

The Ministry of the Environment
Department of European Union Funds

Ref. No.: 1585/330/08
38070/ENV/08

M i n u t e s

from the 3rd Meeting of the Monitoring Committee of the OP Environment Held on 17 April 2008 at the Hall of the Danube Palace in Prague

Attendance: see the attached attendance list

Meeting presided by: Ing. Rut Bízková, Chair of the Monitoring Committee of the OP Environment, Deputy Minister-Director of the Section of Economics and Environmental Policies

The Agenda for the Meeting:

1. Opening – an opening statement by the Chair of the MC of the OP E and approval of the agenda of the 3rd meeting of the MC of the OP E
2. Approval of the Implementation Document of the OP E
3. Approval of the Plan for the Use of the OP E Technical Assistance for 2008 and an overview of its use to date
4. The Report on the Progress of the Implementation of the OP E
5. A presentation of the draft Communication Plan of the OP E
6. Miscellaneous
7. Conclusion

Item 1: Opening – an opening statement by the Chair of the MC of the OP E and approval of the agenda of the 3rd meeting of the MC of the OP E

The meeting was opened by the Chair of the Monitoring Committee of the Operational Programme Environment (hereinafter “the Chair”), Ms Rut Bízková, Deputy Minister-Director of the Section of Economics and Environmental Policies of the Ministry of the Environment (hereinafter “ME”). The Chair welcomed the attendees and familiarised them with the main items of the meeting’s agenda. She confirmed that the MC had a quorum. She asked the present members to present their comments on the meeting’s agenda. The members approved the agenda for the meeting by consensus. She then gave the floor to Mr Gogos, a representative from the European Commission (hereinafter “the Commission”).

Mr Gogos: He welcomed the attendees and gave a brief speech on the OP E. The OP E aims to mitigate the impact of harmful human activities on the environment and improve its

condition. The individual priority axes of the OP E reflect the fact that the Operational Programme (hereinafter “OP”) was created with great care and with the effort to evenly cover all the components of the environment. It may seem that the needs within the area of environmental protection are enormous, exceeding by many times the amount allocated to the OP E. In the current programming period, however, we have at our disposal an amount 20 times higher than that for the 2004-2006 programming period. Therefore, the operational programme aims not only to ensure sufficient absorption capacity, but primarily to implement functional and quality projects that will contribute to improving the environment in the Czech Republic. Mr Gogos also assured the attendees that he highly appreciated the work of all members of the Monitoring Committee of the OP E, whose objective is to monitor the progress of the OP E’s implementation.

Mr Gogos made several comments relating to the activities of the MC of the OP E. His comments addressed two documents, which had been delivered to all MC members, i.e. the Statute of the MC of the OP E and the Rules of Procedure of the OP E, which are of crucial importance to the Monitoring Committee’s further activities.

First, the comments addressed the Statute of the MC of the OP E. In order to ensure an effective and unified approach to the MC’s activities, the list of MC members should be specific; it should include the names of the individual members. The members of the MC of the OP E, who are representatives of other sectors or Regional Councils, should also be members of other operational programmes’ monitoring committees or their activity should be connected with their OP. These should be persons whose work in other sectors or at the regional level is closely linked with the OP E’s activities. For example, the representative from the Ministry of Transport should also be a member of the MC of the OP Transport. He stated that, within the MC of the OP E, this was the only way to ensure both a uniform discussion on the individual operational programmes and a close interconnection between the OP E and regional programmes in whose framework activities connected with the OP E are co-financed by the Commission. The representatives of the individual thematic and regional operational programmes should then take active part in the discussion and contribute to the interconnection between the individual operational programmes.

In addition, the comments addressed the Rules of Procedure of the MC of the OP E. Mr Gogos cited Article 1 (3), “The chair shall set the date of the meeting and shall propose the agenda for the meeting. MC meetings shall take place no less than once a year.” According to the Commission’s view, this wording should be amended and the following text should be inserted, “As agreed upon with the National Coordination Authority” (hereinafter “the NCA”). This will ensure that the representatives of the Commission, of the regional OP and of OPs from other sectors, i.e. all members of the MC of the OP E, are able to participate, while eliminating the risk of possible time overlaps. Furthermore, Mr Gogos suggested that every meeting of the MC of the OP E should be attended by an NCA representative who would ensure mutual coordination within the National Strategic Reference Framework of the Czech Republic (hereinafter “the NSRF CR”). Mr Gogos also stressed that the Czech Republic has made a commitment to implement the unified Monitoring System for all operational programmes in the Czech Republic and one of the NCA’s tasks is to inform the Commission about the progress in this area. Mr Gogos cited Article 1 (10), “In cases where the need arises, the chair of the MC may use the procedure of consulting MC members in writing about documents which are to be reviewed by means of written consultation and approved in writing (i.e. “per rollam”).” The Commission holds the view that the *per rollam* procedure should only be used in exceptional cases. Even though the procedure is used at the discretion of the chair of the MC, all members of the MC should participate in its decision-making through open discussion. He further stated that pursuant to Article 4 of the Rules of

Procedure of the MC of the OP E, the minutes from meetings of the MC shall be distributed to all MC members in electronic form within 10 days. The EC requires that the meeting minutes be distributed along with their English translation, which will especially allow the representatives of the Commission to quickly and easily understand the items discussed by the MC.

The Chair: The Statute of the MC of the OP E does not list the names of the individual representatives of different sectors and OPs. A list of these representatives' names is posted on OP E's website. Representatives are appointed to the OP E by the Minister in such a manner as to ensure close mutual interconnection between the individual OPs.

Ing. Petr Novák (ME): Both meeting minutes and the list of names of all members of the MC of the OP E are posted on the OP E's website at www.opzp.cz in the section entitled "Monitorovací výbory" (Monitoring Committees).

The Chair: She asked all attendees who had OPs at their Ministries or in their regions and were not representatives of these OPs to raise their hands. Nobody did so. She also stated that Article 1 (3) of the Rules of Procedure of the OP E would be amended to read, "The Chair shall set the date of the meeting, after prior discussion with the NCA, and shall propose the agenda for the meeting." Similarly, the other comments would be incorporated and submitted to the MC at the following meeting.

Ing. Ladislav Kylar (MRD): Added that the dates of all MCs at the MRD, or at the NCA, were available.

The Chair: She commented on Article 1 (10) of the Rules of Procedure of the MC of the OP E – it would be incorporated that the *per rollam* procedure shall only be used in exceptional cases. On meeting minutes – their final version shall be translated into English and sent to the Commission. The tasks and conclusions from the meeting shall be translated into English and sent to the Commission even before the minutes are finalized. On the unified system of monitoring – she gave the floor to the NCA's representative, Ms Hana Hušková.

Ing. Hana Hušková (NCA): Her very presence confirmed that the NCA is represented at the MC of the OP E. With regard to the unified monitoring system, she stated that the possible inconsistencies were being addressed. A meeting centred on this issue took place with Ing. Jan Kříž (ME), in which the NCA suggested further steps designed to promote the harmonisation of terminology and of the monitoring system in general.

The Chair: She asked the members to approve the above proposals to be incorporated into the draft Statute and the Rules of Procedure of the MC of the OP E and distributed for approval *per rollam*. It was approved by consensus.

Mr Gogos: He approved the Chair's proposal and commented on the unified monitoring system. Having reached an arrangement with the Commission, the Czech Republic had made a commitment to creating a unified monitoring system. A unified monitoring system was necessary for two main reasons:

- 1) If there were no unified monitoring system functioning at the member state level, problems would arise in submitting payment applications to the Commission. Failure to ensure the timely and proper functioning of a unified monitoring system may jeopardise the entire payment application procedure.
- 2) The system should enable not only the reporting of financial data (financial monitoring), but also the on-site monitoring of the progress of individual project implementation. We may be able to guarantee an adequate absorption capacity for the programme, but we also have to be able to evaluate the progress of the implementation of specific individual

projects. Therefore, the unified monitoring system should provide both information of a financial character and information about the on-site implementation of specific projects.

The Chair: The internal monitoring of project applications, from the submittal of an application to its termination, is a function of both the State Environmental Fund of the Czech Republic (hereinafter “SEF”) and the ME. The Czech Republic had committed itself to adopting a *uniform* Monitoring System. She asked Mr Jan Kříž (ME) to take the floor.

Ing. Jan Kříž (ME): The system at the Managing Authority level (hereinafter “MA”) and the Intermediate Body (hereinafter “IB”) was fully compatible with the system from which payments would be sent to the Commission and progress regarding the factual and financial implementation of the programme would be reported to the Commission. The system was uniform and uniform information would be sent to the Commission and from the environmental sector.

The Chair: She thanked the attendees for their comments. She promised that they would be incorporated and asked Ing. Petr Valdman (SEF) to introduce the portion orientated around the Implementation Document of the OP E.

Item 2: Approval of the Implementation Document of the OP E

Ing. Petr Valdman (SEF): He gave a presentation on the Implementation Document of the OP E (hereinafter “ID of the OP E”). He added that following the distribution of the ID of the OP E to the members of the MC of the OP E, some factual comments on the issue of water monitoring were provided by the Ministry of the Environment’s Department of Water Protection, which should be incorporated into the ID of the OP E.

The Chair: She asked Ms Veronika Jáglová (ME) to present the comments made by the Department of Water Protection.

Ing. Veronika Jáglová (ME): The comments relating to surface water and groundwater monitoring had been formulated on the basis of a resolution approved by a meeting of the ME’s management, which was held the week before the meeting of the MC of the OP E; the comments had been distributed to MC members.

Ing. Petr Valdman (SEF): He presented the following comments:

- 1) “To allow for a comprehensive monitoring within the Sub-Area of Intervention 1.1.4., to implement part of the measures through self-help, i.e. to the extent of 5% of the total eligible expenditure for the relevant project. Self-help works are provided for in Priority Axis 6 and, in part, also in Priority Axis 7. The general methodology that addresses the eligibility of costs makes it possible to finance work through self-help, provided that the respective conditions and parameters have been met.” For this reason, the SEF recommends allowing self-help works to the extent of 5%. If the bodies want to implement monitoring, they can partly use their own expert capacities and do not have to sub-contract everything; however, they must properly substantiate any such step. The key issue is the corresponding price.
- 2) “To also include possible additional work to the extent of 10% of the budget reserve.” The SEF allows for additional work in many sub-areas of intervention. This additional work must actually arise. They can be deemed eligible as long as they are unforeseeable. This limitation also applies to the inclusion of a budget reserve within monitoring.
- 3) “To better define the eligible expenditure – technical supervision – over the implementation of the measure.” In the original version of the ID of the OP E, which the

members received at the meeting, the eligible expenditure – technical supervision – only appeared in connection with the Building Act. However, technical supervision is seen here in its general context rather than in direct connection to a specific section of the Building Act, so that financing technical supervision is ensured for the beneficiaries not only in the case of construction, but also for deliveries. This is how the comment is accepted. The possibility of financing technical supervision has been extended not only for this Priority Axis and for monitoring; it has been extended for all Priority Axes.

The Chair: She opened discussion on these comments.

Ing. Jiří Kořínek (ROP Central Bohemia): He made a comment on the ID that ensued from an e-mail sent by the Mayor of Mšeno that had been delivered to the members and that addressed some minor changes in the specific acceptability criteria in the Area of Intervention 3.1. It called attention to ensuring compliance with the Act on Energy Management, which allows non-compliance with certain energy intensity requirements in listed buildings. He required that such listed buildings should, for example, be allowed to burn biomass.

The Chair: On behalf of the Managing Authority, she did not recommend adopting this change. The OP E is intended to improve the condition of the environment. In older buildings and buildings that are historical landmarks, it is difficult to achieve energy savings. The indicators had been designed in such a way as to strive for the greatest possible improvement in air quality and to increase energy efficiency. It was unlikely that the proposed change in the acceptability criteria would lead to the desired effect for the environment. There were many projects that would produce a greater effect at a similar cost. She noted that in view of the large number of projects within this Priority Axis, this area was not a priority at that time, however, she did not rule out the possibility of supporting the area.

Ing. Petr Valdman (SEF): He added that this issue had been discussed in great detail at the previous MC. The ME and the SEF had softened the criteria for specific acceptability that make it possible to implement the given measures in most listed buildings. The required thermal insulation parameter was given for the envelope and for exchanging windows. The SEF had been accepting applications that concerned listed buildings where these measures were being implemented and that met the acceptability criteria. At the previous MC, a similar presentation was given on the changes performed in this area. He suggested considering this in the context of a more long-term monitoring and evaluation.

The Chair: She noted that the evaluation of the coming rounds would show how the situation was developing. The primary objective was to meet the indicators. She suggested returning to the issue later, for example at the following MC meeting.

No further comments were made; the discussion on water monitoring was closed.

Ing. Petr Dobrovský (ME): He commented on Areas of Intervention 6.2., 6.3., 6.4. and 6.5. His comments addressed the eligible expenditure for post-planting works. The ID of the OP E allows accepting post-planting works within a 2-year period as eligible expenditure, provided forest seedlings are planted. He considered this modification to be too narrow. He suggested allowing subsequent two-year post-planting care without any limitations, i.e. without connecting it with a certain type of seedling. He stated that in the Area of Intervention 6.5., this suggestion was inappropriate and would exclude the planting of trees along roads in cities.

The Chair: She suggested adopting this comment and incorporating it into the ID of the OP E.

Mr Gogos: He commented on the ID of the OP E. He noted that the Commission had no opportunity to comment on the ID of the OP E, as it had not been submitted in its English version, which, in principle, was not a serious problem. However, he expressed interest in obtaining the English version for consultation. Mr Petr Valdman's presentation convinced Mr Gogos that the ID of the OP E had been prepared in such a way as to become a useful and easily understood guide for final beneficiaries. The comments addressed the following:

- 1) Chapter 10 of the ID of the OP E. In view of the fact that the final beneficiary must submit regular information on the implementation of their project, the ID of the OP E also contains a sample table or form, into which the final beneficiary will record the information. Does this ensure a standardised form and consequently also an easier evaluation? How is this addressed in the above chapter of the ID of the OP E?
- 2) The definition of additional work and unforeseeable circumstances (see Chapter 7 "Public Contracts"). Some applicants require that additional works be considered eligible expenditure up to an amount of 10%. In the Commission's view, Chapter 7 of the ID of the OP E should contain the definition of the terms "additional work" and "unforeseeable circumstances". He gave an example: if additional work becomes necessary during the implementation of a sewerage system because of the occurrence of groundwater, these are not unforeseeable costs, because a properly prepared project plan would have detected it before any work was started. The Commission recommends defining these terms precisely and, most importantly, not considering everything to be "unforeseeable circumstances".
- 3) To add Chapter 13 "Ethical Code" to the ID – see the OP Innovation whose MA, in cooperation with Transparency International, prepared an ethical code that precisely defines the roles and responsibilities of the individual players who participate in the implementation of projects co-financed from public financial resources of from EU resources.

The Chair: The Ethical Code was being prepared in order to ensure the transparency of processes. She accepted the suggestion to seek inspiration in the wording of the OP Innovation and to incorporate it into the ID of the OP E. She stressed that it did not only apply to the operating, managing and implementing structures, but to all participants in the process. She suggested that the MC of the OP E should approve an Ethical Code as Chapter 13 of the ID of the OP E. She added that once the chapter was supplemented, it would be distributed for approval *per rollam*, while providing room for discussion.

Ing. Petr Valdman (SEF): He responded to the individual comments by Mr Gogos.

He remarked on the first comment (Chapter 10 "Implementation Structure"), stating that the Implementation Structure and the content of the OP E were determined through the requirements of the central coordinator, i.e. the MRD. Chapter 10 therefore did not include information of a more specific character as mentioned by Mr Gogos. For example, it does require the applicants to submit monitoring reports and other information at two-month intervals. The Implementation Structure describes the basics at the level of the individual authorities that are involved in OP E's implementation. The key information, especially for applicants, is provided in the MRD's Directive, which establishes the basis for the Binding Applicants' Instructions. He presented the hierarchical structure of documents starting with those that are the most important with respect to the implementation of the OP:

1. The Programming Document of the OP E – approved by the Commission
2. The ID of the OP E – approved by the MC of the OP E
3. The Directive of the MRD – issued by the Minister. It contains basic information for final beneficiaries related to the specific administration (for example, the form of the project's

application, the necessary annexes to the project's application that are also required for a decision to grant a subsidy to be issued) and other information.

4. Binding Applicants' Instructions – these are based on the Directive

This structure has been chosen because these documents require regular updates. It is therefore necessary to have documents of a so-called "lower operational level" in order to ensure their updating. He offered to send to the Commission the English version of the MRD's Directive on submitting applications.

He remarked on the second and third comments, noting that the terms additional work/less work and the description of unforeseeable circumstances were detailed in the Chapter entitled "Eligible Expenditure" of the ID of the OP E. This description specified when additional works could and when they could not be considered to constitute eligible expenditure. He stated that based on the character of the project, it was necessary to further develop these terms.

Mr Gogos: He requested that the English version of the MRD's Directive on submitting applications be sent to the Commission, so that the Commission could review its content. In order to ensure the uniformity of information provided by final beneficiaries and to ensure the uniformity of the monitoring system, it is important to know whether the Directive and all subsequent documents had been issued in accordance with the documents of the Managing Authorities of other operational programmes of a similar character. Mr Gogos enquired about what was the role of the NCA in ensuring compliance between all these documents.

The Chair: She responded to the enquiry:

1. All documents and all connected documentation including the Directive would be, once they were approved by the MC, translated into English and submitted to the Commission. Based on possible comments by the Commission, we will proceed in such a way as to prevent any problems during implementation.
2. The coordination role of the NCA authority will be presented by the NCA's representative. At the ME, these implementing documents are created the same way as other ministerial documents, which is a binding form for the entire state administration. She believes that the subsequent documents and the implementing documents of other OPs were homogenous. However, the NCA was the competent authority to assess this issue.

Ing. Hana Hušková (NCA): She remarked on the commensurability of the OPs' documents and the documents following from them. There was a binding structure specified for the ID, which was adhered to by the implementation authorities. Following from the ID, there were manuals for applicants and beneficiaries that were commensurable and that contained detailed information about the applicants' obligations and all other information. The information that the NCA received during the implementation was based on a common monitoring methodology that specified the binding scope of monitored information that was placed by the MA into the monitoring system. This information was related to both factual and financial monitoring, i.e. the monitoring of the progress that had in fact been made.

Mr Gogos: He returned to the issue of the provision of information by final beneficiaries. In view of the fact that the Commission had not received the English version of the MRD's Directive, Mr Gogos asked if the Directive provided the final beneficiaries with brief and precise information about when they were supposed to submit information on the implementation of the projects' individual stages and what information such reports should contain. He also stressed that this system was supposed to be unified for all OPs in the Czech Republic.

Ing. Petr Valdman (SEF): A Monitoring System that is unified at the central level (MSC 2007) requires the MA and the IB to submit data on the implementation of the projects. These are financial implementation data (when they will ask for payment), time data (when the tender procedure and the meeting of the evaluation Commission will be initiated) and other data (for example, the achievement of indicators for the given projects). In the beginning, there is an applicant who submits an application in an electronic form, through the Benefill system, into which other data are later added by the IB and the MA, and which are reviewed by these institutions. In the end, the data are exported into the central unified monitoring system. This ensures both factual, financial and time monitoring without any manual. Whenever a deadline for submitting a monitoring report is approaching, the applicant is informed electronically (by e-mail) that they must enter the specific data.

Mr Gogos: He enquired yet another time about how well the final beneficiaries were informed, especially if they knew at what time intervals they had to submit information about the implementation of the projects and what information exactly the report was supposed to contain. For example: a municipality that is implementing a sewerage system and a WWTP. What is the communication between the final beneficiaries and the MA, or possibly the IB?

The Chair: She confirmed the words of Ing. Petr Valdman regarding the existence of regular communication between the MA and the final beneficiaries. However, she could not confirm if this situation was similar at the level of all OPs and if a unified methodology was being followed. The Chair suggested that a comprehensive response from the NCA should be included as an Annex to the final minutes of the MC meeting.

Ing. Hana Hušková (NCA): She confirmed that the applicants within all OPs were well-informed, which could also be confirmed by the present representatives of other OPs. The beneficiaries were informed in detail about the procedure, about what information they were supposed to submit and at what intervals. More detailed information would be submitted by the NCA to the Commission later.

The Chair: She asked the NCA to prepare detailed information for the Commission regarding the communication between the individual OPs.

Ing. Petr Valdman: He asked the MC members to approve another change relating to the ID, Priority Axis 1. The beneficiaries in Priority Axis 1 (water-management projects) also included *mixed companies*. The submitted version of the ID of the OP E contains a mistake on page 29. The definition of this company reads, “Business companies whose equity is more than 50% owned by municipalities or other public bodies. This is a company that is the owner and, at the same time, the operator of a water-management infrastructure and that is authorised to perform this activity.” There are mixed companies in the Czech Republic that are only the owners of a piece of infrastructure and that are not necessarily its operators. He suggested excluding “and, at the same time, the operator”. This meant that a company only had to be the owner of a water-management infrastructure, it did not have to be (although it could be) its operator. The MC approved this change of the ID of the OP E.

Jaroslav Perlík (The Union of Towns and Municipalities of the Czech Republic – UTM CR): He informed the attendees that comments of municipalities and cities were provided to the SEF Director, Mr Petr Štěpánek, during the preparation of OP E’s projects and requested that the comments be included in the minutes of the MC meeting.

The Chair: She suggested that these comments should form an Annex to the final minutes of the MC meeting.

Jaroslav Perlík (UTM CR): He added that the comments were not only general, but they also addressed the ID of the OP E, for example the role of Regional Working Groups (hereinafter

“RWG”). He suggested that the RWG should get projects that had already undergone complete SEF evaluation. He did not approve of the situation where some projects could be rejected even after RWG meetings. The comments addressed Priority Axes 1, 2, 4 and 7.

Ing. arch. Petr Štěpánek (SEF): He acknowledged the receipt of the comments and promised to give an answer, which would be part of the Annex to these minutes. Most comments were standard questions and answers that would be posted on the Frequently Asked Questions and Answers section (www.opzp.cz) for other applicants. With respect to procedural comments (see the scope of the RWG’s activities), the IB would consult these with the MA.

The Chair: She closed the submittal of comments on the ID of the OP E and asked the attendees to vote on its approval. Before the vote, she summarised the comments that would become a part thereof once it was approved:

1. A modification in Priority Axis 1 – water monitoring.
2. Water-management projects in companies owned by municipalities – the only condition was the ownership of water-management infrastructure by the company.
3. Adding Chapter 13 “Ethical Code”; this did not currently exist. She therefore suggested approving the text of the ID without this chapter that would later be distributed to the MC for approval *per rollam*.
4. Priority Axis 6 relating to two-year post-planting care not only for forest seedlings.

This wording of the ID of the OP E was unanimously approved by the MC members. The Chair proceeded to the following item on the agenda and asked Ms Ivona Kristiánová to introduce, within her presentation, the Plan of the Use of the OP E Technical Assistance for 2008 and to provide an overview of its use to date.

Item 3: Approval of the Plan of the Use of the OP E Technical Assistance for 2008 and an overview of its use to date

Mgr. Ivona Kristiánová (ME): In her presentation, she introduced the activities of Technical Assistance (hereinafter “TA”) and the plan to use financial resources from OP E Technical Assistance for 2008.

The Chair: Before approval of the plan, she invited members’ comments.

Mgr. Kateřina Ptáčková (Government Council for Non-state Non-profit Organisations): She enquired about the area of monitoring – preparation of studies and analyses and their evaluation. Whether these would be prepared and evaluated internally within the ME or the SEF or whether there would be a public tender, and if a list of these studies, and possibly the results of these analyses, would be publicly available?

The Chair: These were only studies connected with the OP E. It was assumed that the preparation of all studies and projects would be performed by external parties that would be selected in a tender. She admitted that the ME had not considered publishing these studies, but they could be published. Their list would be published anyway, and publishing the content and the results of the analyses could also be considered, as long as these were of interest to the public. However, this had to be in accordance with the Public Procurement Act, Act No 106/1999 Sb., on free access to information and Act No 123/1998 Sb., on the right to environmental information.

Mr Gogos: He confirmed that the Commission considered this Priority Axis important. In the future, the Commission would pay more attention to the use of Technical Assistance resources, especially through funding seminars, conferences and sharing experience with

other bodies in this area, because through Technical Assistance, specific assistance was provided to applicants for support. To be able to improve the administration of the OP, the use of Technical Assistance resources should take place under the Commission's supervision, i.e. suggested TA projects should be submitted to the Commission for consultation.

The Chair: She promised to submit the plan for the use of TA (an overview of approved and prospective projects) to the Commission in English, while an overview of TA projects would be provided to MC members. As part of sharing well-proven "good practice" procedures, the MA would give serious thought as to what were the most effective ways of passing on experience (see the frequently asked questions at www.opzp.cz). She also confirmed the existence of effective services of the OP E's Call Centre within the framework of the SEF.

Ing. arch. Petr Štěpánek (SEF): He gave examples of projects financed by TA (strengthening information and consulting opportunities for applicants). For example, the first issue of *Priorita* magazine was currently being published, and it contained consultancy practices, sample projects, etc. On 29 April, the project of regional and consulting centres for Priority Axis 1 (water-management infrastructure) would be launched that would provide the applicants in all regions with some support during the preparation of their projects. The objective was that by the end of the year, for every Priority Axis (Area of Intervention) and in every region, there would be a body financed by TA that would provide consulting services to applicants. Another part of the TA is dedicated to publicity and promotion – the provision of documents, information and general communication with applicants.

Mr Gogos: He returned to the issue of "good practice" examples. Providing information via the Internet was not the only way. Experience should also be shared through seminars, visits to specific projects in the regions, etc. He gave the example of the island of Samsø in Denmark, which was energy self-sufficient. Municipalities or their associations that had similar conditions should share experience at the specific functional implemented project level, which had to be understood in their global context. These *master plans* had a far more significant environmental effect than any individually prepared projects at the individual municipality level. For example, the energy-related master plans.

The Chair: She confirmed the MA's interest in projects of energy self-sufficient municipalities. The MA would strive to extend this type of "good practice" examples into other Priority Axes.

Ing. arch. Petr Štěpánek (SEF): He mentioned that from December 2007 to April 2008, the SEF had organised one seminar for the mayors of small municipalities in every region (the records and presentations are at www.opzp.cz). Another series of seminars was under preparation that would include both a presentation and a consulting portion. In addition, the SEF had also co-operated on conferences and seminars organised by other bodies, in which the issue of energy self-sufficient municipalities and case studies from abroad (Sweden, Denmark, France and Germany) also appeared.

Petr Jan Kalaš (The Office of the Government of the Czech Republic): He remarked on the issue of master plans. These conceptual approaches made it possible to create not only projects, but also programmes that could be of local or regional character and could serve as a source of quality measures in the long-run. Besides the area of energy management, master plans could address a wide range of other regional problems (air quality, water protection). In a wider context, master plans supported by the OP would support both the policies of the individual regions and their strategic approach in solving a given issue.

Mr Gogos: He stressed that in the case of energy-related master plans; these had to be very elaborate and highly sophisticated conceptual solutions to the given issues. The projects had

to be mutually interconnected, supplementing one another. These could not be separate projects that would lack an adequate effect on improving the environment and would not correspond to the amount of financial resources spent. In addition, Mr Gogos suggested covering this area from TA resources and, on behalf of the Commission, offered help in the preparation of these master plans. However, it was necessary that he received suggestions by the MA.

The Chair: She confirmed that the interconnection between the individual Priority Axes was not yet perfect and gave thanks both for the suggested solution and for the help offered by the Commission. She asked the present members to vote on the Plan for the Use of the OP E Technical Assistance for 2008 that had just been presented. The plan was unanimously approved by the members, allowing the Chair to proceed to the following item on the agenda.

Item 4: The Report on the Progress of the Implementation of the OP E

The Chair: She introduced the 4th item on the agenda.

Ing. Jan Kříž (ME): He summarised the progress of the implementation, stating that the implementation had been going well and at an exceptional pace. Three calls had been announced. The total volume of applications in the 1st call equalled the total financial amount of the OPI for the entire 2004-2006 period. It was expected that projects totalling CZK 20 billion would be received in the 3rd call (water-management infrastructure projects).

Ing. Petr Novák: He gave a presentation relating to the Report on the Progress of the Implementation of the OP E.

The Chair: She commented on the number of rejected applications from Priority Axis 3 (thermal insulation of buildings). A vast number of projects had been submitted, which could be accommodated neither by the OP E nor by any other OP. She stated that it was necessary to specify stricter technical standards for new buildings so that no need would arise in the following years to thermally insulate the buildings. A similar volume of projects, i.e. financial resources, to that of the 1st call was expected in the 3rd call for schools (ended on 31 January 2008), which had not been closed at the time. It was necessary to realise that the resources were given not only for the entire programming period, but also for the individual years. Therefore, the programme had to be financially managed in such a way as to make sure that all the resources for each year were used and that they could be drawn and that the projects could be financed on a continuous basis. Projects from Priority Axis 3 are short-term projects where the allocated financial resources are used up quickly. On the other hand, while long-term projects in Priority Axis 1 (water-management projects) have the same amount of financial resources, these are spread over the period of several years. For a given year, we need a sufficient allocation not only of European resources, but also of resources for co-financing by the SEF.

Jaroslav Perlík (UTM CR): His enquiry addressed project administration. Mayors were turning to the UTM in connection with the issue of thermal insulation of schools and of approved projects from both the 1st and the 3rd calls. They were concerned about whether it would be feasible to complete thermal insulation in the spring and during the summer holidays. Moreover, an extra 40 – 50 days must be added for the tender.

The Chair: Although the individual tenders could only be launched as soon as they received the registration lists, they could have started preparing the tenders before that. The applicants were informed immediately after the approval of the projects. From the 2nd and 3rd calls, projects were to be recommended by the Managing Authority of the OP E on 5 May 2008 and

submitted to the Minister for signature right away. In view of the fact that the projects from the 3rd call would have simple tenders, it was possible to implement them over the summer.

Ing. Petr Valdman: Since the end of January, i.e. when the projects had been approved, tender dossiers had been submitted to the SEF, audits of tender procedures had been under way and the first contracts for work had been concluded. Some schools from the first call were already installing thermal insulation and submitting supporting documentation for the issue on decisions to grant of a subsidy and were to be financed soon. With respect to projects from the 3rd completed call, they would be able to initiate a tender as soon as the application was accepted by the SEF. It depended on whether the applicant was ready and whether they had prepared the tender dossier. The SEF was ready to assist these applicants in checking their tender dossiers.

Jaroslav Perlík (UTM CR): To what extent could the applications that had been accepted by the SEF be expected to also be approved for the grant of a subsidy? The municipalities had to put in their own resources, which might never return.

The Chair: The applicant could expect to receive the subsidy after the meeting of the Monitoring Committee of the OP E. However, if they wanted to begin implementation, they could carry out the tenders. Evaluation criteria were posted on the OP E's website that made it possible to calculate the probable points score and make an educated guess as to whether they would receive the grant.

Petr Jan Kalaš (The Office of the Government of the Czech Republic): He pointed out a disproportion between Priority Axis 1 and Priority Axis 3, as 50% of project applications had been rejected in Priority Axis 3. He was convinced that it was necessary to ensure feedback that would be based on an analysis of why this was happening and where the weak spots were, so that we could learn from these problems for the following calls. By contrast, very few projects had been rejected in Priority Axis 4. He made the following suggestions and enquiries:

- 1) He suggested finding out what percentage of financing from European funds was achieved by the approved projects, i.e. what rate of support these projects received, the maximum limit being 85%.
- 2) Did the SEF have sufficient administrative capacity to process the applications?
- 3) Whether we already had experience with large projects and with cooperating with the Commission in their administration.

The Chair: She confirmed that inadequate quality of preparation was not the reason for rejecting the large portion of projects in Priority Axis 3. When comparing Priority Axes 4 and 3, Priority Axis 4 had received an allocation amounting to CZK 17 billion. The amount that had been approved in Priority Axis 4 corresponded to the total allocation for this axis for the entire programming period. A similar situation with respect to the amount of financial resources also arose in Priority Axis 3, where applications for a total of CZK 7 billion had been submitted in the Area of Intervention 3.2. (thermal insulation) alone. A total of CZK 1.5 billion had been paid. In Priority Axis 3, these were the fast projects in which resources were expected to be drawn in this unchanged amount. Although it was impossible to allocate more resources, it was also true that some projects had been rejected with scores that would have been accepted in other Priority Axes.

In the 3rd call, the vast experience gained during the 1st call (thermal insulation of schools) had been partly used. We also tried to formulate this issue in the letters to applicants. However, everything that had any connection with the 1st call was an exceptional situation on

which the applicants were informed by letters after the evaluation of the projects. They had a chance of obtaining support, but they took the risk associated with inconsistent selection criteria. Yet, according to the best available knowledge, the best projects were selected. If, however, a project had received less than 30 points, it had to be rewritten. These projects had not been included in the pool; they had been returned to the applicants for rewriting, so that their chances would be better the next time. Among other things, a consulting system had been implemented in order to achieve the best possible projects in the following calls, enabling these projects to qualify for OP resources.

With respect to the administration, the number of the SEF's employees had increased from 120 to 200. On behalf of the ME, the Chair thanked the SEF and its management for coping with both the large number of accepted projects and the influx of new employees.

She stated that there was no similar experience with large projects. The call for water-management projects would continue until 31 December 2008. In other areas, calls were expected to be announced at the beginning of May or June 2008, according to how the issue of public support was clarified. Although for some areas this could mean public support, this area had to be looked after, so that everything was in order for future audits and financial control. In addition to improving the environment, the effective and transparent use of resources was the main objective.

Ing. arch. Petr Štěpánek, Ph.D. (SEF): He added that all new SEF employees had contracts until 2013. With respect to Priority Axis 3, a large excess of projects had been identified. They helped the projects that had ended right under the limit, so that the applicants could submit them in the 3rd call. For example, an increase in price by a few percentage points (on the order of CZK 100 000) caused many projects to end up short of the limit.

Ing. Petr Valdman (SEF): Consultations were being held and large projects were being prepared in Priority Axis 1. For the most part, these were unsuccessful projects from the pool that had failed to succeed in the previous programming period and that would be financed from the resources of the Cohesion Fund. Consultations were being held on the final version of the applications for support. The call for large projects in Priority Axes 2 and 3 would be announced once the questions and issues relating to public support within these Priority Axes were solved. New environmental instructions in the area of public support had entered into effect, a new general block exemption was being prepared that would become effective on 1 July 2008. At that time, the SEF was already notifying some Areas of Intervention in Priority Axes 2 and 3.

Petr Jan Kalaš (The Office of the Government of the Czech Republic): He stated that over 700 applications had been submitted in Priority Axis 3, while only 150 had been accepted, i.e. only 20% of the projects. However, this was not a negative indicator, as it reflected the quality of the projects. He made the following enquiries:

- 1) The exchange rate in the country was changing. He asked if it was true that the amount of financial resources for the projects would be reduced?
- 2) What co-financing was ensured for the entire period in which European funds were drawn, at the country level (a minimum of 15%)? In connection with the large number of OPs, considerable pressure for financing and, as the case may be, on the issue of project implementation from the viewpoint of available co-financing could arise in the country.

The Chair: She stated that project financing was envisaged from both European and Czech funds. If we took into account the revenues available to the SEF (receipts from charges for environmental pollution), it was expected that there would be sufficient resources for co-financing until the completion of the programme. Along with amending some laws, we

suggested adjusting some charges (e.g. the Act on Waste) which should allow for higher co-financing by the SEF. At the time, the amended Act on Waste, Act on Waters and Act on Air Protection were about to be submitted to Parliament. If a significant portion of the fees were reduced or abolished, a problem would arise for the SEF with completing the co-financing. However, this situation was not likely to occur.

Ing. arch. Petr Štěpánek, Ph.D. (SEF): He noted that the SEF's ability to co-finance was one of the determinants of how many projects could be selected. As regards differences in exchange rates, the biggest problems were in the previous programming period (Cohesion Fund, OP Infrastructure). These problems were being addressed in cooperation with the Ministry of Finance and, after a careful analysis of the projects; the differences were likely to be compensated for from the State budget. In the current 2007-2013 programming period, we remind the applicants to take into account the differences in exchange rates and to provide for them in the financial analysis within the preparation of the project.

Mr Gogos: He returned to the issue of rejected project applications. These could be rejected for the two following reasons: either the project application did not match the given area of intervention, or the applicant was not capable of submitting the application properly. At this point, it was necessary to provide assistance and advise the applicants in order to ensure the administrative correctness of their project applications. In the subsequent reports on the progress of the implementation, the Commission recommended that MC members should be informed about what percentage of project applications had been rejected because of formal flaws.

In addition, Mr Gogos enquired about situations in which a project application was rejected. Did the applicant receive clear and correct information about why their application had been rejected along with instructions on how to rewrite and resubmit the application? In no way could the project be rejected forever because of formal flaws.

Mr Gogos gave thanks for the presentation on the Report on the Progress of the Implementation of the OP E (hereinafter "Report"). He made some comments on the organisation of the MC. The MC meeting should be held biannually. Dates needed to be agreed upon by which the Report would be submitted – this should happen regularly, twice per year. For example, for the MC that was held at the end of April, the report had to be submitted at the end of February, while the second Report had to be drafted within 6 months after the first one. This would enable the MC to receive Reports regularly, at certain times and intervals, so that it could also meet at these regular intervals. The Rules of Procedure of the MC of the OP E specified that the MC was to be held at least once a year. If we agreed that the meetings would be held biannually, the Rules of Procedure of the MC of the OP E would have to be amended accordingly.

The following report (which was being prepared for the MC that would take place at the end of the year) should include the Standard Monitoring Table (hereinafter the "SMT"), which should be created based on a unified information system. By that time, the projects would be in the financing phase and the supporting materials for this Report would therefore be available. The SMT should include data on both the financial implementation (financial monitoring) and on the implementation of the projects, and it should be attached at the end of this Report. In the submitted Report, Mr Gogos appreciated the easy-to-read table listing the individual approved projects according to priority axes. He suggested that the SMT should also include additional data such as:

- public contracts, where tender procedures have been completed,
- dates on which contracts for work were signed,

- in the case of water-management projects, to differentiate if their infrastructure is operated pursuant to the Commission's conditions,
- whether water-management infrastructures are operated by a municipality or by a private operator,
- to differentiate between new and existing contracts, or possibly their duration (for example private operator, duration of contract 8 years).

He gave thanks for the preparation of the List of Accepted Applications within the OP E, which provided useful information about specific projects. He reminded the attendees that the Report had to include partial reports on the results of internal audits, on solving inconsistencies and if any problems occurred, it was necessary to work on eliminating them.

The Chair: She gave thanks for the suggestions and comments that would allow the MC to receive detailed reports about how the projects are selected and processed. It would be interesting, for example, if we could access the SEF's database, similarly to the MC of the OP E, and demonstrate the progress of selected specific projects in detail.

As Mr Gogos said, we should receive the Report in enough time (two months) in advance. Actually, this is the way it was presented by Ing. Novák.

With respect to the letter to the applicants through which the projects were rejected, it did offer assistance to them. In the case of promising projects, it was recommended that the applicant should address the SEF one more time and complete or rewrite the project. Some projects had been rejected because of formal flaws or incompleteness. These applicants were also encouraged to contact specific employees of the SEF. A list of all employees that can help the applicants with a given issue, including their contact information, is posted on the OP E's website based on regions.

Mgr. Petra Vančurová (MF): She continued the comments made by Mr Gogos regarding the content of the Report. For the Paying Authority, she would welcome information about the anticipated drawing and fulfilment of the N+2 and N+3 rules.

Mgr. Lukáš Viktora (The Czech Society for Ornithology): He pointed out that the MC had approved a mistake in the Plan for the Use of Technical Assistance. The wrong budget had been approved, the costs within measure 8.2. for the production of *Priorita* magazine were calculated for the entire programming period and not only for 2008. This distorted the budget by about CZK 16 million. He requested correction.

The Chair: She confirmed correcting the mistake in the budget. Within the budget, the costs for *Priorita* magazine would be calculated only for 2008.

Mgr. Petra Vančurová (MF): She enquired about a comment made by Mr Gogos that addressed the Statute of the MC of the OP E, namely supplementing the names of the individual MC members. She asked whether these names would be added to the Statute of the MC of the OP E. She reminded the attendees that the Statute of the MC of the OP E was subject to approval by the Minister and the change of any member would therefore require the Minister to issue a new version of the Statute.

The Chair: The Statute of the MC of the OP E is generally designed in such a way as to prevent it from having to be re-approved whenever a change of MC representatives occurs. The Minister appoints and removes the individual members of the MC according to what changes in these positions are required by the individual ministries and institutions, while ensuring the mutual compatibility and information exchange between the individual OPs. The names of current MC members are posted on the website at www.opzp.cz and will also be listed in an Annex to the final minutes of MC meetings.

Mr Gogos: He stated that the Statutes of the MC of other OP included the names of the MC members. He also believed that if the members were named, they felt greater responsibility for the performance of this function than if only a general reference was included (for example as a “representative of the ME”). He reminded the attendees yet another time that MC membership should be defined while keeping in mind that the greatest possible extent of interconnection and mutual information exchange between the individual OPs needed to be ensured. He also remarked that Article 4 (3)(2) of the Statute of the MC stated that, “If, for serious reasons, neither the member nor the alternate of the Monitoring Committee can take part in the meeting, the member shall authorise a representative in writing (hereinafter “Authorised Representative”)”. Mr Gogos had not encountered the statute of an authorised representative in any other OP. He voiced his concerns that such representatives who had never participated in any MC meeting might not be able to ensure that his or her sector is kept adequately and efficiently informed about the given programme.

The Chair: Ensuring a mutual information exchange between the individual OPs is the very reason why we have authorised representatives in the Statute of the MC of the OP E. She respects the Commission’s comments because the Commission provides the resources for our OP, and if the experience from other member states is different, she is grateful for the comments.

Mr Gogos: He made a statement to the effect that he did not insist on including the name list in the Statute of the MC of the OP E. He asked if the updated list of members would only be available on the OP E’s website. However, there had to be a uniform approach towards MC membership (i.e. within all OPs) and this had to be efficiently ensured.

The Chair: She suggested that the list of names of the MC members should be included in an Annex to the minutes of today’s meeting, the minutes should state that the names of the MC members that are listed at www.opzp.cz and the list of names should not be part of the Statute of the MC of the OP E.

Mr Gogos: He remarked that in such a case, the OP E’s website had to specify the exact function of the individual members in relation to the OP, for example the representative of the OP Transport is also a representative of the ROP Moravia Silesia.

The Chair: She confirmed the intention to proceed this way.

Ing. Petr Novák (ME): He remarked on the comment that the submitted Report did not include information about audits, inconsistencies and compliance with the N+2 and N+3 rules. Along with the continuing implementation of the programme, this information would also be processed and provided. The experience from the previous MC from the previous period has shown that a two-month or two-and-a-half-month time limit for the preparation of all materials and their distribution to all members has proved to be ideal and he suggested leaving it unchanged. With respect to SMT, further communication with the NCA would be required.

Mr Gogos: He returned to the comment addressing the administration of a growing number of applications within the OP E. On behalf of the Commission, he asked for information about the organisational structure of the MA and IB, namely what was the personnel structure of these working places and what was the number of employees ensuring the implementation at each working place.

The Chair: She promised to send both to the Commission and to the MC members detailed information regarding the number of employees and the administration of the implementation (the number of employees, the rate of increase, how many process which type of project etc.) She stated that the basic scheme was specified in the ID.

Item 5: A Presentation of the draft Communication Plan of the OP E

The Chair: She asked for the Communication Plan of the OP E to be introduced, stating that its presentation to the MC was purely informative and that it would be submitted to the Commission right away.

Ing. Petr Novák: Within his presentation, he introduced the draft Communication Plan of the OP E.

The Chair: She asked the attendees to comment on both the Communication Plan of the OP E and within the next item “Miscellaneous”.

No comments were made. The Chair proceeded to the following item on the agenda entitled “Miscellaneous”.

Item 6: Miscellaneous

The Chair: The Chair informed the attendees about the expected date of the following MC meeting, i.e. the 27 November 2008. All supporting materials will be prepared by 30 September 2008. If this deadline proved to be unfeasible, it would be adjusted.

The MC preliminarily acknowledged the deadline.

Mr Gogos: He gave thanks for the organisation of this constructive meeting of the MC, restated the main issues discussed and gave the following recommendations:

- The date of the next MC meeting was specified. This date should be approved by the NCA and confirmed by the Commission’s representatives, so that all members could participate, because many meetings of the MC of other OPs are to be held in that period.
- He recommended that MC meetings should be held biannually, the deadline for the preparation of the Report being two months prior to the date of the following MC meeting.
- The supporting documents for MC meetings must be distributed to all MC members no later than 10 days prior to the date of the relevant MC meeting. The European Commission will welcome the translation into English.
- Approval through the *per rollam* procedure should only be used in exceptional cases. It will not be used to discuss important issues that require open discussion.
- The English translation of the Implementation Document of the OP E will be sent to DG Regio.
- Chapter 13 “Ethical Code” will be added to the Implementation Document, which is to be created based on the document that Mr Gogos has provided today.
- The MC members have agreed on the following use of financial resources from the OP E Technical Assistance, so as to
 - provide the applicants support with necessary assistance in creating and submitting project applications in order to ensure better acceptability of the applications,
 - initiate projects showcasing some examples of “good practice” and provide information on these projects from the TA to the Commission’s representatives, so that they can participate in the decision making process in this area (information about the date, who participates in the projects, the dates of these events).

- The Managing Authority will send to the Commission the organisational and personnel structure that is involved in the implementation of the OP E within the framework of the ME (MA) and the SEF (IB).
- For the following MC meeting, the Report on the Progress of the Implementation of the OP E should include the SMT. This will be based on the unified information system that is currently being developed. In the Commission's view, the period of six months is sufficient for detailed information about the specific projects to be provided to the MC members, i.e. information concerning both the financial monitoring and the on-site implementation of the projects themselves. This is the only way the MC can ensure the monitoring of the progress of the operational programme.

The Chair: She stated that both the conclusion and the restatement had already been presented by Mr Gogos and she thanked him for participating and for his valuable suggestions. She stressed that both tasks and deadlines for their implementation were set. Should anyone have any enquiries during the half year, please, feel free to contact us. If an exceptional reason arises, the MC can be convened at an earlier date.

Item 7: Conclusion

The Chair thanked the members for their participation in the MC meeting and closed the MC meeting.

Annexes:

Attendance list

Distribution list (an up-to-date name list of the members of the MC of the OP E)

A report by the National Coordination Authority

Requirements and comments of towns and municipalities (UTM CR)

Minutes taken by: Ing. Simona Dušková, Bc. Michaela Sládková
Department of European Union Funds, ME

Verified by: Ing. Petr Novák
Department of European Union Funds, ME

Approved by: Ing. Rut Bízková
Deputy Minister-Director of the Section of Economics and Environmental Policies
Chair of the Monitoring Committee of the OP E