

# REPORT ON IMPLEMENTATION

## Integrated Operational Programme

for the period

1 Oct 2012 – 31 Mar 2013



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



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## INTRODUCTION

**The Integrated Operational Programme** is implemented in the 2007-2013 programming period. The programme 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 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. The Managing Authority of IOP is the Ministry for Regional Development of the CR, the activities of Intermediate Bodies are performed by the Ministry of Interior of the CR, the Ministry of Labour and Social Affairs of the CR, the Ministry of Health of the CR, the Ministry of Culture of the CR and the Centre for Regional Development of the CR.

The total IOP allocation amounts to EUR 1 861.6 million, major part of which in the amount of **EUR 1 827.0 million** is channelled to the **Convergence objective** (assistance intended for the entire territory of the CR except for the City of Prague), and **EUR 34.5 million** goes to the **Regional competitiveness and employment objective** (assistance intended for the territory of the City of Prague).

Details concerning the **progress and implementation of IOP in the period from 1 Oct 2012 to 31 Mar 2013** are presented in this Report on Implementation intended for the 11<sup>th</sup> meeting of the IOP Monitoring Committee, compiled by the IOP Managing Authority in cooperation with other actors involved in the programme.



# 1 PROGRAMME IDENTIFICATION

The Integrated Operational Programme is implemented in the Czech Republic based on the National Strategic Reference Framework 2007-2013 programming period.

The IOP opted for the strategy of assistance at national level with all-national impact on improving the quality of life of inhabitants and enhancing attractiveness of the CR for investors as a result of better effectiveness and accessibility of public administration and public services. Due to the systemic concept of the assistance, it is necessary for the selected areas to be targeted at the whole territory of the CR, the City of Prague inclusive. Therefore, the IOP is designed as a multi-objective programme in line with Article 32 para 1 of the General Regulation and on the basis of discussions with the EC, apart from the main focus of assistance on the support to regions under the Convergence objective, it also facilitates the support granted under the Regional competitiveness and employment objective (RCE).

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

Year	ERDF Convergence objective	ERDF RCE objective	Total
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>1 591 359 687</b>	<b>29 379 498</b>	<b>1 620 736 185</b>

Source: Programming Document, December 2011

In accordance with Government Resolution No 175/2006 the Ministry for Regional Development was designated to act as the IOP Managing Authority. The MA fulfils its tasks in line with Article 60 of Council Regulation (EC) No 1083/2006. Pursuant to Article 59 para 2, or Article 42 para 1 of Council Regulation (EC) No 1083/2006 the MA delegates some of the tasks to the Intermediate Bodies.

Due to insufficient administrative capacity, i.e. understaffing of the MoLSA and MoI, the MRD in 2009 concluded with the MoLSA and MoI the Addendum No 1 to the Agreement on delegating the tasks of 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. Since 1 Jul 2012 there has been a change in delegated activities under Intervention areas 2.1 and 3.4. The remaining administrative activities have been 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 the individual IOP intervention areas are listed in the table below.

**Table No 2 - Intermediate Bodies of IOP broken down by intervention area**

<b>Intervention area</b>	<b>Intermediate Body</b>
<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	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	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 creating territorial policies	Centre for Regional Development CR
<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

## 2 OVERVIEW OF PROGRAMME IMPLEMENTATION

### 2.1 Summary Tables on Progress Achieved in IOP Implementation

In line with the NCA guidelines for the elaboration of the Report on implementation the **Submitted project applications** column includes all the applications registered in IS Monit7+ as of 31 Mar 2013, namely also those that were rejected and will not be implemented. **Projects with issued Decision/signed Contract** column represents the financial volume of projects for which the Decision on providing a grant or the Statement of expenditure were issued.

**The approved projects** in this Report shall mean **the projects with the issued Decision/Statement of expenditure** (stated in the relevant tables). The **monitored period** shall mean the period from 1 Oct 2012 to 31 Mar 2013, i.e. the period covered by this report. In the whole Report (except for Chapter 2.6 Analysis of risks in relation to the fulfilment of n+3/n+2 rule) the total volume of public funds includes the EU contribution and the national public sources.

**Table No 3 - Status of IOP absorption cumulatively as of 31 Mar 2013 (in million CZK/EUR)<sup>1</sup>**

PA/IA	2007-2013 allocation		Submitted applications			Projects with issued Decision/Signed contract			Funds paid to beneficiaries <sup>2</sup>			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC				
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR		CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
1	10 008,49	393,52	86	11 639,72	116%	452,20	55	8 787,98	88%	346,11	3 266,63	33%	131,60	2 832,62	28%	114,74	2 685,36	27%	108,85
1.1a	9 293,59	365,41	86	10 808,31	116%	419,90	55	8 160,27	88%	321,38	3 033,30	33%	122,20	2 630,29	28%	106,54	2 493,55	27%	101,07
1.1b	714,89	28,11	0	831,41	116%	32,30	0	627,71	88%	24,72	233,33	33%	9,40	202,33	28%	8,20	191,81	27%	7,77
2	5 144,82	200,98	5 839	5 465,67	106%	212,34	5 477	4 340,14	84%	169,72	1 106,85	22%	44,10	1 036,23	20%	41,36	809,67	16%	32,32
2.1	5 144,82	200,98	5 839	5 465,67	106%	212,34	5 477	4 340,14	84%	169,72	1 106,85	22%	44,10	1 036,23	20%	41,36	809,67	16%	32,32
3	16 417,22	641,30	783	20 662,85	126%	802,75	361	12 757,15	78%	499,11	4 796,53	29%	189,84	4 565,11	28%	180,85	4 052,97	25%	160,76
3.1	2 395,44	93,18	421	3 547,59	148%	137,82	85	1 296,61	54%	50,49	104,73	4%	4,19	112,24	5%	4,48	62,72	3%	2,52
3.2	7 455,87	292,33	212	9 159,73	123%	355,86	158	6 060,82	81%	238,13	3 805,90	51%	150,53	3 624,52	49%	143,48	3 322,16	45%	131,66
3.3	1 407,42	54,81	24	1 817,90	129%	70,63	13	1 154,68	82%	44,99	195,40	14%	7,73	172,53	12%	6,84	83,91	6%	3,38
3.4	5 158,49	200,98	126	6 137,63	119%	238,45	105	4 245,04	82%	165,49	690,50	13%	27,40	655,81	13%	26,05	584,19	11%	23,19
4	1 963,32	76,74	152	3 627,88	185%	140,94	52	1 513,00	77%	59,23	307,63	16%	12,41	300,54	15%	12,14	230,99	12%	9,36
4.1a	1 823,08	71,26	76	3 368,78	185%	130,88	26	1 404,92	77%	55,00	285,66	16%	11,53	279,07	15%	11,27	208,04	12%	8,43
4.1b	140,24	5,48	76	259,10	185%	10,07	26	108,08	77%	4,23	21,97	16%	0,89	21,47	15%	0,87	16,00	12%	0,65
5	13 743,83	540,25	1 825	21 934,05	160%	852,14	1 449	11 055,39	80%	435,80	5 399,83	39%	216,08	5 177,63	38%	207,45	3 964,26	29%	159,04
5.1	6 927,57	270,95	51	15 815,05	228%	614,42	20	6 153,20	89%	240,86	1 621,72	23%	64,81	1 519,12	22%	60,83	1 320,54	19%	52,92
5.2	6 347,82	251,03	1 074	5 532,02	87%	214,92	913	4 469,07	70%	178,04	3 352,31	53%	134,66	3 232,71	51%	130,01	2 225,31	35%	89,80
5.3	468,45	18,27	700	586,99	125%	22,80	516	433,12	92%	16,90	425,80	91%	16,61	425,80	91%	16,61	418,41	89%	16,32
6	1 375,24	53,96	103	1 527,19	111%	59,33	91	997,06	73%	39,27	455,17	33%	18,21	449,88	33%	18,01	362,15	26%	14,52
6.1a	812,06	31,97	40	1 112,75	137%	43,23	36	774,79	95%	30,53	354,42	44%	14,19	353,08	43%	14,14	279,39	34%	11,21
6.2a	538,36	21,01	63	386,87	72%	15,03	55	204,27	38%	8,03	92,53	17%	3,69	88,68	16%	3,54	76,22	14%	3,04
6a	1 350,41	52,99	103	1 499,62	111%	58,26	91	979,06	73%	38,56	446,95	33%	17,89	441,76	33%	17,68	355,61	26%	14,25

<sup>1</sup> Number of submitted applications and number of Projects with issued Decision/signed Contract in multi-objective priority axes are given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b) the number is zero (except for Priority axis 4).

<sup>2</sup> In Intervention area 3.1 the total amount of funds paid to beneficiaries (column d) is lower than the amount of funds included in aggregate payment claim (column e), it is due to the technical aspects of the output report in MSC2007, which serves as a source of data for this table. It is caused by projects financed in ex-ante financing regime with the use of the so called limit (funding from an account for a limited amount), in which a part of the expenditure of the stage is financed through an order, i.e. in ex-post financing regime. The expenditure financed by an order is not included in column d in the table, but in column e.

PA/IA	2007-2013 allocation		Submitted applications				Projects with issued Decision/Signed contract				Funds paid to beneficiaries <sup>2</sup>			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR		CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
6.1b	14,93	0,59	0	20,46	137%	0,79	0	14,24	95%	0,56	6,52	44%	0,26	6,49	44%	0,26	5,14	34%	0,21
6.2b	9,90	0,39	0	7,11	72%	0,28	0	3,76	38%	0,15	1,70	17%	0,07	1,63	16%	0,07	1,40	14%	0,06
6b	24,83	0,97	0	27,57	111%	1,07	0	18,00	73%	0,71	8,22	33%	0,33	8,13	33%	0,33	6,54	26%	0,26
<b>Total</b>	<b>48 652,91</b>	<b>1 906,75</b>	<b>8 788</b>	<b>64 857,36</b>	<b>133%</b>	<b>2 519,71</b>	<b>7 485</b>	<b>39 450,72</b>	<b>81%</b>	<b>1 549,23</b>	<b>15 332,65</b>	<b>32%</b>	<b>612,25</b>	<b>14 362,00</b>	<b>30%</b>	<b>574,55</b>	<b>12 098,60</b>	<b>25%</b>	<b>484,56</b>

Source: MSC2007 as of 4 Apr 2013;

CZK/EUR exchange rate:

- For conversion of allocation in column a) the amounts are not directly converted at the valid exchange rate since the data are made more accurate through the aggregate payment claims accounted for in IS Viola using the same algorithm as in b) – d) columns;
- For conversion of b) – d) columns: 25.740, or the exchange rate valid at the time of accounting for the application for payment in IS Viola is used;
- For conversion of e) – f) columns the exchange rate valid at the time of accounting for the aggregate payment claim in IS Viola is used.

Source of funding – public funds total

**Cumulatively as of 31 Mar 2013** a total of 8 788 project applications were submitted in IOP in the total amount of EUR 2 519.71 million, which represents 133 % of the total allocation for the Programme. The excessive demand for funds under Intervention area 5.1 (228 %) was caused by the fact that majority of projects under call No 01 for activities a) and b) were submitted again after being rejected during the check of formal requisites and eligibility. Also in Intervention areas 4.1a and 4.1b (the submitted applications account for 185 % of the allocation) the applicants redrafted their project applications following their rejection and submitted them again. High number of submitted applications is also seen in Intervention area 3.1 (148 %), 3.2 (123 %), 5.3 (125 %) and 6.1a and 6.1b (137 %).

A total of 7 485 projects in the amount of EUR 1 549.23 million were approved, which represents 81 % of the total allocation of the Programme. The highest volume of approved projects as against the allocation is reported by Intervention areas 6.1a and 6.1b (95%), 5.3 (92 %), 5.1 (89 %) 1.1a and 1.1b (88 %), 2.1 (84 %), 3.3 and 3.4 (82 % each) and 3.2 (81 %). The lowest volume of approved projects as against the allocation was exhibited by Intervention areas 6.2a and 6.2b (38 %) and 3.1 (54 %).

The beneficiaries were paid funds totalling EUR 612.25 million, representing 32 % of the total allocation. The largest share of reimbursed funds with respect to the allocation is shown by Intervention area 5.3 (91%), 5.2 (53 %), 3.2 (51 %) and 6.1a and 6.1b (44 %). The lowest share of funds was reimbursed in Intervention areas 3.1 (4%), 3.3 (14 %) and 3.4 (13 %).

The aggregate payment claims (applications for payment) accounted for by the PCA totalled EUR 574.55 million, which represents 30 % of the total programme allocation. The trend is the same as in funds reimbursed to beneficiaries. The largest share of funds included in aggregate payment claims is reported in Intervention area 5.3 (91 %), 5.2 (51 %), 3.2 (49 %). The lowest share is seen in Intervention areas 3.1 (5 %), 3.3 (12 %) and 3.4 (13 %).

The certified expenditure submitted to the EC as of 31 Mar 2013 equals a total of EUR 484.56 million, which represents 25 % of the total programme allocation. The largest volume of certified expenditure is reported by Intervention area 3.2 (EUR 131.66 million, i.e. 45% of the allocation for this intervention area). With respect to the allocation for the respective intervention area, the highest volume of certified expenditure was shown in Intervention area 5.3 (89 % equalling EUR 16.32 million).

**Table No 4 - Progress achieved in IOP absorption in the period from 1 Oct 2012 to 31 Mar 2013 (in million CZK/EUR)<sup>3</sup>**

PA/IA	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
1	10 008,49	393,52	7	69,72	1%	2,71	1	16,04	0%	0,62	275,73	3%	10,71	132,41	1%	5,29	1 909,68	19%	76,91
1.1a	9 293,59	365,41	7	64,74	1%	2,52	1	14,89	0%	0,58	256,04	3%	9,95	122,96	1%	4,92	1 773,28	19%	71,41
1.1b	714,89	28,11	0	4,98	1%	0,19	0	1,15	0%	0,04	19,70	3%	0,77	9,46	1%	0,38	136,41	19%	5,49
2	5 144,82	200,98	0	0,00	0%	0,00	-7	-178,88	-3%	-6,95	288,15	6%	11,19	259,22	5%	10,36	544,57	11%	21,69
2.1	5 144,82	200,98	0	0,00	0%	0,00	-7	-178,88	-3%	-6,95	288,15	6%	11,19	259,22	5%	10,36	544,57	11%	21,69
3	16 417,22	641,30	111	2 070,00	13%	80,42	54	1 217,64	7%	47,31	470,87	3%	18,29	331,66	2%	13,02	2 182,38	13%	86,07
3.1	2 395,44	93,18	69	790,78	33%	30,72	38	545,56	23%	21,19	43,49	2%	1,69	48,10	2%	1,90	31,86	1%	1,26
3.2	7 455,87	292,33	24	888,76	12%	34,53	6	66,34	1%	2,58	255,74	3%	9,94	169,51	2%	6,67	1 657,97	22%	65,08
3.3	1 407,42	54,81	0	0,00	0%	0,00	5	549,74	39%	21,36	111,68	8%	4,34	88,77	6%	3,46	74,38	5%	2,98
3.4	5 158,49	200,98	18	390,45	8%	15,17	5	56,00	1%	2,18	59,97	1%	2,33	25,28	0%	0,99	418,16	8%	16,74
4	1 963,32	76,74	2	114,16	6%	4,43	6	335,93	17%	13,05	65,72	3%	2,55	76,94	4%	3,08	53,61	3%	2,16
4.1a	1 823,08	71,26	1	106,00	6%	4,12	3	311,93	17%	12,12	61,03	3%	2,37	71,46	4%	2,86	43,34	2%	1,74
4.1b	140,24	5,48	1	8,15	6%	0,32	3	24,00	17%	0,93	4,69	3%	0,18	5,49	4%	0,22	3,32	2%	0,13
5	13 743,83	540,25	236	700,37	5%	27,21	53	1 055,73	8%	41,02	1 356,95	10%	52,72	1 152,90	8%	46,03	1 994,29	15%	79,30
5.1	6 927,57	270,95	0	0,00	0%	0,00	1	171,43	2%	6,66	224,15	3%	8,71	129,10	2%	5,16	830,71	12%	32,91
5.2	6 347,82	251,03	115	615,01	10%	23,89	45	880,49	14%	34,21	1 124,01	18%	43,67	1 012,86	16%	40,43	1 072,90	17%	42,78
5.3	468,45	18,27	121	85,36	18%	3,32	7	3,81	1%	0,15	8,78	2%	0,34	10,94	2%	0,44	90,69	19%	3,62
6	1 375,24	53,96	8	82,57	6%	3,21	4	15,34	1%	0,60	36,02	3%	1,40	40,27	3%	1,61	18,16	1%	0,72
6.1a	812,06	31,97	4	77,36	10%	3,01	3	20,24	2%	0,79	20,51	3%	0,80	28,54	4%	1,14	9,31	1%	0,37
6.2a	538,36	21,01	4	3,72	1%	0,14	1	-5,18	-1%	-0,20	14,86	3%	0,58	11,01	2%	0,44	8,52	2%	0,34
6a	1 350,41	52,99	8	81,07	6%	3,15	4	15,07	1%	0,59	35,37	3%	1,37	39,55	3%	1,58	17,83	1%	0,71
6.1b	14,93	0,59	0	1,42	10%	0,06	0	0,37	2%	0,01	0,38	3%	0,01	0,52	4%	0,02	0,17	1%	0,01
6.2b	9,90	0,39	0	0,07	1%	0,00	0	-0,10	-1%	0,00	0,27	3%	0,01	0,20	2%	0,01	0,16	2%	0,01
6b	24,83	0,97	0	1,49	6%	0,06	0	0,28	1%	0,01	0,65	3%	0,03	0,73	3%	0,03	0,33	1%	0,01
<b>Total</b>	<b>48 652,91</b>	<b>1 906,75</b>	<b>364</b>	<b>3 036,81</b>	<b>6%</b>	<b>117,98</b>	<b>111</b>	<b>2 461,80</b>	<b>5%</b>	<b>95,64</b>	<b>2 493,45</b>	<b>5%</b>	<b>96,87</b>	<b>1 993,41</b>	<b>4%</b>	<b>79,39</b>	<b>6 695,75</b>	<b>14%</b>	<b>266,57</b>

Source: MSC2007 as of 4 Apr 2013;

<sup>3</sup> Number of submitted applications and number of Projects with issued Decision/signed Contract in multi-objective priority axes are given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b) the number is zero (except for Priority axis 4).

**CZK/EUR exchange rate:**

- *For conversion of allocation in column a) the amounts are not directly converted at the valid exchange rate since the data are made more accurate through the aggregate payment claims accounted for in IS Viola using the same algorithm as in b) – d) columns;*
- *For conversion of b) – d) columns: 25.740, or the exchange rate valid at the time of accounting for the application for payment in IS Viola is used;*
- *For conversion of e) – f) columns the exchange rate valid at the time of accounting for the aggregate payment claim in IS Viola is used.*

**Source of funding – public funds total**

In the period from 1 Oct 2012 to 31 Mar 2013 a total of 364 project applications in the amount of EUR 117.98 million (6 % of the allocation) were submitted. The largest volume of funds claimed in the submitted applications was reported by Intervention area 3.2 (EUR 34.53 million – 12 % of the allocation), 3.1 (EUR 30.72 million – 33 % of the allocation) and 5.2 (EUR 23.89 million – 10 % of the allocation). No project applications were received under Intervention areas 2.1, 3.3 and 5.1.

A total of 111 projects in the volume of EUR 95.64 million (5 % of the programme allocation) were approved. The largest volume of approved funds was seen in Intervention area 5.2 (EUR 34.21 million), 3.3 (EUR 21.36 million) and 3.1 (EUR 21.19 million). In intervention area 1.1a and 1.1b one project was approved which increased the volume of projects with issued Decision in this intervention area by EUR 0.62 million. In Intervention area 2.1 no project was approved and 7 projects were withdrawn from implementation in the monitored period.

In the monitored period the beneficiaries were paid a total of EUR 96.87 million (5 % of the programme allocation). Funds were reimbursed in all the intervention areas. The largest volume of funds was paid to beneficiaries in Intervention area 5.2 (EUR 43.67 million), whereas the lowest volume of funds was reimbursed in Priority axes 6a a 6b (EUR 1.40 million) and in Intervention areas 5.3 (EUR 0.34 million) and 3.1 (EUR 1.69 million).

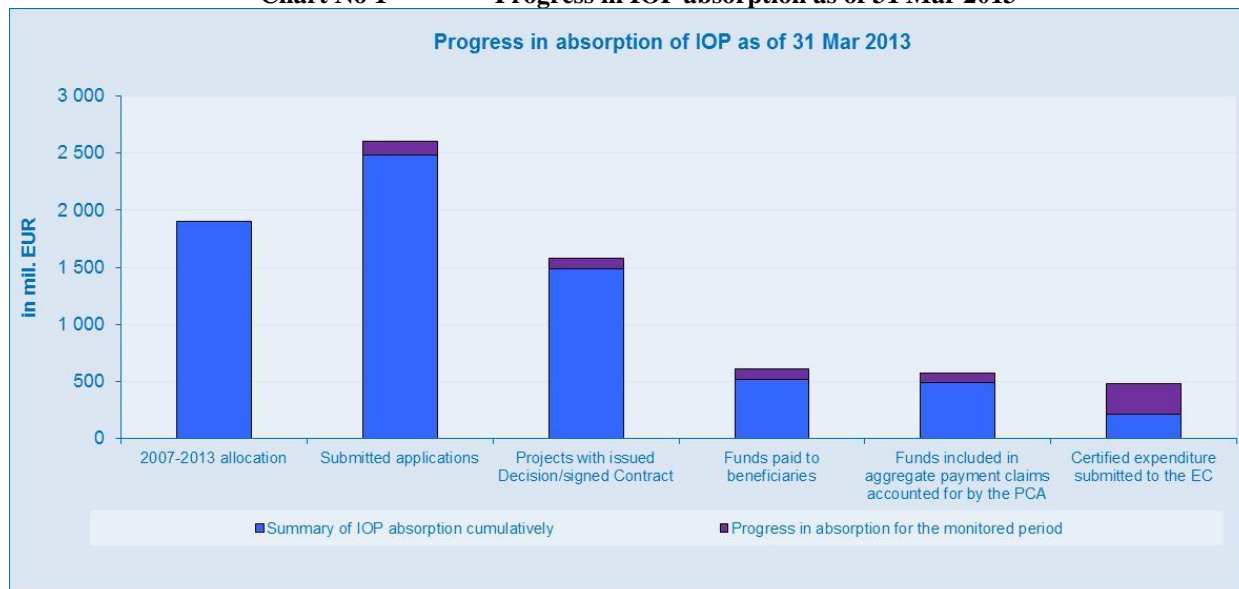
The aggregate payment claims accounted for by the PCA in the monitored period totalled EUR 79.39 million (4 % of the allocation). This trend corresponds to the progress in the reimbursement of funds to beneficiaries. In Intervention area 5.2 the aggregate payment claims covered EUR 40.43 million, in Priority axes 6a and 6b EUR 1.61 million, in Intervention area 5.3 EUR 0.44 million and in IA 3.1 EUR 1.90 million.

In the monitored period the certification of expenditure was conducted. Due to the suspension of the Programme the 9<sup>th</sup> interim application for payment sent to the EC included expenditure for the period from 16 Sep 2011 to 19 Oct 2012. The certified expenditure increased by EUR 266.85 million (by 14 % of the programme allocation). The largest volume of expenditure included in this interim application for payment sent to the EC was reported by Intervention areas 1.1a and 1.1b (EUR 76.91 million), 3.2 (EUR 65.08 million), 5.2 (EUR 42.78 million) and 5.1 (EUR 32.91 million).



The progress in IOP absorption in the period from 1 Oct 2012 to 31 Mar 2013 is illustrated by Chart No 1. The blue part of the bars indicates the status of absorption as of 30 Sep 2012, while the violet part shows the progress in the period from 1 Oct 2012 to 31 Mar 2013. The total heights of bars represent the cumulative status of absorption as of 31 Mar 2013.

Chart No 1 - Progress in IOP absorption as of 31 Mar 2013



Source: MSC2007 as of 4 Apr 2013;

CZK/EUR exchange rate:

- For conversion of allocation in column "2007-2013 allocation" the amounts are not directly converted at the valid exchange rate since the data are made more accurate through the aggregate payment claims accounted for in IS Viola based on the same algorithm as in columns "Submitted applications for payment", "Projects with issued Decision/signed Contract" and "Funds paid to beneficiaries";
- For conversion of columns "Submitted applications", "Projects with issued Decision/signed Contract", "Funds paid to beneficiaries": 25.740, or the exchange rate valid at the time of accounting for of the application for payment in IS Viola is used;
- For conversion of columns "Funds included in aggregate payment claims accounted for by the PCA", "Certified expenditure submitted to the EC" the exchange rate valid at the time of accounting for in IS Viola is used.

Source of funding – public funds total

## 2.2 Progress in the Fulfilment of Indicators at the Programme Level

In line with the NCA guidelines for the elaboration of report on implementation this chapter shall give only the indicators monitored by the Managing Authority, i.e. not the indicators monitored by external sources.

In the IOP at the level of the programme 3 impact indicators are monitored. Their achieved values are not generated at the project level and are monitored by an external source.

Due to the referred to facts no indicator is given in this chapter.

## 2.3 Core Activities in the Period from 1 Apr 2012 to 30 Sep 2012

### 2.3.1 IOP milestones in the period from 1 Oct 2012 to 31 Mar 2013

Date	Activity
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
November 2012	Launch of the new IOP microsites on the new Structural Funds website
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
12 Dec 2012	Announcement of the 9 <sup>th</sup> call of MoLSA for Intervention area 3.3, activity c)
3 Jan 2013	Submission of the 1 <sup>st</sup> aggregate payment claim to the MoF
4 Jan 2013	Closing of the 12 <sup>th</sup> call of MoH for Intervention area 3.2, activity c)
8 Jan 2013	Closing of the 17 <sup>th</sup> call of MRD for Intervention area 5.3, activity b)
15 Jan 2013	Announcement of the 15 <sup>th</sup> call of MoI for Intervention area 1.1, activity d)
17 Jan 2013	Announcement of the 18 <sup>th</sup> call of MRD for Intervention area 3.4, activity d)
31 Jan 2013	Closing of the 13 <sup>th</sup> call of MoH for Intervention area 3.2, activity a)
8 Feb 2013	Announcement of the 14 <sup>th</sup> call of MoH for Intervention area 3.2, activity a)
7 Mar 2013	Submission of the 2 <sup>nd</sup> aggregate payment claim to the MoF
8 Mar 2013	Submission of the 3 <sup>rd</sup> aggregate payment claim to the MoF
25 Mar 2013	Announcement of the 15 <sup>th</sup> call of MoH for Intervention area 3.2, activity c)

### 2.3.2 Overview of ongoing and newly announced calls in the period from 1 Oct 2012 to 31 Mar 2013

In the period from 1 Oct 2012 to 31 Mar 2013 project applications were submitted under 20 calls for Intervention areas 1.1a and 1.1b, 3.1, 3.2, 3.3, 3.4, 4.1a and 4.1b, 5.2, 5.3, 6.1a and 6.1b and 6.2a and 6.2b. Seven calls were newly announced. As of 31 Mar 2013 a total of 1 378 project applications in the amount of EUR 430 million were submitted under these calls. Altogether 1 063 projects in the amount of EUR 320 million were approved. The amount allocated to all the calls which were under way in the monitored period equals EUR 477 million.

Detailed information on the calls is given under individual priority axes in Chapter 3.

**Table No 5 - Overview of ongoing calls in the period from 1 Oct 2012 to 31 Mar 2013**

Order of the call	Number of the call	Submission of project applications		Type of the call	IA/activity	Allocation for the call		Submitted applications for support <sup>4</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	
2.	01	5.6.2008	30.9.2015	continuous	6.1 a-e	31 128 954	38	32 633 101	35	28 235 431	
						572 363		600 020		519 160	
				Call total		31 701 317	38	33 233 121	35	28 754 592	
15.	07	22.5.2009		continuous	5.2 a,b,c	159 744 583	993	176 122 047	918	153 075 542	
24.	04	11.11.2009	30.6.2013	continuous	3.3 a,b	37 344 705	15	53 249 937	13	44 601 793	
36.	10	27.9.2010		continuous	6.2 a-g	12 207 554	36	5 024 165	32	3 897 395	
						224 458		92 379		71 661	
				Call total		12 432 012	36	5 116 544	32	3 969 056	
40.	06	31.5.2011	30.6.2013	continuous	3.1 b	10 117 843	30	15 609 998	15	6 714 399	
41.	07	7.7.2011	30.6.2013	continuous	3.1 a	31 197 708	47	47 279 761	25	20 734 520	
42.	08	29.7.2011	29.6.2012	continuous	3.1 c	8 558 028	63	7 112 678	1	34 056	
43.	12	7.9.2011		continuous	4.1 a,c,e	35 595 389	7	32 626 878	7	29 762 255	
						2 738 107	7	2 509 760	7	2 289 404	
				Call total		38 333 496	14	35 136 638	14	32 051 659	
49.	11.	8.8.2012	8.10.2012	time-limited	3.2 b	11 426 482	6	5 999 374	6	5 976 843	
50.	15.	10.8.2012	28.11.2012	time-limited	3.4 d	6 170 300	4	4 880 817	0	0	
51.	12.	16.8.2012	16.10.2012	time-limited	3.2 c	19 425 019	0	0	0	0	
52.	14.	4.9.2012	30.11.2012	continuous	1.1 a	6 366 183	7	2 515 014	0	0	
						489 706	0	193 463	0	0	
				Call total		6 855 889	7	2 708 477	0	0	
53.	16.	25.9.2012	1.10.2012	time-limited	5.2 b	23 693 453	1	23 693 453	1	23 693 453	
54.	13.	15.11.2012	31.1.2013	time-limited	3.2 a	14 214 544	13	11 124 451	0	0	
55.	17.	16.11.2012	8.1.2013	continuous	5.3 b	1 559 715	103	2 671 380	3	63 186	
56.	09	12.12.2012	30.6.2013	continuous	3.3 c	3 535 354	0	0	0	0	
57.	15	15.1.2013	15.4.2013	continuous	1.1 d	19 947 373	0	0	0	0	
						1 534 413	0	0	0	0	
				Call total		21 481 786	0	0	0	0	
58.	18	17.1.2013	17.4.2013	continuous	3.4 d	21 298 236	8	5 909 343	0	0	
59.	14	8.2.2013	15.4.2013	time-limited	3.2 a	16 042 781	0	0	0	0	
60.	15	25.3.2013	13.5.2013	time-limited	3.2 c	1 828 237	0	0	0	0	
CONV total						471 402 441	1 371	426 452 400	1 056	316 788 872	
RCE total						5 559 048	7	3 395 621	7	2 880 225	
<b>IOP total</b>						<b>476 961 489</b>	<b>1 378</b>	<b>429 848 021</b>	<b>1 063</b>	<b>319 669 097</b>	

Source: IS Monit7+ as of 3 Apr 2013

CZK/EUR exchange rate: 25.740

Source of funding – public funds total

<sup>4</sup> Throughout this Report the column “Submitted applications for payment” include projects in a positive status, excluding rejected or withdrawn projects. The information on the total number of projects (rejected and withdrawn projects inclusive) is always given in the text.

### 2.3.3 Changes in the IOP underlying documents and amendments thereto

#### Update of IOP OM, IB OM and MA OM

The revision 1.4 of the IOP Operational Manual was approved by the MA on 20 December 2012, the document is valid as of 2 January 2013. The revision incorporated corrective measures adopted in response to audit and evaluation findings, description of MA and IB activities were supplemented and specified. The Revision of IOP OM is followed by the revision of manuals of Intermediate Bodies that are at present in comments procedure and will be completed by the end of first half of 2013. The MA commenced the revision 1.2 of the Operational Manual of the MA which reflects changes made in the IOP OM and will be finalised in April 2013.

#### Methodological Guidelines and Binding Opinions of IOP MA

##### Methodological Guideline No 35 *Setting the exchange rate reserve*

It was issued because of the revision of Methodological Guideline No 23 of 14 October 2011, in which the MA announced an update of exchange rate reserves in reaction to progress in Programme implementation. The IOP MA sets the exchange rate reserve individually for each intervention area. The exchange rate reserve is calculated based on the allocation for the intervention area concerned that is not covered by the aggregate payment claim. The MG No 23 was incorporated in the revision 1.4 of IOP OM.

##### Methodological Guideline No 36 *A change in the text of IOP OM annex A.3-8 – Work procedures in IOP IS*

The date on which the obligation to enter the Notification of a change in IS Monit7+ arises was changed in the Methodological Guideline.

##### Methodological Guideline No 37 *A change in the text of IOP OM annex A.4-22 – Selection criteria of IOP*

The Methodological Guideline updates the annex to the IOP Operational Manual A.4-22 Selection Criteria of IOP and corrects administrative mistakes made during the revision of this Annex as of 2 January 2013. It consists in the change of specific eligibility criteria and project quality evaluation criteria in Priority axis 5 - National support of territorial development, in Intervention area 5.1 – National support for utilising the cultural heritage potential. The IOP Managing Authority also made sure that the check of specific eligibility criteria and project quality evaluation criteria were conducted in line with the criteria approved by the IOP Monitoring Committee.

##### Methodological Guideline No 38 *A change in the text of IOP OM annex C.5-16 – Checklists for the checks of public contracts pursuant to Act No 137/2006 Coll.,*

By issuing the Methodological Guideline No 38 the Managing Authority rectified the mistake in the annex C. 5-16 to the IOP Operational Manual – Checklists for the checks of public contracts pursuant to Act No 137/2006 Coll., where a part of comments from the 2<sup>nd</sup> round of comments procedure failed to be incorporated in the final document.

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

### 2.4.1 Annual Control Report for 2012

The Annual Control Report (hereinafter referred to as the “ACR”) for 2012 for the Integrated Operational Programme was approved by the European Commission by letter of 21 Feb 2013, however with reservations. The biggest problem is the existence of contradictory procedure which is not considered to be a standard approved procedure by the European Commission. The contradictory procedure of IOP MA representatives and the Audit Authority was commenced primarily due to the disagreement of IOP MA with erroneous conclusions from the DAB audit of operations and concerned the DAB conclusions especially with regard to the following:

- Report on the DAB audit of operations was completed without having been sent to the AA for comments before the audit completion;
- MA disagreed with the DAB findings and supported its position by the necessary arguments and source materials,
- In the course of audits on operations the auditors disregarded some relevant facts;
- A progress were made in addressing irregularities and the suspected irregularities were not confirmed by the relevant authorities involved in addressing the irregularities;
- The DAB conducted an audit of operations in expenditure which had not been submitted by the IOP MA for certification and should have not been audited,
- It concerned findings identified and registered by IOP MA as suspected irregularities already before the commencement of audit of operations by DAB;
- Identification and quantification of ineligible expenditure was not done in the same manner as in case of e.g. ACR for 2011.

By letter of the AA on the commencement of contradictory procedure the IOP MA was invited to produce supporting documents for individual findings from the audit of operations. The contradictory procedure resulted in decreasing the error rate of the Integrated Operational Programme from the original degree of approximately 5 % to 1.9687 %.

The IOP MA repeatedly called upon the Audit Authority representatives to send them the minutes from the contradictory procedure which, however, the IOP MA did not receive as of the date decisive for the compilation of the Report on Implementation.

The EC informed the representatives of the CR by letter of 7 Mar 2013 on the suspension of payment deadline for IOP due to the unreliable error rate stated in the ACR for 2012.

In the course of March 2013 the IOP MA provided the European Commission with complementary information to the ACR for 2012, particularly with explanations of the course and necessity of contradictory procedure. Right now the IOP MA is awaiting the response of the European Commission to the provided complementary supporting documents. Until the matter is resolved the IOP MA shall not submit expenditure for certification to the PCA.

## 2.4.2 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 compiled and submitted to the Government in February 2013 on risks faced in IOP implementation.

The IOP MA identified six risk parameters related to insufficient absorption, conduct of tenders and extension of project implementation. Based on these parameters it generates a report from IS Monit 7+ containing projects under implementation which exhibit 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 resolution. The IOP MA, having verified the adequacy of the opted for measure, classifies the level of risk of individual projects - sleeping, high-risk, risky, no-risk project.

Evaluation of the state of play of sleeping and risky projects was conducted as of 10 Sep and 30 Nov 2012. As of 10 Sep 2012, the IOP MA identified 17 sleeping projects and as of 30 Nov 2012 their number dropped to 4. A negligible progress was recorded, though, in high-risk projects where as of 30 Nov 2012 altogether 40 high-risk projects were identified as against the original 45. Due to little progress in the implementation of risky projects in February 2013 the Minister for Regional Development presented information to the members of the Government. The Government Resolution No 106 of 29 Feb 2013 obligated the ministers of transport, interior, health, environment, culture, labour and social affairs to compile detailed information with proposals of the way of addressing the risky and sleeping projects by 15 Mar 2013. The IOP MA assessed the received documents and monitors the accomplishment of proposed measures.

**Table No 6 - Summary of sleeping and risky projects by aid beneficiary as of 25 Mar 2013**

Beneficiary	Sleeping		High-risk		Total	
	Number	Volume in CZK	Number	Volume in CZK	Number	Volume in CZK
MoT	1	271 828 000			1	271 828 000
MoC			5	1 393 854 550	5	1 393 854 550
MRD			1	300 000 000	1	300 000 000
MoI	1	117 900 000	3	1 376 432 984	4	1 494 332 984
MoE	1	136 380 983			1	136 380 983
COSMC	1	157 067 634	1	19 108 000	2	176 175 634
Other*			10	180 674 016	10	180 674 016
<b>IOP TOTAL</b>	<b>4</b>	<b>683 176 616</b>	<b>20</b>	<b>3 270 069 550</b>	<b>24</b>	<b>3 953 246 166</b>

Source: IS Monit7+IOP and IOP MA in cooperation with IBs as of 25 Mar 2013

\* The line "Other" includes regions, municipalities and non-profit organisations

## 2.4.3 Risk of non-fulfilment of n+3/n+2 rule in 2013

### 2.4.3.1 Quantification of impacts of measures aimed at the fulfilment of n+3/n+2 rule in 2013

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 measures are a component part of crisis management of IBs and impose obligations on individual IBs directed at the fulfilment of n+3/n+2 rule.

Based on task C/12 assigned at the 10<sup>th</sup> meeting of IOP Monitoring Committee the IOP MA quantified the impacts of measures following from the experience with the accomplishment of absorption plan and financial management of the Joint Regional Operational Programme and IOP.

With regard to progress made in the fulfilment of forecasts the IOP MA added two additional measures to the original ones:

- Second stage of re-evaluation of procedures with the view to cut the administrative procedures to minimum and to consider the elimination of some procedures or their postponement to later stages of project administration;
- Second wave of extraordinary division of projects into stages with the view to identify stages ending in 08-12/2013 period that would be suitable for the division and to receive the applications for payment for at least a part of the volume in September and October 2013.

The IOP MA quantified the effects of the measures at CZK 1.89 billion and assumes that by application of these measures the gap in absorption will be reduced to minimum and the fulfilment of the absorption plan will improve. Based on the results achieved in the first three months of 2013, the fulfilment of n+3/n+2 rule in 2013 cannot be expected (for more information on potential decommitment see Chapter 2.6 Analysis of risks in relation to the fulfilment of n+2/n+3 rule). Essential is the amount of decommitment in 2013, its structure in terms of multi-objectiveness of the Programme, and creation of conditions for the fulfilment of N+2 rule in 2014.

The most important objective of IOP MA and IOP IBs in 2013 is to minimise the amount of decommitment in the Programme. All their activities have to be subordinated to this end. To get as much time as possible to receive the maximum potential volume of applications for payment the IOP MA discusses with the PCA the setting of the latest possible date of certification in December and seeks to channel the maximum volume of expenditure to the extraordinary certification on 20 Nov 2013.

### 2.4.3.2 Measures taken by IOP MA to fulfil the n+3/n+2 rule in 2013

Building on the Overview of measures taken to fulfil the n+3/n+2 rule, the IOP MA adopted measures at the level of IOP MA. They aim at the simplification of processes with the view to accelerate the administration and release expert capacities for addressing topical problems, ensuring adequate capacity in units where loads of work are anticipated in the months of Autumn and safeguarding credible reporting on the status of projects, applications for payment, controls, notifications of changes, tenders and delays in administration and their causes.

### 2.4.3.3 Suspension of payments at the turn of 2012/2013

At the turn of 2012/2013 due to the ongoing works on the annual accounts it was impossible for three months to reimburse the applications for payment. The reimbursement was suspended already starting from 12 Dec 2012 due to the modification of information systems and incorporation of new items in

the Integrated Information System of the State Treasury. Before the IS was modified no applications for payment could be approved.

In the course of March the approval and reimbursement of applications for payment were relaunched, the suspension of processes resulted in low absorption of funds in the period concerned and in the increased costs of beneficiaries' loans and accumulation of higher number of applications for payment at IOP MA and IBs that shall be administered in a short period of time.

In making the absorption forecasts the IOP MA shall take into account the suspension of reimbursement of funds due to works done on annual accounts.

Addressing this problem or mitigating its impacts is not within the remit of IOP MA which will inform the top officials of the Ministry and insist on cutting shorter the excessively long period during which the applications for payment cannot be reimbursed.

## 2.5 Measures Adopted in Response to the Conclusions of the Previous Monitoring Committee Meeting

The previous 10<sup>th</sup> meeting of the IOP Monitoring Committee was held on 21 November 2012. The meeting arrived at a number of conclusions and assigned multiple tasks to the MA and individual IBs, which are attached to this Report as Annex No 3.

## 2.6 Analysis of Risks in relation to the Fulfilment of n+3/n+2 Rule

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

In order to fulfil the n+3 rule by the end of 2011 – 2013 period, the allocation for 2008 – 2010 shall be certified, while for the fulfilment of n+2 rule by the end of 2013-2015 period the allocation for 2011-2013 period shall be certified. In 2013 both the targets for n+3 and n+2 rule shall be achieved, i.e. the allocation for 2010 and 2011 shall be absorbed.

In 2010 the n+3 rule was cancelled and the allocation for 2007 was spread over the following years of the programming period. The specific amounts of allocations (“Total EU allocation for 2007-2013 – annual“ column) and targets (“a” column – “n+3/n+2 targets - aggregate“) are given in the two tables below in a breakdown by objective. For the fulfilment of n+3/n+2 rule, the advance payments can be considered (column “b” in the tables – “Advance payments from the EC – annual“), which will reduce the target for the given year.

In IOP 8 interim applications for payment were submitted to the EC, 7 interim payments were reimbursed by the EC and the eighth interim application for payment was withdrawn due to the high error rate stated in the Annual Control Report of the AA for 2011. To clarify the situation and reduce the error rate the MA elaborated a justification leading to the reduction of the error rate. In November the 9<sup>th</sup> interim application for payment covering the expenditure for the period from 16 Sep 2011 to 19 Oct 2012 was sent to the EC. Before 31 Mar 2013 no more interim applications for payment were submitted to the EC, the regular certification will take place as of 31 May 2013.

The target for the fulfilment of n+3 rule in 2012 for the Convergence objective was EUR 478 million. The payment requests sent to the EC, including the advance payments, amounted to EUR 546 million. Thus the n+3 rule in 2012 was fulfilled.



**Table No 7 - Fulfilment of n+3/n+2 rule (in EUR) under CONV objective**

Financing plan – year	Total EU allocation for 2007-2013 – annual	n+3/n+2 targets – aggregate *	EC advance payments – annual	Interim /final applications for payment submitted to the EC – annual <sup>5</sup>	Advance payments from EC + payment claims from the CR – annual	Advance payments from EC + payment claims - aggregate	Difference between the payments and the targets – 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
As of 31 Mar 2013	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>	

Note: The n+3 rule is applicable to 2007-2010 period, the n+2 rule is applicable to 2011-2013 period, the n+3/n+2 rule coincide in 2013. In 2010, the n+3 rule was cancelled and the allocation for 2007 was spread over the following years of the programming period.

Source: IOP MA, MSC2007 as of 31 Mar 2013

In Regional competitiveness and employment objective the target that shall be achieved before the end of 2012 is EUR 10 million, the interim applications for payment sent to the EC, advance payments inclusive, totalled EUR 10 million. The n+3 rule in 2012 was fulfilled.

**Table No 8 - Fulfilment of n+3/n+2 rule (in EUR) under RCE objective**

Financing plan – year	Total EU allocation for 2007-2013 – annual	n+3/n+2 targets – aggregate *	EC advance payments – annual	Interim/final applications for payment submitted to the EC - annual <sup>6</sup>	Advance payments from EC + payment claims from the CR – annual	Advance payments from EC + payment claims - aggregate	Difference between the payments and the targets – 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
As of 31 Mar 2013	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>	

<sup>5</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. In 2011, if it is included, the annual applications under the CONV objective totalled EUR 161 325 666.

<sup>6</sup> When the 8<sup>th</sup> interim payment is included, the annual applications (payment claim) in 2011 under the RCE objective amounted to EUR 3 580 801.

*Note: The n+3 rule is applicable to 2007-2010 period, the n+2 rule is applicable to 2011-2013 period, the n+3/n+2 rule coincide in 2013. In 2010, the n+3 rule was cancelled and the allocation for 2007 was spread over the following years of the programming period.*

*Source: IOP MA, MSC2007 as of 31 Mar 2013*

The Managing Authority monthly monitors the fulfilment of n+3/n+2 rule in 2012 by individual objective, grant provider and intervention area. The progress and the volume of absorbed funds in the monitored stages of administration are compared against the targets for 2012 and 2013 and the targets minus the advance payments from the EC.

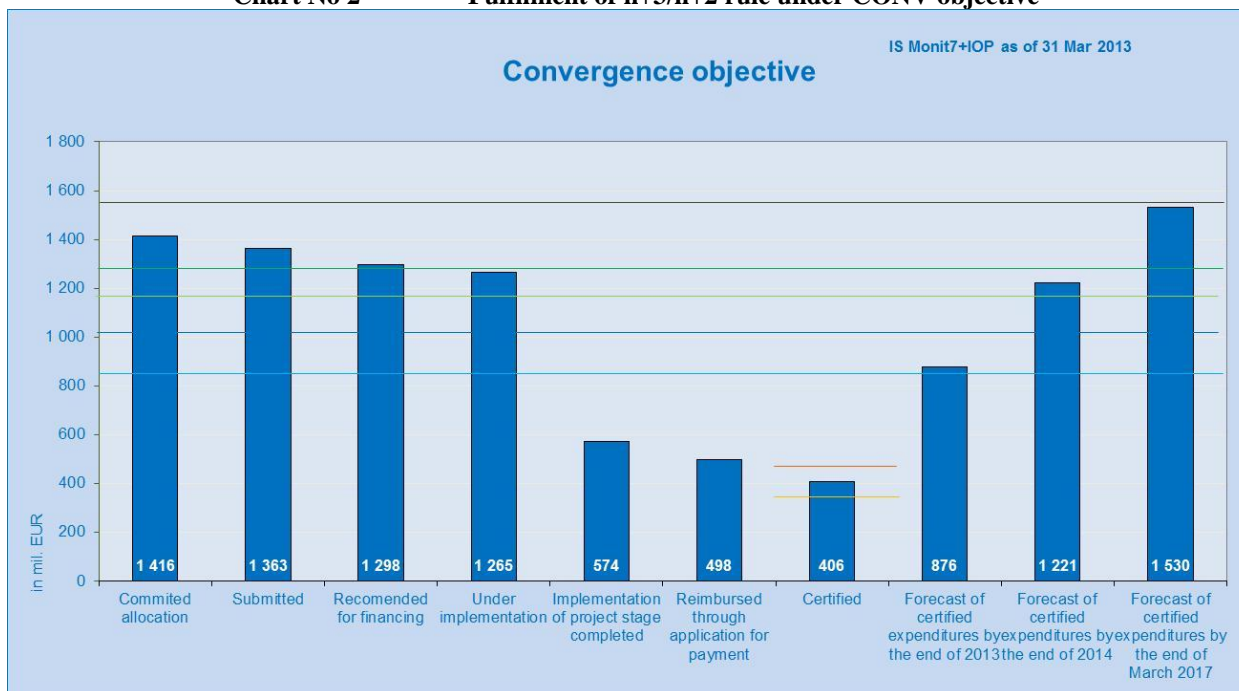
In the following charts the given volumes of funds are broken by the stage of project administration:

- **Committed allocation** is the allocation for the on-going calls and financial requirements of projects submitted in the already closed calls;
- **Submitted projects** comprise the funds of submitted project applications which were not rejected;
- **Recommended for financing** covers the funds of projects recommended for financing;
- **Implementation of a project stage completed** bar gives cumulative sums total of all the amounts under the completed project stages;
- **Reimbursed applications for payment (payment claims)** are the applications for payment that were paid already to aid beneficiaries;
- **Certified** bar gives the current volume of certified expenditure;
- The last three bars represent the **forecast of certified expenditure in 2013, 2014 and 2015**. The forecasts are based on the planned timetables of projects modified in cooperation with the IBs.

Chart No 2 illustrates the fulfilment of n+3/n+2 rule under the Convergence objective. The volume of funds at individual stages of project administration and especially the forecasts of certified expenditure in individual years are compared against the targets for the given years.

Under the Convergence objective the volume of funds claimed by submitted projects amounted to EUR 1 363 million, of which EUR 1 298 million was recommended for financing. The amount of completed stages as of 31 Mar 2013 equals EUR 574 million and EUR 498 million was paid to beneficiaries. The certified expenditure amounted to EUR 406 million. Before the end of 2013 certification of expenditure amounting to EUR 876 million is anticipated. The target for 2013, with the use of advance payments, is EUR 862 million.

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



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

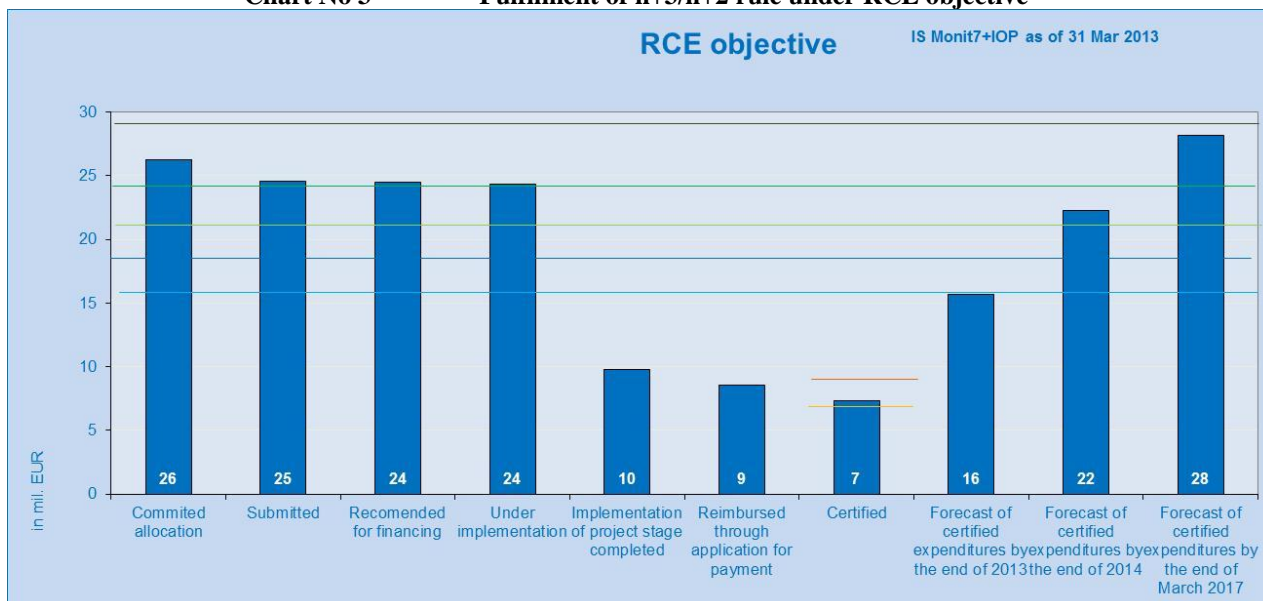
Chart No 3 illustrates the fulfilment of n+3/n+2 rule under the Regional competitiveness and employment objective. As of 31 Mar 2013 projects in the volume of EUR 25 million were submitted, of which EUR 24 million was recommended for financing. The amount at stages with completed implementation equals EUR 10 million and beneficiaries were paid EUR 9 million. The certified expenditure totals EUR 7 million. By the end of 2013 certification of expenditure in the amount of EUR 15.6 million is anticipated, the target for 2013 is EUR 16.2 million.

Based on the forecasts the IOP MA expects a decommitment of EUR 0.6 million under RCE in 2013.

The IOP MA adopts measures with the view to maximize the absorption of funds in 2013, e.g. extraordinary division of projects into stages or intensive talks with the OPC, etc. More information on measures taken in order to fulfil the n+3/n+2 rule is given in Chapter 2.4.3 Risk of non-fulfilment of n+3/n+2 in 2013.

In 2014, judging from the forecasts, the n+2 target should be achieved in both the objectives with a reserve in the amount of CZK 2 billion. At the end of the Programme implementation the decommitment is estimated to reach CZK 1.6 billion, of which CZK 1.2 billion is the currently kept exchange rate reserve. In the second quarter of the year the IOP MA will conduct an analysis of savings made in the Programme and in case they exceed the exchange rate reserve it shall decide to cancel the exchange rate reserve.

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



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

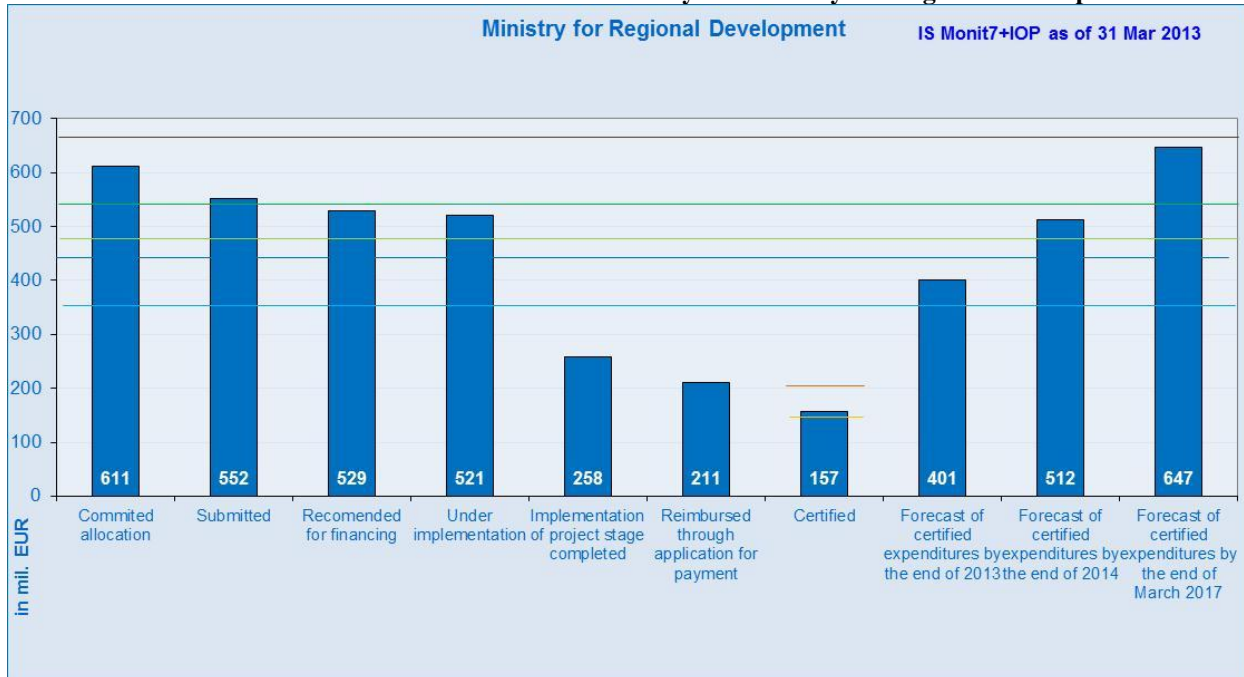
### 2.6.1 Analysis of risks in relation to the fulfilment of n+3/ n+2 rule by the Managing Authority and Intermediate Bodies

The n+3/ n+2 rule shall be fulfilled at the level of objectives. For the purpose of monitoring the absorption of funds and Programme management, the MA monitors the fulfilment of n+3/n+2 rule also by individual ministry and intervention area.

#### Ministry for Regional Development

The Ministry for Regional Development is responsible for Intervention areas 2.1, 3.4, 4.1, 5.2, 5.3 and Priority axis 6. In total, the applications requesting EUR 552 million were received, of which EUR 529 million was recommended for financing and the completed stages total EUR 258 million. The certified expenditure amounts to EUR 157 million and the target for 2012, minus the received advance payments, accounted for EUR 144 million. By the end of 2013 expenditure in the amount of EUR 401 million is expected to be certified, the target for 2013 is EUR 364 million.

**Chart No 4 - Fulfilment of n+3/n+2 rule by the Ministry for Regional Development**



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

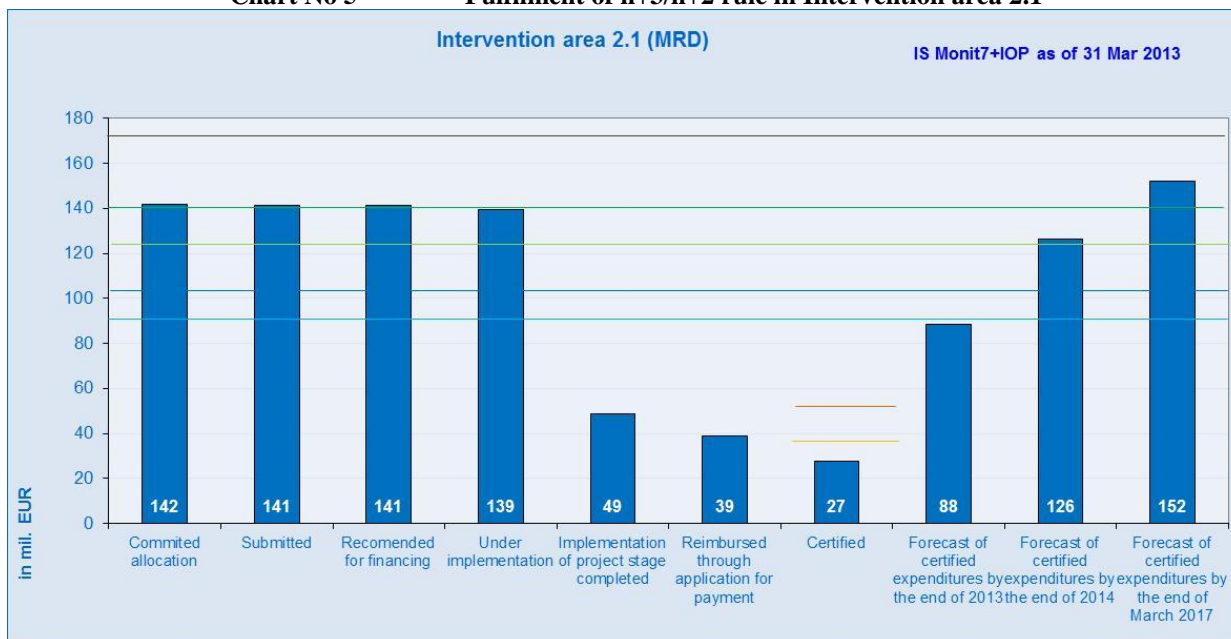
Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 2.1 the submitted project applications equal EUR 141 million and applications in the same volume of funds were recommended for financing. The completed stages amount to EUR 49 million. The certified expenditure totals EUR 27 million. The target for 2012, minus the advance payments, was EUR 37 million. By the end of 2013 expenditure in the amount of EUR 88 million is expected to be certified, the target for 2013, minus the received advance payments, equals EUR 94 million.

The main reason behind the non-fulfilment of n+3/n+2 rule is the postponement in project implementation due to delays in tenders or delays in the implementation of umbrella projects in Intervention area 1.1 to which the projects are linked. When discussing the postponements in project timetables with beneficiaries, the IOP MA and CRD CR highlight the necessity to absorb funds in 2013. To that end it is necessary to divide the projects into stages so that at least some of the funds are absorbed in 2013, provided it is possible based on the concluded contracts with contractors.

Chart No 5 - Fulfilment of n+3/n+2 rule in Intervention area 2.1



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

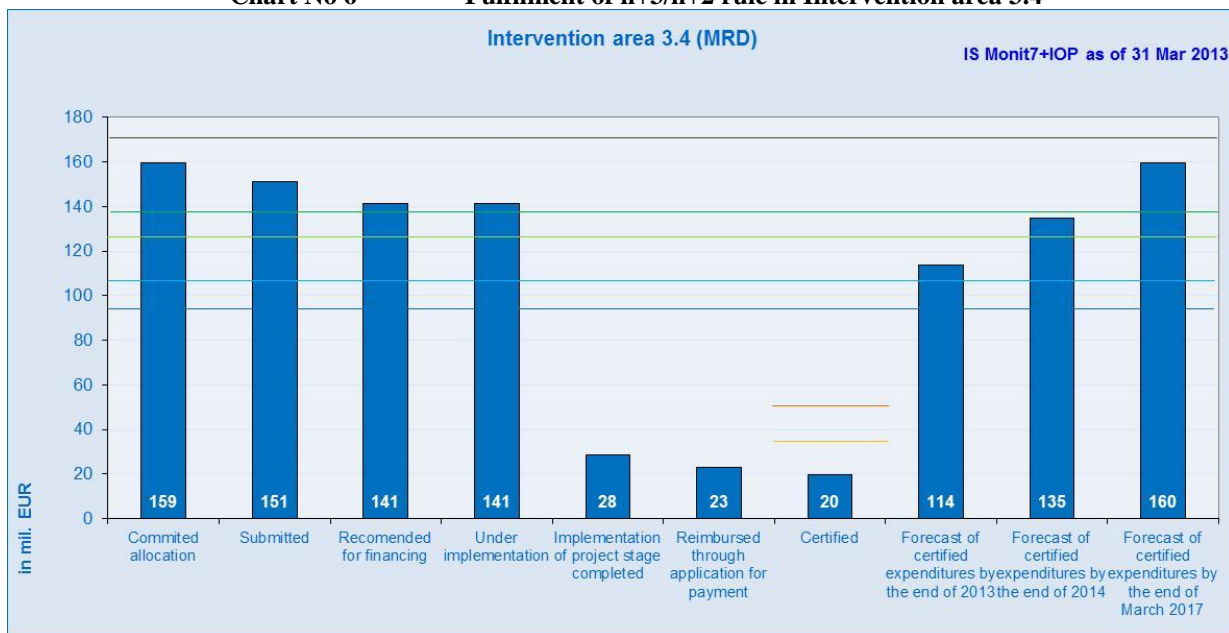
Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 3.4 the volume of submitted applications amounted to a total of EUR 151 million, of which EUR 141 million was recommended for financing. The completed stages represent EUR 28 million. The certified expenditure reaches EUR 20 million. The 2012 target, minus the received advance payments, amounts to EUR 37 million. By the end of 2013 the certified expenditure is expected to reach EUR 114 million, the 2013 target being EUR 110 million.

Non-fulfilment of n+3/n+2 rule in 2012 is caused first and foremost by delays in implementation of projects due to delays in tenders and postponements in the implementation of projects following from the umbrella project (for more see Chapter 3.3.4 Problems and measures taken in Intervention area 3.4). The IOP MA and CRD CR in their discussions with beneficiaries stress the necessity to absorb funds in the course of 2013. To that end it is necessary to divide the projects into stages so that funds are absorbed and the volume of certified expenditure in 2013 is as high as possible, provided it is allowed for by the concluded contracts with contractors.

Chart No 6 - Fulfilment of n+3/n+2 rule in Intervention area 3.4



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

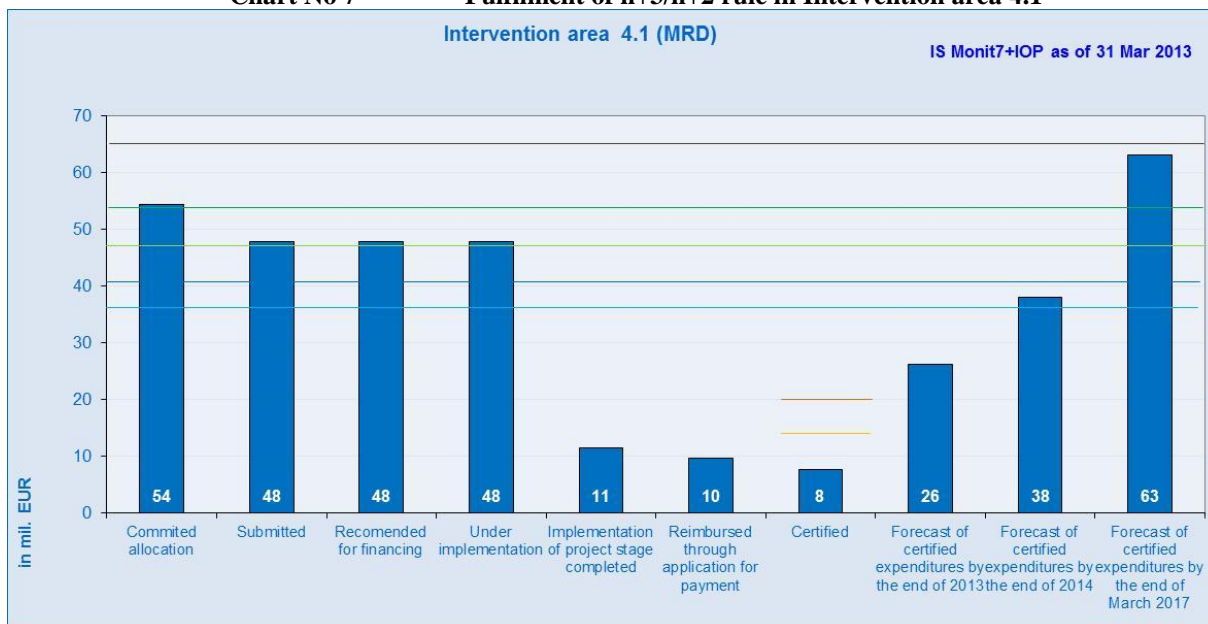
- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 4.1 the submitted project applications amount to EUR 48 million and projects in the same volume of funds were recommended for financing and are under implementation. The completed stages equal EUR 11 million and the certified expenditure reached EUR 8 million. The target for 2012, minus the received advance payments, totalled EUR 14 million. By the end of 2013 the certified expenditure is expected to reach EUR 26 million, with the target for 2013, minus the received advance payments, being EUR 36 million.

The fulfilment of n+3/n+2 rule in 2010 and 2011 was affected by slow preparation of projects of main beneficiaries under this intervention area (MRD Tourism Department and the Czech Headquarters of Tourism – CzechTourism).

In March 2013 the MA invited the main beneficiary to present realistic absorption forecasts linked to the concluded contracts with contractors. It became apparent that the volume of applications for payment in 2013 will be lower than anticipated. The main problem is the protracted process of preparation of numerous tender documentations that are subject to several stages of control. The average time of processing the tender documentation, a call for tender and its evaluation is 3-5 months. Taking that into account the beneficiaries can reckon with no more than two stages of projects per year. The original project timetables were far too optimistic, they are not observed by the beneficiaries and are changed.

Chart No 7 - Fulfilment of n+3/n+2 rule in Intervention area 4.1



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

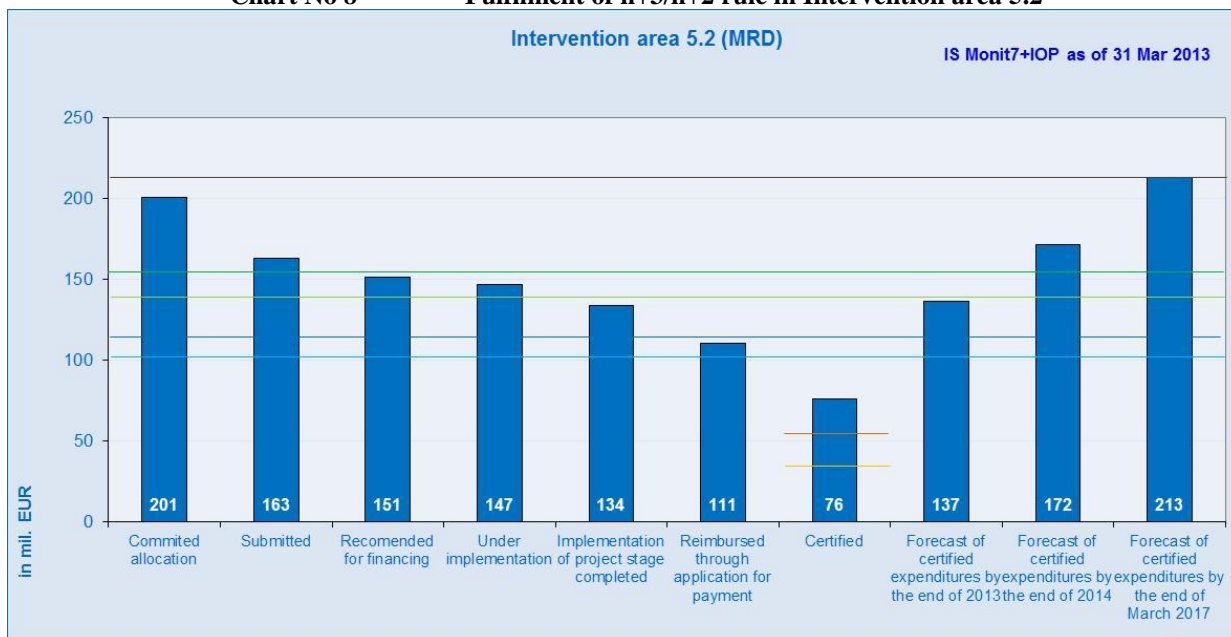
- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 5.2 the submitted project applications amounted to EUR 163 million, of which EUR 151 million was recommended for financing. The completed stages represent EUR 134 million, the certified expenditure equals EUR 76 million. The target for 2012 amounted to EUR 52 million. Expenditure in the amount of EUR 137 million is expected to be certified by the end of 2013, the target for 2013 is EUR 119 million.

Absorption of funds in individual years was smooth and as it was set out for this intervention area at the beginning of the programming period.



Chart No 8 - Fulfilment of n+3/n+2 rule in Intervention area 5.2



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

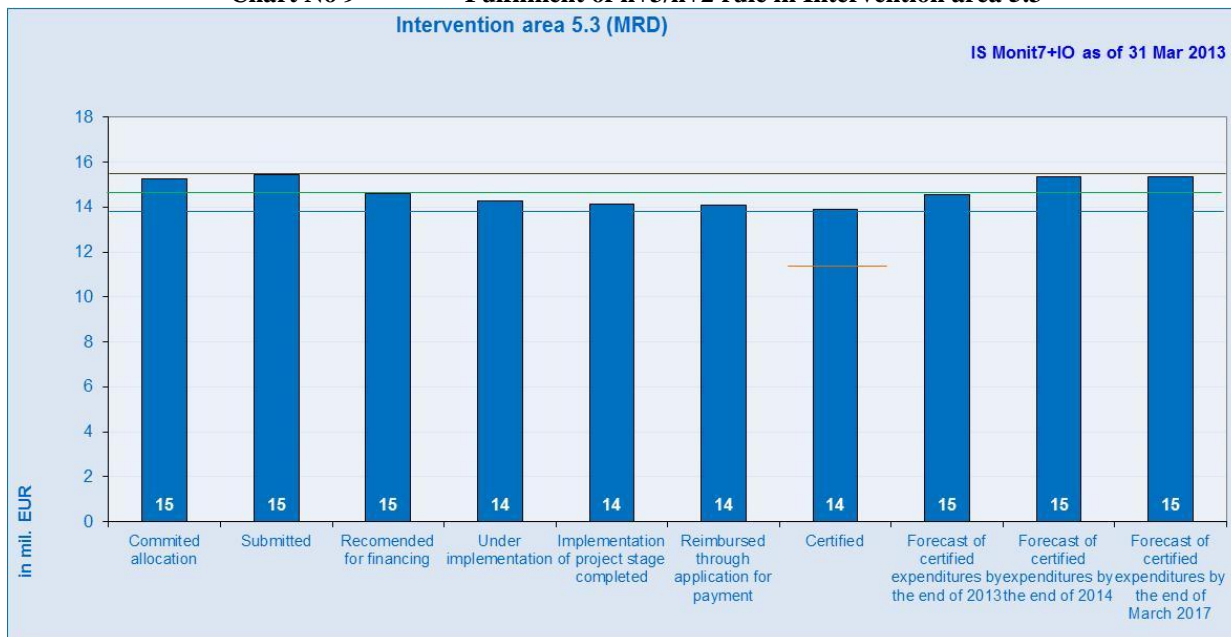
Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 5.3 the submitted project applications amounted to EUR 15.4 million, of which EUR 14.6 million was recommended for financing and the completed stages equal EUR 14.1 million. The certified expenditure reached the total of EUR 13.9 million. The target for 2012 was EUR 11.4 million. In 2013 expenditure in the amount of EUR 14.5 million is expected to be certified, the target for 2013 is EUR 13.7 million.

Chart No 9 - Fulfilment of n+3/n+2 rule in Intervention area 5.3



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

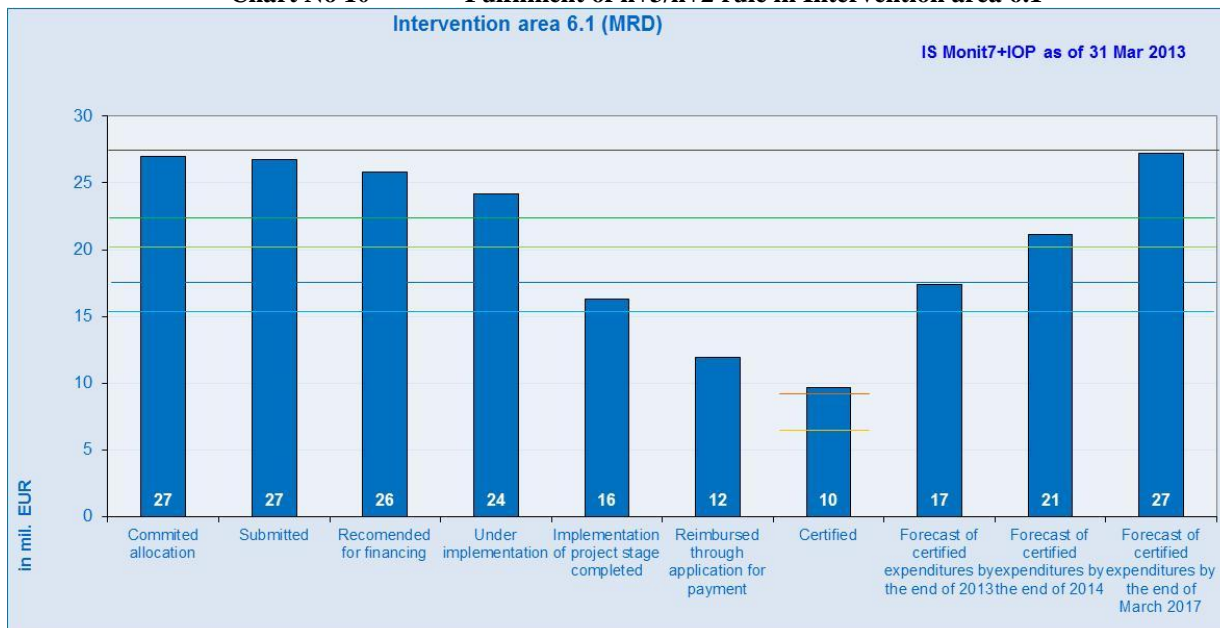
Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 6.1 the submitted project applications amounted to EUR 27 million, of which EUR 26 million was recommended for financing and the completed stages account for EUR 16 million. The certified expenditure reached EUR 10 million. The target for 2012 equalled EUR 9 million. By the end of 2013 expenditure in the amount of EUR 17 million is expected to be certified, the target for 2013 is EUR 15 million.

**Chart No 10 - Fulfilment of n+3/n+2 rule in Intervention area 6.1**



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

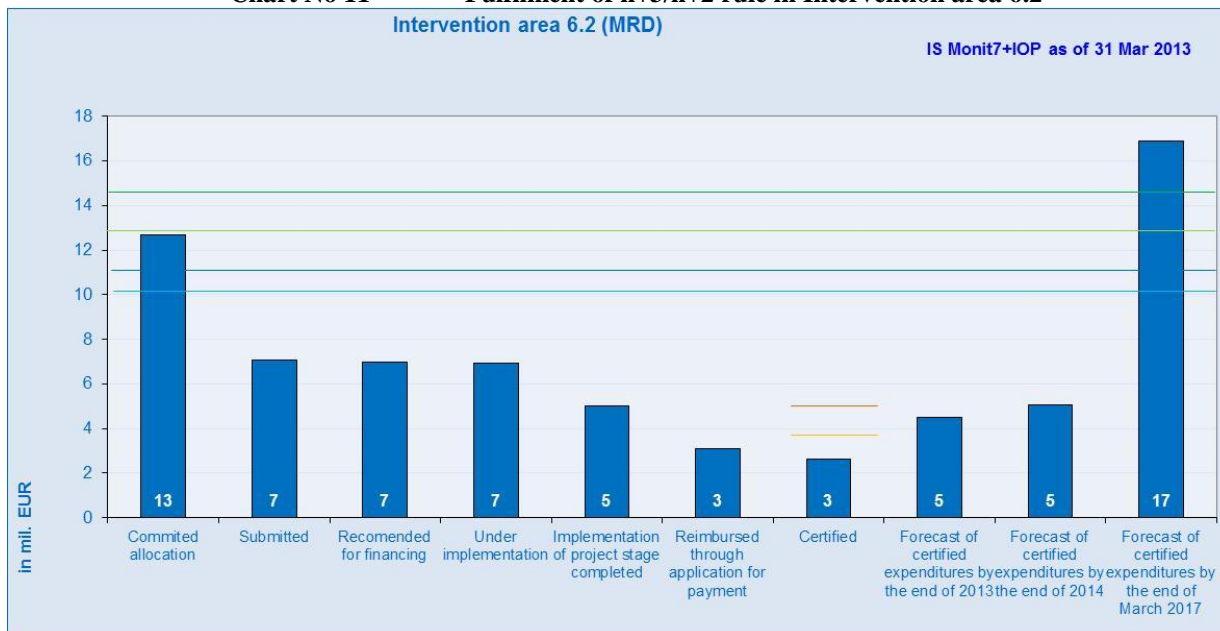
- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 6.2 the submitted project applications amount to EUR 7 million and the same amount was recommended for financing, the completed project stages account for EUR 5 million. The certified expenditure reached EUR 3 million. The limit for 2012, minus the received advance payments, was EUR 4 million. By the end of 2013 expenditure in the amount of EUR 5 million is expected to be certified, with the target for 2013, minus the advance payment, being EUR 10 million.

The main objective of priority axes 6a and 6b is to achieve responsible and effective programme administration, to safeguard effective management and monitoring of programme implementation and to maximize the quality and effectiveness of implementation and support of management activities in the framework of IOP, to enhance the programme effectiveness and preparation for the upcoming programming period.

The aim of this priority axis is not the absorption of allocation.

Chart No 11 - Fulfilment of n+3/n+2 rule in Intervention area 6.2



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

## Ministry of Interior

The Ministry of Interior is responsible for Intervention area 1.1, where the projects under implementation reached EUR 285 million and the completed stages equal EUR 120 million. The certified expenditure reached EUR 92 million. The target for 2012 is EUR 103 million, or EUR 73 million, when the advance payments are deducted. In 2013 the certified expenditure is expected to reach EUR 187 million and the target for 2013, minus the advance payments, being EUR 185 million.

Bearing in mind the risk of non-fulfilment of n+3/n+2 rule in 2013, measures are taken to improve and accelerate the implementation of projects and the associated absorption of funds. At regular one-to-one working teams' meetings, the so called project task-force (a new measure introduced by the MoI CR IB in August 2012) among other things the feasibility of the observance of set timetable and the plan of absorption is discussed. 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. The information obtained from the beneficiary and reinforced monitoring of projects helps tackle the emerging issues more quickly and effectively and to elaborate more accurate absorption forecasts.

Special stress is put on the monitoring of and work with sleeping and high-risk projects. Their problematic course of implementation, delayed timetable and consequent non-fulfilment of the financing plan and absorption of the allocation represent one of the main risks threatening the fulfilment of n+3/n+2 rule in 2013. The adopted crisis timetables for risky projects are regularly monitored and, if problems arise, trilateral meetings are initiated attended also by IOP MA representatives, at which the existing situation is dealt with.

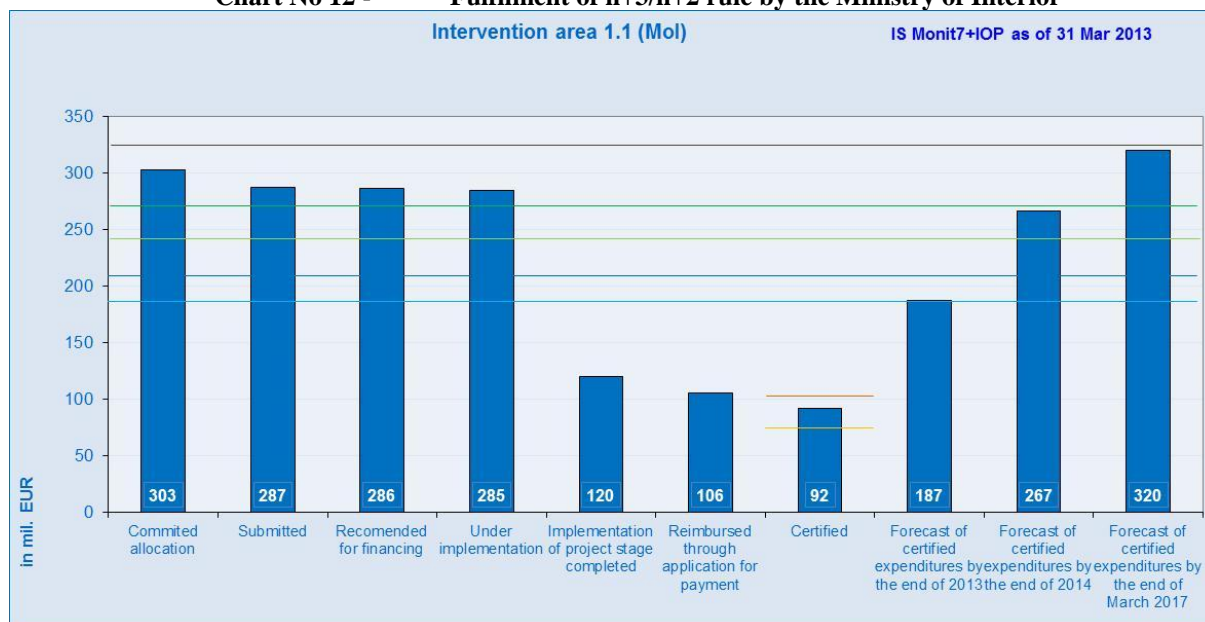
Another risk is constituted by delayed progress in implementation and absorption of projects due to the investigations led by the Office for the Protection of Competition (OPC). Complications arise in

public procurement procedures e.g. due to appeals lodged by unsuccessful applicants or due to errors made by the contracting authority and to some extent also by amendment to Act No 137/2006 Coll., on public contracts, which places higher requirements on the contracting authority, also timewise.

The MoI CR IB gets topical information on the progress achieved in individual public contracts through status reports and regular meetings with beneficiaries and addresses the respective problems and potential alternative solutions with the beneficiaries. The MoI CR IB keeps the records of public contracts investigated by the OPC. (As of 15 Apr 2013 it concerns 12 public contracts from 8 projects in the volume exceeding CZK 1 billion – EUR 38.85 million). With account taken of this factor hindering the progress in implementation and absorption of funds, it cooperates with the IOP MA which encourages the OPC to speed up the investigation of individual cases.

In order to improve the situation, the MoI IB in its procedures incorporated as much as possible the extraordinary measures adopted by IOP MA in October 2012 and their update for 2013 and 2014. Meetings with beneficiaries continue to be held on the modifications in current division of projects into stages so that the applications for payment submitted throughout the year will contribute as much as possible to the fulfilment of n+2/n+3 rule in 2013.

**Chart No 12 - Fulfilment of n+3/n+2 rule by the Ministry of Interior**



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

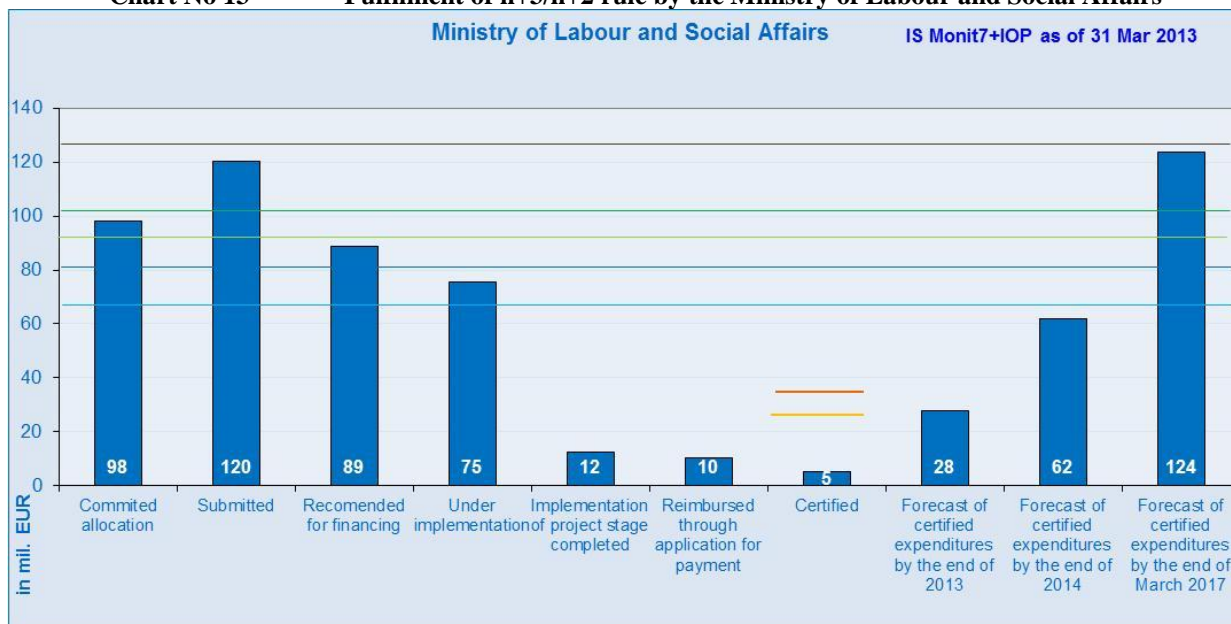
Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

## Ministry of Labour and Social Affairs

The Ministry of Labour and Social Affairs is responsible for Intervention areas 3.1 and 3.3. In total, the volume of submitted project applications equalled EUR 120 million, of which EUR 89 million was recommended for financing. The completed stages account for EUR 12 million and expenditure in the amount of EUR 5 million was certified. The target for 2012, when the advance payments are deducted, is EUR 27 million. By the end of 2013 the expenditure in the amount of EUR 28 million is expected to be certified, with the target for 2013 being EUR 69 million.

**Chart No 13 - Fulfilment of n+3/n+2 rule by the Ministry of Labour and Social Affairs**



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

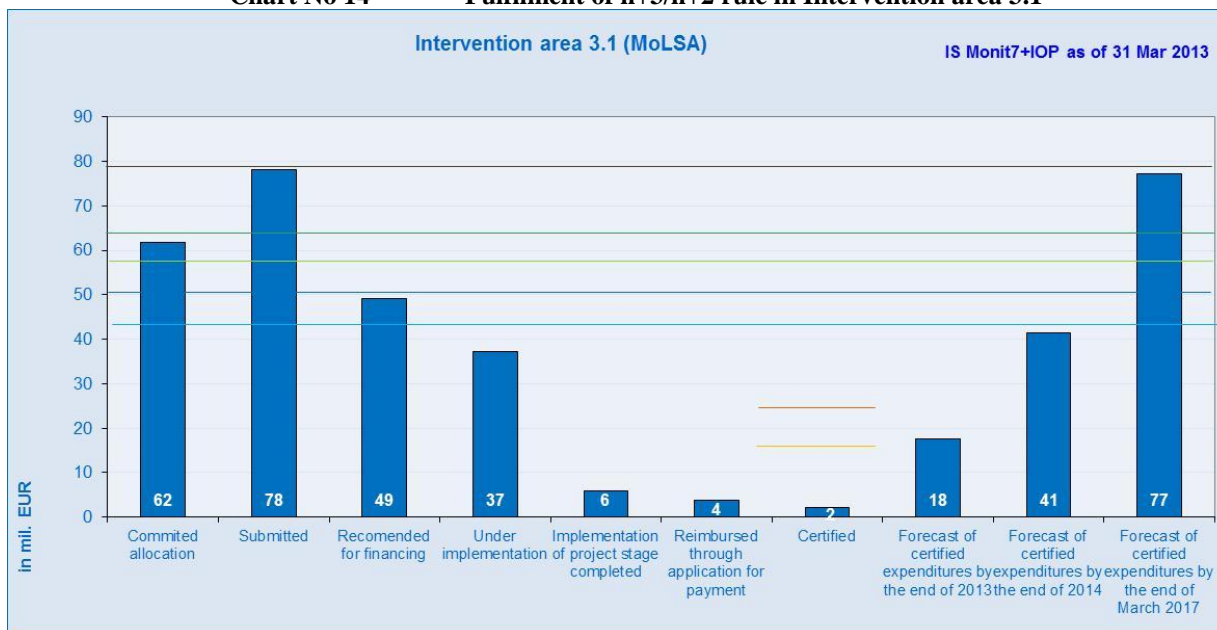
- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 3.1 the submitted project applications amounted to EUR 78 million, of which EUR 49 million was recommended for financing. The completed stages accounted for EUR 6 million and expenditure in the amount of EUR 2 million was certified. The target for 2012, in case the advance payments are deducted, is EUR 17 million. By the end of 2013 the expenditure amounting to EUR 18 million is expected to be certified, with the target for 2013, minus the advance payments, being EUR 44 million.

In the monitored period the certified expenditure increased by EUR 1.26 million and as of 31 Mar 2013 it equals EUR 2.52 million (3 % of the allocation for this intervention area). The aggregate payment claims total EUR 4.48 million.

In this intervention area the fulfilment of n+3/n+2 rule in 2013 can hardly be anticipated. The forecast volume of expenditure certified by the end of 2013 is EUR 18 million, with the target for 2013, minus the advance payments, being EUR 44 million. The MoLSA has been adopting measures to maximize the absorption in 2013, to decrease the potential decommitment and at the same time not to make commitments that would have to be paid from the budget of the ministry (or the budget of the Czech Republic). The adopted measures are discussed internally at MoLSa and also with the IOP MA.

Chart No 14 - Fulfilment of n+3/n+2 rule in Intervention area 3.1



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

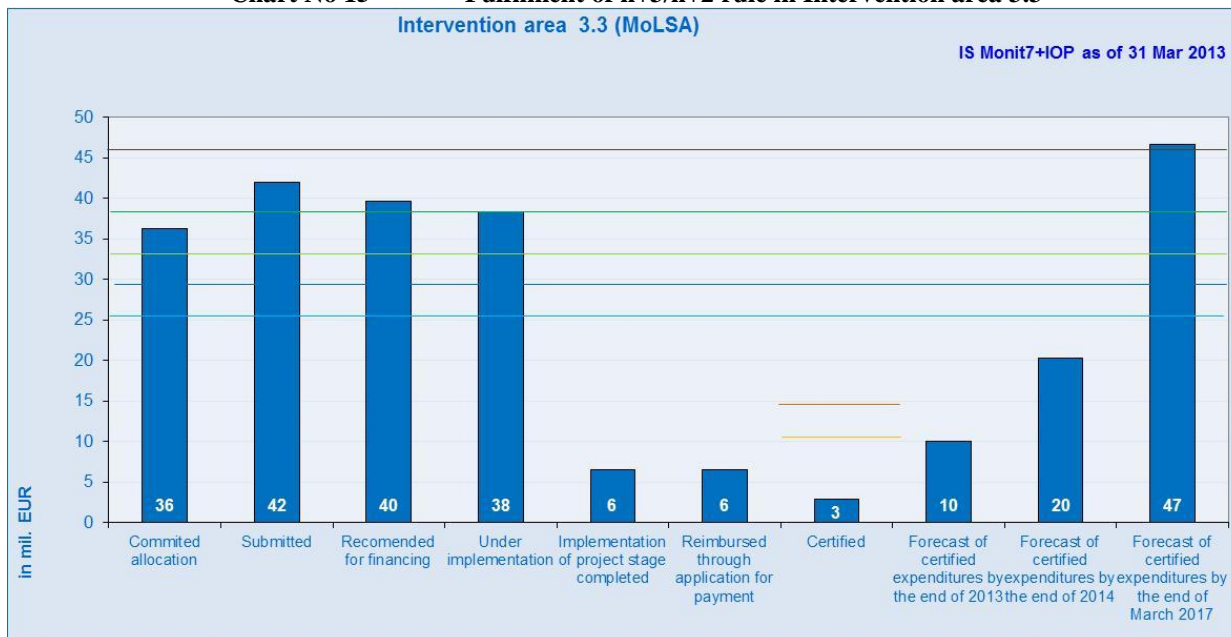
Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

In Intervention area 3.3 the submitted project applications totalled EUR 42 million, of which EUR 40 million was recommended for financing. The volume of completed stages reached EUR 6 million, the certified expenditure amounted to EUR 3 million. The target for 2012, minus the advance payments received from the EC, was EUR 10 million. By the end of 2013 expenditure in the amount of EUR 10 million is expected to be certified, with the target for 2013, minus the advance payments, being EUR 26 million.

In consequence of the to date development in the absorption of funds, the fulfilment of n+3/n+2 rule in this intervention area can hardly be anticipated. It is caused mainly by late announcement of calls and in activity c) by small interest on the part of regions. Another reason behind is the postponement in timetables of project implementation and the length of individual stages. In order to improve the situation several measures have been adopted – regular division of projects into stages, consultations with beneficiaries during the compilation of their application for payment and the resulting shorter time needed for the administration of applications for payment. Submission of new projects is planned in activity a) which will facilitate the certification of funds still in 2013, or in 2014.

Chart No 15 - Fulfilment of n+3/n+2 rule in Intervention area 3.3



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

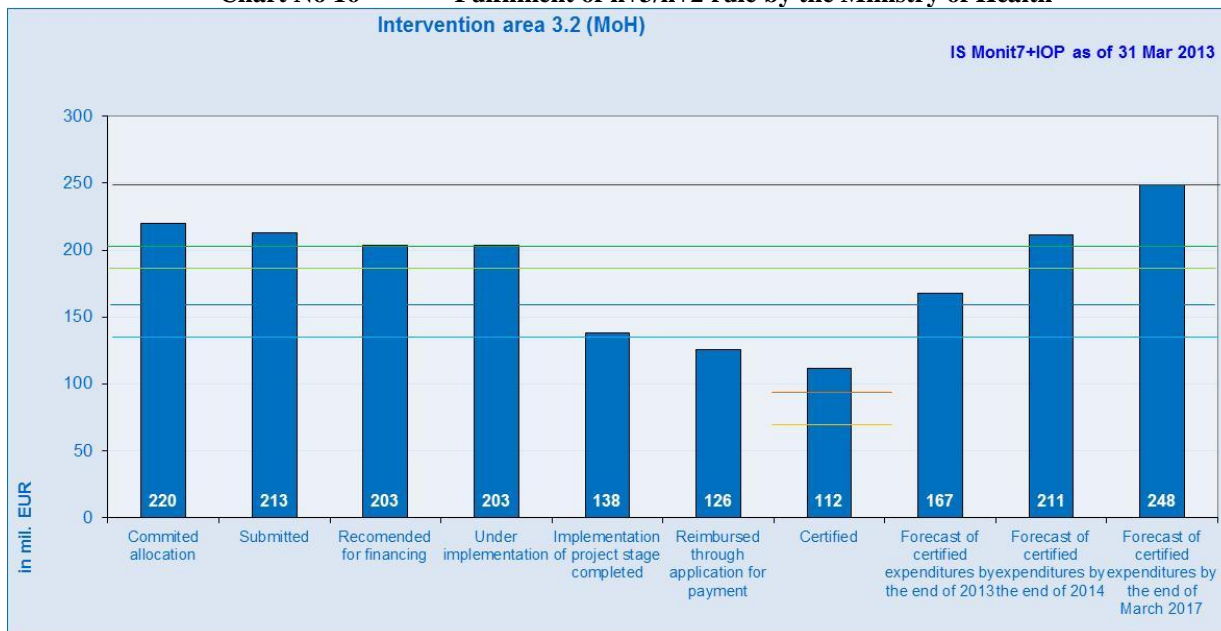
## Ministry of Health

The Ministry of Health is responsible for Intervention area 3.2. The submitted project applications amounted to a total of EUR 213 million, of which as of 31 Mar 2013 projects in the amount of EUR 203 million were recommended for financing and the same volume of projects is under implementation. The amount covered by completed stages is EUR 138 million. The certified expenditure reached EUR 112 million. The target for 2012 for this intervention area was EUR 76 million. By the end of 2013 expenditure in the amount of EUR 167 million is expected to be certified, with the target for 2013 being EUR 159 million.

As of 31 Mar 2013 the certified expenditure amounts to 45 % of the allocation for this intervention area. The fulfilment of n+3/n+2 rule is anticipated, nonetheless due to the non-fulfilment of absorption forecasts caused by protracted project implementation measures have been taken such as the division of projects into stages so that the maximum amount of funds is certified by the end of 2013.



**Chart No 16 - Fulfilment of n+3/n+2 rule by the Ministry of Health**



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

## Ministry of Culture

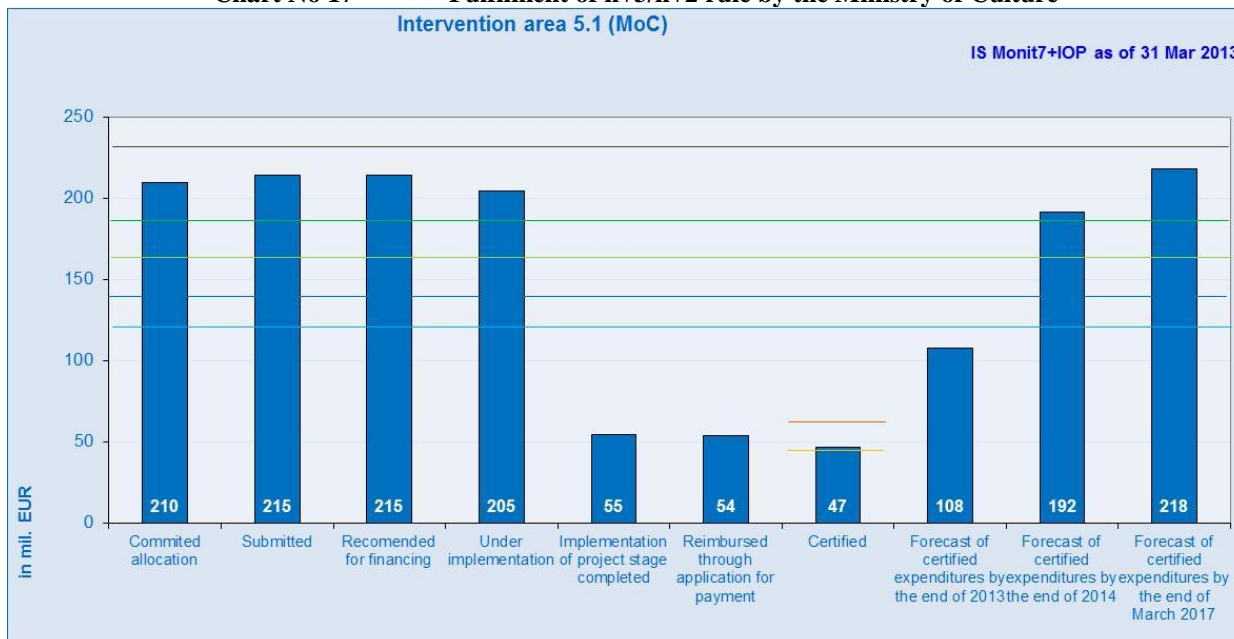
The Ministry of Culture is responsible for Intervention area 5.1, in which project applications in the volume of EUR 215 million were recommended for financing. The amount covered by completed stages is EUR 55 million and the certified expenditure equals EUR 47 million. The target for 2012, minus the advance payments, is EUR 46 million. By the end of 2013 expenditure in the amount of EUR 108 million is expected to be certified, with the target for 2013, minus the advance payments, being EUR 123 million.

The aim of non-investment projects is the restoration of national cultural monuments. The implementation of projects is highly demanding in terms of time, financial sources, organisation and technical aspects and is often influenced by external unpredictable factors (archaeological, historical, meteorological, etc.).

The MoC has adopted key measures for the sake of fulfilment of the n+3/n+2 rule:

- monthly identification of risky projects and their continuous monitoring and evaluation,
- intensive discussions and communication with beneficiaries on a day-to-day basis,
- early warning given by the MoC of potential problems in implementation, and cooperation in their removal,
- continuous update of timetables, financing plans and project activities,
- consultations and supervision during the award and conduct of public contracts.

Chart No 17 - Fulfilment of n+3/n+2 rule by the Ministry of Culture



Source: IS Monit7+ as of 31 Mar 2013; CZK/EUR exchange rate: 25.740; the data in "Planned certification" bars are as of 4 Jan 2013

Source of funding: EU contribution

Note: The "Planned certification" bars take into account the IOP MA and IB data received from beneficiaries that were not entered in IS at the time of data generation.

Note:

- orange lines – target for 2012, or reduced by received advance payments
- blue lines – target for 2013, or reduced by received advance payments
- green lines – target for 2014, or reduced by received payments
- black line – total allocation

## 2.6.2 Forecast of the progress in IOP absorption (in EUR)

### 2.6.2.1 Forecast of submitted applications for payment in the period from April to December 2013

The table below gives the anticipated development of submission of applications for payment in the period from April to December 2013. The amounts in individual months equal the amounts of planned stages as stated in the timetables of projects. In their calculation the MA considers the fact that the applications for payment are submitted by the beneficiary 20 working days following the project stage completion. Taken into account in the forecasts are also the IOP MA and IB data obtained from beneficiaries which were not entered into the IS at the time of data generation.

With regard to the set deadlines for administration of applications for payment and their subsequent submission for certification of expenditure, they shall be submitted no later than at the end of August 2013 so that the expenditure can be certified by the end of 2013. The largest volume of submitted applications for payment is foreseen in July 2013 (EUR 78.69 million) – primarily in Intervention area 5.1 (EUR 26.15 million), 1.1a and 1.1b (EUR 15.42 million) and 3.2 (EUR 15.67 million).

**Table No 9 - Forecast of submitted applications for payment by intervention area in the period from April to December 2013**

Priority axis / Intervention area	Submitted applications for payment – forecast (EUR)								
	April 13	May 13	June 13	July 13	August 13	September 13	October 13	November 13	December 13
1a	7 990 169	39 004	4 907 143	14 314 249	8 450 449	5 728 984	200 010	1 972 006	0
1b	614 628	3 000	377 473	1 101 096	650 035	440 691	15 385	151 693	0
<b>1</b>	<b>8 604 798</b>	<b>42 005</b>	<b>5 284 616</b>	<b>15 415 345</b>	<b>9 100 484</b>	<b>6 169 676</b>	<b>215 395</b>	<b>2 123 699</b>	<b>0</b>
2.1	5 918 163	582 778	8 767 073	8 423 454	3 171 635	2 656 290	17 680 570	1 894 965	0
<b>2</b>	<b>5 918 163</b>	<b>582 778</b>	<b>8 767 073</b>	<b>8 423 454</b>	<b>3 171 635</b>	<b>2 656 290</b>	<b>17 680 570</b>	<b>1 894 965</b>	<b>0</b>
3.1	3 149 334	398 393	964 980	2 785 801	1 929 962	2 262 283	3 868 941	976 451	0
3.2	2 311 577	3 744 231	3 004 727	15 675 066	0	3 143 112	8 593 318	1 384 752	4 415 677
3.3	0	652 005	738 918	38 304	2 066 771	0	146 249	113 596	0
3.4	3 750 021	657907,925	22 231 430	6 134 263	16 927 489	0	1 143 108	240 404	8 427 898
<b>3</b>	<b>9 210 932</b>	<b>5 452 537</b>	<b>26 940 055</b>	<b>24 633 434</b>	<b>20 924 222</b>	<b>5 405 396</b>	<b>13 751 616</b>	<b>2 715 203</b>	<b>12 843 576</b>
4.1a	528 818	193 931	992 450	1 558 875	3 115 852	0	1 263 424	0	0
<b>4a</b>	<b>528 818</b>	<b>193 931</b>	<b>992 450</b>	<b>1 558 875</b>	<b>3 115 852</b>	<b>0</b>	<b>1 263 424</b>	<b>0</b>	<b>0</b>
4.1b	40 678	14 918	76 342	119 913	239 681	0	97 186	0	0
<b>4b</b>	<b>40 678</b>	<b>14 918</b>	<b>76 342</b>	<b>119 913</b>	<b>239 681</b>	<b>0</b>	<b>97 186</b>	<b>0</b>	<b>0</b>
5.1	17 904 960	0	0	26 146 690	0	974 558	31 340 330	1 877 093	0
5.2	1 726 826	2 265 897	994 019	747 619	2 412 333	730 026	3 434 923	2 473 666	2 400 488
5.3	12 641	112 272	54 421	70 122	16643,357	30 315	118924,44	24077,3893	0
<b>5</b>	<b>19 644 427</b>	<b>2 378 169</b>	<b>1 048 441</b>	<b>26 964 431</b>	<b>2 428 976</b>	<b>1 734 899</b>	<b>34 894 177</b>	<b>4 374 836</b>	<b>2 400 488</b>
6.1a	263 666	657 119	256 557	1 175 428	538795,66	0	263 634	82 039	0
6.2a	50 358	18 645	0	366 830	0	13 619	0	0	0
<b>6a</b>	<b>314 025</b>	<b>675 764</b>	<b>256 557</b>	<b>1 542 257</b>	<b>538 796</b>	<b>13 619</b>	<b>263 634</b>	<b>82 039</b>	<b>0</b>
6.1b	4 848	12 082	4 717	21 612	9906,7492	0	4 847	1 508	0
6.2b	926	343	0	6 745	0	250	0	0	0
<b>6b</b>	<b>5 774</b>	<b>12 425</b>	<b>4 717</b>	<b>28 357</b>	<b>9 907</b>	<b>250</b>	<b>4 847</b>	<b>1 508</b>	<b>0</b>
<b>Convergence</b>	<b>43 606 534</b>	<b>9 322 184</b>	<b>42 911 719</b>	<b>77 436 700</b>	<b>38 629 930</b>	<b>15 539 188</b>	<b>68 053 431</b>	<b>11 039 048</b>	<b>15 244 064</b>
<b>RCE</b>	<b>661 081</b>	<b>30 343</b>	<b>458 532</b>	<b>1 249 367</b>	<b>899 622</b>	<b>440 942</b>	<b>117 419</b>	<b>153 201</b>	<b>0</b>
<b>IOP</b>	<b>44 267 614</b>	<b>9 352 527</b>	<b>43 370 252</b>	<b>78 686 066</b>	<b>39 529 552</b>	<b>15 980 129</b>	<b>68 170 850</b>	<b>11 192 250</b>	<b>15 244 064</b>

Source: IS Monit7+ as of 4 Jan 2013

Source of funding: EU contribution

CZK/EUR exchange rate: 25.740

The table below shows the fulfilment of forecasts of submitted applications for payment which is a prerequisite for the fulfilment of the n+3/ n+2 rule in 2013. Included are the applications for payment intended to be submitted by August 2013.

It is obvious from the table that in Intervention areas 5.2 and 5.3 the submitted applications for payment exceed the target, minus the advance payments received from the EC. In Intervention areas 3.2, 3.4 and 6.1 the n+3/n+2 rule will be fulfilled even when the forecasts are not fully achieved. In Intervention area 3.1 the forecast would have to be achieved to the level of 600 %, in Intervention area 3.3 to the level of 381 %. To attain the targets 104 % fulfilment have to be reached in Convergence objective and 133 % in RCE objective. The IOP MA assumes that in order to maximize the volume of

certified expenditure in 2013 a part of the payment applications submitted by beneficiaries in September, or in exceptional cases also in October, will be figured in.

**Table No 10 - Rate of fulfilment of forecasts necessary to fulfil the n+3/n+2 rule in 2013**

IA/Objective	1.1	2.1	3.1	3.2	3.3	3.4	4.1	5.1	5.2	5.3	6.1	6.2	Obj. 1	Obj. 2	IOP
Necessary rate of fulfilment of the forecasts	109%	129%	600%	26%	381%	86%	182%	191%	-50%	-61%	10%	396%	<b>104%</b>	<b>133%</b>	<b>104%</b>

Source: IS Monit7+IOP as of 4 Jan 2013

### 2.6.2.2 Forecast of approved applications for payment in the period from April to December 2013

The table below shows the forecasts of approved applications for payment by individual month, with the IOP Operational Manual setting out the maximum deadline for approval of the application for payment at 40 working days following its submission by the beneficiary. The forecasts take into account the IOP MA and IB data obtained from beneficiaries, which were not entered into IS at the time of data generation.

As concerns the approval of applications for payment in the period from April to September 2013, the largest volumes are expected to be submitted in September. According to the forecasts a total of EUR 71.78 million should be approved. The largest volumes should be approved in Intervention area 5.1 (EUR 26.15 million), 1.1a and 1.1b (EUR 15.42 million) and 3.2 (EUR 10.77 million).

**Table No 11 - Forecast of approved applications for payment by intervention area in the period from April to December 2013**

Priority axis / Intervention area	Submitted applications for payment – forecast (EUR)								
	April 13	May 13	June 13	July 13	August 13	September 13	October 13	November 13	December 13
1a	1 768 960	604 210	7 990 169	39 004	4 907 143	14 314 249	8 450 449	5 728 984	200 010
1b	136 073	46 478	614 628	3 000	377 473	1 101 096	650 035	440 691	15 385
<b>1</b>	<b>1 905 034</b>	<b>650 688</b>	<b>8 604 798</b>	<b>42 005</b>	<b>5 284 616</b>	<b>15 415 345</b>	<b>9 100 484</b>	<b>6 169 676</b>	<b>215 395</b>
2.1	3 514 787	1 397 769	5 559 937	547 502	8 236 403	7 913 583	2 979 656	2 495 505	16 610 367
<b>2</b>	<b>3 514 787</b>	<b>1 397 769</b>	<b>5 559 937</b>	<b>547 502</b>	<b>8 236 403</b>	<b>7 913 583</b>	<b>2 979 656</b>	<b>2 495 505</b>	<b>16 610 367</b>
3.1	431 880	663 650	3 281 726	454 188	694 133	2 469 326	1 829 745	2 119 850	3 739 249
3.2	665 726	3 225 881	3 990 865	3 743 856	5 655 354	10 771 101	0	4 635 802	7 099 455
3.3	0	0	0	651 488	738 918	38 304	2 066 771	0	146 249
3.4	11 568 259	8 486 750	3 407 413	597 800	20 200 333	5 573 827	15 380 968	0	1 038 672
<b>3</b>	<b>12 665 866</b>	<b>12 376 281</b>	<b>10 680 004</b>	<b>5 447 333</b>	<b>27 288 739</b>	<b>18 852 558</b>	<b>19 277 485</b>	<b>6 755 653</b>	<b>12 023 625</b>
4.1a	343 434	1 247 608	501 185	183 797	940 590	1 477 417	2 953 035	0	1 197 405
<b>4a</b>	<b>343 434</b>	<b>1 247 608</b>	<b>501 185</b>	<b>183 797</b>	<b>940 590</b>	<b>1 477 417</b>	<b>2 953 035</b>	<b>0</b>	<b>1 197 405</b>
4.1b	26 418	95 967	38 552	14 138	72 352	113 645	227 152	0	92 106
<b>4b</b>	<b>26 418</b>	<b>95 967</b>	<b>38 552</b>	<b>14 138</b>	<b>72 352</b>	<b>113 645</b>	<b>227 152</b>	<b>0</b>	<b>92 106</b>
5.1	0	0	17 904 960	0	0	26 146 690	0	974 558	31 340 330
5.2	2 215 118	104 991	1 704 187	2 263 458	980 988	737 818	2 716 441	2 761 041	1 020 873
5.3	0	51 083	12 628	116 080	54 367	70 052	16 627	30 285	118 806
<b>5</b>	<b>2 215 118</b>	<b>156 074</b>	<b>19 621 776</b>	<b>2 379 538</b>	<b>1 035 355</b>	<b>26 954 560</b>	<b>2 733 068</b>	<b>3 765 884</b>	<b>32 480 009</b>

Priority axis / Intervention area	Submitted applications for payment – forecast (EUR)								
	April 13	May 13	June 13	July 13	August 13	September 13	October 13	November 13	December 13
6.1a	0	0	263 328	0	913 347	740 719	433 757	538 796	263 296
6.2a	0	0	50 190	7 272	11 349	296 260	69 576	0	13 619
<b>6a</b>	<b>0</b>	<b>0</b>	<b>313 518</b>	<b>7 272</b>	<b>924 696</b>	<b>1 036 979</b>	<b>503 333</b>	<b>538 796</b>	<b>276 915</b>
6.1b	0	0	4 843	0	16 795	13 624	7 975	9 907	4 843
6.2b	0	0	923	134	209	5 449	1 279	0	250
<b>6b</b>	<b>0</b>	<b>0</b>	<b>5 767</b>	<b>134</b>	<b>17 004</b>	<b>19 073</b>	<b>9 255</b>	<b>9 907</b>	<b>5 093</b>
<b>Convergence</b>	<b>20 508 165</b>	<b>15 781 942</b>	<b>44 666 589</b>	<b>8 604 446</b>	<b>43 332 927</b>	<b>70 549 346</b>	<b>36 897 025</b>	<b>19 284 821</b>	<b>62 788 331</b>
<b>RCE</b>	<b>162 491</b>	<b>142 445</b>	<b>658 947</b>	<b>17 272</b>	<b>466 828</b>	<b>1 233 814</b>	<b>886 441</b>	<b>450 598</b>	<b>112 585</b>
<b>IOP</b>	<b>20 670 656</b>	<b>15 924 387</b>	<b>45 325 536</b>	<b>8 621 718</b>	<b>43 799 755</b>	<b>71 783 160</b>	<b>37 783 466</b>	<b>19 735 419</b>	<b>62 900 915</b>

Source: IS Monit7+ as of 4 Jan 2013

Source of funding: EU contribution

CZK/EUR exchange rate: 25.740

### 2.6.2.1 Submitted applications for payment – forecast compared to the actual values

Evaluation of the fulfilment of forecasts of submitted applications for payment is given in the following chart No 18 and Table No 12. The forecast data in the period from October 2012 to March 2013 are supplemented by data on actually submitted applications for payment. The last column of the table quantifies the rate of fulfilment of forecasts of submitted applications for payment in the monitored period which is clearly depicted in the chart.

In **Intervention area 1.1** the forecasts of submitted applications for payment are fulfilled to the level of 84.9 %. With the view to fulfil the forecast amounts of submitted applications for payment the MoI has adopted measures consisting in more intensive communication with beneficiaries (regular working one-to-one meetings, reinforced monitoring and regular evaluation of risky projects). The adopted measures resulted in more accurate forecasts of amounts covered by submitted applications for payment.

In **Intervention area 2.1** the forecasts are fulfilled to the level of 38.1 %. It is mostly caused by delays in tenders leading to delays in project activities and absorption of funds. Measures adopted by IOP MA are described in more detail in Chapter 3.2.4 Problems and measures taken in Intervention area 2.1

Non-fulfilment of forecasts in **Intervention area 3.1** is brought about especially by high numbers of projects rejected during their administration prior to the issuance of the Decision, or prior to the commencement of financing. In the monitored period it concerned more than 55 % of project applications. The projects are most frequently rejected on the grounds of not meeting the evaluation requirements (34.8 %), the second most frequent reason is the withdrawal of the project from implementation by the applicant (10.9 %).

Last year the MoLSA took measures which were supposed to reduce the risk of non-fulfilment of forecasts and thus also the non-fulfilment of n+3/n+2 rule. Ranking among them were especially the division of time consuming and financially demanding projects into shorter stages and adoption of follow-up measures ensuing from the evaluation called “Identification of barriers to the absorption of funds in Intervention areas 3.1 and 3.3 of IOP”. That brought positive results in the monitored period in Intervention area 3.1, namely in the form of increased fulfilment of forecasts of submitted applications for payment as against the previous period by approximately 30 % (whereas the rate of fulfilment of forecasts as of 30 Sep 2013 was 33 %, as of 31 Mar 2013 it was 63.3 %), and in

approved applications for payment by roughly 46 % (whereas as of 30 Sep 2013 the rate of fulfilment of forecasts was 0 %, as of 31 Mar 2013 it was 46.2 %).

When comparing the forecasts and the actual values of submitted applications for payment in **Intervention area 3.2** the rate of fulfilment is 43.1 %. The low fulfilment is caused by prolongation of stages/projects due to protracted tenders. The MoH sent a letter to beneficiaries informing them that the extension of project implementation will be approved in exceptional cases only.

Low fulfilment of forecasts in **Intervention area 3.4** is most strongly affected by a postponed conclusion of the contract with Česká pošta for the implementation of an umbrella part of IRS NIS project. This causes delays in the implementation of projects from the 11<sup>th</sup> call “Uniform standard of information systems of operational management and modernisation of technologies for the receipt of emergency calls of basic units of the Integrated Rescue System“ and funds are not being absorbed.

The non-fulfilment of forecasts in **Intervention area 4.1** is caused by the fact that beneficiaries do not follow the approved timetables and submit lower number of applications for payment for small volumes of funds. The bottleneck of projects implemented under this intervention area is little experience of the implementing teams with project management and high turnover of staff. With respect thereto the IOP MA has no tools to directly influence the situation. The selection of individual employees is within the remit of beneficiaries. The training of new employees is ineffective due to high turnover, the work procedures are described in handbooks, therefore the only thing to be done is to inform the new employees of the existence of handbooks and their observance, which is done both by the IOP MA and CRD CR. Due to low rate of absorption of funds the cooperation with beneficiaries was reinforced, the timetable of development of tender documentation and announcement of tenders is checked. The CRD and Managing Authority staff reduced the time necessary for administrative processes linked to the control and approval of applications for payment and notification of a change.

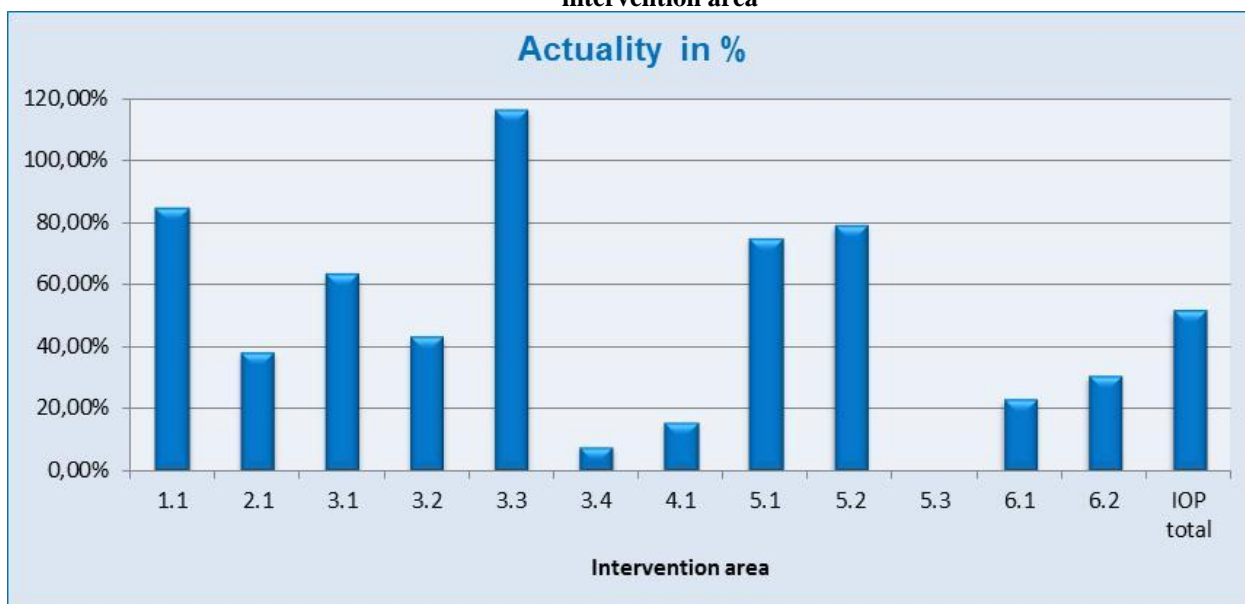
Of the forecast volume of submitted applications for payment in **Intervention area 5.1** of EUR 19.56 million, the actually submitted volume of applications was EUR 14.66 million. The forecast of submitted applications for payment in Intervention area 5.1 was fulfilled to the level of 75.0 %.

The gap was caused by several factors, namely by poor performance of project teams with respect to the design of financing plans of projects, substandard quality of supplies, non-compliance with project timetables. The MoC IB resorted to cut the labour costs of project teams by 5 % in the event of repeated wrong project management. When evaluating the changes in projects the MoC IB reduces the deadlines for their administration to minimum so as to prevent unnecessary delays in project implementation.

The forecast of submission of applications for payment in **Intervention area 5.2** is fulfilled to the level of 78.9%. The rate of fulfilment of the forecast matches the trends brought about by extension of implementation period in some projects, or by other unpredictable events.

**In Intervention area 5.3** the forecasts of applications for payment in the monitored period referred to projects under the 17<sup>th</sup> call, in which the receipt of applications was closed on 8 Jan 2013. No application for payment was submitted.

**Chart No 18 - Rate of fulfilment of forecasts of submitted applications for payment by intervention area**



Source: IS Monit7+IOPas of 3 Apr 2013

**Table No 12 - Comparison of forecast and actual values of submitted applications for payment by intervention area**

Priority axis / Intervention area	Submitted applications for payment – forecast and actual (in EUR)						SUM TOTAL for the period from October to March	Difference between the actual and the forecast	Rate of fulfilment of the forecast
	October 12	November 12	December 12	January 13	February 13	March 13			
1.1a	10 660 366	4 247 343	0	23 273 079	2 023 939	604 210	40 808 937	-6 163 237	84,9%
Actual	413 501	9 777 152	779 623	21 275 283	1 961 682	438 459	34 645 700		
1.1b	820 028	326 719	0	1 790 237	155 688	46 478	3 139 149	-474 095	84,9%
Actual	31 808	752 089	59 971	1 636 560	150 899	33 728	2 665 054		
2.1	12 974 051	3 829 986	0	14 266 238	3 741 244	1 487 827	36 299 346	-22 482 304	38,1%
Actual	2 580 708	908 629	664 790	5 193 790	2 206 664	2 262 462	13 817 042		
3.1	4 052 219	2 496 967	184 052	1 927 838	411 232	719 321	9 791 629	-3 590 669	63,3%
Actual	1 056 796	1 819 819	1 041 684	1 929 657	302 423	50 580	6 200 959		
3.2	3 617 237	9 014 493	0	4 998 809	0	3 226 204	20 856 743	-11 872 795	43,1%
Actual	1 077 503	1 346 499	1 753 296	4 270 832	535 819	0	8 983 949		
3.3	287 203	571 606	0	3 084 467	0	0	3 943 277	648 206	116,4%
Actual	903 581	316 703	286 731	3 084 467	0	0	4 591 483		
3.4	3 922 210	465 287	0	26 589 984	12 731 415	9 340 073	53 048 970	-49 083 044	7,5%
Actual	0	227 474	0	793 764	777 054	2 167 632	3 965 925		
3	11 878 868	12 548 354	184 052	36 601 099	13 142 647	13 285 598	87 640 618	-63 898 302	27,1%
Actual	3 037 880	3 710 495	3 081 712	10 078 720	1 615 297	2 218 212	23 742 316		
4.1a	2 449 279	0	0	7 174 149	362 370	1 316 395	11 302 194	-9 543 772	15,6%
Actual	147 659	0	235 561	1 130 836	244 366	0	1 758 422		
4.1b	174 620	0	0	551 736	27 875	101 261	855 491	-720 228	15,8%

Priority axis /	Submitted applications for payment – forecast and actual (in EUR)						SUM TOTAL for the period from October to March	Difference between the actual and the forecast	Rate of fulfilment of the forecast
Intervention area	October 12	November 12	December 12	January 13	February 13	March 13			
<b>Actual</b>	11 358	0	18 120	86 987	18 797	0	135 263		
5.1	10 567 211	0	0	8 992 596	0	0	19 559 806	<b>-4 894 409</b>	<b>75,0%</b>
<b>Actual</b>	5 703 569	0	0	8 961 828	0	0	14 665 397		
5.2	16 198 018	23 314 373	54 101	5 522 554	2 244 543	106 386	47 439 974	<b>-10 006 171</b>	<b>78,9%</b>
<b>Actual</b>	8 461 388	20 937 734	2 203 776	3 284 361	2 037 575	508 970	37 433 803		
5.3	0	0	0	51 317	0	51 134	102 451	<b>-102 451</b>	<b>0,0%</b>
<b>Actual</b>	0	0	0	0	0	0	0		
<b>5</b>	<b>26 765 229</b>	<b>23 314 373</b>	<b>54 101</b>	<b>14 566 466</b>	<b>2 244 543</b>	<b>157 520</b>	67 102 231	<b>-15 003 031</b>	<b>77,6%</b>
<b>Actual</b>	<b>14 164 957</b>	<b>20 937 734</b>	<b>2 203 776</b>	<b>12 246 188</b>	<b>2 037 575</b>	<b>508 970</b>	52 099 200		
6.1a	811 906	141 703	0	2 595 435	0	0	3 549 045	<b>-2 730 164</b>	<b>23,1%</b>
<b>Actual</b>	566 928	0	0	251 954	0	0	818 881		
6.2a	50 844	0	0	1 002 662	0	0	1 053 506	<b>-731 426</b>	<b>30,6%</b>
<b>Actual</b>	37 742	0	0	284 339	0	0	322 081		
<b>6a</b>	<b>862 751</b>	<b>141 703</b>	<b>0</b>	<b>3 598 097</b>	<b>0</b>	<b>0</b>	4 602 551	<b>-3 461 589</b>	<b>24,8%</b>
<b>Actual</b>	<b>604 669</b>	<b>0</b>	<b>0</b>	<b>536 292</b>	<b>0</b>	<b>0</b>	1 140 962		
6.1b	14 928	2 605	0	47 722	0	0	65 256	<b>-50 199</b>	<b>23,1%</b>
<b>Actual</b>	10 424	0	0	4 633	0	0	15 057		
6.2b	935	0	0	18 436	0	0	19 371	<b>-13 449</b>	<b>30,6%</b>
<b>Actual</b>	694	0	0	5 228	0	0	5 922		
<b>6b</b>	<b>15 863</b>	<b>2 605</b>	<b>0</b>	<b>66 158</b>	<b>0</b>	<b>0</b>	84 626	<b>-63 648</b>	<b>24,8%</b>
<b>Actual</b>	<b>11 118</b>	<b>0</b>	<b>0</b>	<b>9 861</b>	<b>0</b>	<b>0</b>	20 979		
<b>Forecast TOTAL</b>	<b>66 601 056</b>	<b>44 411 082</b>	<b>238 153</b>	<b>101 887 260</b>	<b>21 698 305</b>	<b>16 999 289</b>	<b>251 835 144</b>	<b>-121 810 207</b>	<b>51,6%</b>
<b>Actual TOTAL</b>	<b>21 003 658</b>	<b>36 086 099</b>	<b>7 043 552</b>	<b>52 194 518</b>	<b>8 235 279</b>	<b>5 461 830</b>	<b>130 024 937</b>		

Source: IS Monit7+ as of 3 Apr 2013

Source of funding: EU contribution

CZK/EUR exchange rate: 25.740



**Table No 13 - Comparison of forecast and actual values of submitted applications for payment by ministry**

IOP	Submitted applications for payment – forecast and actual						SUM TOTAL for the period from October to March	Difference between the actual and the forecast	Rate of fulfilment of the forecast	Ministry
	October 12	November 12	December 12	January 13	February 13	March 13				
Forecast	11 480 394	4 574 062	0	25 063 316	2 179 627	650 688	43 948 086	-6 637 332	84,90%	MoI
<b>Actual</b>	<b>445 308</b>	<b>10 529 241</b>	<b>839 594</b>	<b>22 911 844</b>	<b>2 112 581</b>	<b>472 187</b>	<b>37 310 754</b>			
Forecast	4 339 422	3 068 573	184 052	5 012 305	411 232	719 321	13 734 905	-2 942 463	78,58%	MoLSA
<b>Actual</b>	<b>1 960 377</b>	<b>2 136 522</b>	<b>1 328 416</b>	<b>5 014 124</b>	<b>302 423</b>	<b>50 580</b>	<b>10 792 442</b>			
Forecast	3 617 237	9 014 493	0	4 998 809	0	3 226 204	20 856 743	-11 872 795	43,07%	MoH
<b>Actual</b>	<b>1 077 503</b>	<b>1 346 499</b>	<b>1 753 296</b>	<b>4 270 832</b>	<b>535 819</b>	<b>0</b>	<b>8 983 949</b>			
Forecast	10 567 211	0	0	8 992 596	0	0	19 559 806	-4 894 409	74,98%	MoC
<b>Actual</b>	<b>5 703 569</b>	<b>0</b>	<b>0</b>	<b>8 961 828</b>	<b>0</b>	<b>0</b>	<b>14 665 397</b>			
Forecast	36 596 792	27 753 954	54 101	57 820 233	19 107 446	12 403 076	153 735 603	-95 463 208	37,90%	MRD
<b>Actual</b>	<b>11 816 901</b>	<b>22 073 837</b>	<b>3 122 246</b>	<b>11 035 891</b>	<b>5 284 456</b>	<b>4 939 064</b>	<b>58 272 395</b>			

Source: IS Monit7+ as of 3 Apr 2013

Source of funding: EU contribution

CZK/EUR exchange rate: 25.740

### 2.6.2.2 Approved applications for payment – forecast compared to the actual values

In approved applications for payment the reasons behind the non-fulfilment of forecasts are similar to those identified in the non-fulfilment of forecasts of submitted applications for payment. In some intervention areas also other causes of non-fulfilment are present.

**In Intervention area 1.1** as concerns the actually approved applications for payment there are several factors involved that are difficult to predict. Namely the unexpected delays in administration of applications for payment, mainly due to ongoing control (during the last months more controls were carried out by external entities – currently launched or pending investigation by OPC, public administration check of IOP MA, etc.), in consequence of which the forecast amounts of approved applications for payment are not fulfilled and the planned volumes will be reported in the upcoming months only after the completion of controls. Due to that the average rate of fulfilment of forecasts is lower and delays occur in the approval of applications.

For **Intervention area 3.1** measures were adopted by MoLSA last year (see Chapter 2.6.2.1 Submitted applications for payment – forecast compared to the actual values). Although the forecasts are not fully fulfilled, a positive development was reported in terms of an increase in the rate of fulfilment of forecasts of approved applications for payment by approximately 46 %.

**In Intervention area 3.2** the reason behind the fulfilment of forecasts of approved applications for payment to the level of 57.1 % is e.g. substandard quality of applications for payment submitted by beneficiaries both in terms of factual and financial aspects. This is why the MoH has launched more intensive cooperation with beneficiaries.

Of the forecast volume of approved applications for payment in **Intervention area 5.1** of EUR 19.56 million, the actually approved was the volume of EUR 7.45 million. The forecasts of approved applications for payment in Intervention area 5.1 were fulfilled to the level of 38.1 %.

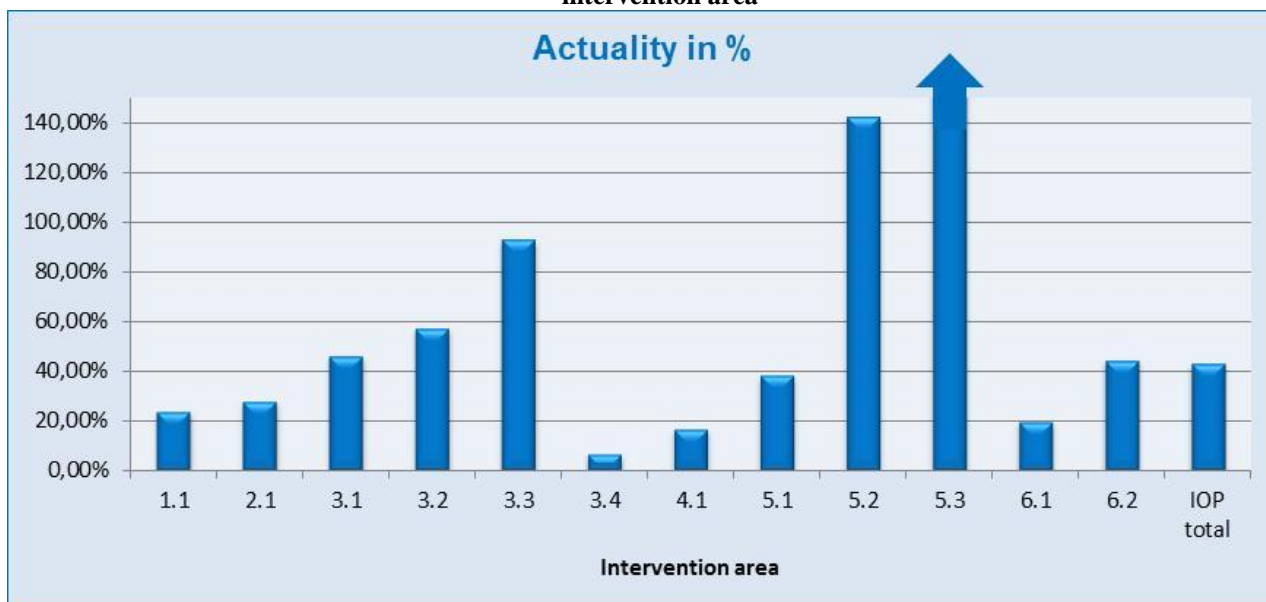
The postponements in the approval of applications for payment submitted in January 2013 were caused by the fact that the invoices linked to the submitted applications for payment were reimbursed

at the turn of March/April 2013 and they can be approved only upon the submission of bank statements documenting the payment execution. The option to reimburse funds through the Instruction to set a budget limit, based on which the aid beneficiary can pay contractor's invoices from the assistance at UCB, was launched by the Ministry of Culture only after 28 Mar 2013.

The increased volume of approved applications for payment as against the forecasts in **Intervention area 5.2** is caused by more intensive activities of the Intermediate Body (CRD CR) in the administration of applications for payment in October 2012, when the CRD CR made up the leeway of previous months. The anticipated value of approved applications for payment for October was EUR 0.5 million, whereas the value of actually approved applications for payment in this month was EUR 26.9 million.

The forecast of applications for payment in **Intervention area 5.3** was exceeded since the delays from the previous months were made up for and administration of all the applications for payment from projects under the 8<sup>th</sup> call was completed.

**Chart No 19 - Rate of fulfilment of forecasts of the approved applications for payment by intervention area**



Source: IS Monit7+IOP as of 3 Apr 2013

**Table No 14 - Comparison between the forecast and the actual value of approved applications for payment by intervention area**

Priority axis / Intervention area	Approved applications for payment (payment claims) – forecast and actual (EUR)						SUM TOTAL	Difference between the actual and the forecast	Rate of fulfilment of the forecast
	October 12	November 12	December 12	January 13	February 13	March 13			
1.1a	8 915 485	5 523 939	5 136 427	84 610	3 268 893	29 099 197	52 028 551	-39 735 222	23,6%
Actual	2 816 247	953 052	3 767 566	84 610	1 089 057	3 582 797	12 293 329		
1.1b	685 807	424 918	395 110	6 508	251 453	2 238 400	4 002 196	-3 056 556	23,6%
Actual	216 634	73 312	289 813	6 508	83 774	275 600	945 641		
2.1	2 430 906	5 071 741	7 902 310	991 932	2 978 742	12 121 796	31 497 427	-22 724 195	27,9%
Actual	4 531 987	1 498 666	262 643	0	0	2 479 936	8 773 231		
3.1	309 256	1 458 393	3 068 487	113 598	307 893	1 867 403	7 125 030	-3 832 003	46,2%

Priority axis /	Approved applications for payment (payment claims) – forecast and actual (EUR)						SUM TOTAL	Difference between the actual and the forecast	Rate of fulfilment of the forecast
Intervention area	October 12	November 12	December 12	January 13	February 13	March 13			
<b>Actual</b>	500 586	346 713	279 967	463 551	454 359	1 247 850	3 293 027		
3.2	2 981 935	1 786 236	1 831 000	1 386 594	183 038	7 570 549	15 739 352	<b>-6 758 460</b>	<b>57,1%</b>
<b>Actual</b>	1 521 580	0	666 509	1 207 525	2 055 182	3 530 096	8 980 892		
3.3	0	0	287 203	0	1 078 050	2 609 853	3 975 106	<b>-287 205</b>	<b>92,8%</b>
<b>Actual</b>	0	0	0	0	3 687 902	0	3 687 902		
3.4	2 392 483	1 681 823	2 299 773	236 536	407 891	24 031 690	31 050 194	<b>-29 069 874</b>	<b>6,4%</b>
<b>Actual</b>	0	10 194	0	0	1 386 813	583 314	1 980 320		
<b>3</b>	<b>5 683 673</b>	<b>4 926 453</b>	<b>7 486 463</b>	<b>1 736 727</b>	<b>1 976 872</b>	<b>36 079 495</b>	57 889 683	<b>-39 947 542</b>	<b>31,0%</b>
<b>Actual</b>	<b>2 022 166</b>	<b>356 907</b>	<b>946 476</b>	<b>1 671 076</b>	<b>7 584 255</b>	<b>5 361 260</b>	17 942 141		
4.1a	<b>69 579</b>	<b>596 319</b>	<b>1 852 960</b>	<b>0</b>	<b>461 784</b>	<b>6 755 466</b>	9 736 108	<b>-8 123 540</b>	<b>16,6%</b>
<b>Actual</b>	1 185 594	98 552	0	0	110 861	217 560	1 612 568		
4.1b	<b>5 352</b>	<b>32 085</b>	<b>142 535</b>	<b>0</b>	<b>35 521</b>	<b>519 525</b>	735 019	<b>-610 977</b>	<b>16,9%</b>
<b>Actual</b>	87 045	11 735	0	0	8 528	16 735	124 042		
5.1	0	0	10 567 211	0	0	8 992 596	19 559 806	<b>-12 110 316</b>	<b>38,1%</b>
<b>Actual</b>	0	5 328 490	375 080	0	0	1 745 921	7 449 490		
5.2	505 539	7 838 048	9 483 923	1 102 457	1 138 218	7 217 738	27 285 922	<b>11 651 784</b>	<b>142,7%</b>
<b>Actual</b>	26 939 335	5 935 915	196 177	0	83 286	5 782 993	38 937 707		
5.3	0	0	0	0	51 266	0	51 266	<b>90 029</b>	<b>275,6%</b>
<b>Actual</b>	74 185	67 110	0	0	0	0	141 295		
<b>5</b>	<b>505 539</b>	<b>7 838 048</b>	<b>20 051 133</b>	<b>1 102 457</b>	<b>1 189 484</b>	<b>16 210 334</b>	46 896 995	<b>-368 502</b>	<b>99,2%</b>
<b>Actual</b>	<b>27 013 520</b>	<b>11 331 515</b>	<b>571 257</b>	<b>0</b>	<b>83 286</b>	<b>7 528 914</b>	46 528 492		
6.1a	0	583 674	228 233	0	0	2 592 106	3 404 012	<b>-2 736 151</b>	<b>19,6%</b>
<b>Actual</b>	326 551	0	146 734	117 501	64 254	12 821	667 861		
6.2a	0	50 844	0	0	0	999 308	1 050 152	<b>-583 145</b>	<b>44,5%</b>
<b>Actual</b>	188 973	155 564	0	0	28 181	94 290	467 007		
<b>6a</b>	<b>0</b>	<b>634 518</b>	<b>228 233</b>	<b>0</b>	<b>0</b>	<b>3 591 414</b>	4 454 165	<b>-3 319 297</b>	<b>25,5%</b>
<b>Actual</b>	<b>515 524</b>	<b>155 564</b>	<b>146 734</b>	<b>117 501</b>	<b>92 435</b>	<b>107 111</b>	1 134 868		
6.1b	0	10 732	4 196	0	0	47 678	62 606	<b>-50 326</b>	<b>19,6%</b>
<b>Actual</b>	6 004	0	2 698	2 160	1 181	236	12 280		
6.2b	0	935	0	0	0	18 380	19 315	<b>-10 728</b>	<b>44,5%</b>
<b>Actual</b>	3 475	2 860	0	0	518	1 734	8 587		
<b>6b</b>	<b>0</b>	<b>11 667</b>	<b>4 196</b>	<b>0</b>	<b>0</b>	<b>66 057</b>	81 921	<b>-61 054</b>	<b>25,5%</b>
<b>Actual</b>	<b>9 479</b>	<b>2 860</b>	<b>2 698</b>	<b>2 160</b>	<b>1 700</b>	<b>1 969</b>	20 867		
<b>Forecast TOTAL</b>	<b>18 296 341</b>	<b>25 059 687</b>	<b>43 199 368</b>	<b>3 922 233</b>	<b>10 162 749</b>	<b>106 681 685</b>	<b>207 322 063</b>	<b>-117 946 885</b>	<b>43,1%</b>
<b>Actual TOTAL</b>	<b>38 398 196</b>	<b>14 482 163</b>	<b>5 987 187</b>	<b>1 881 857</b>	<b>9 053 895</b>	<b>19 571 881</b>	<b>89 375 178</b>		

Source: IS Monit+ as of 3 Apr 2013

Source of funding: EU contribution

CZK/EUR exchange rate: 25.740

**Table No 15 - Comparison between the forecast and actual value of approved applications for payment by ministry**

IOP	Submitted applications for payment – forecast and actual						SUM TOTAL for the period from October to March	Difference between the actual and the forecast	Rate of fulfilment of the forecast	Ministry
	October 12	November 12	December 12	January 13	February 13	March 13				
Forecast	9 601 291	5 948 857	5 531 537	91 119	3 520 346	31 337 597	56 030 747	-42 791 778	23,63%	MoI
<b>Actual</b>	<b>3 032 882</b>	<b>1 026 364</b>	<b>4 057 379</b>	<b>91 118</b>	<b>1 172 831</b>	<b>3 858 397</b>	<b>13 238 970</b>			
Forecast	309 256	1 458 393	3 355 690	113 598	1 385 943	4 477 257	11 100 136	-4 119 208	62,89%	MoLSA
<b>Actual</b>	<b>500 586</b>	<b>346 713</b>	<b>279 967</b>	<b>463 551</b>	<b>4 142 260</b>	<b>1 247 850</b>	<b>6 980 928</b>			
Forecast	2 981 935	1 786 236	1 831 000	1 386 594	183 038	7 570 549	15 739 352	-6 758 460	57,06%	MoH
<b>Actual</b>	<b>1 521 580</b>	<b>0</b>	<b>666 509</b>	<b>1 207 525</b>	<b>2 055 182</b>	<b>3 530 096</b>	<b>8 980 892</b>			
Forecast	0	0	10 567 211	0	0	8 992 596	19 559 806	-12 110 316	38,09%	MoC
<b>Actual</b>	<b>0</b>	<b>5 328 490</b>	<b>375 080</b>	<b>0</b>	<b>0</b>	<b>1 745 921</b>	<b>7 449 490</b>			
Forecast	5 403 859	15 866 200	21 913 931	2 330 924	5 073 422	54 303 686	104 892 021	-52 167 124	50,27%	MRD
<b>Actual</b>	<b>33 343 148</b>	<b>7 780 596</b>	<b>608 252</b>	<b>119 662</b>	<b>1 683 622</b>	<b>9 189 617</b>	<b>52 724 898</b>			

Source: IS Monit7+ as of 3 Apr 2013

Source of funding: EU contribution

CZK/EUR exchange rate: 25.740

## 2.7 Analysis of Risks in Relation to Future Progress in Programme Implementation

The IOP MA coordinates the management of risks faced by the IB and MA in IOP implementation. It shares the information with the NCA in the form of a summary report on IOP risk management, namely always following the approval of the Catalogue of IOP Risks. It continuously monitors the measures adopted to eliminate the risks and their effectiveness.

The most significant risks related to programme implementation and the implemented and proposed measures to eliminate them are summarised in the table below.

Name of the risk	Description of the risk	Measures implemented to eliminate the risk and risk development	Proposed measures to eliminate the risk in the future
<b>Non-adherence to the Agreements on delegating activities to IB and Binding procedures pursuant to the IOP OM and IOP IB manuals</b>	Overall responsibility for programme implementation is born by the IOP MA which has delegated a part of its activities to IBs and checks the correctness of conducted activities. When non-compliance with Agreements and Binding documentation is identified the MA does not avail of sufficient tools to remedy the situation and cannot impose any sanctions. The non-compliance with procedures can have serious implications for programme implementation. It can result in improper decisions, disputes and complaints. The failure to meet the set deadlines hinders the planning of follow-up activities and complicates financial management of the programme. It results in errors made in the programme and non-fulfilment of absorption forecasts. It can lead to additional costs at beneficiaries.	In the 2 <sup>nd</sup> half of 2012 a total of 35 checks of delegated activities were commenced, of which 6 were completed.	To include additional checks of the conduct of delegated activities of IBs in the plan of controls.  To evaluate the effectiveness of corrective measures.
		To use external assistance through the NCA project called "Controls".	To continue to use external assistance.
		To use expert assistance in the field of conduct of checks of delegated activities.  In the 2 <sup>nd</sup> half of 2012 a total of 13 expert opinions were commissioned for the purpose of checks of delegated activities.	To continue to use expert assistance.  To evaluate the effectiveness of corrective measures.
<b>Insufficient audit trail</b>	Incomplete procedures for keeping information and documentation, absence of or non-adherence to the binding procedures of archiving documents and audit trails, failure to enter the data in information systems. The e-mail correspondence is not appropriately archived. There is a risk of loss of important documents.	Check of the adherence to archiving procedures and safeguarding of the audit trail was a part of check No 20/2012.	To include the design of and adherence to archiving procedures in the subject matter of all the checks of delegated activities.  To evaluate the effectiveness of correctives measures adopted based on the checks.
		In revision 1.4 of IOP OM the modified chapter A.8 System of keeping the documents.	The revised IB manuals shall pay attention to the system of keeping the documents.

Name of the risk	Description of the risk	Measures implemented to eliminate the risk and risk development	Proposed measures to eliminate the risk in the future
<b>Lack of suitable and quality prepared and submitted projects</b>	<p>The failure to absorb is one of the main risks faced by the programme which may relate to multiple other risks:</p> <ul style="list-style-type: none"> <li>- too complicated requirements for the applicant and beneficiary,</li> <li>- delays in announcement of calls,</li> <li>- delays in administration,</li> <li>- delays in project implementation,</li> <li>- inadequate preparedness of projects,</li> <li>- insufficient absorption capacity,</li> <li>- errors in project implementation,</li> <li>- irregularities,</li> <li>- errors in project administration.</li> </ul> <p>There is a risk of decommitment in case of failure to fulfil the n+3 rule in 2012 and n+3 and n+2 rule in 2013.</p>	Monitoring and management of allocation for the calls.	To assess the exchange rate reserves and potential decommitment and to announce the last calls.
		To update and publish the timetable of calls..	To continue to implement the measures.
		To monitor and evaluate absorption capacity.	To continue to implement the measures.
		To monitor and evaluate the absorption forecasts.	To identify the reasons behind the non-fulfilment of forecasts or making wrong forecasts.
		Seminars for applicants and beneficiaries.	<p>To continue to implement the measures.</p> <p>To organise meetings with beneficiaries in case of problems in project implementation that put the absorption at risk.</p>
		Publishing of frequently or wrongly addressed situations on IB websites.	Update of published information.
		Discussions with MoLSA concluded by agreement on considerable simplification of requirements placed on applicants and beneficiaries.	To incorporate the conclusions from agreement into the MoLSA manual and Handbook for Applicants and Beneficiaries.
		Establishing a system of work with sleeping projects.	<p>The IOP MA introduced regular monitoring which is conducted at a 3 months interval evaluates the progress. Monitoring of implementation of measures in individual IBs is done also within regular monthly monitoring sent to the MA. Based on the evaluation of risky and sleeping projects in IOP, the MA compiled information as of November 2012 and submit it to the Government of the CR. The information contained also the Government Resolution obligating the individual ministries to elaborate information with proposed measures conducive to the elimination of risky factors in individual projects. This Government Resolution was adopted on 13 Feb 2013 and obligated the ministries with risky projects to send a document to the Ministry for Regional Development by 15 Mar 2013 containing proposals of the ways of addressing the situation.</p>

Name of the risk	Description of the risk	Measures implemented to eliminate the risk and risk development	Proposed measures to eliminate the risk in the future
<b>Failure to accomplish the Programme objectives</b>	Failure to accomplish the Programme objectives and achieve the planned values of monitoring indicators can lead to financial corrections.	Internal analysis of MA to ascertain the achieved values of monitoring indicators and to identify the reasons behind erroneous values.	To complete the analysis, to revise the methodological sheets of monitoring indicators, to discuss with IBs the modification of procedures for reporting the achieved values of indicators.
		Evaluation of consistency with monitoring indicators and IOP objectives.	As of 27 Mar 2013 the Stage 1 of evaluation was completed, Stage 2 will be completed by the end of June 2013.  Corrective measures and recommendations arising from the evaluation will be applied before the end of 2013.
<b>Ineffective check of economy and efficiency of expenditure</b>	Insufficient legislation and non-existence or unclear way of checking the effectiveness, efficiency and economy of expenditure. Difficult setting of prices usual for the assessment of economy in projects. Insufficient exploitation of information from the application for support and progress of implementation for the 3E evaluation.	To specify and modify the checklists for the control of contracts.	Control of IB manuals.
		To evaluate IOP intervention areas in terms of meeting the 3E requirements. External evaluation and proposals with respect to 3E.	To implement corrective measures.
<b>Violation of rules governing the award of public contracts</b>	Violation of rules governing the award of public contracts represents one of the most frequent errors in project implementation and the largest volume of ineligible expenditure. Assessment of correctness of the procedure in the award of public contracts by the Office for the Protection of Competition may cause major delays in project implementation since it can take a few months before the OPC opinion is issued. Inadequate or formal use of checklists which fail to timely reveal the errors. Shortage of inhouse legal experts in the field of public contracts. Lack of checks prior to the actual award of a public contract results in irregularities with an impact on programme absorption.	Conducted checks of procedures during the checks of public contracts – checks No 5/2012, 36/2012, 37/2012, 58/2012, 59/2012, 64/2012, 65/2012, 73/2012	Inclusion of procedures for checks of public contracts in the plan of checks of delegated activities.
		Incorporation of graded sanctions for the violation of Act No 137/2006, on public contracts, in the Conditions for the Decision on providing a grant.	Procedure in line with the amended legal provisions.
		Information sent to the 1 <sup>st</sup> Deputy Minister for Regional Development concerning the deadlines of OPC investigation.	Evaluation of deadlines, handing over the information to the 1 <sup>st</sup> Deputy Minister for Regional Development and NCA.
		Incorporation of the EC checklists in Programme documentation.	Evaluation of effectiveness and usability of checklists.
		Training of controllers, sharing best practice, activities of the Working Group for public contracts.	To continue to implement the measures.

## 2.8 Foreseen Timetable of the Announcement of Calls

The MA intends to announce the calls gradually throughout the programming period. One of the reasons is the evenly distributed release of funds which will safeguard necessary response to the needs of applicants and beneficiaries. The other reason is the effort to modify the calls based on the experience gained in the previous calls. In 2013 the MA and IBs will announce the last calls for the remaining allocation.

**Table No 16 - Timetable of planned calls**

Intervention area, activity	Type of the call	Planned opening date of the call	Allocation for the call in CZK (ERDF + SB)*	Note
1.1	Continuous	29.4.2013	500 000 000	
2.1	Continuous	May 2013	300 000 000	<i>This call is intended for kraje</i>
3.4a)	Continuous	July 2013	250 000 000	<i>Modernization Matra/Pegas</i>

\* The volume of scheduled calls can change taking into account the exchange rate fluctuations and savings achieved in the previous calls

An overview of ongoing calls of IOP is available on: <http://www.strukturalni-fondy.cz/cs/Jak-na-projekt/Prehled-otevrenych-vyzev-%e2%80%93-archiv> (overview of open calls).

## 2.9 Overview of Approved Projects

An essential parameter in the development of the programme cycle is the volume of projects approved for implementation.

The list of assisted projects and aid beneficiaries is updated by the MA at a monthly interval and published on the website:

<http://www.strukturalni-fondy.cz/cs/Microsites/Integrovaný-OP/Zadatele-a-prijemci/Seznam-podporených-projektů>

More detailed information on approved projects is derived from IS Monit7+ and made available on [www.risy.cz](http://www.risy.cz) portal run by the Centre for Regional Development, which also facilitates the search for projects based on various parameters.



## Information on rejected projects<sup>7</sup>

The IOP MA monitors the statistics of rejected projects in the period prior to the issuance of the Decision/Statement of expenditure (status N1.1, N1.2, N2.1, N2.2, N2.3, N4.1 and N5) and at the time of project implementation 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 seek aid, 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 Mar 2013 of the total of 8 783 submitted project applications 923 applications were rejected, which represents 10.51 % of all the submitted project applications. The project applications were most often withdrawn by the applicant (31.0 % of applications) or failed to meet the evaluation requirements (25.2 %).

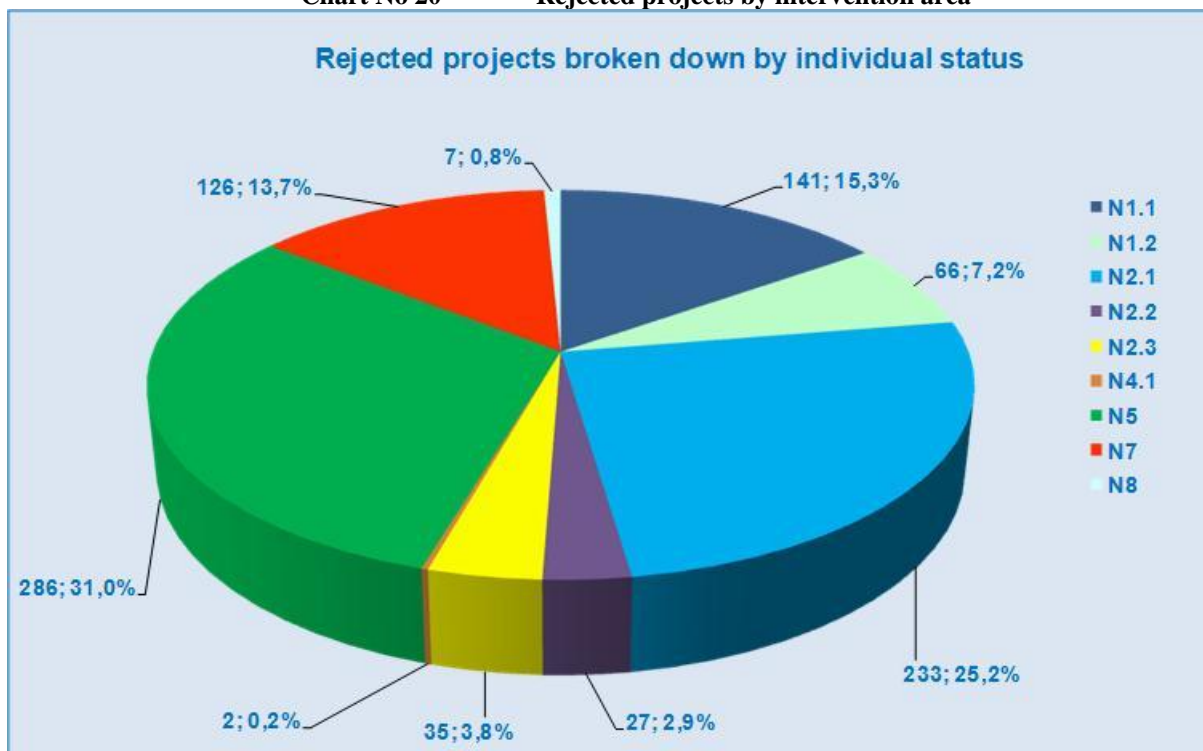
Of 923 rejected projects a total of 511 projects were denied, in 286 cases the project application was withdrawn by the applicant and 126 projects were not completed by beneficiary. The most frequent reason behind project denial was the non-compliance with evaluation requirements (233 cases – 25.2 %). Eligibility criteria were not met in 141 cases (15.3 %).

The following chart No 20 gives the number and share of rejected projects by individual stage of administration.

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<sup>7</sup> For the purpose of monitoring the statistical data on rejected projects it is essential to distinguish between the rejected and denied projects. **Rejected projects** = all projects in negative statuses. **Denied projects** = all projects in negative statuses with the exception of status N5 Project application withdrawn by the applicant and status N7 Project not completed/withdrawn. There is a difference between the case of a project rejected by the administrator or withdrawn by the applicant/beneficiary himself.

Chart No 20 - Rejected projects by intervention area



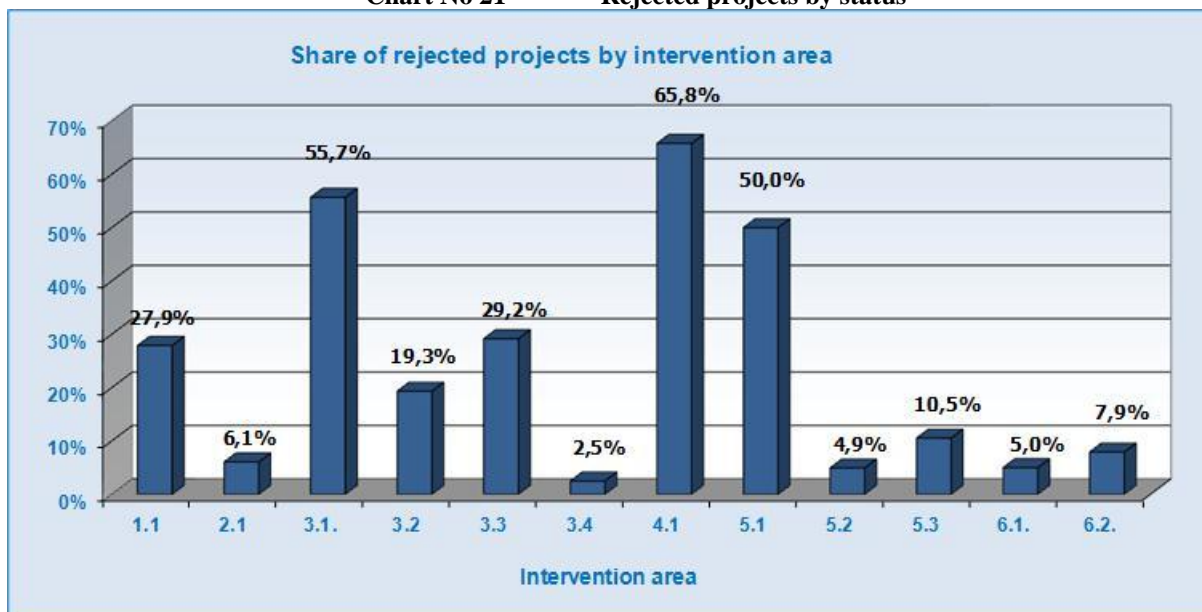
Source: IS Monit7+ as of 31 Mar 2013

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

The chart below illustrates the share of rejected projects in individual intervention areas. The state of play of rejected projects in individual intervention areas corresponds to the long-term trend showing the largest numbers of rejected projects in Intervention area 4.1 (65.8 %), 3.1 (55.7 %), 5.1 (50.0%). Conversely, the lowest share of rejected projects is reported by Intervention areas 3.4 (2.5 %), 5.2 (4.9 %), 6.1 (5.0 %), 2.1 (6.1 %) and 6.2 (7.9 %).

In the period from 1 Oct 2012 to 31 Mar 2013 the largest share of rejected projects is seen in Intervention areas 3.1 (22.04 %) and 4.1 (22.22 %). In Intervention areas 3.3, 3.4 and 5.1 no project applications were rejected in the monitored period and in the remaining intervention areas the rate of rejected projects is lower than 10 %.

Chart No 21 - Rejected projects by status



Source: IS Monit7+ as of 31 Mar 2013

**In Intervention area 3.1** a total of 235 projects have been rejected, of which 209 project applications have been rejected in activity 3.1c). In the monitored period 22 project applications were rejected in activity 3.1c) for not meeting the evaluation requirements. The rate of rejected projects in this area did not decrease, the share of rejected projects in the period from 1 Oct 2012 to 31 Mar 2013 is 22.04 %. The applicants mainly fail to give evidence of project sustainability and insufficiently describe and substantiate the relevance of project implementation with respect to the target group and the market. The MoLSA has adopted measures the effects of which will be seen in a longer-term horizon.

Of the total number of 235 rejected projects 148 (34.83 %) project applications failed to meet the evaluation requirements, 46 project applications (10.90 %) were withdrawn by the applicant.

**In Intervention area 4.1** altogether 65.8% of project applications (100 project applications) have been withdrawn, which is the highest value across all the intervention areas. In the monitored period 4 projects were rejected, the share of rejected projects in this period thus accounts for 22.22 %. The most frequent reason of rejection is the non-compliance with evaluation requirements in scoring. In the evaluation of project quality the cut-off score for project approval was set at 75 points. The achievement of such a high score has proven to be difficult. The applicants did not manage to prepare project applications of adequate quality necessary for their approval. That is why new calls had to be announced. The highest number of projects with inadequate score was reported by activity d), in which the beneficiaries are non-profit organisations. The quality of submitted projects indicated that these entities have very little know how in the field of publicity of tourism destinations.

As of 31 Mar 2013 the situation in **Intervention area 5.1** is the same as of 30 Sep 2012. No new calls were announced in the monitored period. In Intervention area 5.1 a total of 25 applications of 50 submitted applications were rejected throughout the implementation period, thus 50 % of projects were not accepted. Ranking among the reasons were especially the withdrawal of project application by the applicant during the evaluation and rejection of projects applications from administration for not meeting at least one of the eligibility criteria. The failure to meet the eligibility criteria represents 30 % of all the reasons stated as a ground for rejection.

## 2.10 Progress in the Implementation of Financial Instruments

In the monitored period the IOP MA approved the application for support for the implementation of JESSICA FI in IOP, which was submitted by the SHDF through IS BENEFIT7 on 1 October 2012. The Decision on providing a grant, including the Conditions, was issued by the IOP MA on 26 October 2012. The submitted application for payment with annexes was approved on 9 November 2012 and the support for the implementation of JESSICA FI was credited to the separate bank account of the holding fund of SHDF on 12 November 2012.

In connection to the announced call for submission of applications for approval of new IUDPs and extension of the existing IUDPs on 26 November 2012 and 4 December 2012 seminars for IOP IUDP managers focusing on the implementation of JESSICA FI were held in Prague and Olomouc, respectively. The deadline for the receipt of applications was postponed by the IOP MA until 29 March 2013. In total 6 applications for approval of new IUDPs and 6 applications for the extension of the existing IUDP zones in IOP were submitted.

In close cooperation and through the OPC the process of pre-notification continued. The IOP MA responded to DG COMPETITION requirements and the submitted proposal for the Supplement to state aid regime No N342/2008. Based on the invitation of DG COMPETITION of 22 November 2012 to launch the process of notification, the IOP MA through the OPC forwarded to the Commission the request for notification, which was completed on 23 January 2013 by the issuance of the Decision of the Commission on changes in the original state aid regime N342/2008 “Housing and Social Programme for problematic districts“.

In the monitored period the SHDF submitted a proposal for documentation for the public procurement procedure for the selection of UDF administrator. The “Prior information notice” for a public contract for the UDF administrator was published in the Public Procurement Bulletin on 24 December 2012 and in the Official Journal of the EU (TED) on 28 December 2012. On 27 February 2013 the SHDF sent the “Contract notice” for a public contract for the UDF administrator to the system of the Public Procurement Bulletin. On 28 February 2013 the “Contract notice” for the public contract “Administrator of the Urban Development Fund” was published in the Public Procurement Bulletin and sent to the Official Journal of the EU (TED). Since 28 February the required information and files to download for the submission of bids are posted at the Profile of the contracting authority (SHDF) with the deadline set for the submission of bids at 29 April 2013 at 10.00 a.m..

In January 2013 the Holding Fund forwarded to the IOP MA the 1<sup>st</sup> Monitoring Report of the HF for the period from 1 November 2012 to 31 December 2012.

With respect to progress achieved in the implementation of pilot testing of JESSICA FI in IOP the SHDF (HF) launched a campaign disseminating information on requirements for granting the assistance from JESSICA FI in IOP.

## 3 PROGRESS AT THE LEVEL OF PRIORITY AXIS

**In indicators** the commitments of approved projects and the values achieved as of 31 Mar 2013 are monitored by the IOP MA. The commitments are calculated from the target values of projects starting with status P4 in IS Monit7+ (project with issued Decision/Statement of expenditure). The achieved values are calculated based on projects starting with status P45 in IS Monit7+ (project under implementation), with the exception of the “Number of projects” type of indicators, in which the values are aggregated starting with status P5 (Project implementation was completed). The baseline values from 2005 are taken over from the Programming Document.

The charts “Comparison of physical and financial progress by individual intervention area” represent the comparison of **physical and financial progress**. The violet bar expresses the commitment to approved projects, i.e. the total target value of the indicator, which is stated by beneficiaries in their applications and which the beneficiaries undertake to fulfil by project implementation, it is expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects, for which the Decision is issued, expressed as a percentage of the allocation for activity, under which the relevant indicator falls.

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

#### 3.1.1 Focus of priority axes/intervention areas

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.

Specific goals:

- To improve the level of services of electronic public administration (eGovernment)
- To increase the use of the Internet by citizens for communication with public administration
- To reduce the administrative burden of citizens, entrepreneurs and public sector

Supported activities:

- Creation, development and maintenance of national basic and other relevant registers of the public administration, including safe and protected access system,
- Construction of the public administration communication infrastructure,
- Creation of access points for communication with the public administration information systems,
- Digitisation of public administration services.

Beneficiaries:

- Government agencies and semi-budgetary organisations established by them.

### 3.1.2 Progress achieved in implementation of priority axes/intervention areas

**In Intervention areas 1.1a and 1.1b** altogether 86 project applications in the amount of EUR 419.90 million have been received, of which 7 were submitted in the period from 1 Oct 2012 to 31 Mar 2013 and the amount covered by submitted applications as against the data stated in the last Report on Implementation increased by CZK 69.72 million. Due to the exchange rate the amount covered by submitted applications decreased by EUR 13.22 million. In one project the Decision on providing a grant was issued thanks to which the amount of projects with issued Decision grew by EUR 16.04 million, but due to the exchange rate a decrease by EUR 7.59 million is reported. Since in a large number of projects the stages were completed as of 31 Dec 2012, the increase in the volume of funds paid to beneficiaries will be manifested only in April to May 2013. Intensive work with sleeping and risky projects continued because owing to the lack of absorption of funds these projects represent a major risk for the fulfilment of n+3/n+2 rule in 2013. The measures taken to address these and other risks are described in more detail in Chapter 2.6.1 Analysis of risks in relation to the fulfilment of n+3 rule by the Managing Authority and Intermediate Bodies.

In the monitored period the volume of funds paid to beneficiaries increased by EUR 10.46 million. The amount of certified expenditure grew from EUR 31.94 million to EUR 108.85 million.

**Table No 17 - Cumulative progress at the level of Intervention areas 1.1a and 1.1b (in mil. CZK/EUR)<sup>8</sup>**

1.1a	2007-2013 allocation		Submitted applications			Projects with issued Decision/signed Contract			Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC				
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	9 293,59	365,41	86	10 808,31	116,3%	419,90	55	8 160,27	87,8%	321,38	3 033,30	32,6%	122,20	2 630,29	28,3%	106,54	2 493,55	26,8%	101,07
Previous MC	9 064,79	365,41	79	10 743,58	118,5%	432,18	54	8 145,38	89,9%	328,43	2 777,26	30,6%	112,49	2 507,33	27,7%	101,63	720,27	7,9%	29,66
1.1b	2007-2013 allocation		Submitted applications			Projects with issued Decision/signed Contract			Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC				
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	714,89	28,11	0	831,41	116,3%	32,30	0	627,71	87,8%	24,72	233,33	32,6%	9,40	202,33	28,3%	8,20	191,81	26,8%	7,77
Previous MC	697,29	28,11	0	826,43	118,5%	33,24	0	626,57	89,9%	25,26	213,63	30,6%	8,65	192,87	27,7%	7,82	55,41	7,9%	2,28

Source: Current MC – MSC2007 as of 4 Apr 2013

Previous MC – MSC2007+ as of 3 Oct 2012

CZK/EUR exchange rate: Current MC – 25.740

Previous MC – 24.859

Source of funding – public funds total

<sup>8</sup> Number of submitted applications and number of Projects with issued Decision/signed Contract is due to the multiobjective nature of these priority axes given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b) the number is zero.

## Overview of ongoing calls

**In Intervention areas 1.1a and 1.1b** call No 14 with the allocation of EUR 6.86 million was opened from 4 Sep 2012 to 30 Nov 2012. In total, 7 project applications in the amount of EUR 2.71 million were submitted. All project applications are under administration and as of 31 Mar 2013 no projects were approved. The submitted projects did not cover the allocation of the call due to inadequate preparedness of central state administration authorities to connect their agenda information systems to the basic registers. In the recent years there were demanding requirements for the transformation of information systems and not all the authorities managed to fully use the funds offered by IOP.

In January 2013 call No 15 was announced with the allocation of EUR 21.48 million and as of 31 Mar 2013 no project applications were submitted.

**Table No 18 - Overview of ongoing calls in the period from 1 Oct 2012 to 31 Mar 2013 in Priority axis 1a and 1b**

Order of the call	Number of the call	Submission of project applications		Type of the call	IA/ activity	Allocation for the call in EUR	Submitted applications for support		Projects with issued Decision/ signed Contract	
		Opening date of the call	Closing date of the call				Number	in EUR	Number	in EUR
52.	14.	4.9.2012	30.11.2012	continuous	1.1 a	6 366 183	7	2 515 014	0	0
						489 706	0	193 463	0	0
				Call total		6 855 889	7	2 708 477	0	0
57.	15	15.1.2013	15.4.2013	continuous	1.1 d	19 947 373	0	0	0	0
						1 534 413	0	0	0	0
						21 481 786	0	0	0	0
Convergence total						26 313 556	7	2 515 014	0	0
RCE total						2 024 120	0	193 463	0	0
<b>PA 1 total</b>						<b>28 337 675</b>	<b>7</b>	<b>2 708 477</b>	<b>0</b>	<b>0</b>

Source: IS Monit7+IOP as of 3 Apr 2013

CZK/EUR exchange rate: 25.740

Source of funding –public funds total

### 3.1.3 Fulfilment of indicators

**Table No 19 - Output indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects CONV	Commitment of approved projects RCE	Value achieved as of 4 Apr 2013
150106	Number of created basic registers of public administration	Number	0	4	5	5	2
150109	Share of registers connected to central registers	%	0	75	27,80	27,80	14,30
150110	Share of authorities using the shared CIPA	%	0	80	26,60	26,60	13,90
150111	Share of ministerial and agenda portals interconnected to the Public Administration Portal	%	19	75	47,00	47,00	37,70
150112	Share of digitized documents	%	0	20	32,50	32,50	16,00
150113	Share of authorities with electronic records management system and electronic document circulation	%	20	100	46,80	46,80	0,00

Source: MSC2007 as of 4 Apr 2013

\* Indicator No 150108 is not monitored

**Table No 20 - Result indicators**

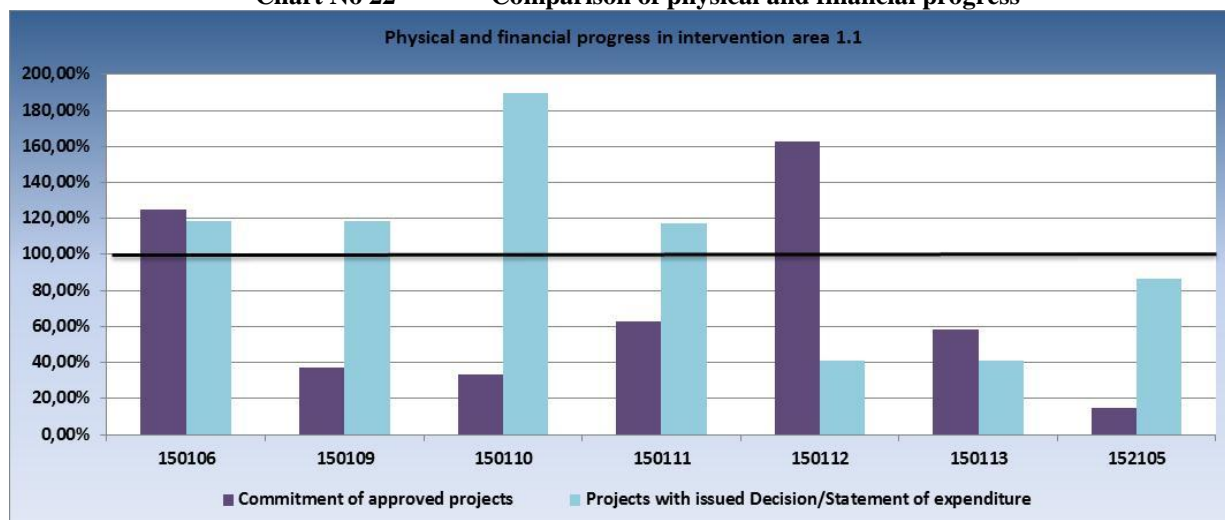
Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects CONV	Commitment of approved projects RCE	Value achieved as of 4 Apr 2013
152105	Reduction of administrative burden of citizens, entrepreneurs and public sector	%	100	75	14,6	14,6	83,5

Source: MSC2007as of 4 Apr 2013



In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision is issued, expressed as a percentage of the allocation for activity, under which the relevant indicator falls.

Chart No 22 - Comparison of physical and financial progress



Source: IS Monit7+ as of 3 Apr 2013

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

The target value, or the commitment of beneficiaries, will be attained only after the completion of implementation of basic registers projects. In 2012 the projects called 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 Registry of Rights and Obligations and Registry of Persons have also been completed, the final monitoring reports, however, are under administration. In the project called Basic Registers Information System the final monitoring report has not been submitted as yet.

Indicator No 150106 in the Programming Document is linked to four basic registers, the value of commitment was increased by another project called *Basic Registers Information System* which was not included in the values stated in the Programming Document. The BRIS is a support information system ensuring the interlinkage between individual registers and enabling the connection of public administration information systems to basic registers. Without BRIS the individual basic registers could not operate.

The achieved value of the indicator as of 31 Mar 2013 is 2.

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

The achieved value as of 31 Mar 2013 is 14.3 %.

The target value stated in the IOP Programming Document is 75 %. The value was set as an estimate of the share of connected registers of all the registers of central state administration authorities.

In Intervention area 1.1 the indicator is being fulfilled by 9 beneficiaries – central state administration authorities. The average of achieved values is 14.3 %

Similar situation prevails in indicator No 150117 Share of local public administration registers connected to basic registers. The target value stated in the Programming Document is 75 %. The value

was set as the estimated share of connected registers of all the registers of local public administration authorities.

The value set as an estimate for all the central state administration authorities, or local public administration authorities, cannot be compared with the values reported by aid beneficiaries.

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

The achieved value as of 31 Mar 2013 is 13.9 %. Of twenty projects, ten projects have already reported the achieved value of the indicator in the monitoring report. Other projects will be completed in 2013.

The target value given in the IOP Programming Document is 80 % and was set as an estimate of the share of authorities using the shared CIPA in all the central state administration authorities.

In Intervention area 1.1 the indicator is being fulfilled by 6 beneficiaries of central state administration authorities. The average reported achieved value is 13.9 %.

Similar situation prevails in indicator No 150115 Share of local networks connected to CIPA. The target value given in the IOP Programming Document is 85 % and was set as an estimate of the share of connected networks in all the networks of local public administration authorities connected to CIPA.

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

The achieved value as of 31 Mar 2013 is 37.7 %. Of six projects, five projects have already reported the achieved value of the indicator in the monitoring report.

The target value stated in the IOP Programming Document is 75 %. The value was set as an estimate of the share of ministerial and agenda portals interconnected to the Public Administration Portal in all the central state administration portals.

In Intervention area 1.1 the indicator is being fulfilled by 6 beneficiaries from among central state administration authorities. The average of reported achieved values is 37.7 %.

Similar situation prevails in indicator No 150116 Share of regional portals integrated into the Public Administration Portal. The target value given in the IOP programming Document is 75 %. The value was set as the estimated share of local public administration authorities connected to the Public Administration Portal.

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

The achieved value as of 31 Mar 2013 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.

This indicator has been chosen by a smaller number of beneficiaries, which is why the share in the absorbed allocation is lower. The commitment, on the contrary, is higher since the beneficiaries set the values exceeding those stated in the Programming Document.

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

The achieved value as of 31 Mar 2013 is 0 %. The indicator will be fulfilled by two projects only which will be completed in 2013.

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

The achieved value as of 31 Mar 2013 is 83.5 %. The indicator is being fulfilled by seventeen projects, of which fifteen have already reported the achieved value in the monitoring reports and more projects will be completed in 2013.

The target value stated in the IOP Programming Document is 75 %. The value was set as the estimated reduction of administrative burden of citizens, entrepreneurs and public sector.

In Intervention area 1.1 the indicator is being fulfilled by 12 beneficiaries from among central state administration authorities. The average reported achieved value is 83.5 %.

Therefore the values given in “Projects with issued Decision/Statement of expenditure” columns in indicators No 109, 110, 111 and 113 exceed 100 %. Conversely, in indicator No 150112, which was less often chosen by applicants, the respective financial allocation is not committed.

### 3.1.4 Problems encountered and measures taken to overcome them

**Sleeping and high-risk projects.** In Intervention area 1.1, where the beneficiaries are government agencies, there are still projects with problematic course of implementation, delayed timetable and associated failure to fulfil the financing plan and absorption of funds.

#### *Measure taken*

In the course of 2012 the MoI CR IB in cooperation with IOP MA started to intensively address the matter of sleeping and risky projects. Activities are performed related to projects and extraordinary measures are adopted (reinforced monitoring, regular one-to-one meetings, crisis timetables, etc.) to accelerate the absorption of allocation as much as possible. Withdrawals of projects from implementation are discussed so that the funds can be more effectively used for other projects.

In high-risk projects the MoI CR IB has introduced additional adequate measures such as trilateral meetings with the participation of IOP MA, extension of project implementation subject to the division of project into stages, which will be together with progress achieved in projects reported to the IOP Managing Authority on a monthly basis.

In Autumn 2012 the MoI CR IB in response to the task assigned at the 9<sup>th</sup> meeting of IOP Monitoring Committee elaborated a document for the Government as the information on sleeping projects, nonetheless in November 2012 the MoI top officials upon agreement with the IOP MA and OP HRE MA decided that the document will be submitted by both the MAs separately.

The Resolution of the CR Government No 106 of 13 Feb 2013 obligates the ministers of individual ministries, which implement the risky projects mentioned in the referred to document, to submit to the Minister for Regional Development by 15 Mar 2013 detailed information with a proposed way of addressing the risky projects.

**Suspended implementation and absorption due to the investigation led by the Office for the Protection of Competition.** A frequent reason behind the prolongation of project implementation are complications faced in public procurement procedures. In a number of cases due to appeals lodged by applicants or mistakes made by the contracting authority the decision of the Office for the Protection of Competition (OPC) is awaited.

#### *Measure taken*

The MoI CR IB obtains topical information on progress achieved in individual public contracts and together with beneficiaries deals with the problems and alternatives of their solutions. The MoI CR IB keeps the record of public contracts investigated by the OPC (as of 18 Mar 2013 it concerns 8 projects in IA 1.1). It cooperates with the IOP MA that as the Managing Authority of the Operational Programme appeals to the OPC through the top officials of the Ministry for Regional Development of the CR to speed up the procedure and facilitate the implementation of projects.

**Low status of absorption, fulfilment of n+3/n+2 rule at risk.** Intervention area 1.1 exhibits a low absorption of funds. The status of submitted and approved applications for payment is often lower than planned. The absorption of allocation in 2013 is truly at risk.

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

In the light of the alarming status of absorption, measures are adopted so as to improve and accelerate the implementation of projects as well as to make more accurate absorption forecasts. At one-to-one meetings in the working teams, i.e. *task-force of the project* (a measure introduced by the MoI CR IB in the second half of 2012) also discussed is the feasibility of observance of the set timetable and financing plan of absorption. In collaboration with the beneficiary problems and barriers are identified in order to safeguard smooth implementation and fulfilment of the financing plan. Thanks to information obtained from beneficiaries and reinforced monitoring of projects the problems are resolved faster and more effectively and absorption forecasts are more accurate. Special emphasis is put on monitoring and activities directed at sleeping and high-risk projects, in which the adherence to binding crisis timetables is regularly checked and in case of problems trilateral meetings with the participation of IOP MA representatives are initiated.

With the view to reduce the deficiencies made by beneficiaries in the award of public contracts, in the second half of 2012 the MoI CR IB introduced checks of documents and public procurement procedures at all beneficiaries prior to signing the contract with the winning bidder. Since the beginning of 2013 the conduct of checks prior to signing the contract has been in line with the IOP Operational Manual version 1.4 an obligation in all the contracts over CZK 500 thousand net of VAT.

The extraordinary measures of IOP MA of October 2012 were to the maximum degree incorporated in the MoI IB procedures. Discussions are held with beneficiaries concerning modifications in the division of projects into stages so that the applications for payment contribute as much as possible to the fulfilment of n+2/n+3 rule throughout the year.

**Identified risks in administrative capacity:** High turnover of staff and associated high share of staff on AWA, low qualification and experience of staff, ineffective system of management and motivation of administrative capacity.

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

New posts were generated and filled. Since 1 Jan 2013 the use of agreement on work activities has been minimised. The system of remuneration has been modified so that it 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. Administrative capacities at SFD are continuously planned and evaluated.

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

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

Since autumn 2012 there has been a major shift reported in the identification of deficiencies in control activities at SFD. The deepest problems were reported in the control of public contracts. That is why the SFD conducts controls of all the contracts 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, it was completed on 31 Dec 2012. At present the stage two is under way, during which the system of suitable specialised training courses delivered by internal (long-term mentoring and transfer of experience by more experienced staff) and external lecturers (e.g. on the Public Procurement Act) is developed.

### 3.1.5 Example of a project

#### **Intervention area: 1.1 Modernisation of public administration**

**Name of the project, registration number:** Electronic support to the enforcement of intellectual property rights, CZ.1.06/1.1.00/07.06417

**Beneficiary:** Industrial Property Office

**Project funding:** Total budget CZK 21 200 000, of which CZK 18 019 000 from the Structural Funds and CZK 3 181 000 from the state budget

With the view to support the management of activities performed by the Industrial Property Office (IPO) and to enhance the effectiveness of performance of agendas in the field of industrial property protection and the enforcement of intellectual property rights the projects “Development of the system of industrial rights” and “Intellectual property information system” were implemented in the past. These systems fail to meet all the requirements for the scope and quality of provided data, manner of their provision, consistency and compliance with other public administration systems. The project also pursues to modernise and extend the Interministerial information system of enforcement of intellectual property rights and connection of the systems to the Basic Register Information System and CzechPOINT. The project is targeted at more effective functioning of the IPO and public administration, at matching the provided services to users' needs and requirements of modern and effective public administration, at improving the quality of provided services and bringing them closer to the citizens.

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

### 3.2.1 Focus of priority axes/intervention areas

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.

Specific goals:

- To increase the level of services of electronic public administration at regional and local level,
- To decrease the administrative burden of citizens, entrepreneurs and public sector.

Supported activities:

- Data sharing with central registers in public administration and creation of other relevant registers for needs of territorial public administration,
- Construction of the territorial public administration communication infrastructure:
- Creation of access points for communication with the public administration information systems
- Digitisation of the public administration services, particularly by means of digitalisation of procedures of individual agendas performed by the territorial public administration bodies.

Beneficiaries:

- Regions and municipalities and organisations established and founded by them, unions of municipalities

### 3.2.2 Progress achieved in implementation of priority axes/intervention areas

**In Intervention area 2.1** a total of 5 839 project applications in the amount of EUR 212.34 million were submitted and Decision on providing a grant was issued for 5 477 projects amounting to EUR 169.72 million. In the monitored period 7 projects with issued Decision were withdrawn by the beneficiary, thus the amount dropped from EUR 181.53 million to EUR 169.72 million. Progress was achieved in the volume of funds paid to beneficiaries. Their amount grew from EUR 32.68 million to EUR 44.10 million. As of 31 Mar 2013 the beneficiaries were reimbursed 21.5 % of the allocation for this intervention area. The aggregate payment claims accounted for by the PCA totalled EUR 41.36 million (20.1 % of the allocation). The certified expenditure amounted to EUR 21.69 million and has achieved EUR 32.32 million (15.7 % of the allocation).

The absorption of funds is delayed especially due to complexity of tenders, OPC investigations or necessity to repeat tenders since only one bidder submitted a bid or was shortlisted.

**Table No 21 - Cumulative progress at the level of Intervention area 2.1 (in mil. CZK/EUR)**

2.1	2007-2013 allocation		Submitted applications			Projects with issued Decision/signed Contract			Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC				
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	5 144,82	200,98	5 839	5 465,67	106,2%	212,34	5 477	4 340,14	84,4%	169,72	1 106,85	21,5%	44,10	1 036,23	20,1%	41,36	809,67	15,7%	32,32
Previous MC	5 002,47	200,98	5 839	5 465,67	109,3%	219,87	5 484	4 519,02	90,3%	181,53	818,69	16,4%	32,68	777,01	15,5%	31,00	265,10	5,3%	10,63

Source: Current MC – MSC2007 as of 4 Apr 2013

Previous MC – MSC2007+ as of 3 Oct 2012

CZK/EUR exchange rate: Current MC – 25.740

Previous MC – 24.859

Source of funding – public funds total

## Overview of ongoing calls

In **Intervention area 2.1** no new calls were announced in the monitored period.

### 3.2.3 Fulfilment of indicators

**Table No 22 - Output indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects	Value achieved as of 4 Apr 2013
150105	Number of contact points of public administration (Czech Point)	Number	1300	6244	6572	6557
150117	Share of local public administration registers connected to central registers	%	0	75	16	0
150115	Share of local networks connected to CIPA	%	10	85	69,5	17,5
150116	Share of regional portals integrated into the Public Administration Portal	%	0	75	56,67	0
150114	Number of new fully digitised agendas of local public administration	Number	0	10	102	17
150112	Share of digitised documents	%	0	20	22,63	0,93
150113	Share of authorities with electronic records management system and electronic document circulation	%	20	100	55,04	45,27

Source: MSC2007 as of 4 Apr 2013

**Table No 23 - Result indicators**

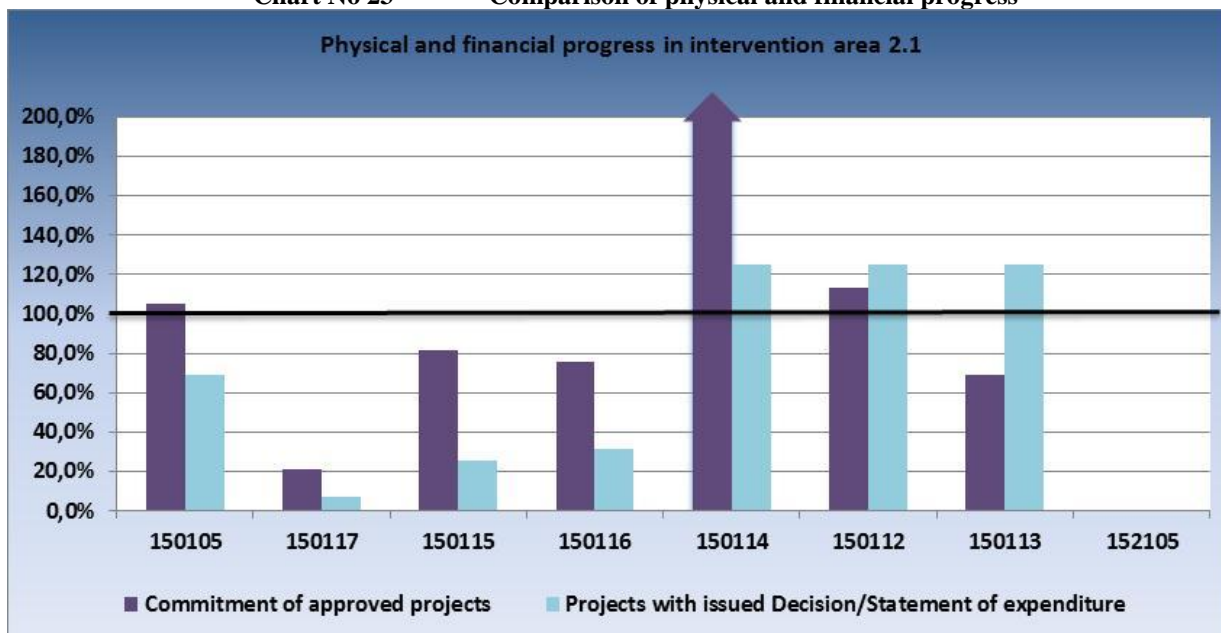
Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects	Value achieved as of 4 Apr 2013
152105	Reduction of administrative burden of citizens, entrepreneurs and public sector	%	100,00	75,00	N/A	N/A

Source: MSC2007 as of 4 Apr 2013

In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision is issued, expressed as a percentage of the allocation for activity, under which the relevant indicator falls.



Chart No 23 - Comparison of physical and financial progress



Source: IS Monit7+as of 4 Apr 2013

In the monitored period minor progress was achieved in the fulfilment of indicators since only a small part of projects was completed. In indicator No 150105 “Number of contact points of public administration (Czech Point)” almost all the projects have been completed. The difference between the commitment of approved projects and the achieved value is brought about by investigation of approximately 120 irregularities.

A considerable excess in the fulfilment of the target value of indicator 150114 is caused by inclusion of more agendas under one beneficiary. It concerns particularly the digitization of records management system, where in the project of the region or of the municipality with extended powers also the electronic records management systems of municipalities in their territorial jurisdiction were included. This procedure complies with the programming documentation, but was not taken into account when the target values of indicators were set.

The indicators No 150112 to 150117 (except for indicator No 150114 “Number of new fully digitized agendas of local public administration”) are ratio indicators and the programming documentation does not state the manner in which the basis for calculating the indicator's value is set. Therefore the MA upon consultation with beneficiaries assesses the manner of calculation to make sure that it better matches the status of implementation of individual projects.

The IOP MA currently analyses a suitable manner of reporting of indicator No 152105 “Reduction of administrative burden of citizens, entrepreneurs and public sector”.

### 3.2.4 Problems encountered and measures taken to overcome them

**Delays in the timetable of project implementation.** Delays are caused particularly by delays in tenders or in the implementation of umbrella projects under Intervention area 1.1 from which the projects shall follow.

#### *Measures taken*

Discussions with beneficiaries are under way and where project timetables are modified emphasis is placed on further division into stages conducive to lower gap in absorption in 2013.

**Delays in preceding projects.** Projects are implemented especially in connection to central projects implemented under Intervention area 1.1. It concerns primarily technological links and necessity functional necessity and clearly specified communication between 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, the MoI IB 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.

**Decreasing absorption capacity.** Projects are implemented by municipalities and regions that are affected by budgetary cuts.

#### *Measures taken*

Discussion with representatives of beneficiaries and clear definition of needs and absorption capacity.

### 3.2.5 Example of a project

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

**Name of the project, registration number:** Metropolitan network BRNO – connecting the City Hall to District Authorities - Stage III; CZ.1.06/2.1.00/09.06954

**Beneficiary:** Municipality of Žďár nad Sázavou

**Project funding:** Total budget CZK 72 072 000, of which CZK 61 261 200 SF contribution and CZK 10 810 800 community budget contribution

The Metropolitan Network BRNO (MAN) forms communication infrastructure which facilitates data interconnection of individual district authorities, organisations established by the statutory town of Brno and others, especially non-profit organisations in the territory of Brno. It connects the individual buildings by optical cables which is a prerequisite for high-speed connection of all the users. The metropolitan network will allow for the use of IS in across the city and creates space for effective and safe communication of all the connected entities.

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

### 3.3.1 Focus of priority axes/intervention areas

Activities of Priority Axis 3 follow from 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. 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

Specific goals:

- reinforcing social integration by transforming residential social welfare facilities into other types of social services, while improving the quality and accessibility of social services to allow the clients return to the labour market and to the society in general
- innovation and modernisation of the infrastructure for care for the population's health, with an emphasis put on the extension of national networks of specialised facilities, prevention of health risks and higher effectiveness, quality and availability in the system of providing public health services,
- enhancement of quality of employment services and support of development of new tools and institutions of employment services, including education of employees and clients of the employment services,
- better quality in the field of prevention and risk management through modernisation of infrastructure.

Beneficiaries:

- government agencies and semi-budgetary organisations established by them,
- regions and municipalities and organisations established by them,
- non-governmental non-profit organisations,
- entrepreneurs (persons registered in the Commercial Register, persons doing business based on a trade licence or based on special regulations).

### 3.3.2 Progress achieved in implementation of priority axes/intervention areas

In **Intervention area 3.1** a total of 421 project applications in the amount of EUR 137.82 million have been submitted (148.1 % of the allocation), of which 69 applications were submitted in the period from 1 Oct 2012 to 31 Mar 2013. For 85 projects amounting to EUR 50.49 million the Decision on providing a grant was issued (54.1 %). The number of issued Decisions on providing a grant increased as against the data stated in the previous Report on Implementation by 38, i.e. by EUR 20.28 million. In the monitored period work procedures were modified and with the view to accelerate the administration the joint document of Registration of action and Decision on providing a grant is issued by MoLSA.

Also the volume of funds paid to beneficiaries has grown from EUR 2.46 million (2.6 % of the allocation) to EUR 4.19 million (4.19 %). Similar trend was seen in aggregate payment claims accounted for by the PCA, where the amount has reached EUR 4.48 million (4.7 % of the allocation). In the monitored period the volume of certified expenditure totalled EUR 1.26 million and thus has reached EUR 2.52 million.

**Table No 24 - Cumulative progress at the level of Intervention area 3.1 (in mil. CZK/EUR)**

3.1	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries <sup>9</sup>			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	2 395,44	93,18	421	3 547,59	148,1%	137,82	85	1 296,61	54,1%	50,49	104,73	4,4%	4,19	112,24	4,7%	4,48	62,72	2,6%	2,52
Previous MC	2 316,39	93,18	352	2 756,80	119,0%	110,90	47	751,05	32,4%	30,21	61,24	2,6%	2,46	64,14	2,8%	2,58	30,85	1,3%	1,27

In **Intervention area 3.2** progress has been made by submission of project applications in the 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> call, the number of submitted applications has increased by 24 to 212 amounting to EUR 355.86 million (122.9 % of the allocation). For all 6 project applications submitted under the 11<sup>th</sup> call the Decision on providing a grant was issued and the value of projects with an issued legal act is EUR 238.13 million. Under the 12<sup>th</sup> call, of 5 submitted projects not a single one met the evaluation requirements. 13 project applications submitted under the 13<sup>th</sup> call are being administered as of 31 Mar 2013. As of 31 Mar 2013 the beneficiaries were paid funds amounting to EUR 150.53 million, the share of reimbursed funds in the monitored period increased from 48.5 % of the allocation to 51.0 %. The aggregate payment claims covered the volume of EUR 143.48 million, which represents 48.6 % of the allocation. The amount of certified expenditure grew to EUR 131.66 million.

<sup>9</sup> In Intervention area 3.1 the total amount of funds paid to beneficiaries (column d) is lower than the amount of funds included in aggregate payment claims (column e). It is due to the technical aspects of the output report in MSC2007 which serves as a source of data for this table. It is caused by projects financed in ex-ante financing regime with the use of the so called limit (funding from an account for a limited amount), in which a part of the expenditure of the stage is financed through an order, i.e. in ex-post financing regime. The expenditure financed by an order is not included in column d in the table, but in column e.

**Table No 25 - Cumulative progress at the level of Intervention area 3.2 (in mil. CZK/EUR)**

3.2	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	7 455,87	292,33	212	9 159,73	122,9%	355,86	158	6 060,82	81,3%	238,13	3 805,90	51,0%	150,53	3 624,52	48,6%	143,48	3 322,16	44,6%	131,66
Previous MC	7 321,14	292,33	188	8 270,96	113,0%	332,72	152	5 994,49	81,9%	238,96	3 550,17	48,5%	140,64	3 455,01	47,2%	136,81	1 664,18	22,7%	66,58

In **Intervention area 3.3** a total of 24 projects applications have been submitted in the amount of EUR 70.63 million and in the monitored period no project application was submitted. The number of projects with issued Decision on providing a grant increased as against the data stated in the previous Report on Implementation by 5 and by the amount of EUR 20.65 million. As of 31 Mar 2013 altogether 13 Decisions on providing a grant in the amount of EUR 44.99 million (82.0 %) were issued. The funds paid to beneficiaries increased by EUR 4.35 million to the total of EUR 7.73 million (13.9 % of the allocation). The aggregate payment claims accounted for by the PCA amounted EUR 6.84 million (12.3 % of the allocation), expenditure in the amount of EUR 3.38 million was certified (6.0 % of the allocation), as against the data stated in the previous Report on Implementation there was an increase by EUR 2.98 million.

The progress at individual stages was achieved thanks to the implementation of the adopted corrective measures comprising primarily the issuance of joint (merged) guidance documents, division of projects into shorter stages which enables continuous reimbursement of funds to beneficiaries and subsequent certification of expenditure.

**Table No 26 - Cumulative progress at the level of Intervention area 3.3 (in mil. CZK/EUR)**

3.3	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	1 407,42	54,81	24	1 817,90	129,2%	70,63	13	1 154,68	82,0%	44,99	195,40	13,9%	7,73	172,53	12,3%	6,84	83,91	6,0%	3,38
Previous MC	1 362,46	54,81	24	1 817,90	133,4%	73,13	8	604,93	44,4%	24,34	83,72	6,1%	3,37	83,76	6,1%	3,37	9,53	0,7%	0,40

In **Intervention area 3.4** in the monitored period 18 project applications were submitted, thus their number rose from 108 to 126 and from the amount of EUR 231.19 million to EUR 238.45 million. The number of projects with issued Decision on providing a grant increased from 100 to 105 and as of 31 Mar 2013 reached the amount of EUR 165.49 million. Funds paid to beneficiaries equal EUR 27.40 million (13.4 %) and as against the data stated in the last Report on Implementation they increased by EUR 2.33 million. The aggregate payment claims accounted for by the PCA totalled EUR 26.05 million (12.7

%). The certified expenditure amounts to EUR 23.19 million (11.3 %), as against the data stated in the last Report on Implementation there was an increase in certified expenditure by EUR 16.74 million.

The implementation of projects from the 11<sup>th</sup> call “Uniform standard of information systems of operational management and modernisation of technologies for the receipt of emergency calls of basic units of the Integrated Rescue System” is lagging behind. The contract was signed with Česká pošta on the implementation of IRS NIS umbrella project. The first outputs of this contract will be the specification of technological solution which will result in deblocking the implementation of projects.

**Table No 27 - Cumulative progress at the level of Intervention area 3.4 (in mil. CZK/EUR)**

3.4	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	5 158,49	200,98	126	6 137,63	119,0%	238,45	105	4 245,04	82,3%	165,49	690,50	13,4%	27,40	655,81	12,7%	26,05	584,19	11,3%	23,19
Previous MC	5 003,61	200,98	108	5 747,18	114,9%	231,19	100	4 189,04	83,7%	168,21	630,53	12,6%	25,06	630,53	12,6%	25,06	166,03	3,3%	6,45

**The following is applicable to all the tables above:**

Source: Current MC – MSC2007 as of 4 Apr 2013

Previous MC – MSC2007+ as of 3 Oct 2012

CZK/EUR exchange rate: Current MC – 25.740

Previous MC – 24.859

Source of funding – public funds total

## Overview of ongoing calls

**In Intervention area 3.1** calls No 06-08 were under way in the monitored period. Of the total number of 246 received project applications in the amount of EUR 89.21 million, 140 projects in the amount of EUR 70.00 million continued to be implemented. In these calls 41 projects in the amount of EUR 27.48 million were approved.

The largest share of rejected projects is seen in call No 08 for activity c), predominantly for not meeting the evaluation requirements – in the monitored period it concerned 22 project applications, 8 applicants withdrew their project application and 7 failed to meet the eligibility criteria or formal requisites.

**In Intervention area 3.2** five calls were under way and as of 31 Mar 2013 in three calls the receipt of project applications ended. In total, 24 project applications were submitted in the amount of EUR 34.11 million. Whereas all the projects under call No 11 (6 project applications in the amount of EUR 6.00 million) and No 13 (13 project applications in the amount of EUR 11.12 million) continued to be administered, all 5 project applications from call No 12 in the amount of EUR 16.99 million failed to meet the evaluation requirements.

Calls No 14 and 15 were not closed as of 31 Mar 2013.

**In Intervention area 3.3** the receipt of project applications continued under the continuous call No 4. Of 16 project applications one was rejected from administration. Of 15 submitted applications in the amount of EUR 53.25 million 13 projects in the amount of EUR 44.60 million were approved.

In December 2012 call No 09 was announced for activity 3.3c) in the volume of EUR 3.54 million. The applicants can submit their project applications until 30 Jun 2013, as of 31 Mar 2013 no project applications were received. The MoLSA registers low interest of applicants in this call.

**In Intervention area 3.4** the project applications continued to be submitted under call No 15 which was closed as of 28 Nov 2012. In total 4 project applications in the amount of EUR 4.88 million were submitted and they are subject to checks and evaluation.

In January 2013 the MRD announced call No 18 for allocation in the amount of EUR 21.30 million for the purchase of technology safeguarding effective operational capability of IRS. As of 31 Mar 2013 altogether 8 project applications in the amount of EUR 5.91 million were received, all the applications are subject to administration and no project has so far been approved.

**Table No 28 - Overview of ongoing calls in the period from 1 Oct 2012 to 31 Mar 2013 in Priority axis 3**

Order of the call	Number of the call	Submission of project applications		Type of the call	IA / activity	Allocation for the call in EUR	Submitted applications for support		Projects with issued Decision/ signed Contract	
		Opening date of the call	Closing date of the call				Number	in EUR	Number	in EUR
24.	04	11.11.2009	30.6.2013	continuous	3.3 a,b	37 344 705	15	53 249 937	13	44 601 793
40.	06	31.5.2011	30.6.2013	continuous	3.1 b	10 117 843	30	15 609 998	15	6 714 399
41.	07	7.7.2011	30.6.2013	continuous	3.1 a	31 197 708	47	47 279 761	25	20 734 520
42.	08	29.7.2011	29.6.2012	continuous	3.1 c	8 558 028	63	7 112 678	1	34 056
49.	11.	8.8.2012	8.10.2012	time-limited	3.2 b	11 426 482	6	5 999 374	6	5 976 843
50.	15.	10.8.2012	28.11.2012	time-limited	3.4 d	6 170 300	4	4 880 817	0	0
51.	12.	16.8.2012	16.10.2012	time-limited	3.2 c	19 425 019	0	0	0	0

Order of the call	Number of the call	Submission of project applications		Type of the call	IA / activity	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
54.	13.	15.11.2012	31.1.2013	time-limited	3.2 a	14 214 544	13	11 124 451	0	0
56.	09	12.12.2012	30.6.2013	continuous	3.3 c	3 535 354	0	0	0	0
58.	18	17.1.2013	17.4.2013	continuous	3.4 d	21 298 236	8	5 909 343	0	0
59.	14	8.2.2013	15.4.2013	time-limited	3.2 a	16 042 781	0	0	0	0
60.	15	25.3.2013	13.5.2013	time-limited	3.2 c	1 828 237	0	0	0	0
IA 3.1 Total						49 873 580	140	70 002 438	41	27 482 974
IA 3.2 Total						62 937 063	19	17 123 826	6	5 976 843
IA 3.3 Total						40 880 058	15	53 249 937	13	44 601 793
IA 3.4 Total						27 468 536	12	10 790 160	0	0
<b>PA 3 Total</b>						<b>181 159 237</b>	<b>186</b>	<b>151 166 360</b>	<b>60</b>	<b>78 061 610</b>

Source: IS Monit7+ as of 3 Apr 2013

CZK/EUR exchange rate: 25.740

Source of funding –public funds total



### 3.3.3 Fulfilment of indicators

**Table No 29 - Output indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects	Value achieved as of 4 Apr 2013
330300	Number of projects focused on social inclusion	Number	0	294	85	28
75713	Facilities with transformation in progress	Number	0	30	11	0
75714	Number of supported organisations	Number	0	30	24	8
75802	Number of supported entities	Number	0	250	24	20
80100	Projects on the support of health – total	Number	0	110	158	87
80102	Projects on the support of health – modernising medical equipment	Number	0	50	84	50
80101	Project on the support of health – health risk prevention	Number	0	45	58	28
80702	Number of projects focused on the introduction of standards and standard procedures of quality and cost management	Number	0	15	16	9
74521	Number of supported employment services institutions	Number	0	8	10	1
74532	Number of newly built and supported existing training centres of employment services	Number	0	4	4	1
74533	Number of newly built and supported existing information and education centres of employment services	Number	0	2	1	0
260407	Number of IRS operation centres with integrated ICT	Number	0	14	41	0
260408	Number of newly built logistics bases	Number	0	1	1	1
260410	Number of modernised or newly built contact points of Front office type connected to IRS network	Number	0	369	368	322
260412	Number of technological equipment for elimination of safety risks or their implications	Number	0	2180	2139	28

Source: MSC2007 as of 4 Apr 2013

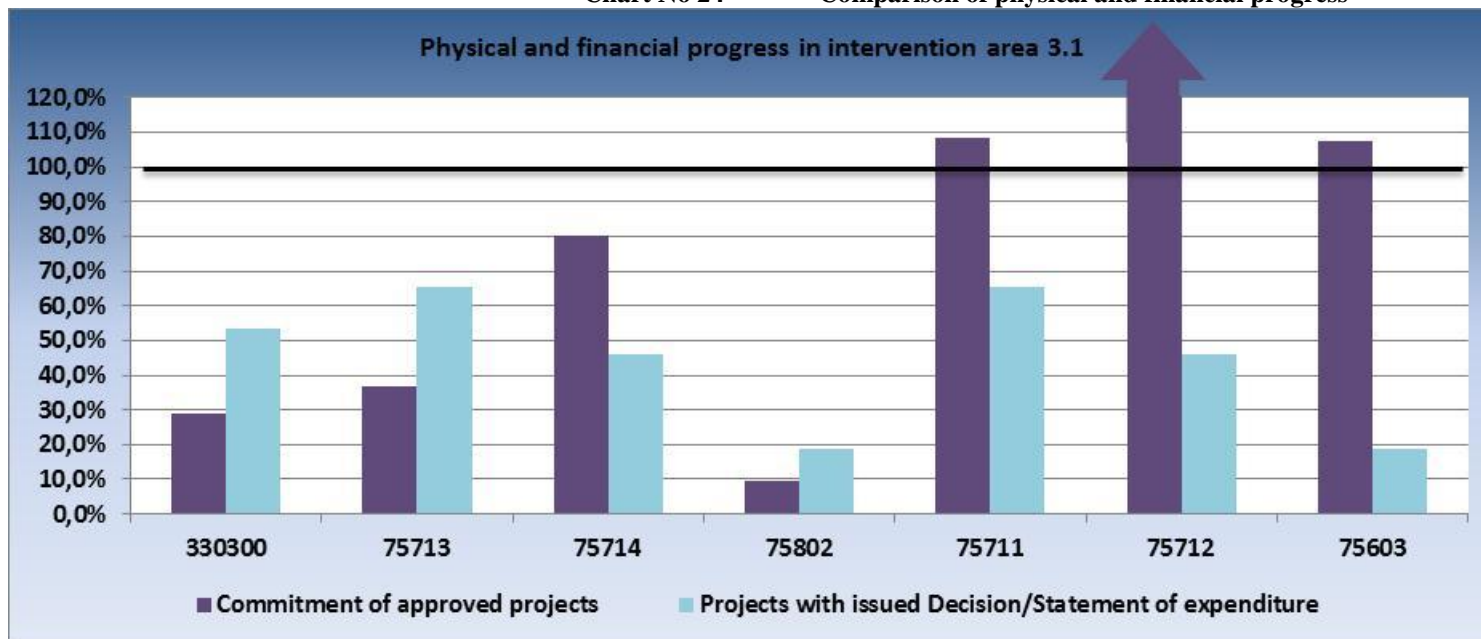
**Table No 30 - Result indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects	Value achieved as of 4 Apr 2013
75711	Alternative social services	Number	0	60	65	5
75712	Number of newly established social services and activities	Number	0	50	122	23
75603	Efficiency of support	%	0	60	64,52	65,29
80721	Increase in the standard (fit-out) of specialised workplaces in national networks	%	0	60	69,38	72,97
80712	Number of prevention programmes available to citizens	Number	0	45	64	26
80704	Number of programmes introducing the standards and standard procedures for quality and cost management	Number	0	40	19	11
74514	Quality increase in working and client environment of the employment services institutions	%	0	15	22,86	1,68
74512	Increase in the capacity of training centres of employment services	%	0	20	20,12	0
74513	Increase in the capacity of consultancy-training centres	%	0	25	12,5	0
260401	Number of supported IRS units	Number	0	3	3	0
260406	Decrease in average response time to imminent or existing safety risks	%	100	75	0	100
260404	Creation of new capacities for effective provision of humanitarian aid to other countries	m <sup>2</sup>	0	2 500	2 500	2500

Source: MSC2007as of 4 Apr 2013

In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision is issued, expressed as a percentage of the allocation for activity, under which the relevant indicator falls.

Chart No 24 - Comparison of physical and financial progress



Source: IS Monit7+ as of 3 Apr 2013

### Output indicators

Indicator No 330300 “Number of projects focused on social inclusion“ gives the sum total of values of all the supported projects in activities 3.1 a), b), c). Applicable to activity 3.1c) is indicator No 75802 “Number of supported entities“ with the target value of 250, which is strongly reflected in the value of 294 of indicator No 330300. Indicator No 75802 and thus also indicator No 330300 will not be fulfilled. With respect to potential decommitment of allocation in 2013 the MoLSA will close the calls and thus any major improvement of the fulfilment of indicators is not foreseen.

Also the result indicator No 75603 “Efficiency of support”, the target level of which is exceeded, relates to activity 3.1c). The supported projects under activity 3.1c) show high degree effectiveness with the number of successfully supported persons (i.e. from target groups) approximates the total number of supported persons.

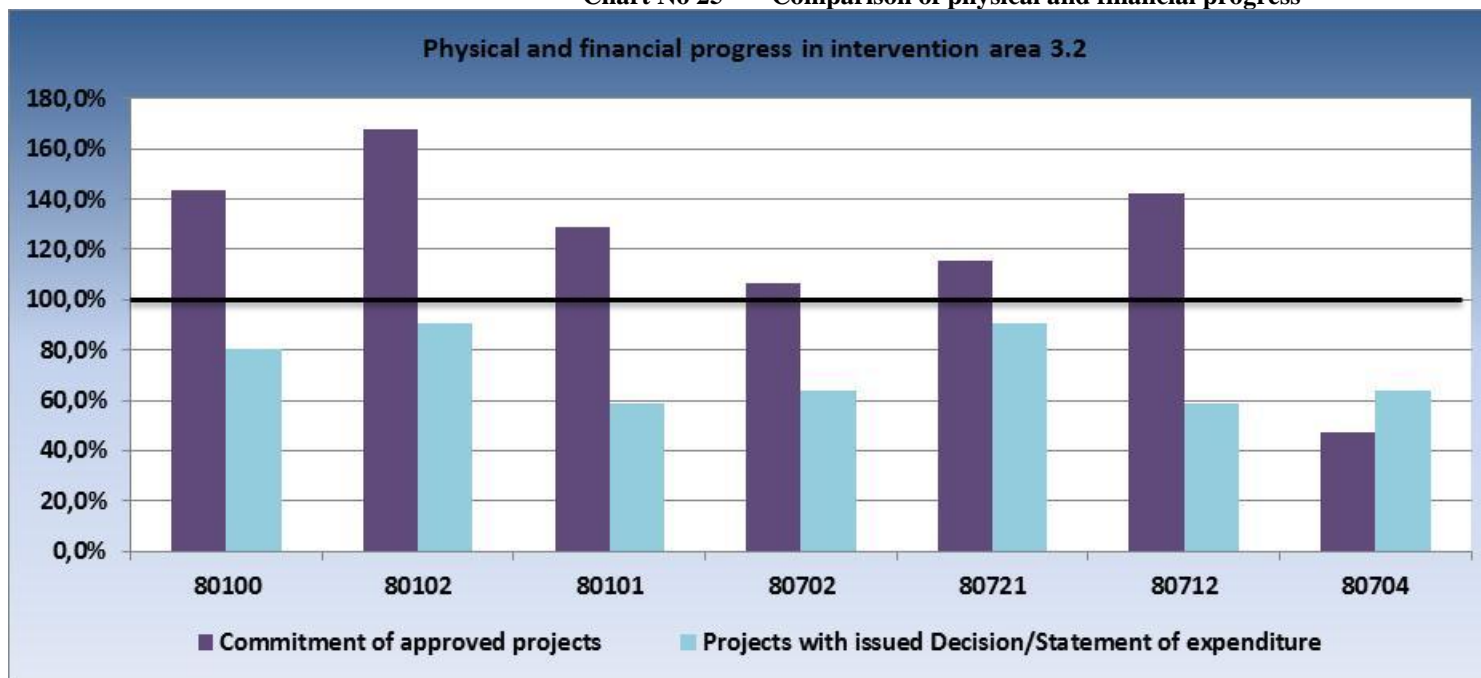
## Result indicators

For the fulfilment of indicator No 75711 “Alternative social services“ the number of alternative services and transformation of facilities equals the number planned, but when the value of the indicator is added up one social service is included several times. It is caused by the fact that the aid beneficiaries under 3.1 a), to which this indicator relates, were recommended to divide large projects into several smaller ones. This step was taken to accelerate the absorption of funds. The problem areas (or areas less prepared for transformation) were removed and the project application was submitted without them so that at least a partial transformation of residential facilities can begin. Once the remaining parts are resolved and finalised (objections in tenders are treated, building permits are issued, etc.) additional projects covering the remaining parts were submitted.

The division of one project into two does not have any effect on indicator No 75713 “Facilities with transformation in progress”. The target value of these facilities is 30 and at the time being the commitment is 11. In this case though the large project was divided into two smaller ones the achieved value is included in the indicator only once and the total value of indicator No 75713 thus remains to be 1 despite the existence of two projects. The target value of indicator No 75713 will not be fulfilled since in 3 facilities judging from the current development the submission of a project application is not expected and they will not be replaced by other facilities due to the demanding preparation of the process of transformation and investment projects. The second reason is the giving up the original plan under which the implementation of investment projects should have solved the situation of users as well as facilities established by MoLSA. The situation of these users is addressed by another programme focused on investment support.

When the call for activity 3.1 b) was announced on 30 May 2011, a change was made in the reporting of indicator No 75712 “Number of newly established social services and activities”. In the first call only new social services were figured in. In the following calls also innovated services are included as well as all supported social services, optional activities inclusive. This results in exceeding the target value of the indicator, even though the corresponding number of projects and indicator No 75714 “Number of supported organisations” are optimal.

Chart No 25 - Comparison of physical and financial progress



Source: IS Monit7+ as of 3 Apr 2013

In the monitored period the commitment in output indicator No 80101 “Number of projects on the support of health – health risk prevention (3.2 b)” increased by the approval of 6 projects from the 11<sup>th</sup> call. The achieved values of individual indicators are continuously fulfilled through the approval of monitoring reports.

**The summary indicator for Intervention area 3.2 No 80100 “Projects on the support of health – total” was fulfilled to the level of 79%** (a total of 87 projects were completed, the target value is 110 projects). The value of commitment of approved projects is 143%, with approximately 80 % of the allocation already distributed.

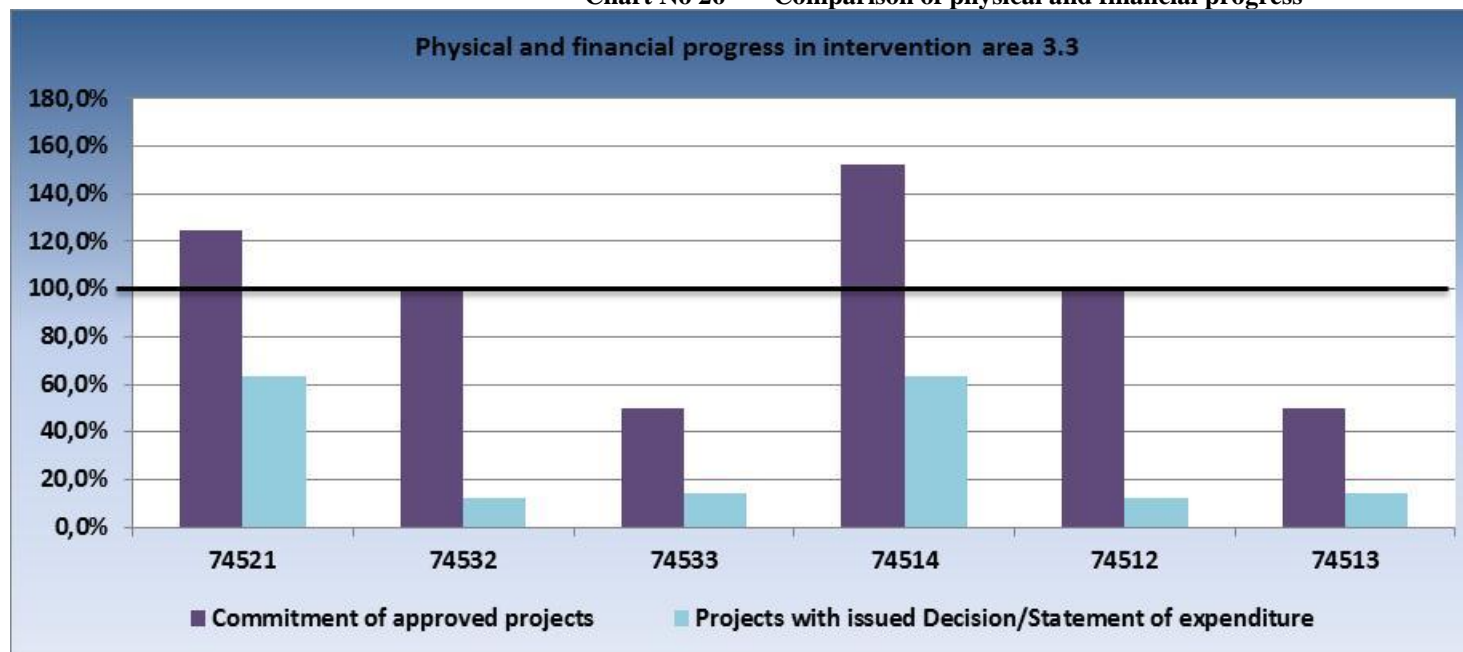
**Activity 3.2a)** has indicator No 80102 “Projects on the support of health – modernising medical equipment” which is as of 31 Mar 2013 fulfilled to the level of 100%. The commitment of approved projects has reached 168 %, with the allocation being distributed to the level of almost 100 %. At the time when the target values of indicators were set out, the precise number of beneficiaries for Intervention area 3.2a) was unknown. Based on the conducted audits the number of hospitals in individual networks of specialised workplaces has been determined. Indicator No 80721 “Increase in the standard (fit-out) of

specialised workplaces in national networks” has been fulfilled to the level of 115%. Since it is linked to indicator No 80102, the reasons behind its excessive fulfilment are the same.

**In activity 3.2b)** the indicator No 80101 “Project on the support of health – health risk prevention” has so far been fulfilled to the level of 62%, but the commitment of approved projects anticipates 128 % fulfilment with the use of roughly 60 % of the allocation. The target level of the second indicator for activity 3.2b) No 80712 “Number of prevention programmes available to citizens” has been fulfilled to the level of 58% by completed projects and to the level of 140 % by approved projects. Approximately 60 % of the allocation has been used.

The risk of non-fulfilment of the target value of indicator has been detected in **activity 3.2c)**, represented by the following indicators: No 80704 “Number of programmes introducing the standards and standard procedures for quality and cost management” and No 80702 “Number of projects focused on the introduction of standards and standard procedures of quality and cost management“. For this reason on 16 Aug 2012 the 12<sup>th</sup> call was announced for Intervention area 3.2c). None of the submitted projects met the evaluation requirements, which is why the risk of non-fulfilment of the indicators prevails. The commitment of approved projects with respect to indicator No 80702 indicates the fulfilment of its target value. A half of the target value of indicator No 80704 has been fulfilled by commitments of projects approved as of 31 Mar 2013. Low fulfilment was caused by the assumption that every submitted project will comprise multiple programmes introducing the standards and standard procedures of quality and cost management. This assumption, however, has not been confirmed. The call No 18 was announced for activity 3.2c) on 25 Mar 2013.

Chart No 26 - Comparison of physical and financial progress



Source: IS Monit7+ s of 3 Apr 2013

The explanatory notes with regard to the Comparison of physical and financial progress chart are given in the introduction to Chapter 3 Progress at the level of priority axes.

### Output indicators

The output indicator No 74521 “Number of supported employment services institutions“ is linked to the project “LO CR – Karlovy Vary – construction of a new seat of the office” under activity 3.3 a) the implementation of which was completed and the achieved value of indicator is therefore 1. The commitment of approved projects as of 4 Apr 2013 is currently 10 projects, which represents an increase by 5 projects as against the previous monitored period from 1 Apr 2012 to 30 Sep 2012. The target value of this indicator is most likely to be achieved.

In the monitored period from 1 Oct 2012 to 31 Mar 2013 as against the previous period progress was made in the fulfilment of output indicator No 74532 “Number of newly built and supported existing training centres of employment services“. As of 4 Apr 2013 the achieved value of this indicator is 1 since in the monitored period the implementation of the project “LO CR – Hradec Králové – reconstruction of a training centre“ in activity 3.3 b) was completed. The commitment of approved projects is 4 training centres, and in this activity the target value will most likely be achieved.

The currently achieved value of indicator No 74533 “Number of newly built and supported existing information and education centres of employment services” is zero since no project has so far been completed in activity 3.3 c). Two projects are under implementation. One of them is the project called “Building an information and education centre of South Bohemian region“, with the anticipated date of completion on 30 Apr 2013, which is reflected by the committed value of 1 of indicator No 74533. Another project is the “Information and education centre of Pilsen region“ (the beneficiary approved the certificate of registration of the project) with anticipated date of completion on 31 Aug 2014. Therefore the target value of this indicator is expected to be achieved.

### **Result indicators**

By successfully completed implementation of the project “LO CR – Karlovy Vary – construction of a new seat of the office” the value of 1.68 % of indicator No 74514 “Quality increase in working and client environment of the employment services institution“ was achieved. The commitment of approved projects in activity 3.3a) as of 4 Apr 2013 is 22.86 %, the excessive fulfilment of this indicator corresponds with the increase in the number of approved projects in activity 3.3a). The target value of the indicator is expected to be achieved.

In activity 3.3a) a higher number of project applications was submitted than originally foreseen. It is caused by stronger interest of potential applicants and beneficiaries in this activity. Thanks to intensive methodological support by MoLSA the potential applicants were motivated to submit the applications and at the same time the number of rejected projects in this activity was successfully reduced. Steps taken by MoLSA towards applicants and beneficiaries were directed at the minimisation of risk of unabsorption of the allocated amount in Intervention area 3.3.

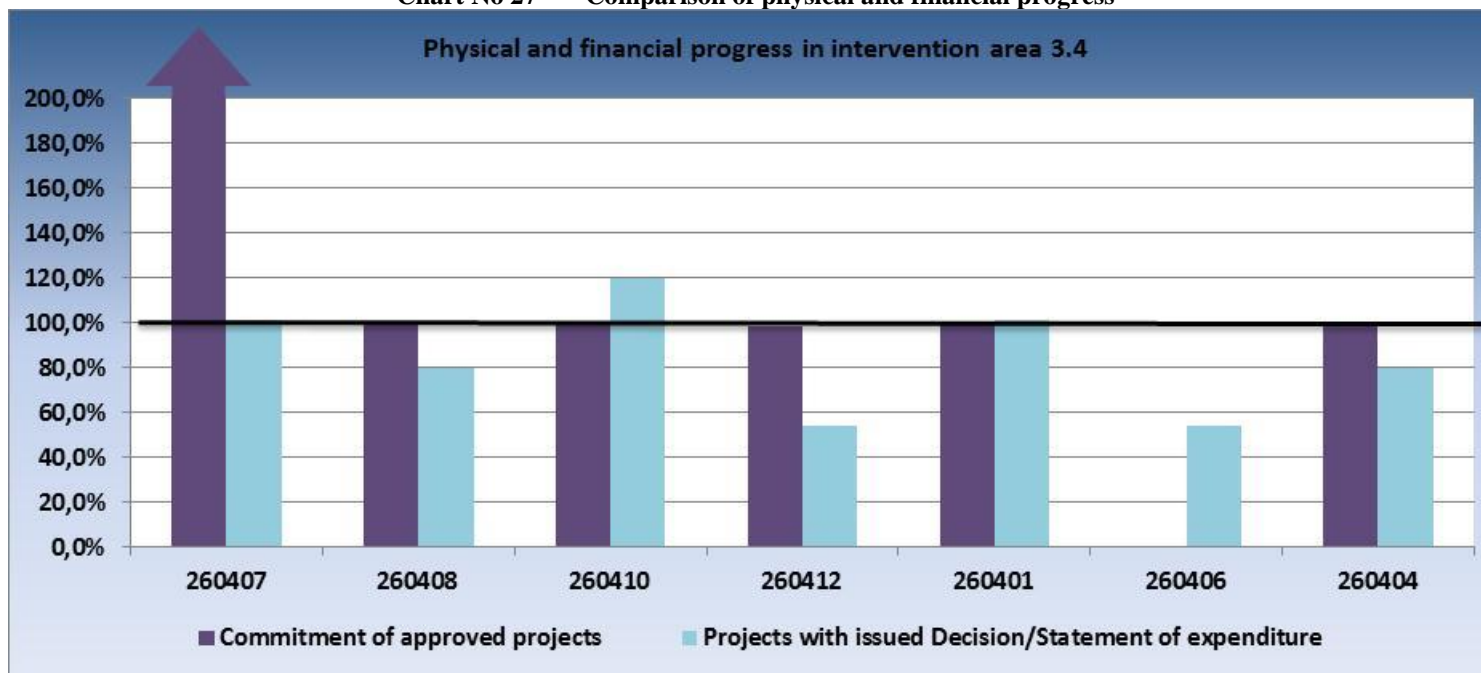
The achieved value of indicator No 74512 “Increase in the capacity of training centres of employment services” and indicator No 74513 “Increase in the capacity of consultancy-training centres“ is zero. These indicators will be fulfilled during the sustainability period of the project. The commitment of approved projects in indicator No 74512 is 20.12%, therefore provided the projects in activity 3.3b) are successfully implemented and sustained the target value of the indicator concerning the increase of capacity of training centres by 20 % will be achieved.

In indicator No 74513 “Increase in the capacity of consultancy-training centres“ one project called “Building information and education centre of South Bohemian region“ is under implementation, therefore the value of commitment of approved projects is 12.5%. The other project “Information and education centre of Pilsen region“ is at P3.3 status. Supposing both the projects are successfully implemented the target value of the indicator of 25 % will be achieved.

In activity 3.3 c) in call No 9 one additional applicant is ready to submit a project application for a project called “Information and education centre of Karlovy Vary region“. If the project is submitted, approved and successfully implemented, the target value of indicator No 74513 will be exceeded.



Chart No 27 - Comparison of physical and financial progress



Source: IS Monit7+ as of 3 Apr 2013

In the monitored period the achieved value of indicator No 260410 and indicator No 260412 increased thanks to the completion of projects of the 2<sup>nd</sup> wave of Contact and coordination centres of the Police of the CR and handing the technical equipment over to FRS units.

A marked overcommitment of indicator No 260407 is caused by the submission of an application for each IRS unit and region, while in the end only one project for each region will be included in the sum total.

Indicator No 260406 has not been chosen by any of the projects, it can be reported based on some types of interventions or IRS activities. The IOP MA and individual IRS units seek an unambiguous way of measuring this indicator and evaluate its fulfilment following the completion of implementation of projects.

### 3.3.4 Problems encountered and measures taken to overcome them

#### Intervention area 3.1

**Risk of nonfulfillment of n+3/n+2 rule in 2013 and decommitment.** With respect to delays in the preparation and implementation of projects (selection of fitting building plots and their purchase, etc.) to the number of supported projects, number of submitted applications for payment it is currently most likely that the n+3/n+2 rule will not be fulfilled.

This situation was among other things caused by complex procedures at MoLSA, protracted administration and frequent changes in projects brought about by extension of deadlines and MoLSA interventions.

The MoLSA addresses the risks, but many established procedures (ineligibility of extra work, interim checks in 100 % of projects, etc.) do not allow for major progress in absorption of the allocation.

#### *Measure taken*

The MoLSA handles all the projects at one-to-one basis. In cooperation with the beneficiary it adjusts the stages of projects in order to safeguard fast certification of expenditure. It consults the modification of timetable of implementation of activities to achieve the maximum possible absorption. At the same time it modifies work procedures to accelerate administration and minimise impacts on the non-fulfilment of n+3/ n+2 rule.

**Risk of the failure to achieve the target values of monitoring indicators.** At present there is a high risk identified mainly in activities under 3.1a and 3.1c.

The reasons of the above referred to situation in activity 3.1a):

- Originally it was assumed that the submitted project applications would require lower volume of funds and thus more projects would be supported. In reality, though, the applications for support require higher financial volumes.
- Higher share of rejected projects on the grounds of not meeting the evaluation requirements.
- Large number of projects withdrawn from implementation. The beneficiaries withdraw from project implementation once they compare the benefits of granted assistance with the potential loss caused by not fulfilling the obligations.
- Inaccurate and protracted transformation of a residential facility.
- When the indicators were set, transformation of residential facilities established by MoLSA was planned. This concept has been given up by MoLSA.
- Some facilities withdrew from transformation of residential facilities financed from IOP and implement it under another operational programme, e.g. the regional operational programme.

#### *Measure taken*

Evaluation of barriers to the absorption was carried out also in activity 3.1c. Based on its results measures have been adopted and implemented in support of absorption capacity and project quality. Yet the indicator No 75802 Number of supported entities will not be fulfilled which will indirectly contribute to the non-fulfilment of CORE indicator No 330300 Number of projects focused on social inclusion.

## Intervention area 3.2

**Update of the Methodology of Financial Flows and introduction of contradictory procedure** which is not formally stipulated (participants, deadlines, taking the minutes, etc.). No procedure has been defined to be taken in case a competent authority (e.g. TO, OPC) concludes that no deficiency occurred, but in the contradictory procedure the deficiency is established.

### *Measure taken*

Cooperation with beneficiaries in the framework of DAB audits, elaboration of supporting documents for contradictory procedure. Participation of MA and IBs in discussing the proposals for final audit reports.

## Intervention area 3.3

**Risk of failure to fulfil the n+3/n+2 rule and to absorb the allocation.**

### *Measure taken*

Division of financially demanding and long project stages so that the gradual absorption of funds is reflected. On the seminar held on 23 Oct 2012, the identified beneficiaries were requested to cut or divide the time consuming and financially demanding projects into shorter stages. By cutting and dividing the stages, the expenditure higher by roughly CZK 52 million than originally planned should be included in certification in 2013.

The efforts to accelerate the administration of projects are accompanied by the modification of work procedures and revision of the Handbook of Work Procedures of MoLSA IB (hereinafter referred to as the HWP). The revision 1.4 of HWP consisted primarily in the issuance of joint (merged) guidance documents, cutting or introducing the deadlines for ex-ante checks, handing over the documentation between MoLSA and CRD and introduction of regular reporting. Another modification of work procedures and revision of MoLSA IB HWP version 1.5. is currently under the comments procedure. In connection to these changes the Handbook for Applicants and Beneficiaries in Intervention area 3.3 a) and b) is modified.

**Low interest of applicants in submission of applications under Call No 9 for activity 3.3 c).** The MoLSA notices low interest of applicants in submitting the applications for support under Intervention area 3.3, activity c), Building and support of information and education centres. Despite long-term intensive methodological support continuously delivered to individual beneficiaries and applicants, the LO regional branches were not interested in submitting project applications under call No 9. A draft project application was elaborated only for an information and education centre of Karlovy Vary region.

### *Measure adopted*

Bearing in mind the quantification of potential decommitment in 2013, a decision on potential reduction of the number of projects shall be adopted. One of the proposed measures that would to a certain extent help cover the amount of decommitment is the decrease in the allocation for call No 9. The potential decrease in the allocation will not have any significant impact on the accomplishment of monitoring indicators.

Thus, on 28 Feb 2013 the MoLSA submitted a proposal for the issuance of the methodological guideline concerning the change in call No 9, consisting in the decrease of allocation from the original amount of CZK 91 000 000 to CZK 30 000 000. The reasons for the issuance of the MG on call No 9 were approved by the MA.

The cooperation with LO GD is inadequate, at the meeting with the EC on 22 Mar 2013 the General Directorate of the LO expressed discontent regarding little cooperation on the part of MoLSA. The MA deals with this problem at bilateral meetings with MoLSA.

### Intervention area 3.4

**Involvement of Česká pošta in the implementation of projects under the programme “Uniform standard of information systems of operational management and modernisation of technologies for the receipt of emergency calls of basic units of the Integrated Rescue System” (IRS IS) pursuant to Government Resolution No 224/2012 and delays in the timetables of implementation of individual projects.**

#### *Measures taken*

Regular monthly meetings with the IRS units concerning the current developments and progress in the implementation of the umbrella project (IRS NIS), the individual regional standardised projects, the system of project management.

On 4 March 2013 a contract for work done was concluded with the general contractor of Česká pošta, s.p., Odštěpný závod ICT služby (Branch ICT services) for a supply for the umbrella project of NIS IRS. The contract with Česká pošta, s.p. specifies the framework concept of software solution based on which the Fire Rescue Service, the Police of the CR and the Emergency Medical Service can modify their tender documentation.

On 20 Mar 2013 the Presidium of the Police of the CR launched a call for tenders for Technologies for operational management of the Police of the CR operation centres and for connection to the National Information System of the Integrated Rescue System of the CR.

The IOP MA continues to hold regular meetings with representatives of the Integrated Rescue System and the Centre for Regional Development of the CR.

### 3.3.5 Example of a project

#### **Intervention area: 3.1 Social integration services**

**Name of the project, registration number:** Integration café PONTES, CZ.1.06/3.1.02/01.07596

**Beneficiary:** PONTES Písek s.r.o.

**Project funding:** Total budget CZK 1 838 225, of which CZK 943 900 from the Structural Funds, CZK 166 570 from the state budget, CZK 727 755 from the own resources of the applicant

A wheelchair accessible café PONTES was established on the Otava banks in the centre of the historical town of Písek. Its name is derived from the Latin word for a bridge and has not been chosen just because the café is located near the ancient Stone Bridge, but also because the café connects the world of handicapped and healthy people. By project implementation the beneficiary undertook to create 9 new jobs, of which 6 for the target group of persons with disabilities and socially disadvantaged persons.

The café thanks to its size (with the capacity that accommodates 40 persons inside and can be increased by additional 50 places on the outside seating area with the magnificent view of the old bridge) is a venue where cultural and social events, which the region is short of, can be held and at which the groups of healthy and disadvantaged persons can meet and get to know each other. In PONTES café you can enjoy the delicious regional and local specialties as well as their own chocolates not only during these events, but also on other occasions.



### Intervention area: 3.2 Public health services

**Name of the project, registration number:** Modernisation of equipment for prevention of nosocomial infections in the Psychiatric Hospital Horní Beřkovice, CZ.1.06/3.2.01/07.06895

**Beneficiary:** Psychiatric Hospital in Horní Beřkovice

**Project funding:** Total budget CZK 32 470 000, of which CZK 27 599 500 the SF contribution and CZK 870 500 the contribution from the national public sources

Nosocomial infections acquired by patients in hospitals through often times dirty and contaminated laundry represent undesirable complication for health care in hospitals. They can lead to longer stays in hospitals, higher costs of treatment, but also to death. The greatest risk of nosocomial infections is faced by intensive care patients.

For this reason the projects focused on prevention constitute one of the main areas of intervention in health care sector. The laundry in the psychiatric hospital in Horní Beřkovice was thanks to the support from the European Funds equipped with top-notch laundry machines that guarantee top quality and economy washing of laundry. Thus the 37 years old washers were replaced. The new laundry equipment brought about changes in the whole laundry operations.

The whole laundry is now newly divided into two separate section – the “dirty section“ where the dirty linen is received and washed, and the “clean” section where the linen is dried and ironed and distributed to individual hospital wards. The hospital also uses a system of modern laundry labels written by permanent ink which guarantees that every medical doctor, medical and other staff just as the hospital clients always get their own laundry and no confusions occur.



**Intervention area: 3.3 Employment services**

**Name of the project, registration number:** Labour office of the CR – Brno-City – Construction of the building, CZ.1.06/3.3.00/04.07241

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

**Project financing:** Total budget CZK 225 573 620, of which CZK 191 737 577 from the Structural Funds, CZK 3 383 605 from the state budget.

The project solves the lack of space of the Labour Office Brno-City with the view to enhance the quality of services provided to job applicants and job seekers. The growing unemployment and gradual increase in the workload of the Labour Office related to the growing number of clients and labour office staff strongly affected the comfort of work with clients in the field of information, advisory, training and intermediary services. Despite restructuring and maximum use of all the working space some activities have to be conducted in rented spaces with inappropriate conditions for modern and efficient work with job applicants and job seekers.

The new building of the Labour Office Brno-City will provide enough space to become a one-stop-shop and will notably improve the conditions both for clients and labour office staff. By putting up a new building of the Labour Office Brno-City conditions will be created for the necessary modernisation of services.



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

**Name of the project, registration number:** Contact and coordination centres II – Regional Directorate of the Police of the Highlands (Vysočina) Region, CZ.1.06/3.4.00/05.06920

**Beneficiary:** Regional Directorate of the Police of the Highlands (Vysočina) Region

**Project financing:** Total budget CZK 23 200 000, of which CZK 19 720 000 from the Structural Funds, CZK 3 480 000 from the state budget

#### *New contact points at police stations in the Highlands region*

Five new contact and coordination centres of the Police of the Czech Republic were put into operation in the Highlands region. The police stations in Bystřice nad Pernštejnem, Chotěboř, Pacov, Třebíč and Třešť have been renovated. These centres shall first and foremost provide information and effective assistance to people in need during emergency situations.

The investment aimed to create a friendly setting for the general public and employees. In the renovated police station in Třešť, for example, mothers with prams and disabled persons can use the wheelchair access as well as wheelchair accessible restrooms. After the reconstruction also a new reception room was made available with an indoor playground and information boards and a meeting room.



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

### 3.4.1 Focus of priority axes/intervention areas

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 the this area.

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

Specific goals:

- Increase of the number of entities connected to the reservation (booking) system in tourism sector,
- To improve the quality of services provided in tourism, their uniform certification and standardisation,
- To improve the tourism statistics and information,
- To increase the number of publicity and marketing products of tourism.

Supported activities:

- establishment of a national information and reservation (booking) system,
- introduction and information support of national and international standards in tourism services,
- support of nationwide marketing and creation of source databases,
- presentation and promotion of cultural and natural wealth, culture industry and services used for tourism on the national level,
- support of the promotion of the CR as a tourism destination.

Beneficiaries:

- government agencies and semi-budgetary organisations established by them (activities a, b, c, e),
- non-governmental non-profit organisations and interest associations of legal persons with national scope of activities in tourism (activity d).



### 3.4.2 Progress achieved in implementation of priority axes/intervention areas

In the monitored period in **Intervention areas 4.1a a 4.1b** two projects were submitted under call No 12. Consultations on new prepared projects were provided to applicants. Thanks to these two submitted projects the volume of submitted applications in each objective grew by 0.4% of the allocation. The submitted applications have thus reached the total volume of EUR 141.95 million and 184.8 % of the allocation. It was brought about by a high number of rejected projects, when the funds allocated to individual calls were put back to the available allocation.

In the monitored period for a total of 6 projects the Decision on providing a grant was issued. As against the data state at the previous MC meeting, the amount has grown by EUR 11.81 million to the total of EUR 59.23 million. The share of projects with issued Decision on providing a grant in the allocation is 77.1 %.

Moderate increase was reported in the reimbursement of funds to beneficiaries. In the monitored period EUR 2.62 million was reimbursed. The total share of funds reimbursed to beneficiaries has reached 15.7 % of the allocation. The share of funds included in the aggregate payment claims increased from EUR 9.06 million to EUR 12.14 million and constitutes 15.3 % of the allocation. The volume of certified expenditure slightly increased to the total of EUR 9.08 million, i. e. 11.4 % of the allocation for this intervention area.

This situation was brought about by slow onset of implementation of projects in 2010 and 2011 which resulted in delays in absorption of funds in the period from 1 Oct 2012 to 31 Mar 2013. The realistic projections of the volume of absorption in 2013 indicate that the trend of low absorption will continue due to low share of tendered funds in tenders. The IOP MA has adopted measures to support the absorption of funds. The CRD and IOP MA employees cut shorter the time necessary for administration of submitted notifications of a change and applications for payment. The beneficiaries are offered assistance in project management. Other measures taken to improve the situation are described in chapter on specific problems and measures taken to overcome them.

**Table No 31 - Cumulative progress at the level of Intervention areas 4.1a and 4.1b (in mil. CZK/EUR)**

4.1a	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	1 823,08	71,26	76	3 368,78	184,8%	130,88	26	1 404,92	77,1%	55,00	285,66	15,7%	11,53	279,07	15,3%	11,27	208,04	11,4%	8,43
Previous MC	1 769,80	71,26	75	3 262,77	184,4%	131,25	23	1 092,99	61,8%	44,03	224,63	12,7%	9,10	207,61	11,7%	8,41	164,70	9,3%	6,69

4.1b	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	140,24	5,48	76	259,10	184,8%	10,07	26	108,08	77,1%	4,23	21,97	15,7%	0,89	21,47	15,3%	0,87	16,00	11,4%	0,65
Previous MC	136,14	5,48	75	250,95	184,3%	10,09	23	84,08	61,8%	3,39	17,28	12,7%	0,70	15,98	11,7%	0,65	12,68	9,3%	0,51

Source: Current MC – MSC2007 as of 4 Apr 2013

Previous MC – MSC2007+ as of 3 Oct 2012

CZK/EUR exchange rate: Current MC – 25.740

Previous MC – 24.859

Source of funding – public funds total

## Overview of ongoing calls

In Intervention areas 4.1a and 4.1b in the monitored period the receipt of project applications continued under call No 12 which was announced in September 2012 for the allocation of EUR 38.33 million. Of the total number of 22 received project applications in the amount of EUR 47.26 million 14 projects in the amount of EUR 35.14 million continue to be implemented, all these projects were approved. The volume of approved projects under this call equals EUR 32.05 million.

**Table No 32 - Overview of ongoing calls in the period from 1 Oct 2012 to 31 Mar 2013 in Priority axis 4a and 4b**

Order of the call	Number of the call	Submission of project applications		Type of the call	IA/activity	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	4.1 a,c,e	35 595 389	7	32 626 878	7	29 762 255
						2 738 107	7	2 509 760	7	2 289 404
				Call total		38 333 496	14	35 136 638	14	32 051 659
<i>Convergence total</i>						35 595 389	7	32 626 878	7	29 762 255
<i>RCE total</i>						2 738 107	7	2 509 760	7	2 289 404
<b>PA 4 total</b>						<b>38 333 496</b>	<b>14</b>	<b>35 136 638</b>	<b>14</b>	<b>32 051 659</b>

Source: IS Monit7+ as of 3 Apr 2013

CZK/EUR exchange rate: 25.740

Source of funding –public funds total

### 3.4.3 Fulfilment of indicators

**Table No 33 - Output indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Target value	Commitment of approved projects CONV	Commitment of approved projects RCE	Achieved value as of 4 Apr 2013
				CKONV	RCE			
410100 Core 34	Number of projects focused on tourism development	Number	0	44	23	26	26	14
413305	Number of newly introduced information and reservation systems in tourism	Number	0	1	1	0,93	0,07	0
413315	Number of introduced standards in tourism services	Number	0	5	5	4,64	0,36	0
410304	Number of marketing and statistical surveys	Number	0	6	6	10,22	0,78	1
410303	Number of publicity campaigns promoting tourism products	Number	0	32	11	35,3	2,7	12

Source: MSC2007 as of 4 Apr 2013

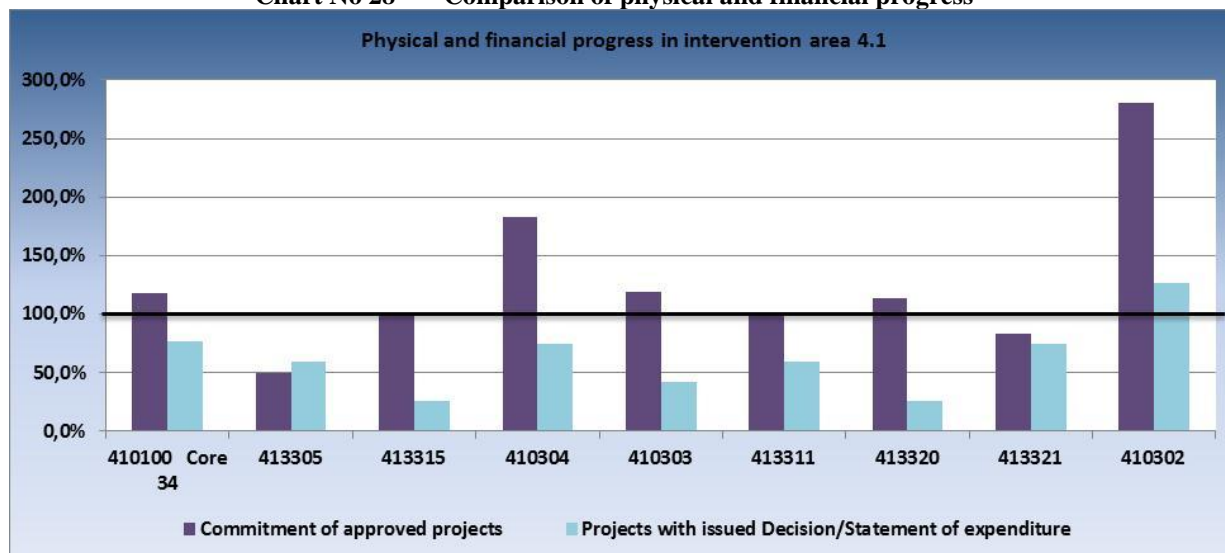
**Table No 34 - Result indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value CONV	Target value RCE	Commitment of approved projects CONV	Commitment of approved projects RCE	Achieved value as of 4 Apr 2013
413311	Share of entities operating in tourism in the CR, which will be connected to the reservation system	%	0	50	50	50	50	0
413320	Number of newly classified and certified entities operating in tourism	Number	0	1720	280	2000	280	0
413321	Number of created source databases	Number	0	6	6	4,65	0,35	0
410302	Number of created publicity or marketing products for tourism	Number	0	10	10	26,02	1,98	14

Source: MSC2007 as of 4 Apr 2013

In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision is issued, expressed as a percentage of the allocation for activity, under which the relevant indicator falls.

**Chart No 28 - Comparison of physical and financial progress**



Source: IS Monit7+ as of 3 Apr 2013

It is stated in the project applications of beneficiaries that the target value of the indicator is to be achieved at the end of implementation of projects. The projects are to be implemented for at least two years, therefore the progress in the fulfilment of monitoring indicators in Intervention area 4.1 is very low. As of 31 Mar 2013 the implementation of five projects in activity d) and two projects in activity e) was completed. It resulted in an increase in the achieved values of indicator No 410302 “Number of created marketing products for tourism“ by 3 marketing products and of indicator No 410303 “Number of publicity campaigns promoting tourism products“ by 2 publicity campaigns.

The fulfilment of indicators in activity a) Establishment of the national information system – (indicators No 413311, 413305) will be ensured by the project called “Establishment of the national information portal of tourism“ for which the Decision of the Minister was issued on 12 Dec 2012 and which will be implemented until the middle of 2015.

The commitment to the fulfilment of monitoring indicator 413315 in activity b) Introduction and information support of national and international standards in tourism services of approved projects corresponds with the planned target values. The indicator No 413320 Number of newly classified and certified entities operating in tourism will be fulfilled after the completion of implementation of project called National system of quality service in tourism in the Czech Republic.

When the programme was prepared and the indicative target values set out for both the objectives, the indicator No 410302 Number of created marketing products for tourism will be fulfilled by all the projects focused on promoting tourism. Since this indicator has been chosen by majority of applicants for support, the target values are exceeded. The current value of the indicator is 14 which is by four products more than the originally planned value of the indicator.

The excessive value achieved in indicator No 410304 Number of marketing and statistical surveys ensues from the need to conduct higher number of separate statistical surveys than planned.

### 3.4.4 Problems and measures taken

#### **Frequent applications for changes in approved projects and postponement of the date of completion of project implementation**

##### *Measures taken*

In 2013 the postponement of absorption or extension of project implementation period can be applied once only.

In the implementation of approved projects large number of applications for a change is submitted which has a negative impact on project implementation and rate of absorption of funds. The main aim of the measure is to accelerate the drawdown of funds and to encourage beneficiaries to more often divide their projects into stages. Submission of a lower number of applications for a change will result in speeding up the administration processes and it will help IOP MA to make more accurate absorption forecasts for 2013 and a clear picture of savings made in implemented projects.

#### **Closing the contracts with contractors regardless of project stages and approved timetables**

The MA found out that beneficiaries conclude contracts with contractors regardless of the set stages in projects which constitutes one of the major issue that generate problems with absorption of funds. The applications for payment are planned independent of the delivery of work by contractors.

##### *Measures taken*

- Bilateral meetings of IOP MA and individual beneficiaries.
- Participation of IOP MA in working meetings with beneficiaries.

#### **Non-compliance with project implementation timetables, slow progress in implementation**

##### *Measures taken*

- The IOP MA submitted to the top management of the ministry a detailed progress report on progress and implementation of tourism projects as of 31 Jan 2013.
- The IOP MA continues to press for supporting the absorption through the meetings of the IOP Managing Authority, Centre for the Regional Development of the CR, Tourism Department of MRD and CzechTourism directors with the Minister for Regional Development.
- The MA continues to quarterly report to the top management of the ministry on progress achieved in the implementation of projects, starting from 1 Apr 2013 the reporting is done at monthly intervals.
- Starting from November 2012 invited to bilateral meetings by IOP MA are also the main beneficiaries.
- Support for CRD administrative capacity.

The referred to findings attest to low professional quality of members of implementation teams, even though the IOP MA has created conditions to prevent such situation. The salaries of implementation team members fall under the eligible expenditure of projects. The quality of implementation team members is subject to evaluation, nonetheless it has been proven in practice that a tool will have to be developed for the MA which would enable penalisation of beneficiaries for underperformance.

### 3.4.5 Example of a project

#### **Intervention area: 4.1 National support of tourism**

**Name of the project, registration number:** Holidays in the countryside 2010, CZ.1.06/4.1.00/09.07201

**Beneficiary:** Rural Tourism Association

**Project funding:** Total budget CZK 9 194 640.01, of which CZK 7 424 671.81 from the Structural Funds, CZK 1 310 236.20 from the state budget

The purpose of the project is to create a tourism product which will be of benefit to rural entrepreneurs and those who come to the countryside to relax and rest. One of the main project outputs is the website in five language versions. Those who take interest in this product can visit the website <http://www.prazdninynavenkove.cz/> and get information on accommodation, current events or interesting things to see. Apart from publicity events, e.g. participation in tourism trade fairs such as REGIONTOUR, also educational seminars are held by the applicant.



## 3.5 Priority axis 5 – National support of territorial development

### 3.5.1 Focus of priority axes/intervention areas

The interventions aim to create the basic environment that will be complemented by interventions from Regional Operational Programmes. The **intervention areas** are:

- 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

Specific goals:

- Improvement of services for owners of the monuments in the field of care of the cultural heritage, more intensive use of cultural heritage in the CR and presentation of culture to the public
- Enhancing the quality of life and environment for inhabitants of problematic housing estates in large towns over 20 000 inhabitants by means of revitalisation of the environment of these estates and regeneration of residential buildings in the housing estates, including energy savings.
- Enforcing the management of sustainable development of the territory with the use of territorial plans of municipalities and better analytical planning materials to reduce regional disparities.

Beneficiaries:

- Government agencies and semi-budgetary organisations established by them,
- Municipalities and organisations established by them, unions of municipalities,
- Non-governmental non-profit organisations and interest associations of legal persons
- Owners of residential, or non-residential premises,
- Regions.

### 3.5.2 Progress achieved in implementation of priority axes/intervention areas

In the monitored period in Intervention **area 5.1** one legal act was issued for the beneficiary from the closed 3<sup>rd</sup> call for Intervention area 5.1, by which the commitment of projects with issued Decision increased from EUR 240.38 million to EUR 240.86 million, which represents 88.8 % of the allocation. The beneficiaries were paid a total of EUR 64.81 million (23.4 % of the allocation), the aggregate payment claims accounted for by the PCA totalled EUR 60.83 million (21.9 % of the allocation).

The reimbursement of funds to beneficiaries has accelerated since several public procurement procedures were closed, which facilitated the starting up of project implementation. Because of the demanding nature and complexity of public procurement procedures the MoC IB continues to carry out intensive controls of public procurement procedures throughout the project implementation period.

Progress has been achieved in the volume of certified expenditure by EUR 32.91 million, as of 31 Mar 2013 it amounts to EUR 52.92 million (19.1 % of the allocation).

**Table No 35 - Cumulative progress at the level of Intervention area 5.1 (in mil. CZK/EUR)**

5.1	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	num-ber	CZK (b)	% (b/a)	EUR	num-ber	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	6 927,57	270,95	51	15 815,05	228,3%	614,42	20	6 153,20	88,8%	240,86	1 621,72	23,4%	64,81	1 519,12	21,9%	60,83	1 320,54	19,1%	52,92
Previous MC	6 741,52	270,95	51	15 815,05	234,6%	636,19	19	5 981,77	88,7%	240,38	1 397,57	20,7%	55,98	1 390,03	20,6%	55,67	489,84	7,3%	20,02

**In Intervention area 5.2** altogether 115 project applications have been submitted and their amount has increased from EUR 197.80 million to EUR 214.92 million (87.1 % of the allocation). The Decisions on providing a grant have been continuously issued and their number has grown by 45 to the total of 913. Therefore, in total the Decisions on providing a grant have been issued for the amount of EUR 178.04 million (70.4 % of the allocation). The funds paid to beneficiaries have increased from EUR 89.92 million to EUR 134.66 million (52.8 %). The aggregate payment claims accounted for by the PCA as of 31 Mar 2013 reached EUR 130.01 million (50.9 %). The certified expenditure has increased from EUR 47.02 million to EUR 89.80 million (35.1 % of the allocation). The progress in absorption of funds in this intervention area complies with the set out plan for individual years.



**Table No 36 - Cumulative progress at the level of Intervention area 5.2 (in mil. CZK/EUR)**

5.2	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	num-ber	CZK (b)	% (b/a)	EUR	num-ber	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	6 347,82	251,03	1 074	5 532,02	87,1%	214,92	913	4 469,07	70,4%	178,04	3 352,31	52,8%	134,66	3 232,71	50,9%	130,01	2 225,31	35,1%	89,80
Previous MC	6 233,50	251,03	959	4 917,01	78,9%	197,80	868	3 588,58	57,6%	144,64	2 228,30	35,7%	89,92	2 219,85	35,6%	89,58	1 152,41	18,5%	47,02

**In Intervention area 5.3** progress has been achieved mainly through the submission of project applications under the 17<sup>th</sup> call, the number of submitted applications has increased by 121 to 700 applications in the total amount of EUR 22.80 million (125.3 % of the allocation). For some projects under the 17<sup>th</sup> call the Decision on providing a grant has been issued and a total of 516 projects in the volume of EUR 16.90 million (92.5% of the allocation) have been approved. The amount of certified expenditure has grown from EUR 12.70 million to EUR 16.30 million (89.3 % of the allocation).

**Table No 37 - Cumulative progress at the level of Intervention area 5.3 (in mil. CZK/EUR)**

5.3	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	num-ber	CZK (b)	% (b/a)	EUR	num-ber	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	468,45	18,27	700	586,99	125,3%	22,80	516	433,12	92,5%	16,90	425,80	90,9%	16,61	425,80	90,9%	16,61	418,41	89,3%	16,32
Previous MC	466,94	18,27	579	501,63	107,4%	20,18	509	429,31	91,9%	16,76	417,02	89,3%	16,26	414,86	88,8%	16,18	327,73	70,2%	12,70

**The following is applicable to all the tables above:**

Source: Current MC – MSC2007 as of 4 Apr 2013

Previous MC – MSC2007+ as of 3 Oct 2012

CZK/EUR exchange rate: Current MC – 25.740

Previous MC – 24.859

Source of funding – public funds total

## Overview of ongoing calls

**In Intervention area 5.1** no call was under way in the monitored period.

**In Intervention area 5.2** submission of project applications continued under call No 07. In total 1 072 project applications in the volume of EUR 191.10 million were received. 918 projects in the amount of EUR 153.08 million were approved.

In September 2012 call No 16 was announced as a time-limited call to be closed on 1 Oct 2012, it concerned the implementation of JESSICA financial instrument. The SHDF submitted a project application in the amount of EUR 23.69 million and the whole amount of the application was approved.

**In Intervention area 5.3** the call No 17 was under from November 2012 for activity 5.3b) and it was closed on 8 Jan 2013. A total of 121 project applications in the amount of EUR 3.32 million were received and as of 31 Mar 2013 a total of 103 project applications in the volume of EUR 2.67 million continue to be administered. Three projects in the amount of EUR 0.06 million were approved.

**Table No 38 - Overview of ongoing calls in the period from 1 Oct 2012 to 31 Mar 2013**

Order of the call	Number of the call	Submission of project applications		Type of the call	IA/activity	Allocation for the call in EUR	Submitted applications for support		Projects with issued Decision/ signed Contract	
		Opening date of the call	Closing date of the call				Number	in EUR	Number	in EUR
15.	07	22.5.2009		continuous	5.2 a,b,c	159 744 583	993	176 122 047	918	153 075 542
53.	16.	25.9.2012	1.10.2012	time-limited	5.2 b	23 693 453	1	23 693 453	1	23 693 453
55.	17.	16.11.2012	8.1.2013	continuous	5.3 b	1 559 715	103	2 671 380	3	63 186
IA 5.1 total						0	0	0	0	0
IA 5.2 total						183 438 037	994	199 815 500	919	176 768 995
IA 5.3 total						1 559 715	103	2 671 380	3	63 186
<b>PA 5 total</b>						<b>184 997 751</b>	<b>1 097</b>	<b>202 486 880</b>	<b>922</b>	<b>176 832 181</b>

Source: IS Monit7+ as of 3 Apr 2013  
 CZK/EUR exchange rate: 25.740  
 Source of funding –public funds total

## IUDP implementation

### Status of IUDP implementation

The Integrated Urban Development Plans have been implemented in 41 towns (municipalities). Until 31 Mar 2013, a total of 193 calls were announced in all the towns, of which 133 calls were closed and the remaining 60 calls, mostly continuous, are still under way.

**Table No 39 - Number of calls announced for IUDP**

Activity 5.2.	Number of calls announced before 31 Mar 2013		
	Number of calls total	Of which closed calls	Of which open calls
a) revitalisation of public spaces	48	7	40
b) regeneration of residential buildings	126	112	14
c) pilot projects	9	5	4
Combined calls for a) + b)	8	8	0
Combined calls for a) + b) + c)	2	0	2
<b>Total</b>	<b>193</b>	<b>133</b>	<b>60</b>

Source: IOP MA as of 31 Mar 2013

The MA monitored primarily the compliance with the requirement for absorption of at least 40 % of total eligible expenditure of IUDP by the end of 2012. Based on the ex-ante evaluation, the MA in the course of October 2012 decided to issue a Decision on postponing the deadline for the submission of applications for payment which will be included in the absorption of allocation in 2012 to 31 Dec 2012. The requirement to absorb the total eligible expenditure in 2012 was successfully met by almost all the IUDP towns. Of 41 towns 36 towns met the required absorption of support. The towns of Děčín, Cheb, Most, Ostrava and Znojmo failed to meet the required 40% absorption in 2012 and the IOP MA will cut the funds allocated to their IUDPs. These funds will be reallocated to towns with adequate absorption capacity. In line with the demand, the IOP MA decided to satisfy absorption capacity in both the activities, i.e. Regeneration of residential buildings and Revitalisation of public spaces. The final amount, distributed among individual IUDPs will be decided upon by the IOP MA in the course of May 2013.

**Table No 40 - Information on the status of absorption of IUDP allocation for Intervention area 5.2**

Name of the applicant	Approved assistance from IOP (from ERDF)	Submitted projects (ERDF)	Status of absorption as at the end of 2010	Status of absorption as at the end of 2011	Status of absorption as at 31 Mar 2013
	EUR	EUR	(%)	(%)	(%)
Bohumín	2 581 191	1 740 704	13,44	41,02	54,43
Brno	5 258 220	3 023 386	7,41	23,45	40,04
Břeclav	2 090 289	402 615	10,32	31,34	67,04
České Budějovice	6 849 922	2 492 253	15,45	59,38	57,57
Český Těšín	4 078 349	2 723 352	5,04	40,93	69,38
Děčín	4 235 187	134 397	4,49	15,29	15,25
Frýdek-Místek	5 237 029	1 362 823	3,60	27,54	44,27
Haviřov	6 835 603	4 006 079	0,00	35,68	46,33
Hodonín	3 099 232	1 557 486	13,31	45,99	60,39
Hradec Králové	6 633 156	1 835 666	2,95	21,11	42,54
Cheb	3 729 669	1 416 619	21,24	17,96	65,48
Chomutov	6 489 612	1 921 628	26,83	34,16	41,75
Chrudim	3 217 388	3 001 087	15,29	75,21	63,24
Jablonec nad Nisou	4 393 360	2 837 248	18,38	44,62	40,03
Jirkov	4 006 329	2 024 318	42,04	65,25	86,32
Karlovy Vary	3 243 289	866 475	7,26	34,56	54,82
Karviná	5 750 823	2 452 936	13,69	36,19	82,26

Name of the applicant	Approved assistance from IOP (from ERDF)	Submitted projects (ERDF)	Status of absorption as at the end of 2010	Status of absorption as at the end of 2011	Status of absorption as at 31 Mar 2013
	EUR	EUR	(%)	(%)	(%)
Kladno	6 213 506	6 261 153	17,45	54,93	83,55
Kopřivnice	3 799 948	2 445 472	12,35	27,52	52,33
Kroměříž	3 816 513	2 112 624	24,50	53,02	69,93
Liberec	6 020 554	556 575	0,59	21,83	47,39
Litvínov	3 336 657	2 097 381	16,24	25,89	48,20
Mladá Boleslav	3 836 636	3 972 392	11,97	77,99	79,20
Most	6 502 569	276 760	2,88	2,19	24,44
Náchod	4 233 175	1 493 799	12,09	35,23	59,12
Nový Jičín	3 666 244	2 065 528	27,88	45,33	69,58
Olomouc	7 179 511	3 742 517	35,38	27,06	31,91
Opava	6 440 187	3 050 034	1,54	37,35	69,18
Orlová	3 197 484	711 763	17,44	26,97	66,92
Ostrava	6 943 367	1 060 101	0,00	12,67	24,56
Pardubice	6 237 014	4 152 886	16,90	40,72	52,81
Písek	3 938 336	1 166 549	16,32	36,40	41,24
Přerov	3 479 083	861 790	6,87	33,78	46,51
Příbram	5 099 733	4 327 804	20,68	42,86	51,76
Strakonice	4 776 436	2 951 855	35,40	34,19	66,45
Tábor	4 161 657	1 963 895	11,37	78,66	70,21
Třebíč	3 902 239	1 770 263	24,52	28,80	51,39
Uherské Hradiště	3 553 928	1 823 695	40,01	33,21	60,81
Ústí nad Labem	6 769 518	3 285 486	0,00	26,64	46,13
Vsetín	3 903 030	2 699 363	4,08	51,80	54,37
Znojmo	3 837 349	1 456 110	6,69	37,29	32,83
<b>Total</b>	<b>192 573 322</b>	<b>26 094 467</b>	<b>15,12</b>	<b>36,49</b>	<b>53,73</b>

Source: IS Monit7+ as of 31 Mar 2013  
CZK/EUR exchange rate: 25.21

## Status of implementation of projects under activity 5.2

In the monitored period the number of submitted applications in Intervention area 5.2 increased to the total of 919 projects as against 31 Mar 2012. The towns in their strategy of IUDP implementation focused at first on the support for regeneration of residential buildings. More demanding projects and projects of long-term nature implemented by towns in the field of revitalisation of public spaces were mostly left by IUDP towns until later. Since the projects on regeneration of residential buildings were already implemented in majority of towns, the towns launch the implementation of larger projects focused on the revitalisation of public spaces.

### Status of implementation of pilot projects

Calls for the submission of projects are currently announced in all the six towns. As of 31 Mar 2013, a total of 68 submitted projects are registered under activity 5.2c). The investment projects supplement the projects on social inclusion financed mostly from OP HRE, Intervention areas 3.2 Support for social integration of members of Roma communities, 5.1 International cooperation (exchange of experience with social inclusion) and Intervention area 3.1b of IOP. Moreover, implemented within the pilot projects are also the projects from the Operational Programme Education for Competitiveness, which fall under Intervention area 1.2 Equal opportunities for children and pupils. The IOP MA in cooperation with OP HRE endeavours to ensure the maximum possible consistency in the administration of pilot projects and OP HRE projects.

In March 2013 the IOP MA representative attended the Roma Decade conference in Zagreb, where the outputs were presented of integrated approaches in pilot projects focused on addressing the situation faced by Roma population in socially excluded zones.

### 3.5.3 Fulfilment of indicators

**Table No 41 - Output indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects	Value achieved as of 4 Apr 2013
410401	Number of regenerated immovable cultural monuments	Number	0	70	81	7
410402	Number of newly built or modernised cultural facilities	Number	0	5	4	0
330100 Core 39	Number of projects improving the attractiveness of towns	Number	0	1000	913	854
330103	Number of projects improving the attractiveness of housing in the territory	Number	0	41	125	125
330101	Number of projects improving the conditions of rental houses (residential buildings)	Number	0	950	692	692
330102	Number of pilot projects – support for selected Roma localities	Number	0	7	6	6
330400	Number of projects on creating planning analytical materials of regions	Number	0	10	9	9
330401	Number of assisted projects on creating planning analytical materials of municipalities	Number	0	140	170	170
330411	Number of assisted projects on creating new or updating the existing territorial plans	Number	0	60	330	330
330415	Area of municipalities covered by the planning analytical materials of municipalities	km2	0	34 800	63 398,03	63 398,03
330416	Area of municipalities covered by the new territorial plan	km2	0	140	8551,4	8 360,75

Source: MSC2007 as of 4 Apr 2013

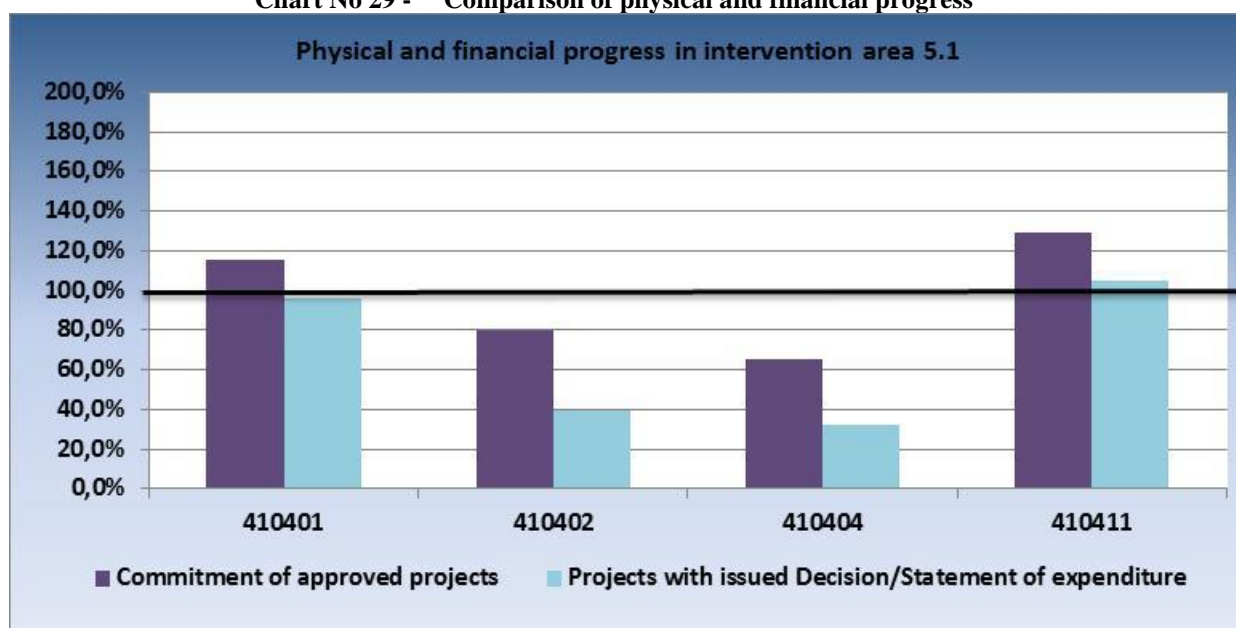
**Table No 42 - Result indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects	Value achieved as of 4 Apr 2013
410404	Number of created methodologies in the cultural heritage area	Number	0	20	13	0
410411	Increase in the number of visitors to monuments and cultural facilities	%	100	125	162	103
331200	Number of renovated apartments	Number	0	24 500	39 043	36 655
331300	Area of revitalised territory	m2	0	4 108 000	2 639 290	2 287 260
331500	Energy savings in rental houses (residential buildings)	%	0	20	33,61	33,75
331000	Number of created Urban Development Funds	Number	0	1	1	0
330418	Increase in the area of development areas, development axes and specific areas covered by new territorial plans	%	0	0,18	23,16	23,16
330417	Increase in the area of the CR which will be covered by planning analytical materials of municipalities	%	0	18,5	80,3	80,3

Source: MSC2007 as of 4 Apr 2013

In the “Comparison of physical and financial progress” charts the violet bar expresses the commitment of approved projects, i.e. the total target value of the indicator, stated by beneficiaries in their applications for support and expressed in % of the total value set in the IOP Programming Document, the same value is given in the tables of indicators. The blue bar covers the funds of projects for which the Decision is issued, expressed as a percentage of the allocation for activity, under which the relevant indicator falls.

**Chart No 29 - Comparison of physical and financial progress**



Source: IS Monit7+ as of 3 Apr 2013

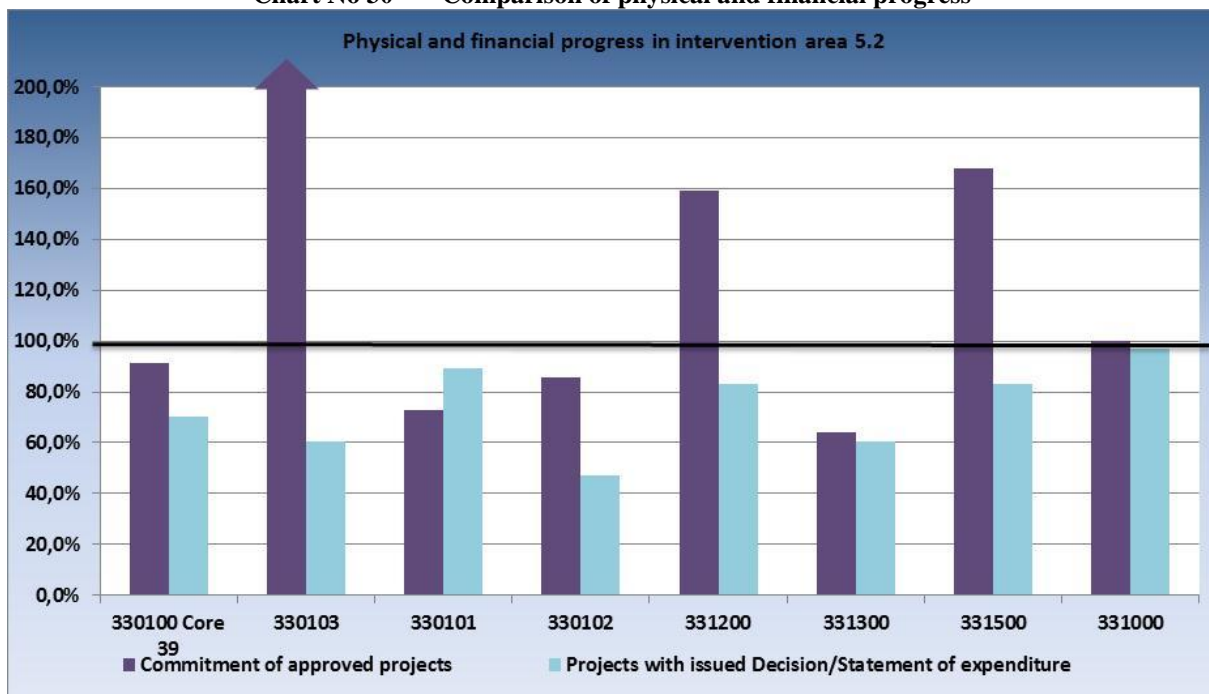
In the period from 1 Oct 2012 to 31 Mar 2013 in **Intervention area 5.1** one Decision on providing a grant was issued for the project called “Making the NCM Hlubina accessible to public and its new use – Part 1“ of the Lower Area of Vítkovice (Dolní oblast Vítkovice) beneficiary, which resulted in a change in the commitment in indicator No 410 401 “Number of regenerated immovable cultural monuments” and No 410411 “Increase in the number of visitors to monuments and cultural facilities“.

The value of the commitment of approved projects in indicator No 410401 increased by 5 monuments, the achieved value of indicator No 410401 grew by 2 monuments. The project called “Making the NCM Vítkovice accessible to public and its new use“ was completed on 31 Dec 2012, by which the value of indicator No 410401 increased by one monument. In the framework of the project called “National Horticulture Centre in Kroměříž“ that is under implementation another monument was completed in the monitored period.

In indicator No 410411 “Increase in the number of visitors to monuments and cultural facilities” the achieved value grew by 3 %. The target value was achieved by the beneficiary one year after the completion of implementation of the project. The requirement was met at the end of the monitored period by the project “National Museum of Photography and Tapestry Workshop“ which was completed on 31 Dec 2011.

In 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 given period, for the time being the achieved value is zero. The reason thereof is the fact that no project under activity 5.1a and 5.1c has so far been completed.

Chart No 30 - Comparison of physical and financial progress



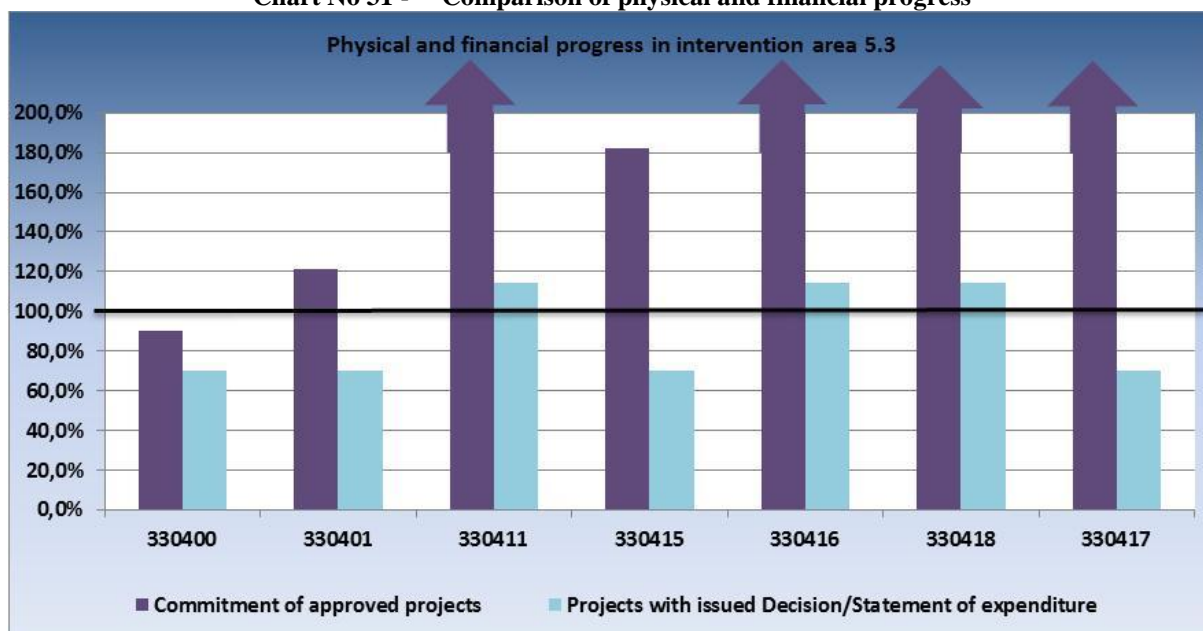
Source: IS Monit7+ as of 3 Apr 2013

The monitoring indicators reflect the development in **Intervention area 5.2**. The indicator No 330103 “Number of projects improving the attractiveness of housing in the territory“ has been exceeded since when the Programme Document was drawn up the IOP MA reckoned with the implementation of one project on the revitalisation of public spaces at the level of the whole IUDP. The towns, however, implement individual projects thanks to which the number of projects is higher than the target value of the indicator.

The originally set value of indicator No 331200 “Number of renovated apartments” has been exceeded due to higher demand for support in this supported activity by applicants.

The monitoring indicator No 330102 “Number of pilot projects“ has been designed in the IOP Programming Document for a total of seven towns which will enter in the pilot project focused on the improvement of situation of Roma population in socially excluded urban zones. In total, six towns responded to the invitation of IOP MA, entered into the project and implement their individual projects. The IOP MA does not anticipate an increase in the number of towns implementing the Pilot project before the end of the programming period.

Chart No 31 - Comparison of physical and financial progress



Source: IS Monit7+ as of 3 Apr 2013

As concerns the indicators in **Intervention area 5.3** activity a) the commitment of approved projects equals the achieved value. The target value of indicator No 330400 referring to the projects of regions, has been almost achieved. With respect to the anticipated target value of the number of projects on creating planning analytical materials of regions, the project applications were submitted, one project was rejected during its administration. In case of projects on creating planning analytical materials of municipalities with extended powers, the target values of indicators (No 330401 and No 330415) have been exceeded. Since there were only a total of 204 potential applicants (Prague exclusive), the submission of application by more applicants has not been expected. The target value of indicator No 330415 was based on the forecast value of indicator No 330401. The area was calculated as the area of 140 smallest municipalities with extended powers, only 170 applications of municipalities, however, has been granted assistance.

The achieved values of indicators for activity b) as at 31 Mar 2013 exceeded the target values. When the indicator No 330411 was set out, the calculations were made based on the price of territorial plans that was several times higher, i.e. the price valid at the time of preparation of the Programming Document. The calculations considered the maximum price of CZK 4 million per 1 territorial plan, including expert opinions, but the average application for support claims CZK 800 thousand only



which resulted in exceeding the target value of the indicator. When the target value of indicator No 330416 was set out, 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).

In indicator No 330418, it is not the commitment of approved projects that is reported, but the achieved target value as of 31 Mar 2013. The achieved value of the indicator many times exceeds the target value due to the reasons stated in indicators No 330411 and 330416, on which it is based.

### 3.5.4 Problems and measures taken

#### Intervention area 5.1

##### Low absorption of funds

###### *Measure taken*

There is an ongoing communication and meetings with beneficiaries, timetables and related financing plans of individual projects are optimised. In order to maximise the volume of funds absorbed in 2013 the HABs were updated by extending the stage 2 in the 1<sup>st</sup> and 2<sup>nd</sup> call and stage 1 in the 3<sup>rd</sup> call until 31 Jul 2013 and at the same time beneficiaries were sent a notice drawing their attention to inadequate fulfilment of n+3/n+2 rule. The beneficiaries were called upon to exert more efforts to draw down the funds, to update the financing plans before 31 Aug 2013, and to introduce specific measures conducive to their accomplishment. The beneficiaries were allowed to invoice aggregated items during the implementation, i.e. not only upon their completion.

**Public procurement.** The low absorption is closely related to the high number of public procurement procedures. Together with the complicated Public Procurement Act it results in extension of project timetables, lengthy administration of public contracts and in several projects, where the unsuccessful applicants requested a review of procedures taken by the contractor, it also results in protracted OPC assessment of correctness of the procedure taken by the contractor.

###### *Measure taken*

The tender documentation is checked by the MoC and, where necessary, by an external expert, always prior to the call for a tender. If time allows, the MoC also continuously supervises the correctness of administration of public contracts and checks whether the binding rules are observed in procedures.

**Risky IOP projects under the responsibility of MoC.** The MRD MR submitted to the Government of the CR the document defining risky projects, ranking among which were three projects under IOP 5.1 “National support for utilising the cultural heritage potential“, where the grant provider is the MoC, and one IOP project under 1.1 “Developing information society in public administration“, where the MoC is the aid beneficiary. The projects under IOP IA 5.1 were classified as risky due to the extension of their implementation period by one year, failure to absorb the funds amounting to at least 5 % of the project budget and failure to issue the legal act within three months following the approval of the project by the Selection Committee.

### *Measures taken*

Based on the task assigned by Government Resolution No 106 of 13 Feb 2013, the MoC elaborated and submitted to the MRD information on addressing the causes of risks in individual projects. The adopted measures consisted in maximum acceleration of communication between the grant provider and the beneficiary, submission of weekly reports of beneficiaries on progress achieved in project implementation, continuous update of timetables and activities of projects, provision of consultations and supervision of public procurement procedures.

### **Risk of granting unauthorised state aid.**

#### *Measure taken*

One-to-one consultations were held with the representatives of projects, in which the risk of unauthorised state aid cannot be ruled out and measures were proposed and procedures agreed to minimise or eliminate the risk of unauthorised state aid. The monitoring of the risk of unauthorised state aid is a component part of all the risk analyses throughout the implementation period and sustainability period of projects. The risk evaluation was updated. Another measure consists in the creation of uniform methodology for monitoring, evaluation and elimination of the risk of unauthorised state aid especially during the project sustainability period. Also introduced was the obligatory use of checklists used by the European Commission auditors during their enquiries.

### **Intervention area 5.2**

**Required absorption of total eligible expenditure in 2012.** In January 2013 the IOP MA evaluated the status of absorption in individual municipalities with respect to meeting the requirement of absorption of total eligible expenditure (TEE). In 2012 there is an obligation in line with the Agreement on ensuring IUDP implementation to absorb at least 40 % of TEE. In the course of the year the IOP MA commenced discussions with municipalities whose forecast absorption as at the end of 2012 failed to reach the required 40 %. In the monitored period the IOP MA held talks with the municipality of Ústí nad Labem concerning the decrease in the allocation due to low absorption capacity in Intervention area 5.2b) – regeneration of residential buildings.

#### *Measures taken*

The IOP MA considers the absorption requirement satisfied by the submission of application for payment before 31 Dec 2012. It discussed matters related to the underabsorption with the respective municipalities and proposed division of projects into stages. Despite the steps taken a total of 5 municipalities (Děčín, Cheb, Most, Ostrava, Znojmo) failed to submit the applications for payment in the required amount. Thus, the IOP MA, just as in the year before, cut the ERDF assistance granted to these municipalities, namely in the amount of the percentage difference between the absorbed allocation and allocation stated in the Agreement on ensuring IUDP implementation. The total amount of decreased assistance from ERDF in 2012 is EUR 3.02 million.

The IOP MA consulted the involvement of additional beneficiaries in the IUDP zone with the municipality of Ústí nad Labem, but because of the lack of interest of the majority building society no solution has been found. The municipality asked the IOP MA to cut the ERDF allocation by EUR 1.62 million. The IOP MA will execute this change in April 2013 by the Addendum to the Agreement on ensuring the implementation of Ústí nad Labem IUDP.

The funds made available by cutting the allocation of individual municipalities together with the exchange rate reserve will be distributed by the MA among municipalities with adequate absorption capacity. In March 2013 the IOP MA started to work on the methodology of distribution of funds and analysed the absorption capacity in IUDP zones. Specific output is anticipated in April 2013.

**Time limit for the issuance of the Decision on providing a grant.** For the reason of validity of the regional map of state aid for 2007-2013 period the Decisions on providing a grant for the area of Regeneration of residential buildings can be issued until the end of 2013.

### *Measures taken*

The IOP MA saw to it that all the IUDP municipalities are timely informed about this fact and requested that this information is forwarded to all those interested in assistance for the regeneration of a residential building in the zone. Another adopted measure consisted in setting the timetable of administration of project applications at the level of municipality and CRD so that for all the project applications the Decision on providing a grant is issued before 31 Dec 2013.

### **Intervention area 5.3**

No significant problems occurred in this intervention area in the monitored period. Since funds were released due to the exchange rate reserve update the MRD announced call No 17 for activity 5.3b). The call was closed on 8 Jan 2013 and the project applications amounting to approximately double the amount of announced allocation were submitted. The project applications, exceeding the allocation of the call, will be included in the list of substitute projects and will be supported in case of available funds.

### **3.5.5 Example of a project**

#### **Intervention area 5.1 – National support for utilising the cultural heritage potential,**

**Name of the project, registration number:** Centre for the Restoration of 20<sup>th</sup> Century Architectural Heritage, CZ.1.06/5.1.00/01.06348

**Beneficiary:** National Heritage Institute

**Project financing:** Total budget CZK 178 983 478, of which CZK 152 135 956 from the Structural Funds, CZK 26 847 522 from the state budget

The project focuses on building the national methodology Centre for the Restoration of 20<sup>th</sup> Century Architectural Heritage (hereinafter referred to as “CRAH”). Within the project implementation stage the premises of Stiassny villa will be reconstructed and reshaped in order to satisfy the requirements of the 21<sup>st</sup> century. During the restoration, new methodological procedures will be tested which are necessary not only for the restoration of this villa, but also for the restoration of other architectural heritage of 1920s to 1940s. The developed procedures will be presented once the CRAH is opened and provides adequate facilities for study, research, library, education, advisory and consultancy activities related to this field. Since there are multiple buildings dating back to 1920s -1940s there is a strong demand for these services. At present there is no organisation which would offer or provide services of this type.



**Intervention area: 5.2 Improving the environment in problematic housing estates**

**Name of the project, registration number:** Na Valtické Playgrounds and Sportsgrounds,  
CZ.1.06/5.2.00/07.06997

**Beneficiary:** Municipality of Břeclav

**Project financing:** Total budget CZK 2 785 768, of which CZK 2 367 902 SF contribution and CZK 417 866 the municipal budget contribution

The subject matter of the project is the revitalisation of outer spaces and playgrounds in Na Valtické housing estate in Břeclav that are currently in a state of disrepair. The project is implemented by the Municipality of Břeclav. The project is relevant due to the age structure of inhabitants of this zone. It is populated primarily by families with children who lack suitable spaces for leisure time activities. The aim of this project is to reconstruct the playgrounds and sportsgrounds and the adjacent spaces, but also to renovate the pavements in the area. Children and youth will thus get suitable spaces to play and go in for sports, the adults will have a place to relax and meet. The overall environment as well as quality of life of local inhabitants will improve.

**Intervention area: 5.3 – Modernisation and development of systems for creating territorial policies,**

**Name of the project, registration number:** Territorial Plan of Olomouc, CZ.1.06/5.3.00/08.06245

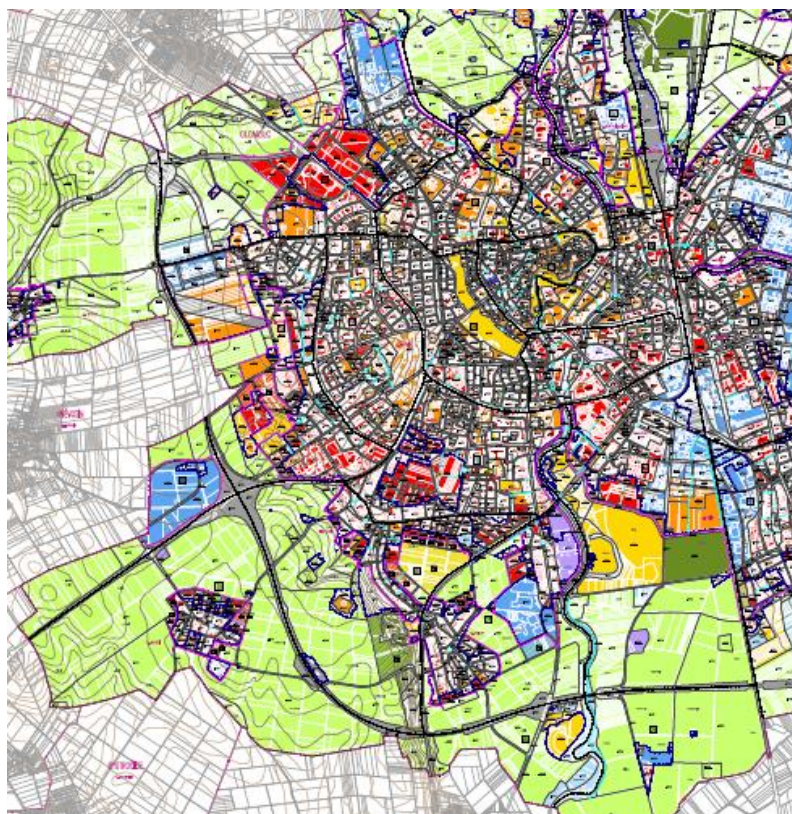
**Beneficiary:** Statutory Town of Olomouc

**Project financing:** Total budget CZK 4 000 000, of which CZK 2 667 000 from the Structural Funds, CZK 1 333 000 from the state budget

The purpose of the project is to develop the territorial (spatial) plan of Olomouc in line with the approved terms of reference in keeping with the requirements as laid down in Act No 183/2006 Coll., on spatial planning and building code (the Building Act). The territorial plan was elaborated by an authorised designer selected in a tender. The project implementation is divided into two stages. Stage one consists in developing a territorial plan concept and stage two in elaborating a draft territorial plan. During stage one the assessment of impacts of the territorial plan on sustainable development of the territory, assessment of the territorial plan in terms of impacts on the environment (SEA) and in terms of impact on NATURA 2000 will be carried out (by competent authorised persons).

The expenditure of the project has already been certified.

**An indicative section of the main drawing**



## 3.6 Priority axis 6a, 6b – Technical assistance

### 3.6.1 Focus of priority axes/intervention areas

The priority axes comprise activities which are inseparable as to their geographical scope and which have an impact on the whole territory of the CR. Their content is therefore identical, regardless their classification by objective. Priority axes 6a and 6b focus on the support of effective management of the Integrated Operational Programme throughout the programming period 2007 – 2013.

The Priority axis covers the Convergence objective (6a) and the Regional Competitiveness and Employment objective (6b).

Specific goals:

- Reinforcing administrative capacities involved in programme implementation at the level of the Managing Authority and Intermediate Bodies,
- Ensuring effective management, monitoring, evaluation, controls and absorption capacity in implementing the operational programme at the level of the Managing Authority and Intermediate Bodies.

Beneficiaries:

- Managing Authority,
- Intermediate Bodies.

### 3.6.2 Progress achieved in implementation of priority axes/intervention areas

**In Intervention areas 6.1a and 6.1b** a total of 40 project applications have been submitted in the amount of EUR 43.23 million (137.0 % of the allocation), of which 4 project applications were submitted in the period from 1 Oct 2012 to 31 Mar 2013. The number of projects with issued Decision on providing a grant has increased from 33 to 36 and the amount has grown from EUR 30.86 million to EUR 31.09 million (95.4 % of the allocation). The funds paid to beneficiaries have reached EUR 14.46 million (43.5 % of the allocation) and the aggregate payment claims accounted for by the PCA has totalled EUR 14.40 million (43.5 % of the allocation). The certified expenditure has increased from EUR 11.04 million to EUR 11.42 million (34.4 % of the allocation).

**Table No 43 - Cumulative progress at the level of Intervention areas 6.1a and 6.1b (in mil. CZK/EUR)<sup>10</sup>**

6.1a	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	812,06	31,97	40	1 112,75	137,0%	43,23	36	774,79	95,4%	30,53	354,42	43,6%	14,19	353,08	43,5%	14,14	279,39	34,4%	11,21
Previous MC	796,08	31,97	36	1 035,39	130,1%	41,65	33	754,54	94,8%	30,30	333,91	41,9%	13,38	324,54	40,8%	13,00	270,08	33,9%	10,84
6.1b	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	14,93	0,59	0	20,46	137,0%	0,79	0	14,24	95,4%	0,56	6,52	43,7%	0,26	6,49	43,5%	0,26	5,14	34,4%	0,21
Previous MC	14,63	0,59	0	19,04	130,1%	0,77	0	13,87	94,8%	0,56	6,14	42,0%	0,25	5,97	40,8%	0,24	4,97	33,9%	0,20

**In Intervention areas 6.2a and 6.2b** a total of 63 project applications in the amount of EUR 15.31 million (71.9 %) have been received. For 55 projects the Decision on providing a grant has been issued, their total amount being EUR 8.18 million (37.9 %). The funds paid to beneficiaries have amounted to EUR 3.76 million (17.2 % of the allocation) and as against the data from the previous MC meeting there has been an increase by EUR 0.60 million. Similar development is seen in funds covered by the aggregate payment claims accounted for by the PCA. Their volume has risen from EUR 3.16 million to EUR 3.61 million. The certified expenditure totals EUR 3.10 million (14.2 %).

<sup>10</sup> Number of submitted applications and number of Projects with issued Decision/signed Contract in multi-objective priority axes are given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b) the number is zero.

**Table No 44 - Cumulative progress at the level of Intervention areas 6.2a and 6.2b (in mil. CZK/EUR) <sup>9</sup>**

6.2a	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	538,36	21,01	63	386,87	71,9%	15,03	55	204,27	37,9%	8,03	92,53	17,2%	3,69	88,68	16,5%	3,54	76,22	14,2%	3,04
Previous MC	522,89	21,01	59	383,15	73,3%	15,41	54	209,45	40,1%	8,40	77,67	14,9%	3,10	77,67	14,9%	3,10	67,69	12,9%	2,70
6.2b	2007-2013 allocation		Submitted applications				Projects with issued Decision/signed Contract				Funds paid to beneficiaries			Funds included in aggregate payment claims accounted for by the PCA			Certified expenditure submitted to the EC		
	CZK (a)	EUR	number	CZK (b)	% (b/a)	EUR	number	CZK (c)	% (c/a)	EUR	CZK (d)	% (d/a)	EUR	CZK (e)	% (e/a)	EUR	CZK (f)	% (f/a)	EUR
Current MC	9,90	0,39	0	7,11	71,9%	0,28	0	3,76	37,9%	0,15	1,70	17,2%	0,07	1,63	16,5%	0,07	1,40	14,2%	0,06
Previous MC	9,61	0,39	0	7,04	73,3%	0,28	0	3,85	40,1%	0,15	1,43	14,9%	0,06	1,43	14,9%	0,06	1,25	13,0%	0,05

**The following is applicable to all the tables above:**

Source: Current MC – MSC2007 as of 4 Apr 2013

Previous MC – MSC2007+ as of 3 Oct 2012

CZK/EUR exchange rate: Current MC – 25.740

Previous MC – 24.859

Source of funding – public funds total

## Overview of ongoing calls

**In Intervention area 6.1** the receipt of project applications continued under the continuous call No 01 with the allocation of EUR 31.70 million. Of the total number of 40 project applications, 38 project applications in the amount of EUR 33.23 million have been administered. 35 projects in the amount of EUR 28.75 million have been approved.

**In Intervention area 6.2** the call No 10 was under way, announced in September 2010 for the allocation of EUR 12.43 million. Of the total number of 39 project applications, 36 project applications in the amount of EUR 5.12 million have been administered. 32 projects in the volume of EUR 3.97 million have been approved.

**Table No 45 - Overview of ongoing calls in the period from 1 Oct 2012 to 31 Mar 2013**

Order of the call	Number of the call	Submission of project applications		Type of the call	IA/act-ivity	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	Num-ber	in EUR	Num-ber	in EUR
2.	01	5.6.2008	30.9.2015	continuous	6.1 a-e	31 128 954	38	32 633 101	35	28 235 431
						572 363		600 020		519 160
				Call total		31 701 317	38	33 233 121	35	28 754 592
36.	10	27.9.2010		continuous	6.2 a-g	12 207 554	36	5 024 165	32	3 897 395
						224 458		92 379		71 661
				Call total		12 432 012	36	5 116 544	32	3 969 056
<i>IA 6.1 total</i>						<i>31 701 317</i>	<i>38</i>	<i>33 233 121</i>	<i>35</i>	<i>28 754 592</i>
<i>IA 6.2 total</i>						<i>12 432 012</i>	<i>36</i>	<i>5 116 544</i>	<i>32</i>	<i>3 969 056</i>
<i>Convergence total</i>						<i>43 336 508</i>	<i>74</i>	<i>37 657 267</i>	<i>67</i>	<i>32 132 826</i>
<i>RCE total</i>						<i>796 821</i>	<i>0</i>	<i>692 398</i>	<i>0</i>	<i>590 821</i>
<b>PA 6 total</b>						<b>44 133 329</b>	<b>74</b>	<b>38 349 665</b>	<b>67</b>	<b>32 723 647</b>

Source: IS Monit7+ as of 3 Apr 2013

CZK/EUR exchange rate: 25.740

Source of funding – public funds total



### 3.6.3 Fulfilment of indicators

The achieved value as of 31 Mar 2013 and the commitment of approved projects in Intervention areas 6.1 and 6.2 correspond to the rate of absorption of funds by IOP TA projects. They cannot be compared to the target values that were set out based on the original methodology of IOP TA indicators and the commitments of approved projects in IOP TA were set out in line with the revised methodological sheets of IOP TA indicators from 2009.

**Table No 46 - Output indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects	Value achieved as of 4 Apr 2013
480500	Number of elaborated studies and reports (incl. evaluation ones)	Number	0	14	1364	1052
480700	Number of developed methodological and technical and information materials	Number	0	84	273	170
481100	Number of held training courses, seminars, workshops, conferences and other similar activities	Number	0	70	336	227
481600	Number of persons who attended the educational courses	Number	0	1400	8135	6889
480800	Implemented cooperation with mass media and communication with the general public	Number	0	30	120	117
480900	Number of organised information and publicity activities	Number	0	32	180	116
483100	Number of full-time employees of the implementation structure	Number	0	90	476,62	417,37

Source: MSC2007 as of 3 Apr 2013

**Table No 47 - Result indicators**

Code	Name of the indicator	Unit of measure	Baseline value	Target value	Commitment of approved projects	Value achieved as of 4 Apr 2013
481900	Number of trained persons – total	Number	0	1 100	4102	2861
480300	Number of meetings of (monitoring, advisory and management) committees	Number	0	14	15	11
482500	Number of performed controls	Number	0	1 350	7850	7420

Source: MSC2007 as of 3 Apr 2013

### 3.6.4 Problems and measures taken

**Risk of ineligible activities and expenditure.** The IOP Managing Authority concentrated on the monitoring of the use of technical assistance funds in order to safeguard the maximum eligibility of expenditure with respect to economy, effectiveness and efficiency.

#### *Measures taken*

As of 28 Jan 2013 based on the public administration checks conducted by the IBs and audits of operations in IOP TA projects, the IOP MA adopted a revision of the Handbook for Applicants and Beneficiaries for Priority axes 6A and 6B Technical assistance. Major revisions were made in the following areas:

- Extension of ineligible expenditure (two employment contracts for 1 system post in case a new employee is induced, conclusion of a AWP and AWA on the same type of activities);
- More stringent evaluation of eligibility of expenditure with stress put on the compliance of applications with the methodological guideline for the use of external services in the NSRF implementation structure, coherence and consistence of information in individual parts of project applications and links of supported activities to monitoring indicators);
- Details concerning the accounting for of labour costs (3 alternative ways of monitoring the labour costs in project accounting were presented).

**Problems with the administration of IOP TA projects.** In the monitored period the major problem in the administration of IOP TA projects concerned the large quantity of public contracts common for more projects, documenting the expenditure, labour costs in particular, matching the expenditure to the appropriate contract or project.

#### *Measure taken*

Consultations with IOP MA staff at CRD CR. The IOP MA cooperates with CRD HQ on harmonising the procedures for reimbursement of applications for payment, with focus on the development and control of labour costs forms and control of selection of new employees pursuant to Government Resolution No 313/2011.

## 4 ADMINISTRATION OF THE PROGRAMME

### 4.1 Information on the Conduct and Results of Audits and Financial Controls

#### Audit of the European Commission

*Audit of the European Commission No 2011/CZ/REGIO/J4/870/8*

In March 2012 the Managing Authority of the Integrated Operational Programme (IOP MA) through the Audit Authority received the preliminary conclusions and recommendations from the audit mission No 2011/CZ/REGIO/J4/870/8 which took place from 12 to 16 September 2011. The IOP MA filed objections to this preliminary report. The draft report comprised the following findings with respect to IOP:

- Deficiencies in the system of reporting and investigating irregularities,
- Deficiencies in the IOP control system,
- Ineligibility of expenditure in projects included in the sample.

The final audit report was received by the IOP MA on 15 Apr 2013. With regard to the above referred to findings the auditors state in the report that the findings ensuing from the audit have been treated since corrective measures are being implemented through the Action Plan for the improvement of management and control systems of the Structural Funds and the Cohesion Fund in the Czech Republic and through the Roadmap for smoother implementation of the programming period 2007-2013. Of 8 audited projects, 5 projects are subject to financial corrections.

### **Audits conducted by the Supreme Audit Office**

On 29 Oct 2012 an audit of the Supreme Audit Office was launched at MoLSA. The subject matter of the audit is the Final Account of MoLSA state budget chapter for 2012, annual accounts and financial statements of MoLSA for 2012. As of 31 Mar 2013 the audit has not been closed. In the event the audit results concern the IOP, the Managing Authority shall inform on the audit conclusions in the next Reports on Implementation of IOP.

### **Audit 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. 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 works, but some improvements are needed, 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. According to the auditors the provision of the Methodological Guideline was not fully complied with, 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 audit conducted by the Delegated Audit Body

### *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 final audit report was drawn up as of 12 Dec 2012. 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 has ever since the onset of preparations of Intervention area 5.1 been aware of risks of the 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 procedures by issuing the Methodological Guideline of HQ No 44, valid as of 22 Feb 2013.

- *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, 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 ensure the training of 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.

Moreover, 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.

## Checks (verifications) conducted by the Managing Authority

### *Checks of delegated activities*

In the monitored period, checks of delegated activities were under way, commenced in the previous period, with focus on the verification of compliance of activities performed by the IBs with procedures set out in the IOP Operational Manual, IB manuals and Handbooks for Applicants and Beneficiaries, namely during the control of eligibility, control of formal requisites, evaluation of projects, ex-ante risk analysis and ex-ante control of projects and administration of applications for payment. In the framework of these checks also the observance of procedures for entering data in IS Monit7+ was verified. The MA gave preference to administrative checks or monitoring visits, which constitute a more flexible tool for early imposition of corrective measures. The IOP MA also carries out time-consuming on-the-spot public administration checks.

In the period from 1 Oct 2012 to 31 Mar 2013, the IOP MA commenced 43 checks of delegated activities at the CRD, MoI, MoLSA, MoC and MoH. An overview of all the checks, their status and results is given in Table No 49. In the monitored period 20 checks were commenced, one check was cancelled due to the cessation of the reason for its conduct and a total of 21 checks were completed, of which 12 were completed without a finding and 9 were completed with a finding. The identified findings discovered primarily ineligible expenditure, non-compliance with legislation governing the field of public contracts and ineligibility of labour costs. After 1 check a corrective measure was imposed and the IOP MA continuously monitors its fulfilment.

With respect to the error rate identified during the checks performed by the IOP MA and other control authorities, the IOP MA identified the risk of inadequate number of checks of delegated activities, which especially in the past was brought about by the IOP MA understaffing. As a corrective measure to reduce this risk the IOP MA implemented a public procurement procedure for the selection of an external supplier, who expanded the control teams of IOP MA and thus the number of checks as against the previous period increased. It will support the conduct of control and certainly not substitute the control conducted by IOP MA. Simultaneously, the plan of IOP MA controls for 2013 specified in detail the risks at each IB on which the checks of delegated activities shall focus in 2013.

**Table No 48 - Summary of checks of delegated activities at IBs conducted in the period from 1 Oct 2012 to 31 Mar 2013**

No	Date of commencement	Type of the check	Number of the check	Name of the check	Status	Finding
1.	5.10.2012	Administrative check	16/2012/I	Administrative check of IUDP Pisek	Completed – negative (with finding)	
2.	5.10.2012	Administrative check	38/2012/I	Administrative check of IUDP Cheb	Completed – negative (with finding)	
3.	5.10.2012	Administrative check	15/2012/I	Check of IUDP Jirkov – evaluation of projects by the municipality	Completed – negative (with finding)	
4.	12.10.2012	Administrative check	60/2012/I	Check of administration of the application for payment of MoI	Completed - positive (no finding)	
5.	15.10.2012	Administrative check	82/2012/I	Check of delegated activities of IB – HK	Completed – negative (with finding)	
6.	15.10.2012	Administrative check	83/2012/I	Check of delegated activities of IB – HK	Completed – negative (with finding)	

No	Date of commencement	Type of the check	Number of the check	Name of the check	Status	Finding
7.	15.10.2012	Administrative public administration check	23/2012/I	Check of the method of selection and evaluation of project applications	Commenced	
8.	15.10.2012	Administrative check	68/2012/I	Check of delegated activities of IB – HK	Completed – negative (with finding)	
9.	2.11.2012	Administrative public administration check	50/2012/I	Check of delegated activities	Commenced	
10.	2.11.2012	Administrative public administration check	54/2012/I	Check of delegated activities	Cancelled	
11.	12.11.2012	Public administration on-the-spot check	61/2012/I	Review of the CRD procedure in the check of eligibility and formal requisites of project %8072	Completed - positive (no finding)	Since MoLSA detected these facts during the risk analysis and ex-ante check and rectified them (the housing units and costs associated with them were removed from the project application and subsequently submitted in a separate project application), the corrective measures have already been put in place. This fact could not have any impact on the evaluation of project, namely due to high scoring by all the evaluators.
12.	20.11.2012	Administrative check	73/2012/I	Administrative check of delegated activities - CRD – check of a tender (%7181,%7182)	Completed - positive (no finding)	
13.	22.11.2012	Public administration on-the-spot check	71/2012/I	Selected delegated activities and TA	Commenced	
14.	30.11.2012	Monitoring visit	58/2012/I	Check of the use of checklists in line with the EC requirement – pursuant to Article 13	Corrective measures was imposed	<p>Finding No 1: Checklist used in the check of an open public procurement procedure No 001 in project No %6397 is in line with Annex C.5-16 to IOP OM. The required checklist which is newly attached to the IOP OM as C.5-21 was not used during the check.</p> <p>Finding No 2: During the above referred to checks the SFD failed to use the checklist No C.5-22/C.5-23 in line with the IOP MA Methodological Guideline No 34. Check No 154/2012, the subject matter of which was the verification of audit trail, public contract documentation, observance of publicity and project timetable, did not contain any checklist.</p> <p>Finding No 3: The files of checks related to the Monitoring visit No 121/2012 and public administration on-the-spot check did not contain any checklist.</p> <p>Finding No 4: SFD did not enter any protocols and minutes of the above referred to checks under the Monitoring and checks tab as stipulated in Annex C.5-11 to IOP OM.</p>
15.	30.11.2012	Administrative check	70/2012/I	Verification of procedures and deadlines in	Completed - positive (no finding)	

No	Date of commencement	Type of the check	Number of the check	Name of the check	Status	Finding
				evaluation of eligibility and formal requisites at CRD IB		
16.	4.12.2012	Administrative check	72/2012/I	Check of the observance of archiving and documenting procedures at MoI	Commenced	
17.	6.12.2012	Administrative public administration check	39/2012/I	Assessment of technical and financial limits for constructions and facilities of social services	Completed – negative (with finding)	<p>1) Limit per 1m<sup>3</sup> of enclosed volume is duplicate and to some extent in contradiction to the limit per 1m<sup>2</sup> of floor area.</p> <p>2) With respect to the Opinion the set out financial limits may seem undervalued.</p> <p>3) In case of technical improvements of the building (reconstruction) the financial limits are restrictive with respect to the selection of property.</p> <p>4) The financial ceilings for construction and reconstruction differ in dependence on the floor area ratio of the building. The check found this design to be ineffective and useless.</p> <p>For more information see the Record.</p>
18.	6.12.2012	Administrative check	70/2011/I	Check of delegated activities at MoC – administration of applications for payment	Completed - positive (no finding)	
19.	6.12.2012	Public administration on-the-spot check	62/2012/I	Review of the procedure taken by MoLSA in the administration of project %8072	Completed - positive (no finding)	<p>Since MoLSA detected these facts during the risk analysis and ex-ante check and rectified them (the housing units and costs associated with them were removed from the project application and subsequently submitted in a separate project application), the corrective measures have already been put in place. This fact could not have any impact on the evaluation of project, namely due to high scoring by all the evaluators.</p>
20.	7.12.2012	Administrative public administration check	63/2012/I	Revision of conclusions of the check at CRD	Completed - positive (no finding)	
21.	7.12.2012	Administrative public administration check	66/2012/I	Check of delegated activities	Completed - positive (no finding)	
22.	10.12.2012	Administrative public administration check	64/2012/I	Revision of conclusions of the check at CRD	Completed - positive (no finding)	
23.	10.12.2012	Administrative public administration check	65/2012/I	Revision of conclusions of the check at CRD	Completed - positive (no finding)	<p>Non-compliance with legislation governing public contracts, MA did not confirm the CRD position. Correction was proposed, see the Recommendations of the control team.</p>
24.	11.12.2012	Monitoring visit	59/2012/I	Check of the use of checklists in keeping with the EC requirements	Completed – negative (with finding)	<p>In MONIT7+ and in project files all types of checklists required by the IOP Methodological Guideline No 34 failed to be kept.</p>



No	Date of commencement	Type of the check	Number of the check	Name of the check	Status	Finding
25.	11.12.2012	Monitoring visit	74/2012/I.	Monitoring visit at IUDP Přerov	Commenced	
26.	14.12.2012	Administrative public administration check	75/2012/I	Revision of control findings related to a tender at CRD	Completed - positive (no finding)	
27.	14.12.2012	Administrative public administration check	76/2012/I	Revision of control findings related to a tender at CRD	Commenced	
28.	14.12.2012	Administrative public administration check	77/2012/I	Revision of control findings related to a tender at CRD	Commenced	
29.	14.12.2012	Administrative public administration check	78/2012/I	Revision of control findings related to a tender at CRD	Commenced	
30.	14.12.2012	Administrative public administration check	79/2012/I	Revision of control findings related to a tender at CRD	Commenced	
31.	14.12.2012	Administrative public administration check	80/2012/I	Revision of control findings related to a tender at CRD	Commenced	
32.	10.1.2013	Monitoring visit	57/2012/I	Check of the observance of IOP MA Methodological Guideline No 34	Completed – negative (with finding)	The checklists were not entered in IS MONIT 7+ . - No 2-13 (Standard checklist for the performance of management verifications pursuant to Article. 13 of Commission Regulation (EC) 1828/2006) – a corrective measure was adopted - No 2-14 (Checklist for the performance of management verification pursuant to Article 13 de minimis state aid) – a corrective measure was adopted - Methodological Guideline of HQ No 42 allows for two interpretations when using the checklists No 2-14 – a recommendation has been drawn up to prevent two interpretations
33.	15.1.2013	Administrative check	84/2012/I	Check of the observance of archiving and documenting procedures at MoLSA	Commenced	
34.	18.1.2013	Administrative public administration check	2/2013/I	Revision of control findings related to a tender at CRD	Commenced	
35.	18.1.2013	Administrative public administration check	3/2013/I	Revision of control findings related to a tender at CRD	Commenced	
36.	1.2.2013	Administrative public administration check	1/2013/I	Check of cutting down the project eligible expenditure by CRD in line with the limits set by HAB	Completed - positive (no finding)	
37.	11.2.2013	Administrative public administration check	6/2013/I	Verification of the project completion prior to the issuance of the Decision	Commenced	

No	Date of commencement	Type of the check	Number of the check	Name of the check	Status	Finding
38.	13.2.2013	Administrative check	7/2013/I	Check of the administration of applications for payment - MoI	Commenced	
39.	27.2.2013	Administrative check	9/2013/I	Check of the administration of applications for payment - MoH	Commenced	
40.	1.3.2013	Administrative check	10/2013/I	Check of the administration of applications for payment at MoI	Commenced	
41.	11.3.2013	Administrative public administration check	4/2013/I	Check of the observance of administrative deadlines at MoH IB	Commenced	
42.	11.3.2013	Administrative public administration check	8/2013/I	Check of the observance of administrative deadlines at CRD	Commenced	
43.	29.3.2013	Administrative public administration check	11/2013/I	Revision of CRD conclusions from the check of a tender	Commenced	

### *Checks (verifications) of projects of individual Intermediate Bodies*

Checks on projects are the responsibility of the MA who delegates the conduct of checks based on the contracts, with the exception of a part of Technical Assistance projects, to the individual Intermediate Bodies, see Table No 50 Overview of entities conducting the checks on projects. The IOP MA is entitled to carry out its own checks on any of the projects during all stages of project administration. The IOP MA also uses the assistance of experts during the checks of physical implementation of projects under the NCA project for support of the conduct of controls.

In accordance with Article 13 of Commission Regulation (EC) No 1828/2006 the verifications shall cover administrative, financial, technical and physical aspects of operations, as appropriate. The IOP Operational Manual lays down the minimum requirements for all the Intermediate Bodies concerning the procedures during the checks on projects and the minimum scope of the sample for checks pursuant to Article 13 of Commission Regulation (EC) No 1828/2006. The Intermediate Bodies in line with the IOP Operational Manual have elaborated their own detailed procedures for the conduct of checks, including the set methodology for selection of a sample of projects for on-the-spot checks, in case the on-the-spot check is not conducted in 100 % of projects.

**Table No 49 - Overview of entities conducting checks of projects**

Intervention area	Ex-ante check		Interim check		Ex-post checks	
	administrative	on-the-spot	administrative	on-the-spot	administrative	on-the-spot
1.1	MoI	MoI	MoI	MoI	MoI	MoI
2.1*	CRD, MoI	MoI	CRD	CRD, MoI	CRD	CRD, MoI
3.1	CRD, MoLSA	MoLSA	CRD	CRD, MoLSA	CRD	CRD, MoLSA
3.2	MoH	MoH	MoH	MoH	MoH	MoH
3.3	CRD, MoLSA	MPSV	CRD	CRD, MoLSA	CRD	CRD, MoLSA
3.4*	CRD, MoI	MoI	CRD	CRD, MoI	CRD	CRD, MoI
4.1	CRD, MA	CRD, MA	CRD	CRD, MA	CRD	CRD, MA
5.1	MoC	MoC	MoC	MoC	MoC	MoC
5.2	CRD, MA	CRD, MA	CRD	CRD, MA	CRD	CRD, MA

Intervention area	Ex-ante check		Interim check		Ex-post checks	
	administrative	on-the-spot	administrative	on-the-spot	administrative	on-the-spot
<b>5.3</b>	CRD, MA	CRD, MA	CRD	CRD, MA	CRD	CRD, MA
<b>6.1</b>	CRD, MA	-	CRD, MA	MA	CRD, MA	MA
<b>6.2</b>	CRD, MA	-	CRD, MA	MA	CRD, MA	MA

Source: MA as of 31 Mar 2013

\* Since 1 Jul 2012 all the checks have been conducted by CRD

The MA carries out its own checks of projects, particularly upon the initiatives of IBs, beneficiaries and other entities and based on risk analyses of individual IBs. In the period from 1 Oct 2012 to 31 Mar 2013, the MA commenced 5 checks of projects directed mainly at the public procurement procedures, checks of eligibility of expenditure, observance of deadlines, scope of expenditure. In the monitored period the IOP MA completed 4 checks, of which 3 with a finding and 1 with no finding.

In the period from 1 Oct 2012 to 31 Mar 2013, the Intermediate Bodies commenced a total of 631 checks at applicants and beneficiaries. A more detailed breakdown of checks by form and stage of their conduct in the monitored period is given in the tables below.

**Table No 50 - Overview of checks conducted in the period from 1 Oct 2012 to 31 Mar 2013 in the breakdown by intervention area**

Row heading	Ex-ante admin. check	Interim admin. check	Ex-post admin. check	Ex-ante physical on-the-spot check	Interim physical on-the-spot check	Interim physical check with reimbursement	Ex-post physical on-the-spot check	Sum total
<b>1.1 – MoI</b>	0	1	0	0	15	0	1	<b>17</b>
<b>2.1 - MoI*</b>	-	-	-	-	-	-	-	<b>-</b>
<b>2.1 – CRD</b>	0	48	0	0	4	22	27	<b>101</b>
<b>3.1 – MoLSA</b>	38	10	0	1	0	0	0	<b>49</b>
<b>3.1 – CRD</b>	0	27	0	0	1	6	3	<b>37</b>
<b>3.2 – MoH</b>	0	0	0	1	20	0	3	<b>24</b>
<b>3.3 – MoLSA</b>	2	26	0	0	1	0	0	<b>29</b>
<b>3.3 – CRD</b>	0	4	0	0	1	2	0	<b>7</b>
<b>3.4 - MoI*</b>	-	-	-	-	-	-	-	<b>-</b>
<b>3.4 – CRD</b>	0	18	0	0	3	4	0	<b>25</b>
<b>4.1 – CRD</b>	2	24	0	0	17	3	0	<b>46</b>
<b>5.1 – MoC</b>	0	9	0	0	2	0	0	<b>11</b>
<b>5.2 – CRD</b>	2	124	0	1	15	57	37	<b>236</b>
<b>5.3 – CRD</b>	24	0	0	0	0	0	7	<b>31</b>
<b>6.1 – CRD</b>	0	9	0	0	1	1	0	<b>11</b>
<b>6.2 – CRD</b>	0	7	0	0	0	0	0	<b>7</b>
<b>Sum total</b>	<b>68</b>	<b>307</b>	<b>0</b>	<b>3</b>	<b>80</b>	<b>95</b>	<b>78</b>	<b>631</b>

Source: IS Monit7+IOP as of 31 Mar 2013; \* since 1 Jul 2012 all the checks have been conducted by CRD only

Of the total number of checks conducted in the monitored period, 256 were on-the-spot checks.

According to the following overview, of the total of 631 checks 113 checks were completed with a negative result (with finding), 443 checks with a positive result (no finding), and one check resulted in the imposition of a corrective measure. In checks completed with a negative result (with finding), the most frequent error consisted in the non-compliance with public procurement legislation, ineligible activities and expenditure (e.g. implementation of activities not planned in the project, implementation of activities beyond the planned scope, temporal discrepancy of eligibility of expenditure, etc.). In

multiple checks deficiencies in the archiving of documents and deficiencies concerning the late submission of applications for payment or violation of conditions of support were identified.

**Table No 51 - Overview of checks conducted in the period from 1 Oct 2012 to 31 Mar 2013 in the breakdown by check status**

Row heading	Check was cancelled	Completed - negative (with finding)	Completed - positive (no finding)	Corrective measure imposed	Commenced	Scheduled	Sum total
1.1 – MoI	0	2	8	0	6	1	17
2.1 - MoI*	-	-	-	-	-	-	-
2.1 – CRD	0	11	77	0	13	0	101
3.1 – MoLSA	0	2	37	0	10	0	49
3.1 – CRD	2	4	29	0	2	0	37
3.2 – MoH	0	4	15	1	4	0	24
3.3 – MoLSA	0	1	25	0	3	0	29
3.3 – CRD	0	0	7	0	0	0	7
3.4 - MoI*	-	-	-	-	-	-	-
3.4 – CRD	0	6	13	0	6	0	25
4.1 – CRD	2	19	21	0	4	0	46
5.1 – MoC	0	1	3	0	7	0	11
5.2 – CRD	0	44	185	0	7	0	236
5.3 – CRD	1	17	8	0	5	0	31
6.1 – CRD	0	2	9	0	0	0	11
6.2 – CRD	0	0	6	0	1	0	7
<b>Sum total</b>	<b>5</b>	<b>113</b>	<b>443</b>	<b>1</b>	<b>68</b>	<b>1</b>	<b>631</b>

Source: IS Monit7+IOP as of 31 Mar 2013; \* since 1 Jul 2012 all the checks have been conducted by CRD only

The breakdown by the number of checks conducted by individual Intermediate Bodies under the respective intervention areas is presented in the following table.

**Table No 52 - Overview of checks conducted in the period from 1 Oct 2012 to 31 Mar 2013 in the breakdown by number of checks per IB**

Control authority	Intervention area												Sum total
	1.1	2.1	3.1	3.2	3.3	3.4	4.1	5.1	5.2	5.3	6.1	6.2	
CRD CR	-	101	37	-	7	25	46	-	236	31	11	7	501
Ministry of Culture CR	-	-	-	-	-	-	-	11	-	-	-	-	11
Ministry of Labour and Social Affairs	-	-	49	-	29	-	-	-	-	-	-	-	78
Ministry of Interior CR	17	-	-	-	-	-	-	-	-	-	-	-	17
Ministry of Health CR	-	-	-	24	-	-	-	-	-	-	-	-	24
<b>Sum total</b>	<b>17</b>	<b>101</b>	<b>86</b>	<b>24</b>	<b>36</b>	<b>25</b>	<b>46</b>	<b>11</b>	<b>236</b>	<b>31</b>	<b>11</b>	<b>7</b>	<b>631</b>

Source: IS Monit7+ IOP as of 31 Mar 2013

#### Other checks by IOP MA – Priority axis 6

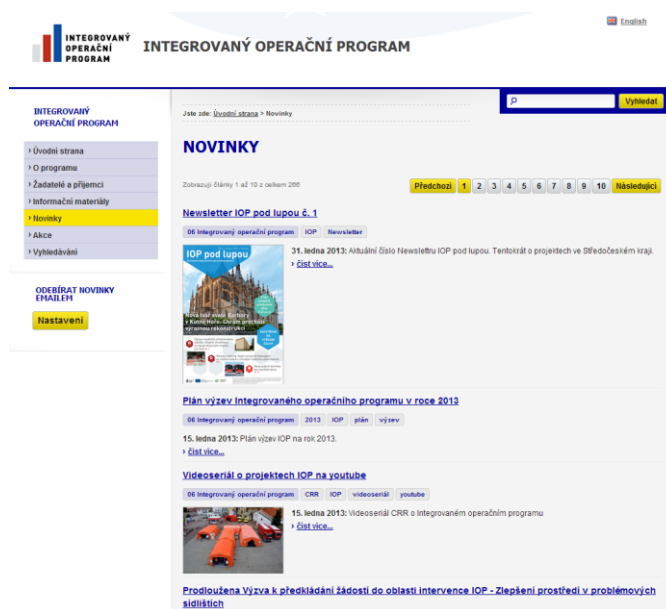
In the monitored period from 1 Oct 2012 to 31 Mar 2013, the Managing Authority commenced 5 checks in Intervention area 6.1, of which three checks were carried out by the MRD Budget Department, all completed positive with no finding. The checks focused on stage 1 and 2 of the project Labour costs of IOP IB at CRD CR 2012 – 2013 and the stage 1 of the project Provision of administrative support. As concerns the other 2 checks of IOP MA, one was commenced of the project called Provision of capacities at IOP MA and one check verifying the labour costs and related

expenditure of MoI IB was completed and corrective measures were imposed. In Intervention area 6.2, no check was commenced in the monitored period.

## 4.2 Implementation of the Communication Plan and Activities in the Field of Publicity

**In the monitored period an essential IOP publicity activity took place – the launch of new IOP microsites on the new Structural Funds website**

In November 2012 the new IOP microsites were launched on the new Structural Funds website [www.strukturalni-fondy.cz](http://www.strukturalni-fondy.cz). The 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.



Funds granted from IOP TA: EUR 0 (website was created within the Structural Funds website which was not financed from IOP TA)

Target group: general and professional public

## IOP pod lupou (Under the Magnifying Glass) Newsletter



In the monitored period the IOP MA published two issues of IOP pod lupou quarterly, dedicated to Central Bohemia and Southeast regions. Ever since June 2012 when the new contractor was selected and the graphic design was aligned with the IOP quality of life strategy, the newsletter has been published in the circulation of 500 printed copies and its electronic version has been sent to almost 5 000 e-mail addresses. Individual issues provide information on current developments in the Programme and on implemented projects.

IOP: EUR 2 434.61

Target group: general public

### Audiovisual media

#### IOP film on data boxes



At the turn of 2012/2013 a tender was successfully conducted for the selection of a distributor 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 was shown in the last week in February 2013 in cinemas across ten Czech regions and promo magnets referring to [kvalitazivota.eu](http://kvalitazivota.eu) microsites were handed out. The aim is to present successful IOP projects mainly to the general public in regions to which the support is directed.

Funds granted from IOP TA (in the monitored period):

EUR 0

Target group: general public

#### CRD video series

The Centre for Regional Development produced in 2012 an eight-episode series called “Integrated Operational Programme: EU Funds for better life.” 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.

Funds granted from IOP TA: EUR 9 411.73

Target group: general and professional public

A detailed list of all the implemented activities is given in the Annex No 1.

A list of aid beneficiaries under IOP is published and monthly updated on:

<http://www.strukturalni-fondy.cz/Programy-2007-2013/Tematicke-operacni-programy/Integrovaný-operacni-program/Projekty/Podporene-projekty>

## 4.3 Conducted Evaluations and Studies

In the period from 10/2012 to 3/2013 the IOP MA completed an internal evaluation from the Evaluation Plan for 2012 (**Analysis of administrative capacities and outsourcing in IOP implementation structure 2012**) and commenced an internal evaluation from the Evaluation Plan for 2013 (**Evaluation of consistency of monitoring indicators and IOP programme objectives**).

The Evaluation Plan for 2012 reckoned with the cooperation between the IOP MA and NCA in elaborating the Strategic Report for 2012 which was sent to the EC through MSC2007 on 19 December 2012.

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

### 4.3.1 Evaluations conducted by the Managing Authority

#### 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. The evaluators identify huge differences in the expenditure on education and training of employees between the individual implementation structure entities. The IOP MA will therefore conduct an evaluation of the system of education and training of IOP implementation structure in 2013.

The number of FTE 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 thereof and to introduce such working conditions that would 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 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, 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.

In December 2012 the MA compiled the Action Plan from the Analysis of administrative capacities and outsourcing 2012. As of 31 Mar 2013 a control was conducted of the accomplishment of corrective measures assigned by the Action Plan, which is attached to this Report as Annex No 3.

#### Evaluation of the system of education and training of IOP implementation structure staff

The aim of evaluation of the system of education and training is to verify the status and to propose improvements in the area of planning, implementation and evaluation of educational needs. The evaluation shall examine the system at IOP MA and IOP IBs. A partial objective is to assess the consistency of the system of education and training applied in IOP with the systems of education and training of individual institutions under which the IOP MA and IOP IBs fall and with the NCA education and training activities. The recommendations will lead to enhancing the effectiveness of the system, standardisation of education and training at all the levels of implementation and better targeted planning and reporting of education and training activities. In March 2013 the IOP MA decided to conduct an internal facilitation evaluation. The Czech Evaluation Company was asked to provide the methodology.

Implementation period: April 2013 – June 2013

Type: internal

Evaluator: IOP MA in cooperation with the Czech Evaluation Company

#### Evaluation of consistency of monitoring indicators with IOP objectives

With respect to the motion raised by the SAO during the control of consistency of monitoring indicators with programme objectives in Intervention area 5.1 of IOP, the IOP MA considers appropriate to carry out an internal analysis of the consistency in all the intervention areas. The aim is to identify risky areas and to propose to add to the set of indicators the data sources which will facilitate the evaluation of accomplishment of objectives of intervention areas. The MA based its evaluation on the existing outputs from evaluations of changes in IOP PD as well as information and data sources from IBs.

The evaluation is conducted in two stages. Stage one consisted in analysing the input documents, compiling a draft evaluation report and evaluating PA 1, PA 3 Intervention area 3.1, PA 4, PA 5 Intervention area 5.2, and making conclusions with respect to them. The stage two will be dedicated to the remaining intervention areas.

Implementation period: December 2012 – May 2013

Type: internal

Evaluator: IOP MA



### Ex ante evaluation for 2014 – 2020 programming period

The Minister for Regional Development entrusted the Operational Programme Management Department of MRD with the performance of the function of the Managing Authority of the Integrated Regional Operational Programme. One of the MA obligations is to ensure ex ante evaluation as defined in Article 48 of the Proposal for Common Provisions Regulation. The ex ante evaluation shall be submitted to the Commission at the same time as the programme, together with an executive summary. The evaluation is carried out by experts independent of the Managing Authority or the author of the draft programme.

The tender documentation is being prepared.

Implementation period: December 2012 – December 2013

Type: external

Budget: 700 000,- net of VAT

Evaluator: to be selected

### Assessment of the effects of the programme for 2014+ on the environment

The Minister for Regional Development entrusted the Operational Programme Management Department of MRD with the performance of the function of the Managing Authority of the Integrated Regional Operational Programme. One of the MA obligations is to arrange for the assessment of the effects of the programme on the environment (including the effects on public health and NATURA 2000) as defined in provisions of Article 48 para 4 of the Proposal for Common Provisions Regulation and in Act No 100/2001 Coll., on the environmental impact assessment, as amended, by which Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 is transposed into the Czech body of law.

The tender documentation is being prepared.

Implementation period: December 2012 – December 2013

Type: external

Budget: CZK 500 000,- net of VAT

Evaluator: to be selected

## **4.3.2 Evaluation and studies carried out by the 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. Both the scheduled evaluations were for time and capacity reasons put off to the Evaluation Plan of IOP for 2013.

### 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

The MoH in 2011 developed the Project of Technical assistance 6.1 – Audits of the 4<sup>th</sup>, 5<sup>th</sup> and 8<sup>th</sup> call of the Ministry of Health which was approved for implementation by the IOP TA Selection Committee. The audit by its nature follows from the Audit of implementation of projects under the 1<sup>st</sup> call for Intervention area 3.2 of the Integrated Operational Programme carried out at the beginning of 2011. The audit aims to verify and evaluate the course of public procurement procedures within all projects of the 4<sup>th</sup>, 5<sup>th</sup> and 8<sup>th</sup> calls. The contractor will also carry out an analysis of effective conduct of tenders namely in terms of achievement of prices common at the given time and place. It also aims to evaluate the administrative procedures and processes taken by the European Funds Department in the administration of projects and observance of the set out procedures.

Pursuant to Section 98 the contract will be divided into three parts that will run separately due to different deadlines for project completion under individual calls.

Part 1 Audit of the implementation of projects under the 4<sup>th</sup> call for Intervention area 3.2 of the Integrated Operational Programme

Anticipated implementation period: April 2013 – June 2013

Anticipated budget: CZK 1 104 000 VAT incl.

Part 2 Audit of the implementation of projects under the 5<sup>th</sup> call for Intervention area 3.2 of the Integrated Operational Programme

Anticipated implementation period: July 2013 – January 2014

Anticipated budget: CZK 3 428 400 VAT incl.

Part 3 Audit of the implementation of projects under the 8<sup>th</sup> call for Intervention area 3.2 of the Integrated Operational Programme

Anticipated implementation period: February 2014 – August 2014

Anticipated budget: CZK 4 617 600 VAT incl.

Despite the contract is entitled “audit”, it can also be perceived as an evaluation which will assess the current design of the system of implementation in project administration and first and foremost give recommendations for modifications of the Operational Manual of the MoH IB for GG, modifications of specific work procedures of the European Funds Department, proposals for improvements in communication and transfer of information, etc. Its outputs will also comprise recommendations for conduct of public procurement in the Czech health sector.

Currently a tender for the conduct of the audit (evaluation) of the course of implementation of projects under the 4<sup>th</sup>, 5<sup>th</sup> and 8<sup>th</sup> call is under way.

Implementation period: April 2013 to August 2014

Type: external

Budget: CZK 7 625 000 net of VAT

Auditor (evaluator): to be selected

#### Evaluation of Intervention area 3.2 with respect to the accomplishment of defined objectives and experience with implementation of intervention in the field of the Czech health sector

In 2013 the MoH intends to conduct an evaluation of the current and anticipated accomplishment of objectives in Intervention area 3.2 based on the projects implemented under the announced calls in the context of current social and economic development and especially in the light of the expected situation in the Czech health sector. An emphasis will be placed particularly on the evaluation of the accomplishment of the global objective: “Ensuring the availability and quality of standardized health care, including the development of effective system of health risk prevention and modernisation of processes of quality and cost management of the system of provision of public health services.”

Bearing in mind the status of implementation of this intervention area, the outputs of this evaluation will be primarily serve as an underlying analysis for the preparation of the programming period of economic, social and territorial cohesion policy of the EU for 2014 – 2020.

At present the MoH sets out the objectives and focus of the evaluation of the SF intervention in the health sector – this evaluation is only at the stage of being planned

Type: internal and external

Implementation period: March 2013 – June 2013

Budget: to be determined based on the terms of reference

Evaluator: to be selected

## 4.4 Other Activities of the Managing Authority and the Monitoring Committee

### 4.4.1 Activities of the Managing Authority

#### 4.4.1.1 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. Ranking among these programmes was also the IOP.

The meetings with NCA on reinforced risk management in IOP were in 2012 replaced by reporting the accomplishment of the Action Plan approved by Government Resolution No 498/2012 in the form of exchange of letters between the IOP MA and MRD-NCA. The last report on accomplishment of the Action Plan was sent to the NCA on 7 Jan 2013 and described the status as of 31 Dec 2012.

At the beginning of 2013 the MRD-NCA conducted again a comprehensive evaluation of risks associated with the operational programmes. The IOP continues to be classified as a risky operational programme. On 9 Jan 2013 a meeting was held between the IOP Managing Authority and the MRD-NCA in the framework of reinforced risk management, at which among other things also discussed was the accomplishment of the Action Plan, fulfilment of n+3/n+2 rule at the end of 2013 and in the following years, and proposals for other measures. The conclusions from the meeting were used by the MRD-NCA for drafting the document for the Government of the CR concerning the evaluation of management of risky operational programmes (the document will be submitted to the Government in April / May 2013).

#### 4.4.1.2 Reinforced risk management of IOP MA

In the monitored period the Managing Authority continued to identify and address matters related to sleeping projects. For more details see Chapter 2.4.2.

#### 4.4.1.3 Meetings of Deputy Ministers of ministries implementing the IOP

With regard to the status of implementation of the programme and addressed problems, which many times went beyond the competence of IOP IB directors, the top officials of MRD continued to convene meetings of the Interministerial Commission of Deputy Ministers implementing the IOP.

In the monitored period a meeting was held concerning the progress in implementation of the Integrated Operational Programme in the 3<sup>rd</sup> quarter of 2012, the projected fulfilment of n+3 rule in 2012 and outlook for 2013, major risks faced by individual Intermediate Bodies and specific problems in individual intervention areas.

On 8 Nov 2012 a meeting of Deputy Ministers was held at the Ministry for Regional Development.

*Conclusions from the meeting of the Interministerial Commission of Deputy Ministers implementing the IOP:*

- Fulfilment of absorption forecast and outlook of the fulfilment of n+3 rule in 2012 and n+3/n+2 rule in 2013 by individual ministries,
- To adopt extraordinary measures aimed at 100 % fulfilment of forecasts concerning the submitted applications for payment,
- To promptly implement IOP MA measures, particularly not to extend the project stages and not to divide projects 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 the planned measures in order to speed up the implementation of sleeping and risky projects with the view to reduce the risks

#### 4.4.1.4 Bilateral meetings between the IOP MA and IOP IBs

In the period from 1 Oct 2012 to 31 Mar 2013 several bilateral meetings took place:

- 9x with the Centre for Regional Development of the CR on CzechTourism agency projects in Intervention area 4.1,
- 6x with the Centre for Regional Development of the CR on MRD Tourism Department projects in Intervention area 4.1,
- 5x with the Ministry of Labour and Social Affairs of the CR,
- 5x with the Ministry of Interior of the CR,
- 1x with the Ministry of Culture of the CR.

The following topical issues were on the agenda:

- 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, or high-risk projects,
- Recalculation of the exchange rate reserve,
- Financial gap,
- Double financing,
- Irregularities.

#### 4.4.1.5 Education and training

Table No 53 - Overview of conducted evaluation and training activities

Evaluation of education plans / Activity	Role of the MA	Comments
Education and training organised by the Managing Authority for Intermediate Bodies	Organisation of education and training activities which reflect topical issues in IOP implementation and the topics of which are not covered by external training courses offered in the market.	In the period from 1 October 2012 to 31 March 2013 the MA held a total of 3 education and training events during which 27 persons were trained. The thematic areas covered by the education and training events focused on public contracts, financial management and state aid.
Education and training at the MA	Organisation of education and training activities based on the individual education plans of MA staff, or the IOP annual plan.	In the period from 1 October 2012 to 31 March 2013 a total of 253 IOP MA employees were trained during 34 education and training events.  In the period from 1 October 2012 to 31 March 2013 the largest number of staff was trained in the field of financial and management control, financial management, computer skills and public contracts.

#### 4.4.2 Activities of the Monitoring Committee

In the period from October 2012 to March 2013 the **10<sup>th</sup> regular meeting** of the IOP Monitoring Committee was held, namely in Barceló hotel Prague, Na Strži 32, 140 00 Prague 4 on 21 Nov 2012.

At the **10<sup>th</sup> meeting of IOP MC** submitted for approval was the following:

- Change in the IOP MC Rules of Procedure,
- Selection criteria for the selection of the Urban Development Fund administrator under JESSICA FI,
- Evaluation Plan for 2013.

The Report on Implementation of IOP as of 30 Sep 2012 and the report on acting upon the conclusions from the 9<sup>th</sup> IOP MC meeting were submitted to the IOP MC members for information.

A number of recommendations and tasks for the MA and individual IBs (for more details see Chapter 2.5 and Annex No 3) have arisen from the meeting.

#### 4.4.3 Activities of the Working Groups

Working groups represent a tool for communication on topical themes or problems. Minutes are taken from their meetings and the WGs are subject to evaluation by the MA. In collaboration with WG members the evaluation considers the frequency of meetings in the year concerned, the attendance, the fulfilment of tasks assigned at the working group meetings, the involvement and activity of members, the satisfaction of members with the organisation of WG and the benefits of the respective working group.

Working groups can respond in a flexible fashion to the emerging problems in IOP implementation. To a great degree they are also used as an educational and training tool.

### **Main conclusions from meetings of the working groups**

#### **WG for communication**

In the monitored period the Working Group met on 11 Oct 2012 and 23 Jan 2013. At the meetings the plans of IBs and MA for 2013 have been aligned and cooperation for 2013 has been agreed upon (joint IOP publication, IOP activities for the general public, etc.).

#### **WG Financial management**

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.

The meeting held on 22 Jan 2013 assumed the form of training. A lady expert in the field of state aid presented examples relevant for IOP.

Starting from February 2013 monthly meetings of WG Financial management have been convened to address current problems encountered in the administration of applications for payment and adoption of measures to fulfil the  $n+3/n+2$  rule.

#### **WG for evaluation**

In the monitored period the Working Group for evaluation of IOP met on 11 Oct 2012. At the meeting discussed were the results of the Analysis of administrative capacities and outsourcing in the implementation structure of IOP 2012. Discussed and approved were the recommendations. Also approved was the Evaluation Plan for 2013.

#### **WG for risk management**

In the monitored period 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 met on 20 Feb 2013. The main topic on the agenda was the PCA guidance on the imposition of sanctions for incorrectly implemented public procurement procedures. At the same time the WG members exchanged experience with addressing topical issues related to the award of public contracts and agreed to jointly develop a single methodological guideline on the imposition of sanctions.

#### **WG Jessica**

Starting from September 2012 technical meetings were held between the IOP MA and SHDF every two weeks. The main topics was the progress made in pre-notification and notification of supplements to the state aid consisting in the implementation of JESSICA FI, preparation of tender documentation for the selection of the Urban Development Fund administrator, the obligation to absorb JESSICA FI allocation before the end of 2015, support for marketing and absorption capacity.

## 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 under the MoI CR intervention areas (1.1, 2.1 and 3.4). Originally the Working Group was composed of directors and senior staff of IOP MA, SFD and CRD.

Following the transfer of administrative activities in Intervention areas 2.1 and 3.4 from MoI CR to MRD CR starting with July 2012 the Working Group has met every three weeks, without the CRD representative. Its main objective is to improve and accelerate the absorption of funds in Intervention area 1.1

## 4.5 Administrative Capacity of Implementation Structure Entities of the Programme

The MA monitors and registers the administrative capacity of entities involved in the IOP implementation. The following two tables of administrative capacity were elaborated pursuant to the NCA guideline for drafting the report on implementation.

The table includes all the units and their employees involved in IOP implementation, expressed in full time equivalent. Apart from the Managing Authority and Intermediate Bodies staff, it also comprises those MRD technical sections that cooperate with the Managing Authority in the field of tourism, territorial (spatial) planning and housing support, Financial Section of MRD.

The table presents the structure of entities involved in IOP implementation. The “Number of employees” column gives the number of employees involved in IOP implementation expressed in full time equivalent (FTE). An employee with a full-time position (who spends 100 % of his working time on IOP implementation) is assigned the value of 1.0 FTE, while an employee with a quarter-time position who spends 25 % of his time on IOP implementation is assigned the value of 0.25 FTE.

**Table No 54 - Status of administrative capacity of IOP implementation structure**

Authority	Department	Unit	Number of employees (FTE)	Total for the authority (FTE)
Managing Authority	Operational Programmes Management Department	Director of the Department and the Secretariat to the Department	2,00	60,28
		Management Unit	14,10	
		Methodology Unit	9,90	
		Monitoring Unit	5,00	
		Control Unit	11,88	
Persons responsible in the Technical sections of the Ministry for Regional Development CR	Budget Department	EU Programmes Administration Unit	13,40	
	Housing Policy Department	National Programme Administration and IOP Unit	2,00	
	Tourism Department	Integration and Tourism Competitiveness Unit	1,00	
	Spatial Planning Department	Spatial Development Unit	1,00	

Authority	Department	Unit	Number of employees (FTE)	Total for the authority (FTE)
Financial Section	Accounting and Financial Services Department	European Funds Accounting Unit and Budgetary Chapter Accounting Unit	3,20	3,20
Ministry of Culture CR	Strategy and Aid Policy Department	Project Implementation Unit	9,00	14,65
		Financial Management Unit	2,75	
		Strategy and Methodological Support Unit	2,90	
Ministry of Health CR	European Funds Department	Methodology Unit	5,00	20,50
		Project Management Unit	3,00	
		Project Financing Unit	5,00	
		Monitoring, Control and Technical Assistance Unit	5,00	
		Director, assistant, administrative officers	2,5	
Ministry of Interior CR	Structural Funds Department	Publicity and TA Unit + director	5,16	24,31
		Methodology and project Evaluation Unit	3,26	
		IOP Implementation Unit	10	
		Project Control Unit	5,26	
	Financial Department of MOI CR	Financial Management of Payments Unit	0,63	
Ministry of Labour and Social Affairs CR	EU Funds Implementation Department	Programme Implementation Unit - employment	2,05	22,30
		Programme Implementation Unit – social integration and services	8,60	
	Programme Financing Department	Financial Management of Assistance and IOP Unit	9,00	
		Financial Management of GA Unit	1,70	
		Other MoLSA units involved in IOP implementation	0,95	
Centre for Regional Development of the CR		SF Management for Objective 1 and Objective 2 Section	7,00	44,05
		Financial Management Section	6,00	
		Regional Branches Section	31,05	
<b>Total</b>			<b>189,29</b>	<b>189,29</b>

Source: MA and IBs as of 31 Mar 2013



The following table contains comparisons of the current status of IOP administrative capacity and the status as of 30 Sep 2012 and the target number of employees until the end of 2015.

**Table No 55 - Monitoring of the status of administrative capacity in 2007 – 2013 programming period**

	FTE as of 30 Sep 2012	FTE – as of 31 Mar 2013	Target FTE for 2014	Target FTE for 2015
Managing Authority	49,45	56,28	53,00	53,00
Persons responsible in technical sections of MRD CR	4,00	4,00	4,00	4,00
Financial Section	3,20	3,20	3,20	3,20
Ministry of Culture CR	13,75	14,65	18,00	18,00
Ministry of Health CR	23,00	20,50	25,00	25,00
Ministry of Interior CR	32,82	24,31	25,31	22,00
Ministry of Labour and Social Affairs CR	21,14	22,30	22,05	22,05
Centre for Regional Development CR	41,95	44,05	46,00	46,00
DAB	9,00	-	-	-
<b>Total</b>	<b>198,31</b>	<b>189,29</b>	<b>196,56</b>	<b>193,25</b>

Source: MA and IBs as of 31 Mar 2013

Comments on administrative capacity of individual IOP entities are presented in the following table.

<b>Managing Authority</b>	<ul style="list-style-type: none"> <li>The number of employees expressed in FTE gradually increased following the signature of the Addendum No 2 to the Agreement on delegating tasks of the Managing Authority of the Integrated Operational Programme to the Ministry of Interior as the Intermediate Body in the framework of implementation of the Integrated Operational Programme for 2007 – 2013 period. The number of employees expressed in FTE as of 31 Mar 2013 includes 4 newly hired officers who undergo initial training to replace the existing officers who will leave the IOP MA. The number of employees of IOP MA expressed in FTE as of 31 Mar 2013 includes also those working on AWA (FTE – 4).</li> </ul>
<b>Centre for Regional Development of the CR</b>	<ul style="list-style-type: none"> <li>The number of employees of IB – CRD CR expressed in FTE equals the number of employees covered from IOP TA set and budgeted by the founder, the MRD CR. Since 1 July 2012 the administrative capacity has gradually grown due to the change in delegated activities in IA 2.1 and 3.4. By the end of the monitored period, i.e. as of 31 Mar 2013, the total number of employees was 44.05 FTE.</li> </ul>
<b>Ministry of Interior of the CR</b>	<ul style="list-style-type: none"> <li>At the MoI CR IB – Structural Funds Department – at the turn of the year the restructuring of the administrative capacity took place. The number of full time employees and employees on AWA was reduced. Together with MA a new maximum administrative capacity covered from IOP TA was set at 24.68.</li> <li>At the SFD as of 1 Jan 2013 restructuring took place and the new Autonomous Project Control Unit and Publicity and TA Unit were set up.</li> </ul>
<b>Ministry of Culture of the CR</b>	<ul style="list-style-type: none"> <li>In the monitored period primarily the Project Implementation Unit was reinforced by hiring a new lady lawyer and a project manager. In the Strategy and Methodological Support Unit the employment contracts of some employees were cut down due to their involvement in the preparation of the new programming period 2014 – 2020.</li> <li>Bearing in mind the need to conduct for controls and the planned increase in the number of controls, the number of employees of the IOP implementation entity – MoC IB has to be increased by 2 controllers.</li> </ul>

<p><b>Ministry of Labour and Social Affairs of the CR</b></p>	<ul style="list-style-type: none"> <li>At the MoLSA CR IB in the monitored period the number of employees slightly rose. Two project managers were replaced, two internal audit employees ceased to be involved in the implementation ended, a new post of a financial manager was created.</li> </ul>
<p><b>Ministry of Health of the CR</b></p>	<ul style="list-style-type: none"> <li>In the monitored period the number of employees decreased from 23 to 20.5. Two lady officers went on maternity leave – one from the Project Management Unit (she left in November 2012, her substitute has so far not been selected), one from the Monitoring, Project Control and Technical Assistance Unit (she left in March 2013, her substitute was hired as of 1 Apr 2013 which means it is not reflected in the table). Moreover, in November 2012 the employment of one part-time administrative officer was terminated. A new contract with the administrative officer will be concluded as of 15 April 2013.</li> </ul>

The following table monitors the turnover rate of staff by post.

**Table No 56 - Monitoring of the turnover rate by post and implementation entity**

Turnover of employees of OP implementation structure by post	Number of employees at the given post by share of their involvement in implementation as of 30 Sep 2012		Number of employees at the given post by share of their involvement in implementation as of 31 Mar 2013		Number of terminated/changed employment contracts at the given post by share* of their involvement in OP implementation		Number of terminated/changed employment contracts at the given post by share* of their involvement in OP implementation (only maternal leave, retirement, death, etc.)		Number of commenced employment contracts at the given post by share* of their involvement in OP implementation	
	MA	IB	MA	IB	MA	IB	MA	IB	MA	IB
Administrator of the monitoring system	4,00		4,00							
Administrative officer	5,00	7,97	4,50	9,48		1,26		0,78		
DAB auditor for OP	9,00		-			-		-		-
OP analyst	0,00	0,32		0,32				0,80		
Financial manager	11,18	31,23	15,60	48,56		2,03		6,88	2,00	3,4
Communication officer	1,40	2,85	1,60	4,74		2,32				
Controller	7,87	6,07	10,88	9,07	3,00	1,26	1,00	2,04	5,00	2,0
Coordinator of evaluation	0,80	1,75	0,60	1,75	0,60					
Coordinator of controls and irregularities	0,00	0,99		0,99						
Coordinator of technical assistance	2,00	4,11	2,00	7,11		2,0				2,0
Coordinator of education and training	1,00		1,00							
Methodologist of OP management	8,40	7,78	9,90	11,78		2,75		2,63		2,8
Lawyer	0,00	4,46		8,09		3,26		2,26		2,0
Project manager	0,00	46,68		74,81		5,5		5,82		9,0
Senior officer	6,00	18,45	6,00	29,12		2,63		6,65		1,8
Other posts	9,00		7,40	1,5	4,40		1,00		1,00	0,5
<b>Total number of employees</b>	<b>65,65</b>	<b>132,66</b>	<b>63,48</b>	<b>207,32</b>	<b>8,00</b>	<b>23,01</b>	<b>2,00</b>	<b>27,86</b>	<b>8,00</b>	<b>23,5</b>

Source: MA and other implementation entities as of 31 Mar 2013

Note: \*In case the employee devoted less than 100 % of his time to work activities related to programme implementation, share of his work devoted to the programme is given

## 5 MAIN CONCLUSIONS

In the period from 1 Oct 2012 to 31 Mar 2013 project applications were submitted under 20 calls. In total 1 378 applications in the amount of EUR 429.85 million were submitted. As of 31 Mar 2013 a total of 7 485 projects in the amount of EUR 1 549.23 million, i.e. 81 % of the allocation, were approved. The beneficiaries were paid EUR 612.25 million which represents 32 % of the programme allocation. The aggregate payment claims accounted for by the PCA amounted to EUR 574.55 million, i.e. 30 % of the allocation. The certified expenditure totalled EUR 484.84 million which equals 25 % of the programme allocation.

In the monitored period the IOP MA addressed the reservations made by the EC to the Annual Control Report for 2012, particularly the institute of contradictory procedure, which resulted in reduction of the error rate in IOP from the original approx. 5 % to 1.9687 %. In consequence of the unreliable error rate reported in the ACR 2012, the EC informed the CR representatives on the suspension of the payment deadline for IOP. The IOP MA provided the EC with supplementary information on the ACR for 2012 and is waiting for its response. Pending the resolution the IOP MA will not submit any expenditure for certification by the PCA.

The Delegated Audit Body in the monitored period closed the audit of the system of implementation No 34/2012/DAB with the conclusion that the system works, but some improvements are needed. In response to audit findings the IOP MA and IBs modified the methodological procedures.

Due to long lasting problems with the accomplishment of absorption forecasts starting from July 2012 the IOP MA introduced the monitoring and management of sleeping and high-risk projects. The evaluation of risky projects was carried out three times in total, last time as of 25 Mar 2013. Whereas as of 10 Sep 2012 the IOP MA identified 17 sleeping projects and 45 high-risk projects, as of 25 Mar 2013 four sleeping and twenty high-risk projects were identified. Based on the Government Resolution No 106 of 13 Feb 2013, the IOP MA received detail information with proposed solutions of risky and sleeping projects from the ministers of transport, interior, health, environment, culture and labour and social affairs. The IOP MA evaluated the received documents and monitors the accomplishment of proposed measures.

At the turn of 2012/2013 due to the ongoing works on the annual accounts and adjustment of the information systems to the treasury environment it was impossible for three months to reimburse or approve the applications for payment. The approval and reimbursement of applications for payment were relaunched in course of March, in consequence of which the rate of absorption at the beginning of 2013 was low, the costs of beneficiaries' loans went up and a high number of applications for payment piled up at IOP MA and IBs that shall be administered in a short period of time. When drawing up the absorption forecasts the IOP MA will take this fact into account. Addressing this problem is not within the remit of MA which will inform the top officials of the Ministry and insist on cutting shorter the excessively long period during which the applications for payment cannot be reimbursed.

Due to long lasting adverse development in the fulfilment of forecasts, the IOP MA adopted measures for the sake of fulfilment of n+3/n+2 rule in 2012 and 2013. The n+3 rule in 2012 was fulfilled. The IOP MA quantified the effects of measures aimed at the fulfilment of n+3/n+2 rule in 2013 at CZK 1.89 billion and assumes that by application of these measures the gap in absorption will be reduced to minimum and the fulfilment of the absorption plan will improve. Based on the actual absorption achieved in the period from January to March 2013, the fulfilment of n+3/n+2 rule in 2013 cannot be expected. According to the predictions EUR 0.6 million under the RCE objective is at risk.

The IOP MA in cooperation with IBs exerts maximum efforts and building on the Overview of measures for the fulfilment of n+3/n+2 rule has drawn up measures to minimise the decommitment.

They consist in the simplification of processes with the view to accelerate the administration and release expert capacities for addressing topical problems, ensuring adequate capacity in units where loads of work are anticipated in the months of Autumn and safeguarding credible reporting on the status of project administration, applications for payment, controls, notifications of changes, tenders and delays in administration and their causes.

## LIST OF ABBREVIATIONS

AA	Audit Authority
ACR	Annual Control Report
AP	Action Plan
AP	Application for payment
ARS	Aid Registration System
ASOA	Administration of State-Owned Assets
AWA	Agreement on work activities
AWP	Agreement on work performance
BRIS	Basic Register Information System
Conv.	Convergence objective
CoP	Communication Plan
COSMC	Czech Office for Surveying, Mapping and Cadastre
CRD	Centre for Regional Development
CZK	Czech Crown – currency
DOZP/HPD	Home for people with disabilities
DPG	Decision on providing a grant
DSS/SCH	Social care home
EC	European Commission
ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EUR	Euro –currency
FEA	Final evaluation of the action
FI	Financial instrument
GA	Government Agency
GCIS	Government Council for Information Society
GD FRS	General Directorate of the Fire Rescue Service
GFD	General Financial Directorate
HAB	Handbook for Applicants and Beneficiaries
HF	Holding Fund
HQ	Headquarters
HWP	Handbook of Work Procedures
IB	Intermediate Body
ICT	Information and communication technologies
IOP	Integrated Operational Programme
IOP MC	IOP Monitoring Committee
IOP OM	IOP Operational Manual
IRS	Integrated Rescue System
IUDP	Integrated Urban Development Plan
MA	Managing Authority
MIP	Manual of Internal Procedures
MMR	Monthly Monitoring Report
MoC	Ministry of Culture
MoH	Ministry of Health
MoI	Ministry of Interior
MoI PMD	Programme Management Department of Ministry of Interior

MoLSA	Ministry of Labour and Social Affairs
MR	Monitoring Report
MRD	Ministry for Regional Development
NCA	National Coordination Authority
NCA	National Coordination Authority
NCT	National Centre for Support of the Transformation of Social Services
OP	Operational Programme
OP HRE	Operational Programme Human Resources and Employment
OPC	Office for the Protection of Competition
OPTA	Operational Programme Technical Assistance
PA	Priority axis / priority area
PC	Payment classification
PCA	Paying and Certifying Authority - National Fund
RA	Registration of the action
RAC	Regional Administrative Court
RCE	Regional Competitiveness and Employment objective
ROP	Regional Operational Programme
SA	Smart Administration
SA	State aid
SAC	Supreme Administrative Court
SAO	Supreme Audit Office
SAPD	Strategy and Aid Policy Department of the Ministry of Culture
SB	State budget
SCC	Social Care Centre
SF	Structural Funds
SFD	Structural Funds Department
SHDF	State Housing Development Fund
SMR	Stage Monitoring Report
T	Tourism
T	Tender
TA	Technical assistance
TD	Tender documentation
TEE	Total eligible expenditure
TFA	Territorial Financial Authority
TO	Tax Office
UDF	Urban Development Fund
WG	Working Group

## ANNEXES

**Annex No 1 – Publicity Activities in the Period from 1 Oct 2012 to 31 Mar 2013**

**Annex No 2 – Action Plans**

**Annex No 3 - Summary of Measures Taken with Respect to Conclusions of the 10<sup>th</sup> Meeting of IOP MC**

## Annex No 1 – Publicity Activities in the Period from 1 Oct 2012 to 31 Mar 2013

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	2 434,61	In the given period 2 issues of the newsletter were published dedicated to Central Bohemia and Southeast.
MA in cooperation with IB	kvalitazivota.eu microsites	On-going publishing of information on IOP projects	General public	163,71	Microsites provide information on implemented IOP projects. They are updated by MA and IBs.
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	8 046,52	E.g. calendars, diaries, notepads, umbrellas and promo magnets were produced
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 (total amount for holding 2 seminars for applicants and 1 seminar for IUDP managers – EUR 185.43)	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 40 (Most and Litvínov; <i>note: it should have been published in a winter issue, namely in January or</i>



MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					<i>February, so far no feedback has been received whether the periodical was published as planned), an article called “Regeneration of residential buildings funded from the European Structural Funds“ – Okolo bytu journal Issue No 2/2012 (published in October 2012).</i>
CRD	Presentation in daily press	An example of projects implemented under IOP IA 5.2	General public	8 949,88	A colourful advertisement 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 film – Quality of Life	Examples of implemented IOP projects	General public	9 411,73	A series of eight episodes on IOP with examples of projects from various intervention areas; the series is freely available on Internet and YouTube and CRD website, it 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	5 048,60	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.
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	Applicants and beneficiaries, general public, implementation entities, mass media	0	Website is updated throughout the year.

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
		overview of projects implemented with EU support on RIS website			
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	27 Nov 2012 and 4 Dec 2012 Prague and Olomouc. Number of participants: 50
CRD	Seminars on Intervention area 3.1	Project administration processes, most frequent mistakes in projects, notification of a change, implementation of public contracts, monitoring reports	Applicants and beneficiaries	0	8 Nov 2012 and 8 Mar 2013 Prague. Number of participants: 35 + 60
CRD	Promotional merchandise	Promotional merchandise	Participants in seminars, general public	8 791,41	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, pocket knife) to be used by the IB or MA (Monitoring Committee meetings, etc.).
CRD	Consultation services	IOP enquiries	General public, beneficiaries, applicants	0	Number of replies to registered e-mail enquiries: 17, moreover approximately 1200 unregistered e-mail enquiries, 1200 telephone enquiries and 150 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	1 608,39	Update of the website throughout the year
MoC	Promotional merchandise	Promotional and presentation merchandise	General public, beneficiaries	14 775,79	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	11 813,01	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	1 161,61	Continuous professional photo documentation of the

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					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	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. – 407 IA 3.3 – 219
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 – 55 IA 3.3 – 25
MoLSA	Seminars for beneficiaries and applicants under IA 3.1.	Information on calls and news in IA 3.1	Applicants, general public	242,81 <sup>11</sup>	4 seminars for applicants and beneficiaries.  Total number of participants: 86 persons
MoLSA	Seminars for beneficiaries and applicants under IA 3.3.	Information on calls and news in IA 3.3	Beneficiaries, applicants	101,01	2 seminars for applicants and beneficiaries.  Total number of participants: 35 persons
MoLSA	Training course for evaluators under IA 3.1.	Information on IA 3.1 for evaluators	Evaluators	18,64	1 training course for evaluators on activity 3.1c.
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	951,59	Update of the website throughout the year. Website traffic 10/2012-3/2013: 22 453
MoI	<a href="http://projekty.osf-mvcr.cz">projekty.osf-mvcr.cz</a> website	Database of presentations of successful projects	Applicants and beneficiaries, general public, mass media	0	In 2012 development and launch of the website, regular updates, 50 projects have already been posted

<sup>11</sup> This is the value of the order, the invoice has not been issued as yet.

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					(including OP HRE)
MoI	Twitter	On-going update of news from SFD	General public, mass media	0	Twitter account was launched in September 2011, 10/2012-3/2013: 34 tweets, 74 followers
MoI	Number of responses to enquiries	IOP related enquiries	General public, beneficiaries, applicants	0	Number of replies to enquiries: 4 000 (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 1. 150 million is ready to be invested into connecting state authorities to basic registers (9 Oct 2012)
MoI	Regular distribution and creation of the newsletter	Provision of information on SFD activities, on successful projects, statistical data.	Professional public	0	Electronic form, disseminated via e-mail to approx. 1,000 addresses, downloadable from SFD website. A quarterly: October 2012 Issue No 1/2012 January 2013 Issue No 1/2013
MoI	PR articles	Various topics related to IOP support and successful projects	General public, mass media	0	3 PR articles were 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	39,39	200 copies were printed, two-sided, A4 Presentation of IOP support (page two dedicated to OP HRE)
MoI	Taking photos	Photos documenting the IOP projects	General public, mass media	466,2	A total of 15 photos taken by a professional photographer.

MA/IB	Name	Topic	Target group	Funds from IOP TA (EUR)	More information
					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	649,65	Diaries for 2013
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	2 press releases concerning the announcement of the 11 <sup>th</sup> and 12 <sup>th</sup> call – on MoH CR website	Announcement of the 11 <sup>th</sup> and 12 <sup>th</sup> call	Potential applicants	0	
MoH	Examples of successful projects from Intervention area 3.2 were posted on <a href="http://www.kvalitazivota.eu">www.kvalitazivota.eu</a>	Best practice examples	General public	0	
MoH	Seminars and training courses for applicants (2x)	Provision of information to applicants under the 13 <sup>th</sup> , 14 <sup>th</sup> call (introduction to the application, project financing, system of evaluation, etc.)	Applicants	696,19	23 Nov 2012, 12 Feb 2013 in Prague Total number of participants: 49.
MoH	Training courses for evaluators (1x)	Information for project evaluators under the 11 <sup>th</sup> call	Evaluators	0	22 and 26 Oct 2012 in Prague.
MoH	Off-site meeting of EF Department, a training course: “Prevention of corruption in public contracts“	Prevention of corruption	EFD staff	2 107,49	13 -15 Mar 2013

## Annex No 2 – Action Plans

### 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-to-one, e-mail and

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			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 the newsletter, through

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			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.
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



Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			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 provided, the newsletter is published.

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
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 published in October 2012, 4 issues are to be

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			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 OP HRE) - Respekt weekly

Recommendation of the evaluator	Intermediate Body of the Ministry of Interior		
	CORRECTIVE MEASURE	DEADLINE	ACCOMPLISHED
			(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	DEAD-LINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEAD-LINE	TO BE DONE BY	ACCOMPLISHED
MoI and MoLSA IBs have zero expenditure on education <u>Recommendation:</u> 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	a) MA shall elaborate an internal evaluation with facilitation 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) 4-5/2013 b) within 1 month from the approval of the final report	a) Cooperation with the facilitator was commenced				

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEAD-LINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEAD-LINE	TO BE DONE BY	ACCOMPLISHED
<p>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.</p> <p><u>Recommendation:</u> 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.</p>				<p>MoI: 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.</p>	MoI: 1/2013	MoI	<p><b>MoI:</b> Accomplished on 1 Jan 2013 a) Number of staff on AWA/AWP dropped to 20 % as against December 2012. Staff on AWA/AWP is used only as supplementary and for ad hoc activities (e.g. IT experts, graphic works). As of 1 Jan 2013, 7 new posts were established (2x IOP, 5x pro rata) for which tenders were announced. b) The share of employees involved in the implementation of both the OPs dropped and they specialise on activities under a single OP only. The number of employees involved in the implementation of both the programmes decreased from 15 in December 2012 to 11 despite the increase in the total number of employees. The number of staff on AWA dropped from 9 to 2.</p>
Rate of the turnover of staff in 2011 exceeds 20 % in all the IOP implementation structure entities, except	a) MA shall conduct an analysis of reasons leading to the high	a) 4/2013		MoI: a) A substantial decrease in the turnover of staff	MoI: 12/2012-1/2013	MoI MoLSA CRD	<p><b>MoI:</b> Being accomplished a) Lower turnover of</p>

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEAD-LINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEAD-LINE	TO BE DONE BY	ACCOMPLISHED
<p>for the MoC and MoH. <u>Recommendation:</u> MA and IBs shall analyse the reasons behind the high turnover of staff and subsequently create such working conditions, including financial and non-financial incentives, that will reduce the turnover.</p>	<p>turnover of staff at IOP MA and shall propose corrective measures,</p>			<p>working on AWP/AWA is anticipated. b) Modification of the remuneration system: stronger link to the employee's performance. 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. MoLSA: a) It shall conduct an analysis of reasons causing the high turnover b) Based on the conducted analysis it shall introduce financial and non-financial incentives for staff in order to reduce the turnover of staff. CRD: 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.</p>	MoLSA: 3/2013		<p>staff thanks to decrease in the number of staff on AWT/AWA, the number of staff has become stable. b) Application of the internal methodology of remuneration, the bonuses reflect the employee's performance. c) Planning further department meetings and teambuilding events. <u>MoLSA:</u> Accomplished on 31 Mar 2013 The document called Analysis of IOP staffing at MoLSA IB analysed the turnover of staff and evaluated the financial and non-financial incentives of staff <u>CRD:</u> Being accomplished An incentive financial instrument is applied and has already generated some results – in the second half of 2012 and the first two months of 2013 the turnover rate is much lower than in the period evaluated. Not all the</p>

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEAD-LINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEAD-LINE	TO BE DONE BY	ACCOMPLISHED
				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 employee.			employees who leave do so in connection to incentives or financial dissatisfaction, some leave due to dissatisfaction with performance and results of work of another employee within the unit.
<p>There are huge differences between the costs of administration among 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.</p> <p>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>It is recommended to link the remuneration system across the whole IOP implementation structure to the actual</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) 4/2013</p> <p>b) From 1/2013</p>		<p>MoI:</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>MoLSA:</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</p>	<p>MoI:</p> <p>Accomplished</p> <p>MoLSA:</p> <p>1/2013</p> <p>CRD:</p> <p>Being accomplished</p> <p>MoC:</p> <p>Being accomplished</p> <p>MoH:</p> <p>Being accomplished</p>	<p>MoI</p> <p>MoLSA</p> <p>CRD</p> <p>MoC</p> <p>MoH</p>	<p><b>MoLSA:</b> Accomplished on 31 Mar 2013</p> <p>The document called Analysis of staffing of IOP at MoLSA IB includes the system of evaluation of staff with impacts on staff remuneration.</p>



Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEAD-LINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEAD-LINE	TO BE DONE BY	ACCOMPLISHED
performance in administration.				implementation; the remuneration system will be linked to the actual performance in administration while taking into account all the activities and financial and non-financial incentives of employees with the view to reduce the turnover of staff MoC: 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. The system operates effectively and is tried and tested in practice; The MoC IB does not consider appropriate to interfere and			

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEAD-LINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEAD-LINE	TO BE DONE BY	ACCOMPLISHED
				thus put at risk the quality and performance of human resources. MoH: The payment of bonuses is done exclusively in line with Government Resolution No 818/2007. The bonuses are 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. CRD: 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			

Conclusions and recommendations	IOP Managing Authority			IOP Intermediate Bodies			
	CORRECTIVE MEASURE	DEAD-LINE	ACCOMPLISHED	CORRECTIVE MEASURE	DEAD-LINE	TO BE DONE BY	ACCOMPLISHED
				improve the performance with regard to measures stated in the previous point.			
<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> MoI and MoLSA shall examine whether all the expenditure and the existing organisational structure are effective.</p>				<p>MoI: a) Substantial reduction of the use of outsourced services. b) Change in the organisational structure of MoI SFD as of 1 Jan 2013. MoLSA: 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>	<p><b>MoI:</b> Accomplished on 1 Jan 2013 a) Major reduction of outsourced services, the originally outsourced services are provided by internal staff. b) As of 1 Jan 2013 a new organisational structure of SFD took effect. The Control, Monitoring and Publicity Unit and the Organisational and Technical Assistance Unit were dissolved and the Control Unit and the Publicity and Technical Assistance Unit were created. <b>MoLSA:</b> Accomplished on 31 Mar 2013 The document called Analysis of staffing of IOP at MoLSA IB gives a description and evaluation of the organisational structure.</p>

### Annex No 3 – Summary of Measures Taken in Response to Conclusions of the 10<sup>th</sup> Meeting of IOP MC

Task assigned to	Number of the conclusion / task	Deadline	Accomplishment of the task
IOP MA	C/1 To incorporate the comments raised during the discussion and sent by the IOP Monitoring Committee members in the text of the Report on Implementation of IOP as of 30 Sep 2012 and in the Evaluation Plan of IOP for 2013.	3 Dec 2012	The comments were incorporated in the respective documents on 28 Nov 2012 and the amended Report was posted on <a href="http://www.strukturalni-fondy.cz/cs/Microsites/Integrovaný-OP/O-programu/Rizeni-a-monitoring/Monitorovací-vybor-IOP/Desate-zasedani-Monitorovacího-vyboru-IOP">http://www.strukturalni-fondy.cz/cs/Microsites/Integrovaný-OP/O-programu/Rizeni-a-monitoring/Monitorovací-vybor-IOP/Desate-zasedani-Monitorovacího-vyboru-IOP</a> and <a href="http://www.strukturalni-fondy.cz/cs/Microsites/Integrovaný-OP/O-programu/Dokumenty/Vyrocni-zpravy-a-zpravy-o-realizaci-programu/Zpravy-o-realizaci-programu">http://www.strukturalni-fondy.cz/cs/Microsites/Integrovaný-OP/O-programu/Dokumenty/Vyrocni-zpravy-a-zpravy-o-realizaci-programu/Zpravy-o-realizaci-programu</a>
IOP MA	C/2 To modify the proposed criteria for the selection of the Urban Development Fund administrator under the Jessica Financial Instrument, taking into account the comments raised by the IOP Monitoring Committee members.	Comments of members shall be sent to the IOP MA before 29 Nov 2012	On 3 Jan 2013 a notice was circulated with the results of the 7 <sup>th</sup> per rollam procedure which took place from 13 Dec 2012 to 2 Jan 2013. The criteria were approved by the absolute majority of IOP Monitoring Committee members and substitutes (19 votes).

Task assigned to	Number of the conclusion / task	Deadline	Accomplishment of the task
MoLSA	C/3 To approve by 30 Apr 2013 the Decision on providing a grant/Statement of expenditure on financing the GA action in the amount of 65 % of the allocation for Intervention area 3.1 and 88 % of the allocation for Intervention area 3.3.	By 30 Apr 2013	Within the monthly reporting (always on the 5 <sup>th</sup> working day of the month) the MoLSA IB forwards the tables “Issuance of legal acts for 3.1 and 3.3“, which give the share of issued legal acts in the total allocation for the intervention area. This parameter is monthly monitored and evaluated by the IOP MA.
MoLSA	C/4 To reimburse to beneficiaries by 30 Apr 2013 the funds amounting to at least 15 % of the allocation for Intervention area 3.1 and at least 8.5 % of the allocation for Intervention area 3.3.	By 30 Apr 2013	Within the monthly reporting (always on the 5 <sup>th</sup> working day of the month) the MoLSA IB forwards the table “Administration of applications for payment“, which gives details on progress made in the applications for payment, including their volume and administrative deadlines. This parameter is monthly monitored and evaluated by the IOP MA.
MoLSA	C/5 To propose radical simplification of rules applicable to calls and administrative procedures by 31 Jan 2013 and to inform the IOP MC members on the results thereof at the next meeting.	By 31 Jan 2013	<p>On 12 Dec 2012 a bilateral meeting between IOP MA and MoLSA IB took place. The IOP MA proposed to MoLSA IB recommendations in order to simplify the rules that were the result of the meeting with aid beneficiaries under IA 3.1. Both the parties agreed that MoLSA IB submits the final design of the measures for simplification by 31 Jan 2013, while the proposals shall be submitted to the IOP MA by 15 Jan 2013.</p> <p>MoLSA presented the measures and incorporated a part of the measures in the revision of HWP version 1.5, by which some of the administrative procedures were simplified. Currently the MoLSA starts to</p>

Task assigned to	Number of the conclusion / task	Deadline	Accomplishment of the task
MoLSA	C/6 To arrange for cutting short the stages of projects in Intervention areas 3.1 and 3.3 preferably to six months stages and thus to substantially increase the absorption,	11 <sup>th</sup> meeting of IOP MC	<p>revise the HAB.</p> <p>MoLSA IB has identified projects allowing for the division into stages. In activity 3.1a, to which the division into stages applies the most, on 20 Dec 2012 the MoLSA IB sent a letter to the Association of Regions of the CR with a request for cooperation with regard to the fulfilment of n+3/n+2 rule.</p> <p>In activities 3.1b and 3.1c the MoLSA IB communicates with beneficiaries. The division into stages is also subject to ex-ante checks of submitted projects.</p> <p>In case of IA 3.3 the MoLSA IB communicates both with beneficiaries and the particular regional branches of the Labour Office. The coordination meetings are now also attended by the LO representative.</p> <p>A qualified estimate of impacts of extraordinary division into stages on the absorption of funds in 2013 will be sent by MoLSA IB to IOP MA on 25 Jan 2013 at the latest.</p> <p>The MoLSA sent an evaluation concerning the division of projects into stages as of 29 Mar 2013. As at this date the absorption in 2013 increased by CZK 28.5 million under IA 3.1 and an increase by CZK 54 million is anticipated in IA 3.3 in 2013. The activities associated with the division of projects into stages continue.</p>

Task assigned to	Number of the conclusion / task	Deadline	Accomplishment of the task
<b>MoI CR</b>	<b>C/7</b> To send through IOP MA the Annual Evaluation Report on the Status of Smart Administration (hereinafter referred to as AER SA) for 2012 to IOP MC members immediately after its approval;	July 2013	
<b>MoI CR</b>	<b>C/8</b> To ensure the update of website dedicated to Smart Administration and to supplement the reports of activities of GCIS and its committees;	31 Jan 2013	Accomplished on 25 Feb 2013.
<b>IOP MA</b>	<b>C/9</b> To send by 31 Jan 2013 the summary information on sleeping projects with data as of 1 Dec 2012 to IOP MC members, to arrange for the submission of the document to the Government for consideration;	By 31 Jan 2013	Information was sent to IOP MC members on 6 Feb 2013.  The document was submitted to the Government at its meeting on 29 Feb 2013.
<b>IOP MA</b>	<b>C/10</b> To send by 29 Mar 2013 the summary information on the status of implementation of projects in Intervention area 3.4 to IOP MC members;	By 29 Mar 2013	Information from all the IRS units was requested and a report was sent to IOP MC members on 29 Mar 2013.
<b>IOP MA</b>	<b>C/11</b> To send by 29 Mar 2013 the updated forecast fulfilment of n+3/n+2 rule in 2013 and the forecast until 2015 to IOP MC members, the information shall include measures adopted to achieve progress in payments;	By 29 Mar 2013	Sent to IOP MC members on 29 Mar 2013.
<b>IOP MA</b>	<b>C/12</b> To send by 31 Jan 2013 the elaborated measures with appropriate weights and quantified impacts on the fulfilment of absorption in 2013.	By 31 Jan 2013	Sent to IOP MC members on 29 Mar 2013