, as stated in the project application, is lower than CZK 20 million and which also generate revenues.

**Table No 23 - Overview of calls in IOP, facilitating the submission of revenue-generating projects**

	Number of the call and provider of assistance	Supported activity	Opening date of the call
1.	1 <sup>st</sup> call of MoH	3.2a	7. 5. 2008
2.	2 <sup>nd</sup> call of MoI	2.1c	1. 12. 2008
3.	1 <sup>st</sup> call of MoC	5.1a, 5.1b	5. 12. 2008
4.	2 <sup>nd</sup> call of MoLSA	3.1a	13. 7. 2009
5.	2 <sup>nd</sup> call of MoC	5.1c	25. 6. 2010
6.	9 <sup>th</sup> call of MRD	4.1d	29. 6. 2010
7.	6 <sup>th</sup> call of MoLSA	3.1b	31. 5. 2011
8.	7 <sup>th</sup> call of MoLSA	3.1a	7. 7. 2011
9.	3 <sup>rd</sup> call of MoC	5.1b	24. 10. 2011
10.	13 <sup>th</sup> call of MRD	4.1b	14. 12. 2011

Source: IOP MA

In 2012 only the calls for projects not generating revenues were announced.

## Environmental protection

Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment is transposed into the Czech body of law by Act No 100/2001 Coll., on the environmental impact assessment and on amendments to some related laws (Environmental Impact Assessment Act), as amended.

Within the IOP, matters related to the environment are considered for the first time during the project eligibility check, when the potential negative impact of the project on horizontal criteria, namely also



the environment, is checked. In case of a negative impact, the project is rejected from further administration.

When evaluating the quality of projects, account is taken of the positive impact of project implementation on the environment. The IOP OM gives a list of various types of activities which can have a positive impact on the environment and which always have a neutral impact on the environment. The positive impact on the environment is given preferential scoring and subsequently, during the following administration and controls fulfilment and sustainability of these impacts are monitored.

The monitoring reports and progress reports, submitted by the beneficiary, comprise information on the progress of fulfilment of environmental criteria.

A positive environmental impact is made by implementation of projects under:

- Intervention area 3.2 – use of environmental friendly materials and technologies with lower energy requirements;
- Intervention area 3.4 – prevention of fires and ecological disasters;
- Priority axes 4A and 4B – projects promoting sustainable environmental-friendly tourism;
- Intervention area 5.1 – projects using environmental friendly materials and technologies and alternative energy sources for the renovation of cultural monuments and their operation.
- Activity 5.2a) – projects focused on improving the energy performance of buildings;
- Activity 5.2b) - projects, in which more than 50 % of eligible expenditure is channelled to enlargement of greenery.

IBs are obliged to monitor the environmental impact of the project:

- during risk analyses,
- during ex-ante, interim and ex-post checks of projects,
- during the checks of monitoring reports,
- during the checks of progress reporting,
- during the checks of applications for payment,
- when assessing changes in projects.

## Promoting equal opportunities

The principle of promoting equal opportunities is applied in line with Council Regulation (EC) No 1083/2006 (amended in May 2012 by Regulation No 423/2012 (EC) of the European Parliament and of the Council).

Within the IOP, matters related to equal opportunities are considered for the first time during the project eligibility check, when the potential negative impact of the project on equal opportunities is checked. In case a negative impact on equal opportunities is ascertained, the project fails to meet the eligibility criterion and is rejected from further administration. When evaluating the quality of *projects*, the IOP OM gives a list of various types of activities which can have a positive impact on equal opportunities and which always have a neutral impact on equal opportunities. The positive impact on equal opportunities is given preferential scoring and subsequently, during the following administration and controls fulfilment and sustainability of these impacts are monitored.



The monitoring reports and progress reports, submitted by the beneficiary, comprise information on the progress of fulfilment of equal opportunities.

A positive impact on equal opportunities is made by the implementation of projects in:

- Intervention area 3.1 – social integration projects focused especially on ethnic minorities;
- Intervention area 3.2 – projects on prevention of social exclusion of persons disadvantaged due to their health status or age;
- Intervention area 3.3 – projects on employment services,
- Activity 5.2a) – building of pavements and paths with wheelchair access;
- Activity 5.2b) – construction of wheelchair access to residential buildings;
- Activity 5.2 c) – projects focused on Roma communities aimed at the elimination of causes of their social exclusion.

IBs are obliged to monitor the impact of the project on equal opportunities:

- during risk analyses,
- during ex-ante, interim and ex-post checks of projects,
- during the checks of monitoring reports,
- during the checks of progress reporting,
- during the checks of applications for payment,
- when assessing changes in projects.

## 2.3 Problems Encountered in Programme Implementation and Measures Taken to Overcome Them

### 2.3.1 Problems identified by the Audit Authority, or the Delegated Audit Body, SAO

#### Audits conducted by the Audit Authority

*Audits of the Audit Authority concerning the compliance with the Methodological Guideline of NCA for the selection of new NSRF employees – system audit No 03/2012/AA*

On 5 Sep 2012 the audit was commenced at the IOP MA and at the IOP Intermediate Bodies the objective of which was to verify the compliance with the Methodological Guidelines of NCA governing the procedures for the selection of new employees implementing NSRF, issued by the NCA from 2009. The final report on system audit was compiled on 5 Dec 2012.

At the Ministry of Health the auditors did not identify any violation of the Methodological Guideline for the selection of new NSRF employees. At the Centre for Regional Development the auditors detected only the findings of low materiality consisting predominantly in the non-compliance with the minimum requirements for the period of publishing an advertisement for the selection of a new employee or a failure to state the job description, the date of commencement of employment and the duration of employment in the advertisement. At the Managing Authority and the other Intermediate Bodies the auditors detected apart from the findings of low and medium materiality also the findings

of high level materiality leading to ineligible expenditure. The audit concluded that the system is operational but certain improvements are necessary, i.e. the detected shortcomings have a mild impact on the functioning of the system and recommendations for improvement were worded.

At the IOP MA the main audit finding consists in the hiring of 1 employee in 2011 based on an exemption granted by the Decision of the Minister for Regional Development of the CR, which according to the auditors constituted a failure to fully comply with the provision of the Methodological Guideline which in case of emergency, when an immediate filling of a post is necessary, allows for supplementing the administrative capacity by employees who participated /participate in activities of some bodies involved in the SF/CF implementation without the conduct of a tender. According to the Audit Authority the personnel costs of this employee are ineligible. The IOP MA believes it was necessary to promptly provide and train a new employee that would replace the one who is leaving.

At the Ministry of Culture, Ministry of Labour and Social Affairs and the Ministry of Interior, the main finding detected by the audit was that the IBs had hired new staff without a tender. The personnel costs of these new employees are therefore ineligible. The Ministry of Interior announced two tenders for new employees organised by an external company. The auditors assume that the expenditure incurred on the preparation and conduct of these tenders is ineligible since the expenditure was not incurred in line with the 3E principles.

#### System audits conducted by the Delegated Audit Body

##### *Audit of the system of implementation for the Integrated Operational Programme No 28/2011/DAB*

The audit of IOP MA and Intermediate Bodies was conducted from September 2011 to January 2012. The subject matter of the audit was to verify the effective functioning of the management and control system of IOP, with focus on changes in the descriptions of management and control systems and binding documentation, to verify quality and adequacy of corrective measures taken to address the risks and findings defined in the framework of system audits No 4/08/DAB, 7/09/DAB, 10/09/DAB, moreover to verify the functioning of key requirements on the IOP implementation system and also to verify the conclusions from previous system audits. The audit also aimed to verify the design and effectiveness of control systems in the field of public procurement controls and the control of keeping separate accounts of project transactions. Moreover, the audit examined the design of the system for addressing irregularities and analysed the absorption of financial allocation.

#### Main findings of the audit

- *Inadequate separation of incompatible functions in the performance of ex-ante checks in projects under Priority axis 6 – Technical assistance, failure to guarantee the avoidance of the conflict of interest, inadequate conduct of ex-ante checks of IOP TA projects - findings at IOP MA.*  
In connection with this finding the IOP MA reviewed the Operational Manual of the IOP Managing Authority and explicitly defined the powers of the IOP MA units.
- *Ineffective verification of the process of award and implementation of public contracts at the Ministry of Culture IB.* The auditors recommended the MoC CR to carry out an examination of a representative sample of projects with the view to identify shortcomings in the system of evaluation of public contracts. The MoC CR did not accept this recommendation stating that it had commenced a control of all the tenders closed before 31 Dec 2010. The update of the MoC IB OM version 1.2 of 8 Aug 2011 specified the procedures governing the controls of public contracts and updated the checklists. In August 2011 e-KOZA information system intended for the administration and control of public contracts was made fully operational.
- *Extremely long time between the receipt of the application and the issuance of the Decision on providing a grant at the Ministry of Labour and Social Affairs IB.* The auditors recommended

to analyse the reasons behind the delays in the administration of projects so as to adjust the length of administration and processing of the application before the stage of the issuance of the decision in order to prevent any impact on due administrative and approval procedures. The MoLSA accepted the recommendation of auditors concerning this finding partially only and undertook to analyse the reasons behind the delays in project administration.

The IOP MA responded to the DAB audit recommendations and findings and as of 18 May 2012 in cooperation with MoLSA and CRD elaborated an analysis of barriers to absorption in Intervention areas 3.1 and 3.3 of IOP with the view to propose measures to eliminate these barriers and to reduce their impacts. In IA 3.1 there is a large number of projects included in ex-ante checks on the grounds of inappropriately designed scale of risk analysis. The MoLSA checks are very detailed and there is a risk of duplicity of checks with those conducted by other state institutions. The MoLSA requests that in the course of ex-ante checks the beneficiaries provide information beyond the scope of obligations stipulated by the call and HAB. In the Handbook of Work Procedures of MoLSA revision 3 the deadline for the completion of ex-ante checks is missing (the deadline for the conduct of ex-ante checks was stipulated by the new revision of the Handbook of Work Procedures No 4. The MoLSA fails to adhere to procedures for entering data into IS Monit 7+ and exploits the possibility to extend the deadline for the conduct of ex-ante checks. At the stage of ex-ante check the activity 3.1b) shows a high share of rejected and withdrawn projects. The main reason behind the withdrawal of applications is the identification of high ineligible expenditure in the course of ex-ante checks. In some cases the selected premises are found unsuitable, therefore technical and financial limits could be achievable only at the cost of high ineligible expenditure. In response to the findings ensuing from the analysis, the MA worded specific recommendations to MoLSA as to how to eliminate the negative findings of the analysis.

At other Intermediate Bodies findings of low materiality have been identified.

#### *Audit of the system of implementation for the Integrated Operational Programme No 34/2012/DAB*

In 2012 the system audit No 34/2012/DAB was conducted at the IOP Managing Authority and Intermediate Bodies. The subject matter of the audit was the verification of key features of the system and the verification of effective functioning of MCS, with focus on changes in the descriptions of MCS and binding documentation of IOP, verification of the adoption of corrective measures from previous system audits, verification of potential audit findings of system nature from the conducted audits on operations, design of the system in the field of irregularities, verification of functioning and effectiveness of delegated activities transferred from IOP MA to Intermediate Bodies, verification of the status of absorption of funds allocated to the IOP, etc. The audit was completed with the conclusion that the system is functioning but several improvements need to be performed.

#### **Main findings of the audit**

- *Risk of potential provision of unauthorised state aid under IA 5.1 – National support for utilising the cultural heritage potential – a finding at IOP MA.*

The IOP MA together with the MoC CR have ever since the onset of preparations of Intervention area 5.1 been aware of the risky nature of this area in terms of potential provision of unauthorised state aid. The IOP MA in cooperation with the MoC CR has taken multiple measures and established procedures for the evaluation and control of projects in order to avoid the provision of unauthorised state aid. In the framework of preventive measures aimed at the elimination of risk of unauthorised state aid the MoC CR had an expert opinion describing the relationship of the project and the state aid issued for each submitted application. In the first call the expert opinion was submitted for the risk analysis of projects, in the subsequent calls the process of evaluation of compliance with state aid became an integral part of the eligibility evaluation. In the evaluation of eligibility some projects were rejected due to the criterion related to state aid. For the sake of verification of the risk of unauthorised state aid in January 2012 the PBA company was asked to

carry out an analysis of unauthorised state aid in all the projects under implementation and also verify the risk of unauthorised state aid in applications submitted under the 3<sup>rd</sup> call. The beneficiaries and applicants were notified of the imminent risk (at meetings prior to the submission of application in particular) and they were recommended to first consult their project applications with an expert in the field of state aid.

- *Low level of transparency of activities of the Working Group Technical Assistance of IOP- a finding at the IOP MA.*

The IOP MA modified the procedures through the revision of the Handbook for Applicants and Beneficiaries –Technical assistance, valid as of 28 Jan 2013, in which the evaluation of project applications was specified.

- *Inappropriate separation of functions in the selection of IUDP projects under IA 5.2 where the beneficiary/applicant is a municipality – a finding at the IOP MA.*

The IOP MA modified the procedure for the selection of projects by the municipality through the revision 1.4 of the Handbook for IUDP Applicants, valid as of 1 May 2012. Added to the Handbook was the text of the impartiality and confidentiality declaration of all the persons involved in the evaluation of projects under IUDP. The obligation to sign this “Declaration” applies to the evaluators of formal requisites, eligibility, project quality and for the members of the Management Committee pursuant to the definition of competencies and responsibilities in the approved IUDP document. In case the evaluator is also a project applicant or a holder or is involved in the project preparation, or is closely related to or shares emotional or economic ties with the project applicant or holder, he shall promptly notify of this fact the competent representatives of the municipality and shall not in any way participate in the evaluation and approval of the project or intervene in the discussions concerning this project or influence them in any manner whatsoever. In case a conflict of interest is established with respect to the evaluated projects the municipality shall arrange for the re-evaluation of the project.

- *The checklist Financial control following the submission of simplified application for payment fails to adequately capture the actual course of control – a finding at CRD CR*

- CRD CR undertook to modify its methodological procedures and to elaborate a checklist which would better capture the course of administration of the application for payment. The CRD modified the methodological procedures by issuing the Methodological Guideline of HQ No 44, valid as of 22 Feb 2013.

- *Potential provision of unauthorised state aid in IA 5.1 – a finding at MoC CR.*

According to the statement of the Ministry of Culture the risk of unauthorised state aid is eliminated during the evaluation of project applications, through cooperation with project managers, modifications of problematic activities and controls of projects.

- *Non-compliance with the procedure as defined in the Methodology of Financial Flows in the field of irregularities – an audit finding identified at MoC CR*

According to the auditors' finding the Ministry did not proceed in line with the Methodology of Financial Flows and Controls of Programmes Co-financed from the SF/CF/EFF for the Programming Period 2007-2013 valid as of 1 Jul 2012, Chapter 4, and the DAB referred the confirmed irregularity to the competent authorities (OPC) which are not included in the implementation structure. The Ministry of Culture disagrees with the finding and states that it had proceeded in line with the Methodology of Financial Flows, namely pursuant to the Chapter called Principles governing the award of public contracts and to Act No 320/2001 Coll.

- *Ineffective division of powers between the implementation structure entities of CRD and MoLSA – a finding detected at MoLSA*

The MoLSA auditors recommend to intensify the mutual communication with CRD especially in the field of observance of set deadlines at individual stages of administration. The MoLSA

accepted the auditors' recommendation and arranged with the CRD monthly meetings focusing on procedures of administration of individual projects and changes in processes.

- *Failure to conduct the control activities/controls in line with the set system - a finding detected at MoI IB*

The auditors believe that the employees do not stick to the procedures stated in the MoI IB manual. The MoI CR in the Action Plan from the audit undertook to conduct controls of tender documentation with the use of relevant checklists, moreover to lay stress on archiving of documents based on which the checklists are filled in and to make sure that all the controls are conducted in keeping with the Manual of Internal Procedures as well as to regularly train the employees. The obligation to archive all the supporting documents for tenders and public procurement procedures was incorporated by the MoI CR in the new version of the Manual of Internal Procedures of IOP MoI IB No 1.5. All documentation referring to tenders and public procurement procedures will be checked again in terms of its completeness, namely retrospectively from the beginning of the programming period. The deadline was set at 28 Feb 2013. The MoI adopted measures that shall contribute to the stabilisation of administrative capacity (retention of staff). The number of employees on AWA was reduced and the number of permanent staff increased, the head of the Project Control Unit was replaced and cooperation with internal audit staff participating in controls of risky tenders and public procurement procedures was launched.

#### Audit conducted by the Supreme Audit Office

In 2012 the audit No 12/02 of the Supreme Audit Office was carried out at the Ministry for Regional Development of the CR, Ministry of Culture of the CR and selected aid beneficiaries. It focused on the verification of absorption of EU Funds and state budget resources earmarked for the implementation of the Integrated Operational Programme in Intervention area 5.1.

The main findings of the audit are the following:

- *Design of monitoring indicators in IA 5.1*

According to the SAO auditors the result and output monitoring indicators provide only little information necessary for the evaluation of economy, effectiveness and efficiency of spent funds and based on indicators defined in such a way it is difficult to monitor the rate of fulfilment of objectives in IA 5.1. The IOP MA disagrees with the finding. The economy, efficiency and effectiveness in IA 5.1 of IOP are assessed also by other means than the monitoring indicators, the administrative procedures comprise processes that are conducive to reinforcement of these principles. E.g. the 3E rules are taken into account in the project quality evaluation criteria, the planned expenditure is evaluated during the eligibility check and ex-ante check, the incurred expenditure is evaluated in terms of adherence to the 3E rule during the check of documents before the expenditure is paid.

- *Risk of unauthorised state aid in projects implemented under IA 5.1*

For the IOP MA opinion on this finding see the opinion on a similar finding of the system audit No 34/2012/DAB

- *Setting of the specific eligibility criterion in IA 5.1.*

Another NSO finding concerned the design of a specific eligibility criterion for cultural monuments. According to the SAO, there was a discrepancy between the Binding interpretation of eligibility criteria issued by the Ministry of Culture and the IOP Programming Document stating that the support for Intervention area 5.1 of IOP can be provided for renovation of cultural monuments or sets inscribed on the UNESCO World Cultural and Natural Heritage List, on the List of candidates for inscription on this list, or on the Central List of Cultural Monuments as the national cultural monument (NCM). According to the Binding interpretation of eligibility criteria, however, the IOP funds can also be used for property located within the conservation area, conservation zone or the



buffer zone of an intangible cultural monument in case they are necessary for the attainment of the project objective and are directly associated with activities described in the IOP Programming Document. The IOP MA disagrees with this SAO finding. The IOP MA believes the Binding interpretation merely specified in detail what was stated in the IOP Programming Document and did not extend it. The Binding interpretation allowed for the use of IOP funds also for the renovation of monuments that are not a part of the NCM or UNESCO heritage, but provide necessary technological infrastructure or host the project activities necessary for the accomplishment of the project objectives.

#### Audits on operations conducted by the Delegated Audit Body

##### *Audit of operations of IOP No 31/2012/DAB*

In 2012 the DAB audit of operations No 31/2012/DAB was carried out in a total of 59 projects in Intervention areas 1.1, 2.1, 3.2, 3.4, 4.1, 5.1, 5.2, 5.3 and 6.1 of IOP. Of the total number of 59 audits 24 audits, i. e. almost a half, were completed with no finding. In the last quarter of 2012 contradictory procedure between the AA and IOP MA was under way in 35 projects with the view to explain all the irregularities identified by the DAB audits on operations and to potentially confirm/disprove the irregularities concerned. In 14 cases the contradictory procedure was completed with no finding, i.e. of the total of 59 audits as at the end of 2012 in 21 projects findings were reported for the compilation of the Annual Control Report and in these projects the irregularities were also entered into MSC. In 38 projects the DAB audit of operations was completed with no finding.

The total IOP error rate revealed by the DAB audits on operations was by contradictory procedure set at 1.97 %. The total anticipated error rate was set at 2.64 %. At present the way of application of extrapolated corrections is discussed.

#### Main findings repeatedly identified in DAB audit No 31/2012

The most frequent findings identified by the conducted audit of operations No 31/2012, regardless the intervention area, were the following findings with an impact on eligibility:

- public procurement procedures,
- discriminatory design of qualification requirements.

In Intervention area 1.1 of IOP, the number one problem was the award of public contracts, namely the non-compliance of the award of public contracts with Section 6 of Act No 137/2006 Coll., on public contracts. The design of qualification and technical requirements was found discriminatory by the DAB. In several audited projects improperly kept separate accounts were detected.

In Intervention area 2.1 of IOP, the DAB audit was conducted in 2 CzechPOINT type projects, in one of which an impact on eligibility of expenditure was suspected. The main problem was the breach of equal treatment principle in the award of a public contract for the supply of computer technology. This finding, however, was not accepted by the contradictory procedure.

In Intervention area 3.2 of IOP, 13 projects were audited. The DAB audit most frequently revealed the following deficiencies - low transparency of the award of small-scale public contracts (the requirement to include information on the ISO quality system was unspecific, lacking in transparency). In several projects the DAB auditors identified the unauthorised use of a direct purchase within the public contract. In addition, the DAB auditors detected insufficiently evidenced correspondence of activities reported in tender in terms of time and content with respect to project management and monitoring – as ascertained the declared activities, except for a few, are not accompanied by relevant outputs based on which they could be identified and proven and based on which the necessity for project implementation, its economy, effectiveness and efficiency could be verified. In several cases, the qualification and technical requirements were found discriminatory by DAB auditors. The DAB

auditors in some cases identified deficiencies in the application of Section 98 of Act on public contracts – a discriminatory approach in the award of a public contract for the supply of medical devices, when the contracting authority awarded the public contract as a whole and thus according to the DAB auditors discriminated those suppliers who could supply individual parts only.

In Intervention area 3.4 of IOP, only 1 project was audited with no impact on eligibility of expenditure.

In Intervention area 4.1 of IOP, a total of 2 projects were audited. The main problem encountered was the non-compliance of the requirement for proving the qualification and the process of assessment of contracts with Act No 137/2006 Coll., on public contracts, according to the auditors the subject matter of the public contract was not defined in line with Section 45 of APC, the evaluation criteria were defined in a non-transparent and biased way.

In Intervention area 5.1 of IOP, the DAB audit was conducted in 6 projects, of which 2 had an impact on eligibility of expenditure. The main problem was the non-compliance with the procedure laid down in the provisions of Section 44 of APC (the tender documentation did not contain the method of assessing the bids against the evaluation criteria) and in the provisions of Section 78 of APC (the contracting authority violated the criteria given in the tender documentation).

In Intervention area 5.2 of IOP a total of 24 projects were audited and the DAB auditors identified particularly deficiencies in the area of determination and evidencing the basic qualification requirements, they underline the fact that these requirements were in conflict with the HAB. Ranking among other identified problems were incorrect accounting for of the short-term contingent claims in relation to EU Funds; discrepancies between the tender documentation, bill of quantities and project documentation; unequal and discriminatory approach to opening, assessment and evaluation of bids submitted by bidders; commissioning of extra work in contradiction to the Conditions for the Decision on providing a grant; discriminatory definition of technical parameters of a public contract and project revenue.

In Intervention area 5.3 of IOP, 1 project was audited with an impact on eligibility of expenditure. The problem was the non-compliance of the keeping of accounts with Decree No 410/2009 Coll., implementing some provisions of Act No 563/1991 Coll., on accounting, and the non-compliance of the procedures in the implementation of a small-scale public contract with the rules of the call.

In Intervention area 6.1 of IOP, the DAB auditors identified insufficient proof of eligibility of expenditure in the field of personal costs, namely the breach of the obligation arising from the provisions of Section 25 para 2 (c) of Act on financial control (AFC) (statement of all the operations and controls), provisions of Section 25 para 2 (e) of AFC (economic, efficient and effective use of public funds in keeping with the principles of reliable management), Section 13 para 1 of AFC and the Decree No 416/2004 Coll., Section 8 para 1 of Act on accounting (the accounting units are obliged to keep correct, complete, conclusive, comprehensible, clear accounts in a manner safeguarding the permanent nature of accounting records).

The most frequent risks identified by the DAB audits on operations:

- IA 2.1
  - Non-observance of the requirement to keep all the documentation related to project implementation at least until 2021;
- IA 3.2
  - Incorrect setting of the purchase price of long-term assets;
  - Violation of the Public Procurement Act – tender security;
- IA 5.2



- Incorrect accounting for of short-term contingent claims from the instruments co-financed from abroad – the DAB auditors revealed that in the monitored period the whole operation since its inception (since the date of submission of application for support) is not accounted for in the sub-balance sheet but only in the balance sheet – since the date of receipt of the Decision on providing a grant. In the light of this fact the DAB auditors pointed out the necessity to consistently record the contingent claims in the sub-balance sheet, i.e. to account for short-term contingent claims from the instruments co-financed from abroad in line with the provisions of Section 52 letter e) of Decree No 410/2009 Coll., of 11 Nov 2009;
- Application of the amount of contract penalties as the evaluation criteria for a tender.

### Findings identified by controls conducted by MA and IBs

In 2012, the IBs and MA carried out a total of 1 136 controls of projects, of which 265 on-the-spot checks. Altogether 222 checks were completed with a finding. The most significant findings detected are wrong procedures pursued by applicants and beneficiaries in the award of public contracts. Even though all the contracts are subject to controls mostly already in the course of the award of contracts, the problems with the conduct of tenders and public procurement procedures have a significant impact on successful completion of project implementation and on the absorption of funds. The Intermediate Bodies in cooperation with the Managing Authority apart from timely control, which allows for the correction of errors in tenders, provide the applicants and beneficiaries with consultancy services. The IOP MA also checks a sample of contract documents prior to the publication of a contract notice, namely in the case of the risky Intermediate Body of the Ministry of Interior of the CR.

Ranking among frequent errors are the non-compliance with deadlines for the submission of monitoring reports, ineligible expenditure and project activities, late provision of information on substantial changes in the project, inadequate keeping of the project file.

In 2012, the IOP Managing Authority commenced 60 controls and as at 31 Dec 2012 altogether 23 controls focused on the conduct of activities delegated to Intermediate Bodies were completed. Of these controls 9 were completed with a finding, or following two controls multiple corrective measures were imposed. The most significant and most frequent findings were the non-compliance with the set out binding procedures and deadlines as well as the failure to enter the topical data in IS Monit7+, insufficient provision of audit trail, incorrect or inappropriate use of checklists.

At the MoI in the course of 2012 an extensive control of control activities as well as a control of a sample of tenders were held (the protocol was handed over to the controlled entity in 2012). The preliminary findings of this control are the following: The MoI failed to provide adequate system for the fulfilment of requirement to keep all the documentation, it failed to obtain all the required documents necessary for the control and it did not perform the four-eye control of selected tenders. The MoI did not use the updated version of checklists included in the IOP OM, thus did not check the public contracts to sufficient extent.

### **2.3.2 Design of management and control systems**

The Description of management and control systems of the IOP as defined in Article 71 of the General Regulation was approved by the Commission on 26 November 2009.

Major changes in IOP management and control systems were made in the course of 2009, when for reasons of inadequate administrative capacity a part of the tasks of the Intermediate Body of MoLSA

(Intervention areas 3.1 and 3.3) and MoI (Intervention areas 2.1 and 3.4) was delegated to the Centre for Regional Development.

Starting from 1 Jul 2012 there was another change in delegated activities in Intervention areas 2.1 and 3.4. The remaining administrative activities were transferred from the Ministry of Interior of the CR to the Ministry for Regional Development of the CR and the Centre for Regional Development of the CR. The powers with respect to individual intervention areas of IOP are summed up in Table No 3 in Chapter 1.2 Division of Powers between the Managing Authority and Intermediate Bodies.

The transfer of delegated activities has been reflected in the documents of Intermediate Bodies. In the second half of the year the MoI IB updated its Manual of Internal Procedures by version 1.5. The CRD issued the Guideline of HQ for IOP No 39 on 2 Jul 2012.

For the purpose of specifying the description of activities on 2 Jul 2012 the MoLSA IB issued version 1.4 of the Description of Work Procedures of the Ministry of Labour and Social Affairs of the CR.

The IOP MA as of 24 Apr 2012 revised the Operational Manual of the Managing Authority version 1.1. The main changes are the following:

- update of procedures related to public contracts,
- redrafting of the chapter on selection of external experts and evaluators,
- adding a new chapter on the introduction of a new indicator in the National Codelist of Indicators,
- adding a new chapter on the aggregate payment claim and certification of expenditure,
- modification of MA control procedures,
- a new chapter on the payment of bonuses for the absorption of allocation.

On 25 Sep 2012 the MA issued the Manual for the Implementation of JESSICA Financial Instrument in Intervention area 5.2 Improving the environment in problematic housing estates. The Manual describes the implementation structure of this financial instrument, supported activities and eligible expenditure, monitoring indicators, the way of submitting and evaluating the applications for support submitted by the HF, monitoring of FI implementation, conditions for the award of contracts, financial flows, control mechanisms.

As of 20 Dec 2012 the MA issued the revision 1.1 of the Manual for Implementation of JESSICA Financial Instrument in which it responded to changes in implementation of this FI and modified particularly the procedure for the selection of administrator of the Urban Development Fund.

In the second half of 2012 the IOP Managing Authority revised the basic implementing document of the Programme – IOP Operational Manual version 1.4, which came into force following the comments procedure on 2 Jan 2013. The IOP MA incorporated in the manual the methodological guidelines issued at the time of validity of version 1.3, specified and supplemented the descriptions of activities based on audit findings and recommendations from evaluations, and incorporated therein changes in legislation. The revision of the IOP Operational Manual will be followed by the revision of manuals of Intermediate Bodies at the beginning of 2013.

### **2.3.3 Staffing of the Programme**

The main problem of IOP staffing in 2012 was a high turnover of staff of IOP MA, MoI CR and MoLSA IBs:

**Table No 24 - Provision of administrative capacity broken down by IB**

Entity	Number of FTE according to administrative capacity in 2012	Number of commenced employment contracts	Number of terminated employment contracts
IOP Managing Authority + MRD CR departments involved in IOP MA activities	56,835	8,33	4,58
Centre for Regional Development of the CR	39,45	11,50	10,1
Ministry of Interior of the CR	24,80	8,36	11,77
Ministry of Culture of the CR	16,65	4,9	7
Ministry of Labour and Social Affairs of the CR	21,52	1,41	3,04
Ministry of Health of the CR	20,50	6,5	5,5
<b>TOTAL</b>	<b>179,76</b>	<b>41</b>	<b>41,99</b>

Source: Report on the provision of administrative capacities of IOP implementation structure for 2012

The IOP MA responded to the situation by conducting the “Analysis of administrative capacities and outsourcing of IOP Intermediate Bodies“.

More detailed information on the conducted analysis in the field of provision of administrative capacities is given in Chapter 2.7.2 Evaluation of the Programme.

### 2.3.4 Reinforced risk management of NCA

On 4 Jul 2012 the Government through its Resolution No 498 approved the document submitted by the National Coordination Authority called “Risky Operational Programmes – Proposed Measures Promoting the Accomplishment of Objectives of the National Strategic Reference Framework“.

The aim of this document was to inform the Government of the CR on operational programmes considered risky by the MRD-NCA as at the date of elaboration of this document (i.e. OP Transport, OP Environment, OP Research and Development for Innovations, OP Education for Competitiveness, Integrated OP and ROP Northwest).

Each risky OP was subject to overall evaluation in terms of physical fulfilment of objectives, financial aspects and OP management. The document also comprised the action plans for individual operational programmes.

The meetings with NCA on reinforced risk management in IOP were in 2012 replaced by reporting the accomplishment of the Action Plan in the form of exchange of letters between the IOP MA and MRD-NCA.

The NCA Action Plan for IOP contained ten risks in five risky areas. The last one was sent to the NCA on 7 Jan 2013 (for more information see Annex No 4 Action Plan of the NCA for IOP) detailing the accomplishment as of 31 Dec 2012.

### 2.3.5 Crisis management of selected intervention areas

#### 2.3.5.1 Information on the transfer of delegated activities

On account of highly unsatisfactory status of implementation in intervention areas under the responsibility of the MoI CR, the IOP MA as of 1 Jul 2012 transferred the delegated activities under Intervention areas 2.1 and 3.4 from the Ministry of Interior of the CR (IOP Intermediate Body) to the

Ministry for Regional Development of the CR (IOP Managing Authority) and the Centre for Regional Development of the CR.

This change was made as a result of conclusions of the 9<sup>th</sup> meeting of the IOP Monitoring Committee held on 31 May 2012, conclusions of the meeting with the European Commission on Smart Administration held on 30 Mar 2012, and an agreement between the Minister of Interior and the Minister for Regional Development.

The preparation of the change as such took more than six months. It consisted in the modifications of work procedures, revision of the content of handed over project files, checking of data entered in IS Monit7+, provision of staff capacities and drafting the amended agreement on delegating certain activities between MRD and MoI CR.

It aimed at the improved quality, lower error rate and accelerated administration in Intervention areas 2.1 and 3.4 of IOP. The transfer should be conducive to reducing the SFD agenda and making the capacities available for reinforcing the administration and control of projects in Intervention area 1.1 of IOP. The agendas associated with Smart Administration, physical responsibility for introducing ICT in territorial public administration and services in the field of security, risk prevention and management remained under the responsibility of MoI CR.

Changes in the Agreement on delegating were discussed and approved at the level of Deputy Ministers involved in the implementation of Integrated Operational Programme (MRD CR and MoI CR) and signed by both the ministers on 28 Jun 2012.

On 10 Jul 2012, the IOP MA in response to the change in delegated activities organised a seminar for beneficiaries under Intervention areas 2.1 and 3.4.

### **2.3.5.2 Sleeping and risky projects of IOP**

In the light of prevailing problems to meet the forecast absorption, starting with July 2012 the IOP MA introduced a system of monitoring and subsequently also management of sleeping and risky projects. The failure to fulfil the forecast absorption is caused primarily by non-compliance with the timetables of project implementation and postponement of activities to next project stages. Also considered were the conclusions of the 9<sup>th</sup> meeting of IOP MC, conclusions of the meeting with the EC on Smart Administration, the document of MRD-NCA on risky operational programmes submitted to the Government, and the document of IOP MA submitted to the Government in the spring of this year on risks faced in IOP implementation.

The IOP MA designed the system of six risk parameters related to insufficient absorption, conduct of tenders and extension of project implementation which was presented at the 10<sup>th</sup> meeting of IOP Monitoring Committee. Based on these parameters the IOP MA generates a report from IS Monit 7+ containing projects under implementation which show at least one risk parameter. The IOP Intermediate Bodies identify the specific problem in individual projects and assign to it a matching measure as well as the deadline of its expected resolution. The IOP MA verifies the adequacy of the selected measure and classifies the level of risk of individual projects (sleeping, high-risk, risky, no-risk project).

In the period from July 2012 the situation in sleeping and risky projects was assessed twice (as of 10 Sep and 30 Nov 2012). By comparing the results with the assessment as of 10 Sep 2012 which identified 17 sleeping projects, as of 30 Nov 2012 a total of 4 sleeping projects were identified. A negligible improvement was seen in high-risk projects as of 30 Nov 2012, there were 40 high-risk projects identified as against the previous 45. In February 2013 the Minister for Regional Development shall submit information to the members of the Government with the resolution committing the relevant ministries to resolve the crisis situation and to elaborate detailed measures.

**Table No 25 - Overview of sleeping and risky projects by support provider as of 30 Nov 2012**

Support provider	IA	Sleeping		High-risk		Total	
		Number	Volume in CZK	Number	Volume in CZK	Number	Volume in CZK
MoC	5.1			3	971 224 858	3	971 224 858
MRD	2.1/3.4			23	810 375 907	23	810 375 907
MoLSA	3.1/33			8	73 303 883	8	73 303 883
MoI	1.1	4	1 111 488 280	4	893 520 154	8	1 971 717 111
MoH	3.2			2	85 057 026	2	85 057 026
<b>Total</b>		<b>4</b>	<b>1 111 488 280</b>	<b>40</b>	<b>2 833 481 828</b>	<b>44</b>	<b>3 944 970 108</b>

Source: IS Monit7+IOP and IOP MA in cooperation with IBs as of 30 Nov 2012

### 2.3.5.3 Measures taken to ensure the fulfilment of n+3/n+2 rule

In 2012 the IOP MA compiled the Overview of measures taken to fulfil the n+3/n+2 rule in 2012 and 2013 and upon instruction of the IOP MA Director of 17 Oct 2012 the individual IOP IBs elaborated a response to these measures. The crisis management of IBs was incorporated in these Ten Measures which impose obligations on IBs directed to the fulfilment of n+3/n+2 rule. The measures are enlisted at the end of this chapter.

When formulating the individual measures, their scope and timetable the IOP MA built on its previous experience with the fulfilment of absorption plan and also on the experience with managing the fulfilment of n+2 rule and with the so called over-commitment of JROP.

The IOP MA based on task C/12 assigned at the 10<sup>th</sup> meeting of IOP Monitoring Committee prepared the quantification of impacts of individual measures.

When quantifying the impacts of individual measures the IOP MA reckoned with the worst scenario in which in 2013 if all the negative circumstances occurred the missing amount for the fulfilment of n+3/n+2 rule could reach up to CZK 5.5 billion (43 % of the absorption plan for 2013). The IOP MA has the ambition to reduce this amount to minimum.

#### A list of measures for the fulfilment of n+3/n+2 rule

- 1. Approval of changes in the timetable of individual stages*
- 2. Monitoring of processes conditioning the approval of applications for payment*
- 3. Division of projects into stages*
- 4. Discussions with the OPC concerning the termination of their investigations*
- 5. Update of data in IS Monit 7+*
- 6. Specification of data on tendered amounts in projects*
- 7. Continuous consultations on applications for payment*
- 8. Simplification of procedures and conditions*



## 9. Prevention of cuts of expenditure on account of unnecessary breach of the Conditions

## 10. Monitoring of performance of IOP IBs

# 2.4 Changes in the Context of Programme Implementation

## Socio-economic changes

Compared to 2007, in the period from 2008-2012 the Czech Republic witnessed considerable socio-economic changes in consequence of the global economic crisis. The development is illustrated in the table below:

**Table No 26 - Development of basic socio-economic indicators in 2007-2012**

Indicator	2007	2008	2009	2010	2011	2012
Increase/decrease in GDP (%)	5,7	3,1	- 4,5	2,5	1,9	-1,2
Average annual inflation rate (%)	2,8	6,3	1,0	1,5	1,9	3,3
Job applicants (ths of persons, data as of 31 December of the given year)	354,9	352,3	539,1	561,6	508,5	545,3
Registered unemployment rate (% , data as of 31 December of the given year)	6,0	6,0	9,2	9,6	8,6	9,4
Registered unemployment rate (in % , annual average)	6,6	5,4	8,0	9,0	8,6	8,6
State budget balance (in billion CZK, difference between revenues and expenditure)	- 66,4	- 19,4	- 192,4	- 156,4	- 142,8	-101,0
State budget balance in % of GDP (current prices)	- 1,9	- 0,5	- 5,3	- 4,3	- 3,7	-2,6
Government deficit (surplus) in % GDP <sup>x)</sup>	- 0,7	- 2,2	- 5,8	- 4,8	- 3,3	5,0

Source: CSO, MoLSA and MoF; status as of 1 Feb 2013

<sup>x)</sup> <sup>1</sup> It serves for the verification of fulfilment of Maastricht convergence criteria (the deficit should be below 3.0%); the increase in 2012 was influenced by the methodology to the degree of approximately 1.8% (church restitutions, part of EU funds for certain operational programmes was not reimbursed).

Following a steep growth of GDP in 2005-2007 period (annually by more than 6 % on average), the year 2008 marked a turning point: From the 4<sup>th</sup> quarter of 2008 to the 2<sup>nd</sup> quarter of 2009 the Czech economy was in recession, while in the 3<sup>rd</sup> quarter of 2009 the situation changed and since that period until the mid 2011 the Czech economy exhibited growth recovery. The year 2010 already showed an overall recovery of the economy, the GDP grew in each quarter of the year and the annual GDP growth (2.5 %) was higher than that of EU-27 (2.0 %). In 2011, according to the MoF data, the GDP rose by 1.9 % (an estimate for EU 27 is 1.5 %), the growth, however, gradually slowed down and at the end of 2011 the Czech economy undergoes shallow recession. In 2012 according to the CSO data the GDP dropped by 1.2 % in total and also the situation in relation to the EU deteriorated (in EU 27 the decline is estimated at only at 0.3 %). Despite the growth in 2010–2011, **the level of GDP in 2012 still failed to reach the pre-recession level at the turn of 2008 a 2009.**

As concerns the **regional GDP** (NUTS 2 regions) there were no major changes in 2007-2011 period, a strongly dominant position is still held by Prague, with GDP more than twice as high as the average GDP per capita in the CR (214.8 % to be specific). The other regions reach the values of 80-90 % of average GDP per capita in the CR, the highest GDP is reported by Central Bohemia (88.2 %) and

Southeast regions (89.6 %), the lowest GDP is reported by Central Moravia (80.4 %) and particularly Northwest (77.5 %).

In 2007–2011 period, **the average level of GDP per capita in purchasing power standard (PPS, EU 27 = 100%)** in the CR now **did not increase**. Both in 2007 and 2011 it reaches the level of 80 %. None of the NUTS 2 regions falling under the Convergence objective in 2007–2013 period (7 regions) exceeded in 2011 the value of 75 % of average GDP per capita in purchasing power standard (PPS, EU 27 = 100 %), the level exceeding 70 % was reached only by Central Bohemia, Southwest and Southeast regions.

In terms of structure, the GDP in 2012 was driven primarily by **foreign trade** results, whereas the consumption expenditure of households and government institutions in 2012 dropped. In 2012, as compared to 2011, the exports rose by 6.4 % and the imports by 2.4 %, the balance of trade at the end of the year reported a surplus of CZK 310.8 billion (in 2011 – CZK 191.4 billion). The share of export in GDP, which in 2000 accounted for 63 %, reached roughly 80 % in 2012 (e.g. only 50 % in Germany).

After two years of **growing industrial production** (2010 +10.3 %, 2011 +6.5 %) in 2012 there was a drop by 1.2 %. In 2012 the industrial production reached approximately the pre-recession level of 2008 (in 2008-2012 it grew only by 0.2 %). The year 2012 was the fourth year in a row in which the decline of **construction industry output** was reported, namely by 6.5 % year-on-year (in 2011 it decreased by 3.1 %). In 2012 the construction industry compared to the boom in 2008 dropped by 17 %, a downward trend was reported also in the value of newly concluded construction contracts and the volume of housing construction.

The decreased consumption of households and the government sector in 2012 led to year-on-year **drop in the sales in services** by 0.6 % (drop in 2011 by 1.5 %) . The most dramatic decrease was reported in professional, scientific and technical activities; growth was reported only by transport, storage and administrative and support activities. **Sales in accommodation and food services activities** in 2012 exhibited a drop by 2.2 % (in 2011 a moderate growth was reported by 0.6 % after three years of decrease). Whereas the sector of accommodation showed an increase by 4.7 %, in food service activities the sales declined by 6.2 % (a long-term drop in these services started already in 2008). Even though in 2012 the number of guests in collective accommodation establishments rose by 5.8 % and exceeded the level before recession, the number of overnight stays grew only by 3.5 % on account of ever shorter average number of overnight stays.

Despite economic recovery in 2010-2011, **the labour market continues to feel the consequences of recession**. The number of the employed dropped not only in 2009 (by 1.4 %), but also in 2010 (drop by additional 1.0 %), a slight increase of employment by 0.4 % was achieved only in 2011 and also in 2012 (increase by 0.4 %); in 2013 the number of employed persons is expected to be at a standstill.

Due to the fact that since 2009 the population aged 15-64 has been on a decline (in 2009 - 7 431 thousand persons, in 2012 - 7 231 thousand persons, the outlook for 2015 is 7 074 thousand persons) the economic activity rate of this age group has been showing an ongoing growth: 2007 = 69.8 %, 2010 = 70.2 % and 2012 = 71.6 % (the EU aims to achieve the level of 75 % across EU-27).

With decreasing employment rate the rate of unemployment (MoLSA – registered unemployment rate) increased, not only in 2009 (from 6.0 % in December 2008 to 9.2 % in December 2009), but also in 2010 (to 9.6 %). Some improvements were seen only in 2011 when the unemployment rate in December dropped to 8.6 %. Due to the economic recession, though, the unemployment rate in 2012 grew again, namely to 9.4 % in December 2012; as of this date the Labour Office of the CR registered a total of 545.3 thousand job applicants.

For the sake of comparison, **the unemployment rate reported by Eurostat** in December 2012 in the CR reached the level of 7.5 %, which is the eighth lowest in EU-27 (EU 27 = 10.7 %).



From the **regional point of view, the unemployment rate in the CR continues to vary a lot**, with the highest level (December 2012) in Ústí nad Labem (14.0 %), Olomouc (11.9 %) and Moravian Silesian region (12.3 %); and with the lowest unemployment rate, on the contrary, reported over a long period of time in Prague (4.5 %), Central Bohemia (7.5 %) and Plzeň region (7.3 %).

**The adverse development of economy had as a matter of fact no significant impact on the implementation of IOP in 2009–2012 period.** It is mainly due to the fact that the predominant part of aid beneficiaries is constituted by public sector entities (central administration authorities, regions, municipalities and organisations established or founded by them), which were much less affected by the crisis than the businesses or NGOs. E.g. in the state budget there were no cuts in expenditure on financing the operational programmes co-financed from the EU funds. Nonetheless, the government austerity measures directed from 2011 at reducing the state budget deficit and government sector deficit are conducive to savings both in the operating costs and investments also at individual ministries. A visible implication of this situation was e.g. the decision of the Ministry of Interior of the CR to terminate the preparation of the major project called the National Centre for Emergency Preparedness and Training of Units of the Integrated Rescue System (Intervention area 3.4 of IOP, the project accounted for roughly 4 % of the IOP allocation); the change was approved by the Commission decision on IOP revision of 23 Dec 2011.

A positive phenomenon was the still **low level of average annual rate of inflation** in 2009 (1.0 %), in 2010 (1.5 %) and in 2011 (1.9 %). According to the CSO the average annual rate of inflation in 2012 increased to 3.3 % (due to higher VAT rate), while in 2013 based on the MoF outlooks it should stand at 2.1 % and in 2014 at 1.8 %. The referred to development has a positive effect on the prices of construction works, purchase of technologies, equipment and machinery for investment projects in IOP.

Negative effects were caused by **the fluctuation of the CZK/EUR exchange rate** which is manifested in the variability of the total volume of allocated funds expressed in Czech crowns. The development of the exchange rate is shown in the table below.

**Table No 27 - Development of CZK/EUR exchange rate in 2007-2012 period**

Indicator	2007	2008	2009	2010	2011	2012
Average daily nominal CZK/EUR exchange rate for the year	27,76	24,96	26,45	25,29	24,59	25,14

*Source: MoF, status as of 10 Feb 2013*

In the course 2012 the Czech crown depreciated towards Euro by 2.2 % on average, which was brought about also by gradual decrease of the base interest rates of by the Czech National Bank. According to the macroeconomic outlook of the MoF of 31 Jan 2013, only a slight appreciation of the Czech currency is expected in the next period (the MoF outlook of the exchange rate for 2013 is 24.9 CZK/EUR). Nonetheless, this development has also a positive impact since it helps exporters to better cope with the foreseen slowdown in foreign demand. It also positively impacts the implementation of IOP because the depreciation of Czech currency is beneficial for beneficiaries who shall now receive more Czech crowns for the same amount in Euro; it also helps decrease the risk of “overcommitment” that existed in the last programming period (JROP).

### Amendments to legislation

Amendments to legislation adopted from 2009 to 2012 brought about simplification or specification of the interpretation with respect to the implementation of the programme (amendments to EU legislation) or represented the necessary legislative basis for the implementation of selected parts of IOP (basic registers, data boxes, central register for de minimis aid).

Considered positive in a number of cases were **amendments to the General Regulation No 1083/2006** (amendments by Regulation No 284/2009, No 539/2010 and No 1310/2011) and the No 1828/2006 (amendments by Regulation No 832/2010 and by Regulation No 846/2009). Positive for the IOP implementation were especially the amendments to the General Regulation, namely to Article 48 (possibility to justify the revision of the programme only by an analysis), No 55 (simplification in revenue-generating projects), No 57 (monitoring of sustainability of projects only in infrastructure and productive activities), No 67 (specification and simplification of information required in annual reports, progress in financing and implementation of financial engineering instruments), No 78 and 78a (specific requirements for the statement of expenditure regarding financial engineering instruments), No 82 (modification in the amount of pre-financing) and No 93 (modification of n+3/n+2 rule), which are followed by amendments to the Implementing Regulation.

In the Czech Republic too, attention was paid to matters associated with **the simplification of administration of EU funds** in 2010 and 2011. By Government Resolution No 212 of 15 Mar 2010 proposals for amendments to legislation and other changes were approved in order to simplify the administration of EU funds. With respect to IOP it concerned primarily the amendment to Act No 218/2000 Coll. (on budgetary rules). The progress on implementation of these measures was communicated to the Government on 20 Oct 2010 (Resolution No 745 was adopted) and later on 11 May 2011 (Resolution No 339/2011 was adopted).

Before the end of 2011 the following amendments were adopted: **Decree No 449/2009 Coll. was amended** (by Decree No 403/2010 Coll.) according to which it was impossible to make payments to beneficiaries in the last fifteen days of each quarter of the year. By Act No 465/2011 Coll. the **Act No 218/2000 Coll.** (budgetary rules of the CR) **was amended as well as Act No 250/2000 Coll.** (budgetary rules of the territorial budgets); the amendment came into force at the beginning of 2012. In 2012 also another amendment to budgetary rules No 171/2012 Coll. was adopted which stipulates the publishing of all the data crucial for the provision of support. The data are collected by support providers and handed over to the Ministry of Finance of the CR which publishes the data on its website.

In 2012 also launched was the implementation of measures to reduce the legislative barriers to the implementation of Structural Funds and the Cohesion Fund in 2014 – 2020 programming period (Government Resolution No 610 of 22 Aug 2012). The relevant amendments to legislation (budgetary rules in particular) will be made in 2013.

In 2012 an extensive amendment to Act No 137/2006 Coll., on the award of public contracts (Public Procurement Act) was adopted – **Act No 55/2012 Coll.**, which reinforced the transparency and also the anti-corruption nature of this Act. The amendment e.g. lowered the threshold for below-the-threshold contracts (a threshold for small-scale contracts), extended the definition of a supported contracting authority, newly introduced the term of “significant public contract“, changed the concept of the so called restricted procedure, introduced the term of “a person with specific competence“, modified the methods for proving the qualification, introduced the term of “profile of the contracting authority“, the concept of a preliminary notice was changed (for above-the-threshold and below-the-threshold public contracts), the obligation to keep a list of evaluators of public contracts was introduced and the disclosure and its methods were specified.

In February 2011 also amended were the **Binding procedures** for the award of public contracts co-financed from EU Funds, to which Act No 137/2006 Coll. does not apply (a single system for financial corrections associated with the award of public contracts was added). The procedures were also modified to comply with the referred to Public Procurement Act No 55/2012 Coll. (May 2012 version).

Very positive for the implementation of IOP Priority axes 1a/1b (Modernisation of public administration) was **the adoption of Act No 111/2009 Coll., on basic registers**, and Act No 227/2009

Coll., amending certain acts in relation to the adopted of Act on basic registers (the acts became effective on 1 Jul 2010). The Act on basic registers defined the content of basic registers and laid down the rights and obligations associated with their creation, use and operation, and also set up the National Registers Authority. In 2010, there were two amendments to this Act made – by Act No100/2010 Coll., which extended the transition testing period of the basic register system from 30 Jun 2011 to 30 Jun 2012 (the original deadline was not realistic considering the IOP approval processes), and by Act No 424/2010 Coll. (partial amendments).

On 1 January 2010 (pursuant to Act No 109/2009 Coll. and the implementing Decree No 465/2009 Coll.) **the central register of de minimis aid was set up** in the CR, administered jointly by the Office for the Protection of Competition (bearing the responsibility for de minimis aid pursuant to Regulation No 1998/2006) and by the Ministry of Agriculture (responsible for de minimis aid in the sector of agriculture and fisheries). Ever since the date of creation of the central register, the de minimis aid providers (in IOP it concerns Intervention area 3.1c – social economy, with MoLSA as the provider of assistance) are obliged to enter the data on granted aid as defined in Section 3 of the referred to Implementing Decree. **Once the data is entered in the register, starting from 1 Jan 2012 the provider of assistance will no more require an affidavit from beneficiaries** on de minimis aid in the monitored three-year period. The information will be verified by the provider of assistance in the central register.

### Changes in the Programming Document

In the course of 2012 there were no changes or revisions made which would modify or change the IOP Programming Document.

## 2.5 Substantial Modification under Article 57 of Regulation (EC) No 1083/2006

The chapter describes the cases of substantial modifications pursuant to Article 57 of Council Regulation (EC) No 1083/2006 on durability of operations.

In 2011, no problems with durability (sustainability) of projects were reported. Any modifications, which are to be conducted during the implementation and the period of durability of the project, shall be immediately notified in writing by the beneficiary to the IB on the form entitled Notification of modifications in the project.

## 2.6 Complementarity with Other Instruments

### 2.6.1 Achieving synergies

The synergy is a material interaction between two projects submitted under two different OPs by the same applicant or by two different applicants, the joined implementation of which would produce greater effect than when implemented separately.

Synergy in IOP can be assessed from 2 perspectives:

- according to the individual operational programmes (mentioned in the Programming Document),
- according to synergy areas (themes).

### 2.6.1.2 Synergies by thematic area

Based on the projects implemented by the NCA “Ensuring synergy between the operational programmes in 2007-2013 programming period“ and based on consultations with the MA, operational programmes and intervention areas were identified which by the type of supported activities create synergy. They were divided into thematic areas.

In the framework of IOP the following thematic areas can be monitored:

- ***Smart Administration*** (IOP - OP HRE)

The MoI CR IB monitors two projects under OP HRE at the beneficiary of the Czech Social Security Administration that are linked to an IOP project. The projects, however, are not interconnected in IS Monit7+, they are not recorded as synergic in the system.

Under OP HRE two projects are implemented:

The project focusing on the provision of staffing for processes of data mining for creation and consolidation of master registers of insured persons and their individual accounts with reference to the basic public administration registers - Part 1

The project focusing on the provision of staffing for processes of data mining for creation and consolidation of master registers of insured persons and their individual accounts with reference to the basic public administration registers - Part 2.

Under the IOP a project focused on creation of information and communication interface of the Czech Social Security Administration (CSSA) for the purpose of providing information to clients.

- ***Roma related matters*** (IOP - OP HRE, OP EC),

It concerns projects implemented under IUDPs in IOP. The IUDPs in IOP are primarily concentrated on the regeneration of residential buildings and revitalisation of public spaces (IOP 5.2), nevertheless they can be supplemented by projects financed from other operational programmes. These projects are awarded 10% preferential points. The information is available in MSC2007, more details are included in individual IUDPs. The lists of approved projects are included in the annual monitoring reports on progress achieved in IUDPs. In activity 5.2c) the obligation of a synergic link to a project under 3.1b of IOP or 3.2 of OP HRE is directly stated in the Programming Document.

- ***Improving public services quality and accessibility*** (IOP - OP HRE)

The projects under Intervention area 3.1 of IOP have synergic links to intervention areas of OP HRE and IOP, it concerns the synergy A) in the focus of support and B) with support projects.

A) Synergies in the focus of support:

1<sup>st</sup> and 8<sup>th</sup> call for Intervention area 3.1, activity c)

Synergy – call No 30 of OP HRE (Global Grant CZ.1.04/3.1.6 Social economy, Intervention area 3.1).

The applicant can submit an application for support to financing a single (joint) business plan in two programmes (investment activities – financed from IOP, non-investment activities – financed from OP HRE).

3<sup>rd</sup> and 6<sup>th</sup> call, IA 3.1 activity b)

Synergy – call No 55 of OP HRE (Intervention area 3.2 Support of social integration of members of Roma localities) for applicants from among municipalities.

Only projects implemented by municipalities in selected social localities linked to the focus of support of Intervention area of 3.1 b of IOP can be submitted under this call.

Synergy – call No 19 of OP HRE (Intervention area 3.2 Support of social integration of members of Roma localities) (Global Grant CZ.1.04/3.2.1 Support of social integration of members of Roma localities) for the applicants from among non-profit organisations.

Synergy - activity 5.2c of IOP anticipates the pilot links activities in the field of regeneration of buildings and activities in the field of social inclusion, human resources and employment with the view to improve the living conditions in socially excluded Roma community.

#### B) Synergies with support projects:

A synergy is created with individual projects of OP HRE which by their focus assist in the submission of projects to IOP, IA 3.1 as the so called support projects.

2<sup>nd</sup> and 7<sup>th</sup> call, IA 3.1 activity a)

Project No CZ 1.04/3.100/04.00002 Support of the transformation of social services, Intervention area 3.1 of OP HRE focused also on support for the development of transformation plans which are a necessary pre-condition for submission of projects under the 2<sup>nd</sup> and 7<sup>th</sup> call of MoLSA in IOP.

3<sup>rd</sup> and 6<sup>th</sup> call, IA 3.1 activity b)

Project No CZ 1.04/3.2.00/47.00001 A single project of the Office of the Government – Support of social inclusion in selected Roma localities through activities performed by the Agency for Social Inclusion in Roma localities. The project was submitted under call No 47 of OP HRE as a support project focusing inter alia on support in the integration of socially excluded Roma localities and communities.

- ***Tourism, publicity and marketing*** (IOP - ROP),

In Priority axes 4a and 4b no projects are implemented that demonstrate synergic links to projects implemented under ROP.

- ***Utilising the cultural heritage potential*** (IOP - ROP).

For the purpose of the annual report the synergic links by thematic area are monitored in detail through the NCA forms attached to this Annual Report in Annex No 1.

## 2.6.2 Exploitation of other EU financial instruments

In the context of the launch of implementation of JESSICA FI, on 29 July 2011 the IOP Managing Authority submitted to the Commission the revision of the Programming Document. It was approved by Commission Decision of 23 December 2011.

In the course of 2012 the legislative process of the amendment to Act No 211/2000 Coll., on the State Housing Development Fund was completed that had been commenced on 20 March 2012 by submission of a draft amendment by a group of members of the Chamber of Deputies of the Parliament of the CR. The amendment was published in the Collection of Laws under No 276/2012 on 22 August 2012 and came into effect on 6 September 2012. The SHDF is identified as the most



suitable institution with a public mission, fulfilling the Housing Policy Concept of the CR which could provide an umbrella for JESSICA Financial Instrument at the central level through establishing a Holding Fund. In this context on 12 July 2012 a Holding Fund was set up as an independent accounting unit in the framework of the current organisational structure of SHDF.

28 February 2012 marked the approval of the Supplement to the Methodological Guideline of MRD concerning the main principles for the preparation, evaluation and approval of IUDP, containing the procedures governing the extending of existing defined zones and development of new IUDPs from the target group of municipalities with more than 20 000 inhabitants for the use of JESSICA FI in IOP. In order to introduce the JESSICA FI to municipalities on 21 June 2012 a seminar was held for municipalities with approved IUDPs in IOP and on 25 June 2012 a seminar was held for municipalities whose IUDPs in IOP have so far not been approved. On 16 July 2012 the MA announced a call for submission of applications for approval of new IUDPs and extension of deprived zones with approved IUDPs with an extended deadline of submission until 28 March 2013.

In order to implement the pilot testing of JESSICA FI in IOP in September 2012 the IOP Managing Authority issued the Manual for the implementation of JESSICA Financial Instrument in Intervention area 5.2 Improving the environment in problematic housing estates.

In close cooperation and through the OPC, on 20 July 2012 by DG COMPETITION confirmation of the receipt of supporting documents the administrative process of pre-notification and subsequent notification of a change in the approved state aid scheme No N342/2008 was launched with respect to the implementation of pilot testing of JESSICA FI in IOP. It consists in the increase of the total amount of support in 5.2 by JESSICA FI funds, in the possibility to grant these funds in the form of soft loans and in the extension of validity of this scheme until 31 December 2015. The Decision of the Commission on the state aid was issued on 23 January 2013.

In connection with the preparation of tender documentation for the selection of the Urban Development Fund administrator on 24 December 2012 the “Prior information notice” was published in the Public Procurement Bulletin and sent to the Official Journal of the EU (TED) in which it was published on 28 December 2012. Intensive preparation of documents for the tender on UDF administrator is under way. The criteria for the selection of the Urban Development Fund administrator were approved through per rollam procedure of the IOP Monitoring Committee. The MC members were notified of the result on 3 January 2013.

In September 2012 the MA announced a time-limited call for submission of applications for support for the implementation of JESSICA FI, under which the SHDF through the BENEFIT information system submitted an application for support. The Decision on providing a grant was issued by the IOP MA on 26 October 2012. Based on the submitted application for payment on 12 November 2012 the separate bank account of the SHDF was credited with the full amount of assistance for the implementation of JESSICA FI.

### **2.6.3 Integrated Urban Development Plans**

#### **Setting the evaluation criteria for the selection of IUDP projects**

The system of selection of projects is taken care of by the IUDP Management Committee, it is stipulated by the “Method of project selection“ chapter of the IUDP Document and is included in the respective call of the municipality for submission of applications for support. The duty to select the IUDP projects in a transparent, equal and non-discriminatory manner is laid down in line with IUDP rules by the Agreement on ensuring the IUDP implementation. Ranking among other obligations of the municipality vis-à-vis the IOP MA is the obligation to respect the conditions of the call announced by the IOP MA for Intervention area 5.2, to publish the system of project selection, to send the

supporting materials for the selection of projects prior to the announcement of the call as well as the results of project evaluation with all relevant supporting materials.

The projects recommended by the municipality are submitted by the applicants to the CRD for the standard check of eligibility, formal requisites, risk analysis and potential ex-ante on-the-spot check.

### Current status of IUDP implementation

A call for IUDP proposals was open on 6 Aug 2008 and closed on 31 Dec 2008. Of the total number of 62 municipalities that met the condition of the number of population, 41 municipalities submitted an application for approval of the IUDP. From among the submitted IUDPs, a total of 6 municipalities applied for a pilot project and 13 municipalities in their projects included matters addressing the socially excluded Roma communities<sup>18</sup>. In 2012, this situation did not change.

Since 2009 the IUDPs have been implemented in the following 41 towns: Bohumín, Brno, Břeclav, České Budějovice, Český Těšín, Děčín, Frýdek-Místek, Havířov, Hodonín, Hradec Králové, Cheb, Chomutov, Chrudim, Jablonec nad Nisou, Jirkov, Karlovy Vary, Karviná, Kladno, Kopřivnice, Kroměříž, Liberec, Litvínov, Mladá Boleslav, Most, Náchod, Nový Jičín, Olomouc, Opava, Orlová, Ostrava, Pardubice, Písek, Přerov, Příbram, Strakonice, Tábor, Třebíč, Uherské Hradiště, Ústí nad Labem, Vsetín and Znojmo. The pilot projects are to be implemented in the town of Ostrava, Orlová, Přerov, Brno, Kladno and Most.

**Table No 28 - Aggregate data based on concluded Agreements on ensuring the implementation**

Data from concluded Agreements on ensuring the implementation of IUDP	Total
IUDP sources total (CZK)	9 607 000 000 CZK
Total eligible expenditure - revitalisation of public spaces (CZK)	4 164 000 000 CZK
Total eligible expenditure - regeneration of residential buildings (CZK)	5 442 000 000 CZK
ERDF - revitalisation of public spaces (CZK)	3 530 000 000 CZK
ERDF – regeneration of residential buildings (CZK)	1 932 000 000 CZK
Area of revitalised territory (m <sup>2</sup> )	4 152 989 m <sup>2</sup>
Number of regenerated apartments (number)	23 266 pcs
Energy savings (%)	21 %
Activity – revitalisation of public spaces (%)	43 %
Activity – regeneration of residential buildings (%)	53 %

Source: Internal analyses of IOP MA

The IUDPs have been implemented since July 2009. In the course of 2012 a total of 31 calls were announced in individual towns, of which 29 time-limited and 2 continuous. In total 215 calls have been announced, of which 152 time-limited and 63 continuous. Bearing in mind the fact that due to a change in the regional map of state aid as of 2014 the issuance of the Decisions on providing a grant have to be completed by 31 Dec 2013, the IOP MA allows the IUDP municipalities to announce calls for activity 5.2b) – regeneration of residential buildings only with the closing date in May 2013. The reason is the necessity to make sure that all the project applications under activity 5.2 b) are administered by the end of 2013.

In the course of 2012 the MA monitored particularly whether the requirement of absorption of at least 40 % of total eligible expenditure of IUDP by the end of the year is being met. Based on preliminary evaluation the MA decided to postpone the deadline for the submission of applications for payment accounted for in the allocation absorbed in 2012 from the original date of 30 Sep 2012 to 31 Dec 2012. Despite the measure taken the requirement for absorption of total eligible expenditure of IUDP in the implementation period was not met by altogether five towns (Děčín, Cheb, Most, Ostrava, Znojmo). In

<sup>18</sup> Of these 13 towns (municipalities) only 8 towns were assigned points for criterion 2.e – “IUDP includes a solution in a socially excluded Roma locality”.



these towns the decision on cutting the allocation will be adopted by the IOP MA, namely in the amount of the difference between the actual absorption and the required 40%.

Even though five municipalities failed to meet the absorption requirement, the implementation of IUDPs under IOP can be considered trouble-free. Intensive talks will be commenced with those municipalities which fail to meet the absorption requirement and a specific updated plan of absorption will be set for them for the remaining period of IUDP implementation. Funds obtained based on cuts of allocation will be used by the IOP MA for the exchange rate reserve, or will be distributed among the municipalities with absorption capacity under the activity for revitalisation of public spaces. The particular methodology will be set by the IOP MA before 31 Mar 2013.

In the course of 2012 the IOP MA informed the municipalities with IUDPs on the prepared implementation of JESSICA FI. In cooperation with the SHDF it held two seminars in Prague (21 Jun 2012 and 25 Jun 2012) for municipalities already implementing IUDPs under IOP as well as for municipalities that meet the requirement of 20 thousand inhabitants and did not use the possibility to create an IUDP document under IOP in 2008.

**Table No 29 - Information on the actual status of IUDP in 2012**

Name of the applicant	Total expenditure on IUDP	Assistance under IOP (from ERDF)	Submitted project applications (ERDF share)		Project applications recommended for financing (ERDF share)		Approved projects (ERDF share)	
	In CZK	In CZK	Number	In CZK	Number	In CZK	Number	In CZK
Bohumín	116 498 760	64 891 142	12	69 809 421,82	10	60 396 814,22	10	55 413 587,00
Brno	294 163 140	132 191 651	17	74 503 700,95	17	74 503 700,95	17	74 387 648,00
Břeclav	144 127 620	52 549 865	11	42 508 561,26	11	42 508 561,26	11	42 508 558,00
České Budějovice	261 405 720	172 207 039	34	130 637 303,99	34	130 637 303,99	34	129 168 964,24
Český Těšín	160 996 560	102 529 694	18	96 724 460,26	18	96 724 460,26	17	82 681 746,26
Děčín	160 072 740	99 363 286	13	25 725 744,36	12	24 623 098,86	11	14 770 067,00
Frýdek-Místek	288 079 260	131 658 909	31	96 737 363,40	31	96 737 363,40	31	88 511 234,00
Haviřov	283 026 120	171 847 059	5	160 786 664,79	5	160 786 664,79	3	98 084 064,00
Hodonín	169 141 920	77 914 692	30	65 002 222,51	30	65 002 222,51	30	64 975 464,68
Hradec Králové	262 386 180	166 757 542	17	165 071 898,62	16	72 356 727,57	16	71 808 392,64
Cheb	173 290 020	93 763 879	11	25 075 485,99	11	25 075 485,99	11	24 149 159,00
Chomutov	262 838 700	163 148 846	32	95 384 443,58	32	95 384 443,58	32	95 015 368,00
Chrudim	186 991 320	80 885 134	13	90 949 710,72	13	90 949 710,72	13	86 255 068,74
Jablonec nad Nisou	171 479 940	110 449 070	17	81 269 766,59	16	80 610 846,59	15	80 008 515,91
Jirkov	185 332 080	100 719 111	36	91 149 883,00	36	91 149 883,00	33	86 046 487,00
Karlovy Vary	147 898 620	81 536 285	29	45 424 254,66	29	45 424 254,66	24	33 999 818,00
Karviná	287 853 000	144 575 690	3	108 370 343,36	3	108 370 343,36	3	92 140 656,00
Kladno	288 431 220	156 207 541	18	158 215 494,30	18	158 215 494,30	18	157 660 699,30
Kopřivnice	175 829 160	95 530 693	7	93 963 408,44	7	93 963 408,44	7	75 432 944,00
Kroměříž	176 709 060	95 947 137	39	88 573 802,56	39	88 573 802,56	39	86 305 944,78
Liberec	259 193 400	151 356 728	60	104 399 686,00	60	104 399 686,00	60	103 601 829,85
Litvínov	193 427 160	83 883 557	16	62 470 563,00	15	53 132 130,00	15	51 265 671,00
Mladá Boleslav	178 519 140	96 453 029	42	123 647 102,32	42	123 647 102,32	42	123 109 738,10
Most	245 291 156	127 478 479	11	53 165 425,72	11	53 165 425,72	11	39 488 447,00
Náchod	175 049 820	106 422 020	18	79 296 453,14	18	79 296 453,14	16	77 543 788,95
Nový Jičín	173 491 140	92 169 374	25	90 367 069,86	25	90 367 069,86	25	90 367 063,52
Olomouc	279 556 800	180 492 907	38	118 321 298,05	37	114 949 467,05	35	113 459 123,50
Opava	253 587 180	161 906 301	45	141 674 473,00	45	141 674 473,00	45	126 778 219,38
Orlová	135 680 580	80 384 748	15	59 716 827,54	15	59 716 827,54	15	48 700 160,70
Ostrava	255 873 839	164 867 039	10	104 706 521,46	10	104 706 521,46	8	46 110 061,00
Pardubice	263 517 480	156 798 532	41	89 137 364,12	41	89 137 364,12	41	87 595 931,10
Písek	175 024 680	99 009 767	12	51 913 113,75	12	51 913 113,75	12	51 345 993,19
Přerov	175 854 300	87 464 147	21	66 507 967,34	21	66 507 967,34	21	65 579 627,00
Příbram	179 650 440	128 207 288	19	118 316 006,87	19	118 316 006,87	19	103 403 189,87
Strakonice	175 326 360	120 079 601	44	93 295 744,15	42	71 645 377,30	42	71 224 130,31
Tábor	168 513 420	104 624 057	26	116 649 864,61	26	116 649 864,61	26	112 801 242,50
Třebíč	182 038 740	98 102 288	30	72 656 658,36	30	72 656 658,36	30	70 679 155,00
Uherské Hradiště	181 913 040	89 345 750	24	75 741 874,63	24	75 741 874,63	24	74 927 786,33
Ústí nad Labem	215 223 540	110 224 897	6	80 560 728,55	6	80 560 728,55	6	80 560 727,00
Vsetín	182 038 740	98 122 174	30	57 073 550,53	30	57 073 550,53	30	56 666 721,98
Znojmo	166 049 700	96 470 954	7	42 421 161,20	7	42 421 161,20	7	34 184 632,00
<b>Total</b>	<b>8 411 371 795</b>	<b>4 728 537 901</b>	<b>933</b>	<b>3 607 923 389</b>	<b>924</b>	<b>3 469 673 414</b>	<b>905</b>	<b>3 168 717 626</b>

Source: MSC2007 (MONIT 7+) as of 5 Jan 2013

## Status of implementation of pilot projects

The calls for submission of projects are announced in all the six towns. As of 31 Dec 2012 altogether 55 submitted projects are registered under activity 5.2c). The investment projects are linked to projects on social inclusion, financed mostly from OP HRE under Intervention area 3.2 Support of social integration of members of Roma communities, 5.1 International cooperation (exchange of experience with social inclusion) and under Intervention area 3.1b of IOP. Moreover, in the framework of pilot projects the projects of the Operational Programme Education for Competitiveness are implemented that fall under Intervention area 1.2 Equal opportunities of children and pupils.

A crucial activity in the field of support of pilot projects was the 10<sup>th</sup> meeting of the Working Group Pilot held on 4 Sep 2012, at which the progress achieved in the implementation of projects was evaluated. Judging from the presentations of individual municipalities the IOP MA pronounced the implementation of the pilot project successful and currently not at risk. In 2012 the IOP MA made a monitoring visit to all the six IUDP towns that implement pilot projects. In all the towns the implementation of pilot projects is deemed successful, without any major complications.

The pilot projects as a tool of intervention in socially excluded localities were presented at the IOP Annual Conference held in Ostrava on 19 -20 Sep 2012. The IOP MA representatives are also active within the EURoma European network. The IOP MA presented its experience with the implementation of pilot projects using the integrated approach at the working meeting of the group held in Madrid on 14 Dec 2012.

## Cooperation between IOP, ROP and TOP within the IUDP implementation

The IUDP can also comprise projects financed from other operational programmes by which the synergy effect and comprehensive solution of plans are ensured. The MAs of thematic OPs (TOPs) were informed on the submitted IUDP under IOP after closing of the call and had the opportunity to comment on the individual IUDP projects and activities before the meeting of the Selection Committee in March 2009. The TOP MA representatives could also attend the meeting of the Selection Committee on IUDP. The indicative list of projects implemented under the IUDP and financed from other OPs can be updated by way of the Notification of the modification in IUDP. These modifications are immediately forwarded to the respective TOP MA. Information on the state of play of implementation and on topical issues of IUDP within the IOP, ROP and TOP is shared at the meetings of the Working Group for Coordination of Urban Policy. In 2012 its meeting took place on 10 December.

## 2.7 Monitoring Arrangements

### 2.7.1 Monitoring of the Programme

The Managing Authority on a monthly basis elaborates the forecast of submitted and approved applications for payment and evaluates their rate of fulfilment and discusses with the IBs the reasons of potential gaps between the actual absorption and the forecast. The MA monthly monitors the forecast fulfilment of n+3/n+2 rule in the current year. The MA also monthly evaluates the available allocation for future calls for individual intervention areas in order to set aside the exchange rate reserve and monitors the volume of funds in closed tenders in relation to the forecast absorption.

In 2012 the IOP MA changed the methodology of making the absorption forecasts in order to improve the reporting value of forecasts stated in the Report on Implementation. The change in methodology consists in the IOP MA making the absorption forecasts until the end of the programming period twice

a year based on the data given in the temporary and financial timetables of projects in IS MONIT7+ IOP that are adjusted by the current information obtained from beneficiaries through notifications of changes in projects, which as of the cut-off date are not yet entered in IS MONIT7+. In cooperation with IBs the data will also be supplemented with forecasts regarding new projects that should be submitted during the ongoing or planned calls. The average rate of ineligible expenditure ascertained by comparing the volume of submitted and approved applications for payment is deducted by the IOP MA from the forecasts made based on the data from IS MONIT7+.

In 2012 the MA had two important functionalities introduced in the monitoring system. The first one will enable the MA/IBs to monitor the status of submitted notifications of a change in a project, including its impact on the planned absorption, whereas the second one will facilitate detailed registration of administration of tenders and linking the tenders to the planned stages. Both the functionalities will be used by the IOP MA with the view to make more accurate absorption forecasts and to improve the monitoring of bottlenecks in programme implementation. The functionalities will be launched and the data will be generated at the beginning of 2013.

## 2.7.2 Evaluation of the Programme

In 2012 the MA conducted 2 internal evaluations. The Evaluation Plan for 2012 also reckoned with the cooperation between the IOP MA and NCA in drafting the Strategic Report for 2012 that was sent to the EC through MSC2007 on 19 December 2012.

In 2012 the accomplishment of corrective measures from the Action Plans from evaluations completed in 2011 continued.

The last measure from the Action Plan from the **Evaluation of communication and publicity activities of IOP** remains to be accomplished, namely the conduct of an external evaluation. The evaluation was included in the Evaluation Plan for 2013 and the MA now works on its preparation. All the measures from the Action Plan from **Evaluation of the progress of implementation of IOP Priority axis 4 (National support of tourism) with respect to the achievement of the set out programme objectives** have been accomplished except for the recommendation related to the eligibility of labour costs that was acted upon only partially. Due to the nature of beneficiaries (GA and organisations established by them) the remuneration of project team members shall comply with Government Order No 564/2006 Coll., as amended. All the measures from the Action Plan from **Analysis of administrative capacities and outsourcing of IOP Intermediate Bodies 2011** were accomplished. In case of the Action Plan from **Audit of the implementation of projects from the 1<sup>st</sup> call for Intervention area 3.2 of the Integrated Operational Programme** carried out by the MoH IB the description of 3E evaluation by external experts remains to be incorporated in the OM. The revision of MoH IB OM is under way from the beginning of 2013 and the measure from the Action Plan will be incorporated therein.

Evaluation outputs are available on <http://www.strukturalni-fondy.cz/cs/Microsites/Integrovaný-OP/O-programu/Dokumenty> in the Evaluation and analyses section.

The Action Plans from evaluations are attached to this Report as Annex No 3 and the set corrective measures are being continuously fulfilled.

### Evaluations conducted by the Managing Authority

#### Identification of barriers to the absorption of funds in Intervention areas 3.1 and 3.3 of IOP

Its conduct ensues from the Evaluation Plan of IOP approved at the 8<sup>th</sup> meeting of the Monitoring Committee on 24 Nov 2011.

The main aim of this evaluation was **to identify and evaluate the procedural and systemic barriers to the absorption of funds** in Intervention areas 3.1 and 3.3 of IOP and to propose measures to eliminate them or to reduce their impacts. The key methodological tools were the analysis of data from IS Monit7+, analysis of documentation, one-to-one interviews, a questionnaire survey targeted at applicants and beneficiaries, and a focus group composed of the implementation structure representatives.

Implementation period: January – March 2012

Type of evaluation: internal

Evaluator: IOP MA in cooperation with CRD and MoLSA

*Brief summary of conclusions:*

The major bottleneck in project implementation is an **excessively long period necessary for the administration** of project applications, caused by exceeding and extending the deadlines at individual stages of administration. This is closely connected to a large quantity of changes in projects. In many projects the project completion date is being postponed and it is frequently due to delays in the conduct of activities by implementation entities.

**Recommendations** aimed to accelerate the administration at individual stages:

- Accurate description of activities and deadlines in HAB,
- Removal of duplicate and redundant activities,
- Observance of deadlines set out in IOP OM.

Another major bottleneck consists in **inadequate and unclear requirements for applicants and beneficiaries**. One of the consequences thereof are delays at the stage of eligibility and formal requisite evaluation under all the calls. Another consequence are frequent changes in projects brought about by **high level of detail of parameters**, required by MoLSA and stated in the Decision on providing a grant/Statement of expenditure. Each minor change results in the issuance of new guidance documentation and demanding administration. The checks are ever more complicated and there is an ever higher risk of violation of the Conditions, suspected breach of budgetary discipline and return of support.

*The following recommendations are proposed:*

The MoLSA shall specify the checklists for checking the eligibility and formal requisites for CRD (incl. sub-criteria),

The MoLSA shall hold a seminar for CRD staff on the evaluation of eligibility and formal requisites, the MoLSA and CRD staff shall regularly meet at least once a month in order to discuss the topical problems,

The MoLSA shall explain and simplify the requirements for applicants and beneficiaries.

Bottlenecks were identified **at the stage of ex-ante checks**, where the MoLSA considerably extends the deadlines, a high percentage of projects is subject to ex-ante checks, there is a high share of rejected projects in activity 3.1b) often on the grounds of a failure to meet the financial and technical limits or they are met at the cost of a large amount of ineligible expenditure. During ex-ante checks, the MoLSA requests that the applicants produce documents and annexes beyond the scope stipulated by the call and the Handbook for Applicants and Beneficiaries and because of the broad scope of ex-ante checks there is a risk of duplicity with checks conducted by other institutions.

**The evaluators propose a number of recommendations** starting with the observance of procedures, more specific definition of the content and deadlines of checks, and verification of the scale of risk analysis.

A bottleneck that may **cause several months delays in the implementation of individual projects is the external elaboration of an opinion on project documentation**. The approval of project documentation is a precondition for the announcement of a tender for the main construction part of the project. The evaluation of project documentation in terms of its completeness is partly duplicated as it is done during the control conducted by the Building Authority before the issuance of the zoning permit or the building permit. Comparing the itemised budget against the prices listed in the pricelist of the Institute of Rationalisation in the Construction Industry (IRCI) and potential cuts in eligible expenditure are redundant at this stage. The final price arising from the tender is on average by 15 % lower than the price adjusted in line with the IRCI opinion. **It is recommended** to set a shorter deadline for the elaboration of an opinion and to increase the threshold for the value of the construction part of the project which necessitates an external assessment.

The administration of the system of issuing the Decision on providing a grant/Statement of expenditure is despite some minor improvements still demanding and prolongs the project implementation by 1-2 months. Every single winning bid requires the issuance of a new Decision on providing a grant/Statement of expenditure, prior to which the tender has to be checked (delays occur during the checks at CRD) and the beneficiaries are requested to submit a huge amount of supporting documents before the guidance documents are issued.

**The recommendation aims** to introduce a more effective system of issuance of guidance documentation in keeping with the IOP Operational Manual (just as in the other IA) or to speed up the process in the existing system.

**The demanding and lengthy preparation of projects** is a challenge for applicants and beneficiaries. Numerous and **difficult to understand requirements** are despite **a high number of consultations prior to the submission of applications** conducive to **errors and deficiencies in project applications**. The most serious problems faced by applicants are caused by a large number of technical and financial limits (or transformation criteria for 3.1a), particularly in case of reconstructions.

**The evaluators recommend** to simplify the requirements for submission of applications and setting the conditions. They suggest to MoLSA to examine the wording and definition of technical and financial limits. They recommend making their list and definitions clearer for applicants.

In cooperation with MoLSA and CRD, who shall primarily perform the corrective measures, the Action Plan from this evaluation was developed. It was approved on 1 Aug 2012 and the MoLSA IB informs the IOP MA on the fulfilment of corrective measures at a monthly interval. The Action Plan was attached to the monthly report on IB activities as an annex. Corrective measures concerning the CRD were accomplished as of 31 Dec 2012, or are being accomplished continuously. The Action Plan for MoLSA contains roughly 90 recommendations of the evaluator that are in synergy, therefore their impacts cannot be clearly separated or individually quantified. Most of the corrective measures have already been accomplished by the MoLSA IB. Generally speaking, except for the progress achieved in the issuance of legal acts under IA 3.1 and IA 3.3 no marked positive changes in the acceleration of absorption of funds and fulfilment of n+3/n+2 rule have been achieved.

One fifth of recommendations from the Action Plan was incorporated by MoLSA in the revised Handbook of Work Procedures (version 1.4, approved on 2 Jul 2012). Approximately 15 % of evaluator's recommendations are being accomplished by MoLSA IB thanks to more intensive cooperation with CRD. Roughly 15 % of recommendations from the Action Plan are acted upon by MoLSA through revisions of rules of announced calls. In October 2012 the revision of the 8<sup>th</sup> call for



IA 3.1 was approved, in December 2012 a new call for IA 3.3 for activity c) was announced. The IOP MA obligated the MoLSA IB to incorporate the comments also in other revisions.

Some recommendations from the Action Plan that would dramatically simplify the rules of the calls and accelerate the administration of projects are still discussed by IOP MA and MoLSA IB. Taking into account the need to fulfil the n+2/n+3 rule in 2013 these recommendations have been identified as crucial for speeding up the absorption of funds and will become a separate task for MoLSA IB under the working title Key measures to accelerate the absorption of funds under IA 3.1 and 3.3. The Action Plan of MoLSA from the Identification of barriers to the absorption of funds under Intervention areas 3.1 and 3.3 will be concluded as of 31 Jan 2013. The IOP MA insists on the immediate acceptance of the Key measures by MoLSA Intermediate Body no later than on 28 Feb 2013. The MoLSA IB shall inform the IOP MA on the fulfilment of measures at a two weeks interval.

### Analysis of administrative capacities and outsourcing in IOP implementation structure 2012

**The aim of the Analysis of administrative capacities and outsourcing** in IOP implementation structure 2012 was **to quantify the funds actually spent by individual Intermediate Bodies** on the administration of delegated activities and also the total costs of Programme management.

The analysis followed from the previous Analysis of administrative capacities and outsourcing of IOP Intermediate Bodies 2011 and upon request of the Monitoring Committee **it was supplemented by data related to IOP MA**. The costs and performance of administration were thus monitored during the period of 1.5 year – from 1 Jan 2011 to 30 Jun 2012. This longer time span as against the previous one allows preventing the effects of incidental and irregular expenditure and different stage of implementation. The same methodology was employed in order to facilitate the comparisons of progress made in individual monitored periods of six months.

Implementation period: July – September 2012

Type of evaluation: internal

Evaluator: IOP MA in cooperation with IBs

### *Brief summary of conclusions*

**The total expenditure of IOP implementation structure has been slightly decreasing** first and foremost thanks to a considerable **drop in expenditure on outsourced services**. Just as in the previous Analysis the evaluators identify **huge differences in the expenditure on education and training of employees between the individual implementation structure entities**. The IOP MA therefore suggests to **conduct an evaluation of the system of education and training of IOP implementation structure in 2013**. The evaluation was approved in the Evaluation Plan of IOP for 2013.

The number of FTE of skeleton staff of the whole implementation structure corresponds with the total number of employees implementing the IOP anticipated in the IOP PD. **Major risk is the high turnover rate reported by all the IOP implementation structure entities except for MoC and MoH**. The IOP MA recommends to ascertain the reasons behind high turnover of staff and to introduce such working conditions, including financial and non-financial incentives that will help reduce the turnover of staff.

The pivotal part of analysis focuses on the **assessment of effectiveness of individual Intermediate Bodies by comparing the costs to performance in administration**. By comparing the costs in relation to the number of submitted projects, approved projects and approved applications for payment, **the best performer based on all these indicators is the CRD**.

Another indicator **is the number and value of checked public contracts**. **The largest number of public contracts was approved** in the monitored period **by CRD**. **The largest volume of approved**



contracts at CRD is in the category of contracts outside the scope of Act No 137/2006 Coll.. At MoH and MoC, on the contrary, the largest volume of above-the-threshold contracts was checked, approx. CZK 1.5 billion.

The last indicator is the comparison of the costs and the allocation granted. The highest costs of administration of the given allocation in the course of 1.5 year are exhibited by MoLSA, followed by MoI and MoH. The lowest costs are reported by CRD and MoC.

The evaluation also aimed to quantify the total costs of Programme management. The total annual costs of IOP in 2011 reached the amount of CZK 132.8 million. Of which the IOP MA costs of Programme management, i.e. net of the share of activities performed by the MRD – MA as support provider, reached CZK 19 million, i.e. 14.3 % of the total annual costs of IOP. The total costs of IOP implementation for the whole programming period 2007 – 2013 are estimated at CZK 1.2 billion, which accounts for 2.95 % of the total allocation for IOP.

### Evaluations conducted by Intermediate Bodies

The Intermediate Bodies did not conduct any evaluation in the monitored period even though the MoH IB had two studies scheduled in the Evaluation Plan of IOP for 2012, namely the Audit of the implementation of projects from the 4<sup>th</sup>, 5<sup>th</sup> and 8<sup>th</sup> call for Intervention area 3.2 of the Integrated Operational Programme and the Evaluation of Intervention area 3.2 with respect to the achievement of defined objectives and experience with the implementation of assistance in the Czech health sector. Both the scheduled evaluations were for time and capacity reasons put off to the Evaluation Plan of IOP for 2013.

## **2.7.3 More information related to monitoring and evaluation of the Programme**

### Participation in the WG for evaluation of the NCA

An IOP representative takes part in meetings of the Working Group for evaluation of the NCA which was convened twice in the monitored period (17 Apr 2012 and 20 Sep 2012).

At the April meeting the WG members were introduced to the EC requirements concerning the Strategic Report of the CR 2012 and MRD-NCA requirements for cooperation between the Managing Authorities on its compilation. The MRD NCA shared information on the news from the Evaluation network meeting. In addition, evaluation activities of MRD-NCA and other entities were presented. Also presented was the first version of supporting documents for the table of evaluations that will be shared by all the WG members. An IOP MA representative introduced the ongoing evaluation of processes during which the method of facilitated evaluation was applied. In conclusion the MRD – NCA informed on progress achieved in talks on the proposed regulation in the field of monitoring and evaluations.

At the September meeting the WG members were informed on the update of the Evaluation Plan of NSRF, progress in drafting the Strategic Report of the CR 2012 and preparation of the upcoming programming period 2014+. Moreover, evaluation activities of MRD-NCA and other entities were presented. Thanks to the updated table of evaluations it was possible to examine more thoroughly the individual outputs. Some Managing Authorities delivered presentations on their interesting evaluation projects. In conclusion the MRD-NCA shared with the members the information from the technical meeting on indicators for 2014+.

## 2.8 National Performance Reserve

This chapter is irrelevant with respect to the monitored period.

## 3 PROGRAMME IMPLEMENTATION BY PRIORITY AXIS

### 3.1 Priority axis 1a, 1b – Modernisation of public administration

Priority axes 1a and 1b aim to achieve faster and more reliable provision of state administration services to the public, and, by implementing electronic administration, to enable citizens and business entities to communicate simply and quickly with state administration authorities. As a result of the intervention, the authorities will have more capacity to deal directly with citizens which will increase the convenience of citizens while seeking contact with them.

The Priority axis covers the Convergence objective (1a) and the Regional Competitiveness and Employment objective (1b).

#### 3.1.1 Achieved progress and its analysis

##### 3.1.1.A Information on physical and financial progress

###### Implementation of priority axis

###### Calls

In 2012 a call was announced on 4 Sep 2012 under Priority axes 1a and 1b and project applications were submitted until 30 Nov 2012. The allocation for the call totalled EUR 7.0 million and 7 project applications requesting the amount of EUR 2.8 million were received. As of 31 Dec 2012 no projects were approved.

The allocation was not absorbed since central state administration authorities were not ready to connect their agenda information systems to basic registers. Moreover, there was no topical data available as to how many agenda information systems are used by central state authorities and how many of them had already been connected in one way or another to basic registers (e.g. through CzechPoints). In the recent years there were demanding requirements for the transformation of information systems (modernisation of electronic records management system, digitisation of administrative procedures, etc.) and not all the authorities managed to fully use the funds offered by IOP.

**Table No 30 - Overview of announced and ongoing calls in Priority axes 1a and 1b in 2012**

Order of the call	Number of the call	Submission of project applications		Type of the call	Number of PA /IA in EUR	Allocation for the call	Submitted applications for support <sup>19</sup>		Projects with issued Decision/signed Contract	
		Opening date of the call	Closing date of the call			in EUR	Number	in EUR	Number	in EUR
52.	14	4.9.2012	30.11.2012	continuous	1.1a	6 518 120	7	2 575 039	0	0
					1.1b	501 394		198 080		0
				Call total		7 019 514	7	2 773 119	0	0
CONV total						6 518 120	7	2 575 039	0	0
RCE total						501 394	0	198 080	0	0
<b>PA 1 total</b>						<b>7 019 514</b>	<b>7</b>	<b>2 773 119</b>	<b>0</b>	<b>0</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

<sup>19</sup> Throughout this Report, the column “Submitted applications for support” covers only the projects in positive status, i.e. not rejected or withdrawn projects. Information on the total number of projects (including rejected and withdrawn projects) is always stated in the text.

## Indicators

In MoI CR calls the data on fulfilment of indicators are reported as at the date of project completion. The achieved value is the average of values stated by beneficiaries as achieved in the final monitoring reports. In Indicator No150106 it is a sum of the target, or achieved values set in the project. With some exceptions only, the planned target values of indicators are not changed in the course of project implementation. The achieved values can thus be perceived as a progress made in projects whose implementation was completed. The achieved values will gradually increase reflecting the completion of other projects.

### ***150106 Number of created basic registers of public administration***

The target value, or commitment of beneficiaries, will be achieved once the implementation of basic register projects is completed. In 2012 the projects of Registry of Inhabitants and Creation of the Registry of Territorial Identification, Addresses and Real Estates and Modernisation of the Real Estate Cadastre Information System of the Czech Office for Surveying, Mapping and Cadastre (COSMC) were completed. The value achieved as of 31 Dec 2012 is 2.

### ***150109 Share of registers connected to central registers***

In 2012 a total of 4 projects were completed, the average achieved target value of this indicator is 14.3 %.

### ***150110 Share of state administration authorities using the shared CIPA***

The achieved value is 13.9 %. Of twenty projects, ten projects have already reported the achieved value of the indicator in the monitoring report. Implementation of additional projects will be completed in 2013.

### ***150111 Share of ministerial and agenda portals interconnected to the Public Administration Portal***

The achieved value is 37.7 %. Of six projects, five projects have already reported the achieved value of the indicator in the monitoring report.

### ***150112 Share of digitized documents***

The achieved value is 16 %. Of twenty nine projects, only four projects have already reported the achieved value of the indicator. Majority of projects will be completed in 2013.

### ***150113 Share of authorities with electronic records management system and electronic document circulation***

The achieved value is 0 %. The indicator will be fulfilled by two projects only; they will be completed in 2013.

### ***152105 Reduction of administrative burden of citizens, entrepreneurs and public sector***

The achieved value is 83.5 %. The indicator is being fulfilled by seventeen projects, of which fifteen have already reported the achieved value in the monitoring reports. More projects will be completed in 2013.

**Table No 31 - Output indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015 CONV	Target value 2015 RCE	CONV total
150108	Increase in the number of new fully electronic agendas of the public administration, EU methodology	Number	Eurostat	Achieved	6	6	N/A	N/A	N/A	N/A	N/A	N/A	6
				Baseline	6	6	6	N/A	N/A	N/A	N/A	N/A	6
				Target	N/A						15	0	15
150106	Number of created basic registers of public administration	Number	IOP MA	Achieved	0	0	N/A	N/A	N/A	2	N/A	N/A	2
				Baseline	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
				Target	N/A						N/A	4	N/A
150109	Share of registers connected to central registers	%	IOP MA	Achieved	0	0	N/A	0	0	14,3	N/A	N/A	14,3
				Baseline	0	0	0	N/A	0	0	N/A	N/A	0
				Target	N/A						75	75	75
150110	Share of authorities using the shared CIPA	%	IOP MA	Achieved	0	0	10	64,21	28	13,9	N/A	N/A	13,9
				Baseline	0	0	0	10	64,21	28	N/A	N/A	0
				Target	N/A						80	80	80
150111	Share of ministerial and agenda portals interconnected to the Public Administration Portal	%	IOP MA	Achieved	19	19	34,5	23,38	34,5	37,7	N/A	N/A	37,7
				Baseline	19	19	19	34,5	23,38	34,5	N/A	N/A	19
				Target	N/A						75	75	75
150112	Share of digitized documents	%	IOP MA	Achieved	0	0	N/A	2,26	1,57	16	N/A	N/A	16
				Baseline	0	0	0	N/A	2,26	1,57	N/A	N/A	0
				Target	N/A						20	20	20
150113	Share of authorities with electronic records management system and electronic document circulation	%	IOP MA	Achieved	20	N/A	N/A	N/A	6,7	0	N/A	N/A	0
				Baseline	20	20	N/A	N/A	N/A	6,7	N/A	N/A	20
				Target	N/A						100	100	100

Source: MSC2007 as of 6 Mar 2013



**Table No 32 - Result indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015 CONV	Target value 2015 RCE	CONV total
152000	Availability of eGovernment services	%	Eurostat	Achieved	57,5	N/A	62,5	73,75	N/A	N/A	N/A	N/A	73,75
				Baseline	30	57,5	N/A	62,5	73,75	N/A	N/A	N/A	30
				Target	N/A						75	75	75
152001	Citizens using the Internet for communication with the public administration	%	Eurostat	Achieved	15,46	18,11	25,33	22,43	23,5	N/A	N/A	N/A	27
				Baseline	3,3	15,46	18,11	25,33	22,43	23,5	N/A	N/A	3,3
				Target	N/A						35	35	35
152105	Reduction of administrative burden of citizens, entrepreneurs and public sector	%	IOP	Achieved	100	100	100	100	95,65	83,5	N/A	N/A	83,5
				Baseline	100	100	100	100	100	95,65	N/A	N/A	100
				Target	N/A						75	75	75

Source: MSC2007 as of 6 Mar 2013

### 3.1.1.B Qualitative analysis

#### Financial progress

Before the end of 2012, under Priority axes 1a and 1b, funds in the total amount of EUR 354.1 million were approved, which represents 89.98 % of the total allocation, of which EUR 6.31 million was approved in 2012.

In 2012, 14.12 % of the total allocation for the intervention area was reimbursed, which equals EUR 55.55 million. In total, EUR 124.42 million has been reimbursed (31.62 % of the allocation).

A total of 27.66 % of expenditure (EUR 108.85 million) has been certified, of which 12.08 % (EUR 47.54 million) in 2012.

The year 2012 witnessed a remarkable progress in reimbursement of funds to beneficiaries (14.12 %) and the amount of certified expenditure submitted to the EC (12.08 %). Implementation of important projects of public administration basic registers was completed.

Multiple projects are not implemented as originally planned, the timetables of tenders and whole project implementation are extended. This results in delays in reimbursement and absorption of funds. In 2013 the main risk will consist in the non-fulfilment of n+3/n+2 rule. In order to eliminate this risk a number of measures have been adopted which are described in detail in Chapter 3.1.2.

**Table No 33 - Financial status of PA 1a and 1b as of 31 Dec 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
1.1a	365 414 274	328 792 126	89,98%	115 537 222	31,62%	101 073 207	27,66%
1a	365 414 274	328 792 126	89,98%	115 537 222	31,62%	101 073 207	27,66%
1.1b	28 108 791	25 291 703	89,98%	8 887 452	31,62%	7 774 862	27,66%
1b	28 108 791	25 291 703	89,98%	8 887 452	31,62%	7 774 862	27,66%
<b>PA 1</b>	<b>393 523 065</b>	<b>354 083 829</b>	<b>89,98%</b>	<b>124 424 675</b>	<b>31,62%</b>	<b>108 848 070</b>	<b>27,66%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

Convergence objective; RCE objective

**Table No 34 - Financial progress of PA 1a and 1b as of 31 Dec 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
1.1a	365 414 274	5 858 938	1,60%	51 585 203	14,12%	44 146 583	12,08%
1a	365 414 274	5 858 938	1,60%	51 585 203	14,12%	44 146 583	12,08%
1.1b	28 108 791	450 688	1,60%	3 968 180	14,12%	3 395 891	12,08%
1b	28 108 791	450 688	1,60%	3 968 180	14,12%	3 395 891	12,08%
<b>PA 1</b>	<b>393 523 065</b>	<b>6 309 626</b>	<b>1,60%</b>	<b>55 553 384</b>	<b>14,12%</b>	<b>47 542 474</b>	<b>12,08%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

Convergence objective; RCE objective

### Statistical data on rejected projects

In Intervention areas of 1.1a and 1.1b, a total of 23 applications have been rejected, of which one project application under call No 07 has been withdrawn by the applicant and two projects under call No 03 have been withdrawn by beneficiaries following the issuance of the Decision on providing a grant. In long-term perspective, the share of rejected projects remains the same, as of 31 Dec 2012 it is 26.74 %.

**Table No 35 - Table of rejected projects**

Intervention area 1.1				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	0	0,00%	1,60%	0
<i>N1.2 Project application failed to meet formal requisites</i>	0	0,00%	0,74%	0
<i>N2.1 Project failed to meet evaluation requirements</i>	6	6,98%	2,52%	0
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	0	0,00%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	0	0,00%	0,41%	0
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	0	0,00%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	11	12,79%	3,22%	1
<i>N7 Project was not completed/project was withdrawn</i>	6	6,98%	1,30%	2
<i>N8 Contract was terminated by the MA/IB</i>	0	0,00%	0,07%	0
<b>Total</b>	<b>23</b>	<b>26,74%</b>	<b>10,19%</b>	<b>3</b>

Source: IS Monit7+ as of 2 Jan 2012

### **Fulfilment of horizontal themes**

#### Equal opportunities

Before the end of 2012, under Priority axes 1a and 1b, a total of 55 projects have been approved and are still under implementation, of which 32 projects have a positive impact on equal opportunities. None of the approved projects is focused on equal opportunities.

**Table No 36 - Equal opportunities**

Monitoring of horizontal themes	Unit of measure	Number of projects
Number of projects <b>with a neutral impact on equal opportunities</b>	Number of projects	23
Number of projects <b>with a positive impact on equal opportunities</b>	Number of projects	32
Number of projects <b>focused on equal opportunities</b>	Number of projects	0

Source: IS Monit7+ as of 10 Jan 2013

#### Sustainable development

In Priority axes 1a and 1b, before the end of 2012 a total of 28 approved projects were environmentally neutral, 20 projects have a positive environmental impact, 7 projects will help

improve the air and 2 projects will improve the population awareness of environmental protection. An example of project in which the commitment was taken to improve the population awareness of environmental protection is “SIRIUS – System of integration and management of information in the field of technical protection of the environment“. In seven cases, the applicants declared a positive impact on air quality.

**Table No 37 - Sustainable development**

Monitoring of horizontal themes	Unit of measure	Number of projects
Project focuses mainly <b>on the environment</b>	Number of projects	0
Project <b>has a positive environmental impact</b>	Number of projects	20
Project is environmentally <b>neutral</b>	Number of projects	28
Project will help <b>improve the air</b>	Number of projects	7
Project will help <b>improve the quality of water</b>	Number of projects	0
Project will use <b>alternative sources</b>	Number of projects	0
Project will enlarge <b>the area of urban vegetation</b>	Number of projects	0
Project will improve <b>population awareness of environmental protection</b>	Number of projects	2
Project requires an <b>environmental impact assessment</b>	Number of projects	0

Source: IS Monit7+ as of 10 Jan 2013

### 3.1.2 Significant problems encountered and measures taken to overcome them

**Sleeping and high-risk projects.** In Intervention area 1.1 there are projects facing difficulties in implementation, delayed timetable and consequent non-fulfilment of the financing plan and absorption of allocation.

#### *Measures taken*

Following the meeting of WG for project evaluation convened under the auspices of the Deputy Minister of Interior responsible for economy and operations, in April 2012 a definition of sleeping project was worded and the most risky projects were identified which show very low or no absorption as well as serious problems with the adherence to the timetable of project implementation. Subsequently, the MoI CR IB discussed these issues with individual beneficiaries and in May 2012 holders of two sleeping projects withdrew from project implementation. Due to the necessity to address sleeping projects related issues at the top level, on 28 May 2012 a letter of the Minister of Interior was sent to the Prime Minister of the CR, who acts as the Chairman of the Government Council for Information Society, containing information on these issues and requesting the resolution of problematic projects under the responsibility of other ministries. In cooperation with IOP MA crisis timetables had been prepared for sleeping projects, signed by beneficiaries in the course of July 2012. Since then the MoI CR IB has been holding intensive discussions with sleeping project holders and once every two weeks or once a month (depending on the respective project) the observance of crisis timetables is checked.

The process of identification of sleeping and risky projects continues consistently in cooperation with IOP MA, which in July 2012 introduced a system of monitoring of sleeping and risky projects. In high-risk projects, the MoI CR IB introduces additional adequate measures that are, together with progress made in projects, reported on a monthly basis to the IOP Managing Authority.

By the set deadline of 21 Dec 2012, the SFD delivered to the IOP MA a filled in report with risky projects for Intervention area 1.1 generated as of 1 Dec 2012 which serves as a source material for the document on IOP sleeping and risky projects to be submitted to the Government.

**Low absorption, risk of non-fulfilment of n+3/n+2 rule.** The current stage of programming period suffers from low absorption of funds in Intervention area 1.1. The actual status of submitted and approved applications for payment is often lower than planned. The most frequent reason behind the extension of project implementation are the appeals of unsuccessful applicants or errors made by contracting authorities in tenders and public procurement procedures, or often also protracted process of decision-making by the Office for the Protection of Competition. Another reason behind that are frequent changes in staffing of projects and related discontinuity and changes in concepts and opinions on project management on the part of beneficiaries. Last but not least, in 2012 delays in implementation were also brought about by the amendment to Act No 137/2006 Coll., on public contracts which came into force on 1 Apr 2012 and places higher requirements on the contracting authority, also timewise.

### ***Measures taken***

With regard to the alarming status of absorption, measures are taken to improve and accelerate project implementation and making more accurate absorption forecasts. At working teams' meetings, the so called project task-force (a new measure introduced by the MoI CR IB in August 2012), primarily discussed is the feasibility of the set timetable and the plan of absorption and quantification of savings in projects. Moreover, problems and barriers in individual projects are identified together with the beneficiary so as to safeguard smooth implementation and fulfilment of the financing plan. Special stress is put on the monitoring and work with sleeping and high-risk projects. Their binding crisis timetables are monthly monitored by MoI CR IB and, if problems occur, trilateral meetings are initiated with the participation of IOP MA representatives.

To eliminate frequent changes in project team staff at beneficiaries, seminars are held for beneficiaries (25 June 2012, another is planned for the first quarter of 2013) and SFD project and financial managers offer assistance at work team meetings when addressing the problems of beneficiaries.

The MoI CR IB has introduced checks of documentation and the entire public procurement procedure at all beneficiaries prior to signing the contract with the winning bidder.

Extraordinary measures announced by the MA in October 2012 have been incorporated as much as possible in MoI IB procedures.

### **Unsatisfactory status of project administration in Intervention areas 2.1 and 3.4**

Due to unsatisfactory status of implementation in intervention areas under the responsibility of MoI CR, where regardless of efforts exerted by MoI CR top officials when trying to remove the long lasting problems it was impossible to tackle these issues without a stronger involvement of the IOP Managing Authority.

### ***Measures taken***

On 1 Jul 2012, after six months of discussions held with MoI CR and CRD CR the delegated activities in Intervention areas 2.1 and 3.4 were transferred from the Ministry of Interior of the CR (IOP Intermediate Body) to the Ministry for Regional Development of the CR (IOP Managing Authority) and the Centre for Regional Development of the CR. The Addendum No 2 to the Agreement on delegating the tasks was signed on 28 Jun 2012, followed by the handover of all the documents concerning projects and a training for beneficiaries held on 10 Jul 2012, on the occasion of which they were introduced to changes and impacts on administration of their projects.

By transferring a part of the agenda the MoI CR staff was relieved of a part of the administrative burden and can now concentrate more on projects under Intervention area 1.1 and implement newly introduced measures (monthly meetings with beneficiaries for the sake of evaluation of status reports and addressing topical issues in projects, detailed monitoring of sleeping and risky projects) with the view to improve the absorption of funds from ERDF.

**Identified risks in administrative capacity:** High turnover of staff, high percentage of staff on agreement on work activities, inadequate expertise and experience of employees, ineffective system of management and motivation of administrative capacity.

#### ***Measures taken***

New posts were generated and filled based on selection procedure. Since 1 Jan 2013 the use of agreement on work activities has been minimised. The remuneration is made more dependent on the employee performance. The employees attend training courses at the MA and NCA based on their individual education plans and job description. A system for fast adaptation of new staff is being drafted.

Planning and evaluation of administrative capacities at SFD are continuously done by the Publicity and Technical Assistance Unit.

#### **Deficiencies in control activity (public contracts, staffing capacity).**

Since September 2012 the IOP MA controls and MRD DAB audits have identified deficiencies in control activities performed at SFD. The greatest problems have been reported in public procurement controls (for more see Chapter 2.3.1 Problems identified by the Audit Authority or the Delegated Audit Body in the section called Findings detected by controls performed by MA and IB).

#### ***Measures taken***

Based on the ascertained facts measures have been adopted for 2013. First and foremost, all the tenders related to Intervention area 1.1 will be subject to control, namely both in terms of completeness of archived documents and eligibility of expenditure. Another measure consists in increasing the professional qualification of the Control Unit staff at SFD. Stage one of this measure was focused on strengthening the staffing capacity of this unit (completed on 31 Dec 2012). During stage two, a system of suitable technical training courses led by internal and external lecturers will be set up.

The IOP MA has selected a significant sample of tenders checked by the SFD. The IOP MA shall check it with the view to verify the quality of checks performed by the SFD.

### **3.2.3 Example of a project**

**Intervention area:** 1.1 Developing information society in public administration

**Name of the project, registration number:** Modifications of the Trade Licensing Register related to the basic registers of public administration, CZ.1.06/1.1.00/03.06136

**Beneficiary:** Ministry of Industry and Trade of the CR

**Project funding:** total budget CZK 96 703 181, (SF contribution CZK 81 269 078, SB contribution CZK 14 341 602)

The purpose of the project is to prepare a database of the Trade Licensing Register so that the data kept therein serve as a source of reference data for the basic Registry of Persons and comply with the requirements laid down in Act No 111/2009 Coll. on basic registers, for the use of data from basic registers.

By implementing this project the software of the Trade Licensing Register will be modified in order to comply with the Act No 111/2009 Coll., on basic registers. Data in the basic register of legal persons, natural persons doing business and public authorities will be updated. It will be possible to use the data from basic registers as a support for running the trade licensing agenda and to make a change in storing and registering electronic documents related to running the trade licensing agenda in line with Act No 499/2004 Coll., on the archives and records management.



The main benefits of the project will include the simplification of processes in the trade licensing register agenda, decrease in the number of interactions with data subjects, reduction in the volume of exchanged documents and simplification of the acquisition of necessary documents, more effective internal processes of the applicant, ensurance of integrity and consistency of the key and most frequently used data in public administration which will result in financial savings, more effective data exchange within public administration and higher comfort for citizens and entrepreneurs.

## 3.2 Priority axis 2 – Introducing ICT in territorial public administration

Priority axis 2 is focused on modernisation of the territorial public administration, mainly on creating the conditions for application of e-Government at the local level, on optimisation of processes in the local self-governing bodies, mainstreaming electronic communication between the individual levels of public administration by ensuring mutual compatibility of information systems and data consistency, by providing as much information as possible free of charge via the Internet.

### 3.2.1 Achieved progress and its analysis

#### 3.2.1.A Information on physical and financial progress

##### Implementation of priority axis

##### Calls

Under Intervention area 2.1 no new calls were announced in 2012.

## Indicators

Due to the nature of projects, the data on fulfilment of indicators are reported upon the completion of project implementation. The achieved values can be perceived as the progress made in projects whose implementation was completed.

A slight progress of 7.5 percentage points was reported in the monitored period in the fulfilment of indicator No150115. A more significant increase was seen in the value achieved in indicator No150113.

The Handbooks for Applicants and Beneficiaries specified certain procedures for calculating the achieved values of indicators at project level. The IOP MA currently verifies the extreme target and achieved values in IS Monit7+, correct setting of indicators and consistency of their reporting. In this intervention area it concerns indicators No 150117, 150115, 150116, 150113, 152105. Ever since 2010 the EUROSTAT has not been monitoring indicator No 152000 for reasons of switching to monitoring the new indicators linked to Europe 2020 strategy, which is why the MA looks for a fitting alternative indicator.

**Table No 38 - Output indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
150105	Number of contact points of public administration (CzechPoint)	Number	IOP MA	Achieved	1300	1300	4 470	6 557	6 557	6 557	N/A	6 557
				Baseline	1 300	1300	1300	4 470	6 557	6 557	N/A	1 300
				Target	N/A						6 244	6 244
150117	Share of local public administration registers connected to central registers	%	IOP MA	Achieved	0	0	N/A	0	0	0	N/A	0
				Baseline	0	0	0	N/A	0	0	N/A	0
				Target	N/A						75	75
150115	Share of local networks connected to CIPA	%	IOP MA	Achieved	10	10	10	10	10	17,5	N/A	17,5
				Baseline	10	10	10	10	10	10	N/A	10
				Target	N/A						85	85
150116	Share of regional portals integrated into the Public Administration Portal	%	IOP MA	Achieved	0	0	N/A	0	0	N/A	N/A	0
				Baseline	0	0	0	N/A	0	0	N/A	0
				Target	N/A						75	75
150114	Number of new fully digitised agendas of local public administration	Number	IOP MA	Achieved	0	0	N/A	0	1	17	N/A	17
				Baseline	0	0	0	N/A	0	1	N/A	0



NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
				Target	N/A						10	10
150112	Share of digitised documents	%	IOP MA	Achieved	0	0	N/A	0	2,13	0,93	N/A	0,93
				Baseline	0	0	0	N/A	0	2,13	N/A	0
				Target	N/A						20	20
150113	Share of authorities with electronic records management system and electronic document circulation	%	IOP MA	Achieved	20	N/A	N/A	N/A	N/A	45,27	N/A	45,27
				Baseline	20	20	N/A	N/A	N/A	N/A	N/A	20
				Target	N/A						100	100

Source: MSC2007 as of 6 Mar 2013

Table No 39 - Result indicators

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
152000	Availability of eGovernment services on-line	%	Eurostat	Achieved	57,5	N/A	62,5	73,75	N/A	N/A	N/A	0
				Baseline	30	57,5	N/A	62,5	73,75	N/A	N/A	30
				Target	N/A						75	75
152105	Reduction of administrative burden of citizens, entrepreneurs and public sector	%	IOP MA	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
				Baseline	100	N/A	N/A	100	N/A	N/A	N/A	100
				Target	N/A						75	75

Source: MSC2007 as of 6 Mar 2013

### 3.2.1.B Qualitative analysis

#### Financial progress

In Intervention area 2.1, as of 31 Dec 2012 applications in the total amount of EUR 181.75 million were approved which totals 90.43 % of the allocation for this intervention area. In 2012 the amount of EUR 3.05 million, i.e. 1.52 % of the allocation, was approved.

Of the total amount of funds paid to beneficiaries of EUR 41.99 million (20.89 %), EUR 22.92 million (11.40 %) was reimbursed in 2012. Expenditure amounting to EUR 32.32 million (16.08 %) was certified, of which EUR 19.11 million (9.51 %) in 2012.

The forecast rate of absorption was not achieved for several reasons. Because of fierce competition in the field of ICT unsuccessful applicants often lodged their appeals to the OPC. The funds for regional technology centres were not smoothly paid since they depended on the completion of implementation of projects of the Ministry of Interior of the CR (e.g. Basic Registers Information System, Central Service Point and ITS-NGN (Integrated Telecommunications Network – NGN). Delays were also caused by the transfer of delegated activities from the Ministry of Interior of the CR to the Ministry for Regional Development of the CR and the Centre for Regional Development of the CR, when the issuance of the relevant legal acts fell behind the forecasts owing to the situation in regions after the regional elections and the administration of physical changes in projects.

**Table No 40 - Financial status as of 31 Dec 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
2.1	200 977 851	181 746 210	90,43%	41 989 336	20,89%	32 321 486	16,08%
<b>PA2</b>	<b>200 977 851</b>	<b>181 746 210</b>	<b>90,43%</b>	<b>41 989 336</b>	<b>20,89%</b>	<b>32 321 486</b>	<b>16,08%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

**Table No 41 - Financial progress in 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
2.1	200 977 851	3 052 442	1,52%	22 918 563	11,40%	19 109 948	9,51%
<b>PA 2</b>	<b>200 977 851</b>	<b>3 052 442</b>	<b>1,52%</b>	<b>22 918 563</b>	<b>11,40%</b>	<b>19 109 948</b>	<b>9,51%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

#### Statistical data on rejected projects

In Intervention area 2.1, the share of rejected projects in the total number of submitted project applications is 5.98 %. As of 31 Dec 2012, a total of 349 applications were rejected, in 186 cases the project application was withdrawn by the applicant, in 58 cases the beneficiary withdrew from project implementation following the issuance of the Decision on providing a grant, in 100 cases the project application did not meet the eligibility criteria or formal requisites. In 2012 in 6 cases the beneficiary withdrew from project implementation due to a dragging tender. In two cases the project application was withdrawn once it had been approved as a substitute project.

**Table No 42 - Table of rejected projects**

Intervention area 2.1				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	49	0,84%	1,60%	0
<i>N1.2 Project application failed to meet formal requisites</i>	51	0,87%	0,74%	0
<i>N2.1 Project failed to meet evaluation requirements</i>	3	0,05%	2,52%	0
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	0	0,00%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	1	0,02%	0,41%	0
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	0	0,00%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	186	3,19%	3,22%	2
<i>N7 Project was not completed/project was withdrawn</i>	58	0,99%	1,30%	6
<i>N8 Contract was terminated by the MA/IB</i>	1	0,02%	0,07%	0
<b>Total</b>	<b>349</b>	<b>5,98%</b>	<b>10,19%</b>	<b>8</b>

Source: IS Monit7+ as of 4 Jan 2013

## Fulfilment of horizontal criteria

### Equal opportunities

From among projects approved under Priority axis 2 before the end of 2012, a total of 5 289 projects have a positive impact on equal opportunities (of which 5 272 are CzechPoint type projects), the remaining 192 projects have a neutral impact on equal opportunities.

**Table No 43 - Equal opportunities**

Monitoring of horizontal themes	Unit of measures	Number of projects
Number of projects <b>with a neutral impact on equal opportunities</b>	Number of projects	192
Number of projects <b>with a positive impact on equal opportunities</b>	Number of projects	5 289
Number of projects <b>focused on equal opportunities</b>	Number of projects	0

Source: IS Monit7+ as of 10 Jan 2013

### Sustainable development

Altogether 5 465 projects approved before the end of 2012 under Priority axis 2 should be environmentally neutral (of which 5 272 CzechPoint type projects), 15 projects have a positive environmental impact and two projects undertake to help improve the quality of air and the quality of water.

**Table No 44 - Sustainable development**

Monitoring of horizontal themes	Unit of measures	Number of projects
Project focuses mainly <b>on the environment</b>	Number of projects	0
Project <b>has a positive environmental impact</b>	Number of projects	15
Project is environmentally <b>neutral</b>	Number of projects	5 465
Project will help <b>improve the air</b>	Number of projects	2

Monitoring of horizontal themes	Unit of measures	Number of projects
Project will help <b>improve the quality of water</b>	Number of projects	2
Project will use <b>alternative sources</b>	Number of projects	0
Project will enlarge <b>the area of urban vegetation</b>	Number of projects	0
Project will improve <b>population awareness of environmental protection</b>	Number of projects	0
Project requires an <b>environmental impact assessment</b>	Number of projects	

Source: IS Monit7+ as of 10 Jan 2013

### 3.2.2 Significant problems encountered and measures taken to overcome them

**Delay in project implementation.** The delay was caused by protracted tenders which had been delayed due to the evaluation of contract documents. This problem is related to frequent appeals lodged with the OPC. The second reason behind delays was the delay in project administration following the Selection Committee meetings at the MoI CR IB.

#### *Measures taken:*

Transfer of delegated activities from the Ministry of Interior of the CR to the Ministry for Regional Development and the Centre for Regional Development of the CR (for more information see Chapter 2.3.5.1 Information on the transfer of delegated activities). The issuance of legal acts fell behind the expectations at beneficiaries in consequence of changes in staffing at regional authorities after regional elections and also due to parallel administration of changes in projects.

The administration of contract documents and tenders at CRD CR was paid a lot of attention and the unit administering tenders has been reinforced. To improve monitoring of the process of administration of tenders and reporting a new tab was created in IS Monit7+IOP on administration of tenders.

**Consistency of projects.** Projects in Intervention area 2.1 are implemented especially in connection to central projects implemented under Intervention area 1.1. It concerns primarily the technological consistency, functional necessity and clearly specified communication between the information systems. Thus, if there are delays in projects at central level, it affects also the projects in Intervention area 2.1.

#### *Measures taken:*

More intensive work with beneficiaries under Intervention area 1.1.. By transferring the administration of Intervention areas 2.1 and 3.4 to CRD CR, MoI capacities were relieved, thus making intensive work with beneficiaries in Intervention area 1.1 possible. Moreover, the MoI relaunched the activities of the so called eGoncentre, a contact point for eGovernment project holders at local level. Internal communication at the MoI is designed so as to allow for effective exchange of information.

### 3.2.3 Example of a project

**Intervention area:** 2.1 Introducing ICT in territorial public administration

**Name of the project, registration number:** Technology centre of the Highlands (Vysočina) region (part VI of the call) and Records management (part I of the call), CZ.1.06/2.1.00/08.07159

**Beneficiary:** The Highlands (Vysočina) region

**Project funding:** Total budget CZK 74 590 247, (SF contribution CZK 59 635 032, SB contribution CZK 10 523 830)



Technology centres (TC) projects have become important in carrying and disseminating knowledge of eGovernment concept in regions.

The building of Technology centres introduces the concept of the IS development tailor-made to local and regional conditions in the field of technology, operations and staffing.

The Records management project shall upgrade the existing records management system of the Regional Authority of the Highlands (Vysočina) region to an unlimited licence and full compatibility with the Data Boxes Information System, central hosted?/hosting? records management services for semi-budgetary organisations of the Highlands (Vysočina) region in the framework of building the Technology Centre of the Highlands (Vysočina) region.

### 3.3 Priority axis 3 – Improving public services quality and accessibility

Activities supported under Priority Axis 3 follow up the interventions into the quality and effectiveness of the public administration functioning. The common goal is to improve the organisation, financing and the evaluation process of public services. Apart from the necessity to improve the basic ICT infrastructure, further requirements for interventions into the public services infrastructure arise from the conceptual plans of transformation of public services into modern effective forms. Emphasis is put on a higher use of residential provision of services, preference of preventive measures, standardisation of quality and availability of specialised services and promotion of personalised approach to clients. A basic prerequisite for fast, effective changes while preserving the standards in all regions is the coordinated approach from the national level.

The priority axis is focused on **four intervention areas**:

- 3.1 – Social integration services
- 3.2 – Public health services
- 3.3 – Employment services
- 3.4 – Services in security, risk prevention and management

### 3.3.1 Achieved progress and its analysis

#### 3.3.1.A Information on physical and financial progress

##### Implementation of priority axis

##### Calls

In **Intervention area 3.1** three calls No 06-08 were under way in 2012. Of the total number of 206 received project applications in the amount of EUR 78.6 million, 119 project applications with the volume of EUR 63.0 million are still under implementation. As of 31 Dec 2012 a total of 25 projects in the amount of EUR 18.1 million were approved.

In call No 06 for activity b), of the total number of 32 submitted project applications (EUR 16.7 million) 29 project applications (EUR 14.6 million) are under implementation. Projects administered as of 31 Dec 2012 exceed the allocation for the call. The interest of applicants has been aroused by support of absorption capacity through information published in press as well as by support of held seminars. Before the end of the year 8 projects in the amount of EUR 3.8 million were approved.

Of 43 project applications (EUR 46.3 million) submitted under call No 07 for activity a), 39 project applications in the amount of EUR 42.3 million are still under implementation. Also in this call the requirements of submitted projects exceed the allocation for the call. Before the end of 2012, 16 projects with the volume of EUR 14.3 million were approved. Projects under activity a) have precisely defined beneficiaries and timetables of project submission. The projects implementing the transformation of residential services are submitted in line with the timetable which corresponds with the total allocation for activity a).

The largest share of projects rejected in the course of approval procedure was seen under call No 08 for activity c) where of 131 submitted project applications (EUR 15.6 million) 51 projects in the amount of EUR 6.1 million are still under implementation. The highest number of projects was rejected during the evaluation (43 in 2012), 9 applicants withdrew their applications, some projects were rejected based on eligibility criteria, 7 project applications were returned for further elaboration. Before the end of 2012 the Decision on providing a grant was issued for one project in the amount of EUR 34.9 thousand. The Selection Committee approved the first projects at the end of July 2012, no Decision on providing a grant however was issued since 4 beneficiaries withdrew from project implementation. In other projects the legal act was not issued by the end of 2012 because of protracted tenders.

In **Intervention area 3.2** a total of 5 calls for submission of project applications were announced in 2012. Calls No 09-11 were closed in 2012 and of 30 project applications 3 were rejected in the course of approval process. All the remaining 27 projects were approved and their allocation equals EUR 19.5 million.

Call No 9 for activity c) was announced in the volume of EUR 9.4 million and since two projects were not approved the total allocation for the call was not absorbed. The failure to absorb the allocated amounts was brought about, apart from projects rejected in the process of evaluation, also by lower requirements of applicants included in registered project applications as against the conducted analysis of absorption capacity. In this analysis also a detailed price survey was conducted prior to the registration of project applications with respect to the specification of technical parameters.

Call No 10 focused on activity b) system measures in the field of health risk prevention of the population and the prevention of social exclusion of persons disadvantaged due to their health status or age. Under this call 16 project applications were submitted, 15 project applications continued to be evaluated and for all these project applications the Decisions on providing a grant were issued amounting to EUR 8.7 million.

The call No 11 focused on the same activity as the previous call. The process of administration was completed in all 6 received project applications and for all the projects the Decisions on providing a grant were issued in the total amount of EUR 6.1 million.

Thanks to the conducted absorption capacity analysis and subsequent work with potential beneficiaries there is no significant difference in Intervention area 3.2 in the number of received applications as against the plan. Due to projects not recommended for financing on account of low score, financial savings were achieved due to the difference between the allocated funds and the amount claimed by the projects with issued legal acts.

Call No 12 was announced in August 2012 and call No 13 in November 2012, the closing of the call is scheduled for January 2013. Since these are time-limited calls, the project applications are registered in IS Monit7+IOP after their closing.

In **Intervention area 3.3** the receipt of applications in 2012 under the continuous call No 04 continued. Altogether 16 project applications were submitted, one project application was rejected in the course of administrative process, in 9 projects the Decision on providing a grant was issued in the amount of EUR 40.7 million.

In December 2012 a continuous call No 09 was announced with the allocation of EUR 3.6 million and its closing is expected on 30 Jun 2013. By the end of 2012 no project applications were received, the MoLSA expects the receipt of applications at the beginning of January 2013.

In **Intervention area 3.4** in 2012 two calls with the allocation of EUR 46.1 million were under way. In call No 13 with allocation of EUR 39.8 million, 28 projects applications were received, no applications were rejected and applications in the amount of EUR 39.8 million were approved.

Due to major savings in projects under call No 05 (focused on the establishment of contact and coordination centres across the CR), the available funds were used for the announcement of call No 15 with the allocation of EUR 6.3 million which was open from August to November 2012. The call was directed at the purchase of modern technology and equipment increasing the operational capability of IRS units. A total of 4 project applications were received, one application was rejected. By the end of 2012 the remaining three project applications amounted to EUR 4.0 million. Until the end of 2012 a check of eligibility and formal requisites was conducted.

**Table No 45 - Overview of announced and ongoing calls in Priority axis 3 in 2012**

Order of the call	Number of the call	Submission of project applications		Type of the call	Number of PA/IA	Allocation for the call	Submitted applications for support		Projects with issued Decision/signed Contract	
		Opening date of the call	Closing date of the call			in EUR	Number	in EUR	Number	in EUR
24.	04	11.11.2009	30.6.2013	continuous	3.3	38 235 986	15	54 520 818	9	40 665 963
40.	06	31.5.2011	30.6.2013	continuous	3.1	10 359 319	29	14 562 898	8	3 787 774
41.	07	7.7.2011	30.6.2013	continuous	3.1	31 942 283	39	42 343 347	16	14 310 992
42.	08	29.7.2011	29.6.2012	continuous	3.1	8 762 277	51	6 109 329	1	34 869
46.	13	2.2.2012	30.4.2012	continuous	3.4	39 777 247	28	39 777 247	28	39 777 247
47.	09	7.3.2012	17.5.2012	time-limited	3.2	9 359 352	6	4 655 442	6	4 653 851
48.	10	7.3.2012	10.5.2012	time-limited	3.2	12 342 646	15	9 008 560	15	8 743 582
49.	11	8.8.2012	8.10.2012	time-limited	3.2	11 699 190	6	6 484 513	6	6 119 488
50.	15	10.8.2012	28.11.2012	time-limited	3.4	6 317 563	3	3 995 612	0	0
51.	12	16.8.2012	4.1.2013	time-limited	3.2	18 718 705	0	0	0	0
54.	13	15.11.2012	31.1.2013	time-limited	3.2	14 553 793	0	0	0	0
56.	09	12.12.2012	30.6.2013	continuous	3.3	3 619 730	0	0	0	0
IA 3.1 total						51 063 880	119	63 015 574	25	18 133 634
IA 3.2 total						66 673 686	27	20 148 515	27	19 516 922
IA 3.3 total						41 855 716	15	54 520 818	9	40 665 963
IA 3.4 total						46 094 810	31	43 772 859	28	39 777 247
PA 3 total						205 688 092	192	181 457 676	89	118 093 766

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

## Indicators

### **Intervention area 3.1**

Under activity 3.1 a) in indicator No 75713 “Facilities with transformation in progress“, the number of facilities in which the transformation of residential social services is in progress was 13 as of 31 Dec 2012. The calculation of the achieved value of the indicator was modified, this indicator is reported only after the implementation is completed, currently no project implementation was completed. Thus also the value of indicator No 330300 Number of projects focused on social inclusion based on indicators No 75713, 75714 and 75802 was modified.

In activity 3.1 b) to which indicator No 75714 “Number of supported organisations“ is related, 8 projects have been completed and 15 projects are under implementation. As of 31 Dec 2012 additional 6 projects were at the stage of administration after the approval by the Selection Committee and more projects are at various stages of administration or are being consulted. This is why the fulfilment of this indicator is realistic.

Whereas indicator No 75714 “Number of supported organisations“ gives the number of supported projects, indicator No 75712 “Number of newly established social services and activities“ gives the number of social services newly established in these projects/organisations. Indicator No 75712 has achieved 36 % of its target value (18 new social services and activities of 50 planned). This is the value corresponding to 8 completed projects in indicator No 75714. In line with the anticipated fulfilment of indicator No 75714 also the related indicator No 75712 should grow in 2013 since new social services will be launched in additional 15 projects, which is two and a half times more than the present value that equals 36 % of the target value.

Activity 3.1 c) is monitored by two indicators No 75802 “Number of supported entities“ and No 75603 “Efficiency of support“. While the Efficiency of support reached the value of 65.29 % (the target value is set at 60 %), the Number of supported entities is very low compared to the planned value. The indicator has reached 8 % of its target value and it is likely that the planned value of 250 entities will not be fulfilled.

### **Intervention area 3.2**

The indicators for Intervention area 3.2 are being continuously fulfilled, at the end of 2012 most of the indicators were nearing fulfilment, indicator No 80721 “Increase in the standard (fit-out) of specialised workplaces in national networks“ was slightly exceeded at the end of 2012. The target value is exceeded since at the time of its setting the actual number of beneficiaries under Intervention area 3.2a was unknown. It was only based on the conducted audits that the number of hospitals in the framework of individual networks of specialised workplaces was set. The only indicator which is not markedly fulfilled in Intervention area 3.2 is the indicator No 80704 “Number of programmes introducing the standards and standard procedures for quality and cost management” (3.2 c). For this reason the MoH IB announced the call No 12 (the call was announced on 16 Aug 2012, it was closed on 4 Jan 2013). If even after this call the indicator fails to be fulfilled and there is enough available funds, the MoH IB will announce another call focused on this intervention area.

### Intervention area 3.3

Progress was made in the fulfilment of output indicator No 74521 "Number of supported employment services institutions" in activity a). The baseline value of 0 of this indicator was changed to 1 since the implementation of the project from call No 4 for activity a) "Labour Office of the CR - Karlovy Vary – building of a new seat of the office" was completed.

Also the achieved value of output indicator No 74532 "Number of newly built and supported existing training centres of employment services" was changed from 0 to 1, thus progress is also made in the fulfilment of this indicator because of the completion of implementation of the project under call No 4 for activity b) "Labour Office of the CR - Hradec Králové – reconstruction of a training centre".

The target value of the programme-level indicator No 74514 "Quality increase in working and client environment of the employment services institutions" which is reported in percentage for the programming period is 11 %. Since in activity a) the implementation of the project – "Labour office of the CR - Karlovy Vary – building of a new seat of the office", was completed, the value of this programme-level indicator has so far reached 1.68 %.

The value of indicator No 74512 "Increase in the capacity of training centres of employment services" is zero since the indicator will be fulfilled at the end of project sustainability period.

Since in output indicator No 74533 "Number of newly built and supported existing information and education centres of employment services" the value of the indicator will be fulfilled only at the time of completion of project implementation, its current value is zero.

The value of indicator No 74513 "Increase in the capacity of consultancy-training centres" will be fulfilled at the end of project sustainability period, the value of this indicator is therefore currently zero.

### Intervention area 3.4

In indicator No 260407 "Number of IRS operation centres with integrated ICT", the applications for a change have been submitted in the projects, the implementation period of all the projects has been extended due to the postponed timetable of the umbrella project on IRS that is crucial for all the other units. The indicator will be fulfilled in the course of 2013 and 2014.

In indicator No 260410 "Number of modernised or newly built contact points of Front office type connected to IRS network", 8 projects of the total number of 22 projects is still under implementation and have not yet been completed, one project has been withdrawn by the applicant.

In indicator No 260412 "Number of technological equipment for elimination of safety risks or their implications", the period of project implementation has been extended. Indicators are expected to be fulfilled in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of 2013.

The fulfilment of indicator No 260401 "Number of supported IRS units" is planned for December 2014, the project is currently under implementation.



**Table No 46 - Output indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
330300 Core 41	Number of projects focused on social inclusion	Number	IOP MA	Achieved	0	0	0	66	98	28	N/A	28
				Baseline	0	0	0	0	66	98	N/A	0
				Target	N/A						294	294
75713	Facilities with transformation in progress	Number	IOP MA	Achieved	0	0	0	0	0	0	N/A	0
				Baseline	0	0	0	0	0	0	N/A	0
				Target	N/A						30	30
75714	Number of supported organisations	Number	IOP MA	Achieved	0	0	N/A	0	0	8	N/A	8
				Baseline	0	0	0	N/A	0	0	N/A	0
				Target	N/A						30	30
75802	Number of supported entities	Number	IOP MA	Achieved	0	0	N/A	0	0	20	N/A	20
				Baseline	0	0	0	N/A	0	0	N/A	0
				Target	N/A						250	250
80100 Core 38	Projects on the support of health – total	Number	IOP MA	Achieved	0	0	63	66	68	87	N/A	87
				Baseline	0	0	0	63	66	68	N/A	0
				Target	N/A						110	110
80102	Projects focusing on the support of health – modernising medical equipment	Number	IOP MA	Achieved	0	0	24	34	42	50	N/A	50
				Baseline	0	0	0	24	34	42	N/A	0
				Target	N/A						50	50
80101	Projects for the support of health - health risk prevention	Number	IOP MA	Achieved	0	0	N/A	17	17	28	N/A	28
				Baseline	0	0	0	N/A	17	17	N/A	0
				Target	N/A						45	45
80702	Number of projects focused on	Number	IOP MA	Achieved	0	0	N/A	8	9	9	N/A	9

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
	the introduction of standards and standard procedures of quality and cost management			Baseline	0	0	0	N/A	8	9	N/A	0
				Target	N/A						15	15
74521	Number of supported employment service institutions	Number	IOP MA	Achieved	0	0	N/A	N/A	N/A	1	N/A	1
				Baseline	0	0	0	N/A	N/A	N/A	N/A	0
				Target	N/A						8	8
74532	Number of newly built and supported existing training centres of employment services	Number	IOP MA	Achieved	0	0	N/A	0	N/A	1	N/A	1
				Baseline	0	0	0	N/A	0	N/A	N/A	0
				Target	N/A						4	4
74533	Number of newly built information-training centres of employment services	Number	IOP MA	Achieved	0	0	N/A	0	N/A	0	N/A	0
				Baseline	0	0	0	N/A	0	N/A	N/A	0
				Target	N/A						2	2
260407	Number of IRS operational centres with integrated ICT	Number	IOP MA	Achieved	0	0	N/A	0	N/A	N/A	N/A	0
				Baseline	0	0	0	N/A	0	N/A	N/A	0
				Target	N/A						14	14
260408	Number of newly built logistics bases	Number	IOP MA	Achieved	0	0	N/A	N/A	1	1	N/A	1
				Baseline	0	0	0	N/A	N/A	1	N/A	0
				Target	N/A						1	1
260410	Number of modernised or newly built contact stations of Front office type connected to IRS network	Number	IOP MA	Achieved	0	0	76	242	269	311	N/A	311
				Baseline	0	0	0	76	242	269	N/A	0
				Target	N/A						369	369
260412	Number of technological equipment for elimination of safety risks or their implications	Number	IOP MA	Achieved	0	0	N/A	0	N/A	24	N/A	24
				Baseline	0	0	0	N/A	0	N/A	N/A	0
				Target	N/A						2 180	2 180

Source: MSC2007 as of 6 Mar 2013

**Table No 47 - Result indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
75711	Alternative social services	Number	IOP MA	Achieved	0	0	N/A	N/A	2	5	N/A	5
				Baseline	0	0	0	N/A	N/A	2	N/A	0
				Target	N/A						60	60
75712	Number of new social services and activities	Number	IOP MA	Achieved	0	0	N/A	3	3	18	N/A	18
				Baseline	0	0	0	N/A	3	3	N/A	0
				Target	N/A						50	50
75603	Efficiency of support	%	IOP MA	Achieved	0	0	N/A	61,8	61,11	65,29	N/A	65,29
				Baseline	0	0	0	N/A	61,8	61,11	N/A	0
				Target	N/A						60	60
80721	Increase in the standard (fit-out) of specialised workplaces in national networks	%	IOP MA	Achieved	0	0	64,12	67,58	70,98	72,97	N/A	72,97
				Baseline	0	0	0	64,12	67,58	70,98	N/A	0
				Target	N/A						60	60
80712	Number of prevention programmes available for citizens	Number	IOP MA	Achieved	0	0	N/A	12	19	26	N/A	26
				Baseline	0	0	0	N/A	12	19	N/A	0
				Target	N/A						45	45
80704	Number of programmes introducing the standards and standard procedures for quality and cost management	Number	IOP MA	Achieved	0	0	N/A	6	10	11	N/A	11
				Baseline	0	0	0	N/A	6	10	N/A	0
				Target	N/A						40	40
74514	Improved quality of working and client environment of the employment services institutions	%	IOP MA	Achieved	N/A	N/A	N/A	0	0	1,68	N/A	1,68
				Baseline	0	N/A	N/A	N/A	0	0	N/A	0
				Target	N/A						15	15

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
74512	Increased capacity of training centres of employment services	%	IOP MA	Achieved	N/A	N/A	N/A	0	0	0	N/A	0
				Baseline	0	N/A	N/A	N/A	0	0	N/A	0
				Target	N/A						20	20
74513	Increased capacity of advisory and education and training centres	%	IOP MA	Achieved	N/A	N/A	N/A	0	0	0	N/A	0
				Baseline	0	N/A	N/A	N/A	0	0	N/A	0
				Target	N/A						25	25
260401	Number of supported IRS units	Number	IOP MA	Achieved	0	0	N/A	0	N/A	0	N/A	0
				Baseline	0	0	0	N/A	0	N/A	N/A	0
				Target	N/A						3	3
260406	Decrease in average response time to imminent or existing safety risks	%	IOP MA	Achieved	100	100	100	100	100	N/A	N/A	N/A
				Baseline	100	100	100	100	100	100	N/A	100
				Target	N/A						75	75
260404	Creation of new capacities for effective provision of humanitarian aid to other countries	m 2	IOP MA	Achieved	0	0	N/A	N/A	2500	2500	N/A	2500
				Baseline	0	0	0	N/A	N/A	2500	N/A	0
				Target	N/A						2500	2500

Source: MSC2007 as of 6 Mar 2013

### 3.3.1.B Qualitative analysis

#### Financial progress

In Priority axis 3, funds in the total amount of EUR 492.78 million have been approved, representing 76.84 % of allocation for this priority axis. The largest volume of funds has been approved in Intervention area 3.2 – EUR 240.87 million (82.40 % of allocation for this intervention area). Funds amounting to EUR 175.41 million have been paid to beneficiaries, with the largest share going to Intervention area 3.2 – EUR 143.25 million. The lowest volume of funds has been paid under Intervention area 3.1 (EUR 3.71 million) and 3.3 (EUR 3.72 million). Expenditure in the amount of EUR 160.82 million (25.08 %) has been certified. The highest share of certified expenditure is seen in Intervention area 3.2 (45.04% - EUR 131.66 million).

In 2012 progress was made in **Intervention area 3.1** in the issuance of Decisions on providing a grant which were issued for the amount of EUR 29.43 million of the total EUR 41.03 million. In mid 2012 the MoLSA adopted changes in procedures for the issuance of Decisions on providing a grant and accelerated the process of administration.

Although EUR 2.21 million of the total of EUR 3.71 million was paid to beneficiaries in 2012, the volume of reimbursed funds is very low as against to allocation for this intervention area (a total of 3.99 % of the allocation for this intervention area).

As of 31 Dec 2012 the certified expenditure totalled EUR 2.59 million (2.78 %), of which EUR 1.32 million in 2012.

**In Intervention area 3.2** the issued Decisions on providing a grant equalled EUR 240.87 million (82.40 %), in 2012 altogether EUR 43.34 million was approved. The reimbursed funds equal EUR 143.25 million (49.00 %) – EUR 26.49 million was paid in 2012 and the certified expenditure submitted to the EC totalled EUR 131.66 million (45.04 %), of which EUR 29.77 million in 2012.

The rate of absorption in 2012 compared to the year 2011 was slower. It was caused primarily by amendment to Act No 137/2006 Coll., on public contracts which came into effect on 1 Apr 2012.

The reimbursement of funds slowed down above all on the account of the introduction of Anti-Corruption Strategy of MoH which apart from other things imposes upon the contracting authority an obligation to cancel the tender if only one bid is submitted and the beneficiary is unable to prove that the bid (price) corresponds with the prices common at the given time and place.

**In Intervention area 3.3** the Decisions on providing a grant issued in 2012 amounted to EUR 25.00 million of the total of EUR 41.54 million. Changes in administrative procedures accelerated the process of issuance of guidance documents. Funds covered by Decisions on providing a grant (or Statement of expenditure) thus by the end of 2012 reached 75.79 % of the allocation.

In 2012 progress was made in the reimbursement of funds to beneficiaries, when of the total of EUR 3.37 million (6.15 %) the amount of EUR 3.00 million was approved. The certified expenditure as of 31 Dec 2012 equalled EUR 3.38 million. In 2012 expenditure in the volume of EUR 2.98 million was certified.

**In Intervention area 3.4** a total of EUR 41.08 million (20.44 %) was approved in 2012 of the total of EUR 169.33 million representing 84.25 % of the allocation for this intervention area. Of the total amount of EUR 25.07 million (12.48 %) of funds, in 2012 funds amounting to EUR 3.89 million were paid to beneficiaries. The certified expenditure totals EUR 23.19 million, representing 11.54 % of the allocation, of which EUR 16.42 million was certified in 2012.

Protracted public procurement procedures result in the extension of project timetables and low increase in the absorption of funds under this intervention area.

**Table No 48 - Financial status in Priority axis 3 as of 31 Dec 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC <sup>20</sup>	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
3.1	93 180 640	41 032 981	44,04%	3 714 709	3,99%	2 585 776	2,78%
3.2	292 331 419	240 869 189	82,40%	143 245 023	49,00%	131 664 872	45,04%
3.3	54 812 141	41 543 229	75,79%	3 372 627	6,15%	3 380 062	6,17%
3.4	200 977 851	169 331 731	84,25%	25 074 710	12,48%	23 190 941	11,54%
<b>PA 3</b>	<b>641 302 051</b>	<b>492 777 131</b>	<b>76,84%</b>	<b>175 407 069</b>	<b>27,35%</b>	<b>160 821 651</b>	<b>25,08%</b>

Source: MSC2007 as of 4 Jan 2012

CZK/EUR exchange rate: 25.910

Source of funding: public funds total

**Table No 49 - Financial progress in Priority axis 3 in 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
3.1	93 180 640	29 428 586	31,58%	2 214 135	2,38%	1 320 201	1,42%
3.2	292 331 419	43 339 204	14,83%	26 485 186	9,06%	29 773 421	10,18%
3.3	54 812 141	24 999 982	45,61%	3 004 937	5,48%	2 984 723	5,45%
3.4	200 977 851	41 075 152	20,44%	3 892 732	1,94%	16 415 991	8,17%
<b>PA3</b>	<b>641 302 051</b>	<b>138 842 924</b>	<b>21,65%</b>	<b>35 596 989</b>	<b>5,55%</b>	<b>50 494 336</b>	<b>7,87%</b>

Source: MSC2007 as of 4 Jan 2012

CZK/EUR exchange rate: 25.910

Source of funding: public funds total

### Statistical data on rejected projects

The share of rejected projects in **Intervention area 3.1** is strongly above the average of the programme as a whole and as of 31 Dec 2012 it equals 55.24 %. With the growing number of submitted project applications this value keeps dropping due to the high initial number of rejected projects under call No 1 for activity c).

The project applications are most often rejected for not meeting the evaluation requirements - 137 project applications, 94 % of rejected applications were under activity 3.1c). Under call No 1 for activity 3.1c) altogether 139 projects have been submitted, of which 53.9 % has been rejected for not meeting evaluation requirements. Under the eighth call for activity 3.1c) altogether 142 projects have been submitted, of which 37.3 % has been rejected for not meeting evaluation requirements. The drop in the number of rejected projects was partly caused by better quality of conducted checks of eligibility and formal requisites (the MoLSA has specified the checklists for eligibility and formal requisites in the revised Handbook of Work Procedures).

The percentage of projects rejected due to the failure to meet formal requisites and eligibility criteria has grown (10 project applications of the total of 15 was rejected in 2012). Another measure that should help reduce the number of rejected projects was a higher number of consultations, seminars

<sup>20</sup> The amounts of certified expenditure in Intervention area 3.1 are wrongly stated in IS MSC2007, for technical reasons the corresponding national sources in the amount of EUR 63 327 were not loaded properly. The amounts in the given column were therefore additionally corrected.



and also an emphasis put on publishing frequently asked questions with the effort to address the most frequent grounds for rejection.

The second most frequent reason for project rejection is the withdrawal of project application by the applicant. The applicants most frequently withdraw from project implementation at two stages – during the evaluation of formal requisites (37.5 % of withdrawn projects) and following the approval of Registration of the action (25% of withdrawn projects). Generally speaking, 48.5 % of projects are withdrawn at the stage of eligibility and formal requisite checks. After the approval of projects by the Selection Committee (or after the Registration of the action is issued) 34.3 % of projects are withdrawn.

**Table No 50 - Table of rejected projects in Intervention area 3.1**

Intervention area 3.1				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	11	2,88%	1,60%	7
<i>N1.2 Project application failed to meet formal requisites</i>	4	1,05%	0,74%	3
<i>N2.1 Project failed to meet evaluation requirements</i>	137	35,86%	2,52%	46
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	5	1,31%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	15	3,93%	0,41%	1
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	1	0,26%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	38	9,95%	3,22%	14
<i>N7 Project was not completed/project was withdrawn</i>	0	0,00%	1,30%	0
<i>N8 Contract was terminated by the MA/IB</i>	0	0,00%	0,07%	0
<b>Total</b>	<b>211</b>	<b>55,24%</b>	<b>10,19%</b>	<b>71</b>

Source: IS Monit7+ as of 4 Jan 2013

**In Intervention area 3.2**, altogether 36 projects were rejected, of which 12 were not recommended for financing by the Selection Committee on the grounds of identified risk factors that would compromise project sustainability, 9 projects failed to meet evaluation requirements and two projects did not meet eligibility criteria and two more projects did not meet formal requisites, 2 project applications were withdrawn by the applicant, in one project the issuance of Decision on providing a grant was denied due to the deletion of the project from the Bulletin of the Ministry of Health of the CR, in which medical facilities included in the national network of specialised workplaces are listed, which is one of the eligibility requirement for the applicant. Moreover, 8 projects were withdrawn.

In 2012, a total of 5 calls were announced, in three of which the evaluation process was completed and legal acts were issued before the end of 2012. In total, 3 project applications which failed to meet evaluation requirements were rejected in 2012 and two system projects of the MoH CR were withdrawn. One of these projects, identified as the so called sleeping project, was withdrawn, updated and submitted under the next call.

**Table No 51 - Table of rejected projects in Intervention area 3.2**

Intervention area 3.2				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	2	1,03%	1,60%	0
<i>N1.2 Project application failed to meet formal requisites</i>	2	1,03%	0,74%	0
<i>N2.1 Project failed to meet evaluation requirements</i>	9	4,64%	2,52%	3
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	0	0,00%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	12	6,19%	0,41%	0
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	1	0,52%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	2	1,03%	3,22%	0
<i>N7 Project was not completed/project was withdrawn</i>	8	4,12%	1,30%	2
<i>N8 Contract was terminated by the MA/IB</i>	0	0,00%	0,07%	0
<b>Total</b>	<b>36</b>	<b>18,56%</b>	<b>10,19%</b>	<b>5</b>

Source: IS Monit7+ as of 4 Jan 2013

**In Intervention area 3.3**, as of 31 Dec 2012 of the total of 24 submitted project applications 7 project applications were rejected, namely 1 project in activity 3.1 a) and 6 applications in activity 3.3 c). Apart from one project application, which did not pass the eligibility check, all the other applications were rejected due to their failure to meet the evaluation requirements. In activities a) and b) the percentage of rejected projects is very low, in 2012 no projects were rejected.

**Table No 52 - Table of rejected projects in Intervention area 3.3**

Intervention area 3.3				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	1	4,17%	1,60%	0
<i>N1.2 Project application failed to meet formal requisites</i>	0	0,00%	0,74%	0
<i>N2.1 Project failed to meet evaluation requirements</i>	6	25,00%	2,52%	1
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	0	0,00%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	0	0,00%	0,41%	0
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	0	0,00%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	0	0,00%	3,22%	0
<i>N7 Project was not completed/project was withdrawn</i>	0	0,00%	1,30%	0
<i>N8 Contract was terminated by the MA/IB</i>	0	0,00%	0,07%	0
<b>Total</b>	<b>7</b>	<b>29,17%</b>	<b>10,19%</b>	<b>1</b>

Source: IS Monit7+ as of 4 Jan 2013

In Intervention area 3.4 the percentage of rejected projects has been consistently low. Since the beginning of the programming period 3 project applications have been withdrawn by the applicant. In 2012 no project was rejected.

**Table No 53 - Table of rejected projects in Intervention area 3.4**

Intervention area 3.4				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
N1.1 Project application failed to meet at least one of the eligibility criteria	0	0,00%	1,60%	0
N1.2 Project application failed to meet formal requisites	0	0,00%	0,74%	0
N2.1 Project failed to meet evaluation requirements	0	0,00%	2,52%	0
N2.2 Letter on rejection of project application based on ex-ante check was sent	0	0,00%	0,32%	0
N2.3 Project was not recommended for funding by the Selection Committee	0	0,00%	0,41%	0
N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied	0	0,00%	0,02%	0
N5 Project application was withdrawn by the applicant	3	2,68%	3,22%	0
N7 Project was not completed/project was withdrawn	0	0,00%	1,30%	0
N8 Contract was terminated by the MA/IB	0	0,00%	0,07%	0
<b>Total</b>	<b>3</b>	<b>2,68%</b>	<b>10,19%</b>	<b>0</b>

Source: IS Monit7+ as of 4 Jan 2013

## Fulfilment of horizontal themes

### Equal opportunities

In Priority axis 3 a total of 345 projects were approved before the end of 2012, of which 180 projects have a neutral impact on equal opportunities, 119 projects have a positive impact on equal opportunities and the remaining 43 project applications should be focused on equal opportunities.

**Table No 54 - Equal opportunities**

Monitoring of horizontal themes	Unit of measure	Number of projects
Number of projects <b>with a neutral impact on equal opportunities</b>	Number of projects	98
Number of projects <b>with a positive impact on equal opportunities</b>	Number of projects	87
Number of projects <b>focused on equal opportunities</b>	Number of projects	25

Source: IS Monit7+ as of 10 Jan 2013

### Sustainable development

The largest number of projects approved under Priority axis 3 by the end of 2012 should be environmentally neutral (280), 58 should have a positive environmental impact, 17 project applications undertake to improve the quality of air, 13 project applications undertake to improve the population awareness of environmental protection, 10 projects will use alternative sources, three projects shall improve the quality of water and one project shall enlarge the area of urban vegetation. It is the project called "Strategic noise maps", which by itself will not enlarge the area of urban vegetation, but based on the values in maps it can be considered to be a corrective measure decreasing the noise load in certain locations.

**Table No 55 - Sustainable development**

Monitoring of horizontal themes	Unit of measure	Number of projects
Project focuses mainly <b>on the environment</b>	Number of projects	0

Monitoring of horizontal themes	Unit of measure	Number of projects
Project <b>has a positive environmental impact</b>	Number of projects	58
Project is environmentally <b>neutral</b>	Number of projects	280
Project will help <b>improve the air</b>	Number of projects	17
Project will help <b>improve the quality of water</b>	Number of projects	3
Project will use <b>alternative sources</b>	Number of projects	10
Project will enlarge <b>the area of urban vegetation</b>	Number of projects	1
Project will improve <b>population awareness of environmental protection</b>	Number of projects	13
Project requires an <b>environmental impact assessment</b>	Number of projects	0

Source: IS Monit7+ as of 10 Jan 2013

### 3.3.2 Significant problems encountered and measures taken to overcome them

#### Intervention area 3.1

##### Risk of non-fulfilment of n+3 rule and failure to absorb the allocation

The most challenging identified problem in Intervention area 3.1 is the risk of failure to absorb the allocation. The MoLSA takes measures in order to minimise it. A sweeping majority of activities and adopted corrective measures are designed to support the absorption of funds, submission of projects and acceleration of project administration.

##### Measures taken

- In June 2012 the evaluation called “Identification of barriers to the absorption of funds in Intervention areas 3.1 and 3.3 of IOP” was completed. The evaluation of barriers mapped the procedural and system barriers to absorption in Intervention areas 3.1 and 3.3, the reasons behind the lack of absorption and proposed corrective measures to support the absorption of funds. Based on the evaluation of barriers, an action plan was adopted comprising 90 measures and deadlines for their fulfilment.
- Corrective measures aimed to accelerate the administration, mainly by modifying the activities and deadlines in HAB, which is continuously done by revision of calls and modification of administration procedures for Intervention area 3.1 in the revision of the Handbook of Work Procedures version 1.4 . Duplicate and redundant activities were removed, the checklist for eligibility checks and checks of formal requisites of CRD was modified. Following the approval of revision of the Handbook of Work Procedures, the MoLSA shall hold a seminar for CRD staff on eligibility and formal requisite checks in the first quarter of 2013. Another measure proposed in the evaluation of barriers was the putting in place a more effective system of issuing guidance documentation. This requirement was satisfied by revision of the Handbook of Work Procedures, namely by the issuance of a joint (merged) document of the Registration of action and Decision on providing a grant. Also other bottlenecks were identified, such as extension of deadlines for ex-ante checks and high percentage of ex-ante checks.
- As a follow-up to the ongoing evaluation the MoLSA on 2 Jul 2012 issued a new Handbook of Work Procedures. The revision focused e.g. on adjustments leading to the acceleration of project administration, issuance of joint (merged) guidance documents, cutting or introducing the deadlines for individual activities (conduct of ex-ante checks, handing over the documentation between MoLSA and CRD), activities related to regular reporting, changes in project quality evaluation.

- Working meetings between MoLSA and CRD have been introduced which help accelerate the administration of projects. At these meetings topical tasks are discussed and problems in administration are dealt with.
- Monitoring of sleeping and risky projects has been launched. Reasons behind the delays in administration have been identified and corrective measures have been adopted.
- An important measure to support the absorption in activity 3.1a) is the division of time consuming and financially demanding projects into smaller stages. The aid beneficiaries under activities 3.1a) and 3.1b) were notified of this division by the letters of the Director of EU Funds Implementation Department of 14 Aug 2012 and 30 Aug 2012.

### **Risk of insufficient absorption capacity**

One of the reasons behind the non-fulfilment of n+2/n+3 rule and the failure to absorb the allocation are absorption capacity related problems. These two problems are closely linked and shall be addressed simultaneously.

#### ***Measures taken***

- In order to increase the absorption capacity the MoLSA reviews all the calls for IA 3.1. The revision of calls aims primarily to make the obligations more simple and clearer for applicants and beneficiaries. As of 31 Dec 2012 the revision of the 8<sup>th</sup> call (activity c) was approved. More revisions of Handbooks are anticipated in the 1<sup>st</sup> quarter of 2013.
- On 28 Jun 2012, the MoLSA extended the 8<sup>th</sup> call for activity 3.1 c). It aimed to simplify the requirements for administration of supported projects placed on applicants, to specify and clarify the current interpretation of rules of the call, Handbooks for Applicants and Beneficiaries and their annexes. In the referred to documents modifications were made mainly in those parts where the applicants most frequently made mistakes while completing their project applications. Changes were made based on the most frequently asked questions and consultations. The conducted modifications consisted particularly in the specification of reporting of monitoring indicators, interpretation of eligibility of expenditure criteria in case of technical improvement of fixed assets, extension of staffing and production capacity of the existing company, endorsing the social economy principles by the applicant in the foundation documents, update of instructions to complete the application in IS Benefit 7.
- Publishing of information on the call for 3.1 c) on the websites of the SF Funds, Association of Small and Medium-Sized Enterprises and Crafts of the CR, the Czech Chamber of Commerce, in the National Centre for Support of the Transformation of Social Services journal and in Profit periodical.
- Another regularly taken measure are intensive consultations of submitted projects and project fiches. The MoLSA is forthcoming as much as possible towards the aid applicants and beneficiaries in case they ask for a consultation. These consultations are held at MoLSA and in cooperation with the National Centre for Support of the Transformation of Social Services in case of activity 3.1 a) and in collaboration with the Agency for Social Inclusion in case of activity 3.1 b).
- In September 2012, the IOP Annual Conference for support of IA 3.1 was held called “Quality of Life – Forms of social integration supported by the EU”. During the conference presentations were given by prominent Czech and foreign experts specialising in social integration. The conference was divided into three blocks focused on the process of transformation of residential social service facilities, support to members of socially excluded

Roma localities and support to social economy. All this in the context of investment projects of the Integrated Operational Programme – IA 3.1 linked to non-investment projects of similar focus (Operational Programme Human Resources and Employment) and practice (presentation of project/NGOs representatives, etc.). Also presented at the conference were successful projects, namely in theory by presentations and in practice by the visit to a successfully implemented project in Intervention area 3.1 c).

## Intervention area 3.2

### Unjustified direct purchase of management services, or legal advisory services

This DAB audit finding concerned two projects.

#### *Measures taken*

It was implemented prior to the DAB audit in the form of update of the Handbook for Applicants and Beneficiaries which now clearly states when it is possible to make a direct purchase.

### Unauthorised use of “negotiated procedure without publication“

This finding of DAB audit concerns two projects.

#### *Measure taken*

It was implemented prior to the DAB audit in the form of expert advisory services for activities 3.2b and 3.2c concerning the comments on contract documents. In the event the beneficiary proposes the form of “negotiated procedure without publication”, the observance of conditions laid down in the Act on public contracts (Public Procurement Act) is thoroughly examined in cooperation with external legal and other experts.

### Deficiencies in public contracts, high qualification requirements in particular

This finding of DAB audit concerns three projects.

#### *Measure taken*

It was implemented prior to the DAB audit through the issuance of Anti-Corruption Strategy of MoH which stipulates also the qualification requirements.

## Intervention area 3.3

### Risk of non-fulfilment of n+3 rule

#### *Measures taken*

- In June 2012 the evaluation called “Identification of barriers to the absorption of funds in Intervention areas 3.1 and 3.3 of IOP“ was completed. The evaluation of barriers mapped the procedural and system barriers to absorption in Intervention areas 3.1 and 3.3, the reasons behind the lack of absorption and proposed corrective measures to support the absorption of funds. Based on the evaluation of barriers, an action plan was adopted comprising 90 measures and deadlines for their fulfilment.
- As a follow-up to the ongoing evaluation and efforts to accelerate project administration on 2 Jul 2012 a revision of the Handbook of Work Procedures was issued. The major change was the possibility of issuing joint (merged) guidance documents (Registration of action and Statement of expenditure for financing an action of the government agency/Decision on providing a grant). Other changes concerned the cutting or introducing the deadlines for individual activities (conduct of ex-ante checks, handing over the documentation between



MoLSA and CRD), activities related to regular reporting, changes in project quality evaluation, etc.

- Working meetings between MoLSA and CRD have been introduced which help accelerate the administration of projects. At these meetings topical tasks are discussed and problems in administration are dealt with.
- Monitoring of sleeping and risky projects has been launched. The MoLSA identified the delays in administration and adopts corrective measures.

## **Financially demanding and long project stages**

### ***Measures taken***

- The MoLSA has requested the beneficiaries to cut or divide the time consuming and financially demanding projects into shorter and coherent stages. The aid beneficiaries in activities 3.3 a) and 3.3 b) were notified of this division at the seminar held in Prague on 23 Oct 2012.
- The corrective measure is directed at division of stages so as to reflect the gradual absorption of funds.
- The MoLSA IB holds weekly meetings with LO representatives.
- The requirement for division of project stages is currently implemented through one-to-one meetings with aid beneficiaries. By cutting or dividing the stages, the expenditure higher by roughly CZK 52 million than originally planned should be included in certification in 2013.

## **Intervention area 3.4**

### **Extension of project timetables in calls No 11, 12, 13**

#### ***Measures taken***

The MA organises monthly meetings on the status and implementation of individual projects. At first mostly the Integrated Rescue System was addressed at the meetings, the MA gradually asked the entities concerned to prepare reports on all the announced calls.

**Delays in the implementation of the umbrella project called the National Information System of the Integrated Rescue System (IRS NIS)** and of the follow-up regional projects due to the selection of the general contractor of the system.

#### ***Measure taken***

Intensive discussions at the top level to arrange for the selection of the general contractor. The final decision concerning the selection of the general contractor was adopted in November 2012. In the course of November and December nine meetings took place between the aid beneficiary and the general contractor, and in December the bid and the draft contract were presented to the IOP Managing Authority. When selecting the general contractor the IOP aid beneficiaries decided to use the option offered by the Government Resolution No 224/2012 of 4 April 2012. The document called “Information on the provision of selected services of information and communication technologies used by state administration“ facilitates the change of the deed of foundation of Česká pošta, s. p. which shall, based on the subsequent follow-up steps in line with the rule of law of the Czech Republic, provide activities for the state that cannot and must not be entrusted to a commercial entity since they are directly related to the security of the CR. The contract with the general contractor is expected to be signed by mid-March 2013.

### 3.3.3 Example of a project

#### Intervention area: 3.1 Social integration services

**Name of the project:** Fruit and herbs processing in Velká Kraš (CZ.1.06/3.1.02/01.07110)

**Beneficiary:** VS Rychleby s.r.o.

**Total project budget:** Total budget CZK 2 275 320 (SF contribution CZK 1 740 690,-, SB contribution CZK 307 169,-, own source CZK 227 532,-).

The area of Velká Kraš in Jeseník district is by the Ministry of Labour and Social Affairs analysis identified as social excluded Roma locality. It exhibits a high unemployment rate (the estimated rate of unemployment in Velká Kraš and Kobylá nad Vidnavkou municipalities is approximately 80 %). That is why the aid beneficiary decided to establish a social enterprise here in which it will apply the principle of creating socially beneficial jobs and thus contribute to building work habits, ensuring stable income and improving the image of the Roma in the eyes of mainstream society. The social enterprise concentrates on drying herbs and fruits, cider making and further processing of fruits, e.g. for production of herbal and fruit teas. The local market benefits not only from the manufacturing of these products but also from the provision of other services to local inhabitants (e.g. cider making for small growers, buying fruits from small growers).

The newly established company will employ five persons, of which at least three of the target group which is defined as an ethnic and national minority and persons from a different socio-cultural setting.

The site of the newly established company used to be occupied by an unused silo for cereals, now altered into suitable production and storage premises, and an unused farm building. This building originally served as feed storage and after its reconstruction has become a new fruit and herb store. The financial support went to the purchase of technologies needed for company operations such as cider making machines, fruit crushers and presses, fruit juice pasteurization tanks, cider storage tanks, etc.

The project will use local products and will have a positive impact on local population by offering jobs to local inhabitants and improving the environment.



#### Intervention area: 3.2 Public health services

**Name of the project, registration number:** Upgrade and renewal of devices and equipment of the Stroke Centre in the Regional Hospital of T. Baťa a. s., (CZ.1.06/3.2.01/08.07627)

**Beneficiary:** Regional Hospital of T. Baťa, a. s.

**Project funding:** total budget CZK 24 178 032 (SF contribution CZK 20 551 327, region's contribution CZK 3 626 705)

A stroke, ictus, cerebral infarction or progressive paralysis are the terms for the acute cerebrovascular event. It leads to blood flow interruption and brain damage. A cerebrovascular event is the second most frequent cause of death in the Czech Republic, right after myocardial infarction, and ever more often affects younger generation. The incidence of the disease in the CR is roughly 250 events per 100 000 inhabitants per year which is one of the highest incidence in the world. If the stroke is not recognised and treated immediately, it can cause permanent neurologic damage, or death. It is not only a huge medical, but also a social and economic challenge of present times.

Fast transport and hospital equipped with high-tech devices are two vital factors that influence the scope and degree of consequences of stroke. Thanks to the support from the European Funds the health care for patients with vascular brain disease in the Regional Hospital of T. Baťa has been improved and extended. The hospital has purchased new diagnostic devices which help indicate the treatment more accurately and with better targeting. Moreover, it has purchased new equipment for better care directly at the patient's bed. This facilitates prevention of serious complications primarily in immobile patients.

New devices and equipment were also acquired for rehabilitation which helps increase the number of self-sufficient patients and facilitates their faster return to normal life. The hospital has purchased e.g. a treadmill for gait training equipped with integrated pressure sensors. It enables development or restoration of correct gait pattern, stimulation of balance and coordination of strength and endurance of selected muscle groups.

The Stroke Centre of the Regional Hospital of T. Baťa is the only workplace of its kind in the Zlín region. It provides care for approximately 600 thousand inhabitants.

### **Intervention area: 3.3 Employment services**

**Name of the project:** Labour Office of the CR – Blansko – purchase and reconstruction of a new building, (CZ.1.06/3.3.00/04.06528)

**Beneficiary:** Labour Office of the Czech Republic

**Project funding:** total budget CZK 39 663 548 (SF contribution CZK 33 714 015, SB contribution CZK 5 949 533 199)

This project increases the quality and accessibility of employment services in Blansko district. By reconstructing the building, all the services will be concentrated into single premises which will provide enough space to meet the needs of the Labour Office and create adequate conditions for clients as well as employees of the office.

Agenda of the Labour Office in Blansko used to be located at three different places and its head office was in a building dating back to 1980s which had not been originally built as an office building. This handicap together with very poor technical condition of the building resulted in unsuitable environment for work with clients of employment services. The building lacked appropriate waiting rooms, a wheelchair access or sanitary facilities. The result of the project will be the transfer of all the agendas into the newly renovated building that will fully satisfy the current needs.

The building works related to the reconstruction of this building began in September 2011. In the framework of the project the building was fitted with new windows and doors and thermal protection of the building envelope which considerably improved the thermal performance of the building. The reconstruction also included a new wheelchair access to the building connected to a barrier-free path including a lift providing access to all the floors.

At the end of June 2012 the newly reconstructed Labour Office building opened its gates to Blansko district population. So far the first two buildings have been completed which will be followed by the third one next year. The office will become more convenient not only for job applicants, but also for employees of the Labour Office of the CR contact point in Blansko.



**Intervention area:** 3.4 Services in security, risk prevention and management

**Name of the project:** Increasing the operational capability of the Fire Rescue Service of the CR for rescue and liquidation operations during natural disasters and Purchase of modern equipment and technologies for the Fire Rescue Service in order to improve the quality of addressing emergencies (projects submitted under call No 13 of MoI CR)

**Beneficiary:** Fire rescue services of all the regions except for Prague, Emergency Unit of the Fire Rescue Service of the CR and Administration of the National Park and Protected Landscape Area of Šumava

**Project funding:** Total budget CZK 1 000 000 000 (SB contribution CZK 850 000 000, SB contribution CZK 150 000 000)

It comprises altogether twenty eight projects for the purchase of new technical equipment and technologies for firemen that are implemented in 2012 and 2013. The purchase of technical equipment was divided into two parts – Natural disaster and Quality improvement.

The main aim of the operation Natural disaster is to increase the mobility and operational capability of firemen in case of natural disasters, e.g. flash floods. The second operation Quality improvement is aimed primarily at increasing the quality of firemen intervention during various types of emergency situations, e.g. interventions in case of car accidents, interventions on high-rise buildings, interventions in case of extensive fires of industrial premises, shopping centres, forests.

At present the necessary technical equipment is being manufactured and purchased. In 2012 buses for the evacuation of persons from places hit by a natural disaster, industrial accidents or other threats to places of emergency survival were purchased. The buses are intended also for the transport of units at long distances when changing shifts at the place of intervention. Another type of technical equipment purchased in 2012 is loaders. The loaders combined with other technical equipment can be employed for multiple purposes and serve e.g. for rescue and liquidation operations during floods, extrication of persons from collapsed structures or reinforcing of dikes during floods. Moreover, in 2012 technical containers were purchased that serve for instance during rescue operations in slides and cave-ins.





### 3.4 Priority axis 4a, 4b – National support of tourism

The aim of Priority axes 4a, 4b is to support the formation of basic environment and conditions necessary for tourism development at the national level. To achieve its effective development it is necessary to manage and coordinate some tourism activities from the national level, which helps create suitable conditions for the development of business, increased competitiveness and employment in this area. Both the priority axes are of national and system relevance, unlike the measures in regional operational programmes, where the local or regional dimension is emphasised. The priority axes will be complemented by interventions into tourism from the particular ROPs.

The priority axis covers the Convergence objective (4a) and the Regional Competitiveness and Employment objective (4b).

#### 3.4.1 Achieved progress and its analysis

##### 3.4.1.A Information on physical and financial progress

###### Implementation of Priority axis

###### Calls

**In Intervention areas 4.1a and 4.1b** 2 calls were under way in the course of 2012, announced in 2011. Their allocation equals EUR 43.1 million and 24 project applications have been submitted. After rejections during the process of administration, 18 projects in the amount of EUR 44.3 million continued to be implemented. Before the end of 2012 a total of 11 projects in the amount of EUR 29.3 million were approved.

The continuous call No 12 was announced for the allocation of EUR 39.2 million and of the total of 22 submitted project applications 16 projects amounting to EUR 40.5 million are being administered. As of 31 Dec 2012, 9 projects in the amount of EUR 25.5 million were approved. In September 2012 the IOP MA evaluated the results of implementation in Intervention area 4.1 in terms of the volume of available funds, timetable of calls and duration of the programming period. In October 2012 it approved the increase in the allocation for call No 12 for activity e). The allocation of the call will be topped up in the first quarter of 2013 when submission of new project applications is foreseen.

Call No 13 with the allocation of EUR 3.8 million was closed in January 2012. Two new project applications requesting EUR 3.9 million were submitted, both the applications passed the administration process and their financial requirements were fully approved.



**Table No 56 - Overview of announced and ongoing calls in 2012 in Priority axes 4a and 4b**

Order of the call	Number of the call	Submission of project applications		Type of the call	Number of PA/IA	Allocation for the call	Submitted applications for support		Projects with issued Decision/signed Contract	
		Opening date of the call	Closing date of the call			in EUR	Number	in EUR	Number	in EUR
43.	12	7.9.2011		continuous	4.1a	36 444 921	8	37 622 031	5	24 030 462
					4.1b	2 803 455	8	2 894 002	4	1 423 012
				Call total		39 248 377	16	40 516 033	9	25 453 473
45.	13	14.12.2011	21.1.2012	time-limited	4.1a	3 540 613	1	3 536 216	1	3 536 216
					4.1b	272 355	1	272 017	1	272 017
				Call total		3 812 967	2	3 808 232	2	3 808 232
CONV total						39 985 534	9	41 158 246	6	27 566 677
RCE total						3 075 810	9	3 166 019	5	1 695 028
PA 4 total						43 061 344	18	44 324 265	11	29 261 706

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

## Indicators

In 2012 the number of projects focused on the development of tourism grew and it is shown in the increase of the achieved value of indicator No 410100. At the beginning of the year projects concerning the National system of quality service in tourism in the CR were received and supported. Their implementation will result in achieving the target value of indicator No 413315. The projects that are implemented have also committed to fulfil such values of indicators No 410304 and 410303 that will strongly contribute to the fulfilment of their target values. A part of the planned values was fulfilled already in 2012.

Progress in the fulfilment of monitoring result indicators is very low because most of them is being fulfilled only after the completion of project implementation. As a result of completion of 6 projects in Intervention area 4.1, the values of indicator No 410302 went up in 2012.

**Table No 57 - Output indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015 CONV	Target value 2015 RCE	CONV total	RCE total
410100 Core 34	Number of projects focused on tourism development	Number	IOP MA	Achieved	0	0	12	N/A	8	14	N/A	N/A	14	
				Baseline	0	0	0	12	N/A	8	N/A	N/A	0	
				Target	N/A						44	23	44	23
413305	Number of information portals	Number	IOP MA	Achieved	0	0	N/A	0	0	0	N/A	N/A	0	
				Baseline	0	0	0	N/A	0	0	N/A	N/A	0	
				Target	N/A						1	1	1	1
413315	Number of introduced standards in tourism services	Number	IOP MA	Achieved	0	0	N/A	N/A	N/A	0	N/A	N/A	0	
				Baseline	0	0	0	N/A	N/A	N/A	N/A	N/A	0	
				Target	N/A						5	5	5	5
410304	Number of marketing and statistical surveys	Number	IOP MA	Achieved	0	0	N/A	N/A	N/A	1	N/A	N/A	1	
				Baseline	0	0	0	N/A	N/A	N/A	N/A	N/A	0	
				Target	N/A						6	6	6	6
410303	Number of publicity campaigns promoting tourism products	Number	IOP MA	Achieved	0	0	N/A	N/A	5	12	N/A	N/A	12	
				Baseline	0	0	0	N/A	N/A	5	N/A	N/A	0	
				Target	N/A						32	11	32	11

Source: MSC2007 as of 6 Mar 2013

**Table No 58 - Result indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015 CONV	Target value 2015 RCE	CONV total	RCE total
413311	Share of entities operating in tourism in the CR, which will be connected to the information system [1]	%	IOP MA	Achieved	0	0	N/A	0	0	N/A	N/A	N/A	0	
				Baseline	0	0	0	N/A	0	0	N/A	N/A	0	
				Target	N/A						50	50	50	50
413320	Number of newly classified and certified entities operating in tourism	Number	IOP MA	Achieved	0	0	N/A	0	N/A	0	N/A	N/A	0	
				Baseline	0	0	0	N/A	0	N/A	N/A	N/A	0	
				Target	N/A						1720	280	1720	280
413321	Number of created source databases	Number	IOP MA	Achieved	0	0	N/A	N/A	N/A	0	N/A	N/A	0	
				Baseline	0	0	0	N/A	N/A	N/A	N/A	N/A	0	
				Target	N/A						6	6	6	6
410302	Number of created publicity or marketing products for tourism	Number	IOP MA	Achieved	0	0	N/A	0	8	14	N/A	N/A	14	
				Baseline	0	0	0	N/A	0	8	N/A	N/A	0	
				Target	N/A						10	10	10	10

Source: MSC2007 as of 6 Mar 2013

### 3.4.1.B Qualitative analysis

#### Financial progress

In Intervention areas 4.1a and 4.1b, EUR 53.45 million was approved which represents 69.65 % of the allocation for this priority axis, EUR 11.86 million (15.45 %) was reimbursed to beneficiaries and EUR 9.08 million (11.83 %) was certified.

For roughly a half of the approved projects (EUR 28.08 million of EUR 53.45 million) the Decision on providing a grant was issued in 2012. With the exception of two projects, in 2012 the Decision on providing a grant was issued for all the submitted projects which had successfully passed the process of evaluation and control.

Of the total volume of funds paid to beneficiaries, in 2012 EUR 4.06 million was reimbursed and EUR 0.92 million was certified. The reimbursement and certification of expenditure was very low. In 2012 projects were divided into stages and the amount of reimbursed funds increased. Based on the set timetables of projects the IOP MA anticipates further increase in the volume of funds paid to beneficiaries and certified expenditure in the second half of 2013.

**Table No 59 - Financial status in Priority axes 4a and 4b as of 31 Dec 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum) <sup>21</sup>		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
4.1a	71 255 784	49 628 085	69,65%	11 010 342	15,45%	8 431 017	11,83%
4a	71 255 784	49 628 085	69,65%	11 010 342	15,45%	8 431 017	11,83%
4.1b	5 481 214	3 817 757	69,65%	846 937	15,45%	648 536	11,83%
4b	5 481 214	3 817 757	69,65%	846 937	15,45%	648 536	11,83%
<b>PA 4</b>	<b>76 736 998</b>	<b>53 445 842</b>	<b>69,65%</b>	<b>11 857 280</b>	<b>15,45%</b>	<b>9 079 553</b>	<b>11,83%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

Convergence objective ; RCE objective

**Table No 60 - Financial progress in Priority axes 4a and 4b in 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
4.1a	71 255 784	26 070 712	36,59%	3 770 693	5,29%	856 364	1,20%
4a	71 255 784	26 070 712	36,59%	3 770 693	5,29%	856 364	1,20%
4.1b	5 481 214	2 005 628	36,59%	290 050	5,29%	65 455	1,19%
4b	5 481 214	2 005 628	36,59%	290 050	5,29%	65 455	1,19%
<b>PA 4</b>	<b>76 736 998</b>	<b>28 076 340</b>	<b>36,59%</b>	<b>4 060 743</b>	<b>5,29%</b>	<b>921 819</b>	<b>1,20%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

Convergence objective ; RCE objective

#### Statistical data on rejected projects

In Intervention area 4.1 as of 31 Dec 2012 a total of 98 projects were rejected, most often for not meeting evaluation requirements (54 project applications), in 24 cases the project applications were

<sup>21</sup> In one project under Intervention area 4.1b the status “The decision on providing a grant was issued” was added retroactively in January 2013 as of 12 Dec 2012. The total amount of funds covered by the Decision/Contract (Addendum) was for this reason adjusted by the amount of EUR 425 485.28 of the respective project.

rejected on the grounds of not meeting eligibility criteria. 14 projects were withdrawn by beneficiaries following the issuance of the Decision on providing a grant and 6 project applications were withdrawn by the applicant.

In 2012 the number of rejected projects did not considerably grow. The share of rejected projects has increased as against 2011 from 63.8% to 64.47 %, namely due to 10 rejected projects.

High percentage of rejected projects on the grounds of not meeting evaluation requirements reported in the past years has dropped since 2011 approximately by 2 percentage points.

The share of projects withdrawn by the applicant in 2012 in Intervention area 4.1 is comparable to the share of projects withdrawn by the applicant within the programme as a whole. The value slightly increased as against the previous year due to the withdrawal of 2 projects.

Six projects submitted in 2009 were withdrawn in 2012, their content and outputs, however, will be preserved. They merged into a project called National system of quality tourism services in the CR submitted on 3 Jan 2012.

**Table No 61 - Table of rejected projects in Intervention area 4.1**

Intervention area 4.1				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	24	15,79%	1,60%	0
<i>N1.2 Project application failed to meet formal requisites</i>	0	0,00%	0,74%	0
<i>N2.1 Project failed to meet evaluation requirements</i>	54	35,53%	2,52%	2
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	0	0,00%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	0	0,00%	0,41%	0
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	0	0,00%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	6	3,95%	3,22%	2
<i>N7 Project was not completed/project was withdrawn</i>	14	9,21%	1,30%	6
<i>N8 Contract was terminated by the MA/IB</i>	0	0,00%	0,07%	0
<b>Total</b>	<b>98</b>	<b>64,47%</b>	<b>10,19%</b>	<b>10</b>

Source: IS Monit7+ as of 4 Jan 2013

## Fulfilment of horizontal themes

### Equal opportunities

By the end of 2012 in Priority axes 4a and 4b, 51 projects were approved of which 2 will be projects focused on equal opportunities, 19 projects will have a positive impact on equal opportunities and 30 projects will have a neutral impact on equal opportunities.

**Table No 62 - Equal opportunities**

Monitoring of horizontal themes	Unit of measure	Number of projects
Number of projects <b>with a neutral impact on equal opportunities</b>	Number of projects	30
Number of projects <b>with a positive impact on equal opportunities</b>	Number of projects	19
Number of projects <b>focused on equal opportunities</b>	Number of projects	2

Source: IS Monit7+ as of 10 Jan 2013

## Sustainable development

Most of the projects approved under Priority axes 4a and 4b are environmentally neutral (41), 6 projects should have positive environmental impact and 10 projects should improve the population awareness of environmental protection.

**Table No 63 - Sustainable development**

Monitoring of horizontal themes	Unit of measure	Number of projects
Project focuses mainly <b>on the environment</b>	Number of projects	0
Project <b>has a positive environmental impact</b>	Number of projects	6
Project is environmentally <b>neutral</b>	Number of projects	41
Project will help <b>improve the air</b>	Number of projects	0
Project will help <b>improve the quality of water</b>	Number of projects	0
Project will use <b>alternative sources</b>	Number of projects	0
Project will enlarge <b>the area of urban vegetation</b>	Number of projects	0
Project will improve <b>population awareness of environmental protection</b>	Number of projects	10
Project requires an <b>environmental impact assessment</b>	Number of projects	0

Source: IS Monit7+ as of 10 Jan 2013

### 3.4.2 Significant problems encountered and measures taken to overcome them

**Slow implementation of projects, low acceleration of absorption of funds and risk of non-fulfilment of n+3 rule.**

#### *Measures taken*

- Meeting of the directors of IOP Managing Authority, Centre for Regional Development of the CR (hereinafter referred to as the CRD), Tourism Department of MRD (hereinafter referred to as the TD) and CzechTourism (hereinafter referred to as the CzT) with the 1<sup>st</sup> Deputy Minister for Regional Development.

In 2012 the meetings were held on 15 May 2012, 30 Jul 2012 and 10 Oct 2012. They addressed the topical issues and progress achieved in the implementation of Intervention area 4.1 with regard to CzT and TD projects.

- Proceeding with the organisation of bilateral meetings between IOP MA and individual beneficiaries at the level of directors, meetings with top officials of the ministry.

On 23 Apr 2012 a meeting was held between the IOP MA and the top officials of the ministry on tourism projects with the participation of CzT, TD and CRD. On 4 Sep 2012 a bilateral meeting of TD and IOP MA took place at which the low rate of absorption of funds and necessary division of TD projects into stages conducive to higher absorption were discussed.

- Proceeding with the reporting on progress achieved in project implementation to the top officials of the ministry.

In 2012 the IOP MA submitted to the top officials of the Ministry for Regional Development seven pieces of information on the current status of implementation and problems faced in IA 4.1, with major stress put on TD and CzT projects that total approximately 85 % of committed funds under IA 4.1.

- Monthly meetings with key aid beneficiaries on the administration of individual projects.



In May 2012 monthly working meetings between CzT and CRD with the participation of IOP MA were introduced. The individual projects and problematic processes were discussed which has a positive impact on project implementation. As a follow-up, in November 2012 similar meetings were introduced between the TD and CRD representatives, attended also by IOP MA took part that aimed to support the implementation of TD projects.

**Difficult control of economy, effectiveness and efficiency of spent funds.** This problem was reported already in previous periods. In November 2012 the IOP MA in cooperation with external experts and CRD carried out an evaluation of Intervention area 4.1 in terms of 3E and presented findings and recommendations as concerns the content of projects, their objectives, focus, elaboration, expenditure and conduct of tenders. The most frequently identified problems of projects were e.g. inadequately drafted project budget as to the level of detail of individual expenditure, inadequate link between the budget (expenditure) and project activities, objectives and economic benefit of the project; high labour costs. The referred to shortcomings cause negative evaluation of projects, extension of project administration, increased risk of unsuccessful project implementation, etc. In the monitored period in the context of 3E controls the IOP MA focused on the support of development of new projects.

#### ***Measure taken***

- Consultations on newly submitted projects with CRD

In all the newly developed projects, consultations with CRD staff will be provided before the submission of the project, the consultations will be conducted through sharing the project application and supporting documents for the sake of quality evaluation. The consultations shall help eliminate the shortcomings in projects.

#### **Lengthy preparation, implementation and approval of tenders**

The preparation, implementation and approval of tenders were made more complicated in 2012 by amendment to Act No 137/2006 Coll., on public contracts and by changes in the binding procedures. In this intervention area problems with tenders were reported already in the previous period, they consisted in minor deficiencies in tenders (failure to produce the expected contract value, addenda to concluded contracts that have an effect on the selection of a supplier, etc.) and the related ineligible expenditure. Dragging process of approval of tenders in case of GA type beneficiaries also constitutes a problem.

#### ***Measures taken***

- Consultations on documents prior to the announcement of a tender or public procurement procedure.
- Publishing the most frequently asked questions (FAQ).
- Provision of information to the top officials of the ministry on the dragging process of approval of tenders and public procurement procedures.
- Appeals to the contracting authorities and CRD to observe the deadlines.

### **3.4.3. Example of a project**

**Intervention area:** 4.1 National support of tourism

**Name of the project, registration number:** Major tourist events and places to visit in the eastern part of the Czech Republic (CZ.1.06/4.1.00/09.07154)

**Beneficiary:** Eastern Moravia Tourism Centre, o.p.s.

**Project funding:** Total budget CZK 8 819 743.95 (SF contribution CZK 7 496 782.36; SB contribution CZK 1 322 961.59)

The project focuses on the support of incoming tourism in the eastern part of the Czech Republic which has so far been less visited by foreign visitors than the western part of the country. The eastern part of the CR in this case covers entire Moravia, the Highlands and East Bohemia (Pardubice region). In the framework of this project, under the leadership of the Eastern Moravia Tourism Centre and in cooperation with 5 regional partners (destination companies and regional authorities) and with support of CzechTourism agency offers are compiled, customised to the selected target groups of foreign visitors, i.e. the tourists from Germany, Austria, Poland, Slovakia, and Italy. The offers contain a suitable mix of tourist attractions, related events and accompanying tourism services in the form of multi-day stays for organised groups of visitors with thematic or regional focus. The project will also include a creation of a web portal that will present this offer with detailed information.

### 3.5 Priority axis 5 – National support of territorial development

The interventions implemented by means of priority axis “National Support of Territorial Development” aim to create the basic environment that will be complemented by interventions from Regional Operational Programmes. The individual intervention areas are of national and system relevance and dimension. The intervention areas are the following:

- 5.1 – National support for utilising the cultural heritage potential
- 5.2 – Improving the environment in problematic housing estates
- 5.3 Modernisation and development of systems for creating territorial policies

#### 3.5.1 Achieved progress and its analysis

##### 3.5.1.A Information on physical and financial progress

###### Implementation of priority axis

###### Calls

In **Intervention area 5.1** no call was under way in 2012.

In **Intervention area 5.2** two calls were under way. A continuous call No 7 was announced in May 2009 for the volume of EUR 163.6 million, which represents 63 % of the total allocation for this intervention area. At the beginning of 2013 the IOP MA shall decide about the increase of the continuous call to 100 % of the allocation for this intervention area.

In the course of July and August 2009, the municipalities started to implement IUDP, in 2012 altogether 31 calls were announced, of which 29 time-limited and 2 continuous. Before the end of 2012, the municipalities announced 215 calls in total. The total number of received applications is 984, as of 31 Dec 2012 altogether 935 applications in the amount of EUR 170.3 million continued to be administered, of which 906 projects in the amount of EUR 149.6 million were approved.

In September 2012 call No 16 was announced as a time-limited call with the deadline of 1 Oct 2012. It was designed for the implementation of JESSICA financial instrument and one project application in the amount of EUR 24.3 million was submitted by the State Housing Development Fund and its total financial requirement was approved.

In November 2012 a continuous call No 17 with the allocation of EUR 1.6 million was announced for **Intervention area 5.3**. Of the total number of 64 project applications received before 31 Dec 2012, 54 project applications in the amount of EUR 1.5 million continue to be administered. No Decision on providing a grant was issued before the end of the year. The closing date of the call was set at 8 Jan 2013 and the financial requirements of project applications are expected to exceed the allocation.

**Table No 64 - Overview of announced and ongoing calls in 2012 in Priority axis 5**

Order of the call	Number of the call	Submission of project applications		Type of the call	Number of PA /IA	Allocation for the call	Submitted applications for support		Projects with issued Decision/signed Contract	
		Opening date of the call	Closing date of the call			in EUR	Number	in EUR	Number	in EUR
15.	07	22.5.2009		continuous	5.2	163 557 103	935	170 291 208	906	149 622 788
53.	16	25.9.2012	1.10.2012	time-limited	5.2	24 258 930	1	24 258 930	1	24 258 930
55.	17	16.11.2012	8.1.2013	continuous	5.3	1 596 939	54	1 483 334	0	0
IA 5.1 total						0	0	0	0	0
IA 5.2 total						187 816 033	936	194 550 138	907	173 881 718
IA 5.3 total						1 596 939	54	1 483 334	0	0
<b>PA 5 total</b>						<b>189 412 972</b>	<b>990</b>	<b>196 033 472</b>	<b>907</b>	<b>173 881 718</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

## Indicators

**In Intervention area 5.1** four indicators are monitored – two output and two result indicators.

In the monitored period the achieved value of indicator No 410401 - Number of regenerated immovable cultural monuments increased by three monuments. The Vila Tugendhat project was completed as of 31 May 2012. The project called Velehrad – Centre of cultural dialogue of Western and Eastern Europe reported a partial fulfilment of the given indicator. On 21 Feb 2012 the approval certificate was issued for 1 premises of the total of 4 planned reconstructed premises. Within the project called National Horticulture Centre in Kroměříž, the premises of Chateau Gardens (Podzámecké zahrady) were completed and delivery and acceptance of the construction was scheduled for 12 Sep 2012. Cumulatively, as of 31 Dec 2012 regeneration of 6 immovable cultural monuments was completed.

Indicator No 410411 - Increase in the number of visitors to monuments and cultural facilities grew by only 3 percentage points. The fulfilment of this indicator is reported one year after the completion of project implementation which is currently satisfied by one project only, namely in Jindřichův Hradec – National Museum of Photography and Tapestry Workshop.

In case of indicators No 410402 - Number of newly built or modernised cultural facilities and No 410404 - Number of created methodologies in the cultural heritage area no changes occurred in the monitored period, the achieved value is zero. It is caused by the fact that no project was completed in activity 5.1a and 5.1c.

The rate of fulfilment of MI in **Intervention area 5.2** mirrors the progress made in the implementation of intervention areas.

The progress in the fulfilment of MI 331300 Area of revitalised territory is influenced by the fact that due to financial crisis the municipalities did not avail of adequate volume of funds to co-finance projects which are often financially demanding. The IOP MA plans to adopt measures at the beginning of 2013 in support of the implementation of projects on revitalisation of public spaces. Preparations are made to reallocate the funds under IUDP allocation to municipalities with absorption capacity for Intervention area 5.2a.

The MI No 330103 Number of projects improving the attractiveness of housing in the territory has been exceeded. When the indicators were set in the Programming Document, the IOP MA assumed that individual projects on revitalisation of public spaces will be implemented in the framework of a single project in the territory of the whole IUDP. Nonetheless, the municipalities implement individual projects separately due to which the number of projects is higher than the target value of the indicator. The number of umbrella projects at the level of IUDP equals the target value of the indicator.

The MI 330102 Number of pilot projects – the support for selected Roma communities is set at the target value of 7 municipalities implementing a pilot project focused on socially excluded Roma localities. Six municipalities started to implement pilot projects. In the past this MI was wrongly reported and included all the individual projects implemented in the respective pilot municipalities. The IOP MA corrected the value.

The target values of indicators for **Intervention area 5.3** activity a) have been almost fulfilled in case of projects of the regions. In projects on creating planning analytical materials for municipalities with extended powers, the target values of indicators have been exceeded. Since there were altogether 204

eligible applicants, no more applications for support were foreseen. The target value of indicator No 330415 was set out in dependence on the forecast value of indicator No 330401. The area was calculated as the area of 140 smallest municipalities with extended powers, but in the end 170 applications submitted by the municipalities have been supported.

The achieved values of indicators for activity b) were exceeded in all the cases as of 31 Dec 2012. When setting the indicator No 330411, the calculations were made based on the much higher price of territorial plans valid at the time of preparation of the Programming Document. The calculations considered the maximum price of CZK 4 million (EUR 0.16 million) per 1 territorial plan and expert opinions, but the average application for support claims CZK 800 thousand only (EUR 32 thousand), which resulted in the excess of the target value. It also resulted in higher effectiveness of expenditure. When the target value of indicator No 330416 was set, the calculations were made based on the anticipated value of indicator No 330411. The area was calculated as the area of 60 smallest municipalities with more than 500 inhabitants, which complied with the conditions of the prepared calls for 5.3b).

The target value of indicator No 330418 was exceeded one hundred times. The reasons thereof are explained in individual output indicators based on which the ratio result indicator is calculated.

**Table No 65 - Output indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
410401	Number of regenerated immovable cultural monuments	Number	IOP MA	Achieved	0	0	N/A	N/A	3	6	N/A	6
				Baseline	0	0	0	N/A	N/A	3	N/A	0
				Target	N/A						70	70
410402	Number of newly built or modernised cultural facilities	Number	IOP MA	Achieved	0	0	N/A	0	N/A	0	N/A	0
				Baseline	0	0	0	N/A	0	N/A	N/A	0
				Target	N/A						5	5
330100 Core 39	Number of projects improving the attractiveness of towns	Number	IOP MA	Achieved	0	0	66	230	598	857	N/A	857
				Baseline	0	0	0	66	230	598	N/A	0
				Target	N/A						1 000	1 000
331000	Number of established Urban Development Funds[2]	Number	IOP MA	Achieved	N/A	N/A	N/A	N/A	0	0	N/A	0
				Baseline	0	N/A	N/A	N/A	N/A	0	N/A	0
				Target	N/A						1	1
330103	Number of projects improving	Number	IOP MA	Achieved	0	0	N/A	33	81	127	N/A	127

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
	the attractiveness of housing in the territory			Baseline	0	0	0	N/A	33	81	N/A	0
				Target	N/A						41	41
330101	Number of projects improving the conditions of rental houses	Number	IOP MA	Achieved	0	0	N/A	192	501	693	N/A	693
				Baseline	0	0	0	N/A	192	501	N/A	0
				Target	N/A						950	950
330102	Number of pilot projects – support for selected Roma localities	Number	IOP MA	Achieved	0	0	N/A	5	16	6	N/A	6
				Baseline	0	0	0	N/A	5	16	N/A	0
				Target	N/A						7	7
330400	Number of projects on creating planning analytical materials of regions	Number	IOP MA	Achieved	0	0	9	9	9	9	N/A	9
				Baseline	0	0	4	9	9	9	N/A	0
				Target	N/A						10	10
330401	Number of assisted projects on creating planning analytical materials of municipalities	Number	IOP MA	Achieved	0	174	170	170	170	170	N/A	170
				Baseline	0	0	174	170	170	170	N/A	0
				Target	N/A						140	140
330411	Number of assisted projects on creating new or updating the existing territorial plans	Number	IOP MA	Achieved	0	2	93	227	287	330	N/A	330
				Baseline	0	0	2	93	227	278	N/A	0
				Target	N/A						60	60
330415	Area of municipalities covered by the planning analytical materials of municipalities	km2	IOP MA	Achieved	0	65175,3	63398	63 398	63 398	63 398	N/A	63 398
				Baseline	0	0	65175,3	63398	63 398	63398	N/A	0
				Target	N/A						34800	34800
330416	Area of municipalities covered by the new territorial plan	km2	IOP MA	Achieved	0	84,42	2289,38	3344,04	6776,67	8360,75	N/A	8360,75
				Baseline	0	0	84,42	2289,38	3344,04	6776,67	N/A	0
				Target	N/A						140	140

Source: MSC2007 as of 6 Mar 2013



**Table No 66 - Result indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015	Total
410404	Number of created methodologies in the cultural heritage area	Number	IOP MA	Achieved	0	0	N/A	N/A	N/A	0	N/A	0
				Baseline	0	0	0	N/A	N/A	N/A	N/A	20
				Target	N/A						20	20
410411	Increase in the number of visitors to monuments and cultural facilities	%	IOP MA	Achieved	100	100	100	100	100	103	N/A	103
				Baseline	100	100	100	100	100	100	N/A	100
				Target	N/A						125	125
331200	Number of renovated apartments	Number	IOP MA	Achieved	0	0	N/A	10126,5	24 809	35 888	N/A	35 888
				Baseline	0	0	0	N/A	10126,5	24809	N/A	0
				Target	N/A						24 500	24 500
331300	Area of revitalised territory	m2	IOP MA	Achieved	0	0	N/A	381 848	1094066,6 0	2182515,88	N/A	2182515,88
				Baseline	0	0	0	N/A	381 848	1094066,6 0	N/A	0
				Target	N/A						4 108 000	4 108 000
331500	Energy savings in rental houses	%	IOP MA	Achieved	0	0	N/A	23,63	31,6	33,75	N/A	33,75
				Baseline	0	0	0	N/A	23,63	31,6	N/A	0
				Target	N/A						20	20
330418	Increase in the area of development areas, development axes and specific areas covered by new territorial plans [3]	%	IOP MA	Achieved	0	0	N/A	9,12	18,25	23,16	N/A	23,16
			Institute for Territorial Development	Baseline	0	0	0	N/A	9,12	18,25	N/A	0
				Target	N/A						0,18	0,18
330417	Increase in the area of the CR which will be covered by planning analytical materials of municipalities	%	IOP MA	Achieved	0	0	80,3	80,3	80,3	80,3	N/A	80,3
			Institute for Territorial Development	Baseline	0	0	0	80,3	80,3	80,3	N/A	0
				Target	N/A						18,5	18,5

Source: MSC2007 as of 6 Mar 2013

### 3.5.1.B Qualitative analysis

#### Financial progress

In Priority axis 5 before the end of 2012 projects in the amount of EUR 429.58 million were approved which represents 79.51 % of the total allocation earmarked for this priority axis. The largest volume of approved funds falls under Intervention area 5.1 (EUR 237.52 million – 87.66 %). The largest amount in 2012 was approved in Intervention area 5.2 (EUR 57.26 million). In Intervention area 5.3 as of 31 Dec 2012 altogether 91.70 % of the allocation was committed to projects with an issued Decision.

Beneficiaries were paid funds amounting to EUR 209.43 million (38.77 % of the allocation), with the largest percentage paid out in Intervention area 5.2 (EUR 130.01 million). Expenditure in the amount of EUR 160.93 million has been certified which represent 29.79 % of the allocation. The largest volume of certified expenditure was reported by Intervention area 5.2 (EUR 89.80 million), the largest share as against the allocation is seen in Intervention area 5.3, with the share of certified funds totalling 89.33 % of the allocation (EUR 16.32 million).

**In Intervention area 5.1** the projects covered by the Decision on providing a grant equal EUR 237.52 million (87.66 %), the funds paid to beneficiaries amount to EUR 62.81 million (23.81 %) and the certified expenditure totals EUR 54.81 million (20.23 %). Progress was made in the reimbursement of funds to beneficiaries (EUR 34.89 million) and certification of expenditure (EUR 33.95 million). The reimbursement of funds is slow due to complicated and time consuming implementation of tenders, protracted in public procurement procedures caused by problematic assessment and evaluation of received bids or by appeals filed by unsuccessful applicants with the OPC. Throughout the process of public procurement and tendering procedure the Ministry of Culture and an external expert conduct controls in order to minimise the risks. The Ministry of Culture provides consultations to beneficiaries, organises training courses and seminars, communicates intensively with beneficiaries and takes part as an observer in meetings of the Evaluation Committees.

Another important reason which slows down the absorption of funds is the extension of project implementation and delays in their timetables. The MoC has strengthened the supervision over the adherence to the timetable of project implementation, has set a crisis timetable for project implementation and absorption of funds agreed upon with the beneficiaries. The beneficiaries report on a monthly basis to the Ministry of Culture and, where necessary, trilateral meetings between the beneficiaries, MoC and IOP MA are held.

The obligation to merge quarterly stages in case the eligible expenditure is lower than CZK 10 million has been removed from the Handbooks for Applicants and Beneficiaries, thus smoother absorption is foreseen. The Handbook for Applicants and Beneficiaries newly stipulate that the notification of extending the project implementation by more than 3 months is subject to the IOP MA approval.

The MoC also adopted a measure to reduce the risk of failure to absorb the funds – cutting of labour costs of project teams by 5 % in the event of poor quality of project management, repeated erroneous or insufficient outputs.

**In Intervention area 5.2** the allocation is absorbed in line with the timetable adopted for individual years and there is no risk of a failure to fully absorb the allocation in the following years. The projects covered by the Decision on providing a grant represent 69.83 % of the allocation (EUR 175.30 million), beneficiaries have been paid 51.79 % of the allocation (EUR 130.01 million) and expenditure amounting to 35.77 % of the allocation (EUR 89.80 million) has been certified.

**In Intervention area 5.3** projects in the amount of EUR 16.75 million (91.70 %) have been approved, all the Decisions on providing a grant were issued before 2012. In 2012 reimbursement of funds and certification of expenditure continued. Beneficiaries have been paid funds in the amount of EUR 16.61 million (90.93 %), of which EUR 2.59 million (14.17 %) was reimbursed in 2012. The certified

expenditure has reached EUR 16.32 million (89.33 %), in 2012 expenditure totalling EUR 2.84 million (15.53 %) was certified.

**Table No 67 - Financial status in Priority axis 5 as of 31 Dec 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC <sup>22</sup>	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
5.1	270 945 706	237 520 968	87,66%	62 805 573	23,18%	54 814 772	20,23%
5.2	251 032 889	175 304 169	69,83%	130 010 612	51,79%	89 795 591	35,77%
5.3	18 270 714	16 753 382	91,70%	16 613 834	90,93%	16 321 447	89,33%
<b>PA 5</b>	<b>540 249 309</b>	<b>429 578 519</b>	<b>79,51%</b>	<b>209 430 019</b>	<b>38,77%</b>	<b>160 931 811</b>	<b>29,79%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

**Table No 68 - Financial progress in Priority axis 5 in 2011**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
5.1	270 945 706	20 818 260	7,68%	34 888 647	12,88%	33 950 332	12,53%
5.2	251 032 889	57 256 735	22,81%	65 816 120	26,22%	35 582 012	14,17%
5.3	18 270 714	29 899	0,16%	2 589 105	14,17%	2 837 984	15,53%
<b>PA 5</b>	<b>540 249 309</b>	<b>78 104 894</b>	<b>14,46%</b>	<b>103 293 872</b>	<b>19,12%</b>	<b>72 370 328</b>	<b>13,40%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

### Statistical data on rejected projects

**In Intervention area 5.1** the share of rejected projects has for a long time been the third highest in the Programme. By the end of 2012 altogether 25 projects were withdrawn, most often for not meeting the eligibility criteria (15 project applications), 4 projects were not recommended for financing by the Selection Committee, 4 project applications were withdrawn by the applicant, one project failed to meet evaluation requirements and one project was withdrawn by the beneficiary following the issuance of the Decision on providing a grant.

In 2012 this trend discontinued, one project application under call No 03 was withdrawn. The reason behind was a submission of two projects by a single applicant.

**Table No 69 - Table of rejected projects in Intervention area 5.1**

Intervention area 5.1				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
N1.1 Project application failed to meet at least one of the eligibility criteria	15	30,00%	1,60%	0
N1.2 Project application failed to meet formal requisites	0	0,00%	0,74%	0
N2.1 Project failed to meet evaluation requirements	1	2,00%	2,52%	0

<sup>22</sup> The amounts of certified expenditure in Intervention area 5.1 are wrongly stated in IS MSC2007, for technical reasons the corresponding national sources in the amount of EUR 1 890 924 in IA 5.1 were not loaded properly. The amounts in the given column were therefore additionally corrected.

Intervention area 5.1				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
N2.2 Letter on rejection of project application based on ex-ante check was sent	0	0,00%	0,32%	0
N2.3 Project was not recommended for funding by the Selection Committee	4	8,00%	0,41%	0
N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied	0	0,00%	0,02%	0
N5 Project application was withdrawn by the applicant	4	8,00%	3,22%	1
N7 Project was not completed/project was withdrawn	1	2,00%	1,30%	0
N8 Contract was terminated by the MA/IB	0	0,00%	0,07%	0
<b>Total</b>	<b>25</b>	<b>50,00%</b>	<b>10,19%</b>	<b>1</b>

Source: IS Monit7+ as of 4 Jan 2013

As of 31 Dec 2012 in **Intervention area 5.2** a total of 42 projects were rejected, of which 14 projects were withdrawn by the applicant, 15 projects were withdrawn from implementation by the beneficiary after the issuance of the Decision on providing a grant, 6 project applications were rejected on the grounds of eligibility check, 3 project applications failed to meet formal requisites and one project was rejected based on the ex-ante check. Due to a large number of received projects the share of rejected projects in this intervention area (4.26 %) is the second smallest within the OP.

**Table No 70 - Table of rejected projects in Intervention area 5.2**

Intervention area 5.2				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
N1.1 Project application failed to meet at least one of the eligibility criteria	6	0,61%	1,60%	1
N1.2 Project application failed to meet formal requisites	3	0,30%	0,74%	3
N2.1 Project failed to meet evaluation requirements	0	0,00%	2,52%	0
N2.2 Letter on rejection of project application based on ex-ante check was sent	1	0,10%	0,32%	1
N2.3 Project was not recommended for funding by the Selection Committee	3	0,30%	0,41%	0
N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied	0	0,00%	0,02%	0
N5 Project application was withdrawn by the applicant	14	1,42%	3,22%	2
N7 Project was not completed/project was withdrawn	15	1,52%	1,30%	5
N8 Contract was terminated by the MA/IB	0	0,00%	0,07%	0
<b>Total</b>	<b>42</b>	<b>4,26%</b>	<b>10,19%</b>	<b>12</b>

Source: IS Monit7+ as of 4 Jan 2013

**In Intervention area 5.3** as of 31 Dec 2012 a total of 72 projects were rejected, of which 29 project applications failed to meet the eligibility criteria. It concerns mainly the projects from the 3<sup>rd</sup> and 5<sup>th</sup> call, when the programme rules did not allow for requesting additional supporting documents during the evaluation of project eligibility. Majority of these project applications were submitted again. Version No 4 of the MG-18 approved on 22 Oct 2009 introduced the possibility of requesting additional supporting documents for the sake of eligibility check.

21 project applications were rejected on the grounds of ex-ante checks, during which deficiencies in the award of public contracts had been identified, 10 project applications were withdrawn by the

applicant (applicants themselves realised some errors in project applications and some of them submitted the corrected application again), 4 projects were not completed and 3 project applications failed to satisfy the formal requisites. In 5 projects funds were not paid to beneficiaries following the project implementation on the grounds of conducted interim check which had detected non-compliance with legislation governing the award of public contracts or failure to complete the project implementation by the deadline prescribed in the call (status N8 Contract was terminated by the MA/IB).

The share of rejected projects in Intervention area 5.3 is low (11.16 %). In 2012, two applications were rejected for not meeting eligibility criteria and one beneficiary withdrew from project implementation following the issuance of the Decision on providing a grant.

**Table No 71 - Table of rejected projects**

Intervention area 5.3				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	29	4,50%	1,60%	2
<i>N1.2 Project application failed to meet formal requisites</i>	3	0,47%	0,74%	0
<i>N2.1 Project failed to meet evaluation requirements</i>	0	0,00%	2,52%	0
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	21	3,26%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	0	0,00%	0,41%	0
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	0	0,00%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	10	1,55%	3,22%	0
<i>N7 Project was not completed/project was withdrawn</i>	4	0,62%	1,30%	1
<i>N8 Contract was terminated by the MA/IB</i>	5	0,78%	0,07%	0
<b>Total</b>	<b>72</b>	<b>11,16%</b>	<b>10,19%</b>	<b>3</b>

Source: IS Monit7+ as of 4 Jan 2013

## Fulfilment of horizontal themes

### Equal opportunities

Most projects approved by the end of 2012 under Priority axis 5 were projects with a neutral impact on equal opportunities (a total of 990 projects), additional 443 projects have a positive impact on equal opportunities and 6 projects focus on equal opportunities.

**Table No 72 - Equal opportunities**

Monitoring of horizontal themes	Unit of measure	Number of projects
Number of projects <b>with a neutral impact on equal opportunities</b>	Number of projects	990
Number of projects <b>with a positive impact on equal opportunities</b>	Number of projects	443
Number of projects <b>focused on equal opportunities</b>	Number of projects	6

Source: IS Monit7+ as of 10 Jan 2013

## Sustainable development

Projects approved before the end of 2012 are most often environmentally neutral (772) or have a positive environmental impact (576), or require an environmental impact assessment (160). 96 projects will help improve the air, 33 projects will improve the population awareness of environmental protection, 21 projects will enlarge the area of urban vegetation, 8 projects will use alternative sources and will help improve the quality of water and 7 projects are focused mainly on the environment.

**Table No 73 - Sustainable development**

Monitoring of horizontal themes	Unit of measure	Number of projects
Project focuses mainly <b>on the environment</b>	Number of projects	7
Project <b>has a positive environmental impact</b>	Number of projects	576
Project is environmentally <b>neutral</b>	Number of projects	772
Project will help <b>improve the air</b>	Number of projects	96
Project will help <b>improve the quality of water</b>	Number of projects	8
Project will use <b>alternative sources</b>	Number of projects	8
Project will enlarge <b>the area of urban vegetation</b>	Number of projects	21
Project will improve <b>population awareness of environmental protection</b>	Number of projects	33
Project requires an <b>environmental impact assessment</b>	Number of projects	160

*Source: IS Monit7+ as of 10 Jan 2013*

### 3.5.2 Significant problems encountered and measures taken to overcome them

#### Intervention area 5.1

**Low absorption of funds and extension of project implementation** caused by the failure to meet project implementation timetables, frequent changes in project teams, changes in projects, complicated and time consuming conduct of public procurement procedures. In several projects no contractor of buildings works has so far been selected.

#### *Measures taken*

The MoC IB carried out a screening of the status of implementation of all the projects. In projects that exhibit low absorption of funds and delays in implementation the MoC IB decided to conduct more intensive and continuous supervision over the fulfilment of the timetable of project implementation with the view to minimise the delay between individual steps (to ensure smooth continuity – signing the contract, handing over of the building site, commencement of implementation, etc.). These measures are implemented continuously and regularly through monitoring reports, controls of public procurement procedures and tenders, notification of a change of beneficiary, etc.

In high-risk projects trilateral meetings were held, a crisis timetable was set with respect to project implementation, absorption of funds and monthly reporting.

In the update of Handbooks for Applicants and Beneficiaries of 20 Aug 2012 the obligation to merge quarterly stages in case the eligible expenditure is lower than CZK 10 million was removed. The notification of a change, in case the beneficiary applies for an extension of project implementation by more than 3 months, will be subject to IOP MA approval.

Also the following measures have been adopted for the sake of fulfilment of N+3/N+2 rule: elimination of stage merging, conduct of controls of all the monitoring reports and applications for



payment by the shortest possible deadline, regular consultations in order for beneficiaries to avoid making mistakes, appeals to the OPC requesting to speed up the investigation of public contracts, and cutting the deadlines for the update of data in IS Monit7+.

**State aid** – Intervention area 5.1 faces the risk of provision of unauthorised state aid.

### ***Measures taken***

The Handbooks for Applicants and Beneficiaries require that the applicant elaborates on all the four features of state aid, or states the procedure or measure to eliminate the risk of unauthorised state aid. The risk of unauthorised state aid is subject to all the risk analyses. The compliance with state aid rules is verified during the project eligibility assessment. The MoC IB always requests an opinion of an external expert.

The Ministry of Culture commissioned the PBA Group company to elaborate a study on assessing the state aid in all the projects. At the time being, one-to-one consultations between individual aid beneficiaries and PBA company are under way. The goal is to modify the project so as to minimise the risk of unauthorised state aid.

The Ministry of Culture requires the beneficiaries to submit an annual plan of activities before the end of project implementation. It aims to verify that non-commercial activities will considerably exceed the commercial ones in the respective projects.

In cooperation with an expert company the methodology for state aid control at the time of project implementation and project sustainability will be modified. Also introduced was the obligatory use of checklists used by the European Commission auditors in their audit examination, apart from the so far used IOP checklists.

**Award of public contracts.** Demanding public procurement procedures or tenders, delays in their implementation, appeals of unsuccessful applicants to the OPC, high error rate and protracted in the award of public contracts caused by poor knowledge on the part of aid beneficiaries, and complex legislation.

### ***Measures taken***

Throughout the process of public procurement procedure and tender the MoC IB and, where necessary, also an external expert, conduct controls conducive to the minimisation of the above mentioned risks. The MoC IB provides to beneficiaries technical consultations with legal experts of the MoC Strategy and Aid Policy Department and offers assistance in the award of public contracts through e-Koza web portal designed for entering documentation on a public contract. It also holds training courses and seminars and as an observer takes part in meetings of the Selection Committee.

Since the IOP MA is alarmed by the time consuming nature of the preparation, approval and implementation of public procurement procedures, high error rate, number of public procurement procedures investigated by the OPC, number of appeals of unsuccessful applicants and number of findings detected by control bodies, it requested the MoC IB to launch administrative checks focused on the factual content of controls, system of approval at individual levels and time consuming nature of public procurement procedure controls in three selected public procurement procedures.

## **Incomplete rules for assessing the 3E principle**

### ***Measure taken***

In the framework of update to the MoC IB Operational Manual, the methodology of assessing the eligibility of expenditure and observance of 3E principle in Intervention area 5.1 will be modified.

## Intervention area 5.2

In the course of 2012 the IOP MA monitored the municipalities which, judging from the status of absorption, **failed to comply with the requirement of absorption of 40 % of the total eligible expenditure ensuing from the Agreement on ensuring IUDP implementation**. In the course of the year the IOP MA commenced intensive talks with these municipalities.

### *Measures taken*

The MA identified the barriers causing the failure of individual municipalities to meet the requirement of absorption of the allocation in 2012. The reasons were the prolongation of construction works in the project (IUDP Ostrava), low absorption capacity in the town zone (Děčín) and a positive finding of the control body (IUDP Cheb). Also the IUDP Most did not satisfy the absorption requirement, however compared to the previous implementation period there is an obvious positive shift and efforts of the municipality to implement majority of projects based on the IUDP document. The municipality of Znojmo fell short of meeting the requirement by 4%. It was caused primarily by the lower price of the contractor's works.

The IOP MA will cut the allocation of municipalities which failed to meet the absorption requirement by the difference between the actual status of absorption and the requirement to absorb at least 40 % of the total eligible expenditure.

In the context of **the end of validity of the regional map of state aid in 2013**, it was necessary that all the municipalities implementing IUDP are notified of this fact and that the information is disseminated in time to all those interested in support under activity 5.2 b) – regeneration of residential buildings.

### *Measures taken*

The end of validity of the regional map of state aid in 2013 brings a change for Intervention area 5.2 b) – regeneration of residential buildings. The Decision on providing a grant can be issued under the existing conditions only until 31 Dec 2013. The IOP MA ensured adequate publicity for those interested in support through the IUDP municipalities. Another step consisted in setting the timetable for closing the calls for Intervention area 5.2 b) in individual IUDP municipalities and for submission of project applications to CRD regional branches so that the process of issuance of the Decision on providing a grant is terminated no later than on 31 Dec 2013.

## Intervention area 5.3

In Intervention area 5.3 no significant problems occurred in the course of 2012. Due to the release of funds when updating the necessary exchange rate reserve call No 17 was announced for activity 5.3b). The call is planned to be closed at the beginning of January 2013 and it is anticipated that the received applications will exceed the financial allocation. In 2012 smooth reimbursement of funds to beneficiaries and certification of expenditure of projects from previous calls continued.

### 3.5.3. Example of a project

#### **Intervention area: 5.1 – National support for utilising the cultural heritage potential**

**Name of the project, registration number:** Making the National Cultural Monument Vítkovice accessible to public and open to new use, CZ.1.06/5.1.00/01.05498

**Beneficiary:** Lower area of Vítkovice (Dolní oblast Vítkovice)

**Project funding:** total budget CZK 486 386 334.00 (SF contribution CZK 413 428 383.90, SB contribution CZK 72 957 950.10)

In 1998 the operations in the so called Lower area of production of pig iron, coke and agglomerate were terminated after 170 years of uninterrupted activities. A part of this strategic site was together with Hlubina mine declared the National Cultural Monument (NCM).

The main objective of the project is the reactivation of the main sections of the NCM Vítkovice, making them accessible to public and subsequent use of the NCM potential for educational, cultural and social activities.

Reconstruction and reactivation of three key facilities were carried out during the project implementation:

1. Reconstruction of the 6<sup>th</sup> Energy Central Station,
2. Reconstruction of Blast Furnace No 1,
3. Reconstruction of a gas container.

An integral part of the project is two basic outputs which will be used in the future for planned activities:

1. “World of Technology” exhibition, which will be a combination of a museum and interactive science centre.
2. Virtual representation of the technology of iron and coke production and mining.

The significance of NCM Vítkovice consists primarily in preserving a unique technical site proving the continuity of development of a thought-out industrial expansion in the framework of technology flow of coal mining, coke production, iron production and power generation which used to be a key factor for the given era of industrial development in the region.



#### **Intervention area: 5.2 Improving the environment in problematic housing estates**

**Name of the project, registration number:** IUDP Nový Jičín – revitalisation of Dlouhá - Karla Čapka street, CZ.1.06/5.2.00/07.07287

**Beneficiary:** Municipality of Nový Jičín

**Project funding:** Total eligible expenditure: CZK 19 830 000 (SF contribution CZK 16 855 500, Municipality contribution CZK 2 974 500)

The purpose of the project is revitalisation of a housing estate space covering greenery management, landscaping, construction and reconstruction of paved areas and technical infrastructure. In the selected territory publicly accessible recreation spaces have been built and modernised. Two playgrounds with play structures and features and street furniture have been built.

#### **Intervention area: 5.3 – Modernisation and development of systems for creating territorial policies**

**Name of the project, registration number:** Territorial plan of the municipality of Český Brod, CZ.1.06/5.3.00/08.07487

**Beneficiary:** Municipality of Český Brod

**Project funding:** Total budget CZK 1 080 000, of which SF contribution of CZK 918 000 and SB contribution of CZK 162 000

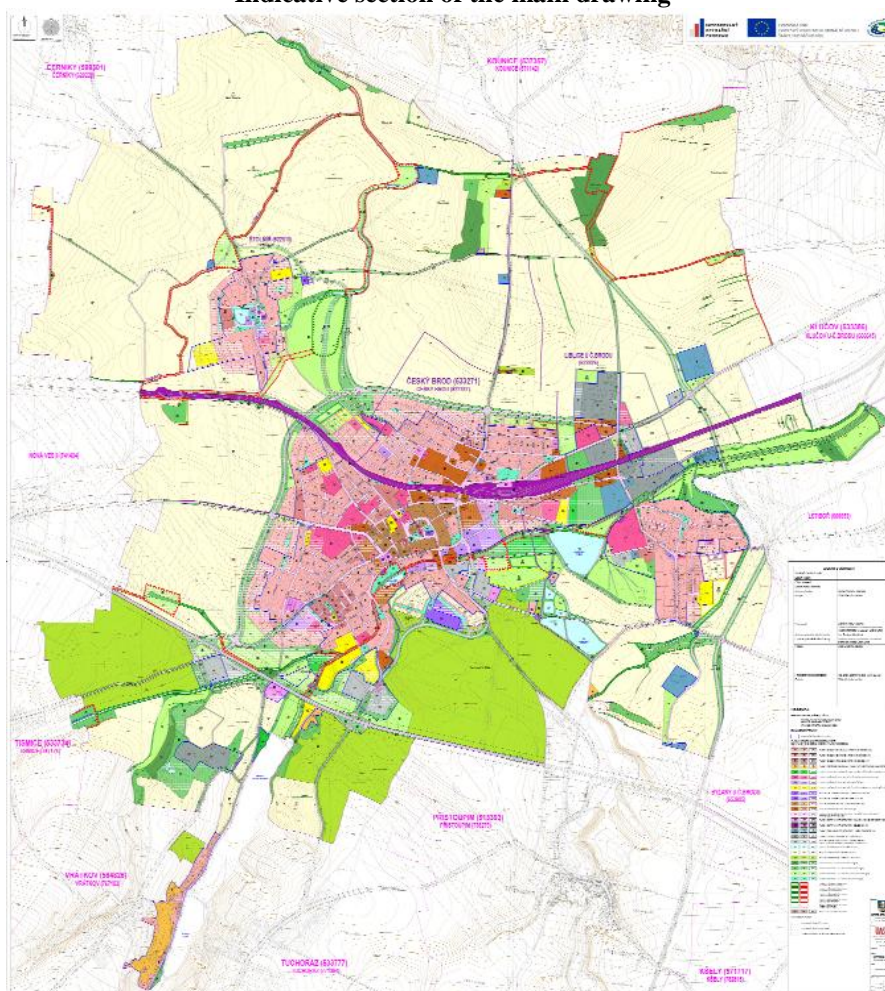
The purpose of the project is to provide for the expert services of an authorised designer to be delivered after the approval of the terms of reference until the development of a draft territorial plan. The project also includes the assessment of effects of the territorial plan on the sustainable development of the territory (SEA and NATURA 2000).

The new territorial plan of the Municipality of Český Brod shall be elaborated with respect to the Spatial Development Policy of the CR. The territorial plan covers the development area OB1 – Development area of Prague. The new territorial plan shall satisfy the requirements laid down in the Spatial Development Guidelines of the Central Bohemian Region. The territorial plans shall meet the requirements in terms of broader territorial relations.

The project implementation will contribute to better quality decision making concerning the use of territory, it will outline the comprehensive use of territory and its layout.

The project expenditure has been certified.

#### Indicative section of the main drawing





### 3.6 Priority axis 6a, 6b – Technical assistance

Priority axes 6a and 6b focus on the support of effective management of IOP throughout the programming period. They are cross-cutting priority axes catering for all the other priority axes and intervention areas of the IOP.

The Priority axis covers the Convergence objective (6a) and the Regional Competitiveness and Employment objective (6b).

#### 3.6.1.A Information on physical and financial progress

##### Implementation of priority axis

##### Calls

In 2012, project applications continued to be submitted under calls No 01 and No 10 for Priority axes 6a and 6b.

**In Intervention area 6.1** the continuous call No 01 with the allocation of EUR 32.5 million was under way. Of the total number of 36 submitted applications, 34 project applications in the amount of EUR 30.9 million were administered (in two projects the beneficiaries withdrew from implementation following the issuance of the Decision on providing a grant). All these applications in the amount of EUR 29.7 million were approved.

**In Intervention area 6.2** the continuous call No 10 with the allocation of EUR 12.7 million was under way in 2012. Of the total number of 35 project applications 32 project applications in the amount of EUR 5.1 million were administered (two project applications were withdrawn by the applicant and three projects were withdrawn from implementation by beneficiaries following the issuance of the Decision on providing a grant). All these projects in the amount of EUR 4.3 million were approved.

**Table No 74 - Overview of announced and ongoing calls in 2012 in Priority axes 6a and 6b**

Order of the call	Number of the call	Submission of project applications		Type of the call	Number of PA/IA	Allocation for the call	Submitted applications for support		Projects with issued Decision/signed Contract	
		Opening date of the call	Closing date of the call			in EUR	Number	in EUR	Number	in EUR
2.	01	5.6.2008	30.9.2015	continuous	6.1a	31 871 888	34	30 334 958	34	29 156 038
					6.1b	586 023		557 764		536 087
				Call total		32 457 911	34	30 892 722	34	29 692 126
36.	10	27.9.2010		continuous	6.2a	12 498 904	32	4 996 126	32	4 260 815
					6.2b	229 815		91 863		78 343
				Call total		12 728 719	32	5 087 989	32	4 339 158
IA 6.1 total						32 457 911	34	30 892 722	34	29 692 126
IA 6.2 total						12 728 719	32	5 087 989	32	4 339 158
CONV total						44 370 792	66	35 331 084	66	33 416 853
RCE total						815 839	0	649 627	0	614 430
PA 6 total						45 186 631	66	35 980 711	66	34 031 284

Source: MSC2007 as of 4 Jan 2012

CZK/EUR exchange rate: 25.910

Source of funding: public funds total

## Indicators

In Priority axes 6a and 6b, all the monitored indicators are being fulfilled. Some target values of indicators were exceeded already in 2011, e.g. in indicators No 480500, 481600 or 482500.

The planned target value of indicators was set based on an unclear methodology. Therefore the methodological sheets of Technical assistance indicators were revised with effect as of 2 Oct 2009 and the revised versions of the Handbook for Applicants and Beneficiaries for Technical Assistance were issued. The achieved values are reported based on a new methodology, thus the target values are exceeded.

**Table No 75 - Output indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015 CONV	Target value 2015 RCE	CONV total	RCE total
480500	Number of elaborated studies and reports (incl. evaluation ones)	Number	IOP MA	Achieved	0	0	0	152	615	997	N/A	N/A	997	
				Baseline	0	0	0	0	152	615	N/A	N/A	0	
				Target	N/A						14	0	14	1
480700	Number of developed methodological and technical and information materials	Number	IOP MA	Achieved	0	0	14	91	111	168	N/A	111	168	
				Baseline	0	0	0	14	91	111	N/A	0	0	
				Target	N/A						84	0	84	2
481100	Number of held training courses, seminars, workshops, conferences and other similar activities	Number	IOP MA	Achieved	0	0	22	56	124	217	N/A	N/A	217	
				Baseline	0	0	0	22	56	124	N/A	N/A	0	
				Target	N/A						70	0	70	1
481600	Number of persons who attended the educational courses within the technical assistance	Number	IOP MA	Achieved	0	0	677	3 040	5 692	6 889	N/A	N/A	6 889	
				Baseline	0	0	0	677	3 040	5 692	N/A	N/A	0	
				Target	N/A						1400	0	1400	28
480800	Implemented cooperation with mass media and communication with the general public	Number	IOP MA	Achieved	0	0	5	52	57	110	N/A	N/A	110	
				Baseline	0	0	0	5	52	57	N/A	N/A	0	
				Target	N/A						30	0	30	1
480900	Number of organised	Number	IOP MA	Achieved	0	0	4	34	72	116	N/A	72	116	



NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015 CONV	Target value 2015 RCE	CONV total	RCE total
	information and publicity activities			Baseline	0	0	0	4	34	72	N/A	0	0	
				Target	N/A						32	0	32	2
				Achieved	0	0	56,31	142,98	239,6	416,23	N/A	N/A	416,23	
483100	Number of full-time employees of the implementation structure	Number	IOP MA	Baseline	0	0	0	56,31	142,98	239,6	N/A	N/A	0	
				Target	N/A						89	1	89	1
				Achieved	0	0	56,31	142,98	239,6	416,23	N/A	N/A	416,23	

Source: MSC2007 as of 6 Mar 2013

**Table No 76 - Result indicators**

NCI code	Name of the indicator	Unit of measure	Source	Value	2007	2008	2009	2010	2011	2012	Target value 2015 CONV	Target value 2015 RCE	CONV total	RCE total
481900	Number of trained persons – total	Number	IOP MA	Achieved	0	0	277	1 140	1967	2821	N/A	N/A	2821	
				Baseline	0	0	0	277	1 140	1 967	N/A	N/A	0	
				Target	N/A						1100	0	1100	22
480300	Number of meetings of (monitoring, advisory and management) committees	Number	IOP MA	Achieved	0	0	3	8	10	11	N/A	N/A	11	
				Baseline	0	0	0	3	8	10	N/A	N/A	0	
				Target	N/A						14	0	14	1
482500	Number of performed controls	Number	IOP MA	Achieved	0	0	10	5 304	5 306	7 420	N/A	N/A	7 420	
				Baseline	0	0	0	10	5 304	5 306	N/A	N/A	0	
				Target	N/A						1350	0	1350	27

Source: MSC2007 as of 6 Mar 2013

### 3.6.1.B Qualitative analysis

#### Financial progress

In Priority axes 6a and 6b, a total of EUR 38.32 million was approved, which equals 71.02 % of the allocation for these priority axes, of which EUR 5.17 million was approved in 2012. The beneficiaries were paid out EUR 17.82 million (33.02 % of the allocation), of which funds in the amount of EUR 3.63 million were reimbursed in 2012. Expenditure amounting to EUR 14.52 million (26.90 % of the allocation) was certified. In 2012 the expenditure amounting to EUR 0.34 million was certified. More detailed information on the absorption of funds under Priority axes 6a and 6b is given in Chapter 5 Technical Assistance.

**Table No 77 - Financial status in Priority axes 6a and 6b as of 31 Dec 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
6.1a	31 973 749	29 257 853	91,51%	13 952 494	43,64%	11 209 757	35,06%
6.2a	21 011 320	8 370 620	39,84%	3 541 234	16,85%	3 044 131	14,49%
6a	52 985 069	37 628 473	71,02%	17 493 727	33,02%	14 253 888	26,90%
6.1b	587 779	537 889	91,51%	256 629	43,66%	206 203	35,08%
6.2b	386 332	153 890	39,83%	65 140	16,86%	55 993	14,49%
6b	974 111	691 779	71,02%	321 769	33,03%	262 196	26,92%
<b>PA 6</b>	<b>53 959 180</b>	<b>38 320 253</b>	<b>71,02%</b>	<b>17 815 497</b>	<b>33,02%</b>	<b>14 516 084</b>	<b>26,90%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

Convergence objective; RCE objective

**Table No 78 - Financial progress in Priority axes 6a and 6b in 2012**

Intervention area	Allocation for 2007-2013	Funds covered by Decision/Contract (Addendum)		Funds paid to beneficiaries		Certified funds submitted to the EC	
	a) EUR	b) EUR	% b/a	c) EUR	% c/a	d) EUR	%d/a
6.1a	31 973 749	4 941 794	15,46%	2 670 485	8,35%	28 698	0,09%
6.2a	21 011 320	135 973	0,65%	895 551	4,26%	307 413	1,46%
6a	52 985 069	5 077 766	9,58%	3 566 036	6,73%	336 110	0,63%
6.1b	587 779	90 848	15,46%	49 094	8,35%	528	0,09%
6.2b	386 332	2 499	0,65%	16 465	4,26%	5 652	1,46%
6b	974 111	93 347	9,58%	65 559	6,73%	6 179	0,63%
<b>PA 6</b>	<b>53 959 180</b>	<b>5 171 113</b>	<b>9,58%</b>	<b>3 631 595</b>	<b>6,73%</b>	<b>342 290</b>	<b>0,63%</b>

Source: MSC2007 as of 4 Jan 2013

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

Convergence objective; RCE objective

## Statistical data on rejected projects

In **Intervention area 6.1** two projects have been withdrawn which accounts for 5.56 % of all the projects under this intervention area. One project was withdrawn in 2012.

**Table No 79 - Table of rejected projects**

Intervention area 6.1				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	0	0,00%	1,60%	0
<i>N1.2 Project application failed to meet formal requisites</i>	0	0,00%	0,74%	0
<i>N2.1 Project failed to meet evaluation requirements</i>	0	0,00%	2,52%	0
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	0	0,00%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	0	0,00%	0,41%	0
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	0	0,00%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	0	0,00%	3,22%	0
<i>N7 Project was not completed/project was withdrawn</i>	2	5,56%	1,30%	1
<i>N8 Contract was terminated by the MA/IB</i>	0	0,00%	0,07%	0
<b>Total</b>	<b>2</b>	<b>5,56%</b>	<b>10,19%</b>	<b>1</b>

Source: IS Monit7+ as of 2 Jan 2012

In **Intervention area 6.2**, two project applications have been withdrawn by the applicant and three projects have been withdrawn from implementation by the beneficiary following the issuance of the Decision on providing a grant. The percentage of withdrawn and not completed projects thus remains below the IOP average (8.47 %, with the OP average being 10.19 %). Two project applications were withdrawn by the Centre for Regional Development of the CR as the beneficiary in the course of 2012.

**Table No 80 - Table of rejected projects**

Intervention area 6.2				
Status of projects	Number of projects rejected in the intervention area	Percentage of rejected projects in the intervention area	Comparative value of the percentage of rejected projects across the programme	Number of rejected projects in 2012
<i>N1.1 Project application failed to meet at least one of the eligibility criteria</i>	0	0,00%	1,60%	0
<i>N1.2 Project application failed to meet formal requisites</i>	0	0,00%	0,74%	0
<i>N2.1 Project failed to meet evaluation requirements</i>	0	0,00%	2,52%	0
<i>N2.2 Letter on rejection of project application based on ex-ante check was sent</i>	0	0,00%	0,32%	0
<i>N2.3 Project was not recommended for funding by the Selection Committee</i>	0	0,00%	0,41%	0
<i>N4.1 Issuance of Decision on providing a grant/Statement of expenditure was denied</i>	0	0,00%	0,02%	0
<i>N5 Project application was withdrawn by the applicant</i>	2	3,39%	3,22%	0
<i>N7 Project was not completed/project was withdrawn</i>	3	5,08%	1,30%	2
<i>N8 Contract was terminated by the MA/IB</i>	0	0,00%	0,07%	0
<b>Total</b>	<b>5</b>	<b>8,47%</b>	<b>10,19%</b>	<b>2</b>

Source: IS Monit7+ as of 2 Jan 2012

## Fulfilment of horizontal themes

### Equal opportunities

All the 88 projects approved under Priority axes 6a and 6b should have a neutral impact on equal opportunities.

**Table No 81 - Equal opportunities**

Monitoring of horizontal themes	Unit of measure	Number of projects
Number of projects <b>with a neutral impact on equal opportunities</b>	Number of projects	88
Number of projects <b>with a positive impact on equal opportunities</b>	Number of projects	0
Number of projects <b>focused on equal opportunities</b>	Number of projects	0

Source: IS Monit7+ as of 10 Jan 2013

### Sustainable development

83 projects approved under Priority axes 6a and 6b undertake to be environmentally neutral.

**Table No 82 - Sustainable development**

Monitoring of horizontal themes	Unit of measure	Number of projects
Project focuses mainly <b>on the environment</b>	Number of projects	0
Project <b>has a positive environmental impact</b>	Number of projects	0
Project is environmentally <b>neutral</b>	Number of projects	83
Project will help <b>improve the air</b>	Number of projects	0
Project will help <b>improve the quality of water</b>	Number of projects	0
Project will use <b>alternative sources</b>	Number of projects	0
Project will enlarge <b>the area of urban vegetation</b>	Number of projects	0
Project will improve <b>population awareness of environmental protection</b>	Number of projects	0
Project requires an <b>environmental impact assessment</b>	Number of projects	

Source: IS Monit7+ as of 10 Jan 2013

## 3.6.2 Significant problems encountered and measures taken to overcome them

**Risk of ineligible activities and expenditure.** The Technical assistance projects continue to face the risk of ineligible expenditure in terms of economy, effectiveness and efficiency.

### *Measures taken*

Last year already the IOP MA decided on stricter steps to be taken prior to the submission of project applications to the Selection Committee for IOP TA projects (IOP TA SC) and when applying for the approval of new activities in IOP TA projects. The submitted project applications consistently did not meet the rules for eligibility of expenditure. They were subject to several rounds of comments before the IOP MA agreed that they could be submitted to the IOP TA SC for approval. Problems still arise with respect to submitted project applications. The IOP MA intensified consultations with responsible staff of IOP IB .

As of 1 Aug 2012 the IOP MA revised the Handbook for Applicants and Beneficiaries for Priority axes 6A and 6B Technical assistance, which in its part called “Eligible expenditure” specified and extended the list of eligible expenditure in response to:

- Revision of methodological guideline for eligible expenditure for programmes co-financed from the Structural Funds and the Cohesion Fund for 2007-2013 programming period;
- Resolution of the Government of the CR of 2 May 2012 No 313, by which the methodology governing the selection of employees implementing the EU funds in 2007-2013 programming period and in 2014+ programming period;
- Issuance of the methodological guideline for the use of external services within the implementation structure of the National Strategic Reference Framework;
- Issuance of the Methodological Guideline No 30 – Procedure for the payment of bonuses for absorption of allocation.

**Problems with the administration of IOP TA projects.** In the monitored period, the most pressing issue in the administration of IOP TA projects was a large quantity of public contracts common for more projects, evidencing the expenditure, mostly labour costs, matching the expenditure with the adequate contract, or project.

#### *Measure taken*

Consultations at a CRD CR branch and with IOP MA staff. The IOP MA collaborates with the CRD HQ on harmonisation of procedures in the reimbursement of applications for payment, with a stress put on creating the forms for labour costs and their subsequent thorough control, and control of the selection of new employees in keeping with the Government Resolution No 313/2011.

## 4 TECHNICAL ASSISTANCE

### **Priority axes 6a and 6b – Technical assistance**

Priority axes 6a and 6b focus on the support of effective management of IOP throughout the programming period. They are cross-cutting priority axes catering for all the other priority axes and intervention areas of the IOP. In the management process the Priority axes 6a and 6b support activities related to the preparation, selection and evaluation of assistance and operations.

Intervention areas of Priority axes 6a and 6b:

- 6.1a/6.1 b – Activity connected with the IOP management
- 6.2a/6.2 b – Other costs of the IOP Technical Assistance

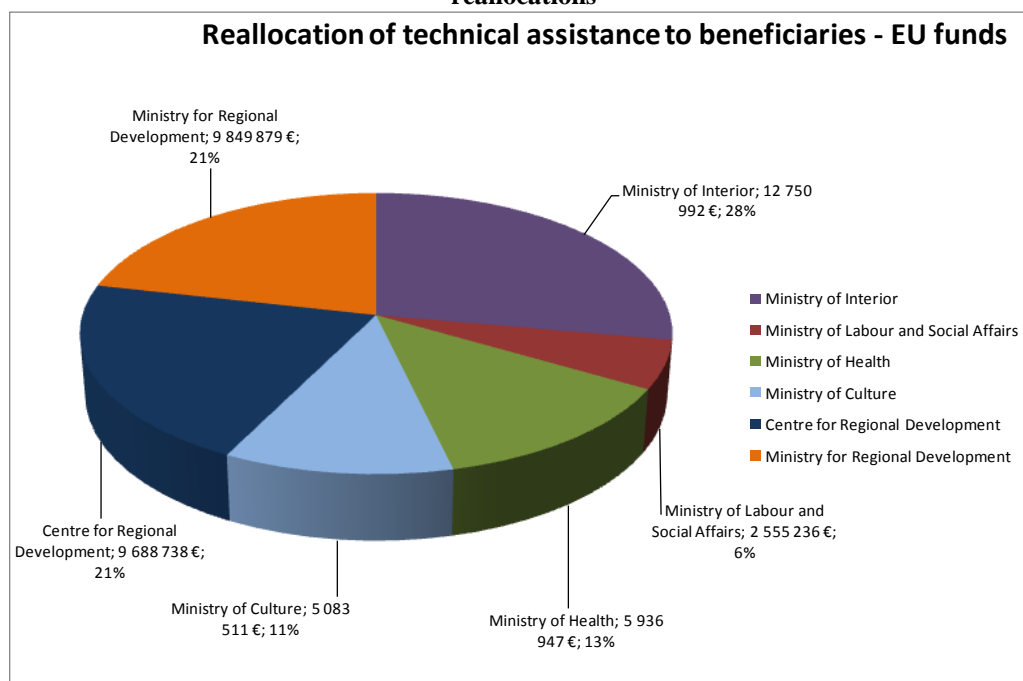
The IOP TA beneficiaries are the Ministry for Regional Development of the CR, the Ministry of Culture of the CR, the Ministry of labour and Social Services of the CR, the Ministry of Interior of the CR, the Ministry of Health of the CR and the Centre for Regional Development of the CR.

### **1) Percentage of financial allocation earmarked to IOP TA (funds to be used by IOP TA)**

The share of Priority axes 6a and 6b in the total allocation for the operational programme accounts for 2.9 %. Of which 2.85% is earmarked for the Convergence objective and 0.05% for the Regional competitiveness and employment objective.

The distribution of allocation for Technical Assistance among the implementing entities was laid down by Government Resolution No 537/2008 of 14 May 2008 on ensuring the activities of the Managing Authority and the Intermediate Bodies in the implementation of the Integrated Operational Programme for 2007-2013 period. The Managing Authority was granted 21% of the total allocation for this priority axis and distribution of the rest of the funds reflects the shares in the delegated activities of the individual Intermediate Bodies.

**Chart No 6 - Distribution of Technical Assistance allocation among beneficiaries following both the reallocations**



Source: IOP MA, status as of 31 Dec 2012

## Progress made in 2012

In the course of 2012 three meetings of the Selection Committee for IOP TA projects were held, at which 14 projects in the amount EUR 2 409 543.36 were approved.

**Table No 83 - Overview of projects approved by the SC for IOP TA in 2012**

	6.1	6.2
Ministry for Regional Development CR	-	1
Ministry of Health CR	-	-
Ministry of Labour and Social Affairs CR	-	-
Ministry of Culture CR	-	3
Ministry of Interior CR	3	3
Centre for Regional Development CR	2	1
<b>Total</b>	<b>5</b>	<b>8</b>

Source: Secretariat to the SC for IOP TA

## 2) Projects implemented in the framework of IOP TA

**Table No 84 - Progress in implementation of Intervention areas 6.1 and 6.2 in terms of projects as of 31 Dec 2012**

	6.1	6.2
Number of submitted projects	33	50
Number of approved projects	33	50
Volume of funds of submitted projects SF+SB (25.140 CZK/EUR)	41 642 165 EUR	15 520 936 EUR
Share of the volume of funds of submitted projects in the allocation for the call	132,23%	140,53%

Source: IS Monit7+ IOP as of 2 Jan 2013,

CZK/EUR exchange rate: 25.140,

Source of funding: public funds total



## Main areas of absorption of IOP TA funds

### 1. Strengthening the administrative capacity

All the entities involved in the Programme implementation draw the Technical Assistance funds in order to provide for administrative capacities in line with Government Resolution No 1332/2009 approving the procedure and the way of addressing the administrative capacity for the absorption of resources of Structural Funds for 2007-2013 period. A separate project concerning these matters was submitted by the IOP Managing Authority, the Centre for Regional Development of the CR and the Ministry of Interior of the CR. The other beneficiaries included the labour costs in their framework project under Intervention area 6.1.

In 2012, the costs incurred in relation to 179.76 FTE in the breakdown stated in the table below were covered from IOP TA.

**Table No 85 - Administrative capacity in 2012**

Entity	Number of FTE employees based on administrative capacity for 2011
IOP Managing Authority	56,84
Centre for Regional Development CR	39,45
Ministry of Interior CR	24,80
Ministry of Culture CR	16,65
Ministry of Labour and Social Affairs CR	21,52
Ministry of Health CR	20,50
<b>TOTAL</b>	<b>179,76</b>

*Source: Report on administrative capacity of IOP for 2012*

### 2. Ensuring vocational training

A major part of TA funds is regularly channelled to these activities. Their exploitation is described in detail in Chapter called Education and training of IOP MA and IOP IB staff.

### 3. Purchase and installation of computer systems and information technologies

**The MRD CR** – in 2012 the implementation of project called Specific adjustments of the applications of Monit7+ for IOP and Benefit web application for IOP - part III continued. The budget of the project is CZK 12 480 000,- (EUR 496 420,-). In 2012 the submitted applications for payment totalled CZK 1 673 934,- (EUR 66 584.49).

Moreover, the project Technical equipment – HW for IOP MA with the budget of CZK 900 000,- (EUR 35 799.52) was implemented, within which computer technology for IOP MA staff was purchased. The application for payment was submitted on 1 Oct 2012 in the amount of CZK 882 086,- (EUR 35 086.95).

**The CRD CR** – due to the EC and IOP MA requirements for sustainability the information system MONIT for JROP and SPD 2 has to be run also in 2010–2013 period. In 2012, altogether CZK 1 515 869.00 (EUR 60 297,-) was reimbursed.

The CRD CR continues to implement a project on extending the technical equipment basis for IOP data processing at CRD CR with the budget of CZK 850 000,- (EUR 33 810.66). In 2012 the applications for payment totalling CZK 196 200,- (EUR 7 804.30) were submitted.

#### 4. Analysis in the field of ensuring administrative capacity

The IOP MA in cooperation with IBs conducted an analysis of ensuring the administrative capacity based on the Report on ensuring administrative capacities pursuant to Government Resolution No 1332/2009 for 2007-2013 period and it also conducted its own “Analyses of administrative capacities and outsourcing of IOP Intermediate Bodies“.

In ensuring the administrative capacity, the IOP MA and all the IBs proceeded in compliance with Government Resolution No 1332/2009, by which the procedure and the way of addressing the administrative capacity for the absorption of resources from the Structural Funds and the Cohesion Fund for 2007-2013 were approved. In the 2<sup>nd</sup> quarter of 2012, the IOP MA issued the Methodological guideline concerning the procedure for payment of bonuses following the absorption of allocation, the main purpose of which is the direct reward of employees for their labour merit in the accomplishment of tasks of special importance, manifested by consistent achievements at work.

More detailed information on the analysis conducted in the field of ensuring administrative capacities is provided in Chapter 2.7.2 Evaluation of the Programme.

### 5 INFORMATION AND PUBLICITY

The IOP MA publishes a list of approved projects and examples of implemented projects in IOP on its website:

**Examples of implemented projects** are published and updated on  
<http://www.kvalitazivota.eu/>

**The list of aid beneficiaries** under IOP is published and monthly updated on  
<http://www.strukturalni-fondy.cz/cs/Microsites/Integrovaný-OP/Zadatele-a-prijemci/Seznam-podporených-projektů>

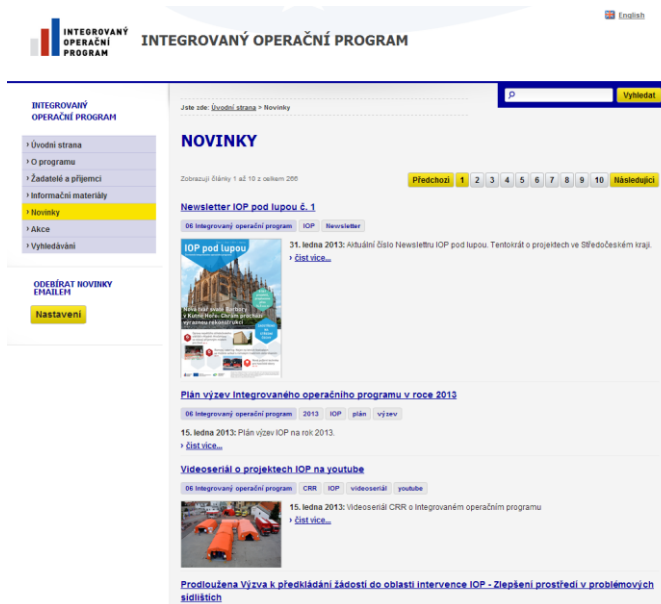
#### 5.1 Publicity Activities and Communication Tools Exploited in 2012

In 2012 the individual IBs and MA performed a broad spectrum of activities ranging from seminars for applicants to production of promotional merchandise. An overview of all the IOP communication and publicity activities for 2012 is included in Annex No 2.

##### 5.1.1 Website – IOP microsites and QUALITY OF LIFE microsites

###### Launch of the new Structural Funds website and IOP microsites in November 2012

The IOP microsites offer detailed information on IOP structure, programming documentation, current calls, all the annexes to project applications and additional information on IOP applicants and beneficiaries. Naturally, they also include a list of beneficiaries, responses to frequently asked questions, a calendar of scheduled seminars and information events, publications available in electronic form and links to websites of Intermediate Bodies, and contact details of particular employees.



### kvalitaživota.eu microsites

The Quality of life microsites were created based on the external Evaluation of IOP communication and publicity activities 2008 – 2010 conducted in the first quarter of 2011 by Naviga4 s.r.o company. They aim to create a unifying communication objective of IOP. Thanks to implemented IOP projects the general public is introduced to new available possibilities promoting the quality of life of every human being. The kvalitaživota.eu microsites were launched in late March 2012 and present information on the Integrated Operational Programme projects. The microsites are intended for general public and shall help navigate through activities supported from the Integrated Operational Programme. Through five icons located in the headline the visitors can select the area of their interest and look at all the achievements made in this area.



## 5.1.2 Publications intended for broader public

### IOP pod lupou (Under the Magnifying Glass) Newsletter

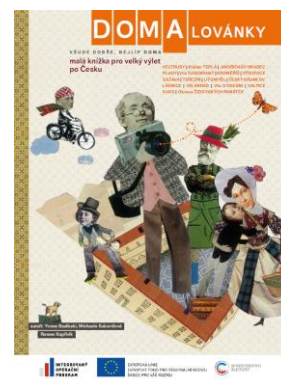
In January 2012 the IOP MA published a special issue of IOP pod lupou Newsletter with information on successful IOP projects. In June 2012 a tender was conducted for a new graphic design, print and distribution of the IOP pod lupou Newsletter and a new contractor, namely MORAVAPRESS s.r.o., was selected. The current circulation is 500 printed copies and 5000 electronic copies. The Newsletter comprises articles by MA and IBs, information on current IOP calls and activities, etc. By the end of 2012 three more issues of the Newsletter were published.

### CRD Newsletter

In 2012 two special extended issues of CRD Newsletter were published, dedicated to the topic of EU Funds – the October issue covered the preparation and implementation of projects and public contracts following the amendment to the Act; the December issue presented interesting projects from various intervention areas. Both the issues were published in the circulation of 7000 copies each.

### Ministry of Culture

The main publicity tool of the Ministry of Culture in 2012 was the publication called DOMAlovánky (Drawing and colouring book). The target group is the general public and pupils of the primary level of elementary schools. Four newly supported projects under Intervention area 5.1 of IOP have been added to the publication. “DOMAlovánky“ are followed by notepads and PeXXeso (Pairs game).



### Ministry of Interior

In 2012 the publication called Atlas of Successful Projects was published. It has met with a positive acclaim for its simple and attractive design. The publication for the first time presented examples of successful projects under the responsibility of the Ministry of Interior of the CR.

## 5.1.3 Audiovisual media

At the end of 2012 the IOP Managing Authority managed to conduct a tender – for the distribution of a short promotional film on the Integrated Operational Programme covering the topic of Czech POINT and data boxes into the Czech cinemas. The film will be shown in the last week in February 2013 in cinemas across ten Czech regions and promo magnets referring to kvalitazivota.eu microsites will be handed out. The aim is to present successful IOP projects mainly to the general public in regions to which the support is directed.





The Centre for Regional Development produced in 2012 an eight-episode series called “Integrated Operational Programme: EU Funds for better life.” The aim was to introduce the IOP to interested persons from among the general public who do not have sufficient awareness of the individual operational programmes.

The series clearly presents various areas in which the IOP assistance can help improve the quality of life of inhabitants, whether it concerns the improvements in housing estates or simplification of multiple administrative agendas. In total 1000 copies were produced which are available at the CRD branches. It is also downloadable from Youtube which you can access from the CRD CR website via EU Programmes -> Projects section.

#### VIDEOSERIÁL O PROJEKTECH IOP NA YOUTUBE

15.1.2012: Videoseriál CRR o integrovaném operačním programu



Centrum pro regionální rozvoj ČR v rámci své komunikační a propagační role v integrovaném operačním programu realizovalo osmidílný videoseriál představující zajímavé projekty z tohoto programu, které naplňují jeho motto “Kvalita života”.

Jednotlivé díly seriálu jsou volně dostupné na <http://www.youtube.com/user/crrcz>

Seriál je k dispozici také na DVD, k dostání na centrále CRR ČR na Vinohradské a v omezené míře také na pobočkách v regionech.



## 5.1.4 Conferences and seminars

### IOP annual conference in cooperation with MoLSA

On 19 and 20 September 2012 the annual conference of the Integrated Operational Programme on the topic of EU-supported forms of social integration was held at the New Townhall in Ostrava by the Ministry for Regional Development in cooperation with the Ostrava City Hall and the Ministry of Labour and Social Affairs. On the agenda was the transformation of asylum facilities (shelters), inclusion of socially excluded persons or social enterprise. In the foyer of the conference hall examples of works of children and youth from community centres were displayed. The conference was accompanied by practical workshops and a trip to the social enterprise Mléčný bar NAPROTI (Milk Bar) and Dolní oblast Vítkovice (Lower Area of Vítkovice). The conference was attended by more than 120 persons.



### Information seminars for IUDP managers

On 27 Nov and 4 Dec 2012 the IOP Managing Authority held regular information seminars for managers of municipalities implementing the Integrated Urban Development Plans focused on problematic urban zones. The seminars took place in Prague and Olomouc. The participants received information on the preparation of pilot testing of JESSICA financial instrument which is in the making by the IOP and the State Housing Development Fund and which offers the IUDP municipalities additional funds to invest in the regeneration of residential buildings.

### 5.1.5 Photo documentation

Since the projects are now at the stage of completion, a suitable tool for documenting the results of IOP support appears to be photo documentation of projects which in 2012 was employed by most of the IBs (MoH, MoI, MoC) while others intend to do so in the next period. It is one of the fitting ways to present the impact of IOP financial support to the general public in a simple fashion. The photographs can be used in many different ways, e.g. on promotional merchandise, website or in publications.

## 5.2 Target Groups

The primary target group for 2012 remained to be the beneficiaries and applicants due to uneven absorption from the Integrated Operational Programme and the Managing Authority aimed particularly to ensure effective absorption capacity and successful drawdown of the earmarked allocation of funds. Ever more attention was paid to the general public, with respect to the approaching end of the programming period and the need to inform a broad spectrum of interested persons about IOP activities and projects. This focus also ensued from the recommendations of the evaluation study of communication and publicity activities of IOP in 2008–2010 and from the European Commission priorities.

#### Target groups

##### Professional public – potential applicants and aid beneficiaries

Key communication in 2012:

- MA and IBs provide factual, timely and clear information on possibilities of financing from IOP;
- The way of submission, selection and reimbursement of projects is transparent at every stage of the process;
- Aid beneficiaries receive timely and quality information about the conditions of absorption in individual intervention areas of IOP and are warned against the most frequent mistakes made in the implementation.

##### General public

Key communication in 2012:

- Money from IOP is absorbed in a transparent manner;
- Control mechanism of absorption is designed so as to prevent the misuse of funds;
- All beneficiaries have enough information for successful implementation of their projects;
- IOP funds are channelled to meaningful projects with specific and tangible benefits for citizens of the CR;
- IOP improves the quality of life of each of us!

The key communication for professional public was successfully delivered through seminars for beneficiaries and applicants, publishing topical information on the website of individual ministries, IOP annual conference and one-to-one consultations with beneficiaries and applicants, and also through responses to enquiries raised by beneficiaries and applicants.

The key communication for general public was successfully delivered through publishing topical information on the website of individual ministries, IOP annual conference, update of [kvalitazivota.eu](http://kvalitazivota.eu)



microsites, showing the CRD video series on successful IOP projects and distribution of the IOP film on data boxes into the Czech cinemas.

### 5.3 Communication with the General Public, Applicants and Beneficiaries

#### Enquiries

In 2012, the IOP MA and IBs received 14 259 e-mail enquiries.

**Table No 86 - Overview of received e-mail enquiries**

e-mail enquiries	MRD	MoC	MoLSA	MoI	MoH	CRD	TOTAL
Registered	34	16	933	23		53	1 059
Unregistered			700		1000	11 500	13 200
<b>TOTAL</b>							<b>14 259</b>

Source: MA, IBs – register of enquiries. Data as of 31 Dec 2012.

Based on the repeated enquiries, the IOP MA and IBs create and update the responses to frequently asked questions, the so called FAQ that are published on the website of individual entities.

### 5.4 Total Budget of IOP CoP 2012

The total costs incurred in the field of publicity covered from IOP Technical assistance in 2012 amounted to **EUR 275 307.54**.

**Table No 87 - Total costs of IOP publicity covered from IOP Technical assistance**

IOP MA / IB	Indicative budget (EUR)	Actual value (EUR)
Ministry for Regional Development CR	105 807,5	23 314,84
Ministry of Culture CR	141 320,6	44 288,7
Ministry of Labour and Social Affairs CR	21 957,04	18 140,73
Ministry of Interior CR	372 471,9	112 771,4
Ministry of Health CR	105 011,9	43 821,7
Centre for Regional Development CR	52 923,63	32 970,17
<b>Total (VAT incl.)</b>	<b>799 492,6</b>	<b>275 307,54</b>

Source: MA and IBs as of 31 Dec 2012

CZK/EUR exchange rate: 25.140

Source of funding: public funds total

The actual costs incurred are lower than planned. One of the reasons is the implementation of larger activities only in the first quarter of 2013 when also the 2012 projects continue to be implemented. The costs of the Ministry of Interior dropped due to the transfer of delegated activities. As against the original plan substantial savings were also achieved in a number of activities thanks to the cooperation with another entity (IOP annual conference, seminars) or lower market prices (distribution of IOP film to cinemas).

## 5.5 Evaluation of Publicity Activities in 2012

Communication activities in 2012 focused on the provision of information on the progress of implementation of individual projects, presentation of particular benefits of IOP and achieved results to the general public. The visual identity of the individual IOP Intermediate Bodies and the Managing Authority was aligned thanks to the Quality of life concept. This strategy is easier to grasp and recognise by the general public.

Some activities included in the Annual Communication Plan for 2012 were not carried out and some others will be conducted in the first half of 2013 when the IOP TA project on IOP publicity will continue to be implemented (e.g. distribution of IOP film on data boxes to cinemas or conduct of an information campaign on [kvalitazivota.eu](http://kvalitazivota.eu) microsites). Some activities have been cancelled, particularly with respect to the Annual Communication Plan of the Ministry of Interior which was brought about by the transfer of Intervention areas 2.1 and 3.4 to IOP MA and accompanied by the provision of reduced funds allocated to the Technical assistance. For this reason the originally planned tenders on outsourcing PR services, newsletter production and media agency have not been conducted.

Ever more attention was paid to the general public through a broad spectrum of activities. They comprised e.g. the updates of [kvalitazivota.eu](http://kvalitazivota.eu) microsites, IOP annual conference, screenings of CRD video series on IOP successful projects and distribution of IOP film on data boxes to the Czech cinemas.

## 6 MISCELLANEA, SHARING EXPERIENCE, BEST PRACTICE

For the sake of sharing experience with IOP, the IOP MA most often employs the following communication platforms:

- IOP working groups;
- Education of IOP staff;
- Discussions between the IOP Managing Authority and IOP Intermediate Bodies.

### 6.1 IOP Working Groups

Working groups represent a tool for communication topical themes or problems. Minutes are taken from WG meetings and the MA conducts evaluation of WG activities. In collaboration with WG members, the evaluation considers the frequency of meetings in the year concerned, attendance, fulfilment of tasks assigned at the working group meetings, involvement and activity of members, satisfaction of members with the organisation of WG and contributions of the working group.

Working groups can respond in a flexible fashion to problems currently addressed in IOP implementation. To a great degree they are also used as an educational tool.

## Working Groups of IOP MC

Pursuant to its Statute (Article 6, para 1 – 4), the IOP MC Chairperson at the Technical Meeting of IOP MC held on 27 Jun 2008 established working groups for addressing specific issues. In compliance with the Statute (Article 6, para 5) the working groups were established to discuss the issues of coordination and cooperation between IOP and OP and their meetings were within the remit of the relevant ministries responsible for the given intervention area.

The IOP MC Chairperson, upon the proposal of IOP MC members, has established the following working groups:

- **WG for Intervention area 3.1, 3.2 and 3.4.**
- **WG for Intervention area 4.1,**
- **WG for Intervention area 5.1,**
- **WG for Intervention area 5.3.**

Pursuant to the IOP MC Statute (Article 6, para 1), upon the proposal of IOP MC members the Chairperson can establish or dissolve a working group. Since all the IOP MC working groups have been adequately replaced by the existing working groups or working meetings at the level of ministries, these working groups **were dissolved at the 9<sup>th</sup> meeting of IOP MC on 31 May 2012** in connection with the Task No C2 from the 8<sup>th</sup> meeting of IOP MC.

## Main conclusions from meetings of the working groups

### **WG for communication**

The Working Group met three times in the monitored period (17 Jan 2012, 15 Mar 2012 and 11 Oct 2012). Main points on the agenda of January and March meetings were the following:

- Presentation of the new Quality of Life website disseminating information on IOP successful projects and introduction to its content management system,
- Information on activities of individual IBs and MA in 2012,
- Information on IOP annual conference.

During the October meeting the members were informed on the IBs and MA activities and plans for 2013.

### **WG Pilot**

In the monitored period the Working Group met twice, namely on 7 Feb 2012 and 4 Sep 2012. During the meetings the process of implementation of pilot projects was evaluated in cooperation with all the stakeholders (IOP MA, MoI CR, MoLSA, Agency for Social Inclusion). Judging from the presentations of individual municipalities the IOP MA pronounced the implementation of the pilot project successful and currently not at risk. Nonetheless, it highlighted the requirement of the minimum absorption of 40 % of the IUDP allocation in 2012. All the pilot municipalities were also informed by the IOP MA about the monitoring visits aimed at checking the status of implementation which will take place in the course of 2012.

Apart from the meetings above, the IOP MA also paid monitoring visits to Pilot projects. All the visits went fine and no problems were identified in individual projects.

## **WG Technical assistance**

The WG technical assistance was convened once in 2012, on 20 Jan 2012. The main topic on the agenda was the IOP MA proposal for the Methodological Guideline for reimbursement of bonuses following the absorption of allocation drafted in line with Government Resolution No 1332 of 26 Oct 2009 on the Methodology of financial remuneration of employees implementing the National Strategic Reference Framework in 2007-2013 programming period, including the explanation of all the annexes to the methodological guideline, requisites for documenting the entitlement to the bonus of individual employees and the timetable of approval of the methodological guideline and payment of bonuses.

## **WG Financial management**

The working group met four times in 2012 – on 31 Jan 2012, 16 Mar 2012, 27 Mar 2012 and 1 Nov 2012. On the agenda of the first two meetings there were changes in the application of VAT in reverse charge regime in case of construction and assembly works and their actual impact on individual ways of financing. Discussed was the opinion on the reverse charge duty issued by an external expert as the supporting material for incorporating the reimbursement procedures in IB manuals and HAB.

During the meeting held on 27 Mar 2012, a training was provided on Act No 218/2000 Coll., budgetary rules, following its amendment by Act No 465/2011 Coll.. The MoF CR representative presented an interpretation of changes in individual provisions and answered the questions of MA and IBs.

Individual consultations were held with the respective IBs on changes of the Conditions in guidance documents for granting the IOP funds, ensuing from this amendment.

On 1 Nov 2012 during the meeting of WG Financial management a training course was held, led by a representative of GFD on the amendment to budgetary rules – Act No 465/2011 Coll., with emphasis put on the application of reduced levies for breach of the rules governing the award of public contracts co-financed from the EU budget.

## **WG for evaluation**

In the monitored period the Working Group for evaluation of IOP met three times, namely on 24 Apr 2012, 22 May 2012 and 11 Oct 2012. The meetings in April and May consisted in training courses held by the Czech Evaluation Company. The training courses followed from the first block of courses held at the end of 2011 and focused on the conduct of evaluation and application of its results.

The October meeting of the WG for evaluation discussed the results of the Analysis of administrative capacities and outsourcing in the implementation structure of IOP 2012. Also discussed and agreed upon were the recommendations. Another point on the agenda was the approval of the Evaluation Plan for 2013.

## **WG IS and monitoring**

In the monitored period the working group met twice, namely on 21 Feb 2012 and 26 Jun 2012. The topic of the February meeting were the monitoring indicators, their setting, definition, changes, entering into the IS and reporting in the annual report and report on implementation. The meeting in June focused on the use of output reports from IS Monit7+IOP and MSC2007.

## **WG for risk management**

During the meeting of WG for risk management held on 12 Apr 2012 the List of Risks and the Catalogue of Risks were approved and changes in risk management system were discussed.

In the second half of 2012 for time reasons the risks were addressed by per-rollam procedure. By using this procedure also the Catalogue of IOP Risks was approved as of 31 Dec 2012.

## **WG for public contracts**

The Working group for public contracts was convened once on 3 May 2012. At this meeting the WG addressed problems arising in connection with the amendment to Act No 137/2006 Coll., on public contracts which took effect on 1 Apr 2012.

## **WG Jessica**

On 17 Jan 2012 the top officials of the Ministry for Regional Development approved the Investment Strategy for the implementation of JESSICA FI in IOP. Since September 2012 technical discussions have been held between the IOP MA and SHDF once in two weeks. The main topics discussed were the progress made in the process of pre-notification and notification of the supplement to the state aid concerning the JESSICA FI implementation, development of tender documentation for the selection of Urban Development Funds administrator, obligation to absorb the JESSICA FI allocation before the end of 2015 and support of marketing and absorption capacity in order for the allocation to be effectively absorbed.

## **WG for risk reduction in Smart Administration**

The Working Group was set up in January 2012 as one of the IOP MA measures to improve the administration of the Programme and to accelerate the absorption at MoI CR. It is a working group composed of directors and heads of units of IOP MA, SFD and CRD. Apart from addressing the topical issues of project implementation and absorption of funds, the aim of this Working Group was also to coordinate the preparation of transfer of the remaining administrative activities in Intervention areas 2.1 and 3.4 from MoI CR to MRD CR. In the first six months the working group met every two weeks and addressed the tasks with assigned deadlines. Starting with July 2012 the meetings of the Working Group have been devoted exclusively to Intervention area 1.1. The Working Group convenes once every three weeks without the Centre for Regional Development of the CR and its main objective is to improve and accelerate the absorption in Intervention area 1.1

## **6.2 Education of IOP MA and IOP IB staff**

### **6.2.1 IOP Managing Authority**

The system of education of IOP MA staff in 2012 consisted of the following stages:

- Evaluation of staff by means of MRD evaluation questionnaires,
- Planning the education of employees through individual education plans,
- Actual conduct of education (internal, external educational events, e-learning),
- Monitoring of the accomplishment of individual plans,
- Semi-annual and final annual evaluation of the accomplishment of the IOP Managing Authority education plan,
- Evaluation of the quality of educational events.

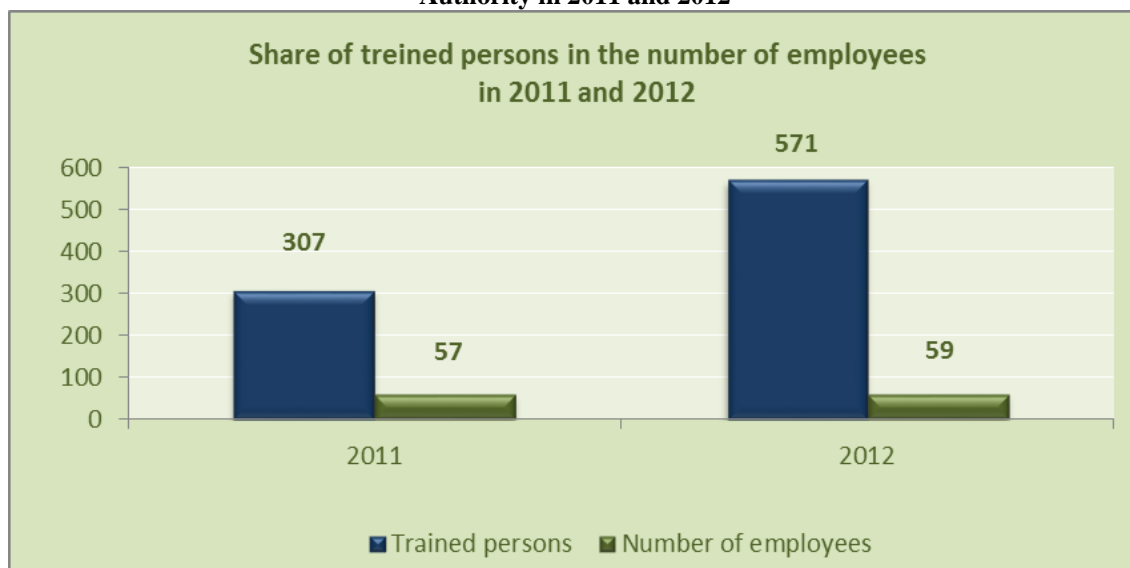
In 2012, a total of 94 education and training activities were organised, of which 49 were outsourced and 45 were delivered by inhouse lecturers. The internal education and training activities comprised

those events held by the IOP Managing Authority and those events held by the NCA and the Human Resources Department of MRD.

The total number of educational events also includes all the training courses, i.e. not only those funded from the IOP Technical Assistance.

As against 2011 the number of trained IOP MA employees increased by 264. The number of trained persons as against the number of IOP MA employees in 2012 grew by 86% as against 2011.

**Chart No 7 - Share of trained persons in the total number of employees of the IOP Managing Authority in 2011 and 2012**

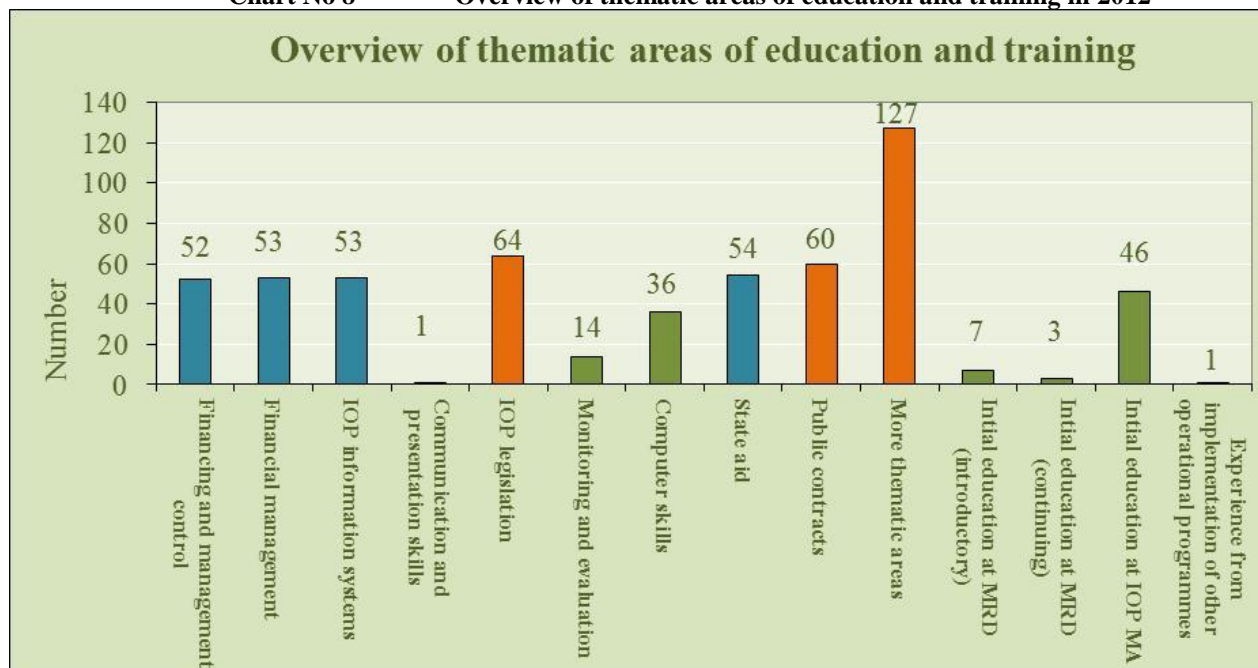


Source: IOP MA

In 2012, the highest number of education and training activities focused on public contracts, state aid, financial management, financial and management controls, information systems and initial education of IOP MA staff.



Chart No 8 - Overview of thematic areas of education and training in 2012



NOTE: orange colour – the highest number of training courses

Source: IOP MA

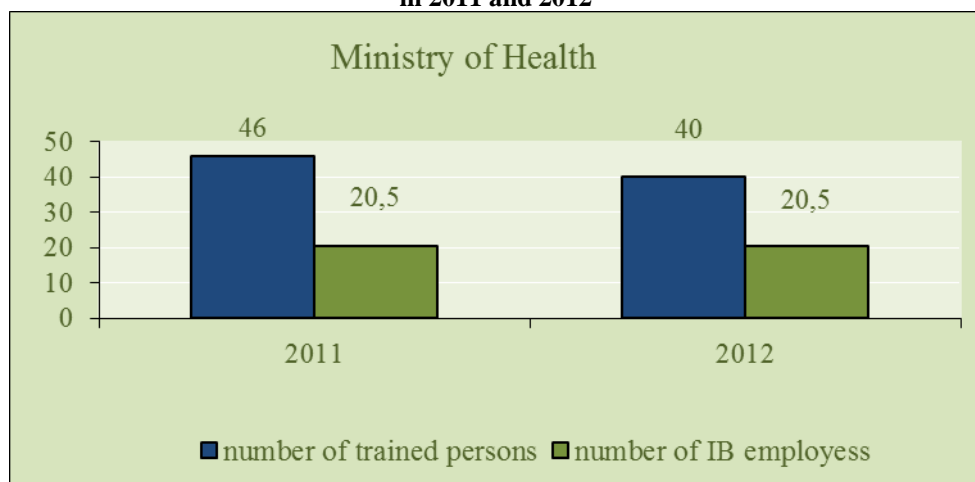
## 6.2.2 IOP Intermediate Bodies

The Intermediate Bodies cover the costs of education and training from its IOP TA projects, or are invited to participate in training courses held by the IOP Managing Authority.

In 2012, the IOP MA did not request the submission of individual education plans and their evaluation from the Intermediate Bodies, therefore the training courses held exclusively by the Intermediate Bodies are not included in this overview.

In 2012, the IOP MA organised a total of 17 internal education and training activities for its IBs. A total of 170 persons were trained. The share of trained persons in the total number of employees is illustrated in the following charts. For more accurate quantification, comparisons with 2011 are presented.

**Chart No 9 - Share of trained persons in the number of employees of the Ministry of Health in 2011 and 2012**



Source: IOP MA

**Chart No 10 - Share of trained persons in the number of employees of the Ministry of Labour and Social Affairs in 2011 and 2012**



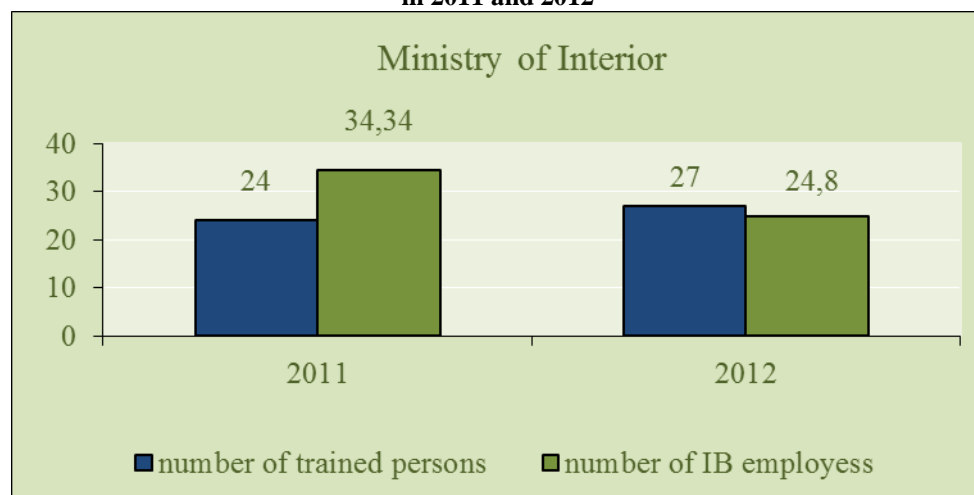
Source: IOP MA

**Chart No 11 - Share of trained persons in the number of employees of the Ministry of Culture in 2011 and 2012**



Source: IOP MA

**Chart No 12 - Share of trained persons in the number of employees of the Ministry of Interior in 2011 and 2012**



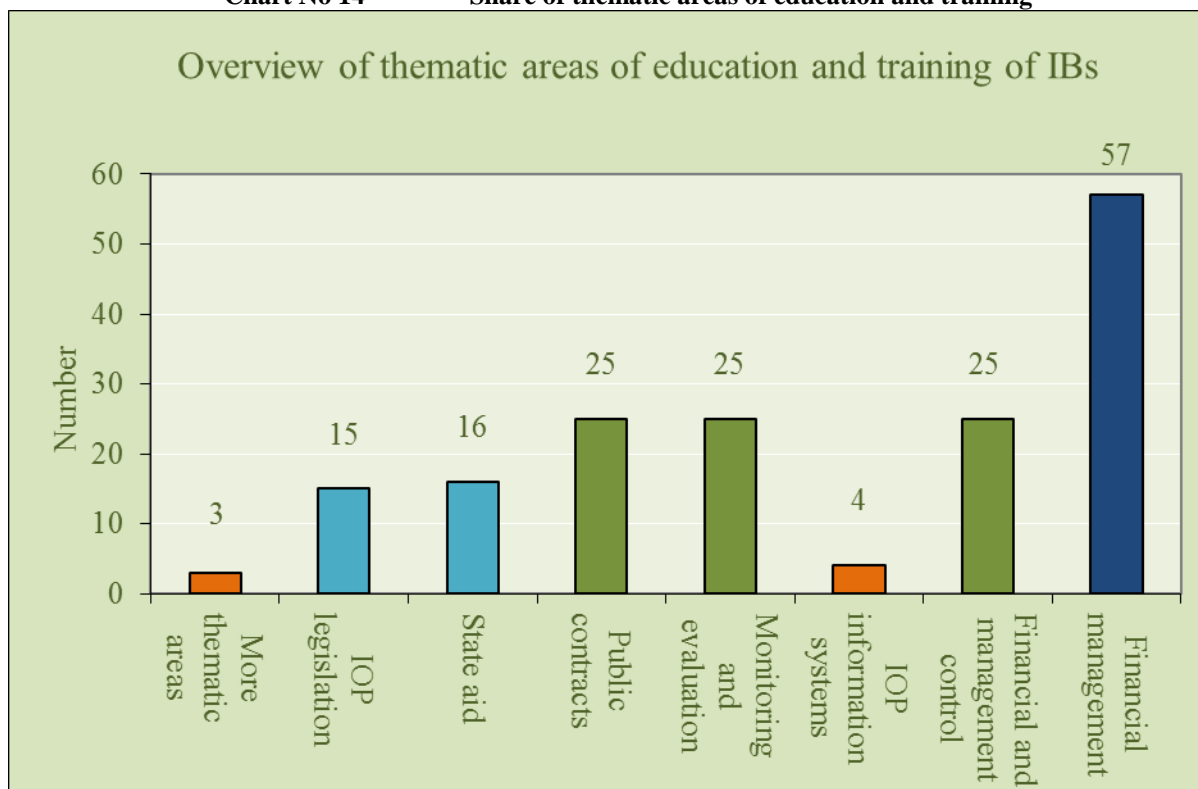
Source: IOP MA

**Chart No 13 - Share of trained persons in the number of employees of the Centre for Regional Development in 2011 and 2012**



Source: IOP MA

**Chart No 14 - Share of thematic areas of education and training**



*NOTE: blue colour – the highest number of training courses*

*Source: IOP MA*

In 2012, the highest number of education and training activities organised by the IOP Managing Authority for IOP IBs focused on financial management.

### 6.3 Meetings Held Between the IOP Managing Authority and IOP Intermediate Bodies

The highly beneficial tool of communication and sharing experience between the IOP MA and IBs are considered to be the regular IOP MA and IB meetings.

In 2012, the following pattern was in place:

- 1x a month at the level of IB directors and top officials of the IOP MA,
- 1x a month a training course for IBs and IOP MA.

The regular meetings between the IOP MA and Directors of IOP IBs address the evaluation of plans of absorption and the submitted applications for payment for the previous month, the current status of absorption in individual intervention areas, measures aimed at speeding up the absorption, monitoring of the forecast of fulfilment of n+3/n+2 rule, fulfilment of timetables at IBs, preparation of projects, ongoing and planned calls, administration of applications for payment, tasks of IBs, accomplishment of forecasts, refunds, status of implementation of sleeping and risky projects and progress achieved in them.

At the beginning of 2012, the IOP MA identified, also based on the suggestions of Intermediate Bodies, the areas of topics to be covered by the education and training. On the basis of these topics, the timetable of training courses was continuously updated to take into account the emerging problems in the IOP implementation.

### **6.3.1 Meetings of the Interministerial Commission at the level of Deputy Ministers implementing the IOP**

With regard to the status of implementation of the programme and the addressed problems, which were often times beyond the responsibility of the individual Directors of IOP IBs, the MRD top officials decided to hold meetings at the level of Ministers and Deputy Ministers involved in IOP implementation. At the meeting of Ministers on 29 Jun 2010, the Interministerial Commission at the level of Deputy Ministers implementing the IOP was set up.

On 6 Jan 2012 a meeting of the Interministerial Commission at the level of Deputy Ministers implementing the IOP was held at the Ministry for Regional Development.

#### **Conclusions of the meeting:**

- Administration associated with the approval of projects exceeded the set deadlines due to checking the economy and efficiency of spent funds; with respect to this delay in projects approval it is necessary to cut the deadlines for the issuance of the Decision on providing a grant for approved projects as much as possible;
- Administration of applications for payment – more stringent controls and consultations with experts result in protracted administration associated with the approval of applications for payment and failure to fulfil the planned forecasts; the degree and scope of assessment shall be considered;
- Control of contract documents at the OPC – in cases when the control reveals a breach of the Act on public contracts during the selection of project contractor, the OPC is requested to issue an opinion; The IOP MA recommends pressing for a more prompt issuance of an opinion.

On 8 Feb 2012 a meeting of the Interministerial Commission at the level of Deputy Ministers implementing the IOP was held at the Ministry for Regional Development.

#### **Conclusions of the meeting:**

- Comparing of IOP with the other OPs – as at the end of 2011 the volume of funds covered by the Decisions equals 72.7 % of the IOP allocation; the volume of reimbursed and certified funds continues to be very low and in this respect the IOP is one of the worst performing OPs;
- Information on the error rate in IOP – the European Commission deals with the Annual Control Report (ACR) of the Audit Authority of MoF. Based on the outputs of DAB audits contained in this report the suspected irregularities were detected in a number of projects (primarily at MoI and MoH) which led to high error rate of over 13 % identified in the Programme;
- Fulfilment of N+3 rule in 2011 and the outlook for 2012, comparing the forecast with the actual performance.

The n+3 rule for Convergence objective was fulfilled without the use of the advance payment. For Regional competitiveness and employment objective it was necessary to deduct a part of the 1<sup>st</sup> advance payment received from the EC. The absorption of allocation is very unbalanced in terms of

individual ministries. The highest absorption is reported by the MoH, a distinct acceleration has to be achieved at the MoC and MoI.

On 28 Jun 2012 a meeting of the Interministerial Commission at the level of Deputy Ministers implementing the IOP was held at the Ministry for Regional Development.

#### **Conclusions of the meeting:**

- Volume of reimbursed funds is 22.5 %, due to which the IOP ranks last among the OPs;
- Certified expenditure remains at the level of 13.3%, but at the end of 2012 in total 31% of the IOP allocation shall be certified;
- A huge problem is the low share of tendered funds,
- Fulfilment of forecasts has been a long lasting problem in IOP, in the period from October 2011 to March 2012 the average fulfilment is 33.6 %;
- IOP MA is developing a system of monitoring of sleeping and risky projects;
- Information on the results of control and audit activities in individual intervention areas

On 8 Nov 2012 a meeting of the Interministerial Commission at the level of Deputy Ministers implementing the IOP was held at the Ministry for Regional Development.

#### **Conclusions of the meeting:**

- Fulfilment of forecast absorption and outlook for the fulfilment of N+3/N+2 rule in 2012 and 2013 for individual ministries;
- To adopt measures aimed at 100 % fulfilment of forecasts concerning the submitted applications for payment, avoid the extension of project stages and divide the project into stages;
- To update the data in IS Monit7+ so as the IOP MA can proceed in its forecasts from the actual data;
- To identify projects which represent the major threat to the fulfilment of N+3/N+2 rule in 2013; to implement measures in order to speed up the implementation of sleeping and risky projects.

#### **6.3.2 Bilateral meetings between the IOP MA and IOP IBs**

In 2012, several bilateral meetings took place at which the following topical issues were addressed:

- Status of absorption in intervention areas falling under the relevant IOP IBs,
- Outputs from the internal audit,
- Outputs from the meeting with beneficiaries,
- Revision of calls – current status,
- Analysis of administrative capacities,
- Tasks assigned by the IOP MC,
- Issuance of Conditions for the Decision on providing a grant,
- Sleeping and high-risk projects,
- Recalculation of the exchange rate reserve,
- Financial gap,
- Double financing,
- Irregularities.



## LIST OF ABBREVIATIONS

AR	Association of Regions
CBA	Cost Benefit Analysis
T	Tourism
CRD	Centre for Regional Development
CzT	CzechTourism
DG	Directorate General (European Commission)
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
FI	Financial Instrument
UDF	Urban Development Fund
CF	Cohesion Fund
GFD	General Financial Directorate
GG	Global Grant
GD FRS	General Directorate of the Fire Rescue Service
CRD HQ	Centre for Regional Development Headquarters
ESC	Economic and Social Cohesion
FRS	Fire Rescue Service
ICT	Information and communication technologies
IOP	Integrated Operational Programme
IUDP	Integrated Urban Development Plan
IRS	Integrated Rescue System
CoP	Communication Plan
Conv.	Convergence objective
IPM	Internal Procedures Manual
MoC	Ministry of Culture
MRD	Ministry for Regional Development
IOP MC	Monitoring Committee of IOP
MoLSA	Ministry of Labour and Social Affairs
MoI	Ministry of Interior
MR	Monitoring Report
MoH	Ministry of Health of the CR
NCA	National Coordination Authority
NUTS	La Nomenclature des Unités Territoriales Statistiques
NRP	National Reform Programme
NSRF	National Strategic Reference Framework
TD	Tourism Department
IA	Intervention area
IOP OM	IOP Operational Manual
OP	Operational Programme
PFD	Programme Financing Department
OP HRE	Operational Programme Human Resources and Employment
OP HRD	Operational Programme Human Resources Development
OPTA	Operational Programme Technical Assistance

OP EC	Operational Programme Education for Competitiveness
SAPD	Strategy and Aid Policy Department of the Ministry of Culture
SFD	Structural Funds Department
DAB	Delegated Audit Body
PCR	Police of the CR
PA	Priority axis / priority area
HWP	Handbook of Work Procedures
HAB	Handbook for Applicants and Beneficiaries
RDP	Rural Development Programme
WG	Working Group
RCE	Regional Competitiveness and Employment objective
ROP	Regional Operational Programme
DPG	Decision on providing a grant
MA	Managing Authority
SA	Smart Administration
SEA	Strategic Environmental Assessment
SF	Structural Funds
SHDF	State Housing Development Fund
JROP	Joint Regional Operational Programme
TOP	Thematic Operational Programme
TA	Technical Assistance
PAM	Planning Analytical Materials
OPC	Office for the Protection of Competition
LO	Labour Office
TFO	Territorial Financial Authority
SC	Selection Committee
IB	Intermediate Body
AP	Application for payment
ITS-NGN	Integrated Telecommunications Network – New Generation Network

## ANNEXES

### **Annex No 1 - Forms for Reporting Synergies by Thematic Area**

### **Annex No 2 – Publicity Activities in 2012**

### **Annex No 3 – Action Plans from Evaluations**

### **Annex No 4 – Action Plan of the NCA for IOP**

## Annex No 1 Forms for Reporting Synergies by Thematic Area

### FORM NO 1 – SMART ADMINISTRATION

#### SUPPLIER OF THE DOCUMENT: INTERMEDIATE BODY – MINISTRY OF INTERIOR

<b>Supplier of the form:</b>	<i>Intermediate body of the Ministry of Interior</i>					
<b>Thematic area*:</b>	<i>Modernisation of public administration</i>					
Synergic intervention areas OP/ROP1*	<i>OP HRE Intervention area 4.1</i>					
Links to intervention areas OP/ROP2*	/					
Has an agreement on cooperation been concluded between the MA (initial projects) and the MA (follow-up projects):	NO					
<b><i>Evaluation of the functioning of coordination mechanisms between the MA (initial projects) and the MA (follow-up projects) set out in the agreements between the MAs/in the programming documentation/in other coordination mechanisms, incl. description of the form (e.g. sending the timetable of calls, sending the reports on implementation/annual reports, participation in the MCC/thematic microtomes**convened under the Coordination Committee/Monitoring Committees/Working Groups/annual conferences, information on seminars for applicants/beneficiaries, information in the Handbook for Applicants/Handbook for Beneficiaries, etc.):</i></b>						
<p>The system of coordination of building Smart Administration in synergy between IOP and OP HRE was addressed by assigning the task of administration of the respective parts of operational programmes to a single Intermediate Body reporting to two different Managing Authorities, namely the IOP MA (MRD) and OP HRE MA (MoLSA). Agreements on delegated activities have been concluded between the IB and these two MAs.</p>						
<b><i>Summary of synergic projects showing the synergic links – MSC221 report, in case the MA does not use the MSC2007 system for monitoring all the synergies, it shall state its own method of synergic projects registration.</i></b>						
Selection criteria: Programme = OP/ROP1						
Sequence number	Number of synergic project OP/ROP1 (initial project, follow-up project)	Name of project OP/ROP1	Description of synergy	Assigned synergy code	Number of synergic project OP/ROP2	Name of project OP/ROP2
1	OP HRE CZ.1.04/4.1.00/41.00001	Staffing for processes of data mining for creation and consolidation of master registers of insured persons and their individual accounts with reference to the basic public administration registers – Part 1	The IOP project is of investment nature and provides for the purchase of HW and SW. The OP HRE projects facilitate the entry of data to databases by experts and further processing of the data on insured persons.	/	/	/
2	OP LZZ CZ.1.04/4.1.00/41.00002	Staffing for processes of data mining for the creation	The IOP project is of investment	/	/	/

		and consolidation of master registers of insured persons and their individual accounts with reference to the basic public administration registers – Part 2	nature and provides for the purchase of HW and SW. The OP HRE projects facilitate the entry of data to databases by experts and further processing of the data on insured persons.			
3	IOP CZ.1.06/1.1.00/07.06393	Creation of information and communication interface of the Czech Social Security Administration (CSSA) in order to provide information to clients	The IOP project is of investment nature and provides for the purchase of HW and SW. The OP HRE projects facilitate the entry of data to databases by experts and further processing of the data on insured persons.	/	/	/

**Comments on the table and other information on synergic projects** (total number of synergic projects, most frequently present area of synergy, number of links not stated in the report due to the transition of a follow-up project/initial project to a negative status,...):

Links between OP HRE and IOP (not formally stipulated)

- **Super strategic projects**

- Objective: design of the underlying coordination structures of the strategy (Programme Management Office for the Coordination of Smart Administration projects, Unit of the Chief Architect of eGovernment)
- Submitted in call **No 27** of OP HRE

- **Public administration analyses in support of proposing the implementation of procedures and**

### activities leading to the accomplishment of the Strategy objectives

- Projects under call **No 32** of OP HRE
- Analyses for the implementation of projects in calls **No 03 and No 07** of IOP
- **Education of public administration officers and employees, methodologists, trainers and politicians in the field of introduction of eGovernment to PA**
  - Projects under call **No 38**
  - Projects on education in the field of CzechPOINT and eGovernment
  - Synergy with projects under call **No 40** of OP HRE and **No 03 and 07** of IOP
- **Process modelling of public administration agendas**
  - Projects under call **No 38**
  - Objective: audit of processes and organisation of the most important public administration agendas
  - Synergy with and impact on projects submitted under the calls of both the OP HRE and IOP

***Problems and identified risks in ensuring synergy by the Managing Authorities, adopted measures:***

***Topics to be discussed by the Coordination Committee/thematic micro-team meetings:***

***Other notes:***

**Elaborated by: MoI CR IB**

## FORM NO 2 – ROMA RELATED MATTERS

### SUPPLIER OF THE DOCUMENT: IOP MANAGING AUTHORITY

<b>Form elaborated by:</b>	<i>Integrated Operational Programme</i>									
<b>Thematic area*:</b>	<b>Roma related matters</b>									
Synergic intervention areas in IOP:	3.1 Social integration services 5.2 Improving the environment in problematic housing estates									
Links to intervention areas in OP HRE:	3.2 Promoting social integration of Roma localities									
Links to intervention areas in OP EC:	1.2 Equal opportunities of children and pupils, incl. children and pupils with special education needs 3.2 Support for supply of further education									
Has an agreement on cooperation been concluded between the IOP MA and OP HRE /OP EC MA:	YES									
<b>Evaluation of the functioning of coordination mechanisms between the MA (initial projects) and the MA (follow-up projects) set out in the agreements between the MAs/in the programming documentation/in other coordination mechanisms, incl. description of the form (e.g. sending the timetable of calls, sending the reports on implementation/annual reports, participation in the MCC//thematic microtomes**convened under the Coordination Committee/Monitoring Committees/Working Groups/annual conferences, information on seminars for applicants/beneficiaries, information in the Handbook for Applicants/Handbook for Beneficiaries, etc.):</b>										
<table border="1"> <tr><td>1) Sending the timetable of calls: cooperation with OPHRE</td></tr> <tr><td>2) Sending the report on implementation and the annual report: NO</td></tr> <tr><td>3) Sending the list of approved projects with synergy: in MSC</td></tr> <tr><td>4) Participation in the MC: cooperation with OPHRE</td></tr> <tr><td>5) Participation in WG: WG Pilot, WG Coordination of Urban Policy, WG ROMEA</td></tr> <tr><td>6) Participation in seminars for applicants: NO</td></tr> <tr><td>7) Participation in seminars for beneficiaries: NO</td></tr> <tr><td>8) Information on implementation of projects with synergy: continuously</td></tr> <tr><td>9) Other mechanisms: Cooperation with the Agency for Social Inclusion – information on soft projects, seminars for IUDP managers</td></tr> </table>		1) Sending the timetable of calls: cooperation with OPHRE	2) Sending the report on implementation and the annual report: NO	3) Sending the list of approved projects with synergy: in MSC	4) Participation in the MC: cooperation with OPHRE	5) Participation in WG: WG Pilot, WG Coordination of Urban Policy, WG ROMEA	6) Participation in seminars for applicants: NO	7) Participation in seminars for beneficiaries: NO	8) Information on implementation of projects with synergy: continuously	9) Other mechanisms: Cooperation with the Agency for Social Inclusion – information on soft projects, seminars for IUDP managers
1) Sending the timetable of calls: cooperation with OPHRE										
2) Sending the report on implementation and the annual report: NO										
3) Sending the list of approved projects with synergy: in MSC										
4) Participation in the MC: cooperation with OPHRE										
5) Participation in WG: WG Pilot, WG Coordination of Urban Policy, WG ROMEA										
6) Participation in seminars for applicants: NO										
7) Participation in seminars for beneficiaries: NO										
8) Information on implementation of projects with synergy: continuously										
9) Other mechanisms: Cooperation with the Agency for Social Inclusion – information on soft projects, seminars for IUDP managers										
<b>Summary of synergic projects showing the synergic links – MSC221 report, in case the MA does not use the MSC2007 system for monitoring all the synergies, it shall state its own method of synergic projects registration.</b>										
<p>It concerns projects implemented within the IUDPs in IOP. The IUDPs in IOP are primarily focused on regeneration of residential buildings and revitalisation of public spaces (IOP 5.2) and may be supplemented by projects financed from other operational programmes may be included. The projects implemented in a zone with a developed IUDP are awarded preferential points equalling 10 %. Information is available in MSC, more detailed information is included in individual IUDPs. The list of approved projects is a component part of annual monitoring reports on progress in IUDP. In activity 5.2c) the obligation of a synergic link to project in 3.1b of IOP or 3.2 of OPHRE is laid down directly by the programming document.</p>										
<b>Comments on the table and other information on synergic projects (total number of synergic projects, most frequently present area of synergy, number of links not stated in the report due to the transition of a follow-up project/initial project to a negative status,...):</b>										
<p>The procedure for the inclusion of projects financed from other operational programmes in IUDP and their eligibility are addressed at WG Coordination of Urban Policy. Projects can be added to IUDP under IOP by the notification of a change in IUDP.</p>										
<b>Elaborated by: IOP MA</b>										

\* defined in the Methodological recommendation on ensuring synergies between the OPs (Annex No 1 and 2)

\*\* see Annex to the Decision of the Minister for Regional Development No 235/2009



# FORM NO 3 –INCREASING THE QUALITY AND AVAILABILITY OF PUBLIC SERVICES/ SOCIAL INTEGRATION

**SUPPLIER OF THE DOCUMENT: INTERMEDIATE BODY – MINISTRY OF LABOUR AND SOCIAL AFFAIRS**

<b>Supplier of the form:</b>	CR – Ministry of Labour and Social Affairs					
<b>Thematic area*:</b>	Social integration					
Synergic intervention areas OP/ROP1*	3.1 Social integration services					
Links to intervention areas OP/ROP2*	3.2 OP HRE Roma related matters, 3.1 OP HRE Mirror projects and increasing the quality and availability of public services, 5.2 IOP Social integration (IUDP)					
Has an agreement on cooperation been concluded between the MA (initial projects) and the MA (follow-up projects):	NO					
<b>Evaluation of the functioning of coordination mechanisms between the MA (initial projects) and the MA (follow-up projects) set out in the agreements between the MAs/in the programming documentation/in other coordination mechanisms, incl. description of the form (e.g. sending the timetable of calls, sending the reports on implementation/annual reports, participation in the MCC//thematic microtomes**convened under the Coordination Committee/Monitoring Committees/Working Groups/annual conferences, information on seminars for applicants/beneficiaries, information in the Handbook for Applicants/Handbook for Beneficiaries, etc.):</b>						
Applicants receive information on synergic links between operational programmes at seminars for applicants.						
<b>Summary of synergic projects showing the synergic links – MSC2007 221 report</b>						
Selection criteria: Programme = OP/ROP1						
Se- que- nce No	Number of synergic project OP/ROP1 (initial project, follow-up project)	Name of project OP/ROP1	Descrip- tion of synergy	Assign ed synerg y code	Number of synergic project OP/ROP2	Name of project OP/ROP2
1	CZ.1.06/3.1.0 2/01.06080	Extension of social entrepre- neurship of Active Colour s.r.o. - Mokrá lakovna			CZ.1.04/3.1.06/30. 00010	Extension of social entrepre- neurship of Active Colour s.r.o. - Mokrá lakovna
2	CZ.1.06/3.1.0 2/01.06088	CLEAR SERVIS- establishment and develop- ment of laundry, ironing and mending services in Těrlicko			CZ.1.04/3.1.06/30. 00005	CLEAR SERVIS- establishment and develop- ment of laundry, ironing and mending services in Těrlicko
3	CZ.1.06/3.1.0 2/01.06232	Woodworking plant Tomíkovice - Social enterprise in a Roma locality			CZ.1.04/3.1.06/30.00039	Woodworking plant Tomíkovice - Social enterprise in a Roma locality of Kobylá

		of Kobylá n.Vidnavkou, Velká Kraš				n.Vidnavkou, Velká Kraš
4	CZ.1.06/3.1.0 2/01.06074	SOFIRA - Slunce pro všechny (The Sun for all)			CZ.1.04/3.1.06/30. 00011	SOFIRA - Slunce pro všechny (The Sun for all)
5	CZ.1.06/3.1.0 2/01.06448	DEK Group- to support, to help, to do business			CZ.1.04/3.1.06/30.00069	DEK Group- to support, to help, to do business
6	CZ.1.06/3.1.0 2/01.06938	V pohodě na souši i na vodě (Comfortable both on land and in water)			CZ.1.04/3.1.06/30.00104	V pohodě na souši i na vodě (Comfortable both on land and in water)
7	CZ.1.06/3.1.0 2/01.06944	Catering – catering vehicle			CZ.1.04/3.1.06/30. 00098	Catering – catering vehicle
8	CZ.1.06/3.1.0 2/01.06963	Forest operations – equal opportunities social enterprise			CZ.1.04/3.1.06/30.00118	Forest operations – equal opportunities social enterprise
9	CZ.1.06/3.1.0 2/01.07110	Fruit and herbs processing in Velká Kraš			CZ.1.04/3.1.06/30. 00128	Fruit and herbs processing in Velká Kraš
10	CZ.1.06/3.1.0 2/01.06232	Woodworking plant Tomíkovice - Social enterprise in a Roma locality of Kobylá n.Vidnavkou, Velká Kraš			CZ.1.04/3.1.06/30.00039	Woodworking plant Tomíkovice - Social enterprise in a Roma locality of Kobylá n.Vidnavkou, Velká Kraš
11	CZ.1.06/3.1.0 2/01.06457	Krabičky v.d. – social enterprise			CZ.1.04/3.1.06/30.00141	KRABIČKY v. d. – social enterprise
12	CZ.1.06/3.1.0 2/01.07131	Art with a handicap			CZ.1.04/3.1.06/30.00163	Art with a handicap
13	CZ.1.06/3.1.0 2/01.06942	Equipment of the centre of printing services Broumov			CZ.1.04/3.1.06/30.00168	Social enterprise Centre of services Broumov s. r. o.
14	CZ.1.06/3.1.0 2/01.07541	Social enterprise – Cukrárna Sedmička Strakonice			CZ.1.04/3.1.06/30.00166	Social enterprise – Cukrárna Sedmička Strakonice
15	CZ.1.06/3.1.0 2/01.07596	Integrating café PONTES			CZ.1.04/3.1.06/30.00169	Integrating café PONTES

16	CZ.1.06/3.1.0 2/01.07113	Dairy bar NAPROTI – setting up and stabilisation of a sustainable social enterprise			CZ.1.04/3.1.06/30.00154	Dairy bar NAPROTI – setting up and stabilisation of a sustainable social enterprise
17	CZ.1.06/3.1.0 2/01.06284	Technical capacity of services provided by Centrom			CZ.1.04/3.2.01/19.0018	Extension of capacities and portfolio of services provided by CENTROM
18	CZ.1.06/3.1.0 2/01.06284	Technical capacity of services provided by Centrom			CZ.1.04/3.2.01/19.00182	Quality management of provided registered social services by CENTROM II
19	CZ.1.06/3.1.0 2/01.06284	Technical capacity of services provided by Centrom			CZ.1.04/3.2.01/19.00229	Qualification course for social service employees in excluded locations
20	CZ.1.06/3.1.0 2/01.07307	Construction of a low threshold and consultancy centre in Ostrava - Kunčičky			CZ.1.04/3.2.00/55.00004	Operation of a low threshold and consultancy centre in Ostrava – Kunčičky
21	CZ.1.06/3.1.0 2/01.07288	Development of social services for the town of Broumov – equipment of premises for social services			CZ.1.04/3.2.00/55.00007	Development of social services for the town of Broumov
22	CZ.1.06/3.1.0 2/01.07303	KHAMORO consultancy centre			CZ.1.04/3.2.00/55.00010	Services of KHAMORO consultancy centre
23	CZ.1.06/3.1.0 2/01.07577	Low threshold facility for children and youth aged 15 to 26 years			CZ.1.04/3.2.00/55.00005	Comprehensive integration programme for socially excluded population and population at risk of social exclusion in the town of Most
	CZ.1.06/3.1.0 2/08.07973	Minitechnical services			CZ.1.04/3.1.06/30.00220	Minitechnical services
	CZ.1.06/3.1.0 2/08.08002	Stone mining and processing in Stará Červená Voda municipality			CZ.1.04/3.1.06/30.00232	Stone mining and processing in Stará Červená Voda municipality

	CZ.1.06/3.1.0 2./08.8035	With empathy			CZ.1.04/3.1.06/30.00242	With empathy
	CZ.1.06/3.1.0 2./08.08119	Wellness centre in Svitavy			CZ.1.04/3.1.06/30.00276	Wellness centre in Svitavy
	CZ.1.06/3.1.0 2./08.08141	Roots are fundamental II			CZ.1.04/3.1.06/30.00290	Roots are fundamental II
	CZ.1.06/3.1.0 2./08.08134	Social enterprise – Accounting company			CZ.1.04/3.1.06/30.00293	Social enterprise – Accounting company
	CZ.1.06/3.1.0 2./08.08125	BENECYKL social enterprise investment part			CZ.1.04/3.1.06/30.00275	Social enterprise BENECYKL s. r.o.
	CZ.1.06/3.1.0 2./08.08302	Social enterprise of I.V. ENERGY s.r.o. building company			CZ.1.04/3.1.06/30.00511	Social enterprise I.V. ENERGY
	CZ.1.06/3.1.0 2./08.08366	The first producer of natural cider in the CR			CZ.1.04/3.1.06/30.00387	The first producer of natural cider in the CR
	CZ.1.06/3.1.0 2./08.08355	Šikulové (handy guys) – model accessories production			CZ.1.04/3.1.06/30.00244	Social enterprise Šikulové (handy guys)– model accessories production
<b>Comments on the table and other information on synergic projects (total number of synergic projects, most frequently present area of synergy, number of links not stated in the report due to the transition of a follow-up project/initial project to a negative status,...):</b>						
<b>Problems and identified risks in ensuring synergy by the Managing Authorities, adopted measures:</b>						
<b>Topics to be discussed by the Coordination Committee/thematic micro-team meetings:</b>						
<b>Other notes:</b>						
<b>Elaborated by: MoLSA CR IB</b>						

## FORM NO 4 – TOURISM, PUBLICITY, MARKETING

### SUPPLIER OF THE DOCUMENT: IOP MANAGING AUTHORITY

<b>Supplier of the form:</b>	<i>Integrated Operational Programme - IOP MA</i>
<b>Thematic area*:</b>	<i>Tourism, publicity, marketing</i>
Synergic intervention areas OP/ROP1* _____:	<i>ROP South-East 2.2 Development of services in tourism</i> <i>ROP South-West 3.3 Development of services in tourism, marketing and tourism products</i> <i>ROP Central Bohemia 2.3 Publicity and management of tourist destinations of Central Bohemian region</i> <i>ROP Moravia-Silesia 2.4 Marketing of the region</i> <i>ROP Central Moravia 3.4 Publicity and management</i> <i>ROP North-East 3.2 Marketing and coordination activities in tourism</i> <i>ROP North-West 4.3 Support for marketing and development of tourism products</i>
Links to intervention areas OP/ROP2* _____:	<i>(name of the Intervention areas* OP/ROP2)</i>
Has an agreement on cooperation been concluded between the MA (initial projects) and the MA (follow-up projects):	YES
<b><i>Evaluation of the functioning of coordination mechanisms between the MA (initial projects) and the MA (follow-up projects) set out in the agreements between the MAs/in the programming documentation/in other coordination mechanisms, incl. description of the form (e.g. sending the timetable of calls, sending the reports on implementation/annual reports, participation in the MCC//thematic microtomes**convened under the Coordination Committee/Monitoring Committees/Working Groups/annual conferences, information on seminars for applicants/beneficiaries, information in the Handbook for Applicants/Handbook for Beneficiaries, etc.):</i></b>	
<b><i>Summary of synergic projects showing the synergic links – MSC221 report, in case the MA does not use the MSC2007 system for monitoring all the synergies, it shall state its own method of synergic projects registration.</i></b>	
Irrelevant	
<b><i>Comments on the table and other information on synergic projects (total number of synergic projects, most frequently present area of synergy, number of links not stated in the report due to the transition of a follow-up project/initial project to a negative status,...):</i></b>	
<p>In Priority axis 4 no projects are implemented that show the synergic links to projects implemented under ROP.</p> <p>In projects in activity d) presentation and promotion of natural and cultural wealth, cultural industry and services used for tourism a link to CzechTourism project has been proven based on the concluded partnership contracts.</p> <p>Projects implemented in activity b) introduction of international quality standards in tourism services show synergic links. The project activities are very similar and starting from the stage of national standard development they will be implemented jointly.</p>	
<b><i>Problems and identified risks in ensuring synergy by the Managing Authorities, adopted measures:</i></b>	
No problems have been identified in this area.	
<b><i>Topics to be discussed by the Coordination Committee/thematic micro-team meetings:</i></b>	
<b><i>Other notes:</i></b>	
<b>Elaborated by: IOP MA</b>	

**FORM No 5 – UTILISING THE CULTURAL HERITAGE POTENTIAL**
**SUPPLIER OF THE DOCUMENT: INTERMEDIATE BODY – MINISTRY OF CULTURE**

<b>Supplier of the form:</b>		<i>(IOP Intermediate Body – MoC – Intervention area 5.1)</i>				
<b>Thematic area*:</b>		<b><i>National support of tourism development</i></b>				
Synergic intervention areas OP/ROP1*		<i>(names of intervention areas* OP/ROP1)</i> <i>National support for utilising the cultural heritage potential</i>				
Links to intervention areas OP/ROP2*		<i>(names of intervention areas* OP/ROP2)</i>				
Has an agreement on cooperation been concluded between the MA (initial projects) and the MA (follow-up projects):		YES /NO				
<b><i>Evaluation of the functioning of coordination mechanisms between the MA (initial projects) and the MA (follow-up projects) set out in the agreements between the MAs/in the programming documentation/in other coordination mechanisms, incl. description of the form (e.g. sending the timetable of calls, sending the reports on implementation/annual reports, participation in the MCC//thematic microtomes**convened under the Coordination Committee/Monitoring Committees/Working Groups/annual conferences, information on seminars for applicants/beneficiaries, information in the Handbook for Applicants/Handbook for Beneficiaries, etc.):</i></b>						
<b><i>Summary of synergic projects showing the synergic links – MSC221 report, in case the MA does not use the MSC2007 system for monitoring all the synergies, it shall state its own method of synergic projects registration.</i></b>						
Selection criteria: Programme = OP/ROP1						
Sequence No	Number of synergic project OP/ROP1 (initial project, follow-up project)	Name of project OP/ROP1	Description of synergy	Assigned synergy code	Number of synergic project OP/ROP2	Name of project OP/ROP2
1	CZ.1.06/5.1.00/01/06156	Terezín – Project on Revival of Historical Monuments			CZ.1.09/4.1.00/31.00770	Revitalisation of access to reconstructed building in Terezín
2	CZ.1.06/5.1.00/01.05508	Model Renovation of the National Cultural Monument of the Premonstratensians Monastery in Teplá			-	-
3	CZ.1.06/5.1.00/01.05498	Opening the Vítkovice National Cultural Monument to the Public and Its New Use			CZ.1.10/2.2.00/10.01160	Accompanying tourism infrastructure for the National Cultural Monument Vítkovice
4	CZ.1.06/5.1.00/01.06135	Revitalisation of the Castle Hillock in Litomyšl			CZ.1.13/3.1.00/15.00844	Revitalisation of the historical building of the Regional Museum in Litomyšl
5	CZ.1.06/5.1.00/01.06155	Kuks – The Pomegranate			CZ.1.13/3.1.00/24.0113	Braun's region II
					CZ.1.13/3.1.00/24.01130	Ensuring the accessibility of tourism sights in the municipality of Kuks
					CZ.1.13/3.1.	ZOO Dvůr



					00/24.01132	Králové a.s.
					CZ.1.13/3.1. 00/24.01134	Rentz's baroque printing house and street theatre in Kuks
6	CZ.1.06/5.1.00/01 .06095	Multifunctional centre - Castle Riding School in Lednice			CZ.1.11/2.1. 00/02.00453	Reconstruction of the Castle hotel Lednice
					CZ.1.11/2.2.0 0/02.00545	PRODUCT DEVELOPMENT AND PUBLICITY, MARKETING CAMPAIGN IN TOURIST AREA PÁLAVA AND LVA
					CZ.1.11/2.2. 00/01.00134	Guide to Podluží and Hodonín region
7	CZ.1.06/5.1.00/01 .06096	Revitalisation of Jewish Monuments in the Czech Republic			CZ.1.11/2.2. 00/02.00572	Support to the development of tourism in Pelhřimov region
					CZ.1.11/3.2. 00/01.00242	Comprehensive renovation of Karlovo square in Polná and it vicinity
					CZ.1.11/2.2. 00/02.00506	Presentation and publicity of important tourist sites in the town of Polná
					CZ.1.11/2.1. 00/06.01093	Making the national cultural monument in Polná accessible for the purposes of tourism
					CZ.1.11/2.2. 00/02.00474	Where to go in Boskovice region?
					CZ.1.11/2.2. 00/06.00945	Visitors service at architectural heritage sites in Boskovice region
					CZ.1.11/2.2. 00/01.00067	Mikulov region – a professional partner in tourism
					CZ.1.11/2.2. 00/06.00937	Provision of multimedia guides for exhibitions in the Regional Museum in Mikulov
8	CZ.1.06/5.1.00/01 .06093CZ.1.06/5. 1.00/01.06348	Vila Tugendhat Centre of renovation of architectural monuments of the			CZ.1.11/2.2. 00/02.00466	Brno – the town of future – Information and publicity materials of the

		20 <sup>th</sup> century				town of Brno
					CZ.1.11/2.2.00/02.00470	Brno architectural trails
					CZ.1.11/2.1.00/02.00531	Creation of the exhibition of Brno functionalism with the use of the cultural monument of "Kavárna ERA"
					CZ.1.11/2.2.00/02.00537	Jewish Brno
9	CZ.1.06/5.1.00/01.05477	Architectural Heritage Centre in Plasy				
10	CZ.1.06/5.1.00/01.06132	Revitalisation of monasteries in Český Krumlov				
11	CZ.1.06/5.1.00/01.05935	National Museum of Photography and Tapestry Workshop - Centre of Indigenous Crafts and Unique Technologies				
12	CZ.1.06/5.1.00/01.06128	Schola Naturalis – Project on the Revitalisation of Veltrusy Chateau and the Centre for the European Landscape Convention				
13	CZ.1.06/5.1.00/01.06138	National Horticulture Centre in Kroměříž				
14	CZ.1.06/5.1.00/01.05920	Velehrad-Centre of Cultural Dialogue of Western and Eastern Europe				

**Comments on the table and other information on synergic projects** (total number of synergic projects, most frequently present area of synergy, number of links not stated in the report due to the transition of a follow-up project/initial project to a negative status,...):

**In Intervention area 5.1** where the support is intended exclusively for National Cultural Monuments and UNESCO sites and for the development of cultural services at national level, overlaps are prevented with other aid schemes which are focused first and foremost on other needs of cultural monuments or rural areas and sites in municipalities with up to 500 inhabitants.

**Problems and identified risks in ensuring synergy by the Managing Authorities, adopted measures:**

Ranking among the measures adopted by the MoC IB in order to ensure links to ROP is a close cooperation and communication with IOP beneficiaries in Intervention area 5.1 as well as safeguarding the flow of information from respective ROP the areas of which are impacted by projects from IOP IA 5.1.

**Topics to be discussed by the Coordination Committee/thematic micro-team meetings:**

**Other notes:**

Table of synergic projects will be updated in the course of 2013 when the topical information concerning the synergic projects is expected to be received from ROP and beneficiaries.

**Elaborated by: MoC CR IB**

## Annex No 2 – Publicity Activities in 2012

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
MA	<a href="http://www.strukturalni-fondy.cz/iop">www.strukturalni-fondy.cz/iop</a> website	On-going publishing of information, updating of the website and launch of the new website	Applicants and beneficiaries general public, evaluators, implementation entities, mass media	0	Update of the website throughout the year. A new website was launched in Autumn 2012.
MA	<i>IOP pod lupou</i> newsletter	Topical information on IOP, successful projects, calls, FAQ, etc.	Applicants and beneficiaries, general public, implementation entities, mass media	7 870,33	3 issues were published in 2012. In the first half of 2012 a new contractor, MORAVAPRESS s.r.o., was selected for the newsletter production and distribution in 2012-2015 period.
MA in cooperation with IB	kvalitazivota.eu microsites	On-going publishing of information on IOP projects	General public	5 842,48	Microsites were launched in April 2012. They are updated by MA and IB.
MA	Enquiries through <a href="mailto:iop@mmr.cz">iop@mmr.cz</a>	General enquiries concerning IOP	Applicants and beneficiaries General public	0	Number of responses to enquiries: 34
MA	Promotional IOP film distributed to cinemas	Data boxes and CzechPoints	General public	0	In 2012 a tender was held for a film distributor. In February 2013 the film will be shown in cinemas.
MA	Promotional merchandise	Promotional and presentation merchandise and supplies	Participants in seminars General public Monitoring Committee Implementation entities	8 238,56	E.g. calendars, diaries, notepads, umbrellas and promo magnets were produced
MA in cooperation with MoLSA	IOP Annual Conference	Forms of EU supported social integration	Professional public, mass media	5 331,62	19–20 Sep 2012, Ostrava. Number of visitors: approx. 120 persons
MA	Seminars for beneficiaries under Intervention area 4.1	Information for beneficiaries under IA 4.1	Beneficiaries	151,47	20 Jun 2012 Prague. Number of participants: 40
MA	2 seminars for applicants under Intervention area 5.2	Information for applicants under IA 5.2	Applicants	189,86	25 Jun 2012 Prague. Number of participants: 10 21 Jun 2012 Prague. Number of participants: 40

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
MA	Seminar for beneficiaries under Intervention areas 2.1 and 3.4	Training of beneficiaries under Intervention area 2.1 – a change in support provider	Beneficiaries	1 217,98	10 Jul 2012 Prague. Number of participants: 155
MA	Seminars for beneficiaries under Intervention area 3.4	Training of beneficiaries under Intervention area 3.4 – a change in support provider, 15 <sup>th</sup> call	Applicants Beneficiaries	0	10 Jul and 29 Aug 2012 Prague. Number of participants: 155 + 21
MA	Seminars for applicants under Intervention area 5.3	Information for applicants under IA 5.3	Applicants	0	10 Nov 2012 Prague. Number of participants: 40 29 Nov 2012 Brno. Number of participants: 35
MA	Seminars for IUDP managers	Information for IUDP managers	IUDP managers	Included in the amount of Seminars for applicants under IA 5.2	15 Nov 2012 Prague. Number of participants: 33 22 Nov 2012 Olomouc. Number of participants: 27
CRD	Specialised PR article	Support available from IOP IA 5.2 (Integrated Urban Development Plans) Topic: “European assistance helps improve the environment of Czech housing estates“	Beneficiaries and applicants, general public	0	An article called “European assistance helps improve the environment of Czech housing estates“ – Panelák journal issue No 37 (Střední Čechy), No 38 (Kladno), No 39 (Mladá Boleslav), also published on <a href="http://www.panelovydum.cz">www.panelovydum.cz</a> ; An article called “Regeneration of residential buildings funded from the European Structural Funds“ – Bydlet v panelu May 2012 and on <a href="http://www.bydletvpanelu.cz">www.bydletvpanelu.cz</a> ; abridged version published also in Okolo bytu journal Issue No 2/2012.
CRD	Presentation in daily press	An example of projects	General public	9 163,49	A colourful advertisement

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
		implemented under IOP IA 5.2			covering 1/6 of the page in the national issue of MF DNES daily, with a photo of one of the implemented projects of IUDP, published in 1/12 + 5/12 + 10/12.
CRD	IOP promotional films	Examples of implemented IOP projects	General public	9 636,36	A series of twelve episodes on the regeneration of prefabricated housing estates in individual towns; a series of eight episodes on IOP, with examples of projects from various intervention areas; both series would be freely available on Internet and YouTube and CRD website, the series on IOP is also available on DVD (a total of 1000 copies).
CRD	CRD newsletter	Preparation and implementation of projects, interesting projects	Applicants and beneficiaries, or general public	5 169,09	Two special enlarged issues of CRD newsletter focusing on the topic of EU Funds – October issue on preparation and implementation of projects and on public contracts following the amendment to Public Procurement Act; December issue introduced interesting projects from various intervention areas. Both the issues were published in the circulation of 7,000 copies, of which 6,250 copies were directly sent to all the mayors in the CR (distribution by mail), the rest was used for promotional purposes of CRD.

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
CRD	<a href="http://www.crr.cz">www.crr.cz</a> and <a href="http://www.risy.cz">www.risy.cz</a> website	On-going publishing of information on IOP, continuous update of the overview of projects implemented with EU support on RIS website	Applicants and beneficiaries, general public, implementation entities, mass media	0	Website is updated throughout the year.
CRD	Seminars on Intervention area 5.2	Eligible and ineligible costs, public procurement procedures, filling in Benefit	Applicants (Chrudim, Jablonec nad Nisou), IUDP managers (Prague, Olomouc)	0	5 Mar 2012 Chrudim. Number of participants: 20 23 Apr 2012 Jablonec nad Nisou. Number of participants: 7 27 Nov 2012 and 4 Dec 2012 Prague and Olomouc. Number of participants: 50
CRD (in cooperation with MRD)	Workshop on the occasion of IOP Annual Conference	Project applications	Applicants, beneficiaries, professional public	0	19 Sep 2012 Ostrava. Number of participants: 25
CRD	Participation in trade fairs and conferences	Presentation of general activities of CRD and of CRD activities related to IOP	Applicants and beneficiaries, general public	0	28 Feb (Prague) and 1 Mar (Vyškov) – Days of small municipalities conference 2 – 3 Apr 2012 Hradec Králové - Internet in public administration and self-government conference  30 Aug – 4 Sep 2012 České Budějovice - Země živitelka trade fair (only indirectly through information and promotion materials available at the MRD stall)
CRD	Promotional merchandise	Promotional merchandise	Participants in seminars, general public	9 001,23	Six types of promotional merchandise were produced (USB flash disc, tea and coffee gift set, pen gift set, thermal picnic bag, game set with cards,



MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					pocket knife) and promotional stickers to be used by the IB.
CRD	Consultation services	IOP related enquiries	General public, beneficiaries, applicants	0	Number of replies to registered e-mail enquiries: 53, moreover to approximately 11,500 unregistered e-mail enquiries, 12,000 telephone enquiries and 500 one-to-one consultations
MoC	<a href="http://www.kultura-evropa.eu">www.kultura-evropa.eu</a> web portal	On-going publishing of information and updating information on Intervention area 5.1	Applicants and beneficiaries General public	3 293,56	Update of the website throughout the year
MoC	Seminar on Intervention area 5.1	Seminar for beneficiaries under IOP IA 5.1 “How to administer a project“ – 3 <sup>rd</sup> call	Beneficiaries	56,48	15 Aug 2012, Prague, number of participants: 10
MoC	Promotional merchandise	Promotional and presentation merchandise	General public, beneficiaries	26 692,84	Production of e.g. A6 notepads, pairs game, roll-ups, PF 2013 on the website
MoC	Printed materials	Drawing and colouring books (Domalovánky)	General public	12 094,95	Publication intended for pre-school children and pupils of the primary level of elementary schools
MoC	Photo documentation of implementation of projects	Taking photos of projects implemented under IA 5.1	General public, beneficiaries, applicants	1 941,13	Continuous professional photo documentation of the implementation of projects
MoC	Enquiries sent via <a href="mailto:iop@mkcr.cz">iop@mkcr.cz</a>	Enquiries concerning IOP IA 5.1	General public, beneficiaries, applicants	0	Number of replies to enquiries: 16
MoLSA	<a href="http://www.mpsv.cz">www.mpsv.cz</a> website	General information on Intervention areas 3.1 and 3.3	Applicants and beneficiaries, general public, mass media	0	Update of the website throughout the year
MoLSA	Website	General information on Intervention areas 3.1 and 3.3	Applicants and beneficiaries, general public, mass media	0	<ul style="list-style-type: none"> <li><a href="http://www.komora.cz/zpravodajstvi-a-media/aktuality-">http://www.komora.cz/zpravodajstvi-a-media/aktuality-</a></li> </ul>

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					4/firmy-a-podnikatele/mpsv-prodlouzilo-lhutu-pro-podavani-projektovych-zadosti.aspx <ul style="list-style-type: none"> <li>• <a href="http://www.amspace.cz/investicni-podpora-socialni-ekonomiky">http://www.amspace.cz/investicni-podpora-socialni-ekonomiky</a></li> <li>• <a href="http://www.edotace.cz/dotacni-deni/prodlouzeni-vyzvy-c-8">http://www.edotace.cz/dotacni-deni/prodlouzeni-vyzvy-c-8</a></li> </ul>
MoLSA	Number of responses to enquiries	Enquiries on IOP IA 3.1 and 3.3	General public, beneficiaries, applicants	0	Number of replies to e-mail enquiries: IA 3.1. - 601 IA 3.3 - 332
MoLSA	One-to-one consultations with applicants and beneficiaries	One-to-one consultations on IOP IA 3.1 and 3.3	Beneficiaries, applicants	0	Number of one-to-one consultations: IA 3.1 - 125 IA 3.3 – 64
MoLSA	Paid advertisements and information on calls in media	Advertisement in the Profit periodical	Applicants, beneficiaries, general public	4 343,68	Published in the issue of 10 Sep 2012
MoLSA	Unpaid advertisements in media	Articles on calls and news in Intervention area 3.1	Applicants, beneficiaries, general public	0	<a href="http://www.denik.cz/karlovarsky-kraj/transformace-socialnich-sluzeb-zacina-dostavat-svou-tvar-20120711.html">http://www.denik.cz/karlovarsky-kraj/transformace-socialnich-sluzeb-zacina-dostavat-svou-tvar-20120711.html</a>
MoLSA	Seminars for applicants and beneficiaries, conferences, panel discussions	Information on IA 3.1 and 3.3	Professional public, applicants, beneficiaries	0	IA 3.1 Seminar:Sanitary-epidemiologic requirements for social care – Jihlava Seminar:Sanitary-epidemiologic requirements for social care – Olomouc

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					Role of municipalities in social service transformation Social enterprises – a new phenomenon in business in Olomouc. IA 3.3. – 0
MoLSA in cooperation with MA	IOP Annual Conference	Forms of EU supported social integration	Professional public, applicants, beneficiaries	229,12	IOP Annual Conference on the topic of “Quality of life - Forms of EU supported social integration” – 156 participants
MoLSA	Seminars for beneficiaries and applicants under IA 3.1.	Information on calls and news in IA 3.1	Applicants, general public	309,19	15 seminars for applicants and beneficiaries. Total number of participants: 229 persons
MoLSA	Seminars for beneficiaries and applicants under IA 3.3.	Information on calls and news in IA 3.3	Beneficiaries, applicants	153,14	5 seminars for applicants and beneficiaries. Total number of participants: 72 persons
MoLSA	Training course for evaluators under 3.1.	Information on IA 3.1 for evaluators	Evaluators	40,45	3 training courses for evaluators
MoLSA	Purchase of promotional merchandise		Applicants, beneficiaries, general public, evaluators, implementation entities	13 065,16	17 pcs of promotional merchandise: e.g. A4 and A5 notepads, pencils, A4 folders, USB flash disc, travel sewing kit, shoe shine kit
MoI	<a href="http://www.osf-mvcr.cz">www.osf-mvcr.cz</a> website	On-going publishing of information and updating of the website	Applicants and beneficiaries, general public, evaluators, implementation entities, mass media	3 876,21	Update of the website throughout the year. Website traffic 2012: 119 975
MoI	projekty.osf-mvcr.cz website	Database of presentations of successful projects	Applicants and beneficiaries, general public, mass media	41 935,32	In 2012 development and launch of the website, including hosting until 31 Dec 2012.
MoI	Twitter	On-going update of news from SFD	General public, mass media	0	Twitter account was launched in September 2011, 49 tweets for

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					2012
MoI	Media communication	Advertisements in printed media on the topic of “European money helps modernise public administration“ and “E-government“	General public, mass media	6 887,11	Advertisements: 1 x IOP advertisement in Hospodářské noviny daily (Podnikání 10 Sep) 1 x advertisement in Respekt periodical on 10 Sep (together with OP HRE) 1 x advertisement in Ekonom periodical on 13 Sep (together with OP HRE) 1 x advertisement in Hospodářské noviny daily on 5 Oct (together with OP HRE) 1 x advertisement in the publication by D. Špaček: eGovernment/Cíle, trendy a přístupy k jeho hodnocení/ on 31 Mar (together with OP HRE)
MoI	Number of responses to enquiries	IOP related enquiries	General public, beneficiaries, applicants	0	Number of replies to enquiries: 8 000 (qualified estimate) – telephone and e-mail enquiries, one-to-one consultations, on-line advisory centre
MoI	Provision of PR services for the general public – press releases	Information on basic registers	General public, mass media	0	Press release: 1 <i>1. 150 million is ready to be invested into connecting state authorities to basic registers (9 Oct 2012)</i>
MoI	Regular distribution and creation of the newsletter	Provision of information on SFD activities, on successful projects,	Professional public	0	Electronic form, disseminated via e-mail to approx. 1,000 addresses, downloadable from SFD website.

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
		statistical data.			A quarterly – first issue in 2012 (4 <sup>th</sup> Q)
MoI	Atlas of Successful Projects	Publication focusing on successful projects under the responsibility of MoI	General public, mass media, applicants, beneficiaries	24 449,92	Presentation of 20 projects of IOP and OP HRE, circulation of 1,000 copies
MoI	PR articles	Various topics related to IOP support and successful projects	General public, mass media	0	5 PR articles published on SFD website
MoI	Interviews with beneficiaries	Presentation of successful projects by project holders	Applicants and beneficiaries, general public	0	4 interviews published on SFD website
MoI	A quiz contest for general public	A quiz contest for general public on SFD website	General public	0	It ran throughout November, four rounds of quiz questions related to the SF, supported projects, Smart Administration, prizes were awarded (promotional items package)
MoI	Leaflets	Supplement to publicity activities, information on various topics	Applicants and beneficiaries, general public	40,33	200 copies were printed, two-sided, A4 Presentation of IOP support (page two dedicated to OP HRE)
MoI	Special seminars for applicants and beneficiaries	4 seminars providing information on calls, practical information on monitoring reports and applications for payment, public contracts	Applicants and beneficiaries	4 200,48	1. Seminar for beneficiaries under IOP IA 2.1, Prague Letná 24 Jan 2012, 70 participants 2. Seminar for beneficiaries under IOP IA 3.4, Prague Letná 26 Jan 2012, 71 participants 3. Seminar on public contracts under IOP – state administration, Prague, 21 Feb

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					2012, 27 participants 4. Seminar for IOP beneficiaries – state administration, Prague, 25 Jun 2012, 27 participants
MoI	Taking photos	Photos documenting the IOP projects	General public, mass media	477,33	A total of 15 photos taken by a professional photographer. They could be used for various publicity and publishing activities.
MoI	Promotional merchandise	Various types of promotional merchandise bearing the IOP visual identity elements	Applicants and beneficiaries, professional public, IB and implementation structure	30 904,69	19 types of promotional merchandise, approx. 6,000 pcs distributed within the implementation structure (e.g. diaries, USB flash discs, bags, notepads, pens)
MoH	<a href="http://www.mzcr.cz">www.mzcr.cz</a> website	On-going publishing and updating of information on Intervention area 3.2	Applicants and beneficiaries, general public	0	Update of the website throughout the year.
MoH	Paid advertisement (1x)	Information on the announcement of the 9 <sup>th</sup> and 10 <sup>th</sup> call.	General public, applicants	10 464,92	12 Mar 2012 Lidové noviny daily
MoH	Promotional merchandise	Promotional merchandise	Applicants and beneficiaries, general public, EF Department	6 062,83	Contract was concluded in 2011. It was delivered in 2012.
MoH	Services of a photographer	Taking professional photographs of devices in the already implemented calls for IA 3.2.	Applicants and beneficiaries, general public, EF Department	555,77	Implemented in November and December 2011 at four selected beneficiaries (University Hospital Motol, UH Plzeň, UH Hradec Králové, Rehabilitation Centre Kladruhy). The photographs were delivered in 2012.



MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
MoH	Seminars and training courses for applicants (3x)	Provision of information for applicants under the 9 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> , 12 <sup>th</sup> and 13 <sup>th</sup> call, (introduction to the application, project financing, system of evaluation, etc.)	Applicants	1 013,92	26-28 Mar 2012 in Prague, 6 Sep 2012 in Prague, 23 Nov 2012 in Prague. Total number of participants: 64.
MoH	Training courses for evaluators (2x)	Information for project evaluators under the 10 <sup>th</sup> and 11 <sup>th</sup> call	Evaluators	0	25 May, 28 May and 29 May 2012, then 22 and 26 Oct 2012 in Prague. Total number of participants: 16
MoH	Training courses for beneficiaries (3x)	Provision of information for beneficiaries under the 8 <sup>th</sup> , 9 <sup>th</sup> and 10 <sup>th</sup> call, and also a seminar on the amendment to the Public Procurement Act	Beneficiaries	2 359,98	16-17 Jan 2012 in Prague, 3 Apr 2012 in Prague, 19 Sep 2012 in Prague.
MoH	Workshop with representatives of MoH SR	Exchange of experience	Representatives of the Ministries of Health of the CR and the SR	1 264,12	4 -5 Sep 2012 in Brno Total number of participants: 23
MoH	Foreign business trips	Technical seminars	EF Department staff	5 283,90	In May, Ing. Futera participated in the seminar called “Strategies and administrative capacity – defining a clear roadmap to be more efficient” held in Brussels. In June, Ing. Nováková and Ing. Futera went to Budapest to take part in the seminar called “Defining the factors for effective use of Structural Funds in health sector”. In July, Ing.

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					Marková took part in the seminar called “Making you a European funds Manager” held in Paris.
MoH	Business trips to Hungary, Poland and Estonia	Exchange of experience	EF Department staff	16 559,79	Introduction to SF absorption abroad. The business trip to Poland took place on 8 – 12 Oct 2012, the costs incurred totalled CZK 175 105, the business trip to Estonia took place on 15 – 19 Oct 2012, the costs incurred totalled CZK 133 855, the business trip to Hungary took place on 6 – 9 Nov 2012, the cost incurred totalled CZK 107 353.
MoH	Workshop with representatives of the Republic of Poland	Exchange of experience	Representatives of the Ministries of Health of the CR and Poland	237,67	On 14 Dec 2012 in Prague. The workshop provided a platform for the presentation of topical issues faced by individual operational programmes implemented by MoH CR.

## Annex No 3 – Action Plans from Evaluations

### Action Plan from the Interim Analysis of Communication Needs of the Ministry of Interior in the Field of EU Structural Funds

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
<b>SA COMMUNICATION</b>			
1. SA communication should meet the objective of increased satisfaction of citizens with the public administration and better perception (image) of public administration by the general public	1.1. Implementation of the “Quality of life” concept	31.12.2015	<a href="http://www.kvalitazivota.eu">www.kvalitazivota.eu</a> microsites were created in 3/2012, regular feeds, introduction of the concept in SFD newsletter (1/2013)
2. SA communication should meet the objective of the increased transparency of public administration	2.1 Direct communication with citizens - web; events	31.12.2015	Running the SFD website ( <a href="http://www.osf-mvcr.cz">www.osf-mvcr.cz</a> ) and website on successful projects ( <a href="http://projekty.osf-mvcr.cz">projekty.osf-mvcr.cz</a> ),
	2.2 Introduction of particular persons	31.12.2015	In the second half of 2012 a series of interviews with aid beneficiaries was published.
	2.3 Presentation of particular projects in order to lift the barriers	31.12.2015	Launch of the website on successful projects in 2012, regular PR articles, newsletter, a series of interviews with aid beneficiaries
3. SA communication should inform the professional public on its impacts	3.1 Newsletter, seminars, workshops, one-to-one consultations, programming documents, methodologies, guidelines and handbooks	31.12.2015	Seminars and workshops for applicants/beneficiaries are held where necessary, project and financial managers provide intensive one-

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			to-one, e-mail and telephone consultations, professional public is regularly informed by the SFD website on changes in PD, methodologies and handbooks.
<b>COMMUNICATION STRATEGY</b>			
4. Communication activities should focus primarily on the target group of general public	4.1 To be delivered through advertisements, product placement, commercial supplements, media partnerships, media relations, press releases, meetings with journalists, updates of websites, exploitation of social networks, events, promotional merchandise	31.12.2015	For communication with general public the SFD website, website on successful projects and Twitter are used. In 2012, 5 advertisements were published, a contest and 2 surveys for the general public were organised on the SFD website, promotional merchandise was produced and handed out.
5.To attach sufficient importance to information provided to the professional public; to introduce them to SA projects so that they are aware of its consequences and are able to further disseminate this information	5.1 To be delivered through the newsletter, atlas of projects, workshops, one-to-one consultations	31.12.2015	There are intensive one-to-one, e-mail and telephone consultations, SA projects are introduced in the Atlas of Projects and continuously presented on the website on successful projects, in

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			the newsletter, through PR article, surveys on SFD website or during interviews with aid beneficiaries
6. To present the SA projects in the broadest possible portfolio of media (ranging from television, through press up to social media)	6.1 To be delivered through advertisements, product placement, commercial supplements, media partnerships, media relations, press releases, meetings with journalists	31.12.2015	In 2012, 4 advertisements were published in national periodicals and 1 advertisement was published in a technical publication. In 2013 a purchase of an advertisement is planned in connection with a below-the-threshold public contract.
7. To base the selection of suitable means of communication on the knowledge of what means are used by the respective target group	7.1 Development of partial communication plans for 2011 – 2015	31.12.2015	Every year IB drafts a new communication plan which is approved by the IOP MA, and also conducts the evaluation of communications plans.
8. To introduce primarily the common results of both the programmes (reduction in time spent at offices; support of investments in IT through education and training of clerks)	8.1 To be delivered through advertisements, product placement, commercial supplements, media partnerships, media relations, press releases, meetings with journalists, updates of websites, exploitation of social networks, events	31.12.2015	Most of communication activities are carried out jointly with OP HRE and the results of both the programmes are presented.

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
9. To present the information on projects in a comprehensible manner; to give as many specific examples as possible. It is best served by the presentation of specific stories	9.1 To be delivered through commercial supplements, media relations, press releases, meetings with journalists, atlas of projects	31.12.2015	In February 2012 the Atlas of Projects was published, specific experience with projects was presented in interviews with beneficiaries in the second half of 2012.
10. In SA project communication the total volume of support should always be mentioned	10.1 To be delivered through advertisements, product placement, commercial supplements, media partnerships, media relations, press releases, meetings with journalists, events, newsletter, atlas of projects	31.12.2015	This information is always stated in all the published documents.
<b>“QUALITY OF LIFE CONCEPT “</b>			
11. When developing a single concept, to proceed from the conclusion of the Evaluation of IOP communication and publicity activities – single image communication strategy, to which all the staff contribute; cooperation among all the Incom and Excom units; uniform communication	11.1 Involvement of all the InCom and ExCom unit, development of a single concept, agreement on single communication	31.12.2011	Communication staff of IB was provided with information
12. To exploit the “Quality of life“ concept as the fundamental unifying communication objective	12.1 Involvement of all the InCom and ExCom unit, development of a single concept, agreement on single communication	31.12.2011	Communication staff of IB is familiar with the concept and applies it in their communication activities
<b>RECOMMENDED TOOLS</b>			
<b>DIRECT COMMUNICATION</b>			
13. To continue to perform the already established activities	13.1 To be delivered through technical seminars, one-to-one consultations, newsletter	31.12.2015	Seminars and workshops are held, one-to-one consultations are



Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			provided, the newsletter is published.
14. At seminars to better respond to the participants' feedback (availability, specific examples, financial aspects, supporting documents)	14.1 To better focus the content of seminars	31.12.2011	Being accomplished on a continuous basis - feedback – satisfaction questionnaires at each seminar – majority of participants are satisfied with the seminars and with the content, the content is clearly defined in the invitation to the seminar
15. To focus on improved provision of seminars – regional coverage, capacity, parking places, services	15.1 To outsource the implementation of the seminar	31.12.2011	10 Oct 2011 A contract was concluded with Valero s.r.o. based on the tender
<b>PUBLICATIONS</b>			
16. To more intensively respond to the on-going feedback concerning the Newsletter, especially with respect to its content, form of presented information and requirements	16.1 To create a mechanism for feedback	31.12.2011	Due to austerity measures the tender for a supplier of the Newsletter was cancelled. Based on the revision of the Newsletter (content, form, scope) it will be created internally as a 4-page quarterly. The first issue of the new Newsletter was

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			published in October 2012, 4 issues are to be published in 2013. It is distributed electronically and it is downloadable from SFD website.
	16.2 To continuously monitor the feedback in line with the proposed mechanism	31.12.2015	
17. To consider the scope of texts in the Newsletter which is sometimes overabundant	17.1 To modify the content and design of the Newsletter; updates	30.6.2012	A revision of the Newsletter was conducted in terms of its content, scope and form. The scope was cut to 4 pages and the content will be clearly structured, always focused on one main topic.
18. To consider the publishing of a technical publication that would present selected projects implemented under the SA and supported from the European funds	18.1 Publishing of the Atlas of Projects	31.12.2013	
<b>MEDIA</b>			
19. To continue to use the free of charge space in periodicals for advertisements whenever possible	19.1 To be delivered through the establishment of relationships with journalists (media relations)	31.12.2015	
20. Special commercial supplement	20.1 Creation	30.6.2012	Commercial advertisements were created, focusing on successful projects. They will be published in: - Hospodářské noviny (5.10., together with

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			OP HRE) - Respekt weekly (10.9., together with OP HRE) - Ekonom weekly (13.9., together with OP HRE) - HN Podnikání supplement (10.9.)
	20.2 Creation of commercial supplements	31.12.2013	
<b>JOURNALISTS</b>			
21. To consider the selection of attractive topics for press releases	21.1 To be delivered through press releases	31.12.2015	In 2012, 1 press release covering call No 14 was published.
<b>ONLINE COMMUNICATION</b>			
22. To create special microsites for the presentation of the Quality of Life concept	22.1 Creation of the microsites	31.12.2012	3/2012 creation of kvalitazivota.eu microsites

### Analysis of Administrative Capacities and Outsourcing in the Implementation Structure of IOP 2012

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEADLINE	TO BE DONE BY	ACCOMPLISHED
MoI and MoLSA IBs have zero expenditure on education <u>Recommendation:</u> <i>IOP MA shall examine the system of education and training of the entire IOP implementation structure through an external evaluation and based on its results shall design a quality system of education</i>	a) MA shall draft contract documents for an external evaluation b) Based on the results of evaluation it shall propose modifications of the system of education and training for the whole IOP implementation structure	a) 2/2013 b) within 2 months from the receipt of the final report					
MoI IB excessively uses the agreement on work performance/agreement on work activities. The costs of staff on AWP and AWA constitute 40 % of total labour costs. The share of employees involved in the implementation of two operational programmes calculated pro-rata is too high. <u>Recommendation:</u> <i>Following the examination of effectiveness of the current organisational structure the MoI is recommended to decrease the number of staff working on AWP/AWA, to decrease the share of staff involved in both the OPs, to increase the share of staff fully (100%) dedicated to one OP, and in service units to set the share of financing from IOP TA corresponding to their actual involvement.</i>				<u>MoI:</u> a) Substantial decrease in the number of staff working on AWP/AWA, creation of new posts and announcement of a tender for these posts. b) Decrease of the share of employees involved in both the OP implementation, i.e. preference will be given to more specialised employees and at the same time the IOP TA should correspond to their actual involvement.	MoI: 1/2013	MoI	
Rate of the turnover of staff in 2011 exceeds 20 % in all the IOP implementation structure entities, except for the MoC and MoH. <u>Recommendation:</u> <i>MA and IBs shall analyse the reasons</i>	a) MA shall conduct an analysis of reasons leading to the high turnover of staff at IOP MA and shall propose corrective measures,	a) 2/2013		<u>MoI:</u> a) A substantial decrease in the turnover of staff working on AWP/AWA is anticipated. b) Modification of the remuneration system: stronger	MoI: 12/2012-1/2013 MoLSA: 3/2013	MoI MoLSA CRD	

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEADLINE	TO BE DONE BY	ACCOMPLISHED
<i>behind the high turnover of staff and subsequently create such working conditions, including financial and non-financial incentives, that will reduce the turnover.</i>				<p>link to the employee's performance.</p> <p>c) Teambuilding was carried out at the department meeting and other activities conducive to the improvement of working conditions will continue to be performed in 2013.</p> <p><b><u>MoLSA:</u></b></p> <p>a) It shall conduct an analysis of reasons causing the high turnover</p> <p>b) Based on the conducted analysis it shall introduce financial and non-financial incentives for staff in order to reduce the turnover of staff.</p> <p><b><u>CRD:</u></b></p> <p>a) It applies an incentive financial instrument in the form of a bonus pursuant to Government Resolution No 1332. In the busiest months such as at the end of 2012 (October - November) there was another possibility of financial incentive in the form of special bonuses. Those are allocated to individual workplaces and shall strictly correspond with the work done in the given period. Thus the remuneration matches the performance of both the whole unit and the individual</p>			

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEADLINE	TO BE DONE BY	ACCOMPLISHED
				employee.			
<p>There are huge differences between the costs of administration of individual IBs. E.g. the costs of 1 approved project range from CZK 27 thousand (CRD) to CZK 1.2 million (MoC). Costs related to the value of approved projects range from CZK 3 400 (CRD) to CZK 21 000 (MoLSA). The costs per CZK 1 million of approved application for payment are the highest at the MoI (CZK 43 thousand), while in other IBs they amount to roughly CZK 20 thousand. The highest number of projects under implementation and under administration per 1 FTE is reported by CRD (7.1 projects under implementation and 4.8 projects under administration). The lowest number of projects on the contrary is reported by MoC (0.3 projects under implementation and 0.9 projects under administration).</p> <p><u>Recommendation:</u></p> <p><i>It is recommended to link the remuneration system across the whole IOP implementation structure to the actual performance in administration.</i></p>	<p>a) IOP MA will discuss the possibility of modifying the personal incentive payment in dependence on the actual performance of IOP MA staff</p> <p>b) It will apply the diversification of remuneration pursuant to the Government Resolution No 1332 in dependence on the performance of staff in the given month</p>	<p>a) 2/2013</p> <p>b) starting from 1/2013</p>		<p><b><u>MoI:</u></b></p> <p>a) Remuneration system already reflects the performance of individual employees (see description of the measure above).</p> <p>b) Costs of administration were affected by higher share of outsourced services, the use of which was gradually reduced starting from 1/2012 to merely a fraction of the amount they represented in 2011 (renting the copiers only).</p> <p><b><u>MoLSA:</u></b></p> <p>Once a year it shall carry out an assessment of staff which be conducive to potential modification of salary rate of individual employees matching their performance and involvement in IOP implementation; the remuneration system will be linked to the actual performance in administration</p>	MoLSA: 1/2013	<p>MoI</p> <p>MoLSA</p> <p>CRD</p> <p>MoC</p> <p>MoH</p>	<p>MoI, MoC, MoH, CRD: accomplished</p>



Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEADLINE	TO BE DONE BY	ACCOMPLISHED
				<p>while taking into account all the activities and financial and non-financial incentives of employees with the view to reduce the turnover of staff</p> <p><b>MoC:</b> The MoC remuneration system of staff implementing the IOP matches the actual requirements associated with the administration of projects of the given type, i.e. it is designed so as to provide financial remuneration proportional to the requirements for individual work posts, fair remuneration and motivation of staff. By introducing the referred to measures a very low turnover of staff, high expertise and engagement of staff are achieved.</p> <p>The system operates effectively and is tried and tested in practice; The MoC IB does not consider appropriate to interfere and thus put at risk the quality and performance of human resources.</p> <p><b>MoH:</b> The payment of bonuses is done exclusively in line with Government Resolution No 818/2007. The bonuses are</p>			

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEADLINE	TO BE DONE BY	ACCOMPLISHED
				<p>paid quarterly and always based on a written assessment by the superior officer. This assessment states the particular work tasks and objectives to which the bonus is linked and which were accomplished. This way it is possible to taken into account the diverse job descriptions of all the employees. Each employee is familiarized with this assessment which makes it possible for all to better focus on personal and professional development.</p> <p><b><u>CRD:</u></b> In the light of the position of CRD as reflected in the evaluation results with the best administration performance per one employee, no measures were proposed, or efforts continue to be exerted to improve the performance with regard to measures stated in the previous point.</p>			

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEADLINE	TO BE DONE BY	ACCOMPLISHED
<p>Costs incurred during the six months period and related to the allocation are the highest at MoLSA IB and MoI IB in all 3 monitored periods. The total costs incurred during 1.5 year linked to the allocation are twice as high at MoLSA and 1.5 times as high at MoI as against those of CRD where the costs are the lowest.</p> <p><u>Recommendation:</u> <i>MoI and MoLSA shall examine whether all the expenditure and the existing organisational structure are effective.</i></p>				<p><b>MoI:</b> a) Substantial reduction of the use of outsourced services. b) Change in the organisational structure of MoI SFD as of 1 Jan 2013.</p> <p><b>MoLSA:</b> It shall examine the effectiveness of the existing organisational structure and propose potential changes in the IB structure.</p>	<p>MoI: 1 Jan 2013 MoLSA: 1/2013</p>	<p>MoI MoLSA</p>	

## Annex No 4 – Action Plan of the NCA for IOP of 7 Jan 2013

Accomplishment of measures included in the document for the Government of the CR – Risky Operational Programmes – Proposed Measures Promoting the Accomplishment of Objectives of the National Strategic Reference Framework.

Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
<i>Fulfilment of n+3/n+2 rule</i>	1	To take necessary steps in order to achieve the set forecast amounts of funds paid to beneficiaries and funds included in aggregate payment claims accounted for by the PCA	30 June 2012 30 September 2012 31 March 2013 30 June 2013	MA, IB	<p>In connection with task No 10 assigned at the 9<sup>th</sup> meeting of IOP MC, the IOP MA in June 2012 presented to the MC members and EC representatives measures aimed at the improvement of reporting value of forecast absorption.</p> <p>In November 2012 the IOP MA adopted a measure in support of absorption (n+3/n+2):</p> <ol style="list-style-type: none"> <li>1. A change in the approval of changes in timetables of project stages</li> <li>2. Monitoring of processes required for the approval of applications for payment</li> <li>3. Division of projects into stages</li> <li>4. Meetings with the OPC concerning the termination of its investigation</li> <li>5. Update of data in IS Monit 7+</li> <li>6. Specification of data on tendered amounts in projects</li> <li>7. Continuous consultations on applications for payment</li> <li>8. Simplification of procedures and conditions</li> <li>9. Prevention of expenditure cuts due to unnecessary breach of the Conditions</li> <li>10. Monitoring of performance of IOP IB</li> </ol> <p>The referred to measures were adopted by all the IOP IBs, a detailed list is given in Annex No 1 to this document.</p>	<p>The forecasts of approved applications for payment were fulfilled to the level of 60 % as of 30 Sep 2012. In the period from 1 Jul to 30 Sep the approved applications for payment should have reached the volume of CZK 1.7 billion, the actually approved expenditure amounted to CZK 1 billion. The forecasts of the aggregate applications for payment were fulfilled to the level of 65 %. In the period from 1 Jul to 30 Sep the aggregate applications for payment should have included the applications for payment reaching the volume of EUR 27 million, whereas in reality the aggregate applications for payment amounted to EUR 17.7 million. The accuracy of forecasts in the second half of 2012 improved. Further evaluation of achieved results will be carried out by the given deadline in 2013.</p>

Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
Absorption capacity	2	Conduct of evaluation of barriers to the absorption in Intervention areas 3.1 and 3.3 with specific measures.	By the end of May 2012	MA	The evaluation was approved and published on 18 May 2012	Based on the conducted evaluation the MA elaborated the Action Plan for IA 3.1 and 3.3 which comprises measures addressing the most problematic processes. Continuous accomplishment of this plan is checked by the IOP MA at a quarterly interval.
	3	To make the financial and technical limits clearer and during the control to focus on important items.	By the end of May 2012	MoLSA	This task ensues from the MoLSA Action Plan which was elaborated based on the referred to evaluation. Moreover the IOP MA held meetings with beneficiaries who repeatedly confirm that the limit as set constitutes a barrier to the preparation and implementation of projects. The IOP MA had an opinion elaborated by an external expert in the field of construction industry on the wording and clarity of limits, based on which the administrative check No 39/2012/I was carried out; a report on the conducted check was handed over to MoLSA on 22 Oct 2012; on 5 Nov 2012 the MoLSA IB filed objections against the minutes of the check, some comments will be accepted and conclusions from the check will be modified.	Effects of the conducted check will be known once the minutes of the check are finalised and corrective measures are worded. It will be followed by a decision with MoLSA over the conclusions from the check and the IOP MA will insist on the implementation of corrective measures arising from the check No 39/2012/I. This matter is foreseen to be resolved by the end of February 2013.

Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
	4	To shorten the deadlines for the conduct of ex-ante checks.	By the end of May 2012	MoLSA	IOP MA regularly monitors and evaluates the deadlines for the conduct of ex-ante checks and calls attention to this problem both at the working level and at monthly meetings between IOP MA and IOP IBs.	The adopted measures unfortunately did not result in shorter deadlines for the conduct of ex-ante checks by the required deadline. The comparisons of 2 groups of projects which entered the stage of ex-ante check between 1 Jan 2012 and 1 Jul 2012, or after 2 Jul 2012, when the revision of the Handbook of Work Procedures (version 1.4) was approved, indicate that the actual time of the conduct of ex-ante checks has not become shorter. In the period after 2 Jul 2012, a total of 16 checks were completed (the average duration of ex-ante check is 51.81 working days) and there are additional 24 projects in which the ex-ante check has not been completed as yet. A control sample of 36 projects that entered the ex-ante check between 1 Jan 2012 and 1 Jul 2012 comprises one so far not completed check (as of 2 Jan 2013 it has lasted 134 working days) and the average duration of ex-ante check in this period is 55.17 working days. Following the completion of currently performed checks both the samples will be compared in the framework of the administrative check (69/2012/I) which is already included in the plan. Based on the results of the referred to check the MoLSA will apply corrective measures. The resolution of these matters is connected to the previous measure leading to the simplification of financial and technical limits and should be done by the end of February 2013.
	5	To reduce and simplify the requirements on beneficiaries.	By the end of May 2012	MoLSA	This task also ensues from the conclusions from the 10 <sup>th</sup> meeting of IOP MC (21 Nov 2012) and from the conclusions from the bilateral meeting between the IOP MA and MoLSA IB (12 Dec 2012), at which the IOP MA recommended individual measures to the MoLSA IB which had followed from the meeting of IOP MA with aid beneficiaries under IA 3.1 (29 Nov 2012). Simplification has so far been only partial, the MA will insist on further simplification. Effectiveness	The proposals for the simplification of requirements placed on beneficiaries will be presented by MoLSA IB to IOP MA in January 2013 and subsequently incorporated in the ongoing revisions of calls.



Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
					of adopted measures will continue to be evaluated by the MA.	
	6	To observe the deadlines for evaluation and approval of tender documentation and tenders.	By the end of May 2012	MoLSA	The task ensues from the MoLSA Action Plan which was elaborated based on the above referred to evaluation, the evaluation and approval of the tender documentation is within the competence of the Centre for Regional Development of the CR.	See measure No 19.
	7	To conduct evaluation of effectiveness of implementation of proposed measures.	By the end of 2012	MA	At the end of 2012 the IOP MA in cooperation with IBs focused on the evaluation of measures in support of the absorption and fulfilment of n+3 rule that to a certain degree overlap some measures from the Action Plan from evaluation of IA 3.1 and IA 3.3 (see annex to this document).	The MoLSA incorporated one fifth of recommendations from the Action Plan in the revised Handbook of Work Procedures (version 1.4, approved on 2 Jul 2012). Roughly 15% of recommendations from the Action Plan is fulfilled by MoLSA by revision of rules of the announced calls. In October 2012 the revision of the 8 <sup>th</sup> call for IA 3.1 was approved, in December 2012 a new call for IA 3.3 was announced for activity c). Approximately 15% of recommendations of the evaluator was acted upon by MoLSA through more intensive cooperation with CRD. Some of the recommendations of the Action Plan that would dramatically simplified the rules governing the calls and administration of projects are still discussed, it concerns e.g. the setting of financial and technical limits, control of the construction parts of projects by the Institute of Rationalisation in the Construction Industry or requesting the ARS/ASOA forms. The MoLSA Action Plan comprises a total of 90 recommendations that act in synergy, therefore the impacts cannot be clearly separated and quantified. It can be, however, summed up that except for the progress in the issuance of legal acts in IA 3.1 and IA 3.3 there are no major positive changes in the acceleration of absorption of funds

Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
						and fulfilment of n+3/n+2 rule.
	8	To take necessary steps to speed up the implementation of Intervention areas 1.1, 2.1 and 3.4 administered by the Ministry of Interior of the CR (MoI).	xxx	MA, MoI	In June 2012 the discussion on the transfer of delegated activities from MoI to IOP MA and CRD was completed. Starting from August 2012 the IOP MA introduced the crisis management of sleeping and risky projects, including the adoption of crisis timetable of implementation of these projects.	See measures No 9, 10, 12, 13.
	9	A document was elaborated to be submitted to the Council Government for Information Society (CGIS), including a list of projects in which the implementation of Intervention area 1.1 is delayed. To adopt a decision concerning the cancellation of their implementation.	By the end of May 2010	MoI, Government Council for Information Society	The document was to be submitted by the MoI, upon agreement between the IOP MA and MoI this document (summary information on sleeping projects in IOP, including projects under IA 1.1) will be submitted to the Government by IOP MA before 31 Jan 2012.	Following the introduction of crisis management of sleeping and risky projects, two projects were withdrawn from implementation. In January 2013 the last call No 15 for IA 1.1. was announced.



Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
		Subsequently, to announce a call for funds from cancelled projects for strategic projects with implementation period of up to 1 year.				
	10	For each project implemented in Intervention area 1.1 to create a stable team ("task force of the project") composed of the representatives of the Intermediate Body, contracting authority and the project holder, that shall monitor the progress made in the project at micromanagerial level, and will operatively step in if any problems emerge.	By the end of June 2012	MA, MoI	Since the 3 <sup>rd</sup> quarter of 2012 regular meetings with risky beneficiaries have been held, in case of high-risk projects with the participation of IOP MA.	The MA seeks to minimise the postponements in timetables of risky projects and urges the beneficiaries ever more to observe the timetable of project implementation. The meetings allow for more prompt resolution of problems in project implementation.
	11	To submit once a month to the Managing Authority and MRD-NCA a summary of	Starting from April 2012	MoI	Under way.	The MA and MoI IB obtain topical information on the status and problems of individual projects under IA 1.1 which will facilitate the adoption of adequate measures.



Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
		implementation of individual projects in Intervention area 1.1, including the description of the current status and identified risks.				
	12	To engage CRD and MRD in the administration of Intervention area 2.1.	By the end of May 2012	MA, CRD, MoI	It was accomplished after complicated discussions concerning the modification of procedures and obligations held on 28 June 2012.	Administration of IA 2.1 was simplified thanks to the involvement of only one Intermediate Body in implementation. Work procedures have been standardised and assumed the form used by CRD for all IAs to which the assistance is granted by the MRD.
	13	To engage CRD and MRD in the administration of Intervention area 3.4.	By the end of May 2012	MA, CRD, MoI	It was accomplished after complicated discussions concerning the modification of procedures and obligations held on 28 June 2012.	Administration of IA 3.4 was simplified thanks to the involvement of only one Intermediate Body in implementation. Work procedures have been standardised and assumed the form used by CRD for all IAs to which the assistance is granted by the MRD.
	14	To evaluate the impacts of the above mentioned measures on the implementation of Intervention areas 1.1, 2.1 and 3.4. Based on these results to adopt a decision on potential revision of the programme.	By the end of 2012	MA	At the end of 2012 the IOP MA in cooperation with IBs focused on the evaluation of measures in support of the absorption and fulfilment of n+3 rule, see annex to this document.	Until the end of the year the MA and CRD were finalising the revisions of procedures, issuance of Decisions on providing a grant related to changes in implementation, and dealt with problems and changes in projects taken over from the MoI. The evaluation of effectiveness of adopted measures will be done by the MA in the 1 <sup>st</sup> quarter of 2013.

Area	Num-ber of the measu-re	Measure	Deadline	Person respon-sible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
	15	To carry out a screening of the status of implementation of all the projects in Intervention area 5.1. To focus on projects in which the implementation is delayed, on compliance with the timetable, on tendered contracts and prerequisites of timely completion of project implementation. To use the funds from “sleeping” projects to top up the allocation for the 3 <sup>rd</sup> call for Intervention area 5.1	By the end of May 2012	MoC	Projects reporting delays or another type of risk are included in the list of “Sleeping and risky projects“. In these projects the following measures have been adopted: more stringent and continuous supervision over the fulfilment of timetable of project implementation in order to minimise delays between individual steps. It is done continuously and regularly through monitoring reports, controls of tenders, notifications of a change of beneficiary, and the like. Discussions with beneficiaries on progress in project implementation are continuously held. So far in no “sleeping” project the process of withdrawal from project implementation has been commenced. The 3 <sup>rd</sup> call was topped up as a result of decreasing the exchange rate reserve.	See measure No 16.
	16	To propose radical measures focused on implementation and absorption of risky projects.	By the end of June 2012	MoC	In high-risk projects trilateral meetings were held, a crisis timetable of project implementation and absorption of funds were adopted. The IOP MA requested the MoC IB to cut the salaries of project team members in projects that repeatedly apply for extension of implementation and fail to meet the timetable of activities. So far in no “sleeping” project the process of withdrawal from project implementation has been commenced. Moreover, the following measures for the fulfilment of N+3/N+2 rule have been adopted: elimination of stage mergers, conduct of controls of all the monitoring reports and applications for payment by the	Based on the data from Monit7+ information system as of 30 Nov 2012 eight projects were included in the list of risky projects. Ranking among the most risky projects is, despite the adopted measures, the project called “Schola naturalis - project on revitalisation of Veltrusy chateau and the Centre for the European Landscape Convention”. In projects called “National Theatre and Dance Centre”, “Architectural Heritage Centre in Plasy” and “Revitalisation of Monasteries in Český Krumlov” the rate of risk decreased making it possible to move the projects from the group of high-risk projects to risky projects since their implementation runs in line with the set timetable.

Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
					shortest deadlines, regular consultations in order for the beneficiaries to avoid mistakes, regularly pressing the OPC to accelerate the investigations of public contracts, update of data in IS Monit7+ by the shortest deadlines.	
	17	To conduct evaluation of IUDP implementation based on annual monitoring reports. To identify risky IUDPs. In risky municipalities to continuously monitor the status of absorption and fulfilment of objectives. In IUDPs which in 2012 fail to meet the absorption requirement of 40 % to cut the volume of funds allocated to the IUDP and to use the saved funds for other IUDPs.	Second half of 2012	MA	IOP MA continuously evaluates the implementation of IUDPs and at the same time through monthly monitoring evaluates the risky IUDP municipalities with respect to the requirement of the absorption (total eligible expenditure) in individual years. Intensive discussions are commenced with risky municipalities. In 2012 the requirement of 40% absorption of the total eligible expenditure was not satisfied by the municipality of Děčín, Most and Ostrava. In these municipalities the IOP MA shall cut the ERDF allocation pro rata. The overall evaluation of IUDPs was postponed by the IOP MA until the second half of 2013. The reason is the considered reallocation of funds from the exchange rate reserve and also the funds returned from municipalities whose ERDF allocation was cut by IOP MA. The IOP MA expects to set precise methodology for reallocation of funds in the 3 <sup>rd</sup> quarter of	By setting the methodology governing the reallocation of funds the best possible use of funds shall be ensured in municipalities which draw down the support in compliance with the conditions of IUDP implementation and demonstrate adequate absorption capacity in the existing zones.



Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
					2013. Generally speaking the IUDP implementation follows the set timetable and there is no risk of failure to absorb the funds. In January 2013, a total of 936 projects in the amount of CZK 3.444 billion from ERDF was submitted, which accounts for approximately 71% of allocation to this intervention area.	
	18	To inform the members of the IOP Monitoring Committee on the results of evaluation and proposed measures.	Second half of 2012	MA	The MC members were informed on the status of implementation of IOP, including the IUDP, through a summary of implementation which was presented to them in the Report on Implementation as of 30 Sep 2012.	At the 10 <sup>th</sup> meeting of IOP MC tasks were assigned directed at improving the status of implementation of IOP.
<i>Projects requiring a large volume of funds</i>	19	To regularly (weekly) monitor, evaluate and manage the risks related to the implementation of projects requiring a large volume of funds, with an emphasis on the implementation of public contracts.	Continuously	MA, IB	Persons responsible at IOP MA monitor especially the projects requiring a large volume of funds. Regular reporting on public contracts by CRD branches was introduced as well as regular assessment of the course of evaluation of contracts (problems, cumulation of contracts at a single place), internal priorities for evaluation of contracts were set. The CRD is implementing a project on legal services (expert assistance and control of contracts) and is preparing a project on technical assessment of IT projects and	Reduction of risks related to the implementation of projects requiring a large volume of funds and acceleration of controls of tenders and public procurement procedures.

Area	Number of the measure	Measure	Deadline	Person responsible	Current status of accomplishment (if the deadline was not met, state the reasons)	Effectiveness / impact of the measure on the evaluated area
					contracts. Moreover, the IBs decide which projects will be divided into stages and will discuss the suitable design of the implementation of public contracts and individual project activities with beneficiaries.	
<i>Administrative capacity</i>	20	To continue to apply the Government Resolution No 818/2007, or 1332/2009 which make it possible to motivate the employees implementing the Integrated Operational Programme, namely through financial and non-financial incentives (education and training).	Continuously	MA, IB	Mapping of the status of administrative capacity is done at a six months interval.	For the sake of work teams stabilisation (staff retention) monthly bonuses continue to be paid and for 2012 bonuses for the absorption of allocation have been paid.
<i>Management and control systems</i>	21	To implement corrective measures in relation to findings identified by the Delegated Audit Body (Annual Control Report for 2011).	Continuously no later than in July 2012	MA, IB	The findings have been presented to the IBs, some corrective measures have been incorporated in the Handbooks for Applicants and Beneficiaries and the IOP Operational Manual.	The Annual Control Report for 2012 (not yet approved by the EC) states the error rate by 66 % lower than the Annual Control Report for 2011.