

2007 Annual Report



THE STATE
ENVIRONMENTAL FUND
OF THE CZECH REPUBLIC

List of abbreviations

ERDF	European Regional Development Fund
CF	Cohesion Fund
PLA	protected landscape area
ISPA	Instrument for Structural Policies for Pre-accession
RW	regional workplace
MUFIS	Municipální finanční společnost, a. s.
OP I	Operational Programme Infrastructure
OP E	Operational Programme Environment
RES	renewable energy sources
SB	state budget
SEF CR	The State Environmental Fund of the Czech Republic

Notes

The exchange rate of the Czech National Bank as of 31 December 2007 was EUR/CZK 26.62.

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Opening Statement by the Director of the Fund

I have to say that 2007 was a breaking point for the State Environmental Fund of the Czech Republic. In the first half of the year, thorough preparation for the implementation of the Operational Programme Environment, which elaborates on operational programmes from 2004–2006, was in progress. The Operational Programme Environment is the second largest as far as earmarked funds are concerned—EUR 5.2 billion, i.e. almost CZK 150 billion, is prepared for applicants.

Between 2007 and 2010, projects supported from the Operational Programme Environment (OP E) will be financed according to the n+3 rule. This means that funds allocated for 2007 can also be drawn in the following three years.

The Managing Authority of the OP E is the Ministry of the Environment of the Czech Republic. As such it is responsible for efficient and correct management of the programme and its implementation. The actual implementation is ensured by the Intermediate Body—the State Environmental Fund of the Czech Republic—that is responsible for collecting and evaluating applications and administering approved projects.

On 20 December 2007, EU Commissioner for Regional Development Danuta Hübner and the Czech Minister of the Environment, Martin Bursík, signed the programming document of the OP E at an Environment Council meeting.

The State Environmental Fund of the Czech Republic did not wait until the programme had been signed and announced the first call for projects on 29 June 2007. Before the end of 2007, two more calls were announced. This allowed the Fund to verify that it disposes of sufficient administrative resources and can build on its experience with the Operational Programme Infrastructure and other national and European programmes.

Over 16 years of its existence, the State Environmental Fund of the Czech Republic has significantly contributed to investments into nature conservation and environmental protection. I am well aware that none of that would be possible without the hard work of all our employees and co-workers. I would like to assure all of you that I appreciate your effort and I would like to use this opportunity to thank you and wish you a lot of success in the future.

Petr Štěpánek
CEO

A handwritten signature in black ink, appearing to read 'P. Štěpánek', written in a cursive style.

Events and Accomplishments in 2007

In 2007, the State Environmental Fund of the Czech Republic (the SEF CR) greatly contributed to improving the environment in the Czech Republic, administering projects valued over CZK 3.7 billion that were financed from EU funds, the Cohesion Fund and the Operational Programme Infrastructure. From its own funds, the SEF CR sponsored projects aimed at a clean and healthy environment, totalling CZK 1.6 billion.

The most important event of 2007 was the commencement of the Operational Programme Environment.



The first year of the Operational Programme Environment

The first Call for applications within the Operational Programme Environment (OP E) was announced on 29 June 2007. The programming document was signed by the European Commission on 20 December 2007. The OP E is the second largest programme in the Czech Republic. For 2007-2013, EUR 5.2 billion from the Cohesion Fund and the European Regional Development Fund are available. In 2007, 1 288 applications were registered, amounting to CZK 21 billion.



Successful drawing from the Operational Programme Infrastructure

In 2007, the implementation of the Operational Programme Infrastructure (OP I) continued. EUR 171 451 084 was paid to applicants through the SEF CR, i.e. 89 % of the expenditure of all accepted projects.

Year	Paid to applicants (EUR)	Accepted projects (%)
2007	171 451 084	89
2006	109 188 902	56

Major projects drew most of the subsidy

In 2007, the drawing of funds for major projects reached its peak. From project approval to the end of 2007, nearly CZK 490 million was paid out, while the portion released subsidies in 2007 was nearly CZK 155 mil. (i.e. almost 32 %).

107 million to support households

From the National Programmes, in 2007, 1 876 projects were supported by nearly CZK 520 million, of which 1 768 different activities totalling 107 million went towards the installation of renewable sources in private residences.

The SEF CR was certified under ISO 14001:2004

The State Environmental Fund of the Czech Republic was certified under ISO 9001:2000 in 2006. In 2007, the ISO 14001:2004 Certificate was added. The integrated Quality and Environmental Management System was successfully introduced.

Information for potential applicants

We developed a new website for the Operational Programme Environment (www.opzp.cz) and a new website for the SEF CR www.sfzp.cz. Since September 2007, potential applicants have been able to call the toll-free Green Line at 800 260 500 and contact our on-line consultants dotazy@sfzp.cz.

For the Operational Programme Environment, we introduced a new intelligent information system consisting of the BENE-FILL (a resource designed for applicants) and SFZP-CENTRAL (an environment for administrators) applications. Communication between the Fund and the applicants/beneficiaries is mostly electronic, which reduces the administrative load on both sides and allows flexibility.

New people

In March 2007, Petr Štěpánek became the Fund Director (after František Krejčí). The organizational structure was changed: the newly created position of Deputy Director for IT Technologies went to Eduard Hlava, the Deputy Director for Project Preparation and Control is Leo Steiner and the Director's Office Manager is Zdeňka Klimková.

The modernisation and development of regional workplaces

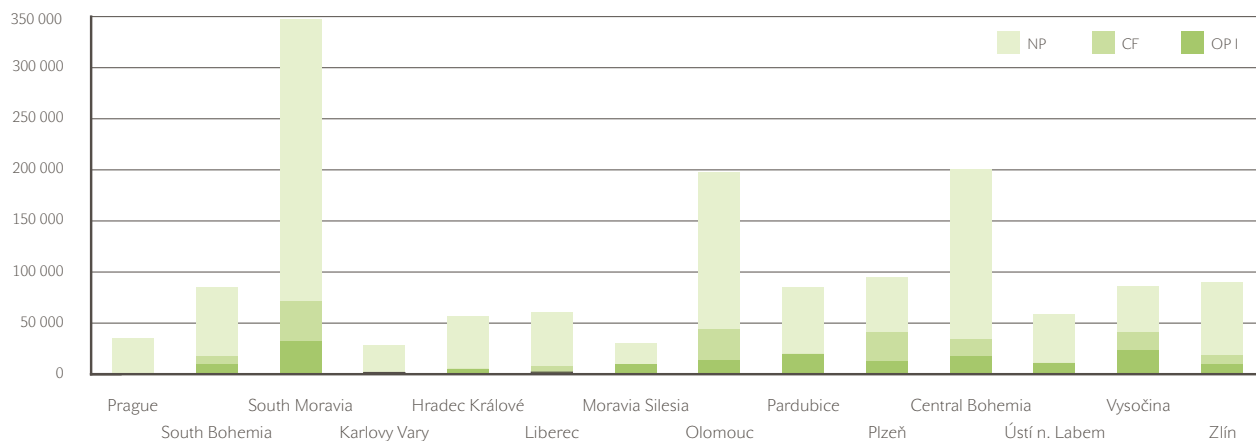
In 2007, the Fund continued to develop its network of regional workplaces in order to provide better services to its applicants and beneficiaries, both personally and technically. The process of modernisation—moving into more modern offices—began. The very first new facility was the regional workplace in Zlín.

Activities of the SEF CR by numbers

Subsidies paid without loans in 2007 (CZK thousand)

Region	OP I	CF	NP	Total
The Capital City of Prague	0	0	34 859	34 859
South Bohemia	9 484	8 035	67 924	85 443
South Moravia	32 379	39 106	276 237	347 721
Karlovy Vary	1 587	0	27 357	28 945
Hradec Králové	4 907	0	51 573	56 480
Liberec	1 931	5 759	53 297	60 987
Moravia Silesia	9 339	0	21 524	30 863
Olomouc	13 150	30 590	153 769	197 509
Pardubice	19 487	0	65 671	85 158
Plzeň	12 252	28 434	54 598	95 284
Central Bohemia	17 900	16 150	166 970	201 020
Ústí n. Labem	10 574	0	48 660	59 234
Vysočina	23 470	17 551	45 398	86 419
Zlín	9 529	9 366	70 609	89 504
Total CR	165 987	154 991	1 138 447	1 459 425

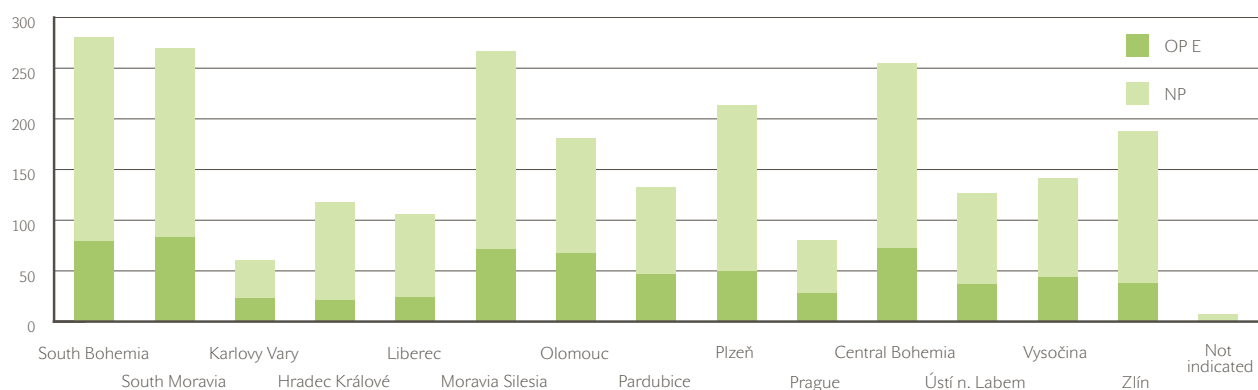
Subsidies paid from the OP I, CF and NP by regions in 2007 (CZK thousand)



The number of received applications under the OP E and NPs in 2007 by regions

Region	Number of applications			Total amount			Total support		
	Total	OP E	NP	Total	OP E	NP	Total	OP E	NP
The Capital City of Prague	281	79	202	4 136 208	4 082 348	53 861	2 994 541	2 975 684	18 857
South Bohemia	270	83	187	2 496 528	2 265 459	231 069	1 767 138	1 728 020	39 117
South Moravia	61	23	38	449 758	441 359	8 399	350 965	347 899	3 066
Karlovy Vary	118	21	97	834 032	756 514	77 518	606 721	557 369	49 352
Hradec Králové	106	24	82	1 427 103	1 410 200	16 903	896 954	891 324	5 629
Liberec	267	72	195	2 486 575	2 409 293	77 282	1 771 963	1 752 529	19 434
Moravia Silesia	181	68	113	1 915 759	1 891 713	24 046	1 450 700	1 440 880	9 820
Olomouc	132	47	85	2 301 690	2 282 325	19 365	1 773 146	1 765 002	8 144
Pardubice	213	50	163	1 348 577	1 288 684	59 893	1 014 622	979 671	34 952
Plzeň	80	28	52	1 433 844	1 354 042	79 801	1 017 528	976 009	41 519
Central Bohemia	255	73	182	2 495 621	2 395 036	100 585	1 868 971	1 843 431	25 540
Ústí n. Labem	126	37	89	2 608 505	1 002 338	1 606 167	600 778	567 361	33 416
Vysočina	141	44	97	1 588 677	1 546 200	42 478	1 205 776	1 191 122	14 654
Zlín	188	38	150	1 428 116	1 396 584	31 532	993 341	982 263	11 078
Not indicated	7		7	134 649	0	134 649	119 321	0	119 321
Total CR	2 426	687	1 739	27 085 641	24 522 094	2 563 547	18 432 465	17 998 565	433 900

Applications received in 2007



The SEF CR

Activities in 2007

For 16 years, the State Environmental Fund of the Czech Republic has been fundamentally focused on contributing to the investments made in environment protection and improvement. Aid from the SEF CR is used mainly for water protection, air protection, the use of renewable sources of energy, waste management, nature and landscape conservation, and education. The Fund co-finances selected projects from national funds and from the European Funds, namely from the Cohesion Fund and the European Regional Development Fund.

The Fund provides direct financial aid (subsidies) and indirect financial aid (in the form of a loan or a contribution) to partial interest payments.

The Fund's main duties include consultancy and advice, admitting applications for aid and their assessment, preparing proposals for meetings of the Fund's Board and for the Minister's decisions, the contractual agenda for providing aid, the contractual collateralisation agenda for loans provided, releasing financial resources to beneficiaries, including the constant monitoring of the use of financial resources, the final evaluation of the utilisation of provided funds and achieved environmental effects, the monitoring of loan repayments until the final settlement of liabilities, and collecting receivables and imposing penalties for non-compliance with contractual terms and conditions for the provision of aid.

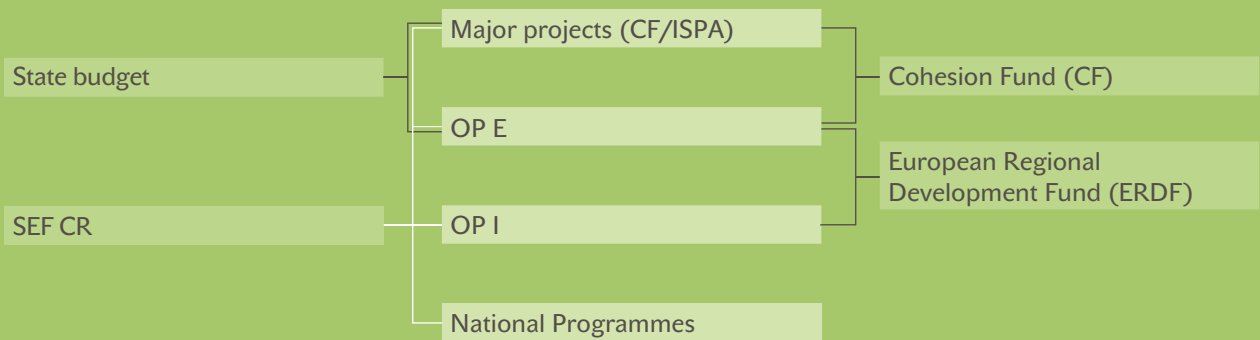


Subsidy programmes and sources of financing

NATIONAL SOURCES

SUBSIDY PROGRAMMES

EUROPEAN SOURCES



The Operational Programme Environment

The objective of the Operational Programme Environment is to protect and improve the environment as a basic principle of sustainable development. To meet this objective, EUR 5.2 billion is available, i.e. 18.4 % of the aid from the European funds for the Czech Republic. For the 2007–2013 period, the Operational Programme Environment (OP E) is the second largest operational programme.

The Operational Programme Environment provides the Czech Republic with funds for aid in seven main areas:

Priority Axis 1—The Improvement of Water Management Infrastructure and the Reduction of Flood Risks

This is aid for projects to improve the quality of surface and underground water, to increase the quality of the drinking water supply, and reduce the risk of flooding.

Priority Axis 2—The Improvement of Air Quality and the Reduction of Emissions

This is aid for projects to improve or sustain air quality and reduce the emissions of basic pollutants into the air with a focus on the use of new, environmentally friendly technologies for generating electric energy, including renewable energy sources and energy savings.

Priority Axis 3—Sustainable Use of Energy Sources

This is aid for projects aimed at the sustainable use of energy sources, mainly for renewable resources and energy savings. The long-term objective is to increase the use of renewable energy sources for generating electric energy and heat and a more efficient utilisation of thermal waste.

Priority Axis 4—The Improvement of Waste Management and the Rehabilitation of Existing Ecological Burdens

This is aid for projects to improve waste management, especially for projects aimed at developing infrastructure for waste management, and projects focused on rehabilitating old ecological burdens.

Priority Axis 5—The Limiting of Industrial Pollution and Environmental Risks

This is aid in the form of subsidies for projects aimed at reducing industrial pollution and its related environmental hazards, with a focus on prevention and research in the field of pollutants and their monitoring.

Priority Axis 6—Improving the State of Nature and the Landscape

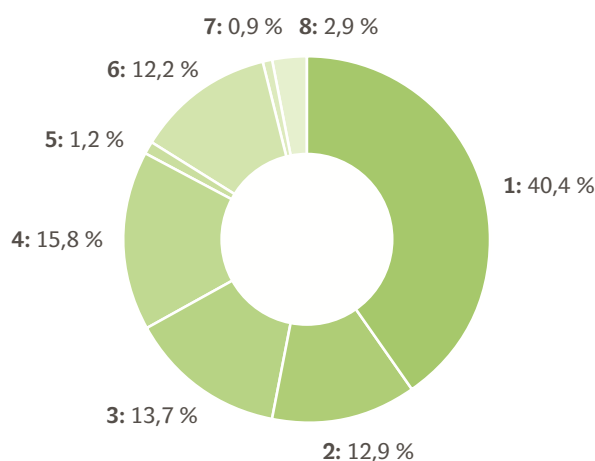
This is aid for projects to help sustain biodiversity, projects focused on protecting endangered species and ecological stability, and projects aimed at the establishment and conservation of natural features in developed areas.

Priority Axis 7—The Development of Infrastructure for Environmental Education, Consultancy and Awareness

This is aid for the formation of a large network of environmental education centres and information advisory centres focused on environmental protection in all regions of the Czech Republic and for the provision of appropriate professional materials on environmental education.

The projects within the Operational Programme Environment are funded from the European Regional Development Fund (ERDF) and from the Cohesion Fund (CF).

The share of priorities in the Operational Programme Environment



Priority Axis	Name	Support from the ERDF	Support from the CF
1:	The Improvement of Water Management Infrastructure and the Reduction of Flood Risks	—	EUR 2 billion
2:	The Improvement of Air Quality and the Reduction of Emissions	—	EUR 634 million
3:	Sustainable Use of Energy Sources	—	EUR 673 million
4:	The Improvement of Waste Management and the Rehabilitation of Existing Ecological Burdens	—	EUR 777 million
5:	The Limiting of Industrial Pollution and Environmental Risks	EUR 61 million	—
6:	Improving the State of Nature and the Landscape	EUR 599 million	—
7:	The Development of Infrastructure for Environmental Education, Consultancy and Awareness	EUR 42 million	—
8:	Technical Assistance	—	EUR 143 million

The Operational Programme Environment was signed on 20 December 2007. In 2007, 3 calls for applications were announced. The first call, of 29 June 2007, was aimed at water management projects and at projects to improve air quality and reduce emissions, on the sustainable use of energy sources, on improving waste management and rehabilitating old ecological burdens, and on developing infrastructure for environmental education and consultancy.

The second call (announced on 29 October 2007) provided an opportunity to apply for subsidies to fund projects aimed at nature and landscape conservation. The third call was announced on 21 December 2007, with the admission of applications pending in 2008. The applicants were allowed to submit projects for insulating schools and for water management. The applications submitted in 2007 were accepted during the following year.

Applications under the 1st call of the OP E until 31 December 2007

Axis	Number of applications	Total amount	Support from the ERDF	Support from the CF	Co-financing from the SB	Support from the SEF CR	Total amount of support
1	98	10 077 308	0	7 566 262	0	445 074	8 011 336
2	17	146 514	0	85 546	7 074	0	92 620
3	382	9 855 689	0	6 436 201	20 345	351 216	6 807 762
4	173	3 850 651	0	2 425 904	51 700	146 082	2 623 686
7	17	591 933	432 593	0	30 568	0	463 161
Total	687	24 522 094	432 593	16 513 913	109 687	942 372	17 998 565

The analysis of applications received under the 2nd call of the OP E until 31 January 2008 (CZK thousand)

Axis	Number of applications	Total amount	Support from the ERDF	Support from the CF	Co-financing from the SB	Support from the SEF CR	Total amount of support
6	601	3 826 386	2 936 327	0	0	254 018	3 190 346

Major projects funded from the ISPA/Cohesion Fund

Before its accession to the European Union, the Czech Republic had been offered the opportunity to draw funds from the Cohesion Fund through the ISPA (Instrument for Structural Policies for Pre-accession). On 1 May 2004, when the Czech Republic joined the EU, it became eligible to use subsidies from the Cohesion Fund (CF). The SEF CR was established as the implementation body for the environmental sector. Because none of the ISPA projects had been completed as of the date of the Czech Republic's accession, the previous ISPA projects have been considered CF projects (since 1 May 2004).

CF projects are focused on the area of environment and transportation. Applicants from the public sector (i.e. entities established for community services, funded mostly by the government, regional or local authorities or other public entities, or by subjects governed by those entities) may submit CR project applications, while the total costs of project implementation must not fall under EUR 10 million.

The priority for the major projects in the environmental sector is to comply with EEC legislation, especially in the area of water protection, waste management, air prevention and the rehabilitation of severely contaminated areas—old ecological burdens.

In 2007, aid provided from the Cohesion Fund to 19 major projects totalled CZK 2 621 701 000.

Co-financing major projects from SEF CR resources

As of 31 December 2007, the subsidies provided for these projects totalled CZK 489 812 000 (of which in 2007, CZK 154 991 000 was provided). For loans, it was CZK 58 934 000 (of which in 2007, CZK 7 329 000 was provided) from the SEF CR.

The SEF CR participated not only in the preparation and implementation phases of the ISPA and Cohesion Fund projects, but also in financing from SEF CR resources. 69 applications for aid from SEF CR resources were registered (yet in 2007, no applications were submitted). CZK 2 191 177 000 was provided from the SEF CR's own sources.

Between 1 January 2007 and 31 December 2007, 20 new approvals by the Minister were granted to co-fund ISPA/CF projects, totalling CZK 311 484 000. It was both the approved aid (subsidy) for the preparation of applications for aid from the CF and for the preparation of documentation for tendering procedures for investment projects implemented within the CF totalling CZK 35 405 000, and for the implementation of the CF investment project itself (subsidy, totalling CZK 90 934 000; and loan, totalling CZK 185 145 000).

Major projects financed from the ISPA/CF completed in 2007 (EUR)

Beneficiary	Project's name and place	Region	Total costs	EU support
The Union of Municipalities of the Vsetínsko Micro-region	Clean Bečva	Zlín	51 556 175	32 353 264
Svaz VKMO, s.r.o.	The Water Protection of the Dyje River Basin Project	South Moravia	49 105 700	33 387 320
The union of municipalities, Water supply and sewer systems, Znojemsko	Znojmo, modernisation of the sewer system	South Moravia	23 353 600	16 273 460
VaK-Jesenicka, a.s.	Waste water disposal and drinking water supplies in the Jesenicko region	Moravia Silesia	15 975 000	9 145 200
SVAK Jihlavsko	The intensification and modernisation of the Jihlava WWTP and sewer system	Vysočina	15 390 000	9 620 000
The union of water and sewer systems of West Bohemian municipalities	Karlovy Vary—a regional water management project	Karlovy Vary	9 402 164	6 863 580
The union of water and sewer systems, Žďársko	The modernisation of Žďár nad Sázavou sewer system	Vysočina	6 960 000	5 590 000

Major projects financed from the ISPA/CF initiated in 2007 (EUR)

Beneficiary	Project's name and place	Region	Total costs	EU support
Vodovody a kanalizace Hodonín, a.s.	The Middle Morava/Hodonínsko	South Moravia	23 963 300	17 732 842
Vodovody a kanalizace Pardubice, a.s.	The Elbe—Loučná	Pardubice	20 179 990	12 511 594
The union of municipalities, Šlapanicko	Šlapanicko—Čistá Říčka and Rakovec	South Moravia	20 078 728	15 862 195
VaK Vyškov	Vyškov	South Moravia	19 424 683	12 820 291
VaK Mladá Boleslav	Mladoboleslavsko	Central Bohemia	19 225 943	12 304 604
The municipality of Kravaře	Kravaře	Moravia Silesia	18 492 000	11 978 000
Vodovody a kanalizace Třebíč, an union of municipalities	Třebíčsko	Vysočina	13 998 476	9 658 948
Vodovody a kanalizace Přerov, a.s.	The Morava—Bečva	Olomouc	12 373 281	7 547 701
VaK Turnov	The Upper Úpa	Hradec Králové	16 359 831	10 633 890

The Operational Programme Infrastructure

The Operational Programme Infrastructure (OP I) is one of five operational programmes for the 2004–2006 period plus two years.

The global objective of the OP I is to protect and improve the environment and improve transport infrastructure. The Operational Programme Infrastructure is comprised of 4 priorities:

- Priority 1—Modernisation and Development of Transport Infrastructure of Nation-wide Importance (managed by the Ministry of Transportation)
- Priority 2—Reducing the Negative Environmental Impacts of Transport (managed by the Ministry of Transportation)
- Priority 3—Environmental infrastructure improvement (managed by the Ministry of Environment)
- Priority 4—Technical Assistance (a joint effort by the Ministry of Transportation, the Ministry of the Environment and the SEF CR)

The State Environmental Fund of the Czech Republic administers the implementation of Priority 3—Improving environmental infrastructure. Within the framework of Priority 3, 4 measures are implemented:

- Measure 3.1—Recovery of environmental functions of landscape
- Measure 3.2—Water management infrastructure improvement
- Measure 3.3—Air protection infrastructure improvement
- Measure 3.4—Waste management and rehabilitation of old ecological burdens

Calls for applications were announced in 2004–2006, while 2007 and 2008 were designated for completion of the projects. In 2007, additional approval was granted for aid to the Waste Water Treatment Plant in Týnec nad Sázavou. (The project was financed from the funds that for various reasons were not drawn by other projects.) The eligible expenses of the implementation of the WWTP project in Týnec nad Sázavou totalled CZK 111.6 million, while aid from the ERDF will total CZK 72.6 million; the SEF CR: CZK 16.7 million.

Drawing funds within the OP I

The total allocation for Priority 3 was EUR 193 483 171. As of 31 December 2007, 223 projects were approved, totalling EUR 206 425 808, which is 107 % of the total allocation for Priority 3. The difference between the funds allocated for the Priority and the funds for the approved projects is to be settled from national sources. 94 % of the approved projects signed supply contracts totalling EUR 193 259 434.

The State Environmental Fund of the Czech Republic participates in the funding of approved projects with ten percent of the base calculation of aid (i.e. eligible expenses). In addition, the Fund provides loans of up to 10 % of the base. The SEF CR funds provided CZK 532 million as of 31 December 2007.

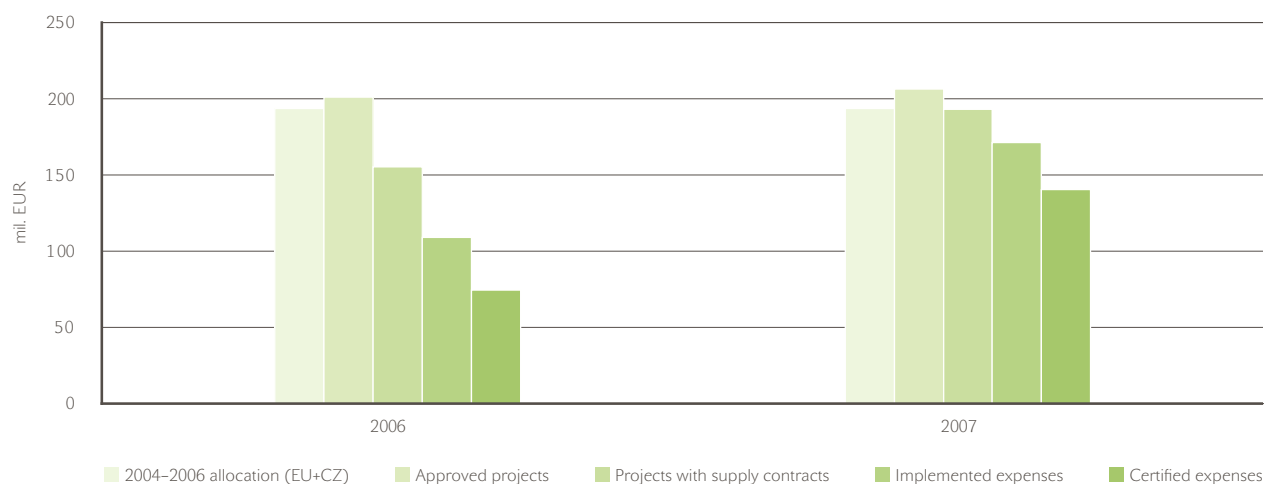
Provided from SEF CR financial resources (from the beginning of the programme until 30 November 2007):

Programme	CZK
3.1—Recovery of environmental functions of landscape	30 196 413
3.2—Water management infrastructure improvement	327 854 050
3.3—Air protection infrastructure improvement	81 639 994
3.4—Waste management and rehabilitation of old ecological burdens	92 350 642

Compared to 2006, there has been a rapid growth in the implementation and certification of costs. Applicants were granted EUR 171 451 084, which is 89 % of the costs of approved projects. From the funds, the European Commission paid (certified) to the Czech Republic EUR 140 365 589, which is 68 % of the costs of approved projects and 82 % of implemented costs. With the programme drawing to an end, the final stage of projects' implementation and the certification of the remaining expenses is anticipated.

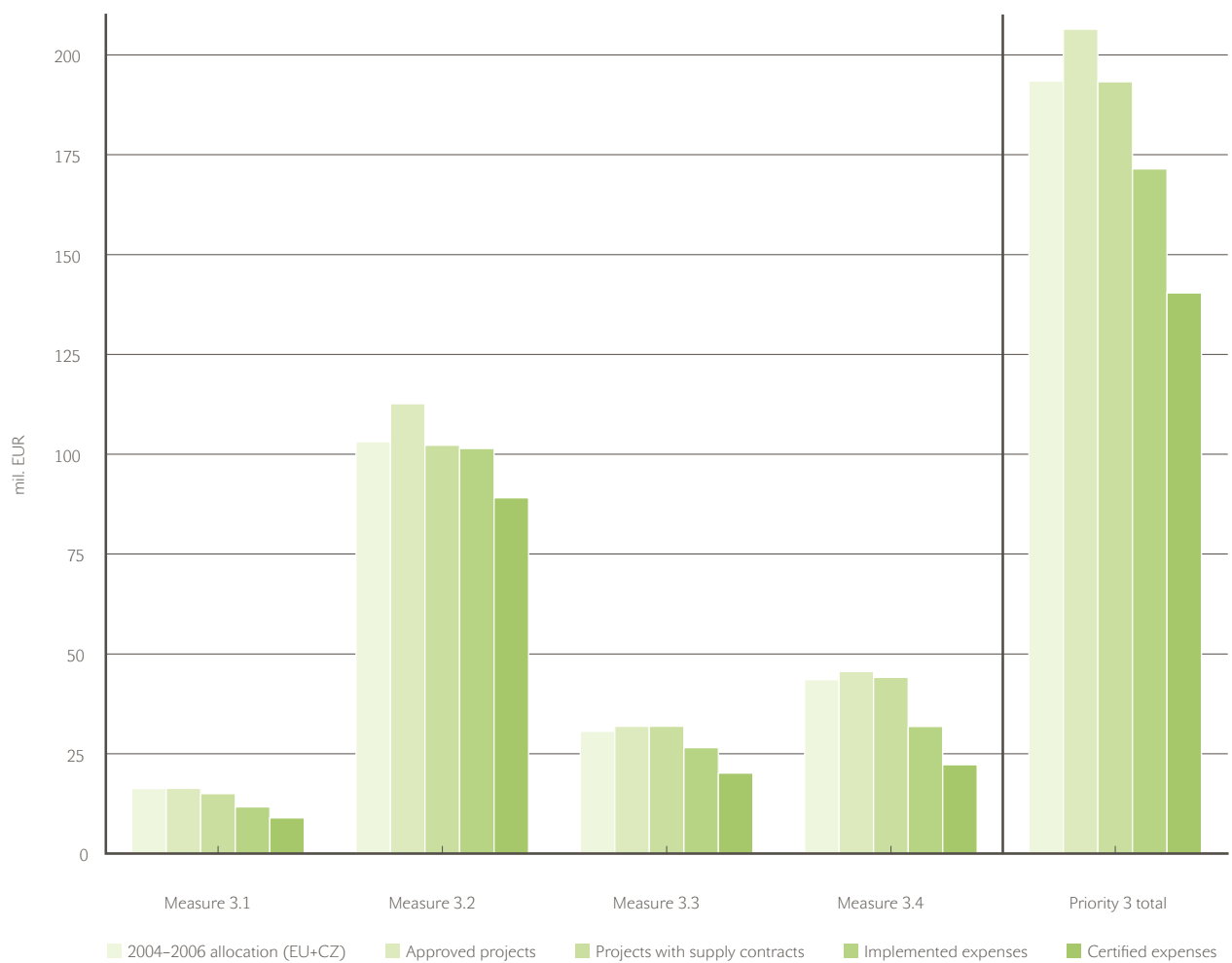
Regarding the total allocation of Priority 3, 89 % of the expenses were implemented and 73 % were certified. Compared to 2006, the increase in implemented expenses is 33 %, while the increase of certified costs is 34 %. Most implemented and certified costs go to Measure 3.2 (in 2006, due to an immense demand, EUR 14.4 million was relocated).

Allocation compared to approved projects, projects with supply contracts, and total amounts of implemented and certified expenses in Priority 3 (EUR million)—as of 31 December 2006 and 31 December 2007



The graph below shows the rate of approved projects, projects with supply contracts and the amount of implemented and certified costs in 2007 versus the total allocation of public funds (accumulated) for 2004–2006, for the Measures in Priority 3.

Allocation for the measures compared to approved projects, projects with supply contracts, and the total amount of implemented and certified costs in Priority 3 (EUR million)—as of 31 December 2007



The most significant projects financed from the OP I initiated in 2007

Beneficiary	Region	Project's name	Total eligible expenses (CZK thousand)	Total subsidies (CZK thousand)	Total subsidies from the ERDF (CZK thousand)	Subsidies from the SEF CR (CZK thousand)
The town of Český Těšín	Moravia Silesia	The revitalisation of the Hrabinka reservoir	35 332	31 799	28 266	3 533
The town of Vrbno pod Pradědem	Moravia Silesia	Bio-centre—the renewal of the Opava cut-off—Vrbno pod Pradědem	14 163	12 747	11 331	1 416
The municipality of Mohelno	Vysočina	Mohelno—the Kočičák retention tank	20 653	18 587	16 522	2 065
Dolní Kounice	South Moravia	Dolní Kounice—a sewer system and a WWTP	81 135	60 851	52 738	8 113
The town of Mirošov	Plzeň	Mirošov—the 4th stage of the sewer system and WWTP intensification	23 791	17 843	15 464	2 379
The town of Úpice	Hradec Králové	An integrated bio-waste disposal system, Úpice	41 303	35 108	30 977	4 130
The Svitavsko Micro-region	Pardubice	An integrated bio-waste disposal system—waste collection yards, Svitavsko	55 103	46 838	41 327	5 510
The town of Vysoké Mýto	Pardubice	An integrated bio-waste disposal system, Vysoké Mýto	64 809	55 087	48 607	6 481
Dolní Cerekev	Vysočina	The rehabilitation of an industrial waste landfill in the cadastral district of Nový Rychnov	35 796	30 427	26 847	3 580
The town of Vsetín	Zlín	A waste logistic centre of the Vsetínsko Micro-region, Vsetín	180 220	153 187	135 165	18 022

The most significant projects financed from the OP I completed in 2007

Beneficiary	Region	Project's name	Total eligible expenses (CZK thousand)	Total subsidies (CZK thousand)	Total subsidies from the ERDF (CZK thousand)	Subsidies from the SEF CR (CZK thousand)
The municipality of Štěpánov	Olomouc	Štěpánov—a pressurised sewer system, a WWTP and a water supply system	88 790	75 471	66 592	8 879
Vodohospodářské sdružení Turnov	Liberec	Connection of Hrubý and Malý Rohozec and Daliměřice to a sewer system	69 614	59 172	52 210	6 961
The municipality of Strachotice	South Moravia	A pressurised sewer system and a WWTP Strachotice-Slup	97 200	82 620	72 900	9 720
The town of Mnichovice	Central Bohemia	A sewer system in Mnichovice	108 345	92 092	81 258	10 834
The town of Svatka	Vysočina	A WWTP and a sewer system	109 539	93 108	82 154	10 954
The town of Buštěhrad	Central Bohemia	A sewer system and a WWTP in Buštěhrad	132 399	112 539	99 299	13 240
The municipality of Brněnec	Pardubice	Brněnec—a sewer system and a WWTP	138 802	117 981	104 101	13 880
The municipality of Bludov	Olomouc	A sewer system and a WWTP in Bludov	140 871	116 570	102 483	14 087
The town of Šenov	Moravia Silesia	A sewer system in Šenov	146 960	124 916	110 220	14 696
The municipality of Kněžice	Central Bohemia	Energy self-sufficient Kněžice	111 622	94 879	83 717	11 162

National Programmes

In 2007, the State Environmental Fund CR offered subsidies from national resources through the National Programmes. These programmes afforded an opportunity for projects that were not eligible for European funds.

In 2007, aid provided by the National Programmes was divided into the following areas::

1. Water protection,
 2. Air protection,
 3. Nature and landscape conservation,
 4. Waste management,
 8. Aid programmes for environmental education,
 9. Non-investment aid for consultancy in the area of REACH.
- (Programmes 5, 6 and 7, 10 and 11 were not announced in 2007.)

In addition, National Programme aid was used for the use of renewable sources. The objective was the implementation of a State programme in support of energy savings and the use of renewable energy sources for 2007. The aid was distributed in the following way:

1. A Investment support for environmentally friendly technologies for heating and water warming systems for flats and family houses, including the ecological generation of electric energy for private consumption:
 - a) Biomass boilers,
 - b) Solar systems for hot water supply,
 - c) Solar systems for heating and hot water supply,
 - d) Systems generating electric power.
2. A Investment aid for environmentally friendly systems for energy supply in municipalities and portions of municipalities.
3. A Investment aid for environmentally friendly heating and hot water supply systems in schools, medical and health care facilities and institutions providing social services and in regional and local authorities.
4. A Investment aid for heating flats and family houses with thermal pumps.
7. A Investment aid for ORC facilities—the interrelated generation of electric energy and heat from biomass and biogas.
8. A Investment aid to environmentally friendly technologies for heating and hot water supply in purpose-built facilities.
1. B Aid provided for education, promotion and consultancy within the national strategic campaign focused on supporting the utilisation of energy renewable sources.
2. B Aid for the publication of materials.

The National Programmes were designed for non-entrepreneurs and entrepreneurial entities (Programmes 2.A, 3.A, 7.A, 8.A and 2.B). Programmes 1.A and 4.A were aimed at individuals.

As of 31 December 2007, most of the registered applications were investment projects aimed at the use of renewable energy sources: 1 667 out of 1 739 all accepted applications, i.e. 95.9 %, of which 1 639 applications were submitted by individuals.

Accepted applications National Programmes 2007 (CZK thousand)						
No.	Name	Number	Total costs	Aid	Loan	Subsidy
1	Water protection	12	279 591	199 831	0	199 831
2	Air protection	31	1 819 039	7 869	0	7 869
3	Nature and landscape conservation	14	93 207	77 241	0	77 241
8	Aid programmes for environmental education	5	14 035	9 792	0	9 792
A	Investment projects for the use of renewable energy sources	1 667	344 552	129 566	714	128 852
	Of which: individuals	1 639	308 163	105 400	0	105 400
B	Non-investment projects for the use of renewable energy sources	10	13 122	10 315	0	10 315
Total (National Programmes)		1 739	2 563 547	434 614	714	433 900

As of 31 December 2007, most of the applications originated from the South Bohemia Region, 202 out of 1739 applications i.e. 11.6 %. The lowest number was registered in the Karlovy Vary Region (2.2 %).

Approved subsidies

National Programme 2007 CZK in thousands						
Programme	Name	Number	Total costs	Aid	Loan	Subsidy
1	Water protection	19	453 890	308 991	0	308 991
2	Air protection	6	9 366	4 733	0	4 733
3	Nature and landscape conservation	33	64 886	52 665	0	52 665
8	Aid programme for environmental education	7	12 089	8 053	0	8 053
A	Investment projects for the use of renewable energy sources	1806	377 957	143 338	0	143 338
	of which: individuals	1 768	325 922	107 209	0	107 209
B	Non-investment projects for the use of renewable energy sources	5	3 053	2 073	0	2 073
Total (National Programmes)		1 876	921 241	519 853	0	519 853

* Applications approved in 2007 may have been registered in previous years.

Financial Report

General economic situation

The Fund ensured a continuous supply of financial resources for approved projects in accordance with Fund's internal regulations, including the defrayal of the operating expenses of the Fund's Office. The SEF CR meets the priority of the Czech Government and the Ministry of Finance, i.e. the co-financing of investments from European funds.



The financial statement of the Fund as of 31 December 2007, incl. index 2007/2006 (millions of CZK)

	2007	2006	Index 2007/2006
State as of 1 January (total), incl. loan MUFIS	2 734.9	2 647.7	103.3
Balance sources formation	1 964.3	1 802.6	109.0
Subsidy from the state budget	0.0	0.0	x
Sold, ceded and settled debts	0.0	0.0	x
Loan repayments	638.1	752.9	84.8
Income (total)	2 602.4	2 555.5	101.8
Resources (total)	5 337.3	5 203.2	102.6
Use of subsidy balance resources	1 452.0	1 982.0	73.3
– Loans	106.7	269.0	39.7
Interest on commercial loans	7.4	11.2	66.1
Total	1 566.1	2 262.2	69.2
Fund expenditures (incl. interest and repayments MUFIS)	231.8	206.1	112.5
– of which: interest on loan MUFIS	10.0	11.2	89.3
– of which : repayment MUFIS	50.0	50.0	100.0
Expenses (total)	1 797.9	2 468.3	72.8
Expense limit in compliance with Government Resolution No. 942 of 20 July 2005 for 2006 and in compliance with Government Resolution No. 970 of 16 August 2006 for 2007	2 433.9	4 099.33	x
The difference between expenses and expense limits in compliance with Government Resolutions	636.0	1 631.03	x
Balance	804.5	87.2	x
Government vouchers	0.0	0.0	x
Difference (resources minus expenses, total)	3 539.4	2 734.9	129.4
Balance (funds)	3 539.4	2 734.9	129.4

Of the total amount of funds earmarked to be granted, as of 31 December 2007, CZK 1 459.4 million was actually provided as financial aid in the form of transfers (of which: CZK 7.4 million was interest on commercial loans; CZK 155 million was ISPA/CF; and CZK 166 million was OP I), financial aid in the form of a loan: CZK 106.7 million (of which ISPA/CF was CZK 7.3 million; and CZK 24 million was OP I), totalling CZK 1.5661 billion.

Income

The Fund's income consists primarily of charges for pollution or damage to the specific segments of the environment, instalments of loans provided and the interest on such loans, as well as income from term-account deposits. Under the law, the Minister of the Environment decides on the usage of financial resources from the Fund on the basis of recommendations from a consulting body—the Fund's Board. This income is not included in the national budget of the Czech Republic.

The Fund's Income Structure—2007 budget (CZK million)

Budget Item	2007 Budget	Income as of 31 Dec 2007	Fulfilment %	Difference in CZK
Income from charges and fines by environmental components				
Waste water	352.0	401.0	113.9	49.0
Underground water	360.0	355.6	98.8	-4.4
Air	450.0	514.4	114.3	64.4
Waste	132.0	107.8	81.7	-24.2
Packaging	16.0	17.1	106.9	1.1
Nature	295.0	327.6	111.1	32.6
Fines and financial recourses	0.0	66.0	x	66.0
Total	1 605.0	1 789.5	111.5	184.5
Interest on deposits	25.0	64.3	257.2	39.3
Interest on loans	32.0	38.4	120.0	6.4
Loan repayments (without loan return)	646.0	638.1	98.8	-7.9
Income from financial settlement	0.0	63.0	x	63.0
Loan return (for previous years)	0.0	1.2	x	1.2
Other income	0.0	7.9	x	7.9
Sold and settled debts	0.0	0.0	x	0.0
SEF CR (total)	2 308.0	2 602.4	112.8	294.4

The Fund increased the value of financial resources by depositing them as term-account deposits with commercial financial institutions selected by the Fund's administrator. The total interest on term-account deposits and other revenues reached CZK 57.4 million and interest on current accounts reached CZK 6.9 million as of 31 December 2007. The resources acquired in this way were used to cover the expenses of running the Fund's Office.

The development of Fund's income in 1992–2007 (CZK million)

Year	Charges and other receipts	Loan instalments	Air Protection Programme	Total income
1992	2 422.50	0	0	2 422.50
1993	2 727.40	40.2	0	2 767.60
1994	3 287.60	201.5	1 000	4 489.10
1995	3 042.50	317	1 600	4 959.50
1996	2 837.30	516.9	2 000	5 354.20
1997	3 060.00	738.6	1 500	5 298.60
1998	2 730.10	1 037.00	0	3 767.10
1999	2 504.80	1 215.00	0	3 719.80
2000	2 154.60	1 346.50	0	3 501.10
2001	1 916.60	1 325.10	0	3 241.70
2002	2 135.20	1 279.30	0	3 414.50
2003	2 151.70	1 043.30	0	3 195.00
2004	1 976.20	979.2	0	2 955.40
2005	2 017.20	850.5	0	2 867.70
2006	1 802.60	752.9	0	2 555.50
2007	1 964.30	638.1	0	2 602.40

* The income for 2003 and 2005 excluding the MUFIS loan of CZK 500 million.

Expenses

Expense limits according to Government Resolution

Since the beginning of 2004, expense limits for the Fund have been determined. The binding volume of expenses approved by the Government for 2007 amounted to CZK 2 433.9 million.

The balance of the expense limit as of 31 December 2007 (CZK million):

Expense limit for 2007	Actual expenses in 2007	Difference
2 433.9	1 797.9	636.0

The expense limit was not drawn up as—in 2007—it was not possible to fund the projects covered by the Operational Programme Environment (the reason was that the PO E Programme Document was accepted by the European Commission in December 2007).

Actual expenses as of 31 December 2007—expenses by environmental component (CZK million)

	Transfers	Proportion %	Loan	Proportion %	Total expenses	Proportion %
Water (total)	902.7	61.9	93.1	87.3	995.8	63.6
of which NP	685.5	47.0	72.6	68.0	758.1	48.4
of which CF	155.0	10.6	7.3	6.8	162.3	10.4
of which OP I	62.2	4.3	13.2	12.4	75.4	4.8
Nature (total)	270.3	18.5	0.1	0.1	270.4	17.3
of which NP	251.6	17.2	0.1	0.1	251.7	16.1
of which OP I	18.7	1.3	0.0	0.0	18.7	1.2
Air (total)	150.9	10.3	6.7	6.3	157.6	10.1
of which NP	122.2	8.4	2.7	2.5	124.9	8.0
of which OP I	28.7	2.0	4.0	3.7	32.7	2.1
Freon	10.8	0.7	0.0	0.0	10.8	0.7
Waste	124.7	8.5	6.8	6.4	131.5	8.4
of which NP	68.3	4.7	0.0	0.0	68.3	4.4
of which OP I	56.4	3.9	6.8	6.4	63.2	4.0
TOTAL	1 459.4	100.0	106.7	100.0	1 566.1	100.0
of which NP	1 138.4	78.0	75.4	70.7	1 213.8	77.5
CF	155.0	10.6	7.3	6.8	162.3	10.4
OP I	166.0	11.4	24.0	22.5	190.0	12.1

* The Table does not show operating expenses (Fund's operating expenses and MUFIS).

Personnel Data

As of 31 December 2007, 205 people were employed by the SEF CR. The increase (in comparison to end of 2006, 114 employees) follows the agenda extended by the administration of the Operational Programme Environment.

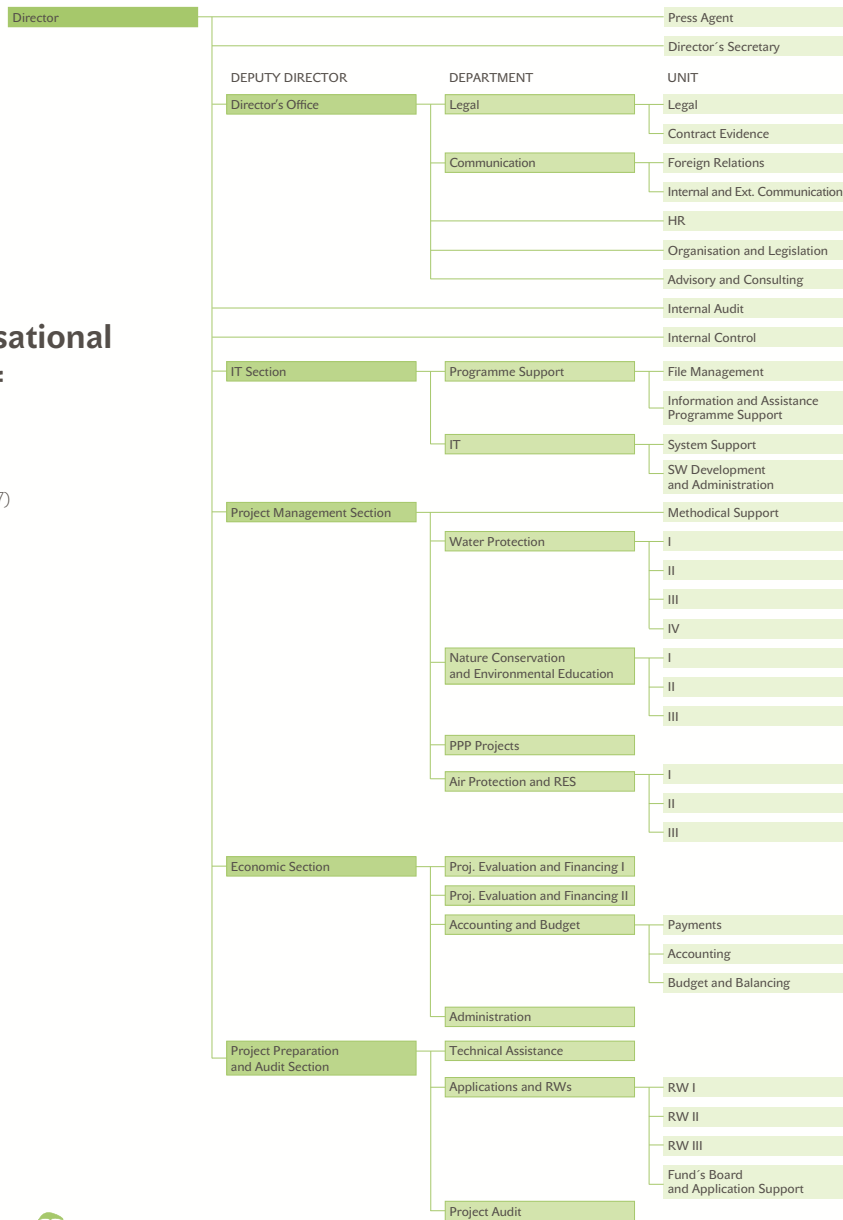
In 2007, the average gross monthly salary per SEF CR employee was CZK 29 299.

Employees' structure according to age and gender—as of 31 December 2007

Age	Men	Women	Total	%
Up to 20 years	0	0	0	0
21–30 years	23	40	63	30.73
31–40 years	25	23	48	23.42
41–50 years	9	29	38	18.53
51–60 years	24	20	44	21.46
61 years and more	9	3	12	5.86
Total	90	115	205	100
%	43.91	56.09	100	

The Organisational Structure of the Fund

(as of 31 December 2007)



The Fund's Management



Petr Štěpánek
Director of the State
Environmental Fund CR/CEO



Petr Stehlík
Director of the Economic
Section/CFO



Petr Valdman
Director of the Project
Management Section



Leo Steiner
Director of the Project
Preparation and Audit Section



Zdeňka Klimková
Head of Director's Office



Eduard Hlava
Director of the IT Section/CIO

The Board

The Board of the State Environmental Fund CR is a consultancy body of the Minister of the Environment. The purpose of the Board is to discuss important issues on the creation and utilisation of financial resources of the Fund. The Members of the Board and its Chair are appointed and discharged by the Minister of the Environment. In 2007, five meetings were held.

The Chair of the SEF CR Board:

Václav Mencl Deputy, Vice-chairman of the Environmental Committee, The Chamber of Deputies of the Parliament of the Czech Republic

The Members of the Fund's Board:

Libor Ambrozek Deputy, Chairman of the Environmental Committee, The Chamber of Deputies of the Czech Parliament

Ivo Bárek Senator, Chairman of the Regional Development, Public administrative and Environment Committee, The Senate of the Czech Parliament

Petr Bendl President of the Central Bohemia Region

Rut Bízková Deputy Minister, Director of the Department of Environmental Economy and Policy, the Ministry of the Environment of the Czech Republic

Pavel Činčera Director of the Government Council for NGOs, the Office of the Government of the Czech Republic

Jiří Hodač Deputy Minister, the Department of Investments and Transport Infrastructure, the Ministry of Transportation of the Czech Republic

Josef Ježek Deputy, The Regional Development and Public Administration Committee, The Chamber of Deputies of the Czech Parliament

Dan Jiránek Mayor in Kladno and Chairman of the Environmental Committee, the Union of Towns and Municipalities

Jiří Krátký Deputy, The Regional Development and Public Administration Committee, The Chamber of Deputies of the Czech Parliament

Ladislav Mlčák Deputy, Vice-chairman of the Environmental Committee, The Chamber of Deputies of the Czech Parliament

Miloslav Müller Director of Minister's Office, the Ministry of Finance of the Czech Republic

Ludmila Müllerová Senator, Vice-chair of the Regional Development, Public Administration and Environment Committee, The Senate of the Czech Parliament

Zuzana Peterková the Department of General and Communal Hygiene, the Ministry of Health of the Czech Republic

Jana Přihodová The Czech Trade Inspection

Přemysl Rabas Deputy, the Environmental Committee, The Chamber of Deputies of the Czech Parliament

Ladislav Šincl Deputy, the Environmental Committee, The Chamber of Deputies of the Czech Parliament

Jiří Trnka Director of the Department of Environmental Strategy and RES, the Ministry of Agriculture of the Czech Republic

Jiří Vačkář Deputy Minister, the Section of Regional Policy and Tourism, the Ministry of Regional Development of the Czech Republic

Provision of Information

Pursuant to Act No. 106/1999 Coll., on free access to information

The Annual Report of the State Environmental Fund of the Czech Republic concerning the activities for the provision of information has been disclosed pursuant to Article 18 (1) Act No. 106/1999 Coll., on free access to information, and in compliance with Government Resolution No. 875/2000 of 6 September 2000, on the methodical guideline for the unification of public administration body procedures in ensuring the rights of individuals and legal entities to access information under Act No. 106/1999 Coll., on free access to information.

In 2007, the Fund processed 0 requests for information under Act No. 106/1999 Coll.

Information requested pursuant to Act No. 106/1999 Coll.

- The number of requests for information: 0
- The number of rejections: 0
- The number of appeals: 0
- A transcript of substantial parts of each judgement concerning a compulsory judicial review of rejected requests on providing information and a summary of the expenditures incurred to the subject in relation with proceedings at law rights and duties in compliance with the Act specified above, including the expenses of the employees and expenses of legal aid: 0
- List of exclusive licences provided, including reasoning: 0
- The number of complaints delivered, in compliance with Article 16a: 0



Other related information

Every month, the SEF CR processes dozens of inquiries—questions asked by potential applicants (individuals and legal entities). The questions are not considered information requested pursuant to Act 106/ 1999 Coll. The questions are answered by the State Environmental Fund of the Czech Republic free of charge.

The inquiries were mostly related to:

- The conditions for receiving aid for environmentally friendly technologies of heating and hot water supply systems for flats and private residences (for individuals) and heating for flats and private residences with thermal pumps (for individuals);
- The number of projects granted aid within the National Programmes and EU funds, and amounts of the aid provided;
- The conditions for receiving subsidies from the Operational Programme Environment;
- The implementation and results of specific projects.

For ensuring top quality and promptness while providing information, the State Environmental Fund of the Czech Republic established a Green Line for potential applicants (from September 2007). Qualified employees assist applicants in resolving confusion related to compiling and filing applications over the phone or by e-mail. The most important types of inquiries and replies provided by the Green Line Assistants are available at www.opzp.cz (Frequently Asked Questions, FAQ). Other replies to frequent questions related to the SEF CR's activities are published at www.sfzp.cz.

Auditor's Report

The subject-matter and purpose of the audit:

The 2007 annual statement of finances based on the provisions of Act No. 254/2000 Coll., on auditors, and in compliance with the International Standards on Auditing and related application principles issued by the Chamber of Auditors of the Czech Republic.



Auditor's Report

In our opinion, the financial statement provides a true and correct picture of the assets, liabilities, equity and financial situation of the State Environmental Fund of the Czech Republic as of 31 December 2007 and is in compliance with laws and accounting standards applicable in the Czech Republic.

It can be certified that the state of accounts truly reflects the reported assets and liabilities of the State Environmental Fund of the Czech Republic as of 31 December 2007 in all major aspects and is in compliance with laws and accounting standards applicable in the Czech Republic.

The auditor's opinion of the audited accounting unit can be issued without reservations.


Ing. Pavla Císarová, CSc.
auditor

The audit was performed
by Diligens in Prague,
on 8 April 2008.



Auditorská licence č. 196



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OPERATIONAL
PROGRAMME
ENVIRONMENT



EVROPSKÁ UNIE
Fond soudržnosti
Evropský fond pro regionální rozvoj

Pro vodu,
vzduch a přírodu

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THE STATE
ENVIRONMENTAL FUND
OF THE CZECH REPUBLIC

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