**Report on implementation**

**of the Integrated Operational Programme**

**for the period**

**from 1 Oct 2014 to 16 Apr 2015**



**Intended for the 15th Meeting of the Monitoring Committee of the IOP held on 16 Jun 2014**

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# INTRODUCTION

**The Integrated Operational Programme** (hereinafter referred of as the “IOP”) 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 of 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 and the Centre for Regional Development of the CR.

In 2014, a revision of the IOP Programming Document was made under Article 33 of Council Regulation (EC) No 1083/2006 which was approved by the IOP Monitoring Committee on 21 October 2014. Changes have been made in financial tables in response to the loss of allocation for 2013 through the application of Article 95 of Regulation (EC) No 1083/2006. Thus, the total allocation for IOP amounts to EUR 1617.5 million, of which the prevailing part of EUR 1591.4 million has been allocated to the Convergence objective and EUR 26.1 million has been allocated to the Regional competitiveness and employment objective.

**Details concerning the progress and implementation of IOP in the period from 1 Oct 2014** to **16 Apr 2015 are** presented in this Report on Implementation intended for the 15th meeting of the IOP Monitoring Committee, compiled by the IOP Managing Authority in cooperation with other actors involved in the programme.

**The Report on Implementation of the Integrated Operational Programme** as of 16 Apr 2015 (hereinafter referred to as the “Report”) provides summary information on the state of play of programme implementation and on progress achieved in the accomplishment of programme objectives and goals set for each priority axis. The report follows on the previous Report on Implementation of the Programme compiled as of 30 Sep 2014, submitted to the fourteenth meeting of the IOP Monitoring Committee held on 24 Nov 2014.

This Report is elaborated in line with the applicable version of the Methodology for Monitoring of the SF and CF Programmes 2007–2013 and the Guideline for Drafting the Report on Implementation issued by the Ministry of Regional Development, which pursuant to the Resolution of the Government of the Czech Republic No 198 of 22 February 2006 plays the role of the National Coordination Authority (NCA) of the National Strategic Reference Framework of the CR (NSRF).

In terms of its structure, the Report comprises data on main activities performed since the last MC meeting; on programme implementation (difficulties faced in programme implementation, major projects, description of the course of programme implementation, financial execution of assistance ); on controls and audits; on technical assistance implementation; on administrative capacity; on the Communication Plan (meeting the publicity requirements, examples of successful projects), and on accomplishment of the Evaluation Plan.

The report is drawn up for the purposes of the 15th meeting of the IOP Monitoring Committee to be held on 16 June 2015. The Report is submitted to the IOP Monitoring Committee members for information.

# 1 PROGRAMME IDENTIFICATION

The Integrated Operational Programme is implemented in the Czech Republic based on the National Strategic Reference Framework for the 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 the attractiveness of the Czech Republic for investors   
as a result of better quality, efficiency and accessibility of public administration and public services. Due to the system concept of interventions, it is necessary for the selected areas to be targeted at the whole territory of the Czech Republic, the Capital City of Prague inclusive. Therefore, the IOP   
is designed as a multi-objective programme in line with Article 32 (1) of the General Regulation and based on the discussions with the EC it, apart from its main focus of assistance on support to regions under the Convergence objective, also facilitates support granted under the Regional competitiveness and employment objective (RCE).

1. **Allo**c**ation by year and objective (in EUR)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Year** | **ERDF**  **Convergence objective** | **ERDF**  **RCE objective** | **Total** |
| **1** | **2** | **3=1+2** |
| 2007 | 192,686,939 | 3,951,894 | 196,638,833 |
| 2008 | 202,164,946 | 4,030,931 | 206,195,877 |
| 2009 | 211,684,389 | 4,111,551 | 215,795,940 |
| 2010 | 221,648,970 | 2,635,524 | 224,284,494 |
| 2011 | 237,465,225 | 4,277,657 | 241,742,882 |
| 2012 | 247,398,119 | 4,363,210 | 251,761,329 |
| 2013 | 278,308,099 | 2,736,597 | 281,044,696 |
| **Total for 2007–2013** | **1,591,356,687** | **26,107,364** | **1,617,464,051** |

*Source: Programming Document, November 2014*

In accordance with Government Resolution No 175/2006, the Ministry of Regional Development   
of the CR 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 (2), or Article 42 (1) of Council Regulation (EC) No 1083/2006, the MA delegates some of the tasks to the Intermediate Bodies.

Due to insufficient administrative capacity (understaffing) of the MoLSA CR and MoI CR, the MoRD CR in 2009 concluded with the MoLSA CR and the MoI CR the Addenda to the Agreement on delegating the tasks of the IOP Managing Authority. The Addenda concerned the involvement of the CRD CR 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 of Regional Development of the CR and the Centre for Regional Development of the CR.

In the course of 2013, a modification was made in the Agreement on delegating activities of the Managing Authority of the Integrated Operational Programme to the Ministry of Culture of the CR as the Intermediate Body for Intervention area 5.1 National support for utilising the cultural heritage potential. The activities of the MoC CR were as of 1 Nov 2013 delegated to the Ministry of 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.

1. **Intermediate Bodies of the IOP by intervention area**

|  |  |
| --- | --- |
| **Intervention area** | **Intermediate Body** |
| **1.1 a, b** Developing information society in public administration | Ministry of Interior CR (SF Department) |
| **2.1** Introducing ICT in territorial public administration | Ministry of Interior CR (SF Department) until  30 Jun 2012,  Centre for Regional Development CR from  1 Jul 2012 |
| **3.1** Social integration services | Ministry of Labour and Social Affairs CR (EU Funds Implementation Department and Programme Financing Department),  Centre for Regional Development CR |
| **3.2** Public health services | Ministry of Health CR (EU Funds Department) |
| **3.3** Employment services | Ministry of Labour and Social Affairs CR (EU Funds Implementation Department and Programme Financing Department),  Centre for Regional Development CR |
| **3.4** Services in security, risk prevention and management | Ministry of Interior CR (SF Department) until  30 Jun 2012,  Centre for Regional Development CR from  1 Jul 2012 |
| **4.1 a, b** National support of tourism | Centre for Regional Development CR |
| **5.1** National support for utilising the cultural heritage potential | Ministry of Culture CR (Strategy and Aid Policy Department) until 31 Oct 2013  Centre for Regional development CR from  1 Nov 2013 |
| **5.2** Improving the environment in problematic housing estates | Centre for Regional Development CR |
| **5.3** Modernisation and development of systems for creating territorial policies | Centre for Regional Development CR |
| **6.1 a, b** Activities connected with the IOP management  **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 Guideline for Drafting the Report on Implementation, the **Submitted project applications** column includes all the applications registered in IS Monit7+ IOP as of 16 Apr 2015, namely also those that were rejected and will not be implemented. The **Funds covered by the 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, and does not comprise projects not completed due to the project withdrawal by the beneficiary or due to the MA/IB decision.

The **Approved projects** in this Report shall mean the **projects with the issued Decision or Statement of expenditure** (stated in the relevant tables).   
The summary payment claims are converted at the exchange rate valid at the time when the payment claim is entered in the accounts, whereas the value   
of reimbursed applications is converted at the exchange rate of April 2015 (i.e. EUR 1 = CZK 27.473).

1. **Status of the IOP absorption cumulatively as of 16 Apr 2015 (in million CZK/EUR)**

| **PA/IA** | **Total allocation for 2007–2013** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **D** | **E** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 1.1a | 7,650.81 | 290.94 | 141 | 12,273.40 | 160.42 | 459.20 | 72 | 6,720.14 | 87.84 | 257.00 | 4,906.03 | 64.12 | 191.03 | 4,862.60 | 63.56 | 189.45 | 4,767.76 | 62.32 | 185.67 |
| **1.1a** | **7,650.81** | **290.94** | **141** | **12,273.40** | **160.42** | **459.20** | **72** | **6,720.14** | **87.84** | **257.00** | **4,906.03** | **64.12** | **191.03** | **4,862.60** | **63.56** | **189.45** | **4,767.76** | **62.32** | **185.67** |
| 1.1b | 588.52 | 22.38 | 0 | 944.11 | 160.42 | 35.32 | 0 | 516.93 | 87.84 | 19.77 | 377.38 | 64.12 | 14.69 | 374.05 | 63.56 | 14.57 | 366.75 | 62.32 | 14.28 |
| **1.1b** | **588.52** | **22.38** | **0** | **944.11** | **160.42** | **35.32** | **0** | **516.93** | **87.84** | **19.77** | **377.38** | **64.12** | **14.69** | **374.05** | **63.56** | **14.57** | **366.75** | **62.32** | **14.28** |
| 2.1 | 3,926.72 | 148.51 | 6,069 | 5,618.21 | 143.08 | 210.08 | 5,669 | 4,342.98 | 110.60 | 163.66 | 2,502.30 | 63.72 | 96.66 | 2,436.76 | 62.06 | 94.28 | 2,418.34 | 61.59 | 93.60 |
| **2.1** | **3,926.72** | **148.51** | **6,069** | **5,618.21** | **143.08** | **210.08** | **5,669** | **4,342.98** | **110.60** | **163.66** | **2,502.30** | **63.72** | **96.66** | **2,436.76** | **62.06** | **94.28** | **2,418.34** | **61.59** | **93.6** |
| 3.1 | 1,479.52 | 54.64 | 474 | 3,210.61 | 217.00 | 117.65 | 128 | 1,329.74 | 89.88 | 49.19 | 747.78 | 50.54 | 28.01 | 688.93 | 46.56 | 25.87 | 662.46 | 44.78 | 24.91 |
| 3.2 | 6,518.87 | 248.48 | 267 | 11,258.47 | 172.71 | 421.00 | 197 | 6,767.90 | 103.82 | 257.55 | 4,798.52 | 73.61 | 185.86 | 4,704.83 | 72.17 | 182.45 | 4,613.92 | 70.78 | 178.86 |
| 3.3 | 1,070.60 | 40.21 | 29 | 1,854.55 | 173.23 | 68.74 | 17 | 780.19 | 72.87 | 29.46 | 535.36 | 50.01 | 20.72 | 535.36 | 50.01 | 20.72 | 535.36 | 50.01 | 20.72 |
| 3.4 | 7,339.75 | 271.29 | 159 | 10,511.86 | 143.22 | 386.75 | 155 | 7,811.49 | 106.43 | 288.46 | 2,674.88 | 36.44 | 101.49 | 2,651.18 | 36.12 | 100.63 | 2,640.49 | 35.98 | 100.24 |
| **3** | **16,408.74** | **614.62** | **929** | **26,835.48** | **163.54** | **994.14** | **497** | **16,689.32** | **101.71** | **624.65** | **8,756.54** | **53.37** | **336.08** | **8,580.30** | **52.29** | **329.67** | **8,452.22** | **51.51** | **324.73** |
| 4.1a | 1,609.36 | 60.57 | 113 | 3,970.60 | 246.72 | 146.52 | 42 | 1,504.38 | 93.48 | 56.71 | 1,111.67 | 69.08 | 42.45 | 1,033.42 | 64.21 | 39.60 | 1,019.80 | 63.37 | 39.08 |
| **4.1a** | **1,609.36** | **60.57** | **113** | **3,970.60** | **246.72** | **146.52** | **42** | **1,504.38** | **93.48** | **56.71** | **1,111.67** | **69.08** | **42.45** | **1,033.42** | **64.21** | **39.60** | **1,019.80** | **63.37** | **39.08** |
| 4.1b | 80.99 | 3.10 | 113 | 395.05 | 487.78 | 14.53 | 42 | 119.93 | 148.08 | 4.52 | 85.51 | 105.59 | 3.27 | 79.49 | 98.15 | 3.05 | 78.45 | 96.86 | 3.01 |
| **4.1b** | **80.99** | **3.10** | **113** | **395.05** | **487.78** | **14.53** | **42** | **119.93** | **148.08** | **4.52** | **85.51** | **105.59** | **3.27** | **79.49** | **98.15** | **3.05** | **78.45** | **96.86** | **3.01** |
| 5.1 | 5,692.73 | 213.74 | 70 | 14,902.98 | 261.79 | 548.98 | 27 | 5,845.92 | 102.69 | 219.31 | 3,978.08 | 69.88 | 151.32 | 3,775.34 | 66.32 | 143.94 | 3,649.16 | 64.10 | 139.33 |
| 5.2 | 5,533.55 | 213.38 | 1,503 | 6,506.48 | 117.58 | 248.79 | 1,418 | 5,755.36 | 104.01 | 221.45 | 4,401.21 | 79.54 | 172.16 | 4,247.36 | 76.76 | 166.56 | 4,180.74 | 75.55 | 164.09 |
| 5.3 | 399.98 | 15.53 | 700 | 498.69 | 124.68 | 19.12 | 591 | 404.61 | 101.16 | 15.70 | 402.50 | 100.63 | 15.62 | 402.50 | 100.63 | 15.62 | 398.67 | 99.67 | 15.47 |
| **5** | **11,626.26** | **442.64** | **2,273** | **21,908.15** | **188.44** | **816.90** | **2,036** | **12,005.89** | **103.27** | **456.46** | **8,781.80** | **75.53** | **339.11** | **8,425.20** | **72.47** | **326.13** | **8,228.57** | **70.78** | **318.89** |
| 6.1a | 706.80 | 27.18 | 53 | 1,178.53 | 166.74 | 44.35 | 49 | 854.10 | 120.84 | 32.54 | 568.52 | 80.44 | 22.14 | 551.17 | 77.98 | 21.51 | 523.06 | 74.00 | 20.37 |
| 6.2a | 181.33 | 6.90 | 80 | 351.10 | 193.62 | 13.08 | 72 | 187.49 | 103.40 | 7.12 | 102.37 | 56.46 | 4.02 | 99.10 | 54.65 | 3.90 | 97.43 | 53.73 | 3.84 |
| **6. a** | **888.13** | **34.07** | **133** | **1,529.63** | **172.23** | **57.42** | **121** | **1,041.59** | **117.28** | **39.66** | **670.89** | **75.54** | **26.17** | **650.28** | **73.22** | **25.42** | **620.49** | **69.86** | **24.21** |
| 6.1b | 12.99 | 0.50 | 0 | 21.67 | 166.76 | 0.82 | 0 | 15.70 | 120.85 | 0.60 | 10.45 | 80.46 | 0.41 | 10.14 | 78.01 | 0.40 | 9.62 | 74.03 | 0.37 |
| 6.2b | 3.33 | 0.13 | 0 | 6.45 | 193.60 | 0.24 | 0 | 3.45 | 103.38 | 0.13 | 1.88 | 56.47 | 0.07 | 1.82 | 54.67 | 0.07 | 1.79 | 53.74 | 0.07 |
| **6. b** | **16.33** | **0.63** | **0** | **28.12** | **172.24** | **1.06** | **0** | **19.15** | **117.28** | **0.73** | **12.34** | **75.56** | **0.48** | **11.96** | **73.24** | **0.47** | **11.41** | **69.89** | **0.45** |
| **Total** | **42,795.86** | **1,617.46** | **9,658** | **73,502.75** | **171.75** | **2,735.18** | **8,437** | **42,960.32** | **100.38** | **1,623.15** | **27,204.46** | **63.57** | **1,049.95** | **26,454.05** | **61.81** | **1,022.63** | **25,963.80** | **60.67** | **1,003.92** |

*Source of data: MSC2007 as of 16 Apr 2015*

*Source of funding: EU share*

*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 summary payment claims accounted for in IS Viola using the same algorithm as in c) – f) columns;*
* *For conversion of c) – f) columns: 27.473 or the exchange rate valid at the time of accounting for of the application for payment in IS Viola is used;*
* *For conversion of g) – h) columns the exchange rate valid at the time of accounting for of the summary payment claim in IS Viola is used.*

Due to the multi-objective nature of priority axes, the values of Submitted applications and Projects with the issued Decision/signed Contract columns are given only for intervention areas related to the Convergence objective (a). In intervention areas related to the Regional competitiveness and employment objective (b) the value is zero.

**Cumulatively as of 16 Apr 2015**, 9 658 project applications in the total amount of EUR 2 735.18 million were submitted, which represents 171.75 % of the total programme allocation. A marked excess of project applications was reported in Intervention areas 5.1 (261.79 %), 4.1 (246.1 %) and 3.1 (217.0 %).

A total of 8 437 projects in the amount of EUR 1 623.15 million **have been approved**, which represents 100.38 % of the total programme allocation. In some intervention areas the share of approved projects exceeds 100 % of the allocation. The IOP MA believes that thanks to the savings in projects lower amounts will be paid to beneficiaries, and thus funds will be available to cover the expenditure of projects that are now representing the overcommitment.

**The beneficiaries were paid a total of** EUR 1 049.95 million representing 63.57 % of the total allocation. The largest volume of funds as against   
the allocation was reimbursed in Intervention areas 5.3 (100.63 % of the allocation), 5.2 (79.54 % of the allocation) and 3.2 (73.61 % of the allocation).   
The smallest volume of funds was reimbursed in Intervention area 3.4 (36.44 of the allocation).

The **summary payment claims** accounted for by the PCA totalled EUR 1 022.63 million, which represents 61.81 % of the programme allocation. The trend mirrors the progress made in reimbursement of funds to beneficiaries. The largest volume of funds included in summary payment claims is shown in Intervention areas 5.3 (100.63 % of the allocation) and 5.2 (76.76 % of the allocation). The smallest share is seen in Intervention area 3.4, which represents only 36.12 % of the allocation.

The certified expenditure submitted to the EC amounts to EUR 1003.92 million, which represents 60.67 % of the total programme allocation. The largest volume of certified expenditure as against the allocation for the respective intervention area is reported by Intervention area 5.3 (99.67 % of the allocation) and 3.2 (70.78 % of the allocation).

1. **Progress achieved in the IOP absorption in the period from 1 Oct 2014 to 16 Apr 2015 (in million CZK/EUR)** [[1]](#footnote-2)

| **PA/IA** | **Total allocation for 2007–2013** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 1.1a | 7,650.81 | 290.94 | 0 | 0.00 | 0.00 | 0.60 | 17 | 1,112.04 | 14.53 | 40.49 | 516.81 | 6.75 | 18.72 | 613.16 | 8.01 | 22.21 | 770.51 | 10.07 | 27.93 |
| **1.1a** | **7650.81** | **290.94** | **0** | **0** | **0.00** | **0.60** | **17** | **1,112** | **14.53** | **40.49** | **516.81** | **6.75** | **18.72** | **613.16** | **8.01** | **22.21** | **770.51** | **10.07** | **27.93** |
| 1.1b | 588.52 | 22.38 | 0 | 0.00 | 0.00 | 0.05 | 0 | 85.54 | 14.53 | 3.11 | 39.75 | 6.75 | 1.44 | 47.17 | 8.01 | 1.71 | 59.27 | 10.07 | 2.15 |
| **1.1b** | **588.52** | **22.38** | **0** | **0** | **0.00** | **0.05** | **0** | **86** | **14.53** | **3.11** | **39.75** | **6.75** | **1.44** | **47.17** | **8.01** | **1.71** | **59.27** | **10.07** | **2.15** |
| 2.1 | 3,926.72 | 148.51 | 0 | 0.00 | 0.00 | 0.24 | 76 | 189.55 | 4.83 | 7.01 | 296.78 | 7.56 | 10.74 | 265.76 | 6.77 | 9.61 | 336.88 | 8.58 | 12.21 |
| **2** | **3926.72** | **148.51** | **0** | **0** | **0.00** | **0.24** | **76** | **190** | **4.83** | **7.01** | **296.78** | **7.56** | **10.74** | **265.76** | **6.77** | **9.61** | **336.88** | **8.58** | **12.21** |
| 3.1 | 1,479.52 | 54.64 | 0 | 0.00 | 0.00 | 0.19 | 7 | -56.93 | -3.85 | -2.04 | 308.39 | 20.84 | 11.17 | 335.13 | 22.65 | 12.14 | 333.13 | 22.52 | 12.07 |
| 3.2 | 6,518.87 | 248.48 | 18 | 1,673.06 | 25.66 | 61.25 | 17 | 611.30 | 9.38 | 22.30 | 625.16 | 9.59 | 22.63 | 894.64 | 13.72 | 32.40 | 1,065.08 | 16.34 | 38.79 |
| 3.3 | 1,070.60 | 40.21 | 0 | 0.00 | 0.00 | 0.12 | 1 | -0.09 | -0.01 | 0.02 | 2.13 | 0.20 | 0.08 | 15.50 | 1.45 | 0.56 | 16.88 | 1.58 | 0.61 |
| 3.4 | 7,339.75 | 271.29 | 1 | 411.07 | 5.60 | 15.56 | 14 | 1,227.97 | 16.73 | 44.98 | 606.18 | 8.26 | 21.95 | 651.06 | 8.87 | 23.57 | 785.82 | 10.71 | 28.47 |
| **3** | **16408.74** | **614.62** | **19** | **2,084** | **12.70** | **77.11** | **39** | **1,782** | **10.86** | **65.26** | **1,541.86** | **9.40** | **55.82** | **1,896.33** | **11.56** | **68.68** | **2,200.91** | **13.41** | **79.93** |
| 4.1a | 1,609.36 | 60.57 | 1 | 0.99 | 0.06 | 0.25 | 5 | 41.76 | 2.59 | 1.50 | 268.74 | 16.70 | 9.72 | 236.62 | 14.70 | 8.55 | 299.36 | 18.60 | 10.90 |
| **4.1a** | **1609.36** | **60.57** | **1** | **1** | **0.06** | **0.25** | **5** | **42** | **2.59** | **1.50** | **268.74** | **16.70** | **9.72** | **236.62** | **14.70** | **8.55** | **299.36** | **18.60** | **10.90** |
| 4.1b | 80.99 | 3.10 | 1 | 1.64 | 2.02 | 0.08 | 0 | 7.43 | 9.18 | 0.27 | 20.67 | 25.53 | 0.75 | 18.20 | 22.47 | 0.66 | 23.03 | 28.43 | 0.84 |
| **4.1b** | **80.99** | **3.10** |  | **2** | **2.02** | **0.08** | **0** | **7** | **9.18** | **0.27** | **20.67** | **25.53** | **0.75** | **18.20** | **22.47** | **0.66** | **23.03** | **28.43** | **0.84** |
| 5.1 | 5,692.73 | 213.74 | 0 | 0.00 | 0.00 | 0.89 | 6 | 562.24 | 9.88 | 20.50 | 868.45 | 15.26 | 31.45 | 736.11 | 12.93 | 26.63 | 1,021.53 | 17.94 | 36.97 |
| 5.2 | 5,533.55 | 213.38 | 26 | 280.53 | 5.07 | 10.34 | 34 | 392.99 | 7.10 | 14.36 | 426.84 | 7.71 | 15.47 | 364.66 | 6.59 | 13.19 | 534.83 | 9.67 | 19.37 |
| 5.3 | 399.98 | 15.53 | 0 | 0.00 | 0.00 | 0.01 | 0 | 0.00 | 0.00 | 0.00 | 0.77 | 0.19 | 0.03 | 2.71 | 0.68 | 0.10 | 21.31 | 5.33 | 0.77 |
| **5** | **11626.26** | **442.64** | **26** | **281** | **2.41** | **11.23** | **40** | **955** | **8.22** | **34.86** | **1,296.07** | **11.15** | **46.95** | **1,103.48** | **9.49** | **39.92** | **1,577.67** | **13.57** | **57.11** |
| 6.1a | 706.80 | 27.18 | 5 | 107.63 | 15.23 | 3.96 | 3 | 97.97 | 13.86 | 3.58 | 42.80 | 6.06 | 1.55 | 50.26 | 7.11 | 1.82 | 90.84 | 12.85 | 3.30 |
| 6.2a | 181.33 | 6.90 | 5 | 4.90 | 2.70 | 0.20 | 4 | 1.70 | 0.94 | 0.07 | 8.78 | 4.84 | 0.32 | 7.25 | 4.00 | 0.26 | 7.43 | 4.10 | 0.27 |
| **6a** | **888.13** | **34.07** | **10** | **113** | **12.67** | **4.16** | **7** | **100** | **11.22** | **3.65** | **51.59** | **5.81** | **1.87** | **57.52** | **6.48** | **2.08** | **98.27** | **11.07** | **3.57** |
| 6.1b | 12.99 | 0.50 | 0 | 1.98 | 15.23 | 0.07 | 0 | 1.80 | 13.86 | 0.07 | 0.79 | 6.06 | 0.03 | 0.92 | 7.11 | 0.03 | 1.67 | 12.85 | 0.06 |
| 6.2b | 3.33 | 0.13 | 0 | 0.09 | 2.70 | 0.00 | 0 | 0.03 | 0.94 | 0.00 | 0.16 | 4.84 | 0.01 | 0.13 | 4.00 | 0.00 | 0.14 | 4.10 | 0.00 |
| **6b** | **16.33** | **0.63** | **0** | **2** | **12.67** | **0.08** | **0** | **2** | **11.22** | **0.07** | **0.95** | **5.81** | **0.03** | **1.06** | **6.48** | **0.04** | **1.81** | **11.07** | **0.07** |
| **Total** | **42,795.86** | **1,617.46** | **56** | **2,481.89** | **5.80** | **93.81** | **184** | **4,275.30** | **9.99** | **156.22** | **4,033.22** | **9.42** | **146.04** | **4,239.30** | **9.91** | **153.46** | **5,367.71** | **12.54** | **194.70** |

*Source of data: MSC2007 as of 16 Apr 2015*

*Source of funding: EU share*

*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 summary payment claims accounted for in IS Viola using the same algorithm as in c) – f) columns;*
* *For conversion of c) – f) columns: 27.473 or the exchange rate valid at the time of accounting for of the application for payment in IS Viola is used;*
* *For conversion of g) – h) columns the exchange rate valid at the time of accounting for of the summary payment claim in IS Viola is used.*

**In the period from 1 Oct 2014 to 16 Apr 2015**, 56 project applications were submitted in the amount of EUR 93.81 million (5.8 % of the programme allocation). The largest volume of funds was submitted in Intervention areas 3.2 (EUR 61.25 million – 25.6 % of the allocation), 3.4 (EUR 15.6 million – 5.6 % of the allocation) and 5.2 (EUR 10.34 million – 5.07 % of the allocation).

Altogether 184 projects in the volume of EUR 156.22 million (9.99 % of the programme allocation) **were approved**. The volume of approved funds grew the most in Intervention area 3.4, namely by EUR 44.98 million, which represents an increase by 18.47 %.

As compared to the previous monitored period, in Intervention area 3.1 a decrease in the Funds covered by the Decision/Contract was recorded. This decrease is caused by a withdrawal of project from implementation by the beneficiary.

The projects were withdrawn mainly because of the need to repeat the tenders which made it impossible to implement the project by the set deadline. Another reason behind the project withdrawal in IA 3.1 c) was the beneficiary's insolvency.

In the monitored period the **beneficiaries were paid** EUR 146.04 million (9.42 % of the programme allocation). The largest volume of funds was reimbursed in Intervention areas 5.1 (EUR 31.45 million) and 3.2 (EUR 22.63 million).

The **summary payment claims accounted for by the PCA** in the monitored period equalled EUR 153.46 million (9.91 % of the allocation). The trend corresponds to the progress witnessed in reimbursement to beneficiaries. The largest volume of funds included in the summary payment claims is reported in Intervention area 3.2 (EUR 32.40 million) and 5.1 (EUR 26.63 million).

The **certified expenditure** went up by EUR 194.7 million (12.54 %)as against the previous monitoring period. The largest volume of funds was certified in Intervention areas 3.2 (EUR 38.79 million) and 5.1 (EUR 36.97 million).

Progress in absorption of the IOP from 1 Oct 2014 to 16 Apr 2015 is illustrated in Chart No 1. The blue part of the bars indicates the status of absorption as of 1 Oct 2014, while the red part shows the progress achieved in the period from 1 Oct 2014 to 16 Apr 2015. The total height of bars represents the cumulative status of absorption as of 16 Apr 2015.

1. Progress in the IOP absorption as of 16 Apr 2015

*Source: MSC2007 as of 16 Apr 2015;*

*Source of funding – EU share*

*CZK/EUR exchange rate:*

* *For conversion of allocation in the bar “2007-2013 allocation“, the amounts are not directly converted at the valid exchange rate since the data are made more accurate through the summary payment claims accounted for in IS Viola based on the same algorithm as in bars “Submitted applications“, “Funds covered by the Decision/Contract (Addendum)“ and “Funds paid to beneficiaries“;*
* *For conversion of bars “Submitted applications“, “Funds covered by the Decision/Contract“, “Funds paid to beneficiaries“: 27.473 or the exchange rate valid at the time of accounting for of the application for payment in IS Viola is used;*
* *For conversion of bars “Summary payment claims accounted for by the PCA“, “Certified funds“ the exchange rate valid at the time of accounting for in IS Viola is used.*

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

In line with the NCA guideline for elaboration of the report on implementation, this chapter shall give 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 defined. Their achieved values are not generated at the project level and are monitored by an external source. This is why no indicator is given in this chapter.

## 2.3 Core Activities in the Period from 1 Oct 2014 to 16 Apr 2015

### 2.3.1 IOP milestones in the period from 1 Oct 2014 to 16 Apr 2015

| **Date** | **Activity** |
| --- | --- |
| 1 Oct 2014 | Receipt of applications under the 25th continuous call of the MoRD for Intervention area 4.1 was closed |
| 16 Oct 2014 | Working seminar for regional branches and contact points of the LO CR in Hradec Králové |
| 23 Oct 2014 | Opinion of the IOP MA was issued on the increase of allocation to Intervention area 1.1 to CZK 1,756.71 million (CZK 1,494 million from ERDF and CZK 262 million from the SB) |
| 30 Oct 2014 | Selection Committee meeting for call no 17 – 7 projects were discussed, 1 project was recommended conditionally, 5 projects were approved, 1 project was not approved. |
| 18 Nov 2014 | Seminar on IOP closure: discussion on the option to implement projects also in 2016 |
| 19 Nov 2014 | The MoLSA Methodological Guideline No 57 on the option to extend project implementation until the end of 2015 in Intervention areas 3.1 and 3.3 was published. |
| 19 Nov 2014 | Deadline for implementation of projects under the 3rd call of the MoC for Intervention area 5.1 was extended from 31 Dec 2014 to 30 Sep 2015 (update of the Handbook for Applicants and Beneficiaries) |
| 21 Nov 2014 | Allocation to the 25th continuous call of the MoRD was increased by CZK 214.2 million (CZK 182.1 million from ERDF + CZK 32.1 million from the SB) under Intervention area 4.1 |
| 24 Nov 2014 | HQ IOP Guideline No 62 - Change in conditions of the 25th continuous call of the MoRD and changes in project implementation |
| 26 Nov 2014 | Working seminar for the regional branches and contact points of the LO CR in Prague |
| 30 Jan 2015 | HQ IOP Guideline No 63 - Restructuring in project administration at the CRD branch Prague and CRD branch Central Bohemia |
| 30 Jan 2015 | HQ IOP Guideline No 64 - Update of the documentation requirements |
| 3 Dec 2014 | Allocation to the 24th call of the MoRD for Intervention area 5.1 was increased by CZK 80 million (CZK 68 million from ERDF and CZK 12 million from the SB) |
| 8 Dec 2014 | Meeting of the MoLSA representatives with representatives of the facility under the project Transformation of social services |
| 9 Dec 2014 | Increased allocation to call No 17 was absorbed, process of evaluation was completed – upon the decision of the Minister.  Available allocation was quantified and offered for use under another intervention area. |
| 11 Dec 2014 | Seminar for MoI IOP beneficiaries |
| 14 Jan 2015 | 19th call for Intervention area 3.2a) to support the equipment of comprehensive oncology centres was published |
| 20 Feb 2015 | Receipt of applications under the 19th call for Intervention area 3.2 was closed |
| 27 Feb 2015 | Training course for external evaluators under Intervention area 2.1 |
| 16 Mar 2015 | Revision of call No 27 for Intervention area 3.4 |
| 5 Mar 2015 | Training course for external evaluators under Intervention area 2.1 |
| 20 Mar 2015 | Deadline for implementation of projects under the 1st call of the MoC for Intervention area 5.1 was extended from 30 Jun 2015 to 31 Oct 2015 (update of the Handbook for Applicants and Beneficiaries) |
| 23 Mar 2015 | Meeting of the Evaluation Committee for evaluation of applications under Intervention area 3.2 |
| 26 Mar 2015 | Interruption of the payment deadline in Intervention area 5.1 based on the letter of W. Deffay, Director General of the DG Regio |
| 27 Mar 2015 | Revision of call No 15 for Intervention area 3.4 |
| 1 Apr 2015 | Revision of the HAB for the 11th call for Intervention area 3.4 |

### 2.3.2 Overview of ongoing and newly published calls in the period from 1 Oct 2014 to 16 Apr 2015

In the period from 1 Oct 2014 to 16 Apr 2015 the project applications were submitted under 8 calls. In the monitored period, call No 19 was published for Intervention area 3.2 Public health services. As of 16 Apr 2015, a total of 1,746 project applications in the amount of EUR 727.8 million were submitted under all the published calls. Altogether 1,587 projects in the amount of EUR 398.19 million were approved. The amount allocated to all the ongoing calls in the monitored period equals EUR 442.65 million.Detailed information on calls for individual priority axes is given in Chapter 3.

1. **Overview of ongoing calls in the period** from 1 Oct 2014 to 16 Apr 2015

| **Order of the call** | **Number of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with the issued Decision / signed Contract** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 22 | 4 | 11 Nov 2009 | 31 Dec 2014 | continuous | 3.3 | 46,093,266 | 20 | 71,905,867 | 20 | 71,905,867 |
| 75 | 27 | 5 Sep 2014 | 27 Feb 2015 | time-limited | 3.4 | 20,714,192 | 1 | 17,603,320 | 1 | 16,875,332 |
| 76 | 19 | 10 Feb 2015 | 20 Feb 2015 | time-limited | 3.2 | 76,802,679 | 18 | 73,397,405 |  |  |
| 44 | 12 | 7 Sep 2011 | 30 Apr 2015 | continuous | 4.1 | 55,497,418 | 31 | 74,932,757 | 21 | 52,974,462 |
|  |  |  |  |  |  | 4,164,619 | 31 | 9,599,634 | 21 | 4,074,265 |
|  |  |  |  | call total | | 59,662,037 | 62 | 84,532,391 | 42 | 57,048,727 |
| 73 | 25 | 25 Jun 2014 | 1 Oct 2014 | continuous | 4.1 | 5,069,913 | 17 | 15,391,628 | 4 | 4,919,400 |
|  |  |  |  |  |  | 389,993 | 17 | 1,183,916 | 4 | 378,391 |
|  |  |  |  | call total | | 5,459,906 | 34 | 16,575,544 | 8 | 5,297,791 |
| 16 | 7 | 22 May 2009 | 31 Dec 2015 | continuous | 5.2 | 192,573,322 | 1,502 | 404,464,056 | 1,417 | 193,113,303 |
| 5 | 01 | 5 Jun 2008 | 30 Oct 2015 | continuous | 6.1 | 29,165,336 | 53 | 52,174,613 | 49 | 48239678 |
| 5 | 01 | 5 Jun 2008 | 30 Oct 2015 |  |  | 536,258 | 0 | 959,216 | 0 | 886,873 |
|  |  |  |  | call total | | 29,701,594 | 53 | 53,133,829 | 49 | 49,126,551 |
| 37 | 10 | 27 Sep 2010 | 30 Oct 2015 | continuous | 6.2 | 11,647,800 | 56 | 6,226,470 | 50 | 4,827,831 |
| 37 | 10 | 27 Sep 2010 | 30 Oct 2015 |  |  |  | 0 | 114,471 | 0 | 88,758 |
|  |  |  |  | call total | | 11,647,800 | 56 | 6,340,941 | 50 | 4,916,589 |
| CONV total | | | | | | 437,563,926 | 1,698 | 716,096,116 | 1,562 | 392,855,873 |
| RCE total | | | | | | 5,090,870 | 48 | 11,742,766 | 25 | 5,339,529 |
| **IOP total** | | | | | | **442,654,796** | **1,746** | **727,838,882** | **1,587** | **398,195,402** |

*Source: IS Monit7+ as of 16 Apr 2015;*

*CZK/EUR exchange rate: 27.473; Source of funding – public funds total*

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

**Changes in IOP Programming Document**

At its regular meeting on 3 Jun 2014, the IOP Monitoring Committee approved the proposed revision of the IOP Programming Document as defined in Article 33 of Council Regulation (EC) 1083/2006. The Programming Document was revised upon the initiative of the Member State pursuant to the Article 33 (1) (c) in the light of the evaluation referred to in Article 48 (3) of Council Regulation (EC) No 1083/2006, and (d) following implementation difficulties.

The changes concerned the following areas:

* Change in the implementation structure – the Ministry of Culture discontinued the performance of activities as the Intermediate Body in Intervention area 5.1 of the Integrated Operational Programme (Resolution of the Government of the Czech Republic No 567 of 31 July 2013). Due to the increase of agenda and the subsequent higher administrative burden on IOP MA staff, the IOP MA approved the inclusion of 0.4 FTE from the Human Resources Department in the IOP implementation structure.
* Change in Part 6 “Financial provisions of the IOP” of the Programming Document. Changes were made in relation to the quantification of the amount of loss of allocation for 2013.

On 21 Oct 2014 the IOP Monitoring Committee approved the proposed revision of the IOP Programming Document as defined in Article 33 of Council Regulation (EC) No 1083/2006 by per rollam procedure.

The IOP MA has drawn up a proposal for changes pursuant to point 9 of the NCA Methodological Guideline on Revision of the Operational Programmes 2007–2013, the IOP MA continuously commented on the proposals and consulted them with the PCA and the NCA.

On 26 Jun 2014 the IOP MA received the approving letter from the MoE stating that the submitted revision to the IOP Programming Document does not necessitate the screening procedure as defined in Act No 100/2001 Coll. on the Environmental Impact Assessment and on amendments to some related laws.

On 24 Oct 2014 the IOP MA entered the revised version of the Programming Document, the proposal for changes and the accompanying letter to the European Commission in MSC.

Commission Decision C(2014) 9,551 concerning the adoption of revision of the IOP was issued on 9 Dec 2014.

The revision of the IOP Programming Document was communicated to all the bodies involved in programme implementation who also received an electronic copy thereof. The IOP Programming Document is available on [http://www.strukturalni-fondy.cz](http://www.strukturalni-fondy.cz/).

**Methodological Guidelines and Binding Opinions of the IOP MA**

Methodological Guideline No 56 Update of B.3-27 Administration of payments

The methodological guideline was issued in order to specify the procedure for filling in classification of payments boxes in the application for payment after the Integrated Information System of State Treasury (IISST) was launched.

Methodological Guideline No 57 Update of Chapter A.4.3.3 of the IOP OM Change in conditions   
of the call and Chapter A.5.3 Changes in project implementation

The Methodological guideline was issued due to the IOP MA obligation to make sure that the programme allocation is fully absorbed. In order to meet this obligation it was necessary to finalise the procedures for the introduction of changes in conditions of the call following the closure of receipt   
of applications for support. The IOP MA received the NCA Opinion on extension of project implementation of 24 October 2014 with Ref. No 37048/2014-27 which is a source document for this methodological guideline. Based on the changes made in provisions of the call, the allocation for the call can be increased and the deadline for project implementation defined as the latest in the call can be extended. Also added was the procedure for evaluation of the Notification of changes in a project that concern the extension of project implementation beyond the original deadline, defined in the call.

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

### 2.4.1 Addressing the IOP error rate in the Annual Control Report 2013

The AA auditors stated in the Annual Control Report 2013 individual errors representing 2.46 %   
of the total audited expenditure, and based on this figure determined the extrapolated error rate.

In the period from 7 to 11 April 2014, the European Commission (DG REGIO) staff conducted the audit mission No 2013/CZ/REGIO/C4/1332/1, focused on verifying the activities of the Audit Authority of the MoF CR. The audit was performed on a sample of 12 projects audited by the AA within the audits of operations in 2013. On 11 Aug 2014, the IOP MA received a draft report from audit mission in the Czech language and within a month, in cooperation with beneficiaries and the Intermediate Body, elaborated objections to the EC auditors' findings. On 19 Mar 2015, the IOP MA received the final audit report from the EC which indicates that the EC auditors did not accept the objections raised against 3 findings. The EC auditors recalculated the error rate in the ACR 2013 and the final error rate is 2.97 %. One of the actions resulting from this audit mission is the conduct of audit of IT projects in 2015.

### 2.4.2 Addressing the IOP error rate in the Annual Control Report 2014

Based on the errors identified during the audits of operations in 2014 and stated in the ACR 2014, the AA auditors set the error rate at 2.32%. Upon the initiative of the IOP MA that brought the attention to several inaccurate calculations in the reports from audits of operations, the AA reduced the error rate to 2.25%. In its opinion on the ACR 2014, however, the EC contested the quantification of ineligible expenditure in the audit of operation conducted in a project of the General Directorate of the Labour Office. On account of the EC disapprovement, the overall error rate of the IOP was recalculated to 3.12%. An increase in the error rate can be anticipated due to the disapproving opinion of the EC.

### 2.4.3 Horizontal audit of health sector

The horizontal audit was commenced by the AA at the MoRD on 27 June 2014 as a (extraordinary) system audit No AO/2014/SM/05 "Audit in health sector" on 27 June 2014. Its aim was to verify the absorption of financial resources from EU Funds on medical equipment and technology under the selected operational programmes in the 2007 – 2013 period, to verify the aspects of eligibility of operations and public procurement procedures. The horizontal audit is composed of several partial audits – a system audit of Intervention area 3.2 under IOP, an audit of a sample of 20 projects   
(16 beneficiaries) from Intervention area 3.2 of IOP, and an audit of a sample of 15 projects from other OPs (MAs of MoIT, OPEC, ROPs) under which the support is channelled to the health sector.

In the monitored period the audit was completed. The IOP MA in cooperation with MoH IB provided an opinion on the Action Plan ensuing from this audit. The audit identified a system irregularity that consisted in inappropriate setting and performance of evaluation and approval of project applications in terms of economy of expenditure in the period before 31 Jan 2011, and detected were also individual irregularities in public procurement. Following 31 Jan 2011, the management and control system was modified in a way considered adequate by the auditors. Thus, the AA auditors proposed   
a 5% flat-rate correction for projects with public contracts approved before 31 Jan 2011 and individual corrections for deficiencies in the award of public contracts. The flat-rate correction equals CZK 50 428 209.54 (total eligible expenditure) and the individual corrections equal CZK 28 086 605.58 (total eligible expenditure).

The identified deficiencies by its nature, frequency and volume correspond with the summary results stated in the Annual Control Reports 2011 and 2012 and the financial corrections adopted included in multi-annual error rate are adequate and cover the system deficiency, thus the AA auditors consider   
it unnecessary to repeatedly apply a flat-rate correction.

The audit report was sent for approval to the EC that accepted the 5% flat-rate correction for projects with public contracts approved before 31 Jan 2011. It did not fully accept the way of application of the correction. Hence, discussions take place now between the AA, the PCA, the MA and the IBs   
on acting upon the EC comments.

### 2.4.4 Sleeping and risky projects of the IOP

The IOP has been ranked among risky operational programmes, falling under the reinforced crisis management of the National Coordination Authority, apart from other things due to long-standing problems faced in the implementation of some projects. The IOP Managing Authority in cooperation with the Intermediate Bodies has ever since July 2012 performed supervision and management   
of sleeping projects (the dates of implementation are at the edge of feasibility), high-risk projects (difficult communication with the beneficiary, serious shortcomings in observing the deadlines).   
The evaluation of projects that face difficulties is a component part of the action plan for improving the system of management and control of the Structural Funds in the Czech Republic.

Long-lasting challenges in the implementation of projects have been encountered mainly   
by beneficiaries from among the government agencies (hereinafter referred to as the “GA”). Based   
on experience gained while working with risky projects, the IOP MA in August 2014 introduced   
the reinforced supervision of high-risk and risky projects with the allocation of funds lower than CZK 35 million.

Since the closure of the programming period is approaching, many projects classified as high-risk   
or risky would be short of time in case of delays as against the timetable, or the need to repeat the public procurement procedure.

The last update was carried out by the IOP MA as at 1 Apr 2015 when 1 sleeping project in the amount of approx. CZK 299 million, 25 high-risk projects in the amount of approx. CZK 3.4 billion and 129 risky projects in the amount exceeding CZK 8.23 billion were registered. Identification   
of risky projects is necessary regarding their transfer to the category of high-risk and sleeping projects. The IOP MA and the Intermediate Bodies address the projects and adopt measures for projects once they are classified as risky.

The summary of projects by risk category and beneficiary is given in the table below.

1. Summary of sleeping and high-risk projects

| **Beneficiary** | **sleeping projects** | | **high-risk projects** | | **risky projects** | | **Total** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **number** | **volume** | **number** | **volume** | **number** | **volume** | **number** | **volume in CZK** |
| **CZK** | **CZK** | **CZK** |
| MoI |  |  | 6 | 1 952 815 629 | 7 | 1 824 676 224 | 13 | 3 777 491 853 |
| MoRD |  |  | 3 | 206 976 611 | 4 | 180 183 405 | 7 | 387 160 016 |
| MoH |  |  | 4 | 172 080 003 | 2 | 23 713 225 | 6 | 195 793 228 |
| MoA | 1 | 299 491 700 |  |  | 1 | 28 895 650 | 2 | 328 387 350 |
| MoC |  |  | 1 | 23 248 727 | 2 | 236 146 099 | 3 | 259 394 826 |
| MoJ |  |  | 1 | 19 200 000 |  |  | 1 | 19 200 000 |
| MoIT |  |  |  |  | 1 | 33 946 550 | 1 | 33 946 550 |
| MoLSA |  |  |  |  | 1 | 220 006 301 | 1 | 220 006 301 |
| Healthcare facilities |  |  | 1 | 90 000 000 | 7 | 230 082 224 | 8 | 320 082 224 |
| FRS |  |  |  |  | 29 | 2 178 812 818 | 29 | 2 178 812 818 |
| Police of the CR |  |  |  |  | 26 | 660 859 622 | 26 | 660 859 622 |
| Regions, municipalities |  |  | 6 | 836 818 045 | 44 | 1 923 511 717 | 50 | 2 760 329 762 |
| Czech Telecommunication Office |  |  |  |  | 1 | 31 839 737 | 1 | 31 839 737 |
| Czech Administration of Land Surveying and Cadastre |  |  |  |  | 1 | 53 141 000 | 1 | 53 141 000 |
| General Directorate of Customs |  |  |  |  | 1 | 93 020 764 | 1 | 93 020 764 |
| Other |  |  | 3 | 110 265 625 | 2 | 511 909 620 | 5 | 622 175 245 |
| **Total** | **1** | **299 491 700** | **25** | **3 411 404 640** | **129** | **8 230 744 956** | **155** | **11 941 641 296** |

*Source: IS Monit7+IOP and the IOP Managing Authority in cooperation with the Intermediate Bodies as at 1 Apr 2015*

The government agencies and their semi-budgetary organisations implement 1 sleeping project,   
15 high-risk projects and 18 risky projects. These projects represent the main risk for the absorption in 2015.

In 2015, the expected volume of applications for payment under sleeping and high-risk projects   
is CZK 116 million and CZK 2.4 billion, respectively. The applications for payment in the amount   
of CZK 4.5 billion are planned to be submitted under risky projects in 2015. Where beneficiaries failed to resolve their implementation-related issues and failed to submit the applications for payment within the planned deadline and volume, these amounts will increase the unabsorbed programme allocation in 2015.

In the category of risky projects, the situation is the most critical in the project under the responsibility of the Ministry of Interior. Another group of risky projects comprises the projects from Intervention area 3.4 Services in security, risk prevention and management. It concerns projects on the purchase   
of “Tracking devices and recording equipment of the Police of the CR” and “Advanced technology   
of the Police of the CR and the Fire Rescue Service of the CR”. These projects, also within the remit of the MoI CR, are risky due to the implementation of public procurement and subsequent potential delays in the date of completion of project implementation. Identified again as risky by the IOP MA are almost all projects in Intervention area 1.1 Developing information society in public administration. These projects are risky mainly on account of their tight timetable. This is because they were approved only in summer and autumn 2014, which gives them the implementation period   
of roughly one year, namely including the implementation of public procurement.

It is therefore vital that the beneficiaries exert maximum efforts to implement the individual stages   
of project and to avoid all the risk factors of the project. The IOP MA in cooperation with the IBs conducts crisis management of projects at beneficiaries and cooperates as much as possible on project implementation.

### 2.4.5 Risk of a non-fulfilment of n+2 rule in 2014, risk of a failure to absorb the allocation in 2015

In June 2014, the IOP Managing Authority at the Ministry of Regional Development in cooperation with Intermediate Bodies drafted the Strategy for Full Absorption of the Integrated Operational Programme. It was approved by the Government that agreed on measures to maximize the absorption in 2014 and 2015.

The strategy was updated in October 2014, December 2014 and in January 2015. In response to the results achieved thanks to the measures, the allocation for calls was increased, namely for IOP Intervention area 4.1. *National support of tourism* by CZK 201 million and for Intervention area 5.1 *National support for utilising the cultural heritage potential* by CZK 68 million, for Intervention area 2.1 by CZK 297 million and for Intervention area 3.4 by CZK 141.6 million.

Another measure taken was the announcement of a new call in January 2015 for Intervention area 3.2 with the allocation of CZK 1.3 billion and an increase of the allocation to CZK 1.7 billion.The loss   
of allocation was successfully reduced to the final amount of CZK 64.2 million. The positive and marked reduction of the loss of allocation in 2014 results also in a considerable volume of available funds in 2015.

At the onset of 2015, the IOP MA estimated the volume of available funds at the total of CZK   
1.22 billion. This amount does not take into account the risk of withdrawal of sleeping and risky projects. Inherent in these projects is a potential risk of additional released funds that could not be absorbed due to the lack of time. If everything goes well, the IOP MA anticipates that CZK 2.75 billion will not be absorbed from the programme, while the pessimistic scenario reckons with a loss amounting to CZK 4.78 billion.

Even with no new calls announced, the IOP MA expects that the applications for payment submitted this year will reach CZK 17.5 billion as against CZK 7.1 billion submitted last year, which will become an extreme workload for the whole implementation structure. This is why the IOP MA proposes to engage exclusively in measures, which despite their high capacity requirements, bring   
a significant effect in terms of the volume of saved funds.

Considered such measures would be mainly checking the possibility to finance unfinished projects which are the key tool for sleeping and high-risk projects.

In 2014, the IOP MA applied similar measures to minimise the loss of allocation as in 2013, such as:

* Consultations on the applications for payment and monitoring reports prior to their submission to Intermediate Bodies,
* Extraordinary division of project stages so that at least some of the expenditure can be checked, reimbursed and certified,
* Effective control of tenders, applications for payment and notifications of a change (modification) in order to eliminate delays in administration of applications for payment,
* Monthly meetings with representatives of financial sections of Intermediate Bodies so as to identify the causes of delays in administration of individual applications for payment and to propose solutions.

In July 2014, the IOP MA in cooperation with IOP IBs compiled a set of sixty horizontal measures and nineteen specific measures for individual intervention areas with the view to maximise absorption. They were implemented until the end of 2014 and as of 31 Dec 2014 the set of measures was accomplished. The document Measures to maximize the absorption of IOP has been updated for 2015.

1. Overview of the number of measures by the IOP implementation body

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Responsibility** | **IOP MA** | **MoI IB** | **MoH IB** | **MoLSA IB** | **CRD** | **All IOP IBs** | **Shared responsibility of IOP MA and IOP IBs** | **Total** |
| **Total number of measures** | 20 | 11 | 12 | 13 | 4 | 4 | 15 | **79** |
| **Of which accomplished before 31 Dec 2014** | 14 | 5 | 6 | 11 | 2 | 3 | 8 | **49** |

Source of data: IOP MA as of 31 Dec 2014

For 2015 an updated set of measures has been prepared by the IOP MA in cooperation with the IOP IBs in order to fully absorb the allocation. It is composed of 23 horizontal measures and additional 11 measures for individual intervention areas.

The accomplishment of measures is continuously monitored and supervised by the MA at monthly meetings between the IOP MA and IOP IB directors. On 10 Mar 2015, 6 horizontal measures   
and 4 specific measures for individual intervention areas were accomplished. The other measures will be accomplished in the course of 2015.

The IOP MA intensively collaborates and communicates with the Intermediate Bodies   
and beneficiaries, and arranged for the use of the NCA "Prevention" project for sleeping projects and projects with high error rate in applications for payment.

The IOP IBs concentrate primarily on increasing the efficiency of performance of delegated activities, communication with beneficiaries and other bodies (Audit Authority, Tax Offices, OPC). Specific measures zoom in on particular problems faced in individual intervention areas.

### 2.4.6 Česká pošta (Czech Post)

The Czech Post's registered branch ICT services (hereinafter referred to as "ČP OZ ICT")   
as a contractor is involved in the implementation of two projects in Intervention area 1.1 totalling roughly CZK 1 billion, and in fourteen projects in Intervention area 3.4 amounting to CZK 1 billion, to which other projects in Intervention area 3.4 amounting to CZK 1 billion are linked. These are projects of the Ministry of Interior, the General Directorate of the Fire Rescue Service and regional directorates of the Fire Rescue Service.

ČP OZ ICT has been selected by the Government as the general (the so called in-house) contractor pursuant to Section 18 of Public Procurement Act. The cardinal issue is the selection of sub-contractors for the supplies of HW and SW. ČP OZ ICT fails to properly perform its role   
of a contracting authority and excessively protracts the implementation of public contracts. The delays in timetable will cause a loss of allocation in 2014 in the amount of CZK 500 million. These resources will be provided from the budgetary chapters of beneficiaries or there will be a risk of withdrawal   
of projects from implementation.

The IOP MA, MoI IB and CRD hold intensive talks with beneficiaries, consult the prepared public procurement procedures and postpone the deadlines for submission of applications for payment until the furthest dates. Despite all the efforts, the GD FRS was forced to seek an alternative solution to the implementation of NIS IRS project, the general contractor of which is ČP OZ ICT. A delay or a failure to complete the implementation of this project can affect the implementation of all the projects of the 11th call under Intervention area 3.4 with CZK 2 billion of total eligible expenditure. On 19 Sep 2014, the Minister of Interior decided to implement the hybrid scenario of the NIS IRS project. The GD FRS and ČP OZ ICT are now drafting the supporting documents for a change in the project and specifying the technical solution.

### 2.4.7 Administrative capacity for programme closure

The year 2014 was marked with changes in the structure of operational programmes which continue also in 2015 when it is necessary to absorb the IOP funds and also to prepare the programming period 2014 – 2020. As of 31 Aug 2014, the IOP MA elaborated the Analysis of administrative capacity to ensure the activities in the programming periods 2007-2013 and 2014-2020 that was conducted in line with the MoRD NCA requirements to comply with the measures to eliminate the risk of “Human Resources”.

There has been a shift in the IOP implementation, and in 2015 calls are published, applications for support are evaluated, requirements for control activities increase, especially with respect to public procurement, and contrary to original assumptions the need to provide administrative capacities prevails.

The performance of implementation activities and IOP closure at the IOP IBs will be funded from the IOP Technical assistance projects.

Nonetheless, as of 30 Nov 2015, their implementation will end and since the MoLSA, MoI CR and MoH will no more be the Intermediate Bodies under the Integrated Regional Operational Programme for the 2014 – 2020 programming period, they will not be entitled to finance the administrative capacity from the IROP Technical Assistance. In the period from December 2015 to June 2016 they will continue to perform activities related to the IOP closure, defined in the Agreement on delegating activities. It is now being discussed how to ensure the funds for the IOP closure at these IBs and it has been suggested to cover the costs of IOP IB staff in the period from December 2015 to June 2016 from the respective state budget chapters. This proposal will be subject to further discussions.

### 2.4.8 Crisis management and implementation of Government Resolution No 144/2014 and No 124/2015

In response to Resolution of the CR Government No 94 of 10 February 2014, the IOP MA has analysed the risks of IOP implementation with respect to the ending programming period and has drawn up a crisis action plan of the IOP, with a description of risks and measures. This crisis plan was approved by the Government through Resolution No 144/2014.

The risks were continuously addressed in the course of 2014 and the accomplishment of measures to eliminate them was reported to the NCA on a monthly basis.

It concerned the following risks:

* Failure to absorb the funds available and released during project implementation;
* Failure to achieve the n+2 target before the date of regular certification of expenditure, and a loss of allocation;
* Suspension of payment of funds from the EC as a result of audit and control findings, imposition of sanctions and penalties;
* Insufficient administrative capacity of Intermediate Bodies to complete the programme implementation.

The list of measures, identified by the Government Resolutions No 144/2014 and 124/2015 is given   
in Annex No 2 and 3.

In 2015, crisis management continues in relation to the programme closure, also through a crisis plan approved by the Government Resolution No 124/2015. The accomplishment of measures to eliminate the identified risks is reported by the IOP MA to the NCA just as in 2014 through monthly reports.

In July 2014, the IOP MA drew up the Strategy of Full Absorption of the IOP which was adopted   
by the Government at its meeting on 6 August 2014 by Resolution No 646/2014. In September and October, the IOP Managing Authority, based on the information provided by Intermediate Bodies, updated the Strategy of Full Absorption of the IOP. The update as of the beginning of October responded to progress made in the implementation of projects and evaluation of calls in August and September 2014. It resulted in the decision not to announce any further calls and to use the released funds in substitute projects under the closed calls. Another update of the strategy was made at the beginning of December when the idea about final absorption in 2014 was more accurate. The strategy conclusions resulted in an increase of allocations to additional calls and in a preparation of a new call for Intervention area 3.2. The last update of the strategy was done in January 2015 and it was submitted to the Government for information on 4 March 2015. The January version reflects the results of programme absorption in 2014 and focuses on achieving the maximum absorption of the programme in 2015 and on ensuring the staffing to manage the expected volume of applications for payment.

### 2.4.9 Methodology of financial flows in relation to the AA audit performance

The IOP MA and IOP IBs have for a long time pointed at some inappropriately set provisions of the Methodology of Financial Flows and Controls of Programmes Co-financed from the Structural Funds, the Cohesion Fund and the European Fisheries Fund for the Programming Period 2007 - 2013 (hereinafter referred to as the “Methodology“). They concern especially the irregularities identified in the final audit report of the AA (EC, ECA, PCA controls) and always are a confirmed irregularity.   
A confirmed irregularity is subsequently referred to the Financial Administration Bodies with local jurisdiction as a suspected breach of the budgetary discipline.

Where the FAB fails to detect any breach of budgetary discipline and does not determine any levy or detects a breach of budgetary discipline and determines a lower levy than stipulated by the audit/control report, the MA/IB should recover the funds covered by the irregularity concerned from the beneficiary. Nonetheless, the recovery of funds by the MA/IB is not embedded in Act   
No 218/2000 Coll., on Budgetary Rules, or in any other law. The procedure to be taken in similar cases is not addressed by the Methodology either.

In case the Tax Offices do not confirm the findings from audit/control reports or confirm it in a lower amount, the funds covered by the irregularity are not recoverable from aid beneficiaries and are debited to the state budget which means a pointless burden of public finance.

Addressing of such situations affects the programme implementation, burdens the beneficiaries and administrative capacities of the programme, and results in cumulation of financial claims to be covered from the state budget.

### 2.4.10 Warning letter concerning 10 projects in Intervention area 2.1

The IOP MA received from the EC a warning letter concerning ten IT projects implemented in Intervention area 2.1 Ref. No Ares(2014)3831088 - 18/11/2014, in which the EC warns against the interruption of payments as defined in Article 91(1) of Council Regulation (EC) No 1083/2006, namely due to police investigation of 10 projects from calls No 6, 8 and 9 for Intervention area   
2.1.

Moreover, the EC stated in the letter that the applications for payment of the projects concerned will not be administered until the investigation is closed or the situation is explained. The IOP MA cannot interfere in any way whatsoever in police investigation, therefore no specific measures have been adopted.

### 2.4.11 Interruption of payments in Intervention area 5.1

By letter of 26 Mar 2015 Ref. No Ares (2015)1337985 the EC informed about the interruption   
of payment deadline in Intervention area 5.1 of the Integrated Operational Programme. The reason behind are deficiencies of systemic nature identified by the system audit 2013 conducted by the Audit Authority of the Ministry of Finance at the Intermediate Body of the Ministry of Culture.

At present, the CRD IB performs a control of public contracts in which the checklist from the MoC IB control has not been kept. The other remedial actions requested by the EC have based on the system audit of IOP 2013 already been accomplished by the IOP MA and CRD IB. Once the re-control of public contracts is completed, the IOP MA shall hand over the summary information on the fulfilment of remedial actions to the AA that will verify their adequacy. The remedial actions are expected to be accomplished by 30 Apr 2015.

## 2.5 Major Projects of IOP

On 31 Oct and 1 Nov 2013, the IOP MA forwarded the applications for approval of projects called “Preparedness of the Fire Rescue Service of the Czech Republic for floods” CCI 2013CZ161PR007 and ”Increasing flood preparedness of the Police of the CR to save lives and property“ CCI 2013CZ161PR006 to the EC.

The project called “Increasing flood preparedness of the Police of the CR to save lives and property“ – CCI 2013CZ161PR006 has the total eligible expenditure of CZK 1.35 billion, the purpose of the project is to increase the efficiency of interventions of the Police of the CR during natural disasters, extensive floods in particular. Since the project had not been approved before 25 Feb 2015, on 26 Feb. the beneficiary submitted the Notification of project termination and the IOP MA subsequently withdrew the application for support of the major project.

The project called “Preparedness of the Fire Rescue Service of the Czech Republic for floods“ - CCI 2013CZ161PR007 has the total eligible expenditure of CZK 1.45 billion, the purpose of the project is to increase the efficiency of interventions of the Fire Rescue Service of the CR during natural disasters, extensive floods in particular. Based on the EC requirements, the IOP MA on 30 May 2014 submitted the modified application specifying the purpose of technology and equipment to be purchased and containing a deeper analysis of the needs of the GD FRS project “Preparedness of the Fire Rescue Service of the Czech Republic for floods“. On 14 Aug 2014, the project was approved by the European Commission.  The project is now implemented in line with the approved timetable, minor difficulties occur with respect to public procurement. In majority of public contracts the deadline for submission of bids (additional enquiries) has been extended or the tender has been published again (insufficient number of bids or errors in bids), and the beneficiary also notices an obstructive behaviour of some bidders which complicates the public procurement procedure and the observance of the timetable. The submitted bids show shortcomings in which the Evaluation Committee has to require explanation. In case the contracting entity (beneficiary) received two bids and the company bid was more expensive, the company does not provide an explanation which would exclude it, and based on this fact the tender has to be cancelled. The beneficiary has to repeat already 12 public procurement procedures of the original number of 25.

1. Progress achieved in the implementation of major projects



*Source: MSC2007 as of 16 Apr 2015*

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

The previous 14th meeting of the IOP Monitoring Committee was held on 24 November 2014. 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.

## Analysis of Risks in Relation to the Fulfilment of n+2 Rule

On 29 Sep 2014, the IOP MA received a letter from the EC quantifying the loss of allocation on account of the failure to achieve the target in line with the n+2 rule for 2013, and prepared a revision of the IOP Programming Document. The revision of the IOP Programming Document was approved by the IOP Monitoring Committee on 21 October 2014. Changes were made in financial tables and the total allocation of IOP thus amounts to EUR 1,617.5 million, of which the prevailing part – EUR 1,591.4 million is for the Convergence objective and EUR 26.1 million for the Regional competitiveness and employment objective.

**Fulfilment of n+2 rule**

The IOP MA monitors the progress in absorption of the SF funds in individual stages of administration of project applications and compares the amount absorbed with the target for the given year.   
The fulfilment of n+2 rule is monitored separately for each objective, i.e. for the Convergence objective and for the Regional competitiveness and employment objective. The n+2 rule is fulfilled when the volume of interim, or advance payments, for each objective separately, equals or exceeds the target for the given year.

In 2014 it was necessary to certify expenditure in the volume of about EUR 251 million. According   
to the absorption forecasts of August 2014, the IOP MA anticipated that the expenditure in the volume of EUR 187.35 million would be certified, thus there was a risk of the loss of allocation in 2014 in the amount of EUR 72.5 million. The IOP MA has taken numerous actions, particularly the division   
of those projects into stages that significantly reduced the loss of the allocation. The resulting loss   
of the allocation in 2014 was EUR 2.3 million under the Regional competitiveness and employment objective. Under the Convergence objective the target absorption for 2014 was achieved, thus the n+2 rule was fulfilled.

At the onset of 2015, the IOP MA estimated the volume of available programme funds at the total   
of CZK 1.22 billion. This amount does not take into account the existence of sleeping and risky projects. These projects represent a potential risk of additional released funds that could not more be absorbed. If everything goes well, the IOP MA anticipates that CZK 2.14 billion will not be absorbed from the programme allocation, while the pessimistic scenario reckons with the loss amounting   
to CZK 3.423 billion.

1. Fulfilment of n+3/n+2 rule (in EUR) under the Convergence objective

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Financial plan – year** | **Total EU allocation for 2007 – 2013 – annual** | **N+3 / N+2 targets – summary \*** | **EC advance payments – annual** | **Applications for interim / final payment submitted to the EC – annual** | **Advance payments from the EC + payment claims from the CR – annual** | **Advance payments from the EC + payment claims – summary** | **Difference between the payments and the targets – summary** | **Allocation to major projects to be deducted under the n+3/n+2 rule** | **Difference between the payments, including major projects, and the targets** |
| **a** | **B** | **c** | **d=b+c** | **e** | **f=e-a** |
| **2007** | 192,686,939 |  |  |  |  |  |  |  |  |
| **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 |  | 161,307,463 | 161,307,463 | 386,712,442 | 152,433,006 |  | 152,433,006 |
| **2012** | 247,398,119 | 478,078,315 |  | 159,216,619 | 159,216,619 | 545,929,061 | 67,850,746 |  | 67,850,746 |
| **2013** | 278,308,099 | 1,001,421,489 |  | 393,274,551 | 393,274,551 | 939,203,611 | -62,217,878 | 97,501,024 | 35,283,146 |
| **2014** | 0 | 1,280,934,098 |  | 245,236,035 | 245,236,035 | 1,184,439,647 | -96,494,451 | 97,501,024 | 1,006,573 |
| **2015** | 0 | 1,591,356,687 |  |  |  | 1,184,439,647 | -406,917,040 |  | -406,917,040 |
| **Total** | **1,591,356,687** | **1,591,356,687** | **139,770,960** | **1,044,668,687** | **1,184,439,647** | **1,184,439,647** | **-406,917,040** |  | **-406,917,040** |

*Source: MSC as of 16 Apr 2015*

Note: The column Applications for interim payment submitted to the EC has been adjusted. In December 2011, the 8th application for interim payment in the amount of EUR 28,120,764.12 for the CONV objective and EUR 1,442,828.55 for the RCE objective was submitted and in February 2012 it was withdrawn. The annual applications for 2011 include also the amount of the 8th interim payment, in 2012 a difference between the 9th and 8th payment is considered in order to avoid duplication.

1. Fulfilment of n+3/n+2 (in EUR) under the RCE objective

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Financial plan – year** | **Total EU allocation for 2007 – 2013 – annual** | **N+3 / N+2 targets – summary \*** | **EC advance payments – annual** | **Applications for interim / final payment submitted to the EC – annual** | **Advance payments from the EC + payment claims from the CR – annual** | **Advance payments from the EC + payment claims – summary** | **Difference between the payments and the targets – summary** |
| **A** | **B** | **c** | **d=b+c** | **e** | **f=e-a** |
| **2007** | 3,951,894 |  |  |  |  |  |  |
| **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** | 2,635,524 |  |  | 850,986 | 850,986 | 3,498,710 |  |
| **2011** | 4,277,657 | 4,689,580 |  | 3,580,803 | 3,580,803 | 7,079,513 | 2,389,933 |
| **2012** | 4,363,210 | 9,459,780 |  | 2,947,396 | 2,947,396 | 10,026,909 | 567,129 |
| **2013** | 2,736,597 | 17,690,259 |  | 7,045,526 | 7,045,526 | 17,072,435 | -617,824 |
| **2014** | 0 | 22,712,118 |  | 3,333,651 | 3,333,651 | 20,406,087 | -2,306,031 |
| **2015** | 0 | 26,107,364 |  |  |  | 20,406,087 | -5,701,277 |
| **Total** | **26,107,364** | **26,107,364** | **2,644,155** | **17,761,932** | **20,406,087** | **20,406,087** | **-5,701,277** |

Source: MSC as of 16 Apr 2015

Note: The column Applications for interim payment submitted to the EC has been adjusted. In December 2011, the 8th application for interim payment in the amount of EUR 28,120,764.12 for the CONV objective and EUR 1,442,828.55 for the RCE objective was submitted and in February 2012 it was withdrawn. The annual applications for 2011 include also the amount of the 8th interim payment, in 2012 a difference between the 9th and 8th payment is considered in order to avoid duplication.

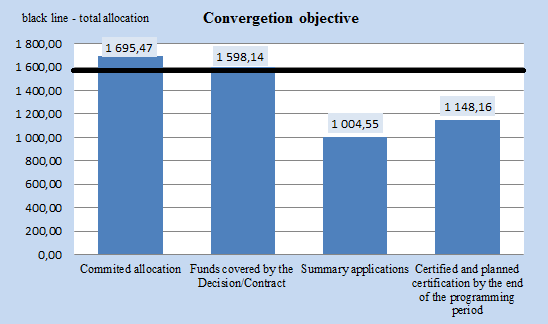
The Managing Authority on a monthly basis monitors the fulfilment of n+2 rule by objective, grant provider and intervention area.

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

* **Committed allocation** is the allocation for the ongoing calls and financial requirements of projects submitted in the already closed calls,
* **Funds covered by the Decision/Contract on providing a grant** represent the financial resources of approved projects,
* The **Summary payment claims** bar covers the applications for payment included in the summary payment claim,
* The **Certified** bar gives the current volume of certified expenditure,
* The last bar represents the **forecast of certified expenditure** **by the end of the programming period**, the forecasts are based on the planned timetables of projects modified in cooperation with the IBs.

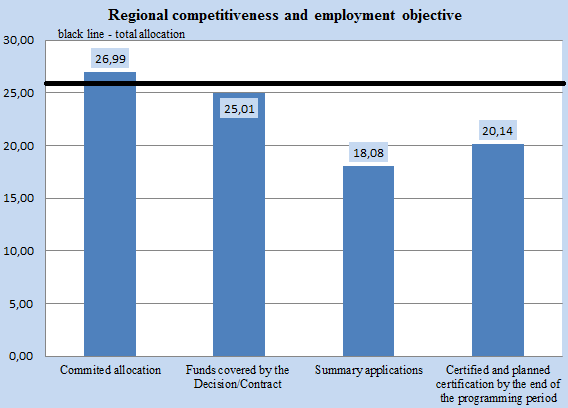
Chart No 2 illustrates the anticipated absorption of the allocation under the Convergence objective until the end of the programming period.

1. Forecast of absorption of the allocation until the end of the programming period under the Convergence objective (in million EUR)



*Source: MSC as of 16 Apr 2015*

*Source of funding – EU share*

1. Forecast of absorption of the allocation until the end of the programming period under the Regional competitiveness and employment objective (in million EUR) 

*Source: MSC as of 16 Apr 2015*

*Source of funding – EU share*

### 2.7.1 Analysis of risks in relation to the fulfilment of the n+2 rule

The n+2 rule shall be fulfilled at the level of objectives. The loss in 2014 is stated in the table below, which clearly shows that the n+2 rule was not fulfilled under the Regional competitiveness and employment objective.

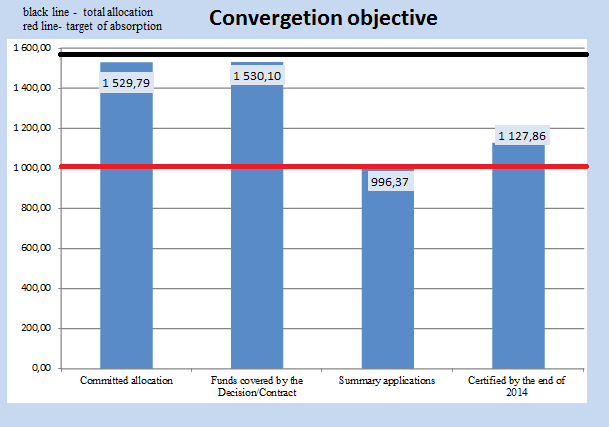
1. Fulfilment of n+2 rule in 2014

|  |  |
| --- | --- |
| **IOP total** | **-2 306 030** |
| **Convergence** | **1 065 754** |
| **RCE** | **-2 306 030** |

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

* **Committed allocation** is the allocation for the ongoing calls and financial requirements of projects submitted in the already closed calls,
* **Funds covered by the Decision/Contract on providing a grant** represent the financial resources of approved projects,
* The **Summary payment claims** bar covers the applications for payment included in the summary payment claim,
* The **Certified** bar gives the current volume of certified expenditure,
* The last bar represents the **forecast of certified expenditure** **by the end of 2014**, the forecasts are based on the planned timetables of projects modified in cooperation with the IBs,
* The red line represents the **target for 2014** less the received advance payments.

1. Fulfilment of n+2 rule under the Convergence objective in 2014 (in million EUR)

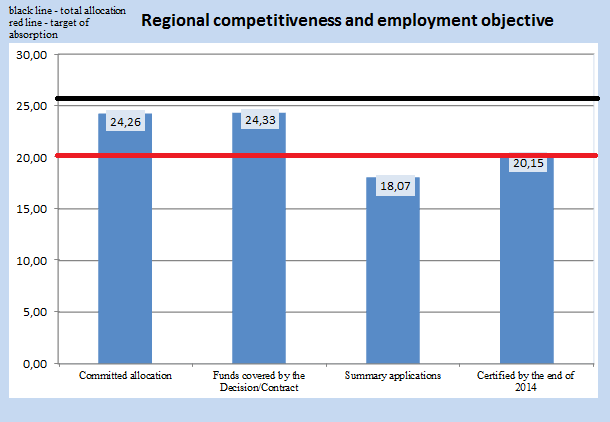


*Source: IS Monit7+ as of 2 Jan 2015*

*Source of funding: EU share*

*CZK/EUR exchange rate: 27.728*

1. Fulfilment of n+2 rule under the RCE objective in 2014



*Source: IS Monit7+ as of 2 Jan 2015*

*Source of funding: EU share*

*CZK/EUR exchange rate: 27.728*

For the sake of monitoring the absorption of funds and programme management the MA monitors the fulfilment of n+2 rule also by intervention area.

**In Intervention area 1.1** the main factors contributing to the non-fulfilment of n+2 rule in 2014 was the non-compliance with the set project implementation timetables brought about especially by difficulties in public procurement procedures, changes in staffing on the part of beneficiary, etc.

Bearing in mind the rules of the last call No 17 and the timetables of projects, the full absorption   
of remaining funds in 2015 will be affected particularly by delays in public procurement and all activities in projects in which the timetable of implementation runs until the end of the current programming period and thus cannot be extended. The MoI IB also continues to monitor the risky, high-risk and sleeping projects, mainly in order to achieve the maximum absorption of funds in 2015.

**In Intervention area 2.1,** the n+2 target for 2014 has been fulfilled only to 50% due to the difficulties in implementation of public procurement that frequently caused postponements in project implementation. The newly approved projects of the 22nd call have so far not been able to improve the situation; they will most likely have some effect only in the second quarter of 2015. This fact too contributes to the risk of non-fulfilment of the target of absorption and to the failure to fully absorb the allocation.

**In Intervention area 3.1**

In this area problems were identified in the absorption of funds due to postponements in the timetables of implemented projects (e.g. on account of delays in the implementation of public procurement, necessity to cancel the public procurement and publish a new one, a failure to obtain the building permit, extension of the duration of construction works, getting the building permit). The target   
of absorption for 2014, however, has been achieved. Nonetheless, the target of absorption as at the end of the programming period will most likely not be achieved. At present, legal acts are being issued   
for the last substitute projects under activity 3.1 c).

**In intervention area 3.2,** at the beginning of 2014, a risk of non-fulfilment of n+2 rule in 2014 was identified. The MoH has adopted remedial actions, the implementation of which helped cut down the predicted loss. The remedial actions comprise the division of projects into stages, permitting the extension of the dates of completion of stages only until 15 Nov 2014, while not allowing for transfers of a substantial volume of funds planned for the certification in 2014 after this date, ensuring that the control of accounting documents is conducted before the end of the project stage, accelerating the processes related to the selection of the contractor (committee meetings, decision on the selection, signing the contract), introducing the obligation to conduct an analysis of delivery dates in cooperation with contractors in order to achieve the fastest possible delivery and subsequent invoicing, introducing a shortened deadline for the submission of monitoring reports and applications for payment, cutting short the timetables of projects in which all the devices were supplied as of the date immediately after the receipt of the last invoice, ensuring adequate capacity at the MoH in the busiest period (redistribution of human resources, restrictions placed on taking holidays and undergoing trainings), ensuring expert evaluators in the busiest period, cutting short the time necessary for assessing the tender documents and contracts. Thanks to the actions taken, the n+2 target in 2014 was achieved almost to the degree of 100 %.

**In Intervention area 3.3,** the target absorption was achieved. Nonetheless, a failure to achieve the target of absorption is foreseen at the end of the programming period. Among the factors affecting the absorption are especially the postponements in timetables of implementation of individual projects as well as the withdrawal of projects from implementation by the applicants. A specific situation prevails in the project called “LO CR – purchase of an office building”. Only a part of the project expenditure has been accepted by the European Commission as eligible. It concerns the training centre at roughly CZK 46 million (which represents approximately 17.5 % of the originally requested amount). The IOP MA will appeal to the EC based on the supporting documents provided by the MoLSA CR and request the acceptance of at least the project expenditure in the amount of CZK 151 million (EUR 5 831 514.11) that has been identified by the Audit Authority in the sample audit as eligible. Then the amount missing in the project would account for CZK 87 million (EUR 3 360 367.22).

**In Intervention area 3.4,** the target of absorption for 2014 has not been achieved. The main issue is the postponement of public procurement timetable caused by two reasons. Following the assessment of qualification and exclusion of bidders, only one or no bid remains and the public procurement has to be repeated, or unsuccessful bidders act in an obstructive manner, file objections and make appeals to the Office for the Protection of Competition.

In this intervention area, an issue is the involvement of the Czech Post's registered branch ICT services (ČP OZ ICT) as a general (the so called in-house) contractor pursuant to the exemption from the Public Procurement Act in line with Section 18. ČP OZ ICT fails to timely complete the public contracts for sub-deliveries to ensure the implementation of an umbrella project “National Information System of the Integrated Rescue System” (NIS IRS), a central standardised project of the Fire Rescue Service of the CR and 13 regional standardised projects of the Fire Rescue Service of the CR in the total amount of eligible expenditure of CZK 1 billion. This problem is particularly serious in NIS IRS project, to which other 27 projects of the 11th call are linked (apart from the above referred to 14 projects with the ČP OZ ICT contractor) in the total amount of eligible expenditure of CZK 1 billion. The failure to complete the implementation of NIS IRS project can to a different degree put at risk the completion of all projects of the 11th call (42 projects of the Fire Rescue Service, Police of the Czech Republic and the Emergency Medical Service, including the NIS IRS in the amount of approximately CZK 2 billion).

There may be a risk of a failure to complete the implementation of projects from the 27th call for the purchase of aerial rescue equipment of the PCR, where due to the latest possible date of eligibility   
of expenditure there is not much time left if it is necessary to repeat the public procurement.

**In Intervention area 4.1,** the non-fulfilment of the n+2 target in 2014 was brought about especially by non-compliance with the timetables of project implementation (postponements in deadlines and financial transfers) caused by delays in the implementation of public procurement and tenders, wrongly set activities in projects and frequent changes in project staffing (this applies primarily to project teams of the Czech Tourism Headquarters – CzechTourism).

With respect to the progress in implementation, regular meetings between two most important beneficiaries – the Czech Tourism Headquarters – CzechTourism and the Tourism Department of the MoRD with the representatives of the IOP MA and CRD continued to take place, during which the topical issues of individual projects were discussed and addressed. These meetings continue to be held also in 2015.

The CRD in collaboration with the IOP MA set the internal procedures to speed up the administration of applications for payment at the CRD in line with measures to maximise the absorption in 2014. The CRD also called upon the beneficiaries to cooperate as much as possible during the submission of applications for payment (cutting short the deadline for submission of the application for payment after the end of the stage) and offered consultations on the documenting and accounting of individual types of expenditure.

**In Intervention area 5.1,** the target of absorption for 2014 was not achieved. In December 2014, the allocation for call No 24 was increased. It is impossible to publish a new call, or to increase the allocation for the call in the last year of programme implementation, it concerns large construction projects with a lengthy implementation and frequent archaeological finds.

**In Intervention area 5.2,** the n+2 rule was fulfilled.

**In Intervention area 5.3,** the n+2 rule was fulfilled. The allocation for this intervention area has already been absorbed

**The aim of Priority axis 6** is not to fully absorb the allocation, but to achieve responsible and efficient programme management, to ensure efficient management and monitoring of programme implementation, and to maximize the quality and efficiency of implementation as well as to support the management activities in the framework of the IOP, to enhance programme effectiveness and to make preparations for the next programming period.

1. Forecast of unabsorbed allocation (in EUR) by intervention area



*Source of data: MSC as of 16 Apr 2015*

*Source of funding: EU share*

**Forecast of unabsorbed programme allocation by ministry**

For the purposes of monitoring of the absorption of funds and programme management, the MA monitors the fulfilment of n+2 rule also by ministry.

**The Ministry of Regional Development is responsible for** Intervention areas 2.1, 3.4, 4.1, 5.1, 5.2, 5.3, 6.1 and 6.2. In intervention areas within the remit of the MoRD, a failure to achieve the target of absorption and a loss of the allocation amounting to EUR 19.416 million are expected.

**The Ministry of Interior is responsible for** Intervention area 1.1. In this intervention area the fulfilment of the target is anticipated to be EUR 51.89 million short. Specific measures adopted in order to eliminate this risk are stated in Chapter 3.1.4 Problems and measures taken.

**The Ministry of Labour and Social Affairs** is responsible for Intervention areas 3.1 and 3.3. The target for 2015 will not be achieved and there is a risk of a loss of allocation in the amount of EUR 27.98 million. Factors contributing to the non-fulfilment of n+2 rule at beneficiaries are stated in Chapter 3.3.4 Problems and measures taken.

The responsibility for Intervention area 3.2 is borne by **the Ministry of Health**. In this intervention area the fulfilment of the target absorption can be anticipated.

1. Fulfilment of n+2 rule (in EUR) by ministry



*Source of data: MSC as of 16 Apr 2015*

*Source of funding: EU share*

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

The table below illustrates the anticipated development in submission of applications for payment in the period from April 2015 to the end of 2015. The forecasts made based on the timetable of projects in IS Monit7+ are supplemented by the IOP MA and IB data obtained from beneficiaries that were not entered into the IS at the time of data generation. The IOP MA regularly monitors the development in the forecast of submitted and approved APs. The submission of APs is postponed until the end of the programming period. This development is on a regular basis consulted at the meetings of the IOP MA with the IBs. The IOP MA underlines the necessity to ensure smooth administration of APs so that the forecast of submitted and approved APs are accomplished.

1. **Forecast of submitted applications for payment**

| **Priority axes /**  **Intervention area** | **Submitted applications for payment – forecast (EUR)** | | | | |
| --- | --- | --- | --- | --- | --- |
| **April 2015** | **May 2015** | **June 2015** | **Q III 2015** | **Q IV 2015** |
| 1.1a | 1,987,772 | 0 | 4,424,324 | 5,141,629 | 42,470,856 |
| 1.1b | 152,906 | 0 | 340,333 | 395,510 | 3,266,989 |
| **1** | **2,140,677** | **0** | **4,764,657** | **5,537,139** | **45,737,845** |
| 2.1 | 2,292,966 | 0 | 6,346,092 | 16,371,023 | 21,985,173 |
| **2** | **2,292,966** | **0** | **6,346,092** | **16,371,023** | **21,985,173** |
| 3.1 | 831,992 | 0 | 521,641 | 8,412,975 | 5,854,458 |
| 3.2 | 6,870,605 | 0 | 24,954,813 | 38,371,629 | 29,415,224 |
| 3.3 | 158,122 | 0 | 471,592 | 4,706,897 | 6,018,743 |
| 3.4 | 2,417,820 | 0 | 1,042,543 | 30,679,720 | 129,093,521 |
| **3** | **10,278,540** | **0** | **26,990,589** | **82,171,220** | **170,381,947** |
| 4.1a | 192,490 | 0 | 1,566,507 | 9,844,579 | 2,161,078 |
| **4a** | **192,490** | **0** | **1,566,507** | **9,844,579** | **2,161,078** |
| 4.1b | 14,807 | 0 | 120,501 | 757,266 | 166,237 |
| **4b** | **14,807** | **0** | **120,501** | **757,266** | **166,237** |
| 5.1 | 13,273,915 | 74,276 | 4,171,790 | 18,201,094 | 6,001,820 |
| 5.2 | 724,239 | 0 | 11,314,116 | 15,998,872 | 13,818,448 |
| 5.3 | 0 | 0 | 0 | 0 | 0 |
| **5** | **13,998,154** | **74,276** | **15,485,906** | **34,199,966** | **19,820,268** |
| 6.1a | 486,184 | 0 | 876,093 | 1,780,577 | 1,941,511 |
| 6.2a | 0 | 0 | 121,132 | 435,858 | 134,789 |
| **6a** | **486,184** | **0** | **997,224** | **2,216,435** | **2,076,300** |
| 6.1b | 8,939 | 0 | 16,109 | 32,739 | 35,698 |
| 6.2b | 0 | 0 | 2,227 | 8,014 | 2,478 |
| **6b** | **8,939** | **0** | **18,336** | **40,753** | **38,177** |
| **Convergence** | **29,236,106** | **74,276** | **55,810,643** | **149,944,851** | **258,895,621** |
| **RCE** | **176,652** | **0** | **479,169** | **1,193,529** | **3,471,402** |
| **IOP** | **29,412,758** | **74,276** | **56,289,812** | **151,138,380** | **262,367,024** |

*Source: Source: Forecast for the NCA of 10 Feb 2015*

*Source of funding: EU share*

The following table illustrates the forecasts of approved applications for payment. Included in the forecasts are also the IOP MA and IB data obtained from beneficiaries that were not entered into the IS at the time of data generation.

The largest volume of applications for payment is expected to be submitted in the third quarter of 2015. According to the forecasts, the amount of EUR 127.46 million should be approved. The largest volumes of funds should be approved in Intervention areas 3.2 (EUR 35.72 million) and 5.1 (EUR 21.24 million).

1. **Forecast of submitted applications for payment**

| **Priority axes /**  **Intervention area** | **Approved applications for payment – forecast (EUR)** | | | | |
| --- | --- | --- | --- | --- | --- |
| **April 2015** | **May 2015** | **June 2015** | **IQ III 2015** | **Q IV 2015** |
| 1.1a | 155,602 | 320,870 | 1,581,476 | 6,382,262 | 2,909,634 |
| 1.1b | 11,969 | 24,682 | 121,652 | 490,943 | 223,818 |
| **1** | **167,572** | **345,552** | **1,703,128** | **6,873,206** | **3,133,452** |
| 2.1 | 398,798 | 451,273 | 1,944,292 | 16,095,543 | 8,728,362 |
| **2** | **398,798** | **451,273** | **1,944,292** | **16,095,543** | **8,728,362** |
| 3.1 | 1,759,911 | 2,136,845 | 698,205 | 7,184,856 | 997,884 |
| 3.2 | 0 | 2,480,052 | 6,312,740 | 35,724,450 | 22,152,266 |
| 3.3 | 0 | 0 | 135,916 | 4,451,221 | 0 |
| 3.4 | 0 | 15,012 | 1,972,736 | 16,646,727 | 31,942,011 |
| **3** | **1,759,911** | **4,631,909** | **9,119,597** | **64,007,255** | **55,092,162** |
| 4.1a | 0 | 67,655 | 144,509 | 4,166,039 | 5,255,868 |
| **4a** | **0** | **67,655** | **144,509** | **4,166,039** | **5,255,868** |
| 4.1b | 0 | 5,204 | 11,116 | 320,465 | 404,291 |
| **4b** | **0** | **5,204** | **11,116** | **320,465** | **404,291** |
| 5.1 | 298,401 | 253,043 | 13,482,271 | 21,235,543 | 1,779,793 |
| 5.2 | 581,946 | 609,215 | 549,151 | 12,316,114 | 12,460,173 |
| 5.3 | 0 | 0 | 0 | 0 | 0 |
| **5** | **880,347** | **862,259** | **14,031,422** | **33,551,658** | **14,239,966** |
| 6.1a | 0 | 6,085 | 459,486 | 1,915,543 | 1,037,700 |
| 6.2a | 0 | 0 | 0 | 487,704 | 12,051 |
| **6a** | **0** | **6,085** | **459,486** | **2,403,247** | **1,049,750** |
| 6.1b | 0 | 112 | 8,448 | 35,221 | 19,080 |
| 6.2b | 0 | 0 | 0 | 8,967 | 222 |
| **6b** | **0** | **112** | **8,448** | **44,188** | **19,302** |
| **Convergence** | **3,194,659** | **6,340,050** | **27,280,782** | **126,606,003** | **87,275,742** |
| **RCE** | **11,969** | **29,999** | **141,217** | **855,596** | **647,410** |
| **IOP** | **3,206,628** | **6,370,049** | **27,421,998** | **127,461,599** | **87,923,153** |

*Source: Source: Forecast for the NCA of 10 Feb 2015*

*Source of funding: EU share*

**2.7.2. Submitted and approved applications for payment – forecast and comparison with the actual values**

**In Intervention area 1.1**, the difference between the anticipated volumes and the volume of actually submitted applications for payment (just like the difference between the forecast volume of approved applications for payment and the actually submitted applications for payment) is caused mainly by delays in implementation on the part of beneficiaries, who do not observe the set timetable, extend or merge the stages, make changes in project management. The most frequent reason of delays in project implementation are tenders (administration intensive preparation of the public procurement and its publishing, appeals lodged by unsuccessful bidders and reviews of procedures by the OPC, troublesome communication with contractors and lengthy acceptance procedure of the delivery).

The MoI IB has taken numerous actions in order to eliminate the risks above to the highest extent. The beneficiaries send each month the status reports with up-to-date information on the status   
of implementation of their projects. These documents become the supporting documents for monthly meetings of working teams attended by the responsible persons from the MoI IB and the beneficiary.

In order to improve the fulfilment of forecasts and to increase the absorption the MoI IB cuts short the deadlines for submission of the MRs and APs and their administration. The beneficiaries are offered consultations on submitted MRs and APs, often times the draft MRs, APs and related documents are checked which once the final versions are submitted substantially speeds up the process of their approval.

**Intervention area 2.1**

The forecasts were fulfilled to the level of 50% and the IOP MA adopted a batch of actions for 2015   
to maximise the absorption. The CRD intensively consults the project implementation with beneficiaries. The main reason behind the non-fulfilment of forecasts are savings achieved in completed public contracts where up to 30 % savings in IT occur as against the original expectations. The CRD improved the efficiency of administration and managed to administer majority of APs that were expected to be approved in November and December in the first half of November so that they could be included in the last summary application for payment and certification in 2014.

**In Intervention area 3.1,** the expected volume of submitted applications for payment was not reached. The forecast was fulfilled to the level of 60 %. The bottlenecks are frequent changes   
in projects, especially the postponement of the data of completion of project implementation, extension of project stages and withdrawal from implementation. In this intervention area, contrary to the forecasts, the volume of actually approved APs has been fulfilled, namely to the level of 117%.   
It is the result of more efficient administration of applications for payment and effective cooperation with individual aid beneficiaries.

**In Intervention area** **3.2,** the volume of approved applications for payment considerably exceeded the plan. In the monitored period, the submitted applications for payment exceeded the plan by 122 %, i.e. by more than EUR 4 million. In the monitored period applications for payment in the total amount   
of EUR 22 029 877 were approved as against the plan of EUR 17 991 676 (the highest absorption   
of funds took place in November and December 2014).

The growing rate of absorption was achieved through internal restructuring and measures taken   
to increase the efficiency of absorption applicable starting from the beginning of 2014 (intensified communication and pressure on beneficiaries to speed up all project activities, pressing for the shortest possible delivery date, division of projects into stages, shifts in stages, conduct of preliminary checks of physical and financial parts of the project).

**In Intervention area 3.3,** no application for payment was submitted in the monitored period. The reason was the postponement of project implementation. As concerns the volume of approved APs, the predicted volume was not achieved in the monitored period. The main reason of the failure to fulfil the forecasts was postponements of individual stages, or the date of completion of project implementation, or withdrawal of projects from implementation.

**In Intervention area 3.4,** the forecasts were significantly exceeded both in terms of the submitted and approved APs. It was achieved mainly by postponing the completion of projects from the previous period and thus by reducing the deficit in the absorption of funds, a positive effect was also brought about by crisis measures adopted by the IOP MA.

**In Intervention area 4.1**, the forecasts of submitted APs were fulfilled to the level of 81 %, in case of approved APs it was to the level of 87 %. The lower fulfilment of forecasts is caused by wrongly set budgets, or savings in projects, non-compliance with the timetables of projects – postponements in deadlines and financial amounts, delays in the implementation of tenders, inappropriately set project activities and fairly frequent changes in project staffing. For 2015 the IOP MA has adopted a batch of measures to maximise the absorption. The CRD continues to intensively communicate with beneficiaries, consults the matters of project implementation, submission of MRs and APs.

The comparisons of forecasts and actually submitted APs **in Intervention area 5.1** show the fulfilment of 88 %, which is a marked shift as against the previous period when it was below 60 %. The increase mirrors the gradual completion of implementation of construction parts of projects and deliveries of exhibitions in the last stages. The rate of fulfilment of forecasts of approved APs rose to 92.4 %.

**In Intervention area 5.2,** the forecasts of submitted APs were fulfilled only to the degree of 77 %.   
It was caused by frequent changes in projects, postponements in the date of completion of project implementation and extension of stages in particular. However, the IOP MA anticipates the fulfilment of forecasts with respect to the APs in this intervention area in the future. Owing to the postponement of timetable in some projects, only some of the APs will be postponed to December 2015. No significant volume that would have an effect on the administration of APs is expected.

**In Intervention area 5.3,** the allocation has already been absorbed. Therefore no applications for payment were submitted in the monitored period.

1. Rate of fulfilment of forecasts of submitted APs for payment by intervention area

*Source of the actual values: IS Monit7+ as of 16 April 2015*

*Source: Forecasts for the NCA as of 4 Jul 2014 (October - December 2014), as of 10 Feb 2015 (January - March 2015)*

*Source of funding: EU share*

*Currency: EUR*

1. Rate of fulfilment of forecasts of approved APs for payment by intervention area

*Source of the actual values: IS Monit7+ as of 16 April 2015*

*Source: Forecasts for the NCA as of 4 Jul 2014 (October - December 2014), as of 10 Feb 2015 (January - March 2015)*

*Source of funding: EU share*

*Currency: EUR*

1. **Comparison of the forecast and the actual value of submitted applications for payment by intervention area**

| **Priority axes /**  **Intervention area** | **Submitted applications for payment – forecast and actual (in EUR) EU source** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **October 2014** | **November 2014** | **December 2014** | **January 2015** | **February 2015** | **March 2015** | **SUM TOTAL** | **Difference between the actual and the forecast** | **Rate of fulfilment of the forecast** |
| 1.1a | 3,141,682 | 17,873,254 | 341,370 | 1,230,883 | 190,563 | 392,962 | 23,170,715 | **-10,060,099** | **57%** |
| **Actual** | **8,456,632** | **3,343,013** | **80,086** | **1,230,884** | **0** | **0** | **13,110,616** |
| 1.1b | 241,668 | 1,374,866 | 26,259 | 94,683 | 14,659 | 30,228 | 1,782,363 | **-773,854** | **57%** |
| **Actual** | **650,510** | **257,155** | **6,160** | **94,683** | **0** | **0** | **1,008,509** |
| 2.1 | 3,259,130 | 1,755,782 | 2,121,854 | 2,186,183 | 546,211 | 462,696 | 10,331,856 | **-3,751,841** | **64%** |
| **Actual** | **1,638,398** | **1,205,523** | **750,871** | **2,186,183** | **200,487** | **598,553** | **6,580,015** |
| 3.1 | 71,119 | 164,390 | 1,041,870 | 383,500 | 2,582,900 | 2,136,845 | 6,380,624 | **-2,544,118** | **60%** |
| **Actual** | 58,118 | 555,522 | 178,607 | 460,211 | 1,420,497 | 1,163,552 | 3,836,506 |
| 3.2 | 7,359,174 | 0 | 13,156,375 | 113,537 | 329,501 | 2,480,052 | 23,438,638 | **354,265** | **102%** |
| **Actual** | 9,862,480 | 9,201,260 | 2,675,394 | 113,537 | 281,780 | 1,658,452 | 23,792,903 |
| 3.3 | 0 | 0 | 767,526 | 0 | 0 | 0 | 767,526 | **-767,526** | **0%** |
| **Actual** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| 3.4 | 12,394,749 | 5,205,110 | 552,604 | 852,230 | 0 | 15,515 | 19,020,209 | **2,403,680** | **113%** |
| **Actual** | 10,520,387 | 10,044,346 | 0 | 852,230 | 0 | 6,926 | 21,423,889 |
| **3** | **19,825,043** | **5,369,500** | **15,518,375** | **1,349,267** | **2,912,401** | **4,632,411** | **49,606,997** | **-553,699** | **99%** |
| **Actual** | 20,440,985 | 19,801,129 | 2,854,001 | 1,425,977 | 1,702,277 | 2,828,929 | 49,053,298 |
| **4.1a** | 0 | 0 | 934,496 | 3,534,729 | 0 | 67,762 | 4,536,987 | **-850,772** | **81%** |
| **Actual** | **0** | **565,043** | **173,156** | **2,948,016** | **0** | **0** | **3,686,215** |
| **4.1b** | 0 | 0 | 71,884 | 271,902 | 0 | 5,213 | 348,999 | **-65,444** | **81%** |
| **Actual** | **0** | **43,465** | **13,320** | **226,770** | **0** | **0** | **283,555** |
| 5.1 | 18,344,173 | 31,084 | 164,344 | 12,594,833 | 349,762 | 296,597 | 31,780,793 | **-3,845,953** | **88%** |
| **Actual** | 16,129,601 | 404,492 | 0 | 11,097,779 | 302,969 | 0 | 27,934,841 |
| 5.2 | 5,668,117 | 97,631 | 4,954,055 | 3,911,657 | 581,946 | 551,961 | 15,765,368 | **-3,605,627** | **77%** |
| **Actual** | 2,373,847 | 1,983,046 | 2,424,329 | 3,911,657 | 623,399 | 843,462 | 12,159,741 |
| 5.3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | **-** |
| **Actual** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **5** | **24,012,291** | **128,715** | **5,118,399** | **16,506,490** | **931,708** | **848,558** | **47,546,161** | **-7,451,579** | **84%** |
| **Actual** | **18,503,448** | **2,387,538** | **2,424,329** | **15,009,437** | **926,368** | **843,462** | **40,094,582** |
| 6.1a | 513,415 | 0 | 76,864 | 1,270,549 | 57,425 | 6,085 | 1,924,339 | **-61,217** | **97%** |
| **Actual** | 575,672 | 10,462 | 0 | 1,270,549 | 0 | 6,439 | 1,863,122 |
| 6.2a | 0 | 0 | 0 | 94,953 | 3,699 | 0 | 98,653 | **-466** | **100%** |
| **Actual** | 3,233 | 0 | 0 | 94,953 | 0 | 0 | 98,186 |
| **6a** | **513,415** | **0** | **76,864** | **1,365,503** | **61,124** | **6,085** | **2,022,991** | **-61,683** | **97%** |
| **Actual** | **578,905** | **10,462** | **0** | **1,365,503** | **0** | **6,439** | **1,961,308** |
| 6.1b | 9,440 | 0 | 1,413 | 23,361 | 1,056 | 112 | 35,383 | **-1,126** | **97%** |
| **Actual** | 10,585 | 192 | 0 | 23,361 | 0 | 118 | 34,257 |
| 6.2b | 0 | 0 | 0 | 1,746 | 68 | 0 | 1,814 | **-9** | **100%** |
| **Actual** | 59 | 0 | 0 | 1,746 | 0 | 0 | 1,805 |
| **6b** | **9,440** | **0** | **1,413** | **25,107** | **1,124** | **112** | **37,196** | **-1,134** | **97%** |
| **Actual** | **10,644** | **192** | **0** | **25,107** | **0** | **118** | **36,062** |
| **Forecast TOTAL** | **51,002,669** | **26,502,116** | **24,210,915** | **26,564,748** | **4,657,791** | **6,446,027** | **139,384,265** | **-23,570,105** | **83%** |
| **Actual TOTAL** | **50,279,523** | **27,613,519** | **6,301,923** | **24,512,561** | **2,829,132** | **4,277,501** | **115,814,160** |

*Source: Source: As of 4 Jul 2014 (October - December 2014), as of 10 Feb 2015 (January - March 2015)*

*Source of the actual values: IS Monit7+ as of 16 April 2015*

1. **Comparison of the forecast and the actual value of submitted applications for payment by ministry**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Ministry** | **IOP** | **Submitted applications for payment – forecast and actual (in EUR) EU source** | | | | | | | | |
| **October 2014** | **November 2014** | **December 2014** | **January 2015** | **February 2015** | **March 2015** | **SUM TOTAL** | **Difference between the actual and the forecast** | **Rate of fulfilment of the forecast** |
| **MoI** | Forecast | 3,383,350 | 19,248,120 | 367,630 | 1,325,567 | 205,222 | 423,190 | 24,953,077 | **-10,833,953** | **56.58%** |
| **Actual** | **9,107,142** | **3,600,168** | **86,247** | **1,325,567** | **0** | **0** | **14,119,125** |
| **MoLSA** | Forecast | 71,119 | 164,390 | 1,809,396 | 383,500 | 2,582,900 | 2,136,845 | 7,148,150 | **-3,311,644** | **53.67%** |
| **Actual** | **58,118** | **555,522** | **178,607** | **460,211** | **1,420,497** | **1,163,552** | **3,836,506** |
| **MoH** | Forecast | 7,359,174 | 0 | 13,156,375 | 113,537 | 329,501 | 2,480,052 | 23,438,638 | **354,265** | **101.51%** |
| **Actual** | **9,862,480** | **9,201,260** | **2,675,394** | **113,537** | **281,780** | **1,658,452** | **23,792,903** |
| **MoRD** | Forecast | 40,189,025 | 7,089,607 | 8,877,515 | 24,742,145 | 1,540,168 | 1,405,940 | 83,844,400 | **-9,778,773** | **88.34%** |
| **Actual** | **31,251,782** | **14,256,569** | **3,361,675** | **22,613,247** | **1,126,855** | **1,455,498** | **74,065,626** |

*Source: Source: As of 4 Jul 2014 (October - December 2014), as of 10 Feb 2015 (January - March 2015)*

*Source of the actual values: IS Monit7+ as of 16 April 2015*

1. **Comparison of the forecast and the actual value of approved applications for payment by intervention area**

| **Priority axes /**  **Intervention area** | **Approved applications for payment – forecast and actual (in EUR) SF source** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **October 2014** | **November 2014** | **December 2014** | **January 2015** | **February 2015** | **March 2015** | **SUM TOTAL** | **Difference between the actual and the forecast** | **Rate of fulfilment of the forecast** |
| 1.1a | 8,715,514 | 21,014,936 | 0 | 0 | 57,838 | 854,443 | 30,642,731 | **-8,893,780** | **71%** |
| **Actual** | 7,152,326 | 13,576,174 | 0 | 0 | 80,086 | 940,365 | 21,748,951 |
| 1.1b | 670,424 | 1,616,534 | 0 | 0 | 4,449 | 65,726 | 2,357,133 | **-684,137** | **71%** |
| **Actual** | 550,179 | 1,044,321 | 0 | 0 | 6,160 | 72,336 | 1,672,996 |
| **2.1** | **5,868,151** | **4,223,887** | **3,259,130** | **182,104** | **1,432,493** | **2,491,335** | **17,457,099** | **-8,800,972** | **50%** |
| **Actual** | 3,205,050 | 2,587,857 | 143,421 | 182,104 | 1,173,962 | 1,363,734 | 8,656,128 |
| 3.1 | 2,332,870 | 3,948,542 | 71,119 | 363 | 150,550 | 1,639,246 | 8,142,691 | **1,389,195** | **117%** |
| **Actual** | 6,760,681 | 1,677,022 | 762,546 | 363 | 150,997 | 180,277 | 9,531,886 |
| 3.2 | 2,749,066 | 5,754,068 | 7,359,174 | 0 | 1,671,661 | 457,708 | 17,991,676 | **4,038,201** | **122%** |
| **Actual** | 3,300,769 | 14,720,038 | 3,452,972 | 0 | 400,374 | 155,725 | 22,029,877 |
| 3.3 | 15,456 | 175,169 | 0 | 0 | 0 | 0 | 190,625 | **-113,052** | **41%** |
| **Actual** | 15,456 | 62,116 | 0 | 0 | 0 | 0 | 77,572 |
| 3.4 | 1,101,107 | 669,328 | 12,394,749 | 365,528 | 259,943 | 748,343 | 15,538,998 | **6,525,477** | **142%** |
| **Actual** | 2,188,911 | 18,628,452 | 0 | 365,528 | 881,583 | 0 | 22,064,474 |
| **3** | **6,198,500** | **10,547,106** | **19,825,043** | **365,891** | **2,082,154** | **2,845,296** | **41,863,991** | **11,839,820** | **128%** |
| **Actual** | 12,265,817 | 35,087,628 | 4,215,517 | 365,891 | 1,432,954 | 336,002 | 53,703,810 |
| 4.1a | **6,433,444** | **2,248,741** | **0** | **170,485** | **0** | **2,454,660** | **11,307,329** | **-1,525,283** | **87%** |
| **Actual** | 5,122,286 | 1,545,191 | 0 | 170,485 | 97,331 | 2,846,754 | 9,782,046 |
| 4.1b | **494,880** | **172,980** | **0** | **13,114** | **0** | **188,800** | **869,775** | **-117,309** | **87%** |
| **Actual** | 394,022 | 118,861 | 0 | 13,114 | 7,487 | 218,981 | 752,466 |
| 5.1 | 0 | 5,815,377 | 18,344,173 | 0 | 0 | 10,150,054 | 34,309,604 | **-2,609,101** | **92%** |
| **Actual** | 6,989,416 | 12,160,110 | 1,682,675 | 0 | 3,908,521 | 6,959,781 | 31,700,503 |
| 5.2 | 2,617,547 | 3,958,633 | 4,723,934 | 1,158,214 | 1,717,022 | 3,736,094 | 17,911,444 | **-3,195,127** | **82%** |
| **Actual** | 4,068,569 | 3,068,506 | 811,719 | 1,158,214 | 4,368,076 | 1,241,233 | 14,716,317 |
| 5.3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **7,637** | **-** |
| **Actual** | 7,637 | 0 | 0 | 0 | 0 | 0 | 7,637 |
| **5** | **2,617,547** | **9,774,010** | **23,068,107** | **1,158,214** | **1,717,022** | **13,886,149** | **52,221,048** | **-5,796,591** | **89%** |
| **Actual** | 11,065,622 | 15,228,616 | 2,494,394 | 1,158,214 | 8,276,598 | 8,201,014 | 46,424,457 |
| 6.1a | 33,820 | 1,026,821 | 513,415 | 0 | 0 | 1,489,665 | 3,063,721 | **-1,589,583** | **48%** |
| **Actual** | 0 | 887,699 | 10,462 | 0 | 27,996 | 547,982 | 1,474,138 |
| 6.2a | 30,183 | 55,857 | 0 | 0 | 0 | 463,351 | 549,392 | **-206,145** | **62%** |
| **Actual** | 36,160 | 29,802 | 156,010 | 0 | 0 | 121,274 | 343,246 |
| **6a** | **64,003** | **1,082,679** | **513,415** | **0** | **0** | **1,953,016** | **3,613,113** | **-1,795,728** | **50%** |
| **Actual** | 36,160 | 917,501 | 166,472 | 0 | 27,996 | 669,256 | 1,817,384 |
| 6.1b | 622 | 18,880 | 9,440 | 0 | 0 | 27,390 | 56,332 | **-29,227** | **48%** |
| **Actual** | 0 | 16,322 | 192 | 0 | 515 | 10,076 | 27,105 |
| 6.2b | 555 | 1,027 | 0 | 0 | 0 | 8,520 | 10,102 | **-3,790** | **62%** |
| **Actual** | 665 | 548 | 2,869 | 0 | 0 | 2,230 | 6,311 |
| **6b** | 1,177 | 19,907 | 9,440 | 0 | 0 | 35,910 | 66,434 | **-33,018** | **50%** |
| **Actual** | 665 | 16,870 | 3,061 | 0 | 515 | 12,306 | 33,416 |
| **Forecast TOTAL** | **31,063,640** | **50,700,780** | **46,675,136** | **1,889,808** | **5,293,956** | **24,775,335** | **160,398,654** | **-15,806,999** | **90%** |
| **Actual TOTAL** | **39,792,127** | **70,123,019** | **7,022,865** | **1,889,808** | **11,103,089** | **14,660,747** | **144,591,655** |

*Source: Forecasts a of 4 Jul 2014 (October - December 2014), as of 10 Feb 2015 (January - March 2015)*

*Source of the actual values: IS Monit7+ as of 16 April 2015*

1. **Comparison of the forecast and the actual value of approved applications for payment by ministry**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Ministry** | **IOP** | **Approved applications for payment – forecast and actual (in EUR) SF source** | | | | | | | | |
| **October 2014** | **November 2014** | **December 2014** | **January 2015** | **February 2015** | **March 2015** | **SUM TOTAL** | **Difference between the actual and the forecast** | **Rate of fulfilment of the forecast** |
| **MoI** | Forecast | 9,385,938 | 22,631,470 | 0 | 0 | 62,287 | 920,169 | 982,457 | **116,490** | **111.86%** |
| **Actual** | **7,702,505** | **14,620,495** | **0** | **0** | **86,247** | **1,012,700** | **1,098,947** |
| **MoLSA** | Forecast | 2,348,326 | 4,123,710 | 71,119 | 363 | 150,550 | 1,639,246 | 1,790,160 | **-1,458,522** | **18.53%** |
| **Actual** | **6,776,137** | **1,739,138** | **762,546** | **363** | **150,997** | **180,277** | **331,638** |
| **MoH** | Forecast | 2,749,066 | 5,754,068 | 7,359,174 | 0 | 1,671,661 | 457,708 | 2,129,368 | **-1,573,270** | **26.12%** |
| **Actual** | **3,300,769** | **14,720,038** | **3,452,972** | **0** | **400,374** | **155,725** | **556,099** |
| **MoRD** | Forecast | 16,580,309 | 18,191,531 | 39,244,842 | 1,889,445 | 3,409,458 | 21,758,211 | 27,057,114 | **-1,390,153** | **94.86%** |
| **Actual** | **22,012,715** | **39,043,348** | **2,807,348** | **1,889,445** | **10,465,471** | **13,312,044** | **25,666,960** |

*Source: Forecasts a of 4 Jul 2014 (October - December 2014), as of 10 Feb 2015 (January - March 2015)*

*Source of the actual values: IS Monit7+ as of 16 April 2015*

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

The IOP MA coordinates the management of risks faced in IOP implementation. A summary report on IOP risk management is handed over to the NCA following the approval of the Catalogue of IOP Risks. It continuously monitors the measures adopted to eliminate the risks, and their efficiency.

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 already implemented to eliminate the risk and risk development** | **Proposed measures to eliminate the risks in the future** |
| --- | --- | --- | --- |
| **Non-adherence to the Agreements on delegating activities to the IBs and Binding procedures pursuant to the IOP OM and IB manuals. Failure to observe the deadlines set in guidance documents** | The non-compliance with the stipulated MA procedures can have serious implications for programme implementation. It can result in improper decisions, disputes and complaints. The failure to meet the set procedures compromises the planning of follow-up activities and complicates financial management of the programme. It results in errors made in the programme and in the failure to fulfil the forecasts. It can lead to additional costs at beneficiaries. | In 2014, 60 controls were commenced and 49 controls were completed, of which 25 without a finding and 24 with a finding. In 2015, 32 controls were commenced and 8 controls were completed. | To verify the observance  of Agreements and conduct of delegated activities  of IBs, to impose remedial actions and to monitor their fulfilment.  To that end to carry out at least 4 checks of delegated activities at each IB in line with the focus stated in the Annual plan of controls  of IOP MA. To use outsourcing in the field  of controls of physical aspects of project implementation based on the contract with Cautor company. |
| In the field of controls the external assistance is regularly exploited. | To use expert assistance  in the field of controls  of physical aspects  of project implementation and the performance  of checks of delegated activities. |
| Monthly Monitoring Reports of IBs are exploited mainly  as a source document for discussions with IBs. | To consistently use the Monthly Monitoring Reports of IBs for evaluation of adherence  to procedures in guidance management. |
| **Insufficient audit trail** | Incomplete procedures for retaining information and documentation, absence of or non-adherence to the binding procedures of archiving documents and audit trail, a failure to enter the data in information systems. Insufficient evidence of handing over the agenda between the officers and also between the implementation bodies.  E-mail correspondence inappropriately archived. A risk of the loss of important documents. | Adherence to archiving procedures and provision of audit trail is checked as a part of the checks of delegated activities. | To verify the adherence  of procedures of archiving and provision of audit trail as a part of on-the-spot checks of delegated activities in proportion  to the subject of the check. To obligatorily include the check of completeness, accuracy and timeliness  of data entered into IS Monit7 in the checks  of delegated activities. |
| **Lack of submitted quality projects** | The failure to fully absorb is one of the main risks faced by the programme, which may be the consequence of multiple other risks:  - delays in publishing of calls,  - delays in project implementation (postponing the stages and completion of projects),  - problematic management of risky and sleeping projects,  - insufficient administrative capacity,  - errors in project implementation,  - deficiencies in project management and non-compliance with the timetable,  - a risk ensuing from the CZK/EUR exchange rate fluctuations (incorrect forecast of absorption capacity),  - irregularities,  - errors in project administration,  - ineligible expenditure,  - a loss of allocation due to non-fulfilment of N+2 rule. | In the dossier required by the “Crisis Action Plan“, the identification of sleeping projects is regularly updated and steps for their further development or termination of their implementation are stipulated. The information is regularly submitted to the MoRD top management, always as at the 15th day of the following month. | To determine further steps in order to accelerate the project implementation or its withdrawal so as to enable the use of released allocation. |
| Monitoring and evaluation of absorption capacity is under way. | To continue to implement the measures. To set priorities for administration. |
| Absorption forecasts and their fulfilment are regularly monitored. | To continuously (monthly) monitor and evaluate the absorption forecasts and their fulfilment. |
| Measures to eliminate the loss of allocation have been prepared, monitored and evaluated and in January 2015 submitted to the Government in line with the Government Resolution No 646/2014 through the updated “Strategy of Full Absorption of the IOP“. It reflects the resulting absorption of assistance in 2014, with focus on maximum absorption of the programme in 2015, or 2016 and the IOP MA and IOP IB staffing capacity in 2015, or 2016. | To continue to evaluate and implement measures, including the use of tools for the achievement of full absorption of the programme. |
| **Failure to fulfil the IOP monitoring indicators** | – A failure to achieve the target values of monitoring indicators may result in financial corrections.  – A failure to achieve the indicative targets measured by result indicators may lead to problems in programme closure. | The monitoring is carried out in the framework of updating the "Strategy of Full Absorption of the IOP" which is by the Minister of Regional Development submitted to Government members for information following each calendar quarter. | To use the current version of the document called “Analysis of Full Absorption of the IOP“  for publishing the calls, releasing the projects from project pipeline and other measures. |
| *Three most significant prevailing risks related to programme implementation as defined in the updated Strategy of Full Absorption of the IOP as of January 2015*  **Implementation of sleeping and high-risk projects will not be completed by the end of 2015** | If projects fail to observe the crisis timetables of implementation, where many times there is no time available to e.g. repeat a public procurement, their implementation will not be completed by the end of 2015. Project objectives will not be accomplished, the planned allocation will not be absorbed, the reimbursed funds would have to be returned and the loss of allocation as at the end of the programming period would increase even more. | It is essential to work consistently with these types of projects and to introduce measures leading to timely completion of project implementation.  Looking into the possibility to finance unfinished projects from the beneficiary´s sources in the Czech Republic. | To continue with reinforced supervision of sleeping and high-risk projects and to take measures leading to timely completion of projects.  To regularly inform the Government.  IOP MA will prepare another update of sleeping and high-risk projects by the end of April 2015. |
| **Ensuring capacities at the IOP IBs to complete the implementation of projects and to wind up the programme** | Financial resources to finance the administrative capacities at the Intermediate Bodies at ministries (MoI CR, MoH, MoLSA) are ensured until November 2015 from the IOP TA. Nevertheless, the activities of IBs have to be performed at least until mid-2016. | IOP MA in cooperation with IOP IBs has prepared an analysis of administrative capacity at IOP IBs until mid-2016 and has quantified the necessary capacity at individual IOP IBs with a view to supporting the negotiations on the budget for 2016 at these ministries in order to have the necessary wage costs budgeted. | IOP MA has compiled information on necessary requirements for due completion of the IOP for the Government meeting. The document is now under the interministerial comment procedure. |
| **Involvement of Czech Post's registered branch ICT services (ČP OZ ICT)** | ČP OZ ICT has no experience with the conduct of public procurement in the role of a contracting authority. That is why considerable delays in the timetable of public procurement and projects occur. This problem affects, directly or indirectly, 47 projects in the total amount of CZK 3 billion. | In the project called "National Information System of the Integrated Rescue System" the hybrid scenario of implementation has been opted for, which enables to minimize the financial loss while fulfilling the project objectives.  A meeting took place between the Deputy Ministers of Regional Development and Interior to address the situation in projects. | To implement the measures aimed at maximizing the absorption in 2015, proposed by the IOP MA and IOP IBs in the updated Strategy of Full Absorption of the IOP. |
| **Ineffective check of economy and efficiency of expenditure** | Insufficient legislation and non-existence or unclear way of checking the effectiveness, efficiency and economy of expenditure. Difficult setting of usual prices for the assessment of economy in projects.  Insufficient exploitation of information from the application for support and progress of implementation for the 3E evaluation. | Information from final reports from evaluations, controls and audits is used to verify the effectiveness, efficiency and economy or to set procedures and methods for their monitoring. | The 3E evaluation primarily focuses on the stage of appraisal of project applications. The wording  of chapter A.1.3.4 of the IOP OM is applied. Evaluation is carried out particularly before the contracts are concluded. |
| Outsourcing of experts is used for the evaluation and proposals with respect to 3E. | Information from 3E evaluation is used for the revision of procedures for controls of public procurement and eligibility of expenditure with respect to effectiveness, efficiency and economy. |
| **Violation of rules governing the award of public contracts** | 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.  No control of all the contracts is done prior to the award of the public contract, errors and irregularities impacting the absorption and error rate of the programme are not detected in time. According to the findings of the system audit 2013, the prevailing part of errors is identified in tender documents (discriminatory criteria, measurability of criteria for the award of the contract) and in erroneous evaluation procedures. | Apart from checks of delegated activities in public procurement, the IOP MA performs also the checks of projects, during which correctness of the procedure pursued by the IB during the evaluation of the public procurement is verified. | Measures to decrease the risk shall focus primarily on the stage of preparation and approval of tender documents.  Checks of delegated activities at all IBs shall concentrate on procedures pursued during the controls of public procurement and on their observance. |
| In accordance with Government Resolution No 144 of 5 Mar 2014, the IOP MA provides quarterly updates of information to the Deputy Minister of Regional Development. | To continue to implement the measures. |
| A database of public procurement related decisions of the OPC was updated as of 27 Mar 2015 and it is used in public procurement controls or in the provision of consultations to applicants and beneficiaries. | To use the updated database. |
| To include the topic of the current wording of the Public Procurement Act and its amendment in the system of IOP education. Sharing the examples of best practice, activities of the Working Group for public contracts. | To continue to implement the measures.  In 2014, during 80 training courses a total of 398 persons were trained, of whom 61 persons during 12 training courses on public procurement and 62 persons during 12 training courses on controls. |
| **A failure to absorb the allocation for JESSICA FI** | Implementation of JESSICA FI is preconditioned by a transfer of allocation to the users' accounts before the end of 2015. There is an imminent risk of a failure to provide loans covering the full amount of allocation in time. | The IOP MA has mapped the absorption capacity and identified a low interest in future implementation of JESSICA FI in IUDP zones. This result was communicated to the MoRD-NCA as a part of the fulfilment of the crisis plan at intervals determined by the Government Resolution and a proposal for steps to be taken, including their timetable. | The need to implement another round of JESSICA FI only in the existing IUDP zones with no more absorption capacity. Because of what was said above, this measure will not be applied. |
| **Non-approval of major projects by the EC in 2014** | Following the changes in the PD – reconsideration and reallocation of funds in priority axes, the failure to implement the major projects would result in a loss of allocation. | Following the meeting with the EC, the 2nd project (of the GD of the Fire Rescue Service) was approved. In September and October, calls were published for the Police Presidium only for some activities included in its major project. | To monitor the progress in implementation of the GD FRS major project. The IOP MA will forward the minutes of the meetings to the MoRD-NCA as a part of reporting the fulfilment of the crisis plan in accordance with the Government Resolution.    The major project of the Police Presidium was withdrawn by the applicant. The activities of the Police Presidium project are implemented under other projects outside the major projects. |
| **Failure to administer a large volume of submitted applications for payment in 2015 and 2016** | In order to achieve smooth absorption of funds it is necessary to ensure seamless administration, namely not only of reimbursed funds, but also of funds included in summary applications, subsequently to ensure the certification and sending of the applications for payment to the EC. It is vital in the course of 2015 and at the beginning of 2016 to arrange for a suitable distribution of expenditure in summary applications submitted to the MoF-PCA. It is a must to ensure timely and reciprocal information sharing between the Managing Authorities and system administrators, and to set the appropriate timetables for data transmission. Where appropriate, it is recommended to tap the possibility of extraordinary certifications. | The IOP MA shall send the MoRD-NCA the information on the fulfilment of forecasts, including the justification of potential non-fulfilment, namely before the 15th day of each month. | By 31 Dec 2015, the IOP MA shall have elaborated  a plan of certifications until the end of the programming period that will subsequently be approved by the MoF-PCA and the MSAD.  According to the Timetable of closure of the 2007–2013 programming period the last summary application is scheduled for 30 Apr 2016. The last certification should take place in Summer 2016. |

## 2.9 Foreseen Timetable of the Announcement of Calls

No calls are planned for the following months.

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](http://www.strukturalni-fondy.cz/cs/Jak-na-projekt/Prehled-otevrenych-vyzev-%E2%80%93-archiv) (overview of open calls).

## 2.10 Overview of Approved Projects

The list of supported projects and beneficiaries is monthly updated by the MA and published on the website <http://www.strukturalni-fondy.cz/cs/Microsites/Integrovany-OP/Zadatele-a-prijemci/Seznam-podporenych-projektu>

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 of the CR, which also facilitates the search for individual projects based on various parameters.

In accordance with amendment to Act No 218/2000 Coll. on Budgetary Rules, the providers   
of support shall transmit the data on project applications submitted after 1 Aug 2012 to the publicly accessible DOTINFO information system ([www.dotinfo.cz](http://www.dotinfo.cz/)). Here, the MA and IB keep the required data.

**Information on rejected projects[[2]](#footnote-3)**

Chart No 6 gives the number and share of rejected projects by stage of administration.

1. Share of rejected projects by status

*Source: IS Monit7+ as of 16 Apr 2015*

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

1. Rejected projects by intervention area

*Source: IS Monit7+ as of 16 Apr 2015*

In the monitored period a total of 17 projects were rejected in **Intervention area 1.1**. Of this number, 16 projects were from call No 17, of which in 15 projects the administration was suspended for the reason of already absorbed allocation for the call, and 1 project was not recommended for financing by the Selection Committee on account of low average score of the project. The last project from call No 16 was for a long time registered as a high-risk and sleeping project. The beneficiary decided to withdraw from implementation for not being capable to implement the key project activities by the required deadline.

**In Intervention area 2.1**, 90 of 93 projects in negative status are projects from the 22nd call that exceed the allocation for the call and therefore have been transferred to the newly created N1.3 status. If funds are made available, the administration of these projects will be relaunched. In the monitored period, 3 projects were withdrawn, primarily owing to the lengthy implementation of public procurement and the risk of non-completion of the project by the deadline.

**In Intervention area 3.1**, cumulatively 344 projects of the total number of 474 submitted project applications were rejected, which represents 72.57 % of the total number of submitted applications. One of the reasons for rejection of applications was the failure to meet the project evaluation requirements, where 40 % of the total number of submitted applications were rejected. The failure to meet the project evaluation requirements was the main reason for rejection of project applications mainly in activity 3.1 c), which shows the highest number of rejected projects.

Despite the remedial actions in the form of intensive one-to-one consultations with beneficiaries taken by the MoLSA in 2013 and 2014, these activities had no significant effect on reducing the number of rejected applications.

Another most frequent reason for rejecting the application is the withdrawal of project by the applicant, which constitutes 13.7 % of all rejected applications, and the failure to complete the project, which represents 3.59 % of rejections. In the monitored period, the number of applications rejected for this reason went up by approximately 1%, the applicants withdrew 4 project applications.

As compared to the previous monitored period, the number of rejected projects in N5 and N7 status grew by 10. The projects were withdrawn mainly because of repeated tenders, which made it impossible to implement the project by the set deadline. Another reason behind the project withdrawal in activity 3.1 c) was the beneficiary's insolvency.

**In Intervention area 3.2**, a total of 268 project applications were submitted. Throughout the evaluation process of all calls and the whole programming period, altogether 4 projects were rejected on the grounds of not meeting the formal requisites (2 projects) or non-compliance with eligibility criteria (2 projects), and additional 16 projects were rejected in the course of evaluation process (constituting 5.97 %). 13 projects were not recommended for financing by the Selection Committee, predominantly due to the risks associated with inappropriate project sustainability.

At the end of the programming period the number of rejected projects considerably decreased across the whole evaluation process since the quality of project applications substantially improved. In April 2015, there were 13 cases registered of a withdrawal from implementation by beneficiaries for various reasons. This number will most likely grow at the end of the programming period since there will be more projects the implementation of which will not be completed within the original timetable e.g. due to problems related to tenders or long periods of delivery.

At present, the share of rejected projects is 18.66 %.

In the monitored period, the MoH administered the 19th call to support the provision of equipment to comprehensive oncology centres. This call was published beyond the scope of allocation to IA 3.2 in the regime of the so called 10 % flexibility for approximately CZK 2 billion. Projects under this call are launched in April 2015, with the expected date of completion of implementation on 31 Dec 2015.

**In Intervention area 3.3**, 12 project applications of 29 submitted applications have been rejected ever since the calls started to be announced. Of 29 submitted project applications 1 project failed to meet the eligibility criteria, 6 project applications were rejected for not meeting the evaluation requirements, which represents 20.69 % of submitted project applications. These were projects in activity 3.3 c). Three projects were not completed or were withdrawn by the applicants, which represents 10.34 % of the total number of applications. The total percentage of rejected applications in the number of submitted projects is 41.4 %. No project was withdrawn in the monitored period.

**Intervention area 3.4**

No project was rejected during the controls of project applications. The major project of the Police of the CR "Increasing flood preparedness of the Police of the CR to save lives and property“ has been withdrawn from implementation. The beneficiary has prepared a substitute project that will not be implemented as a major project.

**Intervention area 4.1** has throughout the period of programme implementation witnessed a high number of rejected projects. As of 16 Apr 2015, the share of rejected projects was 60.36 %. Intervention area 4.1 suffers from poor quality of submitted applications. The IOP MA together with the CRD tries hard to prevent rejections of applications, namely through intensive communication and consultations with applicants, and publishing of the most frequently asked questions concerning the most challenging areas of project administration. In spite of that 12 project applications, submitted under the 25th call, were rejected in the monitored period. The weakness of these projects was particularly their budgets and their link to activities, inappropriate description of activities and substandard quality of baseline analysis. The projects also did poorly in evaluation of specific eligibility criteria. Bearing in mind the stage of programme implementation, the IOP MA does not plan to publish any new calls for Intervention area 4.1.

The share of rejected projects in **Intervention area 5.1** reached the third highest value across the programme, namely 57.97 %. The most frequently seen was N1.1 status "Project application failed to meet at least one of the eligibility criteria" (23.19 %).

**In Intervention area 5.2,** a total of 9 % of projects were rejected in the monitored period. Given the number of implemented projects, it is an acceptable value. The most frequent reason has been the withdrawal of the applicant on account of lacking the co-financing.

**In Intervention area 5.3,** implementation of all projects has been completed.

## 2.11 Progress in the Implementation of Financial Instruments

Under the Integrated Operational Programme, a pilot testing of JESSICA financial instrument for support of regeneration of residential buildings with the total allocation of CZK 609,869,489 is under way pursuant to Article 44 of Council Regulation (EC) No 1083/2006. A part of the allocation, in dependence on absorption capacity, can be used to build modern social housing. The implementation structure of JESSICA FI in IOP is composed of the IOP MA, the Holding Fund (an independent accounting unit at the State Housing Development Fund, hereinafter referred to as the "HF" ), and the Administrator of the Urban Development Fund (Komerční banka, a.s., the winner of the regular contract award procedure, hereinafter referred to as the UDF administrator").

At the end of the monitored period the IOP MA registers 128 concluded loan agreements in the amount exceeding CZK 460 million. Ever since the launch of receipt of applications at the end of January 2014 the UDF administrator has received applications exceeding the allocation to JESSICA FI under the IOP, which is why the receipt of further applications was stopped in mid-December 2014.

According to the UDF administrator, the last loan agreements will be signed in Spring 2015, and thus the whole allocation will be absorbed. The supported projects in their loan agreements report the monitoring indicator "Number of regenerated flats" in the amount of 4 981. Of 128 projects 93 projects focus apart from regeneration also on energy savings that expressed in arithmetic mean equal 41 %.

Controls and monitoring of JESSICA FI implementation in the IOP are carried out at several levels. The IOP MA receives weekly information on newly signed loan agreements from the HF, whereas their detailed parameters are included in the quarterly monitoring reports of the HF. The IOP MA verifies the eligibility of HF expenditure spent on its operation. Every other month the IOP MA sends the information on progress achieved in the implementation of JESSICA FI in the IOP to the IOP Monitoring Committee.

The plan of controls of the IOP MA for 2015 reckons with an on-the-spot check of the HF, subject of which will be the efficiency of the management and control system of the HF and control of procedures taken by the UDF administrator on a selected sample of projects. The HF conducts controls at the UDF administrator and on a selected sample will carry out on-the-spot checks at final recipients. In the course of 2014, the HF conducted 27 ex-ante, 5 interim and 9 ex-post checks, all with no serious findings. In the period from the beginning of 2015 to the end of the monitored period the IOP MA registers 4 ex-ante checks and 4 ex-post checks of the HF.

In the monitored period the Investment Board of the SHDF was convened which consulted the state of play of the implementation, direction and portfolio of projects. Ranking among its activities is also the sharing of experience among individual MAs in the CR and abroad.

The lessons learned in the implementation of pilot testing of JESSICA FI in IOP are exploited also in the preparation of implementation of financial instruments in the 2014 – 2020 programming period in the Integrated Regional Operational Programme.

# 3 PROGRESS AT THE LEVEL OF PRIORITY AXIS

The IOP MA monitors the commitments of approved projects and the values of monitoring indicators achieved as of 16 Apr 2015. The commitments are calculated from the target values of projects starting with status P4.1 in IS Monit7+ (Project with the issued Decision/Statement of expenditure). The achieved values are calculated based on projects starting with status P4.5 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.

## 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 public administration communication infrastructure,
* Creation of access points for communication with the public administration information systems,
* Computerisation of public administration services.

Beneficiaries:

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

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

**In Intervention areas 1.1a and 1.1b**, implementation of 4 projects was successfully completed, their final monitoring reports and applications for payment were submitted to the MoI IB and in three projects they were administered. The administration of the Final Monitoring Report (FMR) and Final Application for Payment (FAP) of the last project is suspended due to the public administration on-the-spot check conducted by the MoI IB.

With respect to the risk of non-fulfilment of n+2 rule in 2014 the IOP MA and the PCA carried out an extraordinary certification of expenditure for the period from 11 Oct 2014 to 10 Dec 2014. The MoI IB established an intensive cooperation with beneficiaries with a view to maximizing the volume of funds included in the certification and to reducing as much as possible the risk of non-approval of the Monitoring Reports and Applications for Payment within the set deadlines. The MoI IB administered all the MRs and APs submitted to the MoI IB before November 2014.

1. **Cumulative progress at the level of Intervention area 1.1a and 1.1b (in mil. CZK/EUR)[[3]](#footnote-4)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013[[4]](#footnote-5)** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **C** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 1.1a | 2014/10/03 | 7,656.19 | 290.94 | 141 | 12,273.40 | 160.31 | 458.60 | 55 | 5,608.10 | 73.25 | 216.50 | 4,389.22 | 57.33 | 172.32 | 4,249.44 | 55.50 | 167.24 | 3,997.25 | 52.21 | 157.74 |
| 2015/04/17 | 7,650.81 | 290.94 | 141 | 12,273.40 | 160.42 | 459.20 | 72 | 6,720.14 | 87.84 | 257.00 | 4,906.03 | 64.12 | 191.03 | 4,862.60 | 63.56 | 189.45 | 4,767.76 | 62.32 | 185.67 |
| Difference |  |  | 0 | 0.00 | 0.00 | 0.60 | 17 | 1,112.04 | 14.53 | 40.49 | 516.81 | 6.75 | 18.72 | 613.16 | 8.01 | 22.21 | 770.51 | 10.07 | 27.93 |
| 1.1b | 2014/10/03 | 588.94 | 22.38 | 0 | 944.11 | 160.31 | 35.28 | 0 | 431.39 | 73.25 | 16.65 | 337.63 | 57.33 | 13.25 | 326.88 | 55.50 | 12.86 | 307.48 | 52.21 | 12.13 |
| 2015/04/17 | 588.52 | 22.38 | 0 | 944.11 | 160.42 | 35.32 | 0 | 516.93 | 87.84 | 19.77 | 377.38 | 64.12 | 14.69 | 374.05 | 63.56 | 14.57 | 366.75 | 62.32 | 14.28 |
| Difference |  |  | 0 | 0.00 | 0.00 | 0.05 | 0 | 85.54 | 14.53 | 3.11 | 39.75 | 6.75 | 1.44 | 47.17 | 8.01 | 1.71 | 59.27 | 10.07 | 2.15 |

*Source: Current MC – MSC2007 as of 16 Apr 2015;*

*Previous MC – MSC2007 as of 3 Oct 2014;*

*CZK/EUR exchange rate: Current MC – 27.473; Previous MC – 27.54*

*Source of funding – EU share*

**In Intervention areas 1.1a and 1.1b**, no call was under way in the monitored period.

### 3.1.3 Fulfilment of indicators

In calls of the MoI CR, the dates of fulfilment of indicators are set as at the date of project completion. The achieved value is the average of achieved values reported by beneficiaries in the Final Monitoring Reports. The achieved values of ratio indicators change in dependence on the number of completed projects and their reported target values. For this reason the values oscillate in both directions on the numerical axis.

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

The value achieved as of 16 Apr 2015 is 96.52 %. The commitment of approved projects under the 17th call that have chosen this MI increased. The ratio of achieved value went up since it is a ratio indicator and the projects with high share of connected registers were completed. Once the remaining projects are completed, the ratio will decrease to the level of commitment.

The target value given in the IOP Programming Document is 75 %. The commitment of approved project is 87.28 %. In Intervention area 1.1 this indicator is reported by 14 projects.

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

The value achieved as of 16 Apr 2015 is 88.8 % and it was reported by 15 completed projects. The achieved value declined since it is a ratio indicator and projects with a low ratio were completed. Once the remaining projects are completed, the ratio will increase to the level of commitment.

The target value given in the IOP Programming Document is 80 %. The commitment of approved project is 93.35 %. This indicator is reported by a total of 17 projects.

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

The achieved value as of 16 Apr 2015 is 78.16 %, it is derived from the values stated in 6 completed projects. The target value given in the IOP Programming Document is 75 %. The commitment of approved projects is 78.16 %.In Intervention area 1.1 this indicator is being fulfilled by 6 beneficiaries from among the central state administration authorities. The values of the referred to MI are final, all the projects reporting this MI have already been completed.

**150112 Share of digitized documents**

The achieved value as of 16 Apr 2015 is 23.35% and it was reported by 6 completed projects.

The target value given in the IOP Programming Document is 20%. The commitment of approved projects is 43.45%. Here, the commitment of approved projects increased since the indicator was opted for by new projects from call No 17. Since it is a ratio indicator and projects with a low ratio have been completed, the achieved value dropped as against the previous year. Once the remaining projects are completed, the ratio will decrease to the level of commitment. In Intervention area 1.1, this indicator was reported by 11 beneficiaries from among the central state administration authorities.

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

The achieved value as of 16 Apr 2015 is 100 %. The target value given in the IOP Programming Document is 100%. The commitment of approved projects is 100%. After the recalculation, the reported value of the MI is final.

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

The achieved value as of 16 Apr 2015 is 75 %. The target value given in the IOP Programming Document is 75 %. The commitment of approved projects is 75%.After the recalculation, the reported value of the MI is final.

1. **Output indicators**

| **Code of the indicator** | **Name of the indicator** | **Unit of measurement** | **Baseline value of the indicator** | **Target value of the indicator** | **Commitment of beneficiaries** | **Value achieved as of 16 Apr 2014** | **Covered by the Decision as of 16 April 2015** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 150106 | Number of created basic registers of public administration | Number | 0 | 4 | 5.00 | 5.00 | 3,326,059,900 |
| 150109 | Share of registers connected to central registers | % | 0 | 75 | 87.28 | 96.52 | 3,326,059,900 |
| 150110 | Share of authorities using the shared CIPA | % | 0 | 80 | 93.35 | 88.80 | 2,321,304,118 |
| 150111 | Share of ministerial and agenda portals interconnected to the Public Administration Portal | % | 19 | 75 | 78.16 | 78.16 | 499,948,687 |
| 150112 | Share of digitized documents | % | 0 | 20 | 43.45 | 23.35 | 1,089,763,708 |
| 150113 | Share of authorities with electronic records management system and electronic document circulation | % | 20 | 100 | 100.00 | 100.00 | 1,089,763,708 |

*Source: MSC as of 16 Apr 2014 and data obtained from the IBs on ratio indicators*

1. **Result indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code of the indicator** | **Name of the indicator** | **Unit of measurement** | **Baseline value of the indicator** | **Target value of the indicator** | **Commitment of the beneficiaries** | **Value achieved as of 16 Apr 2014** | **Covered by the Decision as of 16 Apr 2015** |
| 152105 | Reduction of administrative burden of citizens, entrepreneurs and public sector | % | 100 | 75 | 75.00 | 75.00 | 7,237,076,414 |

*Source: MSC as of 16 Apr 2014 and data obtained from the IBs on ratio indicators*

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, 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 on providing a grant has been issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 1.1

*Source: MSC2007 as of 16 Apr 2015 and data obtained from the IBs on ratio indicators*

### 3.1.4 Problems and measures taken

**Low absorption, jeopardised absorption in 2015 in consequence of risky projects**

In the monitored period, postponements in timetables and absorption continued to occur in risky projects, which were caused by delays in the award of public contracts, problems with contractors, frequent changes in project management and the associated changes in concepts and opinions on project management. Transfers of funds to the next periods were made in projects and the absorption of allocated funds was lower than predicted.

**Measures taken:**

In the monitored period, the MoI IB continued to perform intensive monitoring of risky projects and their crisis management. Monthly meetings of working teams (the so called task force) took place, attended by the MoI IB employees responsible for project administration (project and financial manager at the IB) and representatives of the beneficiary, on the occasion of which updated information was shared on project implementation and problems encountered in projects were addressed. The progress in implementation of activities under all projects was monitored through status reports and other documents submitted ad hoc. Where risks were identified that could affect the accomplishment of absorption forecasts, tripartite meetings were convened, with the participation of the IOP MA representative. Intensive consultations were held with beneficiaries on modifications in the division of projects into stages so that the submitted applications for payment contribute as much as possible to the fulfilment of n+2 rule in 2014.

The MoI IB adopted and implemented measures that contribute to reducing the error rate in APs and MRs, the time needed for their elaboration and their administration period at the MoI IB. One of the efficient measures were consultations concerning necessary requisites of the content and form of the MR and the AP before their final submission to the MoI IB. It has been agreed with the beneficiaries that the documentation related to tenders is to be submitted immediately after each step (elaboration of tender documents, documents related to tenders before/after the contract execution, conclusion of an addendum) is taken in order to prevent any protractions in administration of APs and MRs due to controls of public procurement documentation. The beneficiaries were also asked to cut short the time necessary for submission of APs and MRs.

Thanks to the applied measures the anticipated loss in IA 1.1 in 2014 was considerably reduced.

**Risk of a failure to absorb the allocation in 2015**

The Intervention area 1.1 continues to suffer from a low absorption of funds and in a number of projects the timetable of implementation runs almost until the end or until the very end of the eligibility of expenditure which causes an immense risk if any delays and complications occur that make it impossible to absorb the allocated funds. This situation occurs mainly due to the existence of risky projects, long delays in timetables of project implementation, and thus also in the absorption of funds.

**Measures taken:**

Owing to this adverse status and savings made in withdrawn projects, in public procurement procedures and APs of implemented projects, it was possible as a measure taken to ensure the maximum potential absorption of the allocation to increase the original allocation for the last call No 17 in October 2014 by CZK 844,056,081 (ERDF) to the total of CZK 1,494,056,081 (ERDF) and to approve projects in the volume equalling this increased allocation for implementation.

The MoI IB continues to monitor projects and their crisis management, to closely cooperate with the beneficiaries in the elaboration of the MR and AP and during the division of projects into stages, in cutting short the deadlines, pre-checking the public procurement.

**Ongoing investigations of the Office for the Protection of Competition (OPC)**

The implementation of ICT projects continues to be delayed on account of filing objections to the OPC concerning the public procurement procedures which has an impact the plan of absorption. In February 2015, the OPC awarded a preliminary injunction prohibiting the execution of a contract with key contractors under projects CZ.1.06/1.1.00/17.09373 and CZ.1.06/1.1.00/17.09387. In case of major delays due to the ongoing investigation the completion of projects in the total amount of almost CZK 300 million is at risk.

**Measures taken:**

The latest information is provided by the beneficiaries at regular meetings of project working teams as well as through ad-hoc email communication. The top officials of the ministry tap every opportunity to ensure an early decision of the OPC so that the completion of project implementation by the binding deadlines is not threatened by a lengthy investigation at the OPC.

**Risk of insufficient administrative capacity to complete the activities of the IB in the current programming period**

The expenditure on IB staff wages can be claimed from the IOP Technical Assistance until November 2015 due to the rules governing the eligibility of expenditure. The performance of the IB activities shall be ensured at least until June 2016. Due to the new projects implemented under call No 17 and postponements in timetables in some projects from previous calls, the implementation of numerous projects will be completed as at 30 Nov 2015. The beneficiaries will submit their final monitoring reports and applications for payment at the end of 2015 and a major part of expenditure will be administered mainly at the beginning of 2016 when sufficient administrative capacity shall be ensured for the activities related to the programme closure and the way of financing the staff outside the TA shall be agreed upon.

**Measures taken**:

This situation is dealt with in the document called Administrative Capacity at the End of the Programming Period of the IOP, commented upon by the MoI IB. It will be a part of the document that the MoRD shall submit to the Government so as to provide the posts at the IOP IB that would be incorporated in the draft state budget for 2016.

### 3.1.5 Example of a project

**Intervention area:** 1.1

**Name of the project, registration number:** Document Management System of the Czech Administration of Land Surveying and Cadastre (ČÚZK) in connection to the introduction of electronic conversion of documents and data boxes, CZ.1.06/1.1.00/07.06381

**Beneficiary:** Czech Administration of Land Surveying and Cadastre

**Project funding:** Total budget in CZK 126 553 576.20, of which SF contribution 107 570 523.75, SB contribution 18 983 052.45

**Implementation period:** 1 Oct 2010 – 31 Dec 2014

The Czech Administration of Land Surveying and Cadastre (ČUZK) has consistently endeavoured   
to accelerate and simplify the performance of agenda of the state administration of the Cadastre   
of Real Estate. The main aim of the project is to optimize activities with documents and to introduce   
a single system of document administration for both the paper and electronic form of documents,   
to ensure safe storage of electronic documents, and to provide this function also to the other information systems of ČZUK.

Under the first part of the project, at the end of 2013 all ministerial workplaces were equipped with the necessary number of scanners of various types by which conditions for coordinated document scanning were created. The second part of the project consisted in the implementation of DMS (Document Management System). A part of it was the delivery of necessary HW and SW, interconnection to the existing systems of ČÚZK and migration of the already scanned documents in DMS.

The implementation of DMS and its interconnection to the Information System of the Cadastre of Real Estate substantially simplified the system of scanning, made it possible to use electronic documents in proceedings, and resulted also in higher safety and faster performance of agenda of the Cadastre of Real Estate. ČÚZK DMS is another step towards unification and simplification of work with documents in the ministerial information systems.



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

### 3.1.2 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 reduce 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 (local) public administration,
* Construction of the territorial public administration communication infrastructure,
* Creation of access points for communication with the public administration information systems,
* Computerisation of public administration services, particularly by means of computerisation of procedures of individual agendas performed by the local 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 the monitored period no call was open under this intervention area. On 4 Dec 2014 the allocation for the 22nd call was increased by CZK 297 million (ERDF share) to the amount of CZK 697 million. The overcommitment of submitted applications over the allocation of the call was thus covered.

Thanks to the IOP crisis management, the rate of absorption and reimbursement of funds to beneficiaries was sustained. More significant progress was not achieved due to delays in project implementation caused by sluggish development in tenders.

1. **Cumulative progress at the level of Intervention area 2.1 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013[[5]](#footnote-6)** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **E** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 2.1 | 2014/10/03 | 3,929.27 | 148.51 | 6,069 | 5,618.21 | 142.98 | 209.84 | 5,593 | 4,153.43 | 105.70 | 156.65 | 2,205.52 | 56.13 | 85.92 | 2,171.00 | 55.25 | 84.67 | 2,081.46 | 52.97 | 81.39 |
| 2015/04/17 | 3,926.72 | 148.51 | 6,069 | 5,618.21 | 143.08 | 210.08 | 5,669 | 4,342.98 | 110.60 | 163.66 | 2,502.30 | 63.72 | 96.66 | 2,436.76 | 62.06 | 94.28 | 2,418.34 | 61.59 | 93.60 |
| Difference |  |  | 0 | 0 | 0 | 0.24 | 76 | 189.55 | 4.83 | 7.01 | 296.78 | 7.56 | 10.74 | 265.76 | 6.77 | 9.61 | 336.88 | 8.58 | 12.21 |

*Source:* *Current MC – MSC2007 as of 16 Apr 2015*

*Previous MC – MSC2007 as of 3 Oct 2014*

*CZK/EUR exchange rate: Current MC – 27.473*

*Previous MC – 27.54*

*Source of funding – EU share*

### 3.2.3 Fulfilment of indicators

The dates of fulfilment of monitoring indicators are set in projects as at the end of project implementation and there are postponements of the date of project completion and of the date of fulfilment of the monitoring indicator.

In indicator **No 150105 Number of contact points of public administration (Czech Point)**, all the projects, with a few exceptions only, have already been completed. The indicator will be fulfilled.

As concerns indicators **No 150117 Share of local public administration registers connected to central registers, No 150115 Share of local networks connected to CIPA and No 150116 Share of regional portals integrated into the Public Administration Portal**, the implementation of projects fulfilling the MIs is delayed. The MA monitors the situation and based on changes in projects anticipates that the MIs will be fulfilled.

In indicator **No 150114 Number of new fully digitised agendas of local public administration**, an overcommitment occurred with regard to projects from the call No 22. The MA considers the modification of the target value of the indicator once all the Decisions on provision of a grant are issued. Projects of the call No 6, 8 and 9 are gradually completed.

With respect to indicator **No 150112 Share of digitised documents,** delays occur in the implementation of projects that fulfil the respective MI. The MA monitors the situation and based on changes in projects anticipates the fulfilment of MIs.

The indicator N**o 150113 Share of authorities with electronic records management system and electronic document circulation** has so far not been fulfilled as planned since it does not include the authorities of municipalities that use the guest eSS1 (electronic records management system) of its superior municipality with extended powers or the Region, which is a type of support that cannot be quantified by the given indicator. The planned number of authorities, however, has been supported.

1. **Output indicators**

| **Code** | **Name of the indicator** | **Unit of measurement** | **Baseline value** | **Target value** | **Commitment of approved projects** | **Value achieved as of 16 Apr 2015** | **Covered by the Decision as of 16 Apr 2015** |
| --- | --- | --- | --- | --- | --- | --- | --- |
|
|  |
| 150105 | Number of contact points of public administration (Czech Point) | Number | 1300 | 6244 | 6572 | 6559 | 419,515,419 |
| 150117 | Share of local public administration registers connected to central registers | % | 0 | 75 | 100.00 | 100.00 | 213,089,598 |
| 150115 | Share of local networks connected to CIPA | % | 10 | 85 | 80.77 | 56.24 | 633,857,060 |
| 150116 | Share of regional portals integrated into the Public Administration Portal | % | 0 | 75 | 67.80 | 60.60 | 419,515,419 |
| 150114 | Number of new fully digitised agendas of local public administration | Number | 0 | 126 | 319.00 | 75.00 | 3,076,514,335 |
| 150112 | Share of digitized documents | % | 0 | 20 | 23.20 | 24.10 | 3,076,514,335 |
| 150113 | Share of authorities with electronic records management system and electronic document circulation | % | 20 | 100 | 53.4 | 54.03 | 3,076,514,335 |
| 152000 | Online availability of eGovernment services | % | 30 | 75 | 0.00 | 0.00 |  |

***Source: MSC as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. **Result indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measurement** | **Baseline value** | **Target value** | **Commitment of approved projects** | **Value achieved as of 16 Apr 2015** | **Covered by Decision as of 16 Apr 2015** |
|
| 152105 | Reduction of administrative burden of citizens, entrepreneurs and public sector | % | 100 | 75 | 0 | 100 | 4,342,976,413 |

***Source: MSC as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

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, 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 on providing a grant has been issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 2.1

*Source: MSC2007 as of 16 Apr 2015 and data obtained from IBs on ratio indicators*

### 3.2.4 Problems and measures taken

**Postponements in timetables of project implementation**

Frequent problems in the conduct of public procurement cause delays in the timetable   
of implementation and postponements in the absorption of funds until the final stages of projects and into 2015.

**Measures taken:**

The CRD continues to offer consultations on public procurement. Risky and sleeping projects are still identified, progress in implementation and fulfilment of remedial actions is monitored. The Prevention project of the National Coordination Authority is exploited for consultations with beneficiaries and elimination of errors in applications for payment and monitoring reports.

**Public procurement**

Highly competitive environment forces the tenderers in public procurement procedures to act obstructively, enquiries and objections are filed, and in some cases the implementation of the public contract is suspended.

**Measures taken:**

The CRD provides consultations on public procurement and helps the beneficiaries elaborate the documentation in order to minimise the number of potential objections thereto.

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

### 3.1.3 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).

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

**In Intervention area 3.1**, ever since the beginning of the monitored period a total of 474 project applications in the amount of EUR 117.65 million have been submitted, which represents 217 % of the allocation. In the period from 1 Oct 2014 to 16 Apr 2015 no project application was submitted, all the calls have been closed. In the monitored period, support was granted to projects included in the list of substitute projects in activity 3.1 c), but also the funds of projects with the issued Decision on providing a grant decreased due to the withdrawal of 2 projects in activity 3.1 a).

In the monitored period, the beneficiaries were paid funds in the amount of EUR 11.17 million, the summary payment claims included EUR 12.14 million and the certified expenditure rose in the monitored half-year by EUR 12.07 million. This situation is brought about by more efficient administration of applications for payment and effective cooperation with aid beneficiaries.

1. **Cumulative progress at the level of Intervention area 3.1 (in million CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013[[6]](#footnote-7)** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 3.1 | 2014/10/03 | 1,480.56 | 54.64 | 474 | 3,210.61 | 216.85 | 117.46 | 121 | 1,386.67 | 93.66 | 51.23 | 439.39 | 29.68 | 16.84 | 353.80 | 23.90 | 13.73 | 329.33 | 22.24 | 12.84 |
| 2015/04/17 | 1,479.52 | 54.64 | 474 | 3,210.61 | 217.00 | 117.65 | 128 | 1,329.74 | 89.88 | 49.19 | 747.78 | 50.54 | 28.01 | 688.93 | 46.56 | 25.87 | 662.46 | 44.78 | 24.91 |
| Difference |  |  | 0 | 0.00 | 0.00 | 0.19 | 7 | -56.93 | -3.85 | -2.04 | 308.39 | 20.84 | 11.17 | 335.13 | 22.65 | 12.14 | 333.13 | 22.52 | 12.07 |

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

*Source:* *Current MC – MSC2007 as of 16 Apr 2015*

*Previous MC – MSC2007 as of 3 Oct 2014*

*CZK/EUR exchange rate:* *Current MC – 27.473*

*Previous MC – 27.54*

*Source of funding – EU share*

**In Intervention area 3.2**, the certification of expenditure is suspended and the horizontal audit was carried out. Pending receipt of its results, the issuance   
of guidance documents for projects from the 17th and 18th call is suspended because of the fear of the imposition of financial corrections that will be debited   
to the state budget (errors were not made by aid beneficiaries). The funds are reimbursed to aid beneficiaries regardless the suspended certification   
of expenditure, and in the monitored period a considerable increase of absorption of funds was seen. The largest volume of funds paid to beneficiaries was reimbursed at the end of 2014, when efforts were exerted to achieve the highest fulfilment of n+2 rule. In the last quarter of 2014, the highest ever number   
of summary payment claims was submitted to the IOP MA as against the average number in previous periods.

1. **Cumulative progress at the level of Intervention area 3.2 (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 3.2 | 2014/10/03 | 6,521.06 | 248.48 | 249 | 9,585.40 | 146.99 | 359.75 | 180 | 6,156.61 | 94.41 | 235.25 | 4,173.36 | 64.00 | 163.23 | 3,810.19 | 58.43 | 150.05 | 3,548.83 | 54.42 | 140.08 |
| 2015/04/17 | 6,518.87 | 248.48 | 267 | 11,258.47 | 172.71 | 421.00 | 197 | 6,767.90 | 103.82 | 257.55 | 4,798.52 | 73.61 | 185.86 | 4,704.83 | 72.17 | 182.45 | 4,613.92 | 70.78 | 178.86 |
| Difference |  |  | 18 | 1,673.06 | 25.66 | 61.25 | 17 | 611.30 | 9.38 | 22.30 | 625.16 | 9.59 | 22.63 | 894.64 | 13.72 | 32.40 | 1,065.08 | 16.34 | 38.79 |

**In Intervention area 3.3**, cumulatively 29 project applications in the total amount of EUR 68.74 million have been submitted. In the monitored period from   
1 Oct 2014 to 16 Apr 2015 no project application was submitted. The amount of issued Decisions grew by EUR 0.02 million. Funds paid to beneficiaries increased by EUR 0.08 million, thus the total volume of funds paid to beneficiaries reached EUR 20.72 million, which represents 50.01 % of the allocation.    
In IA 3.3 the expenditure totalling EUR 20.72 million has been certified, i.e. 50.01 % of the allocation.

1. **Cumulative progress at the level of Intervention area 3.3 (in million CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 3.3 | 2014/10/03 | 1,071.90 | 40.21 | 29 | 1,854.55 | 173.02 | 68.63 | 16 | 780.28 | 72.79 | 29.44 | 533.23 | 49.75 | 20.65 | 519.86 | 48.50 | 20.16 | 518.48 | 48.37 | 20.11 |
| 2015/04/17 | 1,070.60 | 40.21 | 29 | 1,854.55 | 173.23 | 68.74 | 17 | 780.19 | 72.87 | 29.46 | 535.36 | 50.01 | 20.72 | 535.36 | 50.01 | 20.72 | 535.36 | 50.01 | 20.72 |
| Difference |  |  | 0 | 0.00 | 0.00 | 0.12 | 1 | -0.09 | -0.01 | 0.02 | 2.13 | 0.20 | 0.08 | 15.50 | 1.45 | 0.56 | 16.88 | 1.58 | 0.61 |

**In Intervention area 3.4,** in the monitored period the amount of funds covered by the Decision substantially increased, including the increase in allocation   
to the 27th call based on the Strategy of Full Absorption of the IOP. These funds have no effect on absorption in the period concerned, but will considerably influence the absorption starting from the 2nd quarter of 2015. Despite problems faced in projects of call No 11, the absorption and reimbursement of funds   
to beneficiaries substantially increased, the forecasts were fulfilled to the level of 140%. This is the result of crisis actions taken by the IOP MA to maximise the absorption of funds.

1. **Cumulative progress at the level of Intervention area 3.4 (in million CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 3.4 | 2014/10/03 | 7,349.36 | 271.29 | 158 | 10,100.79 | 137.44 | 371.19 | 141 | 6,583.52 | 89.58 | 243.48 | 2,068.70 | 28.15 | 79.54 | 2,000.12 | 27.21 | 77.05 | 1,854.67 | 25.24 | 71.77 |
| 2015/04/17 | 7,339.75 | 271.29 | 159 | 10,511.86 | 143.22 | 386.75 | 155 | 7,811.49 | 106.43 | 288.46 | 2,674.88 | 36.44 | 101.49 | 2,651.18 | 36.12 | 100.63 | 2,640.49 | 35.98 | 100.24 |
| Difference |  |  | 1 | 411.07 | 5.60 | 15.56 | 14 | 1,227.97 | 16.73 | 44.98 | 606.18 | 8.26 | 21.95 | 651.06 | 8.87 | 23.57 | 785.82 | 10.71 | 28.47 |

**Overview of ongoing calls**

In Priority axis 3, 3 calls with the total allocation of EUR 143.61 million were under way in the monitored period, in which 39 project applications in the volume of EUR 162.91 million were submitted, 31 projects in the amount of EUR 88.78 million were approved.

**In Intervention area 3.1**, no call was under way in the monitored period.

**In Intervention area 3.2**, one call was under way in the amount of CZK 2.11 billion (ERDF share + SB). The receipt of applications is to be closed on 20 Feb 2015. Altogether 18 project applications in the total amount of CZK 2.016 billion were submitted.

**In Intervention area 3.3**, no new calls were published in the monitored period, call No 4 was closed.

**In Intervention area 3.4**, call No 27 was closed in the monitored period. In this call, 1 project in the amount of EUR 16.87 million was approved.

1. **Overview of ongoing calls in the period from 1 Apr 2014 to 16 Apr 2015 in Priority axis 3**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Number of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with the issued Decision / signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 22 | 4 | 11 Nov 2009 | 31 Dec 2014 | continuous | 3.3 | 46,093,266 | 20 | 71,905,867 | 20 | 71905867 |
| 75 | 27 | 5 Sep 2014 | 27 Feb 2015 | time-limited | 3.4 | 20,714,192 | 1 | 17,603,320 | 1 | 16,875,332 |
| 76 | 19 | 10 Feb 2015 | 20 Feb 2015 | time-limited | 3.2 | 76,802,679 | 18 | 73,397,405 |  |  |
| **PA 3 total** | | | | | | **143,610,137** | **39** | **162,906,592** | **21** | **88,781,199** |

*Source: IS Monit7+IOP as of 16 Apr 2015*

*CZK/EUR exchange rate: 27.473*

*Source of funding – public funds total*

### 3.3.3 Fulfilment of indicators

**Intervention area 3.1**

Indicator **No 330300 “Number of projects focused on social inclusion“** reflects the fulfilment under all three activities of Intervention area 3.1. Since as of 16 Apr 2015 altogether 128 projects are at the status of commitment which represents 100.8 % of the target value, the MoLSA anticipates that the indicator will be fulfilled. The achieved value of this indicator as against the previous monitored period increased by 12 projects.

Indicator **No 75713** gives the number of **“Facilities with transformation in progress”**. Following the revision of the IOP Programming Document the target value was decreased from 30 to 20 facilities. The target value was 30 facilities in which the transformation will be put in place. In 2009 a decision was adopted that five facilities established by the MoLSA will not undergo transformation through the IOP projects, but their transformation will be addressed under another programme. In 4 facilities transformation was launched and 20 social service facilities reached the status of commitment   
of approved projects. The MoLSA anticipates that the target value of this indicator will be achieved.

The target value of indicator **No 75714 “Number of supported organisations”** in activity 3.1 b) following the revision of the Programming Document remained unchanged, namely 30 organisations. As of 16 Apr 2015, the achieved value of the indicator **No 75714 “Number of supported organisations”** that implement projects focused on inclusion of Roma localities in the market is 25, 29 projects are at the status of commitment, which represents 96.7% of the target value.

The indicator **No 75802 “Number of supported entities“** in the field of investment support of social economy has reached the value of 41 supported entities, as against the previous monitored period there was an increase by 3 newly supported entities. Projects from the project pipeline have been supported. 54 projects are at the status of commitment of approved projects, which is why the MoLSA anticipates the fulfilment of the target value of the indicator.

The achieved value of indicator **No 75711 “Alternative social services”** is 31 services. The status   
of commitment of approved projects has been reached by 89 alternative social services, which represents 115.58% of the target value. Thus, the MoLSA foresees that the indicator will be exceeded.

The achieved value of indicator **No 75712 “Number of newly established social services and activities”**, linked to activity 3.1 b), is 31 new services. The achieved value of the indicator is 99 and 126 social services have reached the status of commitment, which is 88.73% of the target value. The MoLSA does not anticipate the fulfilment of the set value of the indicator which is 142, namely because of withdrawal of some beneficiaries from project implementation during the implementation of projects related to activity 3.1 b), which resulted in the decrease in the number of originally planned social services and activities that were supposed to be rendered in the respective social service facilities.

The target value of indicator **No 75603 “Effectiveness of support”** in activity 3.1 c) remains at 60 % and the achieved value is 73.5 %, which means that the target value of the indicator is exceeded.   
In 2014, based on the fulfilment of the Action Plan to the Evaluation of Consistency of Monitoring Indicators with the IOP Objectives the values of the “Effectiveness of support” indicator from the   
1st and 8th call were harmonised. This way the MoLSA arranged for the comparability of reported values by taking the number of FTE of employees from the target group in projects from the 1st call, the results of which were formerly mandatorily recorded in the number of employees.

In activity 3.1 a), the target value of the monitoring indicator No 75713, where the projects with the issued decision equal 93.51%, will be fulfilled as planned. Moreover, the indicator No 75711, where the commitment of approved projects is 115.58%, will be exceeded. Currently, the projects with the issued Decision that report this indicator achieve the value of 93.51%.

The monitoring indicator No 75714 - Number of supported organisations in activity 3.1 b) has achieved the value of commitment of approved projects of 96.7%.

In indicator No 75802 Number of supported entities in activity 3.1 c) the status of commitment has been achieved by 103.8% projects and the projects with the issued Decision account for 91.75%.   
We anticipate that this indicator will be fulfilled. In the indicator of Effectiveness of support in activity 3.1 c) the value of commitments of approved projects is 116.53%.

**Intervention area 3.2**

**Indicator No 80721 “Increase in the standard (fit-out) of specialised workplaces in national networks”**

Currently, the indicator is achieved to the degree of 68.86%, whereas the target value is 60 % of the fit-out. Because of the planned implementation of projects from the 19th call, the commitment   
of approved projects will slightly increase in 2015, thus also the over-fulfilment of the target value   
of the indicator.

**Indicator No 080712 “Number of prevention programmes available to citizens”**

The indicator is currently fulfilled to the level of 100 % of the target value (45 prevention programmes of the target value of 45 programmes have been introduced). In activity 3.2 b), a gradual increase in absorption capacity was reported in the field of prevention of health risks and epidemiology, which resulted in a higher number of announced calls, in which projects with a lower volume of funds were submitted. Since each of the implemented projects usually results in one prevention programme and the commitment of approved projects has currently reached 56 prevention programmes, the target value of the indicator as at the end of the programming period will be exceeded.

**Indicator No 080704 Number of programmes introducing the standards and standard procedures for quality and cost management**

The indicator is currently fulfilled to the level of 58 % (14 prevention programmes of the target value of 24 programmes have been introduced). The registered commitment is 15 programmes. In this activity, the largest number of risky projects is registered, therefore we expect that the target value   
of the indicator will be achieved, or slightly exceeded at the end of the programming period.

**Output indicators**

**Indicator No 080101 Number of projects on the support of health – health risk prevention**

The indicator is currently fulfilled to the level of 76 % (32 projects focused on health risk prevention of the target value of 45 projects have been implemented). In activity 3.2 b), a gradual increase   
of absorption capacity was seen in health risk prevention and epidemiology, which resulted in a higher number of announced calls under which a higher number of projects with a lower financial volume was submitted. Since the indicator gives the number of implemented projects on health risk prevention and currently the commitment of approved projects is 55 projects (122 %), the target value of the indicator will be slightly exceeded in the future, by approximately 22 %.

**Indicator No 080102 Projects on the support of health – modernising medical equipment**

The indicator concerning the number of projects on the support of health has reached the high value   
of 152 % (76 projects focusing on the modernisation of medical equipment of the target value of 50 projects have already been implemented).

Activity 3.2 a) reports the highest absorption capacity in material replacement or purchase of medical equipment for individual hospitals - specialised centres in the national networks (traumatology, oncology, cardiology, neurology, etc.). With respect to the duration of the programming period and requirements for material fit-out of centres spread into individual years, and thus also with respect to the ensurance of quality care, the announcement of calls was adapted to these requirements. The reason behind the publishing of a larger number of calls was also the necessity to fulfil the value   
of result indicator No 080721, where the percentage is used as the unit of measurement, expressing the increase in the number of material fit-out of standardised specialised workplaces to 60 % of the standard. Since the indicator expresses the number of implemented projects on modernisation   
of medical equipment and currently the commitment of approved projects equals 110 projects, the target value of the indicator will be substantially exceeded in the future (the indicator will be fulfilled to the level of 220 %).

**Indicator No 080702 Number of projects focused on the introduction of standards and standard procedures of quality and cost management**

The target value of the indicator is currently fulfilled to the degree of 80 % (12 projects focusing on introducing the standards and standard procedures of quality and cost management of the target value of 15 projects have already been implemented). Since currently the commitment of 15 approved projects is registered the target value of the indicator will be fulfilled. When the projects from the 17th call are included, the target value of the indicator will be exceeded.

**Intervention area 3.3**

In Intervention area 3.3 a), the implementation of 3 projects have been completed, which is why the indicator **No 74521 “Number of supported employment services institutions"** has achieved the value of is 3 institutions. In the monitored period, the implementation of project called “LO CR - Blansko - reconstruction of the building” was successfully completed. The commitment of approved projects as of 16 Apr 2015 represents a total of 13 projects. In some large investment projects problems with implementation are faced by the MoLSA. One of them is the project called “LO CR Prague – purchase of the office building” in which the expenditure has not been considered eligible by the EC, except for the expenditure on the training centre. Another problematic project is the one called "LO CR – Pardubice – construction of the building and the training centre", in which based on the decision of the GD LO CR the beneficiary has withdrawn from project implementation. The termination of project administration under the IOP was approved by the 10th meeting of the MoLSA top officials on 10 Apr 2015 (change in the value of the indicator will be reflected in the next Report on Implementation of the IOP). On account of this fact the target value of this indicator will most likely not be achieved.

Indicator **No 74532 “Number of newly built and supported existing training centres   
of employment services”** in activity 3.3 b) includes 1 successfully completed project called “LO CR – Hradec Králové – reconstruction of the training centre“, and thus the achieved value is 1. The target value of the indicator reckons with the construction of 3 training centres of the employment services. The status of commitment of approved projects has currently been achieved by 4 projects, the value however does not reflect the withdrawal of the beneficiary from the LO CR Pardubice project.

Unless problems arise in the implementation of projects, the achievement of the target value of the indicator is foreseen by the MoLSA.

The achieved value of indicator **No 74533 “Number of newly built and supported existing information and education centres of employment services”** is 1 and is linked to the successfully completed project in activity 3.3 c) “Building an information and education centre of the South Bohemian Region“, which represents 52.27% of the target value. In activity 3.3 c), the project called “Information and education centre of the Pilsen Region” is in the status of commitment. Therefore, the target value of the indicator is expected to be achieved.

The result indicator **No 74514 “Quality increase in working and client environment   
of the employment services institutions”** is reported as a percentage for the programming period. The completed implementation of projects resulted in the total fulfilment of 8.29% (the achieved value given in the table already reflects the project “LO CR Prague – purchase of the office building”). Bearing in mind the state of play of implementation of the MoLSA risky projects (and the withdrawal of the beneficiary from the implementation of “LO CR – Pardubice” project), the MoLSA anticipates non-fulfilment of the indicator.

Indicators No 74512 and No 74513 will be gradually fulfilled from the date of completion of project implementation until the end of the obligatory 5-year project sustainability. Thus, the achieved value of these indicators is currently low. As compared to the previous period, the activity 3.3 b) reported progress in the fulfilment of indicator **No 74512 “Increase in the capacity of training centres   
of employment services”**. The achieved value of this indicator is 1.27 % of the increase in the capacity of training centres of employment services.

An increase in the achieved value as compared to the previous period was also seen in indicator   
**No 74513 “Increase in the capacity of consultancy and training centres"**, linked to activity 3.3 c). Currently, the achieved value is 4.98 % (a total of 394 clients have been trained at the information and training centres). The status of commitment of approved projects has been reached by 2 projects with the planned value of the increase in the capacity of consultancy and training centres by 25%, which represents 100% of the target value. Therefore, the MoLSA anticipates the fulfilment of the indicator.

In activity 3.3 c) the target value of the monitoring indicators No 74533 and 74513 is anticipated to be achieved. 100% of projects (it concerns 2 projects) have achieved the status of commitment   
of approved projects and the amount of funds covered by the issued Decisions represents 52.27%.   
In the monitoring indicator No 74532 in activity 3.3 b), 133% of projects have reached the status   
of commitment and the value of projects with the issued Decision equals 68.45%.

In indicator No 74521 – Number of supported employment services institutions, which is linked to activity 3.3 a), the status of commitment has been reached by 108.3% of projects; the value of projects with the issued Decision equals 72.33%.

The achievement of the target values of monitoring indicators in activity 3.3 a) and b) is significantly impacted by the progress in implementation of large projects, the project LO CR Prague in particular, and by the withdrawal of the project LO CR Pardubice.

**Intervention area 3.4**

No significant progress was achieved in the fulfilment of the monitoring indicators. Only the indicator No **260412 “Number of technological equipment for elimination of safety risks or their implications”** reported a considerable overcommitment. The reason behind are two major projects (“Preparedness of the Fire Rescue Service of the Czech Republic for floods” and ”Increasing flood preparedness of the Police of the CR to save lives and property“), where the major project of the FRS met the requirements for financing and is currently under implementation, while the project of the Police of the CR was withdrawn from implementation and the unused funds were used to support other smaller projects, which resulted in overcommitment. In the light of developments in the completion of projects the IOP MA shall change the target value of the monitoring indicator.

The completion of implementation of projects fulfilling the indicator **No 260407 Number of IRS operational centres with integrated ICT** was postponed to November 2015. Major shifts occur   
in the timetables and partly also in the content of projects. The IOP MA has elaborated a revision   
of the methodological sheet of the indicator in which the target value of the indicator was specified.   
As of 1 Jan 2015, the beneficiary of the only project reporting the fulfilment of the target value   
of the indicator, requested a change to the present value of 0, namely due to delays in interconnecting the Integrated Operations Centres to the National Information system of the IRS.

In indicator **No 260408 Number of newly built logistics bases** and **No 260404 Creation of new capacities for effective provision of humanitarian aid to other countries** the major project of the Fire Rescue Service was approved and after its completion the indicators will be fulfilled.

Indicator **No 260410 Number of modernised or newly built contact points of Front office type connected to IRS network** has already been fulfilled.

1. **Output indicators**

| **Code of the indicator** | **Name of the indicator** | **Unit of measurement of the indicator** | **Baseline value of the indicator** | **Target value of the indicator** | **Commitment of the beneficiaries** | **Value achieved as of 16 Apr 2014** | **Covered by the Decisions as of 16 Apr 2015** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 330300 | Number of projects focused on social inclusion | Number | 0 | 127 | 128 | 84 | 1,330,491,183 |
| 75713 | Facilities with transformation in progress | Number | 0 | 20 | 21 | 3 | 994,029,018 |
| 75714 | Number of supported organisations | Number | 0 | 30 | 29 | 25 | 892,512,740 |
| 75802 | Number of supported entities | Number | 0 | 52 | 54 | 41 | 111,561,309 |
| 80100 | Projects on the support of health – total | Number | 0 | 110 | 197 | 145 | 6,767,903,190 |
| 80102 | Projects on the support of health – modernising medical equipment | Number | 0 | 50 | 120 | 86 | 5,523,267,334 |
| 80101 | Project on the support of health – health risk prevention | Number | 0 | 45 | 55 | 47 | 914,086,413 |
| 80702 | Number of projects focused on the introduction of standards and standard procedures for quality and cost management | Number | 0 | 15 | 22 | 12 | 352,123,115 |
| 74521 | Number of supported employment services institutions | Number | 0 | 12 | 13 | 3 | 655,023,027 |
| 74532 | Number of newly built and supported existing training centres of employment services | Number | 0 | 3 | 4 | 1 | 89,582,524 |
| 74533 | Number of newly built and supported existing information and education centres of employment services | Number | 0 | 2 | 2 | 1 | 35,585,551 |
| 260407 | Number of IRS operations centres with integrated ICT | Number | 0 | 41 | 41 | 0 | 1,846,271,286 |
| 260408 | Number of newly built logistics bases | Number | 0 | 2 | 2 | 1 | 175,123,827 |
| 260410 | Number of modernised or newly built contact points of Front office type connected to IRS network | Number | 0 | 369 | 368 | 368 | 730,615,103 |
| 260412 | Number of technological equipment for elimination of safety risks or their implications | Number | 0 | 3,286 | 7,167 | 230 | 5,059,481,216 |

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. **Result indicators**

| **Code of the indicator** | **Name of the indicator** | **Unit of measurement of the indicator** | **Baseline value of the indicator** | **Target value of the indicator** | **Commitment of the beneficiaries** | **Value achieved as of 16 Apr 2014** | **Covered by the Decisions as of 16 Apr 2015** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 75711 | Alternative social services | Number | 0 | 77 | 89.00 | 31.00 | 994,029,018 |
| 75712 | Number of newly established social services and activities | Number | 0 | 142 | 126.00 | 99.00 | 224,900,855 |
| 75603 | Effectiveness of support | % | 0 | 60 | 69.92 | 73.50 | 111,561,309 |
| 80721 | Increase in the standard (fit-out) of specialised workplaces | % | 0 | 60 | 68.80 | 68.86 | 5,523,267,334 |
| 80712 | Number of prevention programmes available to citizens | Number | 0 | 45 | 56.00 | 45.00 | 892,512,740 |
| 80704 | Number of programmes introducing the standards and standard procedures for quality and cost management | Number | 0 | 24 | 29.00 | 14.00 | 352,123,115 |
| 74514 | Quality increase in working and client environment of the employment services institutions | % | 0 | 18 | 20.59 | 8.29 | 655,023,027 |
| 74512 | Increase in the capacity of training centres of employment services | % | 0 | 20 | 20.03 | 1.27 | 89,582,524 |
| 74513 | Increase in the capacity of consultancy and training centres | % | 0 | 25 | 25.00 | 4.98 | 35,585,551 |
| 260401 | Number of supported IRS units | Number | 0 | 3 | 3.00 | 0.00 | 1,846,271,286 |
| 260406 | Decrease in average response time to imminent or existing safety risks | % | 100 | 75 | 0.00 | 0.00 | 5,059,481,216 |
| 260404 | Creation of new capacities for effective provision of humanitarian aid to other countries | m2 | 0 | 3,450 | 3,450.00 | 2,500.00 | 175,123,827 |

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

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 on providing a grant has been issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 3.1

***Source: MSC2007 as of 16 Apr 2015 and data obtained from IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 3.2

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 3.3

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 3.4

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

### 3.3.4 Problems and measures taken

**Intervention area 3.1**

**Administration of applications for payment and reimbursement of invoices from aid beneficiaries**

At the end of the year a risk was identified in IA 3.1 activity a) of a failure to administer the APs in the volume of approximately CZK 94 million (EU share) and to ensure the reimbursement of funds to beneficiaries. Due to lengthy approval processes in IS GINIS necessary for modification of the budget provision and approval of the request for budgetary expenditure, subsequently a risk was identified that all the invoices from aid beneficiaries will not be reimbursed by the set deadline, i.e. by 17 Dec 2014.

**Measures taken:**

The MoLSA IB called upon the selected aid beneficiaries to cooperate as much as possible in the submission of monitoring reports with applications for payment scheduled until the end of October 2014. An official letter was sent to aid beneficiaries requesting the submission of the monitoring reports with the applications for payment strictly within 5 working days after the completion of the stage. In the last months of 2014, intensive efforts were made by the MoLSA to achieve smooth and fast administration of APs thanks to which the n+2 rule in IA 3.1 in 2014 was finally exceeded.

**Risk of non-fulfilment of n+2 rule and loss of allocation of the IOP**

Bearing in mind the to date development in the IOP implementation, problems were identified in Intervention area 3.1 with respect to the fulfilment of n+2 rule. It is caused mainly by postponements in the timetables of implemented projects, longer duration of construction works, getting the building permit, etc.

**Measures taken:**

The MoLSA IB has exerted maximum efforts to absorb the financial allocation. Savings made in the course of project administration (through projects withdrawal, lower tendered price or the difference between the submitted and approved APs) are continuously released to projects included in the List   
of substitute projects. In those projects from the MoLSA pipeline that were approached the possibility to implement the projects before November 2015 was carefully assessed. Potential savings were quantified that would make it possible to allocate the unused funds to other intervention areas.

In activity 3.1 c), the preparation of the project pipeline was completed in the monitored period. Projects were approached in the order determined by the Selection Committee, in dependence   
on progress in absorption in IA 3.1 and 3.3 in 2014 and 2015.

At present, 9 projects in the volume of CZK 16,506,704 of eligible expenditure are under implementation in Intervention area 3.1 c).

In Intervention area 3.1 a), 3 projects in the volume of CZK 156 674 875 of eligible expenditure from the approved List of projects in the project pipeline are currently being implemented.

The MoLSA IB called upon the aid beneficiaries to cooperate as much as possible in submitting the monitoring reports with applications for payment and requested that the deadline of 5 working days from the date of stage completion is observed when submitting the monitoring report with the AP.

**Lengthy administration of projects under implementation, risk of withdrawal of projects from implementation by beneficiaries in IA 3.1**

Reasons conducive to the prolongation of project implementation are especially the problems faced   
in building permit procedures and tenders (delays in the implementation of tenders, cancellation   
of tenders and repeated publishing of a new tender). Extension of project stages in August 2014 can grossly threaten the fulfilment of n+2 rule. Problems prevail regarding the observation of set deadlines, ineligibility of non-approved extra work and sustainment of indicators in sustainability period.

**Measures taken:**

In the monitored period, the MoLSA communicated intensively with beneficiaries with a view   
to addressing the issues early enough to prevent critical situations which require the termination   
of project implementation. The implementation of projects was continuously monitored and where administration was protracted of shifts were made, measures to support the absorption of the allocation were taken. The MoLSA consistently brings to the attention of the beneficiaries the necessity   
to consult the selection of contractors with the Centre for Regional Development of the CR so as to prevent any law or methodology violations.

The CRD, IOP MA and MoLSA cooperated on the simplification of procedures, modifications in the HAB, indicators, publishing of most frequently asked questions (FAQ), seminars for applicant and beneficiaries. Throughout the year the selected projects were included in the Prevention project.

**Funds released by beneficiaries´ withdrawals from project implementation**

Funds released from projects withdrawn in IA 3.1 were not used for the originally planned major purchasing project in IA 3.3. That is why the implementation of projects from the pipeline   
of substitute projects in activity 3.1 c) started, as described above. Additional available funds were offered to the IOP Managing Authority (MoRD) for the use in another IA that will be capable of their absorption in 2015.

**Measures taken:**

The MoLSA provides generous client service to all the projects under implementation. All the projects are monitored, and where a risk arises that puts the compliance with the deadline of implementation   
at risk, the MoLSA together with beneficiaries seek optimum alternative solutions (e.g. exclusion   
of a part of not implemented activities from the project once this change is approved by external evaluators).

**Insufficient staffing capacity at the MoLSA IB to ensure the administration of individual projects in IA 3.1 and 3.3 until the end of the programming period in case the FTE is reduced**

At the meeting of the IB directors a request had been articulated to conduct an analysis of IOP administrative capacity in IA 3.1 and IA 3.3 that was on 30 Apr 2014 sent by the MoLSA to the IOP MA. On 12 Jun 2014, a meeting was held with the IOP MA on addressing the staffing capacity, and the IOP MA proposed to reduce the number of employees involved in the IOP implementation.

**Measures taken:**

At the meeting on staffing capacity, the MoLSA advised that the reduction of the number   
of employees can result in an increased administrative workload of staff and have a negative impact   
on the absorption of allocated funds. The MoLSA also pointed out that on account of late launch of the IOP the key agenda will be delivered in the period from June 2014 to June 2016 and the MoLSA has funds available for the labour costs from the TA sources until 30 Nov 2015 only.  The priority of the MoLSA IB is to retain the adequate administrative capacity and the existing qualified employees who are familiar with the IOP programme and project cycle.

**Intervention area 3.2**

In Intervention area 3.2 two problems were identified that affected the implementation of this measure action. It is the interruption of the payment deadline for expenditure and the introduction of the Methodology of Financial Flows in relation to the AA audit performance. Both these issues, including the measures taken, are described in Chapter 2.3 Main Problems Encountered in Programme Implementation and Measures Taken to Overcome Them.

**Intervention area 3.3**

**Risk of non-fulfilment of n+2 rule and loss of allocation of the IOP**

The main reasons behind were mainly the postponements in timetables of implemented projects, brought about by protractions in the duration of construction works, getting the building permit, overall delays, etc.

**Measures taken:**

Suitable beneficiaries were identified and approached with a request to implement the projects in stages so as to maximise the absorption in 2014. Two seminars for beneficiaries took place, with the total number of 45 participants, which focused on the provision of information for completing the monitoring report and application for payment aimed at due and timely submission of the documents.

The MoLSA IB called upon the individual aid beneficiaries to cooperate as much as possible during the submission of the monitoring report and the application for payment and to submit the monitoring report with the AP within 5 working days after the date of stage completion.

In 2014, negotiations took place with the competent representatives of the GD LO CR Prague in order to intensify the work of all the actors and to speed up the administration of all projects implemented in activities 3.3 a) and b).

On 29 Aug 2014, the deadline for submission of project applications under call No 4 for activities   
3.3 a) and b) was extended until 31 Dec 2014, which was supposed to enable the submission of a new project application for the purchase of an office building to be financed from IA 3.3 of the IOP. Currently, conditions are being prepared for the submission of projects on the LO CR in Litvínov in the volume of approximately CZK 10-20 million. The MoLSA communicates intensively with aid beneficiaries and the GD LO Prague. At a regular weekly interval, the timetable of implementation of projects in activities 3.3 a) and b) is updated with a view to identifying the pitfalls in project administration and to making all steps in order to accelerate the whole process.

In 2014, the MoLSA assessed in detail the submitted Notifications of a change which resulted   
in a transfer of funds from 2014 to 2015. The approval of transfer is conditioned by monthly reporting of the observance of the set timetable that made it possible to evaluate the progress achieved in project implementation. Also, administration of projects and development with respect to the potential loss   
of allocation were continuously monitored.

**Extension of implementation of large investment projects, risk of withdrawal of beneficiaries from implementation of projects in IA 3.3**

The reasons leading to protractions in project implementation are especially the problems associated with building permit procedures and tenders (delays in the implementation of tenders, necessity   
to cancel the tender and repeatedly publish a new one).

**Measures taken:**

The MoLSA communicated intensively with beneficiaries in order to address the problems early enough in order to prevent critical situations necessitating the termination of project implementation. Implementation of individual projects was monitored and in case of protractions in administration   
and transfers, optimum solutions were introduced to support the absorption of allocation – e.g. division of projects into stages, etc. The MoLSA consistently alerts the beneficiaries to the necessity to consult the process of selection of contractors with the CRD CR in order to avoid any law or methodology violations.

In project called “LO CR Liberec – construction, purchase, reconstruction of the office building“   
in the total volume of approved funds in the amount of CZK 225 351 240 of eligible expenditure, on 21 May 2014 the beneficiary announced his withdrawal from project implementation. The GD LO CR proposed to cancel the public procurement procedure for the selection of project documentation and construction contractors since obstacles occurred during the public procurement that impeded the continuation of the public procurement procedure. A repeated publishing of the public procurement procedure and completion of project implementation before 30 Nov 2015 was considered to be unrealistic.

In project “LO CR – Pardubice – construction of the building and the training centre“ (approved funds in the amount of CZK 220 006 492), the contractor withdrew from the contract. The first proposal was submitted by the contractor to the LO CR on 21 Nov 2014, the negotiations were not closed   
as of 31 Dec 2014.  The released funds will be offered to the IOP MA for a transfer to other IAs.

**Risk of non-reimbursement of funds by the European Commission under the project “LO CR Prague – purchase of the office building“**

The project LO CR Prague – purchase of the office building was repeatedly criticised by the EC on account of inadequate benefit brought about by the purchase of the building in Prague for the Convergence region.

The MoLSA has elaborated a document containing data that could be referred to in a letter to the EC to support the acceptance of eligibility of the largest possible part of the project costs. On 31 Mar 2015, however, the IOP MA received a letter from the EC stating that the EC considers eligible only the part of the project related to the training centre. Based on the audit of the Ministry of Finance No IOP/2014/O/064 ineligible expenditure in the amount of approximately CZK 86 million was detected.

**Intervention area 3.4**

**Problems in public procurement**

In 2015, frequent problems continue to arise in the implementation of public procurement (necessity to cancel the public procurement where only one bid is submitted, appeals lodged by unsuccessful bidders to the OPC, etc.) which cause postponements in timetables of implementation and transfers   
of absorption of funds to the final stages of projects. In some cases, beneficiaries extend the date   
of project completion.

**Measures taken:**

The CRD continues to offer consultations on public procurement. Risky and sleeping projects continue to be identified, progress in implementation and accomplishment of remedial actions is monitored. Under the project Prevention of the National Coordination Authority consultations are provided   
to beneficiaries and errors in applications for payment and monitoring reports are eliminated.

**Obstructive practices in public procurement**

The highly competitive environment forces the bidders in public procurement to obstructive practices, enquiries and complaints are lodged, and in some cases the public procurement procedure   
is terminated. In other cases the bidders submit on purpose incomplete bids in order to map the situation in the market, while they have no real interest in winning the contract.

**Measures taken:**

The CRD provides consultations on public procurement and helps the beneficiaries draw up the documentation in order to minimise the risk of the contract being contested.

### 3.3.5 Example of a project

**Intervention area:** 3.1 Social integration services, activity b) Investment support to ensure the availability of services that facilitate return of members of socially excluded Roma localities that are most at risk to the labour market and society

**Name of the project, registration number:** “Low-threshold Centre in Hvězdička park“, Reg. No. CZ.1.06/3.1.00/06.08233

**Beneficiary:** The Statutory City of Brno

**Project funding:** Total amount of support CZK 16 073 828 (EU contribution CZK 13 662 754, SB contribution CZK 2 411 074)

The project aims to construct a new low-threshold centre in the newly reconstructed Hvězdička park, which will be created in the middle of the “Problematic residential zone” in the City of Brno. This zone meets the parameters of a socially excluded locality. In Brno, a total of 5 socially excluded localities were defined in 2008. The proposed project concerns the socially excluded localities   
No 1 and 2.

The low-threshold centre will accommodate for after-school activities of Roma youth and will serve social integration of Roma community. The centre will be run by a non-profit organisation that shall provide the following two social services:

- social rehabilitation,

- Low-threshold Centre Hvězdička – Outreach social work Brno.



**Intervention area:** 3.2: Public health services

**Name of the project, registration number:** Replacement of the linear accelerator in the Comprehensive Oncology Centre Nový Jičín, CZ.1.06/3.2.01/14.08956

**Beneficiary:** Nový Jičín Hospital a.s.

**Project funding**: Total expenditure CZK 119 216 460 (SF contribution: CZK 76.5 million, SB contribution CZK 13.5 million)

**A new linear accelerator was purchased for the Nový Jičín Hospital a.s. at the end of 2014.**

The main reason behind the purchase of a new advanced linear accelerator was to reduce the waiting time of patients and thus to increase the number of patients undergoing radiotherapy by 10 – 15 % while maintaining the excellent mechanical precision of the device which is necessary e.g. for radiotherapy of brain tumors and other interventions.

The accelerator avails of the so called “True beam“ technology, which represents another qualitative and quantitative advancement in radiotherapy. The linear accelerator fitted with this technology achieves exceptional mechanical precision that is a precondition for the extension of its use also in stereotactic radiotherapy and stereotactic radiosurgery, methods applied in treating brain tumors, prostate cancer, etc.

The new linear accelerator administers the required dose two to eight times faster than the best performing existing methods. An advantage of this speed consists in a short time of radiation also when high precision techniques are applied thanks to which the patient does not move so much and the surrounding healthy tissue is exposed to lower radiation.

Thanks to the versatility of the device, integrating the linear accelerator and the stereotactic radiosurgery system, an optimum treatment can be chosen for the particular patient. Thus, this system can be used in all patients in whom radiotherapy is indicated, including patients suitable for a special type of radiotherapy.



**Intervention area:** 3.3 Employment services, activity a) (Investment) support for transformation and fostering of employment services

**Name of the project, registration number:** LO CR - Ostrava – purchase of the building in Zahradní 12 and provision of its equipment, CZ.1.06/3.3.00/04.08900

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

**Project funding:** Total amount of support CZK 46 608 925.00 (SF contribution CZK 39 617 586.25; SB contribution CZK 6 991 338.75)

The purchase of the building for the Regional Branch in Ostrava will help deal with inadequate conditions for clients of employment services and ensure suitable conditions for modern and efficient work with job applicants and seekers. The project will finance building adjustments, modifications   
of air-conditioning, electrical works, electrical fire alarm, electronic security system, modifications   
of medical technologies and heating, adjustments in structured cabling, including reconstruction of the data switchboard. Moreover, the building will be fitted with furniture based on the parameters defined in programme documentation. A total of 66 employees will be deployed in the building, by which the number of rented premises and the associated rental costs will decrease.



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

**Name of the project, registration number:** Increasing the operational capability of the Police of the CR in addressing emergency situations, CZ.1.06/3.4.00/26.09654

**Beneficiary:** Ministry of Interior of the CR

**Project funding:** Total budget CZK 1 071 609 000, SF: 910 867 650, SB: 160 741 350

Under this project high-tech equipment and technologies will be provided to individual Regional Directorates of the Police of the CR and expert and specialised services of the Police of the CR – Explosive Disposal Unit, Department of Special Diving Activities and Training (hereinafter referred to as “DSDST"), Riot Police Service (including river police) and Traffic Police Service, Operations Centres of the Police of the CR, Forensic Technology and Expertise Departments (hereinafter referred to as “FTED”), and Forensic Technology Units (hereinafter referred to as the “FTU”).

The project covers the costs of purchase of special technology and equipment that will be operated across the territory of the Czech Republic in order to increase the operational capability of the Police of the CR within the IRS in prevention, preparation and addressing emergencies (including natural and technological disasters, floods in particular).



## 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 this area.

The priority axis covers the Convergence objective (4a) and the Regional competitiveness and employment objective (4b).

In this intervention area 2 projects are always administered: the so called “pair projects”, one under the Convergence objective and the other under the Regional competitiveness and employment objective.

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 Intervention area 4.1a and 4.1b**, in the monitored period one new project application was submitted in activity “c“ in the 12th continuous call. The budget of this new project is approximately CZK 1 million from ERDF. In addition, the Decision was issued for 2 pair projects submitted in the previous period in activity “e“ in the 12th continuous call (roughly a total of CZK 115.5 million from ERDF). The evaluation of all project applications submitted under the 25th continuous call was completed. Of 16 pair projects, 5 projects with the total financial requirements of CZK 142 million (ERDF) successfully passed the quality appraisal and for 4 projects the Decision was issued in the monitored period. The unused funds from the 25th call were in line with the December update of the Strategy of Full Absorption of the IOP used to increase the allocation for selected calls for other intervention areas. On 26 Mar 2015, the project called “Introducing the national information portal   
of tourism“, with the budget of CZK 101.4 million (ERDF), was withdrawn. The beneficiary has already been reimbursed the amount of roughly CZK 30 million.

In Intervention area 4.1a (Convergence objective), as of 16 Apr 2015 legal acts on grant provision were issued for approximately 93.5 % of the allocation. It constitutes an increase by roughly 2.6%   
as against the previous period. This progress reflects the new Decisions, issued for projects from the 12th and 25th calls in the monitored period, the withdrawal of the above referred to project and cutting the budgets of some projects under implementation by savings. In Intervention area 4.1b (RCE objective), the financial claims of issued legal acts represent 148 % of the allocation. The difference between the objectives is the consequence of the revision of the Programming Document in 2014,   
in which the Community contribution in RCE objective was reduced with respect to the quantified loss   
of allocation in 2013.

In the monitored period the positive trend of accelerated absorption of funds, started in the year before, continued. As of 16 Apr 2015, a total of EUR 45.72 million (ERDF) was paid out to beneficiaries, which represents about 71.9 % of the total allocation for Intervention areas 4.1a and 4.1b and almost 17% increase as against 3 Oct 2014. A similar shift was recorded also in the volume of certified funds. The mentioned progress was achieved thanks to the set plans of absorption when the projects of the Czech Tourism Headquarters – CzechTourism (“CzT“) beneficiary with the scheduled date   
of completion of implementation on 31 Dec 2014 were supposed to absorb large amounts of funds   
at towards the end of their implementation period, and also thanks to the extraordinary certification, and intensive and close cooperation of the CRD staff with beneficiaries during the implementation   
of projects and preparation of the MR and AP.

Further progress in absorption in 2015 will depend mainly on successful implementation of projects   
of most important beneficiaries in the intervention area – CzT and the Tourism Department   
of the MoRD. Especially projects, in which shifts occurred in deadlines and amounts of funds in the past, and projects with the date of completion of implementation set at 31 Dec 2015 will require project team stability, faultless project management and strict observance of timetables   
of implementation.

Another potential risk in relation to the absorption of allocation is posed by projects from the 25th call which due to the latest possible date of eligibility of expenditure do not have much time left for any extensions in case of complications (e.g. in tenders). The need of faultless project management referred to above is absolutely vital here.

Withdrawal of projects and return of support due the failure to achieve the targets is, apart from savings in projects, another factor leading to a loss of allocation since the IOP MA will have no time and tools to remedy the negative development in case more funds are released unexpectedly.

Regular meetings between the main beneficiaries and the IOP MA and CRD representatives will continue to take place, and during these meetings potential problems faced in individual projects will be consulted and addressed.

1. **Cumulative progress at the level of Intervention area 4.1a and 4.1b (in mil. CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013[[7]](#footnote-8)** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **C** | **c/a** | **d** | **e** | **e/a** | **F** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 4.1a | 2014/10/03 | 1,609.53 | 60.57 | 112 | 3,969.61 | 246.63 | 146.26 | 37 | 1,462.63 | 90.87 | 55.21 | 842.93 | 52.37 | 32.73 | 796.80 | 49.51 | 31.06 | 720.43 | 44.76 | 28.18 |
| 2015/04/17 | 1,609.36 | 60.57 | 113 | 3,970.60 | 246.72 | 146.52 | 42 | 1,504.38 | 93.48 | 56.71 | 1,111.67 | 69.08 | 42.45 | 1,033.42 | 64.21 | 39.60 | 1,019.80 | 63.37 | 39.08 |
| Difference |  |  | 1 | 0.99 | 0.06 | 0.25 | 5 | 41.76 | 2.59 | 1.50 | 268.74 | 16.70 | 9.72 | 236.62 | 14.70 | 8.55 | 299.36 | 18.60 | 10.90 |
| 4.1b | 2014/10/03 | 123.81 | 4.66 | 112 | 393.41 | 317.75 | 14.45 | 37 | 112.50 | 90.86 | 4.25 | 64.84 | 52.37 | 2.52 | 61.29 | 49.50 | 2.39 | 55.42 | 44.76 | 2.17 |
| 2015/04/17 | 80.99 | 3.10 | 113 | 395.05 | 487.78 | 14.53 | 42 | 119.93 | 148.08 | 4.52 | 85.51 | 105.59 | 3.27 | 79.49 | 98.15 | 3.05 | 78.45 | 96.86 | 3.01 |
| Difference |  |  | 1 | 1.64 | 2.02 | 0.08 | 5 | 7.43 | 9.18 | 0.27 | 20.67 | 25.53 | 0.75 | 18.20 | 22.47 | 0.66 | 23.03 | 28.43 | 0.84 |

*Source of data: Current MC – MSC 2007 as of 16 Apr 2015*

*Previous MC – MSC 2007 as of 3 Oct 2014*

*CZK /EUR exchange rate: Current MC – 27.473*

*Previous MC – 27.54*

*Source of funding: EU share*

**Overview of ongoing calls**

**In Intervention area 4.1**,2 calls were under way in the monitored period, call No 12 with the allocation of EUR 59.7 million and call No 25 with the allocation of EUR 5.45 million. 48 project applications in the volume of EUR 101.11 million were submitted, 25 projects in the amount of EUR 62.35 million were approved.

1. **Overview of ongoing calls in the period from 1 Apr 2014 to 16 Apr 2015 in Priority axis 4a, 4b**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Number of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with the issued Decision / signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 44 | 12 | 7 Sep 2011 | 30 Apr 2015 | continuous | 4.1 | 55,497,418 | 31 | 74,932,757 | 21 | 52,974,462 |
|  |  |  |  |  |  | 4,164,619 |  | 9,599,634 |  | 4,074,265 |
| 73 | 25 | 25 Jun 2014 | 1 Oct 2014 | continuous | 4.1 | 5,069,913 | 17 | 15,391,628 | 4 | 4,919,400 |
|  |  |  |  |  |  | 389,993 |  | 1,183,916 |  | 378,391 |
| **PA 4 total** | | | | | | **65,121,943** | **48** | **101,107,935** | **25** | **62,346,518** |

*Source: IS Monit7+ as of 16 Apr 2015*

*Source of funding – public funds total*

*Note: The values of the Submitted applications and Projects with the issued Decision/signed Contract columns are due to the multi-objective nature of priority axes given only in intervention areas related to the Convergence objective. In intervention areas falling under the Regional competitiveness and employment objective, the value is zero.*

### 3.4.3 Fulfilment of indicators

The target values of majority of indicators were originally set at the same level for both the Convergence and Regional competitiveness and employment objectives. In the course of programme implementation, a change was made in the measurement of some indicators, namely from the originally set values that were the same for both the objectives, to ratio indicators. The values given in this overview are based on the already corrected status.

The commitments of approved projects show the fulfilment of **indicator No 410100 Core 34 Number of projects focused on tourism development** to the level of 95.5 %.

The fulfilment of target values of several indicators depends on the implementation of one (pair) project. It concerns output indicators No 413305 Number of information portals, No 413320 Number of newly classified and certified entities operating in tourism, and No 413315 Number of introduced standards in tourism services.

**Indicator No 413305** was supposed to be the result of project called “Introducing the national information portal of tourism“. Due to problems in project implementation and a high risk of unauthorised state aid, the beneficiary had an opinion elaborated for this project, the purpose of which was to assess the state of play of the project and also to decide whether and how to continue with its implementation. Based on the conclusions of the opinion, the beneficiary decided to discontinue the project implementation and on 26 Mar 2015 withdrew from its implementation. With account taken of the stage of programme implementation, it is out of question now to implement a project that would fulfil this indicator. Linked to this withdrawn project was also the result indicator **No 413311 Share of entities operating in tourism in the CR, which will be connected to the reservation system** that will not be fulfilled due to the reasons above.

**Indicator No 413320 Number of newly classified and certified entities operating in tourism** is the result indicator of project called “National system of quality of tourism services in the Czech Republic”. The target value of the indicator is to be reported by the beneficiary as at the date of completion of project implementation on 31 Dec 2015. However, the target value of the indicator (2 000) is high and this indicator is now considered to be at the highest risk since there is only sluggish minor progress achieved in the number of certified entities. This situation is to a certain extent caused by complexity of some contracts concluded in the course of project implementation.

**Indicator No 413315 Number of introduced standards in tourism services** is also linked to the above mentioned project “National system of quality of tourism services in the Czech Republic” and the target value was achieved already in 2013.

The target value of **indicator No 410302 Number of created publicity or marketing products for tourism** has been exceeded – it has reached the level of commitment of 165%. The achieved value of the indicator is directly linked to the number of approved projects in activity d) and e). The originally set value of indicator No 410302 disregarded the fact that activity d) and e) show the highest absorption capacity and the mentioned indicator was chosen by all the applicants.

When the absorption capacity was examined during the preparation of the programme, the potential beneficiaries submitted data which lost their reporting value in the course of programme implementation. The beneficiaries from non-profit sector were supposed to submit fewer projects, but due to the necessity of co-financing they submitted less financially demanding projects with budgets in the order of millions of CZK. Therefore, a higher number of projects of more beneficiaries received support.

The same applies to output indicator **No 410303 Number of publicity campaigns promoting tourism products**.

**Indicator No 410304 Number of marketing and statistical surveys** is reported by all projects supported under activity c) Support for nationwide marketing and creation of source databases. The progress achieved in implementation of projects does not suggest the non-fulfilment of the target value of the indicator.

1. **Output indicators**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code of the indicator** | **Name of the indicator** | **Unit of measurement of the indicator** | **Baseline value of the indicator** | **Target value of the indicator** | **Commitment of the beneficiaries** | **Value achieved as of 16 Apr 2014** | **Covered by the Decisions as of 16 Apr 2015** |
| 410100 (Core 34) | Number of projects focused on tourism development | Number | 0 | 88 | 84 | 50 | 1,624,315,796 |
| 413305 | Number of newly introduced information and reservation systems in tourism | Number | 0 | 1 | 0 | 0 | 0 |
| 413315 | Number of introduced standards in tourism services | Number | 0 | 5 | 5 | 5 | 67,127,331 |
| 410304 | Number of marketing and statistical surveys | Number | 0 | 6 | 12 | 11 | 177,135,990 |
| 410303 | Number of publicity campaigns promoting tourism products | Number | 0 | 32 | 53 | 31 | 198,922,320 |

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. **Result indicators**

| **Code of the indicator** | **Name of the indicator** | **Unit of measurement of the indicator** | **Baseline value of the indicator** | **Target value of the indicator** | **Commitment of the beneficiaries** | **Value achieved as of 16 Apr 2014** | **Covered by the Decisions as of 16 Apr 2015** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 413311 | Share of entities operating in tourism in the CR, which will be connected to the reservation system | % | 0 | 50 | 0 | 0 | 0 |
| 413320 | Number of newly classified and certified entities operating in tourism | Number | 0 | 2,000 | 2,280 | 980 | 67,127,331 |
| 413321 | Number of created source databases | Number | 0 | 6 | 7 | 6 | 177,135,990 |
| 410302 | Number of created publicity or marketing products for tourism | Number | 0 | 10 | 35 | 23 | 1,181,130,154 |

***Source: MSC as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

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, 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 on providing a grant has been issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 4.1

***Source: MSC2007 as of 16 Apr 2015 and data obtained from IBs on ratio indicators***

### 3.4.4 Problems and measures taken

**Low quality of submitted project applications**

**Intervention area 4.1** has throughout the period of programme implementation witnessed a high share of rejected projects due to their low quality. The weakness of these projects is particularly their budgets and their links to activities, inappropriate description of activities, and substandard quality of baseline analysis.

**Measures taken:**

The IOP MA together with the CRD tries to prevent the excessive number of rejected applications through intensive communication and consultations with applicants, or through publishing of the most frequently asked questions (FAQ) concerning the most challenging areas of project administration. The beneficiaries could also tap the Prevention project, implemented by the Ministry of Regional Development of the CR, the National Coordination Authority. The project aims to minimise the main risks of projects, to eliminate errors, to explain programme rules, to point at the risks at the stage of project implementation and its sustainability, to propose remedial actions and to assist in their implementation, or supervision of submitted documentation. This service thanks to its preventive nature reduces the risk arising from the violation of conditions governing the provision of support.

**Non-fulfilment of n+2 rule**

In 2014, in Intervention area 4.1 the IOP MA addressed the problematic fulfilment of n+2 rule caused by low absorption of funds. This situation was brought about mainly by non-adherence to the timetables of project implementation (as to the dates and transfers of funds), delays in the conduct of public procurement procedures and tenders, poorly designed project activities and frequent changes in staffing of projects (it concerns especially the project teams of the Czech Tourism Headquarters - CzechTourism).

**Measures taken:**

With respect to the progress in implementation, regular meetings between two most important beneficiaries – the Czech Tourism Headquarters – CzechTourism and the Tourism Department of the MoRD with the representatives of the IOP MA and CRD continued to take place, during which the topical issues of individual projects were discussed and addressed. The source documents were the control reports from Monit7+ information system that illustrate the status of individual projects, links between tenders and applications for payment, etc. Regular meetings will also be held in 2015.

With regard to a high error rate of submitted APs, or due to a high turnover of staff in project teams of the Czech Tourism Headquarters – CzechTourism, in July 2014 the CRD organised a training course on the most frequent problems faced in completing and submitting the APs.

The CRD in collaboration with the IOP MA set the internal procedures to speed up the administration of applications for payment at the CRD in line with measures to maximise the absorption in 2014. The CRD also called upon the beneficiaries to cooperate as much as possible during the submission of APs (cutting short the deadline for submission of the AP after the end of the stage) and offered consultations on documenting and accounting of individual types of expenditure. In relevant cases, the possibility to modify the stages of projects is consulted with beneficiaries.

The loss in 2014 was also substantially reduced by the negotiated extraordinary certification.

**Necessity to repeat tenders**

During the project implementation a necessity often arises to repeat tenders, namely on account of submission of no or 1 bid only, or inappropriately drafted tender documents.

**Measures taken**

The CRD has intensified controls of submitted tender documents and progress achieved in public procurement.

**State aid**

In the implementation of some projects a risk associated with the state aid if faced. It concerns also the projects submitted under the 25th call.

**Measures taken**

The CRD exploits the consultations with the IOP MA experts on state aid. The CRD in cooperation with the IOP MA published the most frequently asked questions (FAQ) with instructions how to minimise the risk associated with the state aid.

## 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 Intervention area 5.1,** the number of projects with the issued Decision on providing a grant increased by 6 projects in the volume of EUR 20.50 million to 27 projects with the volume of EUR 219.31 million. The projects with the issued Decision account for 102.69 % of the allocation to this intervention area. In the monitored period, the beneficiaries were paid EUR 31.45 million (almost double the amount reimbursed in the previous period) and the total amount paid has reached EUR 151.32 million (69.88 % of the allocation). The certified expenditure equals EUR 139.33 million and accounts for 64.10 % (an increase by 17.94 %).

1. **Cumulative progress at the level of Intervention area 5.1 (in million CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013[[8]](#footnote-9)** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 5.1 | 2014/10/03 | 5,694.70 | 213.74 | 70 | 14,902.98 | 261.70 | 548.10 | 21 | 5,283.68 | 92.78 | 198.81 | 3,109.63 | 54.61 | 119.87 | 3,039.23 | 53.37 | 117.31 | 2,627.63 | 46.14 | 102.36 |
| 2015/04/17 | 5,692.73 | 213.74 | 70 | 14,902.98 | 261.79 | 548.98 | 27 | 5,845.92 | 102.69 | 219.31 | 3,978.08 | 69.88 | 151.32 | 3,775.34 | 66.32 | 143.94 | 3,649.16 | 64.10 | 139.33 |
| Difference |  |  | 0 | 0.00 | 0.00 | 0.89 | 6 | 562.24 | 9.88 | 20.50 | 868.45 | 15.26 | 31.45 | 736.11 | 12.93 | 26.63 | 1,021.53 | 17.94 | 36.97 |

**The following is applicable to all the tables for PA 5 below:**

*Source: Current MC – MSC2007 as of 16 Apr 2015*

*Previous MC – MSC2007 as of 3 Oct 2014*

*CZK/EUR exchange rate: Current MC – 27.473*

*Previous MC – 27.54*

*Source of funding – EU share*

**In Intervention area 5.2**, the forecasts of absorption are regularly fulfilled. In this intervention area, a total of 1418 projects in the volume of EUR 221.45 million have been approved. The projects with the issued Decision equal 104.01 % of the allocation to this intervention area. In the given period, the beneficiaries were paid EUR 15.47 million (7.71 % of the allocation) and the total amount reimbursed is EUR 172.16 million (79.54 % of the allocation). The certified expenditure amounts to EUR 164.09 million, i.e. 75.55 % of the allocation to this intervention area.

1. **Cumulative progress at the level of Intervention area 5.2 (in million CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 5.2 | 2014/10/03 | 5,535.39 | 213.38 | 1,477 | 6,225.95 | 112.48 | 238.45 | 1,384 | 5,362.37 | 96.87 | 207.10 | 3,974.37 | 71.80 | 156.70 | 3,882.69 | 70.14 | 153.37 | 3,645.91 | 65.87 | 144.72 |
| 2015/04/17 | 5,533.55 | 213.38 | 1,503 | 6,506.48 | 117.58 | 248.79 | 1,418 | 5,755.36 | 104.01 | 221.45 | 4,401.21 | 79.54 | 172.16 | 4,247.36 | 76.76 | 166.56 | 4,180.74 | 75.55 | 164.09 |
| Difference |  |  | 26 | 280.53 | 5.07 | 10.34 | 34 | 392.99 | 7.10 | 14.36 | 426.84 | 7.71 | 15.47 | 364.66 | 6.59 | 13.19 | 534.83 | 9.67 | 19.37 |

**In Intervention area 5.3**, the administration of all projects was completed and no additional call is planned. A total of 591 projects with the allocation of EUR 15.7 million have been approved. EUR 15.62 million has been paid to beneficiaries, with the amount of EUR 0.03 million reimbursed in the monitored period. In this intervention area 99.67 % of the allocation has already been certified.

1. **Cumulative progress at the level of Intervention area 5.3 (in million CZK/EUR)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Intervention area** | **Date of the snapshot** | **Total allocation for 2007–2013** | | **Submitted applications** | | | | **Funds covered by the Decision / Contract (Addendum)** | | | | **Funds paid out to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 5.3 | 2014/10/03 | 399.97 | 15.53 | 700 | 498.69 | 124.68 | 19.11 | 591 | 404.61 | 101.16 | 15.70 | 401.73 | 100.44 | 15.59 | 399.79 | 99.96 | 15.52 | 377.36 | 94.35 | 14.70 |
| 2015/04/17 | 399.98 | 15.53 | 700 | 498.69 | 124.68 | 19.12 | 591 | 404.61 | 101.16 | 15.70 | 402.50 | 100.63 | 15.62 | 402.50 | 100.63 | 15.62 | 398.67 | 99.67 | 15.47 |
| Difference |  |  | 0 | 0 | 0 | 0.01 | 0 | 0 | 0 | 0 | 0.77 | 0.19 | 0.03 | 2.71 | 0.68 | 0.10 | 21.31 | 5.33 | 0.77 |

**Overview of ongoing calls**

In Priority axis 5, project applications continued to be submitted under the 7th call for Intervention area 5.2. In the monitored period, the evaluation of projects from the 24th call of the MoRD for Intervention area 5.1 was completed and 6 projects were approved.

1. **Overview of ongoing calls in PA 5**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Number of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with the issued Decision / signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 16 | 7 | 22 May 2009 | 2015 | continuous | 5.2. | 192,573,322 | 1502 | 404,464,056 | 1417 | 193,113,303 |
| **PA 5 total** | | | | | | **192,573,322** | **1,502** | **404,464,056** | **1,417** | **193,113,303** |

*Source: IS Monit7+ as of 16 Apr 2015*

*Source of funding – public funds total*

**IUDP Implementation**

**Status of IUDP implementation**

The Integrated Urban Development Plans have been implemented in 41 towns. Before 16 Apr 2015, a total of 267 calls were announced in all the towns, of which 211 calls were closed and the remaining 56 calls, mostly continuous, are still under way.

1. **Number of calls for the IUDP**

| **Name of the applicant** | **Approved assistance from the IOP** | **Submitted projects** | **Status of absorption as at the end of 2013** | **Status of absorption as at the end of 2014** | **Status of absorption as of 16 Apr 2015** | **Status of absorption as of 16 Apr 2015** |
| --- | --- | --- | --- | --- | --- | --- |
| **(ERDF)** | **(ERDF)** |
| **in EUR** | **in EUR** | **(in %)** | **(in %)** | **(in %)** | **in EUR** |
| Bohumín | 3,257,030 | 3,630,638 | 83.96 | 74.33 | 81.56 | 4,467,003 |
| Brno | 4,925,263 | 5,184,290 | 58.12 | 58.65 | 62.75 | 7,726,912 |
| Břeclav | 2,090,289 | 2,150,215 | 54.22 | 87.69 | 88.11 | 3,689,359 |
| České Budějovice | 6,849,922 | 8,034,366 | 64.05 | 82.83 | 91.89 | 8,970,654 |
| Český Těšín | 3,956,535 | 3,977,417 | 78.50 | 95.07 | 96.82 | 6,016,611 |
| Děčín | 2,948,794 | 3,198,458 | 36.70 | 64.08 | 74.52 | 3,745,939 |
| Frýdek-Místek | 6,138,173 | 6,795,795 | 66.11 | 69.70 | 70.03 | 6,623,833 |
| Havířov | 6,909,677 | 7,016,659 | 65.38 | 82.81 | 83.20 | 8,818,068 |
| Hodonín | 3,449,189 | 2,889,368 | 64.22 | 70.00 | 82.03 | 5,730,109 |
| Hradec Králové | 4,410,418 | 5,260,031 | 54.05 | 82.59 | 97.53 | 8,183,303 |
| Cheb | 2,600,750 | 2,794,269 | 33.44 | 60.85 | 64.84 | 3,053,789 |
| Chomutov | 7,341,464 | 6,326,092 | 54.63 | 62.57 | 63.88 | 7,153,416 |
| Chrudim | 3,772,944 | 3,813,562 | 72.18 | 75.54 | 82.69 | 5,890,839 |
| Jablonec nad Nisou | 4,393,360 | 4,558,510 | 57.79 | 64.51 | 64.82 | 4,359,480 |
| Jirkov | 4,561,885 | 3,939,669 | 94.83 | 81.21 | 87.36 | 7,567,252 |
| Karlovy Vary | 4,539,585 | 2,787,775 | 57.08 | 58.97 | 59.25 | 4,501,127 |
| Karviná | 5,750,823 | 5,404,557 | 71.17 | 85.88 | 88.77 | 8,769,966 |
| Kladno | 5,660,028 | 5,889,035 | 73.00 | 95.60 | 98.12 | 9,140,259 |
| Kopřivnice | 3,799,948 | 3,825,636 | 60.84 | 81.06 | 81.44 | 5,759,864 |
| Kroměříž | 3,972,531 | 4,879,869 | 77.38 | 86.52 | 86.93 | 6,260,359 |
| Liberec | 8,057,591 | 6,059,248 | 67.01 | 62.60 | 65.59 | 8,944,853 |
| Litvínov | 4,262,583 | 3,236,476 | 75.10 | 74.76 | 79.56 | 6,366,044 |
| Mladá Boleslav | 6,301,013 | 7,527,174 | 79.61 | 69.11 | 84.24 | 9,616,810 |
| Most | 4,954,049 | 4,568,959 | 58.98 | 74.00 | 74.35 | 6,133,682 |
| Náchod | 3,750,977 | 4,645,531 | 66.09 | 82.30 | 82.97 | 5,030,197 |
| Nový Jičín | 3,507,776 | 4,250,210 | 86.53 | 91.92 | 95.82 | 6,259,985 |
| Olomouc | 6,419,918 | 6,228,390 | 65.81 | 83.76 | 85.57 | 8,344,662 |
| Opava | 6,440,187 | 6,487,658 | 79.75 | 87.17 | 87.58 | 8,638,731 |
| Orlová | 3,197,484 | 2,561,086 | 61.08 | 71.42 | 73.28 | 3,905,548 |
| Ostrava | 5,290,560 | 5,900,468 | 60.71 | 82.36 | 86.20 | 7,726,644 |
| Pardubice | 6,792,570 | 5,763,046 | 61.22 | 70.26 | 74.65 | 8,157,428 |
| Písek | 3,381,371 | 3,444,821 | 45.42 | 63.44 | 94.54 | 5,046,541 |
| Přerov | 3,315,901 | 2,862,356 | 59.91 | 68.94 | 73.64 | 4,939,672 |
| Příbram | 6,385,946 | 5,986,369 | 75.10 | 69.82 | 80.11 | 7,095,369 |
| Strakonice | 5,331,992 | 4,090,261 | 78.56 | 68.55 | 68.88 | 5,918,389 |
| Tábor | 3,948,030 | 5,460,814 | 70.30 | 90.96 | 91.39 | 6,913,311 |
| Třebíč | 3,902,239 | 3,657,091 | 76.04 | 86.50 | 87.12 | 6,160,116 |
| Uherské Hradiště | 3,508,529 | 3,750,360 | 68.94 | 89.42 | 89.84 | 5,643,689 |
| Ústí nad Labem | 2,761,112 | 2,774,227 | 41.96 | 99.38 | 99.85 | 3,573,953 |
| Vsetín | 4,938,967 | 5,650,258 | 69.55 | 78.23 | 78.60 | 7,018,790 |
| Znojmo | 3,065,410 | 2,488,209 | 43.47 | 56.92 | 57.18 | 2,856,881 |
| **Total** | **190,842,813** | **189,749,223** | **65.27** | **76.12** | **80.33** | **260,719,435** |

*Source: IOP MA as of 16 Apr 2015*

1. **Information on the status of absorption of IUDP allocation for Intervention area 5.2**

| **Activity 5.2** | **Number of calls published before 16 Apr 2015** | | |
| --- | --- | --- | --- |
| **Number of calls total** | **Of which closed calls** | **Of which open calls** |
| a) revitalisation of public spaces | 71 | 30 | 42 |
| b) regeneration of residential buildings | 173 | 163 | 10 |
| c) pilot projects | 11 | 9 | 2 |
| Combined calls for a) + b) | 9 | 8 | 1 |
| Combined calls for a) + b) + c) | 3 | 1 | 2 |
| **Total** | **267** | **211** | **56** |

*Source: IOP MA as of 16 Apr 2015*

### 3.5.3 Fulfilment of indicators

**Intervention area 5.1**

The achieved value of indicator No **410401 Number of regenerated immovable cultural monuments** grew from 19 to 35 thanks to e.g. the completion of projects Velehrad – Centre of Cultural Dialogue between the Western and Eastern Europe or Chateau Riding Hall in Lednice – multifunctional centre.

The achieved value of indicator No **410402 “Number of newly built or modernised cultural facilities“** is 1 thanks to the completion of project called Improving the infrastructure for modern cultural services with a higher added value - Glass Art Centre Glassworks František in Sázava.

Value of indicator No **410404 “Number of created methodologies in the cultural heritage area”** remained zero since the methodologies in activity 5.1a) Creating and increasing the efficiency of national methodological centres for selected areas of cultural heritage have to be created within one year after the completion of the project. Two relevant projects under this activity were completed before the end of 2014.

The value of indicator No **410411 Increase in the number of visitors to monuments and cultural facilities** grew to 142 %. The fulfilment of this indicator is anticipated, currently 18 projects are under implementation, after the completion of which the target value of the indicator should be fulfilled.

**Intervention area 5.2**

The monitoring indicator **No 330103 Number of projects improving the attractiveness of housing in the territory”** reports an overfulfilment. When the indicators were set in the Programming Document, the IOP MA assumed that individual projects on revitalisation of public spaces will be implemented as a single project in the whole territory of the IUDP. The towns, however, implement individual projects separately, due to which the number of projects is higher than the target value   
of the indicator. The number of summary projects at the level of IUDP corresponds to the target value of the indicator.

In all the other MIs, the development is satisfactory and the target values tend to be exceeded.   
The reason behind the overfulfilment is a larger number of implemented projects as against   
the expectations, especially due to savings in projects, when the unused allocation to the project   
is returned to the total allocation for the respective IUDP and can be used again.

**Intervention area 5.3**

In Intervention area 5.3 in activity a), the commitment of approved projects has been attained and expenditure of all the projects in activity a) has already been certified.

The target value of indicator **No 330400 Number of projects on creating planning analytical materials of the Regions** has already been achieved. In line with the anticipated target value of the number of projects creating planning analytical materials for the Regions, 10 project applications have been submitted, one project was rejected during its administration.

When the target value of indicator **No 330415 Area of municipalities covered by the planning analytical materials of municipalities** was set, the calculation was based on the anticipated value   
of indicator No 330401. The area was calculated as the area of 140 smallest municipalities with extended powers, but in the end 170 applications submitted by the municipalities were supported and the area of territory of municipalities covered by the planning analytical documents fulfilled the indicator No 330415. The achieved value of indicators in activity b) as at the cut-off date was exceeded in all the cases.

When indicator **No 330411** **Number of assisted projects on creating new or updating the existing territorial plans** was set, the calculations were made based on the much higher price of territorial plans valid at the time of preparation of the Programming Document.

The calculations considered the maximum price of CZK 4 million per 1 territorial plan, including the expert opinions, but the average application for support claimed CZK 800 thousand, which resulted in exceeding the target value by more than five times.

When the target value of indicator **No 330416** **Area of municipalities covered by the new territorial plan** was set, the calculations were made based on the anticipated value of indicator No 330411.

The area was calculated as the area of 60 smallest municipalities with more than 500 inhabitants, which complied with the conditions of the prepared calls for 5.3b). The achieved value of indicator No 330418 exceeds many times the target value on account of reasons stated in indicators No 330411 and 330416 (output indicators), on which it is based.

1. Output indicators

| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects** | **Value achieved as**  **of 16 Apr 2015** | **Covered by the Decision as of**  **16 Apr 2015** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 410401 | Number of regenerated immovable cultural monuments | Number | 0 | 70 | 111 | 35 | 5 580 217 708 |
| 410402 | Number of newly built or modernised cultural facilities | Number | 0 | 5 | 4 | 1 | 265 700 296 |
| 330100 Core 39 | Number of projects improving the attractiveness of towns | Number | 0 | 1 000 | 1 418 | 1 355 | 5 845 918 004 |
| 330103 | Number of projects improving the attractiveness of housing in the territory | Number | 0 | 41 | 225 | 225 | 3 144 534 156 |
| 330101 | Number of projects improving the conditions of rental houses (residential buildings) | Number | 0 | 950 | 1 065 | 1 065 | 2 283 488 339 |
| 330102 | Number of pilot projects – support for selected Roma localities | Number | 0 | 7 | 6 | 6 | 327 337 812 |
| 330400 | Number of projects on creating planning analytical materials of the Regions | Number | 0 | 10 | 9 | 9 | 137 998 350 |
| 330401 | Number of assisted projects on creating planning analytical materials of municipalities | Number | 0 | 140 | 170 | 170 | 137 998 350 |
| 330411 | Number of assisted projects on creating new or updating the existing territorial plans | Number | 0 | 60 | 412 | 412 | 266 610 759 |
| 330415 | Area of municipalities covered by the planning analytical materials of municipalities | km2 | 0 | 34 800 | 63 398 | 63 398 | 137 998 350 |
| 330416 | Area of municipalities covered by the new territorial plan | km2 | 0 | 140 | 10 359 | 10 359 | 266 610 759 |

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. Result indicators

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Code** | **Name of the indicator** | **Unit of measure-ment** | **Baseline value** | **Target value** | **Commit-ment of approved projects** | **Value achieved as**  **of 16 Apr 2015** | **Covered by the Decision as of**  **16 Apr 2015** |
| 410404 | Number of created methodologies in the cultural heritage area | Number | 0 | 13 | 13 | 0 | 438 133 079 |
| 410411 | Increase in the number of visitors to monuments and cultural facilities | % | 100 | 161 | 188 | 142 | 5 407 784 925 |
| 331200 | Number of renovated apartments | Number | 0 | 24 500 | 56 637 | 55 700 | 2 610 826 151 |
| 331300 | Area of revitalised territory | m2 | 0 | 4 108 000 | 5 369 449 | 4 415 195 | 3 144 534 156 |
| 331500 | Energy savings in rental houses (residential buildings) | % | 0 | 20 | 31 | 31 | 2 610 826 151 |
| 331000 | Number of created Urban Development Funds | Number | 0 | 1 | 1 | 1 | 518 389 065 |
| 330418 | Increase in the area of development areas, development axes and specific areas covered by new territorial plans | % | 0 | 0 | 0 | 42 | 266 610 759 |
| 330417 | Increase in the area of the CR which will be covered by planning analytical materials of municipalities | % | 0 | 19 | 0 | 80 | 137 998 350 |

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

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, 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 on providing a grant has been issued, expressed as a percentage of the allocation for activity under which the relevant indicator falls.

1. Comparison of physical and financial progress in Intervention area 5.1

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 5.2

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. Comparison of physical and financial progress in Intervention area 5.3

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

### 3.5.4 Problems and measures taken

**Intervention area 5.1**

**Risk of non-completion of projects from the 3rd call of the Ministry of Culture for IA 5.1**

In projects from the 3rd call of the MoC the date of completion of implementation was set in the call to be 31 Dec 2014. It concerned 3 projects with delays in implementation caused by multiple factors – insolvency of the construction works contractor, delays at the OPC or at courts, or repeated tenders.

**Measures taken:**

The IOP MA has issued the Methodological Guideline No 57 that made it possible, under precisely defined conditions, to extend the project implementation beyond the deadline set in the call. As a follow up to this Guideline, the respective Handbook for Applicants and Beneficiaries was updated. Upon submitting the Notification of a change with detailed justification, the projects from the 3rd call of the MoC were allowed to extend the project implementation until 30 Sep 2015 at the latest. A similar modification of the Handbook for Applicants and Beneficiaries, i.e. an extension of the date of completion of project implementation, was made in the 1st call of the MoC under Intervention area 5.1.

**Delays in the implementation of constructions works and frequent changes in projects**

**Measures taken**

Regular monitoring in the course of implementation of projects, regular meetings between the CRD and the beneficiaries. The CRD conducts physical on-the-spot checks at least twice a year at each project in Intervention area 5.1, including the verification of feasibility of the financing plan for the given stage with regard to the conduct of tenders. The introduction of internal procedures to accelerate the administration of APs at the CRD in compliance with the measure to maximise the absorption in 2014 resulted in faster administration of APs at the MoC IB as compared to the previous years. External experts are used by the CRD for the evaluation of extra work and construction changes in projects.

**Intervention area 5.2**

**Risk of savings in projects and fluctuations of the CZK/EUR exchange rate**

In this intervention area, the IOP MA has consistently registered savings in projects from the originally budgeted price. Another risk which can cause the failure to absorb the allocation can be significant fluctuations in the CZK/EUR exchange rate. The funds earmarked to individual towns are based on the Agreement on ensuring the IUDP implementation allocated in EUR. In case of a major fluctuation in the exchange rate, the allocation to the IA can substantially increase just like in 2013, which the IOP MA will no more be able to use since there is no more absorption capacity.

**Measures taken**

The IOP MA has appealed to the towns to draft the project budgets with account taken of the actual prices derived from public procurement and based on experience with the previous conduct of public procurement procedures during the implementation of IUDP. Moreover, the IOP MA advised to respond to potential savings made at the final stage of IUDP implementation by development of projects that can be implemented, and also administered, in a short period of time. According to the IOP MA information, this option will be tapped by the IUDP towns only partially. Another measure taken is the overcommitment of the continuous call No 7 by roughly 3%.

**Intervention area 5.3**

The implementation of projects has already been completed. The allocation has been absorbed and currently no new call is planned to be published.

### 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:** Chateau Riding Hall in Lednice – multifunctional centre, CZ.1.06/5.1.00/01.06095

**Beneficiary:**  Lednice Chateau Multifunctional Centre, association of legal entities

**Project funding** – total budget CZK 461 891 471 (SF contribution CZK 392 607 741, SB contribution CZK 69 283 730)

The project aimed to restore the baroque riding halls of Lednice Chateau that are a component part of the national cultural monument Lednice Chateau and the Lednice-Valtice Complex, the UNESCO World Heritage site. Before the reconstruction, the riding halls were at the state of disrepair, and thanks to the IOP support have been revitalised into a multifunctional centre with focus on education and provision of information on the designed cultural landscape and into a centre of culture for the municipality and the microregion. Thus a training and education centre of designed landscape could be set up here, zeroing in on landscape professions. Thematic education displays have been prepared (Lednice-Valtice Complex, landscape management, exhibitions for children and youth, UNESCO – world heritage, biosphere reserves). The implementation of the project was completed on 31 Jan 2015.

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

**Name of the project, registration number:** Regeneration of the residential building in block 99, tř. Budovatelů in Most – Thermal insulation, CZ.1.06/5.2.00/07.08637

**Beneficiary:** Association of Owners of Residential Units of block 99, Id. No 2

**Project funding –** total budget CZK 12 701 653,- (SF contribution CZK 5 080 661,-, private funding CZK 7 620 991,- )

The project aims at thermal insulation of the building envelope and rehabilitation of wet masonry in the basement. New elements compliant with the technical requirements in the applicable standards.

**Intervention area:** 5.3 Modernisation and development of systems for territorial policy development

**Name of the project, registration number:** Planning analytical materials of Ústí nad Orlicí, the municipality with extended powers CZ.1.06/5.3.00/01.00120

**Beneficiary:**  Town of Ústí nad Orlicí

**Project funding:** Elaboration of planning analytical materials for all municipalities in the administrative district of Ústí nad Orlicí, the municipality with extended powers.

## 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 efficient 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 efficient 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,** 5 new applications for support claiming the assistance in the amount of EUR 4.03 million were submitted in the monitored period.Altogether 49 projects amounting to EUR 120.84 million have been approved. The amount totalling EUR 22.55 million has been reimbursed, which accounts for 80.44 % of the allocation to this intervention area. As of 16 Apr 2015, EUR 20.74 million was certified, which represents 74 % of the allocation.

1. **Cumulative progress at the level of Intervention area 6.1a and 6.1b (in million CZK/EUR)** [[9]](#footnote-10)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of the snapshot** | **Total allocation for 2007-2013[[10]](#footnote-11)** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 6.1a | 2014/10/03 | 707,07 | 27,18 | 48 | 1 070,90 | 151,46 | 40,39 | 46 | 756,13 | 106,94 | 28,96 | 525,71 | 74,35 | 20,59 | 500,91 | 70,84 | 19,69 | 432,21 | 61,13 | 17,07 |
| 2015/04/17 | 706,80 | 27,18 | 53 | 1 178,53 | 166,74 | 44,35 | 49 | 854,10 | 120,84 | 32,54 | 568,52 | 80,44 | 22,14 | 551,17 | 77,98 | 21,51 | 523,06 | 74,00 | 20,37 |
| Difference |  |  | 5 | 107,63 | 15,23 | 3,96 | 3 | 97,97 | 13,86 | 3,58 | 42,80 | 6,06 | 1,55 | 50,26 | 7,11 | 1,82 | 90,84 | 12,85 | 3,30 |
| 6.1b | 2014/10/03 | 13,00 | 0,50 | 0 | 19,69 | 151,47 | 0,74 | 0 | 13,90 | 106,95 | 0,53 | 9,67 | 74,38 | 0,38 | 9,21 | 70,87 | 0,36 | 7,95 | 61,15 | 0,31 |
| 2015/04/17 | 12,99 | 0,50 | 0 | 21,67 | 166,76 | 0,82 | 0 | 15,70 | 120,85 | 0,60 | 10,45 | 80,46 | 0,41 | 10,14 | 78,01 | 0,40 | 9,62 | 74,03 | 0,37 |
| Difference |  |  | 0 | 1,98 | 15,23 | 0,07 | 0 | 1,80 | 13,86 | 0,07 | 0,79 | 6,06 | 0,03 | 0,92 | 7,11 | 0,03 | 1,67 | 12,85 | 0,06 |

*Source:* *Current MC – MSC2007 as of 16 Apr 2015*

*Previous MC – MSC2007 as of 3 Oct 2014*

*CZK/EUR exchange rate: Current MC – 27.473*

*Previous MC – 27.54*

*Source of funding – EU share*

**In Intervention area 6.2a and 6.2b,** 5 new applications claiming the support in the amount of EUR 2.7 million were submitted. Altogether 72 projects in the amount of EUR 103.4 million have been approved. The amount totalling EUR 4.09 million has been reimbursed, which accounts for 56.46 % of the allocation to this intervention area. As of 16 Apr 2015, EUR 3.91 million was certified, which represents 53.74 % of the allocation.

1. **Cumulative progress at the level of Intervention area 6.2a and 6.2b (in million CZK/EUR)** [[11]](#footnote-12)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Priority axis** | **Date of snapshot** | **Total allocation for 2007-2013** | | **Submitted applications** | | | | **Funds covered by the Decision/ Contract (Addendum)** | | | | **Funds paid to beneficiaries (funds that have been accounted for)** | | | **Summary payment claims accounted for by the PCA** | | | **Certified funds (including recoveries)** | | |
| **Date** | **mil. CZK** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **Number** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** | **mil. CZK** | **%** | **mil. EUR** |
| **a** | **b** | **c** | **c/a** | **d** | **e** | **e/a** | **f** | **f/a** | **g** | **g/a** | **h** | **h/a** |
| 6.2a | 2014/10/03 | 181,52 | 6,90 | 75 | 346,20 | 190,73 | 12,88 | 68 | 185,79 | 102,36 | 7,05 | 93,59 | 51,56 | 3,70 | 91,85 | 50,60 | 3,64 | 90,00 | 49,58 | 3,57 |
| 2015/04/17 | 181,33 | 6,90 | 80 | 351,10 | 193,62 | 13,08 | 72 | 187,49 | 103,40 | 7,12 | 102,37 | 56,46 | 4,02 | 99,10 | 54,65 | 3,90 | 97,43 | 53,73 | 3,84 |
| Difference |  |  | 5 | 4,90 | 2,70 | 0,20 | 4 | 1,70 | 0,94 | 0,07 | 8,78 | 4,84 | 0,32 | 7,25 | 4,00 | 0,26 | 7,43 | 4,10 | 0,27 |
| 6.2b | 2014/10/03 | 3,34 | 0,13 | 0 | 6,36 | 190,70 | 0,24 | 0 | 3,42 | 102,34 | 0,13 | 1,72 | 51,58 | 0,07 | 1,69 | 50,61 | 0,07 | 1,66 | 49,60 | 0,07 |
| 2015/04/17 | 3,33 | 0,13 | 0 | 6,45 | 193,60 | 0,24 | 0 | 3,45 | 103,38 | 0,13 | 1,88 | 56,47 | 0,07 | 1,82 | 54,67 | 0,07 | 1,79 | 53,74 | 0,07 |
| Difference |  |  | 0 | 0,09 | 2,70 | 0,00 | 0 | 0,03 | 0,94 | 0,00 | 0,16 | 4,84 | 0,01 | 0,13 | 4,00 | 0,00 | 0,14 | 4,10 | 0,00 |

*Source:* *Current MC – MSC2007 as of 16 Apr 2015*

*Previous MC – MSC2007 as of 3 Oct 2014*

*CZK/EUR exchange rate: Current MC – 27.473*

*Previous MC – 27.54*

*Source of funding – EU share*

**Overview of ongoing calls**

**In Intervention area 6.1,** applications continued to be submitted under the 1st continuous call with the allocation of EUR 29.7 million. Under this call, 53 project applications in the volume of EUR 53.13 million have been submitted. 49 projects totalling EUR 49.13 million have been approved.

**In Intervention area 6.2,** call No 10 with the allocation of EUR 11.7 million was under way. 56 projects in the volume of EUR 6.34 million have been submitted. 50 project applications in the amount of EUR 4.9 million have been approved.

1. **Overview of ongoing calls in PA 6**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Order of the call** | **Num-ber of the call** | **Submission of project applications** | | **Type of the call** | **IA** | **Allocation for the call** | **Submitted applications for support** | | **Projects with the issued Decision/signed Contract** | |
|
| **Opening date of the call** | **Closing date of the call** | **in EUR** | **number** | **in EUR** | **number** | **in EUR** |
| 5 | 01 | 5. 6. 2008 | 30. 10. 2015 | continuous | 6.1 | 29 165 336 | 53 | 52 174 613 | 49 | 48 239 678 |
| 5 | 01 | 5. 6. 2008 | 30. 10. 2015 |  |  | 536 258 | 0 | 959 216 | 0 | 886 873 |
|  |  |  |  | call total | | 29 701 594 | 53 | 53 133 829 | 49 | 49 126 551 |
| 37 | 10 | 27. 9. 2010 | 30. 10. 2015 | continuous | 6.2 | 11 647 800 | 56 | 6 226 470 | 50 | 4 827 831 |
| 37 | 10 | 27. 9. 2010 | 30. 10. 2015 |  |  |  | 0 | 114 471 | 0 | 88 758 |
|  |  |  |  | call total | | 11 647 800 | 56 | 6 340 941 | 50 | 4 916 589 |
| **PA 6 total** | | | | | | **41 349 394** | **109** | **59 474 770** | **99** | **54 043 140** |

*Source: IS Monit7+ as of 16 Apr 2015*

*Source of funding – public funds total*

### 3.6.3 Fulfilment of indicators

The achieved value as of 16 Apr 2015 and the commitments of approved projects in Intervention areas 6.1 and 6.2 correspond to the rate of absorption of IOP TA funds. They cannot be compared against the target values that were set out based on the original methodology of IOP TA indicators. The commitments of approved projects in IOP TA were set in line with the revised methodological sheets of indicators of 2009.

1. **Output indicators**

| **Code** | **Name of the indicator** | **Unit of measurement** | **Baseline value** | **Target value** | **Commitment of beneficiary** | **Achieved values as of 16 Apr 2015** |
| --- | --- | --- | --- | --- | --- | --- |
| 480300 | Number of meetings  of (monitoring, advisory and management) committees | Number | 0 | 14 | 17 | 17 |
| 480500 | Number of elaborated studies and reports (incl. evaluation ones) | Number | 0 | 14 | 1 227 | 1 216 |
| 480700 | Number of developed methodological and technical and information materials | Number | 0 | 84 | 338 | 290 |
| 480800 | Implemented cooperation with mass media and communication with the general public | Number | 0 | 30 | 194 | 167 |
| 480900 | Number of organised information and publicity activities | Number | 0 | 32 | 194 | 165 |
| 481100 | Number of held training courses, seminars, workshops, conferences and other similar activities | Number | 0 | 70 | 431 | 427 |
| 481600 | Number of persons who attended the educational courses in the framework  of technical assistance | Number of persons | 0 | 1 400 | 9 701 | 8 544 |

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

1. **Result indicators**

| **Code** | **Name of the indicator** | **Unit of measurement** | **Baseline value** | **Target value** | **Commitment of beneficiary** | **Achieved values as of 16 Apr 2015** |
| --- | --- | --- | --- | --- | --- | --- |
| 481900 | Number of trained persons – total | Number of persons | 0 | 1 100 | 5 189 | 4 736 |
| 482500 | Number of performed controls | Number | 0 | 1 350 | 8 239 | 7 461 |
| 483100 | Number of full-time employees of the implementation structure | Number of persons | 0 | 90 | 831 | 660 |

***Source: MSC2007 as of 16 Apr 2015, data obtained from the IBs on ratio indicators***

### 3.6.4 Problems and measures taken

**Financing of the administrative capacities until the end of the programming period**

The main issue addressed was the need to decide well ahead on financing the administrative capacity until the end of 2015, to ensure the administrative capacity for monitoring the sustainability of projects from 2016 on, and to ensure the administrative capacity for successful closure of the IOP. Pursuant to Government Resolution No 144/2014, the IOP MA has forwarded the analysis of administrative capacities to the NCA, for more details see Chapter 2.4 Main problems encountered in programme implementation and measures taken to overcome them.

***Measures taken***

In order to ensure the financing of expenditure, the IOP MA has made a change in MoRD calls   
No 2 and 10, under which the eligibility of expenditure was extended until 31 Dec 2015 and the implementation of projects until 30 Nov 2015.

Concurrently, as of 22 August 2014, the Handbook for Applicants and Beneficiaries, incorporating the Methodological Guideline on Human Resources Development in the Programming Period 2014-2020 and in the Programming Period 2007-2013, approved by the Government Resolution No 444/2014 (hereinafter referred to as the “MG”) was revised.

The MG aims to stipulate common minimum requirements for ensuring quality administrative capacity. It sets the rules for ensuring quality, stable and competent administrative capacity at closure of the 2007-2013 programming period. The MG contains processes of the human resources management and development system from HR planning, through recruitment, selection and adaptation of employees, management and evaluation of employees, to the system of education and dismissal of staff.

**Public procurement**

Large quantities of public procurement procedures common for several projects, problems   
of beneficiaries to document mostly the labour costs, assigning the expenditure to the matching public contract or project.

***Measures taken***

Consultations at the P- CRD CR branch, which administers the IOP TA projects.

In cooperation with the IOP MA and based on the lessons learned, an update of requirements for documenting the eligible expenditure was made with the view to simplify the evidencing.

# 4 ADMINISTRATION OF THE PROGRAMME

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

**Audits of the European Commission**

***System audit of the European Commission No 2012/CZ/REGIO/J4/1173/1***

**Focus of the audit:** The audit mission of the European Commission *No 2012/CZ/REGIO/J4/1173/1* took place in the period from 8 to 12 Apr 2013 at the Audit Authority, the Paying and Certifying Authority, the National Coordination Authority of the of National Strategic Reference Framework, and at selected operational programmes. The audit focused on effectiveness of functioning of the management and control systems. With respect to the IOP, the audit was carried out at the Managing Authority and selected Intermediate Bodies (i.e. at the MoH CR, CRD CR and MoI CR). The audit focused on effectiveness of functioning of the management and control systems.

**The audit findings** of auditors stated in the draft report claimed that the methodology for addressing irregularities (in line with the applicable Methodology of Financial Flows and Control) had not been provided for in the IOP OM /IB OM and also that the methodology of control of eligibility of expenditure in the IOP OM had been inadequate. In July 2014, the final version of the audit report was elaborated and the findings included in the draft report were based on the MA opinion on the draft report marked as closed in the final report.

***Audit of the European Commission No 2013/CZ/REGIO/C4/1332/1***

In April 2014, the audit of the European Commission was commenced at the Audit Authority of the MoF CR (hereinafter referred to as the “AA”) and at beneficiaries of eight selected IOP projects. The audit mission consisted in a re-audit of projects that had been audited already by the AA within the audit of operations in 2013. On 5 Aug 2014, a draft audit report was issued in the Czech language.

The most significant finding detected by the auditors was the inadequate strategy for ICT investments, identified in the project Register of Inhabitants (Reg. No CZ.1.06/1.1.00/03.05889). Moreover, the EC auditors identified deficiencies with financial impact in four public contracts. The IOP MA in cooperation with beneficiaries and the AA took a stand on the findings included in the draft report at the beginning of October 2014. As of 16 Apr 2015 the EC audit was not definitely closed.

The AA in line with the draft audit report has accepted the request to conduct and extraordinary audit of IT projects. Results of this audit will be included in the Annual Control Report 2015.

***Audit of the European Commission No 2014/CZ/REGIO/C4/1349/1***

In April 2014, the European Commission commenced the audit of the public procurement (hereinafter referred to as the “PP”) on broadcasting services (the so called audit on broadcasting). With respect to the IOP, the audit concerned projects in Intervention area (hereinafter referred to as the “IA”) 4.1 of the Czech Tourism Headquarters beneficiary and also the project in Intervention area 1.1 of the MoI CR beneficiary. The audit has not been completed as yet, but no ineligible expenditure linked to the IOP was identified in the draft report.

**Audits of the Audit Authority**

***Audit of activities of the Paying and Certifying Authority No AO/2014/S/02***

The system audit aimed to verify the compliance of activities ensured by the Department 55 of the National Fund of the MoF with Council Regulation (EC) No 1083/2006, including the relevant legislation, and the observance of the binding methodology of the PCA. Therefore, the audit concentrated on verification of all four key requirements with respect to the PCA, with a view to assessing the effectiveness of functioning of the management and control system of the auditee.   
Under this audit, 1 finding of medium materiality was identified during the examination of IOP administration, namely a failure to comply with the timetable of on-the-spot checks carried out at the MA and not completed controls. The team of auditors detected the failure to adhere to the deadlines for timely processing and completing the protocol in accordance with Act No 255/2012 Coll., on the Controls (Control Code). It was also revealed that at the PCA there are no rules governing the substitutability with respect to the completion of a control in case of a long-term absence of the head of the control team. Due to the facts mentioned above, the certification of expenditure is conducted only based on the administrative verification of supporting documents from the respective MA, continuous monitoring of progress achieved in programme by the PCA employees, and results of external audits of the AA and EC.

***Audit of activities of the General Financial Directorate and financial administration bodies No AO/2014/S/03***

The particular findings are stated in the draft audit report. The findings are identified in relation to individual key requirements, evaluation criteria and audit objectives in compliance with COCOF 08/0019/00 – EN.

In the audit report, recommendations will be articulated, as a part of the action plan, which will comprise also the proposed actions of the audited entity and deadlines for their accomplishment. The action plan is an obligatory component of the system audit. At present, the contradictory procedure is under way. After the audit is closed, the report will be sent to the EC through SFC2007.

Under the conducted AA audit, the following assessment of the MCS functionality was carried out:

1. Assessment of key requirements under the IOP - GFD (AO/2014/S/03)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Audited entity** | **KR1** | **KR3** | **KR5** | **KR6** | **KR7** | **Assessment of the system** |
| **MoF/GFD** | **2** | **2** | **1** | **1** | **3** | **3** |

***Audit of the IOP implementation system No IOP/2013/S***

Focus of the audit: The audit of the system of implementation No IOP/2013/S has been conducted at the IOP MA and IOP Intermediate Bodies since September 2013. On 5 Jan 2015, the IOP MA received the summary report of the system audit.

Control findings: In the course of the system audit a total of 16 findings were identified, of which 2   
of high materiality, 11 of medium materiality and 3 of low materiality.

**At the IOP MA,** a total 6 findings were identified, of which 5 of medium materiality and 1 of low materiality:

* The IOP MA requirement that aid beneficiaries request the termination of a legal act on grant provision upon the transfer of delegated activities between the IBs was not embedded in the Act No 218/2000 Coll., on Budgetary Rules, and leads to unnecessary risks;
* Decision of the Minister No 168/2009 on employee recruitment disrespected the applicable Methodology of Selection of Employees Implementing the EU Funds;
* Inadequate efficiency of controls (verifications) performed pursuant to Article 13   
  of Commission Regulation (EC) No 1828/2006;
* Absence of interim risk analysis in projects under the IOP Technical assistance administered   
  by the IOP MA;
* Inappropriate minute taking from the IOP TA committee meetings, absence of the minutes from the meetings of IOP TA committees in IS Monit7+,
* Prevailing inconvenient situation after the division of individual stages of administration   
  of projects implemented under Intervention areas 3.1 and 3.3 of the IOP between the MoLSA and the CRD CR (low materiality).

The IOP MA disagrees with the recommendation of auditors regarding the conduct of the analysis and legal interpretation of all the steps taken by the IOP MA, IOP IBs and beneficiaries related to the termination of validity of the existing legal acts on grant provision during the transfer of delegated activities between the IBs, since according to the audit conclusions the IOP MA did not proceed in contradiction with the budgetary rules. It concerned a specific situation not covered by the budgetary rules, therefore the procedure taken by the MA was agreed upon with the Ministry of Finance.

The IOP MA has quantified the ineligible expenditure linked to the violation of the Methodology   
of Selection of Employees Implementing the EU Funds.

For the sake of improvement of efficiency of controls, the MA performs supervision of checklists   
for controls of public procurement and provides regular training to employees.

The obligation to conduct an interim risk analysis in the IOP Technical assistance projects will be introduced by the set deadline, i.e. before 30 Jun 2015.

The IOP MA has acted upon the recommendation to take minutes of the IOP TA committee meetings in a due manner; it has incorporated the revision of procedures into the IOP OM and IOP MA OM and continuously enters the minutes of IOP TA committee meetings in IS Monit7+.

**At the CRD IB,** 1 finding of medium materiality has been identified – errors in the award of public contracts. The highest number of errors has been detected in Intervention areas 2.1 and 3.4.

The CRD IB disagrees with the recommendation to ensure obligatory participation in meetings of the committee for evaluating the bids and the committee evaluating the qualification in construction works contracts over CZK 50 million and in other contracts over CZK 10 million. Errors made during the committee meetings turn out during the control of the stage 2 of public procurement, when remedial actions can be adopted with respect to the detected errors. The recommendation does not make   
a difference between the contracting entities and no account is taken of staffing capacity.

**At the MoC IB,** 4 findings have been identified, of which 2 of high materiality,   
1 of medium materiality and 1 of low materiality:

* Inadequate conduct of controls (verifications) pursuant to Article 13 of Commission Regulation (EC) No 1828/2006;
* Inadequate risk assessment of projects;
* Delays in project administration and reimbursement of applications for payment;
* Inadequate audit-trail of conducted controls of public procurement.

Due to the termination of activities of the MoC IB, the auditors advised the MA to carry out a 100% control of public procurement, whose expenditure will be claimed by the beneficiaries in the applications for payment; to carry out an inventory check of controls of public procurement conducted by the MoC IB; to carry out controls in contracts that have not been subject to control as yet; to review the most frequent errors in public procurement identified by control bodies, and to train staff implementing IA 5.1 of the IOP and aid beneficiaries; to consider the compilation of a methodological letter to beneficiaries; to make sure that the IB staff takes part in the committee meetings; to respect the results of risk analysis; to arrange for construction experts; to observe the principles for sampling defined in the CHU Guideline No 4, and to reassess the risks of all projects.

In the fourth quarter of the year, the IOP MA commenced the checks of delegated activities related   
to the introduced remedial actions.

**At the MoLSA IB,** 1 finding of low materiality has been identified, concerning the distribution   
of individual stages of administration between two entities - the MoLSA and the CRD. The distribution of powers and responsibility between two entities resulted in troublesome communication, inefficient administration and non-observance of deadlines. The measures taken in response to the previous audit helped improve communication between both the IBs and also the results   
of administration, improvements were achieved mainly in the observance of deadlines.

**At the MoI IB,** a total of 3 findings of medium materiality have been identified:

* Non-compliance with deadlines for the issuance of the legal act set in the Manual of Internal Procedures;
* Errors in public procurement procedures;
* Information in the information systems does not comply with project documentation.

The MoI IB was advised to set the legal act's validity to be 3 months upon the issuance of the legal act on approval of support and to examine the updatedness of data in IS MONIT7+ concerning the design of indicators and re-checks of remaining public procurement. The MoI IB re-checked the remaining public procurement in 2013 and 2014.

**At the MoH IB,** 1 finding of medium materiality has been identified consisting in errors in the award of public contracts.

With regard to actions taken by the MoH IB in 2011 (Order of the Minister No 5/2011 and update   
of the MoH IB OM for the Global Grant, the auditors have not proposes any recommendations, however they have warn about the risk of errors in the award of public contracts.

***Extraordinary audit in health sector No AO/2014/SM/05-IOP***

**Subject matter of the audit**: The system audit aimed to verify the absorption of EU funds on medical equipment under the IOP in the 2007 – 2013 programming period and to verify the aspects   
of eligibility of operations and procedures in the award of public contracts. The audit was a part of the horizontal system audit verifying the absorption of the EU funds on medical equipment under selected operational programmes. The audit targeted at the IOP was completed on 19 Dec 2014.

**Audit findings**: In the course of this audit 3 system findings have been identified, of which 1 of high materiality and 2 of medium materiality:

* A failure and inadequacy of control mechanisms of the aid provider in the process of evaluation and approval of projects and in the process of administrative and/or on-the-spot checks regarding the compliance with the public procurement rules in Intervention area 3.2a of the IOP, with impact on public procurement published before 31 Jan 2011;
* Inadequate documentation and information on projects under implementation and their evaluation in order to support the management of Intervention area 3.2 of the IOP and the associated risk management;
* Inadequate coordination in purchasing the medical equipment under Intervention area 3.2 of the IOP with the other operational programmes of the National Strategic Reference Framework focused on the same area.

The selected sample of projects for the audit of operations consisted of 20 projects, of which in   
14 projects findings have been identified:

* Findings that can potentially put at risk the provision of EU funds – prices of medical equipment and uneconomic spending of financial resources;
* Non-compliance with the set procedures of public procurement with financial impact on eligible expenditure of projects;
* Findings of formal nature;
* Other identified findings concerning e.g. the project management or errors detected by previous audit conducted by other bodies, with financial impact on eligible expenditure of projects.

In 10 projects from the sample, in which public procurement was published before 31 Jan 2011, the control mechanisms of aid provider in the process of evaluation and approval of projects were failing or inadequate.When projects were selected, the management and control system failed to appropriately assess the economy of submitted applications for support. Funds in the amount of CZK 71 509 094.20 of the audited funds in the amount of CZK 1.2 billion were identified as spent in an uneconomic manner.

In 7 projects (in some cases it concerns projects in which also the lack of economy was identified) ineligible expenditure was identified (confirmed irregularities) on account of the violation of public procurement rules or other violation of rules amounting to CZK 40 343 166.48 (3.3 %), with CZK 40 312 901.35 (4.3 %) from the risk period (before 31 Jan 2011).

Based on these findings the system was assessed as category 3 (works partially; substantial improvements are needed) before 31 Jan 2011 and as category 2 (works, but some improvements are needed) following the actions taken after 31 Jan 2011.

**Remedial actions**: The auditors determined the flat-rate financial correction of 5 % for all projects related to the award of public contracts before 31 Jan 2011 and individual financial corrections   
of 7 identified errors in public procurement. The auditors went along with the MA argument that the flat-rate financial correction is unnecessary since the failure of the management and control system was described already in the Annual Control Reports 2011 and 2012 and the flat-rate financial correction was imposed, or the failure was reflected in the multi-annual error rate. The individual corrections of errors in public procurement were immediately accounted for in IS VIOLA. The audit report was sent for approval to the EC that accepted the imposition of 5 % flat-rate correction   
to projects with public contracts approved before 31 Jan 2011, nonetheless it did not fully accept the manner in which the correction was applied. Therefore, the IOP MA in cooperation with the AA and PCA specified the way of application of flat-rate correction as follows:

In 2010, the 5% flate-rate correction was additionally applies in projects with imposed extrapolated correction from the ACR 2011 so that all the applied corrections in this year equal 5% of the total eligible expenditure certified in 2010.

In 2011 – 2014, 5% flat-rate correction was applied to tenders on medical equipment in projects, in which no individual correction had been applied.

In case the individual corrections lower than 5% were made in tenders on medical equipment, the difference to 5% had to be applied.

In total, the flat-rate correction in the amount of **CZK 42 224 541.34,-** has been applied, and individual corrections in the amount of **CZK** **36 986 814.35**.

***Follow-up system audit No IT/2014/S/01-18***

On 4 Feb 2014, the Audit Authority of the MoF CR commenced at the MoRD a follow-up system audit – verification of the accomplishment of remedial actions ensuing from the horizontal audit of IT No 451/10/SYS (16/2010/AO) “Audit of the monitoring system of the SF and CF for the programming period 2007 – 2013“. The final report of the system audit was sent by the AA to the MoRD on 28 Aug 2014. It comprised two findings of medium materiality and one finding of low materiality. Based on the audit results, the auditors recommended to the IOP MA:

* To introduce formalized procedures for accurate distribution of requirements for the development of the system (IS Monit7+ and Benefit7), namely based on their potential effect on its operation;
* To introduce single methodology for testing and adopting the implemented changes and to introduce single methodology for the scope of testing;
* To modify the Security policy of the Rules for IT;
* To impose restrictions on prohibited communication protocols for communication in LAN internal network at the level of web servers, and to regularly revise the security setting which will be the responsibility of the security manager.

The IOP MA accepted the recommendations of the MoF CR AA. In cooperation with the Monitoring System Administration Department and in line with the first recommendation, the procedure for distribution of requirements for system development was set. With respect to the second recommendation, an extension of the MITIS user manual by test scenarios is planned. Regarding the third recommendation, in cooperation with the Autonomous Unit of Security and Crisis Management and the IT Department, the Security Strategy of the MoRD will be updated.

***Audits of operations 2014***

A total of 67 projects were subject to a regular audit. In 22 audits of operations financial correction was quantified. The total error rate will be known only once the EC approves the ACR 2014. For more information see Chapter 2.3.3 Addressing the IOP error rate in the Annual Control Report 2014.

In addition, the Audit Authority of the MoF carried out 20 extraordinary audits of operations under the horizontal audit examining the purchase of medical equipment. More details on these audits are given in the previous sub-chapter called *Extraordinary audit in health sector No AO/2014/SM/05-IOP.*

***Audit of the IOP implementation system No IOP/2014/S/001***

Audit of the system of implementation was commenced at the IOP MA with the participation of representatives of individual IBs on 6 Nov 2014. The audit focused on activities of the IOP MA and IBs in the period from 1 Jul 2013 to 30 Jun 2014 and comprised also the investigation of irregularities. As of 16 Apr 2015, the audit was not completed.

**Audits conducted by the Supreme Audit Office**

***Audit of the SAO No 13/24 “Funds spent on the project National infrastructure for electronic public procurement (NIPEZ) and purchase of selected commodities through e-marketplaces“***

**Focus of the audit:** This audit was commenced by the SAO in June 2013. The audit concerned apart from other things also the NIPEZ project (Reg. No CZ.1.06/1.1.00/07.06384), whose beneficiary is the Ministry of Regional Development (hereinafter referred to as the “MoRD”). The SAO Board adopted the audit conclusions on 31 March 2014.

**The SAO found out the following facts in respect of the NIPEZ project:**

1. Development of e-marketplaces was ensured through public procurement (hereinafter referred to as the “PP”) and co-financed from the EU funds. The most serious findings in this area was the unauthorised split of the public contract, which was identified by the SAO as a violation   
   of budgetary discipline and an irregularity in the amount of CZK 1.445 million.
2. For the sake of evaluation of the project, the monitoring indicator “Share of digitised documents” with the target value of 10% was opted for by the MoRD. This indicator, however, is not linked to the main objective of NIPEZ project, i.e. the achievement of savings. The way of its calculation was not included in any of the documents of NIPEZ project. In the course   
   of the first year of the e-marketplaces use, the MoRD reported a zero value in this indicator which did not correspond with the actual share of electronic public procurement.
3. In the concession procedure, the MoRD in breach of the legislation increased twice the Pricelist, or the unit prices of basic services which are outsourced by the MoRD from individual operators, by which the running costs of e-marketplaces went up. This increase represents a risk of the lack of economy in the remaining period of validity of concession contracts.
4. The MoRD did not assess the achievement of savings or any other objectives in the first year   
   of operation of e-marketplaces. According to the SAO calculations, “savings” amounting to only CZK 32 million were achieved by using the e-marketplaces in the first year, which represents 27 % of the planned objective of CZK 1.2 billion (a decrease in prices of purchased commodities). The highest “savings” in the market of supplies equalled 20 % in case   
   of awarding the public contracts through “open calls”. The lowest “saving” was quantified in “direct award” in the market in services (4 %). E-auctions, in which the highest savings were expected, were implemented in a negligible number of cases.
5. The system of e-marketplaces enabled to enter erroneous values since no financial control mechanisms (algorithms) were introduced that would alert the user against logical errors. This fact can affect the correctness of statistical assessment and also the transparency of published information on public procurement.
6. The obligation of public procurement pursues from the Government Resolutions, just as it was the case in the ICT system and e-marketplaces which had been considered inadequate before the NIPEZ project was launched. The Government Resolution No 343 of 10 May 2010 and Government Resolution No 222 of 28 Mar 2012 did not introduce any control and sanction mechanism for the control of compliance with the obligation to award 100% of contracts of central state administration authorities and 50 % of contracts of their subordinate organisations through e-marketplaces.
7. The MoRD and the Ministry of Justice (hereinafter referred to as the “MoJ”) kept records   
   of orders and contracts awarded through the e-marketplaces and outside them. This obligation, however, was not devolved by the MoJ to its subordinate organisations, and neither the Regional Court Ústí nad Labem, nor the Regional Public Prosecutor’s Office Ústí nad Labem kept such records. Thus, the way of record keeping made it impossible to check the observance of obligations defined by the Government.

**Opinions of the MoRD and MoJ and measures taken:**

The MoRD disagrees with the conclusions stated in the audit conclusion. The MoRD aimed   
at simplifying the processes in public procurement through the e-marketplaces, eliminating the challenging administration and improving the user friendliness through which it helped increase the efficiency of electronic procurement and make easier the access of contractors to the system   
of e-marketplaces. What still remains to be done is to propose a draft amendment to Act No 137/2006 Coll., on Public Procurement, and related legislation, that would propose a control and sanction mechanism for functioning of the public administration electronic marketplaces and lay down the conditions for the use of the system of public administration electronic marketplaces by contracting authorities. The introduction of a control and sanction mechanism and potential extension of the obligation to use e-marketplaces also to entities to which it does not apply at the time being, will be analysed as a part of transposition of Public Procurement Directives (Directive 2014/24/EU, Directive 2014/25/EU and Directive 2014/23/EU) to the national body of law in line with the timetable for submission and approval of the Public Procurement Act by the Government of the CR.

In this project, the indicator concerning the digitisation of documents will be fulfilled only after the National Electronic Tool is made operational. The fulfilment of the indicative target value defined in the IOP Programming Document will be evaluated based on the status achieved at the end of 2015.

The pricelist of electronic marketplaces has been increased only once in connection with the implementation of NIPEZ codelist, namely through Addendum No 1 to the concession contract. No other addendum was signed, thus no changes were made in the pricelist of e-marketplaces. The MoRD believes that the final pricelist arising from the concession procedure complied with the conditions   
of the concession procedure. The contracting authority set the unified unit prices strictly pursuant to Provision 9.3 of concession documents that made it possible to exclude from the unified unit price such an item that objectively and with account taken of all circumstances (subject matter of the contract in particular) fulfils the definition of an abnormally low tender (Section 77 of Public Procurement Act). Such a procedure, where the prices were “cleared off the extreme values”,   
was chosen in order to identify a suitable initial price for price negotiations.

The MoRD had to set such initial prices for negotiations that would not impede negotiations for not being acceptable for majority of future operators of e-marketplaces.

Already at the beginning of 2012 it was obvious that the amendment to the Public Procurement Act will be approved. Nevertheless, it was uncertain when and in what shape the amendment to the PPA will be approved since it was unclear whether additional changes would be made in the amendment   
or when the amendment would come into effect. At the same time it was obvious that changes will   
be made in NIPEZ codelist. Therefore, for the sake of economy, the MoRD decided to submit to operators of e-marketplaces only the amended NIPEZ codelist, namely because it was obvious that   
the date for launching the operation of e-marketplaces will be postponed. If the MoRD presented   
the operators of e-marketplaces with the NIPEZ codelist before its modification, it would result in   
a necessity to modify the e-marketplaces following the modification of the NIPEZ codelist, which would incur additional costs.

Based on the SAO findings, the MoRD decided to update the Binding minimum requirements   
for technical specification of e-marketplaces of public administration in the form of Addendum No 5 – which was implemented as of 1 Apr 2014, or 28 Apr 2014. Through this Addendum, validation   
of relevant items was added in order to minimise the risk of incorrect information or lower veracity   
of information on e-marketplaces.

In connection to the process of registration of e-marketplace users, after the SAO finding a general analysis of all registrations at all operators was conducted and 2 cases of duplications in registration   
of users were identified. In both the cases the situation was immediately rectified and the operators adopted measures to avoid such duplications. The deficiencies ensuing from this finding were removed by the MoRD already during the SAO audit.

The MoRD is convinced that fulfilment of all objectives cannot be assessed after the first six months of functioning of e-marketplaces, during which the whole system is initiated, the users get familiar with the application and the rules of e-marketplaces. The Report on Functioning of e-Marketplaces   
in 2013 includes also information on the benefits of e-marketplaces in the form of formal control   
of procedures pursued by the contracting authority and transparency of the award of public contracts with no effect on increasing the transaction costs. The MoRD considers positive especially the access of small and medium-sized enterprises to the market in public contracts. The savings in the amount   
of CZK 320 million, quantified by the SAO, reflect the use of e-marketplaces throughout the period   
of one year from the launch of e-marketplaces, i.e. from 1 Jul 2012, and by far fail to achieve the amount of CZK 1.2 billion per year anticipated by the MoRD, especially because the MoRD based on the survey of electronic public procurement assumed a broader involvement of entities for which it is not an obligation, e.g. the bodies of self-governing units, of which only a very few use the   
e-marketplaces.

The MoRD has elaborated and issued the Decision of the Minister No 71 of 1 Jun 2012 governing the use of e-marketplaces which complies with the Government Resolution No 343 of 10 May 2010, as amended. Based on the findings of the SAO audit, the supervision by senior staff of responsible contracting units in the award of public contracts at the MoRD was reinforced, especially in relation to the award of contracts for obligatory commodities in the e-marketplace and observance of all prescribed financial limits and deadlines. The MoRD updated the Decision of the Minister   
(No 83/2014), and subsequently specified the list of information on public procurement in e-marketplaces submitted to the MoRD top officials for evaluation of the use of e-marketplaces at the MoRD.

**Resolution of the Government of the CR No 1021 of 8 Dec 2014 tasked the MoRD CR to prepare and implement measures responding to the SAO recommendations included in the Audit conclusion and to inform the Government on implementation of the measures before 31 Mar 2015.**

With respect to the findings referred to above in point 1), the IOP MA registered an irregularity. No more ineligible expenditure or irregularities are registered by the IOP MA in connection to this audit. The NIPEZ project continues to be monitored by the IOP MA and IB, namely regarding the fulfilment of project objectives.

***Audit of the SAO No 13/32 “Funds earmarked for tourism development“***

**Focus of the audit:** The SAO audit No 13/32 was commenced at the MoRD on 17 Sep 2013. The subject matter of the audit was apart from other things also the activities of MoRD as the IOP Managing Authority (hereinafter referred to as the “IOP MA”) with respect to tourism and the activities of MoRD as the IOP beneficiary. The audited period covered the years 2007 – 2013, and in case of factual context, also the connected periods. On 30 Jun 2014, the audit conclusion was adopted by the SAO Board.

**The SAO states the following findings:**

1. The projects called Strengthening the position of the Czech Republic and its competitiveness in tourism, Rebranding and marketing support of incoming tourism and The Czech Republic tastes great, implemented by the CzechTourism, were poorly prepared. According to the SAO audit conclusion with respect to the IOP, the CzechTourism in the course of project implementation made changes in activities of projects, structure of their budgets, public procurement procedures, target values of indicators, and deadlines for completion of implementation.
2. The CzechTourism failed to set appropriate indicators to assess the goals of tourism development, growth of competitiveness and employment, and the projects were assessed as to the number of campaigns and marketing products.
3. The project called Introducing the national information portal of tourism is delayed which can threaten the implementation of this project.
4. According to the SAO, the MoRD in the preparation and implementation of project called National system of quality of tourism services in the Czech Republic, namely in the part of spent funds failed to ensure adequate efficiency or economy, and the risk of the MoRD not being able to ensure the source of financing for future development and innovation of the system cannot be ruled out.
5. According to the SAO, the MoRD also reimbursed expenditure to an external company for legal consultancy for the purpose of elaboration of tender documents and evaluation of tenderers, even though it provides methodological guidance for the public procurement process and   
   is involved in the preparation of relevant legislation. Thus, the MoRD spent inefficiently CZK 230 thousand.

**Opinion of the MoRD and remedial actions:**

1. The approved projects starting from 2014 build on the applicable Marketing Concept   
   of Tourism until 2020, approved by the Ministry of Regional Development and the CzechTourism agency. The Marketing Concept will be further elaborated into two-year action plans. This measure will significantly influence the impacts of preparation of projects lacking any concept and the need to make changes during their implementation.
2. In 2014, coordination platforms were renewed or new coordination platforms were introduced at the MoRD, namely the Tourism Board and the Interministerial Tourism Coordination Committee, through which communication between individual actors in tourism was intensified, interministerial cooperation was strengthened and communication within the sector was generally improved.
3. Regular monthly meetings are held between the IOP MA as the grant provider,   
   the Intermediate Body of the Centre for Regional Development of the CR (hereinafter referred to as the “CRD”) and the beneficiary, i.e. CzechTourism. At meetings, the accomplishment   
   of deadlines for implementation and preparation of tenders (hereinafter referred to as the “T”) are checked with a view to reducing the risk of delays in timetables of implementation   
   of planned tenders in the project. The MoRD will in response to sectoral needs make innovations in the system of quality and in cooperation with the project partners finalise   
   a suitable solution of project sustainability after 2015.
4. The MoRD in its opinion on the SAO audit conclusion referred to above as finding No 5) stated that outsourced was not legal consultancy but specific advisory services concerning the public contract on IT services – “Creation of website of the Czech system of quality   
   of services, including communication interlinkage and subsequent operation“. The contracting authority, i.e. the Tourism Department, or the IT Department did not avail of adequate expertise and capacity to be able to deliver the subject matter of the contract, i.e. the supporting documents for evaluation and determination of the anticipated value of the public contract. Therefore, the contracting authority commissioned the external contractor specialising in IT systems with these special tasks so as to ensure quality and professional elaboration. Professional and legal consultancy falls in the category of eligible expenditure   
   of projects and can be exploited by each beneficiary. The MoRD proceeded in line with the set methodology and the Handbook for Applicants and Beneficiaries, therefore proposes no actions with respect to this point.

**The Government of the CR through its Resolution No 1022 of 8 Dec 2014 tasked the MoRD to implement measures stated in the MoRD opinion on the audit conclusion by 30 Jun 2015.**

In relation to finding No 5, the IOP MA registered an irregularity and the case was referred to the Tax Office for further investigation.

***Audit of the SAO No 14/02 “Funds spent on the preparation, implementation and operation of the Register of Territorial Identification, Addresses and Real Estates“***

**Focus of the audit:** The SAO audit No 14/02 was commenced in January 2014 at the State Administration of Land Surveying and Cadastre (hereinafter referred to as the “ČÚZK“). The SAO examined especially the correctness of public procurement procedures and management of projects.

**Audit findings:**

1. The SAO concluded that a risk for correctness and completeness of data entered in RUIAN   
   is represented by errors in source data that were initially entered in RUIAN and inadequate cooperation of editors in elimination of errors detected by ČUZK.
2. In the implementation of RUIAN, ČUZK failed to create conditions for the purchase   
   of technological infrastructure in a necessary and appropriate scope. The shared technological infrastructure for ISKN (Information System of the Cadastre of Real Estate), RUIAN and   
   its agenda information systems make it impossible to separately monitor the total expenditure on RUIAN implementation.
3. In two public procurement procedures ČUZK could not compare the bid prices since only one bid was submitted in each case. In case of one public contract, it was a company cooperating with ČÚZK on ISKN operation since 1997. Thus the dependency on the selected supplier and his technologies increased. By checking the correctness of the public procurement procedure the SAO revealed that ČÚZK had failed to publish the change in a required security classification level of the bidder from CONFIDENTIAL to RESTRICTED.
4. Other findings with respect to the public procurement procedure/tender: ČÚZK failed   
   to conclude a contract on the delivery of the public contract on purchase of technological infrastructure in compliance with the draft contract included in the bid, it also failed to observe the deadline for contract execution; in one case the existing provider was favoured since he did not have to include in the bid the costs of moving the technology; in two cases ČÚZK failed to publish the results of the public procurement by the set deadline; in case of a negotiated procedure without prior publication ČÚZK failed to create the tender documents or state the requisites in the invitation to the procedure.

**Remedial actions**

The findings stated under point 3) were identified by the IOP MA already during the verification   
No 23/2010/I, based on which an irregularity was registered by the IOP MA and the case was referred to the OPC and TO for further investigation. The SAO audit did not identify another irregularity.   
The project continues to be monitored by the IOP MA ad the IB and regularly audited by the AA.

***Audit No 14/05 “Funds earmarked for financing the selected programmes under the responsibility of the Ministry of Labour and Social Affairs”***

**Focus of the audit:** The SAO audit No 14/05 included also the audit of the Integrated Operational Programme in the area of employment and social services (of the grant provider of the Ministry of Labour and Social Affairs (hereinafter referred to also as the “MoLSA”) and selected beneficiaries). The audit conclusion was approved by the SAO Board on 20 Oct 2014.

**Audit findings related to the IOP:**

1. Implementation of sub-programme No 113 34D (IOP) was affected by non-existence   
   of a clear concept paper covering the organisation structure of labour office and by the establishment of the Labour Office of the CR (hereinafter referred to also as “LO CR”)   
   on 1 Apr 2011 pursuant to Act No 73/2011 Coll.
2. In the period from 2009 to 2013 only 41 % of the modified allocation to the 2009 - 2014 period was absorbed.
3. The selection of projects to be included in the sub-programme was fairly complicated and demonstrated low transparency. The selection of projects on training centres of employment services was not based on a binding concept that would objectively define the needs of the LO CR in the field of education and training, which subsequently led to a number of conceptual changes.
4. The implementation of the sub-programme was strongly impacted by later inclusion of the purchase of the building in Prague 7 for the LO CR in July 2013, i.e. at the time when there was a risk of unabsorption of funds allocated to the IOP, even though MoLSA with respect to Act No 73/2011 Coll. stated that its adoption shall not result in the need to purchase new buildings. The LO CR did not evidence a proper selection of suitable real property before the purchase of the building in Prague 7. Neither did it provide credible evidence on the number of employees who should be deployed in the building.
5. In case of the LO CR building in Pardubice, plans were made to implement an alternative solution (construction of a new building) that was by roughly CZK 130 million more expensive than the other scenario (reconstruction and extension of the existing building). Regarding the construction of the building in Pardubice, the LO CR discontinued the construction of the building in Rokytno, with the anticipated costs of CZK 60 million and the date of completion in 2013.
6. In 2012, the LO CR purchased a building in Karlovy Vary which lacked the sufficient capacity.
7. Through implementation of programmes, the MoLSA failed to ensure effective, economic and efficient allocation of funds for the purchase and restoration of immovable assets.

**Remedial actions:**

The expenditure made on the purchase of the building referred to above in point 4) was considered ineligible by the EC in its opinion on the Annual Control Report 2014. Other projects are monitored by the IOP MA and IB.

***Audit of the SAO No 14/31 “State assets and funds managed by the selected semi-budgetary organisations of the Ministry of Regional Development“***

The audit is scheduled to take place from October 2014 to June 2015 and can cover also the IOP funds. The audit was commenced at the CRD CR on 21 Oct 2014.

***Audit of the SAO No 15/02 “State funds provided to support the energy savings“***

**Information on the audit:** The audit was commenced at the MoRD on 27 Jan 2015 and can cover also the projects co-financed under Intervention area 5.2 of the IOP. As of 16 Apr 2015 the audit was not completed.

***Audit of the SAO No 15/03 “Funds earmarked for projects on computerisation of public administration under the responsibility of the Ministry of Interior“***

**Information on the audit:** The audit is scheduled to take place from January 2015 to November 2015 and the auditees are the Ministry of Interior and Česká pošta, s.p., Praha. The audit was commenced at the Ministry of Interior.

***Audit of the SAO No 15/06 “EU Structural Funds and state budget funds earmarked for financing the operational programmes with respect to project sustainability“***

**Information on the audit:** The audit was commenced at the IOP MA and the CRD IB on 24 Feb 2015 and subsequently also at the MoI IB (on 31 Mar 2015).

***Audit of the SAO No 15/10 “Funds spent on the project National infrastructure for electronic public procurement (NIPEZ) and purchase of commodities through NIPEZ“***

**Information on the audit:** The audit was commenced at the MoRD in April 2015, the subject matter of the audit is NIPEZ project, Reg. No CZ.1.06/1.1.00/07.06384. As of 16 Apr 2015 the audit was not completed.

**Checks conducted by the IOP Managing Authority (management verifications)**

*Checks of delegated activities*

In the monitored period, the checks of delegated activities were carried out at all Intermediate Bodies and focused on verification of procedures pursued in the award of public contracts, procedures in cutting the amount of funds based on the administrative checks of the applications for payment and implementation of adopted remedial actions from previous checks of the IOP Managing Authority.

In the period from 1 Oct 2014 to 30 Apr 2015, the IOP Managing Authority conducted a total of 37 checks of delegated activities, of which 26 checks were commenced and 14 checks were completed in the monitored period, of which 1 with a finding.

The IOP Managing Authority doubled the number of checks of delegated activities in the monitored period in response to the identified risk of insufficient number of these checks in the previous period.

The Budget Department carried out 4 administrative checks focusing on administration of applications for payment.

*Checks of projects*

The IOP Managing Authority conducts the checks of projects, especially based on objections   
of beneficiaries against the cutting the amounts of funds in response to administrative checks of the applications for payment and complaints of beneficiaries as defined in the provisions of Section 175 of Act No 500/2004 Coll., Code of Administrative Procedure, as amended.

In the period from 1 Oct 2014 to 30 Apr 2015, the IOP Managing Authority carried out a total of 35 public administration checks of projects, of which 21 checks were commenced and 18 checks were completed, of which 10 with a finding. The expenditure in the amount of roughly CZK 70.40 million was checked and ineligible expenditure in the amount of CZK 3.69 million was identified.

**Checks (verifications) conducted by the Intermediate Bodies**

The IOP Managing Authority delegated the conduct of checks to individual Intermediate Bodies.   
In accordance with 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 for all the Intermediate Bodies the minimum scope of the sample   
of expenditure to be checked in individual intervention areas in the monitored calendar year, namely   
at 10 %, or 15 % of projects and 10 %, or 15 % of eligible expenditure for which the application for payment was approved in the given year, for each intervention area.

**MoI**

In the period from 1 Oct 2014 to 30 Apr 2015, the Ministry of Interior performed a total of 12 checks of projects, of which 5 checks were completed, of which 3 checks with a finding. Expenditure in the total amount of CZK 94.27 million was checked and no ineligible expenditure was detected.

**MoH**

In the period from 1 Oct 2014 to 30 Apr 2015, the Ministry of Health carried out a total of 49 checks of projects, of which 40 checks were completed, of which 8 checks with a finding. Expenditure in the total amount of CZK 495.70 million was checked and no ineligible expenditure was detected.

**MoLSA**

In the period from 1 Oct 2014 to 30 Apr 2015, the Ministry of Labour and Social Affairs carried out   
a total of 98 checks of projects, of which 88 checks were completed, of which 11 checks with   
a finding. Expenditure in the total amount of CZK 131.29 million was checked and ineligible expenditure totalling CZK 0.192 million was detected.

**CRD**

In the period from 1 Oct 2014 to 30 Apr 2015, the Centre for Regional Development performed the following checks of projects in individual intervention areas:

2.1 A total of 70 checks of projects, of which 60 checks were completed, of which 14 checks with a finding. Expenditure in the total amount of CZK 548.50 million was checked and ineligible expenditure totalling CZK 3.45 million was detected.

3.4 A total of 17 checks of projects, of which 17 checks were completed, of which 15 checks with a finding. Expenditure in the total amount of CZK 550.54 million was checked and ineligible expenditure totalling CZK 23.90 million was detected.

4.1 A total of 86 checks of projects, of which 84 checks were completed, of which 17 checks with a finding. Expenditure in the total amount of CZK 532.93 million was checked and ineligible expenditure totalling CZK 20.64 million was detected.

5.1 A total of 6 checks of projects, of which 6 checks were completed, of which 4 checks with   
a finding. Expenditure in the total amount of CZK 225.55 million was checked and ineligible expenditure totalling CZK 0.192 million was detected.

5.2 A total of 98 checks of projects, of which 88 checks were completed, of which 11 checks with a finding. Expenditure in the total amount of CZK 131.29 million was checked and ineligible expenditure totalling CZK 0.006 million was detected.

5.3 A total of 0 checks of projects, of which 0 checks were completed, of which 0 checks with   
a finding. Expenditure in the total amount of CZK 0.0 million was checked and ineligible expenditure totalling CZK 0.0 million was detected.

6.1+6.2 A total of 10 checks of projects, of which 10 checks were completed, of which 4 checks with a finding. Expenditure in the total amount of CZK 59.36 million was checked and ineligible expenditure totalling CZK 0.429 million was detected.

## 4.2 Implementation of the Communication Plan and Publicity Activities

The text below gives a description of selected publicity activities of the IOP that took place in the monitored period. A detailed list of all the performed activities is included in Annex No 1.

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



In the monitored period, the IOP MA published one issue of the IOP pod lupou quarterly. It was dedicated to the latest developments in the IOP, i.e. to successful projects and to the preparation of the programming period 2014-2020. The IOP pod lupou Newsletter is published in the circulation of 500 printed copies and is distributed to almost 5 000 e-mail addresses. Individual issues inform on the latest developments in the programme and on implemented projects.

Costs covered from the IOP TA: CZK 31 468,-

Target group: professional and general public

**Seminars introducing the IROP**

For the sake of smooth transition from the IOP to the IROP the publicity in this period zeroed in also on the preparation of absorption capacity and awareness of the IROP. Since January 2015 a series of 13 seminars introducing the Integrated Regional Operational Programme (IROP) has taken place in Regional towns of the Czech Republic. 9 seminars were held from January to March. The seminars were arranged for by the Ministry of Regional Development as the IROP Managing Authority in collaboration with the Regional Council Offices for future applicants and general public. The participants in seminars are provided with general and also specific information on the IROP and can pose questions to the present representatives of the MoRD.

Costs: qualified estimate of costs before the final invoicing CZK 540 000,-.

Number of participants: 1 478

**Seminars for IUDP managers under the IOP held in Prague and Olomouc**

On 27 November 2014 in Prague and on 4 December in Olomouc a regular meeting between the Managing Authority and the managers of individual IUDPs (Integrated Urban Development Plans) implemented in the IOP took place. The topics on the agenda were current matters addressed during the implementation of IUDP in individual towns.

**Year 2 of the videocontest Make a video of a smart authority and win!**

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Year two of the videocontest “Make a video of a smart authority and win!“, with the prize being   
a Samsung Gear 2 Neo or Fit smart watch, started on 15 Sep 2014 and is open until 14 December.   
The general public can compete for the most interesting videospot on the topic: What is your view   
of the modernisation of authorities in the Czech Republic, what is it that makes your communication with authorities easier, and how?

Give us advice or suggest how to improve the functioning of a “smart“ authority in the next period. Another category is intended for project holders who make a video spot on their project, for which they received support from the Integrated Operational Programme (Intervention area 1.1) or from the Operational Programme Human Resources and Employment (IA 4.1), and which they will present to the public.

Costs covered from the IOP TA: CZK 13 840,-

Target group: general public

**The list of aid beneficiaries under the IOP is published and monthly updated on:**

<http://www.strukturalni-fondy.cz/cs/Microsites/Integrovany-OP/Zadatele-a-prijemci/Seznam-podporenych-projektu>

**Advertisements to make the results of the projects implemented under IA 5.1, 5.2 of the IOP more visible**

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A colourful advertisement covering 1/4 of the page in regional inserts,   
or magazines of MF DNES daily: 24 Oct 2014 CITY DNES / Prague (restoration of glassworks in Sázava), 6 Dec 2014 Zlín Region (restoration of the Flower Garden in Kroměříž), 13 Dec 2014 Zlín Region (restoration of Velehrad pilgrimage site), 29 Dec 2014 - Central Bohemian Region (Kladno meeting park) + South Bohemian Region (revitalisation of Mír housing estate in Strakonice) + South Moravian Region (restoration of Stiassni villa) + Moravian-Silesian Region (Vítkovice project) + Karlovy Vary Region (gardens in Stará role housing estate in Karlovy Vary) – a total of 8 advertisements, always with a photo of the implemented project and a short description.

## 4.3 Conducted Evaluations and Studies

In the period from October 2014 to April 2015, one external evaluation of the IOP MA and one internal study from the IOP Evaluation Plan for 2014 were conducted. The outputs of these evaluations are the final reports, posted on the website [http://www.strukturalni-fondy.cz/cs/Microsites/Integrovany-OP/O-programu/Dokumenty](http://www.strukturalni-fondy.cz/cs/Microsites/Integrovany-OP/O-programu/Dokumenty%20) in Evaluations and analyses section.

### 4.3.1 Evaluations of the Managing Authority

**Ex-ante evaluation of the financial instrument in the IROP**

The purpose of ex-ante evaluation is to objectively appraise the options of its application and implementation of a non-grant form of support through financial instruments.

Implementation period: September 2014 – May 2015

Type of evaluation: external

Budget: 790 000.00 net of VAT

Evaluator: Deloitte Advisory s.r.o.

In March 2015 the Final report of the project was received. Principal objections were raised against the report and a request was articulated to finetune the Final report, which will be done by the evaluator as agreed with the contracting entity.

**Analysis of progress achieved in the IOP as of 31 Dec 2014, absorption capacity of the programme and forecast of fulfilment of n+2 rule**

The analysis of the Integrated Operational Programme was conducted based on the data on individual projects entered in Monit7+ IOP information system as of 31 Dec 2014 and based on the information and experience of the IOP Managing Authority and Intermediate Bodies. The analysis aims to provide coherent information on progress achieved in the IOP absorption, on the forecast of absorption of the allocation that shall be certified in 2015, and to sum up the implementation of the whole programme in terms of its absorption capacity. Close attention is paid to the year 2015 and to an outlook to 2016.

Output: final report

Type of evaluation: internal

Implementation period: January 2015 – February 2015

Evaluator: IOP Managing Authority

**Brief summary of conclusions**

There is a risk of a failure to fully absorb the allocation in 2015 if funds are not appropriately committed to additional projects and projects are not completed before the end of 2015. The following tools shall be applied so as to fully absorb the programme:

* Opening of new calls
* Reallocations
* Pipelines of projects – an increase of the current calls
* Financing of projects the administration of which was suspended on account of lack of funds in the call
* Overcommitment
* 10 % flexibility between priority axes at programme closure
* Financing of projects that have not been completed
* Financing of projects that received sufficient scoring but were not supported due to the low allocation of the call
* Financing of projects in which only a part of expenditure was approved for reimbursement since the maximum amount per project stated in the call was exceeded
* Second financial instrument Jessica

### 4.3.2 Evaluations and studies of the Intermediate Bodies

Audit of implementation of projects from the 4th, 5th and 8th call for Intervention area 3.2 of the Integrated Operational Programme

The MoH CR in 2011 developed a Technical assistance project under IA 6.1 – Audits of the 4th, 5th and 8th call of the Ministry of Health, the implementation of which was approved by the IOP TA Selection Committee. The evaluation follows up on the Audit of implementation of projects from the 1st call for Intervention area 3.2 of the Integrated Operational Programme, carried out at the beginning of 2011. The aim of the audit is to control and evaluate the course of the contract award procedures   
of all grant projects from the 4th, 5th and 8th call for Intervention area 3.2 of the IOP. Based on the control, the contractor will perform an analysis of efficiency of tenders, primarily in terms of the achievement of prices common at the given place and time. It also aims to assess the administrative procedures and processes of the European Funds Department pursued in the administration of projects, and to verify the adherence to the set out procedures by the employees of the Department.

Its implementation was divided into three parts which proceed in line with the dates of completion   
of projects in individual calls. Part 1 Audit of implementation of projects from the 4th call   
for Intervention area 3.2 of the Integrated Operational Programme has been completed. Currently, Part 2 Audit of implementation of projects from the 5th call for Intervention area 3.2 of the Integrated Operational Programme takes place, the audit is anticipated to be completed by the end of May 2015. Subsequently, the audit of the 8th call will be launched.

Expected implementation period: October 2013 – November 2015

Part 1 Audit of implementation of projects from the 4th call for Intervention area 3.2 of the Integrated Operational Programme.

Contract price: 154 880,- VAT inclusive

Part 2 Audit of implementation of projects from the 5th call for Intervention area 3.2 of the Integrated Operational Programme.

Contract price: 690 184,- VAT inclusive

Part 3 Audit of implementation of projects from the 8th call for Intervention area 3.2 of the Integrated Operational Programme.

Contract price: 929 522,- VAT inclusive

Even though the contract is called audit, it can also be considered an evaluation resulting in the assessment of the implementation system of the IB in the administration of projects and particularly the recommendations for its modification – especially the modifications of the MoH IB Operational Manual for the Global Grant, modification of specific work procedures of the European Funds Department, proposals for improvement of communication and transfer of information. The output will also consist in recommendations for the implementation of contracts in the Czech health sector.

Evaluation of Intervention area 3.2 with respect to the achievement of defined objectives and experience with the implementation of support in the Czech health sector

In 2014, the MoH conducted an evaluation of the to date and foreseen fulfilment of objectives in Intervention area 3.2 on the basis of implemented projects in the context of current social and economic development, and first and foremost of the expected situation in the Czech health sector. An emphasis was put primarily on the achievement of the global objective: “Ensuring the accessibility and quality of standardised health care, including the development of the efficient system of health risk prevention and modernisation of processes of quality and cost management in the system of provision of public health services.“

With account taken of the status of implementation of the intervention area, the evaluation outputs will be used primarily as a source analysis for the preparation of the EU economic, social and territorial cohesion policy in the programming period 2014 – 2020.

Type of evaluation: internal and external

Implementation period: December 2014 – May 2015

Budget: it will be determined based on the particular assignment

Person responsible: Ministry of Health

Draft tender documents of the evaluator have been submitted to the CRD for assessment.

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

### 4.4.1 Activities of the Managing Authority

**4.4.1.1 Meetings with the EC**

On 10 Feb 2015 a videoconference between the EC – Task Force IOP and IOP MA took place.

The meeting between the Task Force and the IOP resulted in the following tasks:

* 1. To enter the data for Q1 2016 in table of absorption
  2. To send the Summary of sleeping and high-risk projects
  3. To send the updated Strategy of Full Absorption and the list of measures
  4. To provide information on the PA to which the 10 % flexibility will apply

The IOP MA accomplished the referred to tasks and sent the respective documents to the EC on 24 Feb 215.

The IOP Managing Authority (IOP MA), based on the information provided by the Intermediate Bodies (IOP IBs), updated the Strategy of Full Absorption of the Integrated Operational Programme (IOP) in October 2014. The current January update reflects the results of absorption in 2014 and focuses primarily on the analysis of two important aspects:

1. Maximum absorption of the programme in 2015, or in 2016;
2. Staffing capacity at the IOP MA and IOP IBs to manage the foreseen volume   
   of projects and applications for payment in 2015, or in 2016

**4.4.1.1 Crisis Plan**

See Chapter 2.4.7 Crisis management and implementation of Government Resolution No 144

**4.4.1.2 Education and training**

1. **Overview of conducted education 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 events which reflect topical issues in IOP implementation and topics which are not covered by external training courses offered in the market. | In the period from 1 Oct 2014 to 16 Apr 2015, the MA held a total of 1 education event during which 7 persons were trained. The education and training event focused on the topic of financial and management control. Due to the peak workload in these months the number of education events was limited. |
| Education and training of the MA | Organisation of education and training events based on the individual education plans of MA staff, or the IOP annual education plan. | In the period from 1 Oct 2014 to 16 Apr 2015, altogether 266 members of the IOP MA staff were trained during 51 education and training events. The education and training events focused on topics of financial and management control, financial management, information systems, monitoring and evaluation, general ex-ante conditionalities, computer skills, mandatory training course of the IOP MA, state aid, public procurement, basic level of initial education at the MoRD and advanced level of initial education at the MoRD. |

### 4.4.2 Activities of the Monitoring Committee

On 24 Nov 2014, the 14th regular meetingof the IOP Monitoring Committee was held. At the 14th meeting the Evaluation Plan for 2o15 was submitted to the IOP MC members for approval, and the Report on Implementation of IOP as of 30 Sep 2014 was presented for information. The IOP MC assigned the tasks to the IOP MA (for more details see Annex No 3).

### 4.4.3 Activities of working groups

Working groups represent a tool for communication on topical themes or problems. Minutes are taken from their meetings and the WG activities 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 the WG and its benefits.

The working groups can respond in a flexible fashion to the emerging problems in the IOP implementation. They are also largely used as a tool of education and training.

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

**WG for communication**

In the period concerned, the working group met at the MoRD on 3 April 2015. Apart from common coordination activities, the MA and IBs agreed to work together towards improving the visibility   
of [www.kvalitazivota.eu](http://www.kvalitazivota.eu) website.

**WG PILOT**

WG Pilot is convened only ad hoc. Most of the activities have already been performed.

**WG Technical assistance**

The Working Group Technical assistance did not meet in the monitored period. In 2014, the Handbook for Applicants was updated, about which the applicants were informed, and the current version of the handbook is posted on the SF website. Since no serious problems emerged with respect to Technical assistance, or there were no issues to be addressed by all IOP TA beneficiaries, there was no need to convene the meeting of this WG.

**WG Financial management**

In the monitored period the WG met on 29 Oct 2014, 3 Feb 2015, 31 Mar 2015.

At the end of the year, the WG addressed the state of play in the administration of applications   
for payment in order to be able to achieve the highest possible absorption of funds and to eliminate the potential loss of allocation. In the first months of 2015, the meetings zeroed in on progress in absorption in 2015 and on fulfilment of the forecasts.

The working group dealt with the MA requests placed on the IBs with regard to the preparation   
of supporting documents for summary applications for payment and certification**.** The IOP MA also pointed out that the n+2/n+3 rule is not applicable in 2015. The last summary application will be sent to the PCA on 30 Apr 2016.

**WG for evaluation**

WG for evaluation does not meet regularly, matters are resolved ad hoc by exchange of e-mails.

**WG IS and monitoring**

In the monitored period the working group met on 3 Apr 2015. The discussions focused on training   
of IS MONIT7+ IOP users with respect to reports and generation of data from the IS and their use for monitoring of programme implementation and identification of potential problems and bottlenecks.

**WG for Intervention area 5.2**

It was unnecessary to convene the WG in the monitored period.

**WG for risk management**

In the monitored period the Working Group for risk management met on 9 Oct 2014. The main topic on the agenda was the discussions on the Catalogue of IOP Risks, evaluation of implemented remedial actions and provision of information on next steps at the current stage of the IOP.

**WG for public contracts**

The Working Group for public contracts met on 10 Dec 2014 and 25 Mar 2015. At the meetings discussions were held especially on conflicts of interest and new methodological guidance for beneficiaries to prevent the conflicts of interest, which is based on the guide “Identifying conflicts of interest in public procurement procedures for structural actions“, compiled by a group of experts from the Member States coordinated by the OLAF. Moreover, particular problems in public procurement were dealt with.

**WG JESSICA**

Since September 2012 the WG has not met, technical meetings between the MA and HF were held instead, at first once in two weeks, now where necessary.

**WG for risk reduction in Smart Administration**

The WG does not meet regularly, instead of its meetings tripartite talks are held between the MA, IBs and beneficiaries where specific problems faced in projects are addressed.

## 4.5 Administrative Capacity of the Programme's Implementation Structure Bodies

The IOP MA monitors and registers the administrative capacity of bodies involved in the IOP implementation. The following tables of administrative capacity were compiled by the IOP MA and IBs pursuant to the NCA guideline for drafting the report on implementation.

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

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

1. **Status of administrative capacity of the 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 | 67,075 |
| Management Unit | 7,625 |
| Methodology Unit | 10,625 |
| Monitoring Unit | 6,00 |
| Control Unit | 12,5 |
| OP Support Unit | 9,725 |
| Budget Department | EU Programmes Administration Unit | 13,00 |
| Programme Financing Unit | 1,00 |
| Persons responsible in technical divisions of  the MoRD CR  Finance Division of the MoRD | Housing Policy Department | National Programme Administration and IOP Unit | 1,00 |
| Human Resources Department | Salaries and HR Agenda Unit | 0,4 |
| Accounting and Financial Services Department | European Funds Accounting Unit and Budgetary Chapter Accounting Unit | 3,2 |
| Ministry of Health CR | European Funds Department | Methodology Unit | 4,00 | 23,50 |
| Project Management Unit | 4,00 |
| Project Financing Unit | 6,00 |
| Monitoring, Control and Technical Assistance Unit | 6,00 |
| Director, assistant, administrative officer | 3,50 |
| Ministry of Interior CR | Structural Funds Department | Publicity and TA Unit + director | 5,2 | 23,72 |
| Methodology and Project Evaluation Unit | 2,26 |
| IOP Implementation Unit | 10,88 |
| Project Control Unit | 4,34 |
| Financial Department of MoI CR | Financial Management of Payments Unit | 1,04 |
| Ministry of Labour and Social Affairs CR | Other European Funds Department | ERDF Unit | 10,77 | 20,59 |
| Financial Management and Controlling Department | Financial Management and Controlling of Assistance Unit | 8,91 |
| Financial Management and Controlling of Investments Unit | 0,70 |
| Other MoLSA units involved in the IOP implementation | 0,21 |
| Centre for Regional Development CR |  | IOP and OPTA Administration Management Division | 26,5 | 55,00 |
| Management of Public Contracts Administration Division | 6,00 |
| Regional Branches Division | 25,5 |
| **Total** |  |  |  | **189,885** |

*Source: MA and IBs as of 16 Apr 2015*

The following table contains comparisons of the current status of IOP administrative capacity and the status as of 16 Apr 2015, and the target number of employees until the end of 2015.

1. **Monitoring of administrative capacity in the 2007 – 2013 programming period**

| **Implementation body** | **FTE as of 30 Sep 2014** | **FTE as of 16 Apr 2015** | **Target for 2015** |
| --- | --- | --- | --- |
| Managing Authority | 66,20 | 62,475 | 71,00 |
| Persons responsible in technical divisions of the MoRD CR | 1,40 | 1,40 | 1,00 |
| Finance Division | 3,20 | 3,20 | 3,20 |
| Ministry of Culture CR | 0,00 | 0,00 | 0,00 |
| Ministry of Health CR | 22,00 | 23,50 | 25,00 |
| Ministry of Interior CR | 24,68 | 23,72 | 24,68 |
| Ministry of Labour and Social Affairs CR | 20,40 | 20,59 | 22,05 |
| Centre for Regional Development CR | 56,00 | 55,00 | 57,05 |
| **Total** | **193,88** | **189,885** | **203,98** |

*Source: MA and IBs as of 16 Apr 2015*

1. Proposal for administrative capacity of the IOP IBs for December 2015 - June 2016

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| The summary below reflects the need to ensure positions of employees involved in the absorption of EU funds under the IOP which will be crucial for the preparation of state budget for 2016 by ministry. | **Total number (FTE)** | **MoLSA** | **MoH** | **MoI** |
| **Total number (FTE)** | **51,45**  **(12/2015-04/2016)**  **33,15**  **(05/2016-07/2016)** | **9** | **23**  (12/2015-04/2016)  **14**  (05/2016-07/2016) | **19,45** (12/2015-04/2016)  **10,15** (05/2016-07/2016) |

*Source: MA and IBs as of 16 Apr 2015*

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

|  |  |
| --- | --- |
| **Managing Authority** | * As of 14 Nov 2014 there was a change at the post of the IOP director. * As of 22 February 2015, by the Decision of the Minister of Regional Development No 23/2015 a new distribution of posts among individual MoRD CR units was put in place. The IOP MA received additional 5 FTE, specifically 4 FTE for the Operational Programmes Management Department and 1 FTE for the post of a financial manager, namely due to the preparation of the successor programme - IROP. * Currently, a few selection procedures were commenced for filling the vacancies at the IOP MA. The number of employees of the IOP MA expressed in FTE as of 16 Apr 2015 does not include the staff who work under AWA/AWP (FTE as of 16 Apr 2015 – 5.8 and 1 officer working under AWP). |
| **Centre for Regional Development of the CR** | * The number of employees of the CRD CR IB expressed in FTE equals the number of employees set and budgeted by the founder – the MoRD CR. * The column “FTE as of 16 Apr 2015“ in Table No 2 gives the number of FTE including the employees not financed from the programme. Moreover, the column “Target for 2015“ reckons with the successor IROP project starting from mid-2015, which requires an increase in FTE. |
| **Ministry of Interior CR** | * Five employment contracts were terminated and three were transferred to other departments of the MoI. Six new employees were hired. Newly filled was the position of the head of controls. The position of the head of the Methodology and Evaluation Unit still remains vacant. One methodologist has for a long period of time been on a sick leave. In some employees their involvement in the IOP related activities changed. |
| **Ministry of Culture CR** | * Based on the Resolution of the CR Government No 567/2013 and the Addendum No 1 to the Agreement on delegating the tasks of the IOP MA to the MoC CR as the Intermediate Body in the framework of IOP implementation for the period 2007-2013 signed on 25 Sep 2013, with effect from 31 Oct 2013, the agenda was transferred from the MoC CR to the MoRD CR and CRD CR and the MoC CR IB ceased to exist. |
| **Ministry of Labour and Social Affairs CR** | * The number of FTE at the MoLSA CR IB as against the previous monitored period slightly increased. In this period, two employees were hired for the position of project managers and one female officer for a post of an administrative officer. * Three employment contracts were terminated: a female financial manager terminated her contract as at the end of February (filling the vacancy by a new worker is anticipated to take place in June 2015), the position of a project manager, who left at the end of 2014, was filled in mid-February 2015. The vacant position of a manager, who left in November 2014, was after hiring a new employee not included in the IOP implementation structure at the MoLSA. * Concurrently, starting from March 2015, the involvement of some employees at the Financial Management and Controlling Department in the project decreased. In the course of 2015, the involvement of some employees of the ERDF Unit in the project will also decrease. |
| **Ministry of Health CR** | * In the monitored period, the number of FTE grew from 22 to 23.5. One new full-time male employee and four full-time female employees were hired, of whom one terminated her employment contract in the probation period. One female employee and one male employee terminated their contracts. Three AWA were terminated and two new AWA were concluded. |

1. **Monitoring of the turnover rate by post and implementation body**

| **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 2014** | | **Number of employees at the given post by share of their involvement in implementation as of 16 Apr 2015** | | **Number of terminated/chan-ged 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 parental 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 |  | 5,00 |  | 1,00 |  |  |  | 1,00 |  |
| Administrative officer | 5,00 | 4,46 | 4,70 | 3,31 |  | 0,50 |  |  |  | 0,70 |
| OP analyst |  | 1,00 |  | 1,00 |  | 1,00 |  |  |  | 1,00 |
| Financial manager | 15,70 | 30,33 | 14,00 | 28,04 |  | 4,00 | 1,40 | 1,00 | 2,10 | 1,63 |
| Communication officer | 1,725 | 2,39 | 2,725 | 1,92 | 1,00 | 1,13 |  |  |  | 0,50 |
| Controller | 11,50 | 7,02 | 11,50 | 6,26 |  | 1,63 | 1,00 |  | 3,00 | 2,00 |
| Coordinator of evaluation | 1,00 |  | 1,00 |  |  |  |  |  |  |  |
| Coordinator of controls and irregularities |  | 0,50 |  | 0,50 |  |  |  |  |  |  |
| Coordinator of technical assistance | 2,00 | 2,00 | 2,00 | 2,26 |  |  |  |  |  |  |
| Coordinator of education and HR | 1,00 |  | 2,00 |  | 1,00 |  |  |  |  |  |
| Methodologist of OP management | 9,975 | 6,50 | 9,625 | 6,76 |  | 3,00 |  |  |  | 3,00 |
| Lawyer |  | 2,63 |  | 1,95 |  | 3,00 |  |  |  | 2,315 |
| Project manager |  | 48,18 |  | 52,02 |  | 6,50 |  |  |  | 9,30 |
| Senior officer | 6,60 | 16,62 | 7,6 | 15,91 | 1,00 | 1,81 |  |  | 1,00 | 1,26 |
| Other posts | 11,30 | 1,45 | 9,925 | 2,88 |  |  |  |  |  |  |
| **Total number of employees** | **70,80** | **123,08** | **67,075** | **122,81** | **4,00** | **22,57** | **2,40** | **1,00** | **7,10** | **21,705** |

*Source: MA and other implementation bodies as of 16 Apr 2015*

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

# 5 MAIN CONCLUSIONS

In the period from 1 Oct 2014 to 16 Apr 2015, a total of 56 applications in the amount of EUR 93.81 million were submitted. As of 16 Apr 2015, a total of 8437 projects in the amount of EUR 1 623 million were approved, i.e. 100.38 % of the total programme allocation. In the monitored period the beneficiaries were paid EUR 146.04 million, representing 9.42 % of the programme allocation,   
as of 16 Apr 2015 a total of 63.57 % of the programme allocation was reimbursed. The summary payment claims accounted for by the PCA equalled EUR 153.46 million, i.e. 9.91 % of the allocation. In the monitored period, expenditure amounting to EUR 194.7 million was certified, which represents 12.54 % of the programme allocation, in total 60.67 % of the programme allocation has been certified.

The IOP MA has submitted to the EC the applications for both the major projects (“Preparedness   
of the Fire Rescue Service of the Czech Republic for floods“ and “Increasing flood preparedness   
of the Police of the CR to save lives and property“). Based on the EC requirements, the IOP MA   
on 30 May 2014 submitted a modified application specifying the purpose of technology and equipment to be purchased and containing a deeper analysis of the needs of the GD FRS project “Preparedness of the Fire Rescue Service of the Czech Republic for floods“. On 14 Aug 2014,   
the project was approved by the European Commission. The project is now under implementation and the public procurement follows the approved timetable. The project of the Police Presidium CR was not approved by 25 Feb 2015, therefore on 26 Feb the beneficiary submitted the Notification of project termination, and the IOP MA subsequently withdrew the application for support of a major project.

In June 2014, the IOP Managing Authority in cooperation with Intermediate Bodies drafted   
the Strategy of Full Absorption of the Integrated Operational Programme. It was approved   
by the Government that agreed on measures to maximise the absorption in 2014 and 2015. The strategy was subsequently updated in October 2014, December 2014 and in January 2015. In response to results achieved thanks to these measures, the allocation for calls was increased, namely for IOP Intervention area 4.1. *National support of tourism* by CZK 201 million and for Intervention area   
5.1 *National support for utilising the cultural heritage potential* by CZK 68 million, for Intervention area 2.1 by CZK 297 million and for Intervention area 3.4 by CZK 141.6 million. Another measure taken was the announcement of a new call in January 2015 for Intervention area 3.2, with the allocation of CZK 1.3 billion, and an increase of the allocation to CZK 1.7 billion.

At the beginning of 2015, the IOP MA estimated the volume of available funds of the programme   
to total CZK 1.22 billion. This amount does not take into account the risk of a withdrawal of sleeping and risky projects. Inherent in these projects is a potential risk of additional released funds that could not be absorbed due to the lack of time. If everything goes well, the IOP MA anticipates that CZK 2.141 billion will not be absorbed from the programme, while the pessimistic scenario reckons with   
a loss amounting to CZK 3.423 billion.

Even with no new calls published, the IOP MA anticipates the submission of applications for payment in the volume of CZK 17.5 billion this year as against CZK 7.1 billion submitted last year, which will represent an extreme workload for the whole implementation structure. This is why the IOP MA proposes to engage exclusively in measures, which despite their high capacity requirements, bring   
a significant effect in terms of the volume of saved funds.

Such measures are considered to be particularly the looking into the possibility of financing   
of unfinished projects, which are the key tool for sleeping and high-risk projects.

# 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 |
| CCR | Central Contract Register |
| CDA | Check of delegated activities |
| CNB | Czech National Bank |
| Conv | Convergence objective |
| CoP | Communication Plan |
| COP | Check of projects |
| CP | Classification of the payment |
| CR | Czech Republic |
| CRD | Centre for Regional Development |
| CZK | Czech Crown - currency |
| ČP OZ ICT | Czech Post's registered branch ICT services |
| DPG | Decision on providing a grant |
| EC | European Commission |
| ECA | European Court of Auditors |
| ERDF | European Regional Development Fund |
| ERM | Electronic Records Management |
| ESF | European Social Fund |
| EU | European Union |
| EUR | Euro - currency |
| FAB | Financial Administration Bodies |
| FEA | Final evaluation of the action |
| FI | Financial instrument |
| FR | Final Report |
| FRS CR | Fire Rescue Service of the CR |
| FTEmp | Full-time employment |
| GA | Government agency |
| GD FRS | General Directorate of the Fire Rescue Service |
| GD LO CR | General Directorate of the Labour Office of the CR |
| 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 |
| IROP | Integrated Regional Operational Programme |
| IROP TA | Integrated Regional Operational Programme Technical Assistance |
| IRS | Integrated Rescue System |
| IS IRS | Information System of the Integrated Rescue System |
| ISVS (ISPA) | Information Systems of Public Administration |
| ISZR (ISBR) | Information System of Basic Registers |
| IUDP | Integrated Urban Development Plan |
| MA | Managing Authority |
| MFFC | Methodology of Financial Flows and Controls |
| MIP | Manual of Internal Procedures |
| MMR | Monthly Monitoring Report |
| MoC | Ministry of Culture |
| MoH | Ministry of Health |
| MoI | Ministry of Interior |
| MoJ | Ministry of Justice |
| MoLSA | Ministry of Labour and Social Affairs |
| MoRD | Ministry of Regional Development |
| MR | Monitoring Report |
| NCA | National Coordination Authority |
| NCT | National Centre for Support of the Transformation of Social Services |
| NIS IRS | National Information System of the Integrated Rescue System |
| NSRF | National Strategic Reference Framework |
| OG | Office of the Government |
| OLAF | Office de Lutte Anti-Fraude - European Anti-Fraud Office |
| OP | Operational Programme |
| OP HRE | OP Human Resources and Employment |
| OPC | Office for the Protection of Competition |
| OPTA | OP Technical Assistance |
| PA | Priority axis / priority area |
| PCA | Paying and Certifying Authority - National Fund |
| PCR | Police of the CR |
| 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 |
| SB | State budget |
| SCC | Social Care Centre |
| SF | Structural Funds |
| SFD | Structural Funds Department |
| SHDF | State Housing Development Fund |
| SCH (DSS) | DSS - Social care home |
| SMR | Stage Monitoring Report |
| T | Tender |
| T | Tourism |
| TA | Technical Assistance |
| TD | Tender documents |
| TEE | Total eligible expenditure |
| TO | Tax Office |
| UDF | Urban Development Fund |
| WG | Working Group |

# ANNEXES

**Annex No 1 – Publicity Activities in the Period from 1 Apr 2014 to 16 Apr 2015**

**Annex No 2 – Crisis Plan of the IOP for 2014**

**Annex No 3 – Crisis Plan of the IOP for 2015**

**Annex No 4 – Summary of Measures Taken in Response to Conclusions of the 14th meeting of IOP MC**

## Annex No 1 – Publicity Activities in the Period from 1 Apr 2014 to 16 Apr 2015

| **MA/IB** | **Name** | | **Topic** | **Target group** | **Funds from IOP TA (EUR)** | **More information** |
| --- | --- | --- | --- | --- | --- | --- |
| MA | [www.strukturalni-fondy.cz/iop](http://www.strukturalni-fondy.cz/iop) website | | Ongoing publishing of information and updating of the website | Applicants and beneficiaries, general public, evaluators, implementation bodies, mass media | CZK 0,- | Update of the website throughout the whole period. |
| MA | IOP pod lupou  Newsletter | | Topical information on IOP, successful projects, calls, FAQ. | Applicants and beneficiaries, general public, implementation bodies, mass media | CZK 31 468,- | In the monitored period 1 issue of the newsletter was published, dedicated to the current developments in the IOP and preparation of the period 2014 -2020. |
| MA in cooperation with IBs | kvalitazivota.eu microsites | | Ongoing publishing of information on projects financed from the IOP | General public | CZK 4 235,- (webhosting) | Microsites provide information on implemented IOP projects. They are updated by the MA and IBs. |
| MA | Photo documentation of selected IOP projects | | Photo documentation of selected projects from all intervention areas of the IOP | Beneficiaries and general public | CZK 192 000,- | Photo documentation of exterior and interior of IOP projects that can be used in electronic and printed publications. Photos of 25 projects have been taken. |
| MA | Participation in the Monuments trade fair | | Cultural heritage | General public | CZK 89 540,- | IOP-funded restoration of monuments was presented on a specialised trade fair called Monuments held at the Exhibition Grounds in Holešovice in Prague on 23-24 October 2014. |
| MA | Seminars for IUDP managers | | IUDP | Beneficiaries | CZK 0,- | Regular information meetings of IOP representatives and IUDP managers held in Prague on 27 Nov and in Olomouc on 4 Dec |
| MA | Press releases, communication on social networks | | Making the MA activities more visible | General and professional public | CZK 0,- | Ongoing publishing of updated information in the form of press releases and information on social networks. |
| MA | Seminars on the introduction of IROP | | Preparation of the IROP absorption capacity | Beneficiaries and general public | Qualified estimate before invoicing:  CZK 540 000,- | Since IOP will be immediately followed by IROP, the publicity in this period focused also on preparation of the absorption capacity and awareness of IROP. Since January 2015 a series of 13 seminars introducing the Integrated Regional Operational Programme (IROP) has taken place in Regional towns of the Czech Republic. 9 seminars were held from January to March. |
| CRD | A specialised PR article | | Support options under IOP 5.2 (Integrated Urban Development Plans) | Beneficiaries and applicants, professional public | CZK 24 200 VAT inclusive | Article "Progress in revitalisation of housing estates in Czech towns" in Výstavba měst a obcí journal Issue No 4/2014 (November 2014) |
| CRD | Presentation in daily press | | Examples of projects implemented under the IOP 5.1, 5.2 | General public | CZK 152 858 VAT inclusive | A colourful advertisement covering 1/4 of the page in regional inserts, or magazines of MF DNES daily: 24 Oct 2014 CITY DNES / Prague (restoration of glassworks in Sázava), 6 Dec 2014 Zlín Region (restoration of the Flower Garden in Kroměříž), 13 Dec 2014 Zlín Region (restoration of Velehrad pilgrimage site), 29 Dec 2014 - Central Bohemian Region (Kladno meeting park) + South Bohemian Region (revitalisation of Mír housing estate in Strakonice) + South Moravian Region (restoration of Stiassni villa) + Moravian-Silesian Region (Vítkovice project) + Karlovy Vary Region (gardens in Stará role housing estate in Karlovy Vary) – a total of 8 advertisements, always with a photo of the implemented project and a short description. |
| CRD | CRD Newsletter | | Preparation and implementation of projects, interesting projects | Professional and general public | CZK 23 716 VAT inclusive | A special enlarged issue of CRD Newsletter "Yesterday, today and tomorrow" No 13 dedicated to integrated approaches in regional policy - their history in the European regional policy and other topics. |
| CRD | [www.crr.cz](http://www.crr.cz/) and [www.risy.cz](http://www.risy.cz/)  website | | Ongoing publishing of information on the IOP, continuous update of the overview of projects implemented with the EU support on RIS website | Applicants and beneficiaries, general public, implementation bodies, mass media | 0 | Update of the website throughout the year. |
| CRD | Promotional materials | | Promotional materials | Members of the implementation structure, applicants and beneficiaries, general public | CZK 75 806.50 VAT inclusive | Desk calendar: "IOP: Restoration of cultural heritage 2015", a desk calendar with photos of projects implemented under the IOP 5.1 (documentation was provided by the Managing Authority), intended for the IOP implementation structure staff, clients (beneficiaries and applicants), partly also for the general public, circulation of 500 copies. |
| CRD | Conference | | Presentation of the IOP Intervention area 5.2 | Professional public | CZK 1 850 VAT inclusive | Participation in the 6th conference "The Region in the Development of the Society" held at the Faculty of Regional Development and International Studies of Mendel University in Brno on 23 October 2014. |
| MoLSA | www.mpsv.cz  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 monitored period. |
| MoLSA | Seminars for beneficiaries and applicants under IA 3.3 | Seminar for beneficiaries under IA 3.3 a) b) c), focused on meeting the obligations by beneficiaries during the project sustainability period, drafting the monitoring report with the application for payment | | Beneficiaries, applicants | CZK 3 224.00 | 3 seminars for beneficiaries under IA 3.3 were held  16 Oct 2014 – a seminar for beneficiaries under IA 3.1 a) and b), venue: Prague, total number of participants: 28 persons  26 Nov 2014 – a seminar for beneficiaries under IA 3.3 a) and b), venue: Prague, a total number of participants: 17 persons  20 Mar 2015 – a seminar for beneficiaries under IA 3.3 c), venue: Prague, total number of participants: 3 |
| MoLSA | Seminars for beneficiaries and applicants under IA 3.1 |  | | Beneficiaries, applicants | CZK 0 | No seminars were held for Intervention area 3.1. |
| MoI | www.osf-mvcr.cz website | Ongoing publishing of information and updating of the website | | Applicants and beneficiaries, general public, evaluators, implementation bodies, mass media | 0 | Update of the website throughout the year |
| MoI | projekty.osf-mvcr.cz  website | Database of presentations of successful projects | | Applicants and beneficiaries, general public, mass media | 0 | Update of the website throughout the year |
| MoI | Twitter | Continuous publishing of SFD news | | General public, mass media | 0 | Twitter account was launched in September 2011, the current number of followers: 215 |
| MoI | Provision of PR services to the general public – press releases | Information on basic registers | | General public, mass media | 0 | Press releases: 2  1. State authorities have expressed interest in eGovernment projects (10 Oct 2014)  2. Certification of the OP HRE projects: CZK 833 million, IOP CZK 1 133 million (18 Dec 2014) |
| MoI | Regular creation and distribution of the newsletter | Provision of information on the SFD activities, on successful projects, statistical data | | Professional public | 0 | Electronic form, disseminated via e-mail to approx. 1 145 e-mail addresses, downloadable from the SFD website. A quarterly: Issue No 4/2014 |
| MoI | PR articles | Various topics related to IOP support and successful projects | | General public, mass media | 0 | 3 PR articles published on the SFD website  <http://www.osf-mvcr.cz/pr-clanky> |
| MoI | Contests for the general public | Video contest for the general public on the SFD website | | General public | CZK 6 550 | Video contest “Make a video of a smart authority and win!“ was running from September to December 2014 2 winners received a pair of Samsung smart watch and book vouchers, the other contestants obtained the promotional merchandise. The competing videos were posted on the SFD website. Closing of the contest and selection of winners. |
| MoI | Seminars for beneficiaries | Seminar "Most frequently asked questions concerning the implementation and sustainability period" | | Applicants | CZK 3 133. | Prague 11 Dec 2014, 58 participants |
| MoI | Media communication | Advertisements for the contest “Make a video of a smart authority and win!” | | General public | 0 | 2 colourful advertisements covering A4 page in Veřejná správa journal (Issue No 19, 23) |
| CZK 70 513 | Banner ads on Novinky.cz portal from 13 Oct to 9 Nov 2014, roughly 1 million ad impressions |
| MoI | Hosting | SFD webhosting, projekty.osf-mvcr.cz | |  | CZK 27 398 | Hosting in Q4 2014 and Q1 2015 |
| CZK 1 143 | Domain renewal |
| MoI | Promotional merchandise | Various types of promotional merchandise bearing the IOP visual identity elements | | Applicants and beneficiaries, professional public, IBs and implementation structure | CZK 24 279 | 2015 diaries, 100 pcs  2015 desk calendars with successful projects of the IOP/OP HRE, 150 pcs |
| MoH | www.mzcr.cz website | Ongoing publishing and updating of information on Intervention area 3.2 | | Applicants and beneficiaries, general public | 0 | Update of the website throughout the year. |
| MoH | [www.kvalitazivota.eu](http://www.kvalitazivota.eu/) website | Ongoing publishing of examples of successful projects in IA 3.2 | | General public | 0 | Update of the website throughout the year. |
| MoH | Number of replies to enquiries (e-mail, telephone, one-to-one consultations) | IOP enquiries | | Applicants and beneficiaries, general public | 0 | Number of replies to enquiries: 2 000 (qualified estimate) – telephone, e-mail, one-to-one consultations |

## Annex No 2 –Crisis Plan for 2014

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Crisis Plan of the Integrated Operational Programme for 2014** | | | | | | | | | | |
| **Number of the risk** | **Name of the risk** | **Description of risk** | **Number of the action** | **List of actions** | **Sponsor** | **Deadline** | **Way of verification of the action accomplishment** | **Progress of accomplishment as at the end of Quarter II of 2014** | **Progress of accomplishment as at the end of Quarter III of 2014** | **Progress of accomplishment as at the end of Quarter IV of 2014** |
| 1 | Failure to absorb available funds and funds released in the course of IOP implementation. | Due to CNB intervention in November 2013, the Czech crown dramatically depreciated from CZK/EUR 25.70 to 27.50, thus increasing the available allocation. There is a risk of overcommitment of the programme in case the Czech crown appreciates in 2014 and 2015. | 1. 1 | Detailed internal analysis of full absorption of funds of the programme for 2014 and 2015 with the view to identify appropriate actions in individual intervention areas (publishing of calls or increasing the volume of calls, dissolution of project pipelines, overcommitment and use of 10% flexibility between priority axes) | MA | 10 Mar 2014; monthly | MA will send to the MoRD-NCA an elaborated analysis before 15 Mar 2014 and will keep sending the monthly monitoring reports for the MoRD top officials always on the 15th day of the following month at the latest. | Accomplished, on 17 Mar 2014 the document called “Analysis of Full Absorption of the Integrated Operational Programme”, Ref. No 9513/2014-26 was submitted at the meeting of the MoRD top officials. The MA provides monthly information to the MoRD top officials on progress achieved through the IOP Monthly Monitoring Report. | Accomplished, on 17 Mar 2014 the document called “Analysis of Full Absorption of the Integrated Operational Programme”, Ref. No 9513/2014-26 was submitted at the meeting of the MoRD top officials. The MA provides monthly information to the MoRD top officials on progress achieved through the IOP Monthly Monitoring Report. An update of the Strategy of Full Absorption (to be submitted at the beginning of October) is being elaborated. | Accomplished. The MA provides monthly information to the MoRD top officials on progress achieved through the IOP Monthly Monitoring Report. In October and at the beginning of December, the Strategy of Full Absorption of the IOP was updated. Another update of the Strategy of Full Absorption of the IOP is scheduled at the end of January 2015. The Plan of Absorption of the IOP for 2015 and 2016 will be elaborated by the same deadline. |
|  |  | The available allocation has been increased due to savings in projects and funds recovered from corrections and sanctions. |  |  |  |  |  |  |  |  |
|  |  | Released funds are returned to the programme with a time delay, therefore it will be impossible to efficiently use the funds released in 2014 and 2015, due to short time available for the implementation of any new projects. |  |  |  |  |  |  |  |  |
| 2 | Failure to achieve the target absorption in 2014 | Achievement of absorption targets according to N+2 rule for 2014 has been affected by postponements in project implementation, errors and delays in project implementation and administration, savings in projects and complications caused by the OPC investigations of public procurement procedures. | 2.1 | Setting of quarterly absorption milestones for the IOP IBs and ensuring ongoing control through monthly reporting on progress made in the programme for the MoRD top officials. | MA | monthly | The MA will send to the MoRD-NCA a copy of monthly reporting on progress made in the programme intended for the MoRD top officials on the 15th day of the following month at the latest. | The MA informs on a monthly basis the MoRD top officials of progress achieved through the IOP Monthly Monitoring Report. | The MA informs on a monthly basis the MoRD top officials of progress achieved through the IOP Monthly Monitoring Report. | Accomplished. The MA informed on a monthly basis the MoRD top officials of progress achieved through the IOP Monthly Monitoring Report. |
|  |  |  | 2.2 | A document for the Government, the aim of which is to ensure fast elimination of barriers in the implementation of sleeping and high-risk projects or to order their termination by beneficiaries. | MA | 20 Mar 2014 | The MA will send to the MoRD-NCA a document for the Government and summary information on actions proposed at beneficiaries. | Accomplished. The MoRD top officials are being kept posted on the development, it was discussed by the Government on 4 Jul 2014, based on Resolution No 432/2014 an update has been prepared and a meeting with top officials of ministries concerned took place on 21 Jul 2014. | Revision of problematic and sleeping projects has been performed and submitted for information to the MoRD top officials. Based on the results of the revision, letters of the 1st Deputy Minister of the MoRD have been elaborated, intended for the statutory representatives of institutions under which the problematic projects are implemented – a notification of a problematic project status + potential impacts in case the projects concerned are not successfully implemented in line with the approved timetables, and a requirement to send information on the list of feasible actions adopted by beneficiaries in order to successfully complete the projects. | Accomplished. Another update of the overview of problematic and high-risk projects will be made by the MA at the end of January 2015 and submitted at the meeting of the top officials. |
|  |  | The IOP MA registers and in cooperation with the IOP IBs adopts actions for high-risk projects or the so called sleeping projects, which face problems in implementation. | 2.3 | Termination of projects by beneficiaries as a follow up to the document submitted to the Government on 28 Feb 2014 | MA | 30 Apr 2014 | By 15 May 2014, the MA will send to the MoRD-NCA summary information on the number and value of projects terminated by beneficiaries, in connection to the document for the CR Government. | Accomplished. The MoRD top officials are being kept posted on the development, it was discussed by the Government on 4 Jul 2014, based on Resolution No 432/2014 an update has been prepared and a meeting took place with top officials of the ministries concerned on 21 Jul 2014. |  | Accomplished. Another update of the overview of problematic and high-risk projects will be made by the MA at the end of January 2015 and submitted at the meeting of the top officials. |
|  |  |  | 2.4 | Modification of “binding procedures of the NCA”. | MoRD | before 30 Apr 2014 | To be ensured by the MoRD-NCA within the update of binding procedures. |  |  |  |
|  |  | Sanctions set in the Conditions for the Decision on providing a grant are in compliance with the so far applicable methodologies stricter than requested by the newly issued (COESIF Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules of public procurement) and planned methodologies (Methodology of Financial Flows and Control). | 2.5 | Update of Conditions for the Decision and Statement of Expenditure with respect to the update of methodologies at the national level and based on experience gained in the implementation of projects and control findings. | MA | from 1 Apr 2014 | The MA will send the amended documents to the MoRD-NCA for comments. | Accomplished. The Conditions and Decisions are being amended in line with priorities of the individual IOP intervention areas. | Accomplished. The Conditions and Decisions are being amended in line with priorities of the individual IOP intervention areas. | Accomplished. The amendment of the Conditions and Decisions has been completed. |
|  |  |  | 2.6 | Upon agreement with the PCA, to possibly include in the timetable of certifications an extraordinary certification of the IOP at the end of 2014. | MA; MoF-PCA | 31 Mar 2014 | The MA will inform the MoRD-NCA on the agreement with the MoF-PCA by the deadline at the latest. | Accomplished. The IOP MA has agreed with the PCA on the date of certification so that the maximum amount of funds is absorbed. |  | Accomplished. In order to maximise the absorption of IOP funds the MA has negotiated the date of an extraordinary certification with the PCA. |
|  |  | For these reasons the plan of absorption has not been fulfilled and there is a risk of a failure to fulfil the N+2 rule. | 2.7 | To ensure the preparation of supporting documents for the conduct of an extraordinary certification at the end of 2014 (upon agreement with the PCA). | MA | 31 Oct 2014 | The MA will provide summary information to the MoRD-NCA on ensuring the elaboration of supporting documents for the extraordinary certification no later than by the deadline. | Continuously accomplished in cooperation with the IBs and the CRD | Accomplished The IOP MA has negotiated with the PCA the date of certification in order to maximise the absorption of funds. | Under the Convergence objective the allocation has been absorbed, under the RCE objective the MA anticipates a loss of the allocation in the amount of approximately CZK 60 million. |
|  |  | On account of the set date of the IOP certification on 15 September 2014, in line with the Methodology of Financial Flows and Control, there is a risk of a failure to achieve the n+2 target. | 2.8 | Speeding up the OPC investigation of challenged public contracts | OPC | \_\_\_ | The MA will inform the MoRD-NCA on projects affected by the OPC investigation (number and volume of funds in the following cases: investigation as a follow up on the audit report, appeal of the bidder) always on the 15th day of the month following the end of the quarter at the latest. | Being accomplished on a continuous basis. | Being accomplished on a continuous basis. | On 10 Dec 2014, the documentation for the application of Article 95 in 2014 was submitted to the NCA, ongoing communication with the NCA is under way. |
| 3 | Suspension of payments from the EC as a response to audit and control findings, and imposition of sanctions and penalties | According to the IOP MA, the Audit Authority fails to take into account the IOP MA opinions on clearly erroneous findings, which causes unnecessary high error rate of the programme. The IOP MA has no opportunity to defend its opinion and in line with the drafted amendment to the Methodology of Financial Flows and Control the AA's opinion will be irreversible. Another risk is constituted by unclear and unpredictable rules for setting various types of corrections in the ACR. | 3.1 | The MA initiates meetings with the MoF on these matters. | MA | \_\_\_ | The MoRD-NCA will verify the accomplishment with respect to these matters. | The IOP MA has been preparing a meeting with the AA on increasing efficiency of procedure in addressing the control and audit conclusions. | The IOP MA has been in contact with the AA and addressing the matters concerned ad hoc at the level of respective projects. | Based on the received reports of audit of operations, the IOP MA discusses with the AA the expenditure that has been erroneously identified as ineligible. |
|  |  | Error rate in the ACR2012, 2013 exceeded 2 %. The EC has interrupted the payment deadline pursuant to Article 91. | 3.2 | Quantification, splitting and deducting the flat-rate financial corrections | MA, MoF-PCA | \_\_ | The action has already been adopted – the cumulative residual risk has been calculated. Since the risk is below 2 %, the application of a flat-rate financial correction is not necessary in 2014. | Accomplished |  |  |
| 4 | Insufficient administrative capacity of Intermediate Bodies for completion of programme implementation. | A risk arises that the at the end of the current programming period the administrative capacity of Intermediate Bodies could decrease on account of the fact that they will not play this role for the operational programmes in the programming period 2014 - 2020. | 4.1 | To continuously monitor and evaluate the status of administrative capacity at IBs. | MA | 21 May 2014 | By 15 Jan 2015, the MA shall inform the MoRD-NCA about the evaluation of the status of administrative capacity at IBs until 15 Jan 2015. | Administrative capacity is addressed within the management of implementation structure and at regular meetings between the IOP MA and the IOP IB directors. Supporting materials from IBs were sent to the MA on 30 Apr 2014, by 31 May 2014, they were evaluated by the IOP MA. The IOP MA convened a meeting with respective IBs on 12 Jun 2014. | The IOP administrative capacity is addressed within the management of implementation structure and at regular meetings between the IOP MA and the IOP IB directors. The IBs have informed about the problem to ensure financing of posts associated with the IOP administration after 2015. The IOP MA in cooperation with the IOP IBs drafts the arguments backing up the financing of posts after 2015 at the respective IOP IBs. | The IOP MA has in cooperation with the IOP IBs compiled the document Administrative Capacity at the End of the Programming Period of the IOP for the NCA which ensures the administrative capacity at the respective IOP IBs after 2015. In the course of 2015, it will monitor and address the ensurance of administrative capacity and handing over the agenda under the IOP closure. |
|  |  |  | 4.2 | In case the status of administrative capacity at the IBs is assessed as inadequate, the MA shall take over a part of the agenda of the IBs. |  | 31 Dec 2014 | The MA informs the MoRD-NCA whether a part of the agenda has been transferred from the IBs to the MA. | NA |  | The IOP MA in cooperation with the IOP IBs has prepared a document for the NCA called Administrative Capacity at the End of Programming Period of the IOP ensuring the administrative capacities after 2015 at the respective IOP IBs. In the course of 2015 it will be further addressed at the Working Group for the ensurance of administrative capacity and handing over of agenda under the IOP closure. |
| 5 | Failure to complete major projects in Intervention area 3.4 | In 2013, the MA sent 2 major projects under Intervention area 3.4 to the EC for approval. Protractions in the approval process or appeals of bidders from tenders filed with the OPC can jeopardize the date of completion of implemented projects (06/2015). | 5.1 | To arrange for the approval by the EC of two major projects in Intervention area 3.4 Services in security, risk prevention and management. | MA | 31 May 2014 | The MoRD will check it in the SFC2007 information system. | The IOP MA communicates with the EC, the approval of projects is not within the remit of the IOP MA. | The IOP MA communicates with the EC, the approval of projects is not within the remit of the IOP MA. The major project of the FRS was approved by the EC on 14 August 2014. The project is currently under implementation and the approved timetable is observed.  In the PCR project, the required information is supplied, the project has not been approved as yet. | The FRS major project was approved by the EC on 14 Aug 2014. The project is currently under implementation in line with the approved timetable. The PCR project is implemented outside the scope of major projects. |
|  |  |  | 5.2 | Preliminary control of tender documents | MA, CRD | After submission of tender documents | The MA will inform the MoRD-NCA about the observance of the timetable of major projects, always on the 15th day of the month following the end of the quarter at the latest. | The MA monthly informs the MoRD top officials on progress achieved through the IOP Monthly Monitoring Report. | The MA monthly informs the MoRD top officials on progress achieved in major projects through the IOP Monthly Monitoring Report. Under the FRS major project, a total of 27 tenders is planned (19 tenders have been preliminarily checked + 1 preliminary check is under way, 17 calls for tenders have already been published), the PCR project - 21 tenders (15 have been preliminarily checked, 14 have been published). | The MA monthly informs the MoRD top officials on progress achieved in the FRS project through the Monthly Monitoring Report of the IOP. Currently, there are 36 public procurement procedures held under the project (9 of the original public procurement procedures had to be cancelled and published again on account of no or 1 bid submitted), 5 public procurement procedures will be subject to control and in 3 procedures the control is under way. The PCR project is implemented outside the scope of major projects. |
|  |  |  | 5.3 | Monthly meetings with major project holders and thorough monitoring of the fulfilment of the set timetables. | MA | 31 Mar 2014 / monthly |  | Being accomplished. | Being accomplished. Major projects are addressed at regular meetings with beneficiaries. Meetings are held at least once a month and apart from representatives of beneficiaries and the MA they are also mostly attended by the CRD representatives. At these meetings, information on the state of play of projects is provided, current issues are discussed, tenders and timetables are monitored, etc. The MA monthly informs the MoRD top officials on progress achieved, through the IOP Monthly Monitoring Report. | Being accomplished. The FRS project is currently implemented in line with the approved timetable. Discussions and consultations on the project take place, where necessary, (usually more than once a month).  The PCR project is implemented outside the scope of major projects. |

## Annex No 3 – Crisis Plan for 2015

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| **Crisis Plan of the Integrated Operational Programme for 2015** | | | | |  | | |
| **Name of the risk** | **Number of the action** | **Description of the action** | **Sponsor** | **Deadline** | **Way of verification of the accomplishment of the action** | **Progress of accomplishment as at 28 Feb 2015** | **Progress of accomplishment as at 31 Mar 2015** |
| **Failure to absorb the available allocation** | 1 | To increase the allocation for the 19th call for Intervention area 3.2 by CZK 350 million. | MoH IB | Until 28 Feb 2015 | The MoRD-NCA shall verify the increase of the allocation to the call on the IOP website. | Accomplished. The allocation for the 19th call was increased twice in the period from January to February, in total by CZK 400 million to the final CZK 1.7 billion (ERDF). When the allocation to the call was increased for the second time, the flexibility was applied (CZK 50 million). | Accomplished. |
| 2 | To publish another call for Intervention area 3.2. The funds for the call will be provided through reallocation of the available allocation from intervention areas with unabsorbed funds. | MoH IB | Until 31 Mar 2015 | The MoRD-NCA shall verify the publishing of the calls on the IOP website and shall verify at the IOP MC that the reallocation was done. | NA | Currently, there is no available allocation under Intervention area 3.2 of the IOP. Within the increase under the 19th call the remaining funds were fully used within the flexibility tool. With respect to the date of eligibility of project expenditure, publishing of a new call and implementation of additional projects is not feasible due to the lack of time. |
| 3 | To issue the Decisions on providing a grant for all projects included in the prepared project pipeline for Intervention area 2.1 and in the project pipeline for Intervention area 3.1. | MA  CRD IB  MoLSA IB | until 28 Feb 2015 | The IOP Managing Authority shall inform the MoRD-NCA in the reporting of the progress made in accomplishment of the crisis plan at intervals stipulated in the Government Resolution on the number of projects in the pipeline and on the number of projects from the pipeline with the issued Decision. | Accomplished in IA 3.1. The Decision on providing a grant has been issued for all the projects in the pipeline.  Partly accomplished in IA 2.1. Due to delays in 99 projects, it was necessary to approach all the potential beneficiaries with a request to submit the Notification of a change. 4 projects are to be evaluated, the other projects are being evaluated right now or the Decision of the Minister has already been issued. (DMI). The Decision on providing a grant remains to be issued for approximately 30 projects. It should be issued for the remaining projects until the end of March. | Accomplished in IA 3.1. The Decision on providing a grant has been issued for all projects in the pipeline.  Partly accomplished in IA 2.1. All projects have passed the evaluation, the Decision on providing a grant remains to be issued for 10 projects. It should be issued by the end of April. |
| 4.1 | To map the projects supported from national sources that would meet the conditions of the programme. To include in mapping also the projects that would meet the conditions of the programme after its revision. | MA | until 28 Feb 2015 | The IOP Managing Authority shall inform the MoRD-NCA in the reporting of the progress made in accomplishment of the crisis plan at intervals stipulated in the Government Resolution on the number and volume of funds from not/ completed projects supported from the national sources. The possibility to support the projects from the IOP will be marked in all the projects. In projects that fail to meet the IOP conditions, proposals will be made for the revision of the IOP Programming Document. | The IOP MA has conducted a survey and has not identified any such projects with significant volumes of funds. | The IOP MA has conducted a survey and has not identified any such projects with significant volumes of funds. |
| 4.2 | To publish new calls for projects identified in Intervention area 4.1. | MA IB | until 31 Mar 2015 | The MoRD NCA shall verify the publishing of the calls on the IOP website. | NA | In the light of what was mentioned above, this action will not be applied. |
| 5 | To map the potential new activities in Intervention area 5.2. Based on the mapping to increase the allocation to the existing JESSICA Financial Instrument, or to create a new financial instrument in compliance with the applicable rules. | MA | until 31 Mar 2015 | The IOP Managing Authority shall inform the MoRD-NCA in reporting on the progress made in the accomplishment of the crisis plan at intervals stipulated in the Government Resolution on results of the mapping of new activities and a proposal of other solutions (an increase of the allocation to Jessica FI or a creation of a new FI), including the timetables of steps. | NA | The IOP MA has mapped the absorption capacity and identified a low interest in future implementation of JESSICA FI in IUDP zones. Based on the conducted analysis of the EC regulation, it is impossible to make investments in housing where interventions in housing are provided outside the integrated approach. Therefore, it would be necessary to conduct another round of JESSI FI only in the existing IUDP zones, with no more absorption capacity. Because of what was said above, this action will not be applied. |
| 6 | To look into the possibility to publish calls, under which projects will be implemented in stages, namely for activities that can be supported from both the IOP and the Integrated Regional Operational Programme. Subsequently to amend the guidance documentation and to publish calls. | MA | until 31 Mar 2015 | The IOP Managing Authority shall inform the MoRD-NCA in the reporting of progress made in the accomplishment of the crisis plan at intervals stipulated in the Government Resolution on results of looking into the possibility of publishing calls for implementation of projects divided into stages. The Managing Authority shall supply the MoRD-NCA with a list of intervention areas in which these calls can be published, including the enumeration of supported activities and quantification of the volume of funds. | NA | The IOP MA has looked into the possibility to use the calls for projects divided into stages and no intervention areas suitable for the use of this instrument have been identified. |
| **Failure to complete the projects in time** | 7 | To continue to held regular meetings with the major project's beneficiary and to monitor in detail the observance of the set timetable. | MoI | at least bimonthly until 30 Nov 2015 | The IOP Managing Authority shall send to the MoRD-NCA the minutes of the meetings as a part of the reporting of progress made in the accomplishment of the crisis plan at intervals stipulated by the Government Resolution. | Continuously accomplished. The meeting is scheduled at the end of March, subsequently the minutes will be sent to the NCA. | Continuously accomplished. The meeting was held on 30 Mar 2015. The next meeting is scheduled at the end of May 2015. |
| 8 | The beneficiary of the project "National information system of the IRS" in the volume of CZK 528 million, "Ensurance of infrastructure for the operations centres of the IRS basic units" in the volume of CZK 300 million, and "Central Service Point" in the volume of CZK 610 million, where the general contractor of major supplies is the Czech Post's registered branch ICT services, shall inform the Czech Government on progress achieved in the implementation of respective projects (mainly on the observance of the timetable of projects), and on addressing the potential problems that put the implementation of these projects at risk. | MoI | monthly until the date of project completion: IS NIS until 30 Nov 2015  ITS NGN until 30 Jun 2015  CCM (Central Service Point) until 30 Nov 2015 | The MoRD-NCA shall verify the accomplishment within the control of supporting documents for the meeting of the Government of the CR. | Accomplishment of the task will be coordinated at the level of the MoI (it concerns also the NIS project which is under the responsibility of another IB) and the information will submitted to the Government as requested. Information on the development of CCM and ITS projects is reported to the IOP MA on a monthly basis in the Monthly Report of the IOP. | Being accomplished. The MoI has informed the Minister of Regional Development on progress made in the respected projects by a letter of the Minister of 9 Apr 2015. The information will also be submitted to the meeting of the Government of the CR in the course of April. |
| 9 | To continue to perform reinforced supervision of sleeping, high-risk and risky projects and to regularly inform the Government of the CR.  To cover in the information also the screening of not completed projects and to provide information on projects that will stay in the status of not completed projects. | MA | quarterly until 31 Jan 2016 | Accomplishment of the action will be verified under the analysis of supporting documents intended for the meeting with the Minister of Regional Development. | The IOP MA has been preparing an update of problematic projects. | Being accomplished. The IOP MA has been preparing an update of problematic projects. The document is expected to be submitted to the meeting with the Minister at the end of April 2015. |
| **Non-compliance with the Agreements on delegating the task of the IOP Managing Authority to the Intermediate Bodies.** | 10 | To provide funds in the budgets to cover the activities of the IOP Intermediate Bodies at the time of programme closure in line with the Agreements on delegating the tasks of the IOP Managing Authority to the Intermediate Bodies. To inform by the set deadline the Minister of Regional Development by a letter on ensurance of adequate (financial and staffing) capacity. | MoLSA MoI MoH | until 30 Jun 2015 | The MoRD-NCA shall verify the accomplishment of the task in letters for the Minister of Regional Development. | NA | Being addressed. The IOP MA has compiled the document “Information on necessary conditions for due completion of the Integrated Operational Programme” which reflects the IOP IB needs for ensuring adequate administrative capacity and resources for their financing in order to arrange for due programme closure. On 24 Mar 2015, the document was distributed for internal comments procedure. All comments have been incorporated. Subsequently, the document will be submitted to the interministerial comments procedure and later on to the Government of the CR for discussion. |

## Annex No 4 – Summary of Actions Adopted in Response to Conclusions of the 14th meeting of the IOP MC

**Acting upon the conclusions of the 14th meeting of the IOP Monitoring Committee held on 24 Nov 2014**

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| --- | --- | --- | --- |
| **Task assigned** | **Number of the conclusion / task** | **Deadline for accomplishment** | **Accomplishment of the task** |
| **IOP MA** | C/1 The IOP MA shall send to the IOP MC members an update of sleeping and high-risk projects in the IOP at the beginning of 2015 | January – March 2015 | The update of sleeping and high-risk projects in the IOP was sent on 19 Feb 2015 |
| **IOP MA** | C/2 The IOP MA shall send to the IOP MC members an update of the Strategy of Full Absorption of the IOP of December 2014 that shall include information on the capacity at the IOP MA and IBs to administer the planned applications for payment | December 2014 | The update of the Strategy of Full Absorption of the IOP of December 2014 was sent on 22 Dec 2014 |
| **IOP MA** | C/3 The IOP MA shall send to the IOP MC members additional information on the project rejected on the grounds of non-compliance with the focus of the intervention area, identified by the system audit in 2014 and mentioned by the representative of the Audit Authority | December 2014 | Additional information was sent to the MC members on 17 Dec 2014 |

1. The values in Submitted applications and Projects with the issued Decision/signed Contract columns are in multi-objective 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 value is zero (except for Priority axis 4). [↑](#footnote-ref-2)
2. 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. [↑](#footnote-ref-3)
3. Due to the multi-objective nature of axes, the values in the Submitted applications and Projects with the issued Decision/signed Contract columns are given for intervention areas related to the Convergence objective (a). In intervention areas related to the Regional competitiveness and employment objective (b) the value is zero. [↑](#footnote-ref-4)
4. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is also the percentage achieved in the progress of absorption. [↑](#footnote-ref-5)
5. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is subsequently also the percentage achieved in the progress of absorption. [↑](#footnote-ref-6)
6. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is subsequently also the percentage achieved in the progress of absorption. [↑](#footnote-ref-7)
7. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is subsequently also the percentage achieved in the progress of absorption. [↑](#footnote-ref-8)
8. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is subsequently also the percentage achieved in the progress of absorption. [↑](#footnote-ref-9)
9. The values of the Submitted applications and Funds covered by the Decision/Contract (Addendum) columns are due to the multi-objective nature of priority axes is given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b), the value is zero. [↑](#footnote-ref-10)
10. The Difference column includes the total allocation for the programming period 2007–2013, not the difference of allocations for the monitored period. Linked to this amount is subsequently also the percentage achieved in the progress of absorption. [↑](#footnote-ref-11)
11. The values of Submitted applications and Funds covered by the Decision/Contract (Addendum) columns are due to the multi-objective nature of priority axes is given only in intervention areas related to the Convergence objective (a). In intervention areas falling under the Regional competitiveness and employment objective (b), the value is zero. [↑](#footnote-ref-12)