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Introductory information

The State Environmental Fund of the Czech Republic (hereinafter the Fund or also SEF) is a specifically oriented institution that is an important resource of funding for supporting the implementation of measures to protect the environment and improve its state in its individual sectors. It is one of the basic economic tools for meeting the obligations arising from international conventions on environmental protection, membership in the European Union and the implementation of the State Environmental Policy.

The Fund was established and its activities are legislatively regulated by Act No. 388/1991 Coll. followed by the implementing legislation as follows: Fund Statute, Rules of Procedure of the Fund Council, Directive of the Ministry of the Environment on the provision of funds from the Fund, and the Annex to the Directive regulating the conditions for granting support for the relevant period. The Ministry of the Environment of the Czech Republic is the managing body of the Fund.

Fund revenues consist primarily of payments for pollution or damage to individual sectors of the environment, repayments of loans including interests and proceeds of available funds deposited on time deposits. The use of financial resources from the Fund shall be decided by the Minister of the Environment as laid down by law based on the recommendation of the advisory body - the Fund Council. These revenues do not form part of the national budget of the Czech Republic.

Support from the Fund is directed in line with obligations stemming from international treaties and the State Environmental Policy, particularly in the area of water protection, air quality, waste management and nature conservation and landscape management. Concerning the financial support of an environmental project, the Ministerial Decision on granting the support from the Fund is issued.

The Fund provides direct and indirect financial support within the meaning of Clause 3 and 4 of Act No. 388/1991 Coll. on the State Environmental Fund in the following forms:

- Grants
- Loans
- Contribution to the partial payment of interests

The lines of support are the measures under the schemes announced by the Ministry of the Environment, in the following areas:

- Water protection
- Air protection
- Nature and landscape conservation, soil protection and use of natural resources
- Waste management
- Technology and products
- Use of renewable energy
- Programmes of the European Union - FS, OPI and OPE

The Fund is an important central source, which is involved in the implementation of national environmental policy and approximation strategy of the Ministry of the Environment.

The Fund was appointed an implementation body for the Cohesion Fund and the intermediary body for the Operational Programme Infrastructure (ERDF structural fund) and Cohesion Fund. A payment unit was established for those schemes within SEF.

All paperwork related to the activities of SEF is managed through the Fund Office. This namely involves consultative and advisory activities, the receipt and evaluation of applications, preparation of proposals for the Fund Council meetings and the Ministerial Decisions, contractual agenda of granted support, agenda concerning contractual guarantees for loans, disbursement to beneficiaries including continuous monitoring of meeting the purpose for use of the funds, final evaluation of the use of the funding granted and environmental effects achieved, monitoring of return on loans until full settlement of liabilities and establishing and enforcing sanctions, if any, for failure to comply with terms and conditions for grant or breaching budgetary rules.

Organizational structure of the Fund

Managing Director

Internal audit

Director's Office

Inspection

**Department for
Regional Offices**

**Project Managing
Section**

**Economical
Section**

**Organization and
Legal Section**

Departments:

Departments:

Departments:

**Nature conservation,
waste and
technology**

**Operation
evaluation and
funding I**

**RF, receipt of
applications and
filing office**

**Air protection and
renewable energy
sources**

**Operation
evaluation and
funding I**

**Information
technology**

Water protection

**Accounting and
budgeting**

Legal

**Methodology
Assistance**

Administration

State Environmental Fund of CR

Fund Board

The SEF Board is an advisory body to the Minister of the Environment, which was established under Act No. 388/1991 Coll. on the State Environmental Fund. The task of the Board is dealing with fundamental questions of generating and using the financial resources of the Fund. The Board members and chairperson are appointed and dismissed by the Minister of the Environment.

During 2006, Fund Board meeting No. 67 (27/03/2006), 68 (15/05/2005) and 69 (07/12/2006) took place. Altogether in 2006, the Minister signed decisions in a total volume of CZK 1,145,027 thousand, from which the financial impact on 2006 was CZK 526,675 thousand, while the impact on the subsequent years is shown in the following table.

Overview of the Minister's decisions including the utilization of financial support in future periods

Decisions signed (CZK thousand)	Total	2006	2007	2008
Status as per 31 December 2006	1,145,027	526,675	504,592	113,760

Chair of the Fund Board

Ing. arch. Václav Mencl, Member of the Parliament of CR

List of Fund Board members

Ing. Petr Jan Kalaš	Minister of Environment of CR
RNDr. Libor Ambrozek	Member of the Parliament of CR
RNDr. Martin Bursík	Member of the Parliament of CR
Ladislav Mičák	Member of the Parliament of CR
Ing. Ladislav Šinčl	Member of the Parliament of CR
Josef Ježek	Member of the Parliament of CR
Ing. Jiří Krátký	Member of the Parliament of CR
Ing. Rut Bízková	Ministry of the Environment of CR
Tomáš Vrbík	Ministry of Finances of CR
RNDr. Jana Příhodová	Ministry of Industry and Trade of CR
MUDr. Lucie Bauerová	Ministry of Health of CR
Ing. Jiří Vačkář	Ministry of Regional Development of CR
Ing. Jiří Trnka	Ministry of Agriculture of CR
Ing. Petr Šlegr	Ministry of Transport of CR
Ing. Dan Jiránek	Union of Municipalities and Cities of CR
Ing. Petr Bendl	Association of Regional Presidents of CR
Mgr. Pavel Činčera	Zelený kruh

Fund senior management

Ing. František Krejčí	Managing Director
Mgr. Pavel Slípek	Dipl. engineer, Deputy, Organization and Legal
Ing. Petr Stehlík	Deputy, Finances
Ing. Petr Valdman	Deputy, Project Management

Regional offices - information centres

The key role of the regional offices is to provide information about available products at the level of both national schemes and funds of the European Union. In addition to this role, the regional offices function as pro-active local branches of the Fund, acting at the central level. They monitor operations in the relevant region and manage communication between the Fund and local authorities.

SEF personnel

The Fund pays great attention to its employees, their expertise and professional and personal growth. It seeks a professional and responsible approach to performing the tasks, employee satisfaction, loyalty and constant and continuous development.

Average gross monthly salary in 2006 reached CZK 28,965. During the year, 25 employees arrived, while 26 left. The data in the following tables relates to 31/12/2006.

Use of modern technology

Information system

Communication between an applicant and the Fund places emphasis on electronic data exchange format. The hard copy of the electronic form is used only to check the accuracy of the data submitted. The IS modernization primarily consists in the following:

On-line work with data

The data entered into the IS on the applicant's side can be immediately viewed and responded by the project administrator on the other side as it is entered;

Data transparency

Selected data are available for external IS CR for monitoring project implementation and funding;

Safety

Safe access to the system by all users; the project administrator is trained in working with IS and is an owner of a unique access certificate for the use of the system;

Structure of employees by age and sex

Age	Men	Wom	Total	%
Under 20	0	0	0	0
21 – 30	23	13	36	25.00
31 – 40	20	13	33	22.92
41 – 50	7	25	32	22.22
51 – 60	21	14	35	24.30
61+	4	4	8	5.56
Total	75	69	144	100.00
%	52.08	47.92	100	x

Structure of employees by education and sex

Education	Men	Wom	Total	%
Basic	0	0	0	0
Apprenticeship	0	0	0	0
Secondary specialist	2	0	2	1.39
Complete secondary	2	4	6	4.17
Complete secondary	2	18	20	13.89
Bachelor	0	1	1	0.69
University	69	46	115	79.86
Total	75	69	144	100.00

Duration of employment relationships

Duration	No.	%
Up to 5 years	76	52.78
Up to 10 years	52	36.11
Up to 15 years	16	11.11
Up to 20 years	0	0
Up to 20 years	0	0
Total	144	100

Language skills of the personnel

	Numbers of jobs with the requirement of standardized language test of the relevant grade				Total number of requests for jobs
	1. Grade	2. Grade	3. Grade	4. Grade	
English	28	21	20	8	77
German	0	0	0	0	0
French	1	0	0	0	1
Other languages	0	0	0	0	0
Total	29	21	20	8	78

A user-friendly access to user's data

Data are available to the applicants through the web interface from any computer on the Internet after entering the password

The system management of the projects

The IS controls in all stages of the applicant's project the procedures for providing necessary information to the Fund, like application, development of a contract, reimbursement, project evaluation, etc.

By improving supply of information

The system informs the applicant or project administrator on how the process continues, e.g. approval of the contract documents, billing, payment schedule, monitoring reports, requests for the payment of additional work, etc.

For the planning period 2007 - 2013, further simplification of the application handling and thus improved services to applicants / final beneficiaries is underway.

BENE-FILL Application

SF KIOSK Application - home page

Handling documents

Emphasis is placed on professional management of documents, in particular the implementation of Act No. 499/2004 Coll. on archiving and filing service. A specialized department deals exclusively with filing services and document digitalization. Following the deadline laid down by the file schedule, every document is included in the file shredding procedure which takes place under the supervision of representatives of the National Archive. Any documents selected as the archival documents are stored by the Fund at the National Archive, while disposal of the documents intended for destruction is carried out by a selected specialist company certified by the National Security Authority.

Internal file standards are approved by the National Archive as well. The Fund aims to a broader digitalization of documentation, particularly through the introduction of an electronic filing service, where most of the documents circulate within the office only in electronic form.

Funding support from the State Environmental Fund of CR is granted under various schemes announced, which are defined by technical and environmental conditions. In each of the programmes, an independent selection and evaluation of operations is carried out. Basic approaches to the provision of the funding from the Fund are defined in the MoE document.

Benefits and effectiveness of environmental measures

Water protection

Despite the significant improvement of the main indicators of quality of surface waters over the past decade, a number of watercourses remain very heavily polluted and ranked in class V (according to the CSN 75 7221 classification). A greater part of water courses is still classified as polluted and heavily polluted (classes III and IV). One of the major sources of pollution with organic substances and nutrients (nitrogen and phosphorus and their compounds) are municipal wastewaters.

Water conservation strategy is due to the fulfilment of milestones of the Czech legislation and implemented EU legislation EU. The objective of water protection is, in particular, to comply with Council Directive 91/271/EEC concerning urban wastewater treatment, with 31/12/2010 as the deadline.

National programmes - operations with a positive decision

In the field of nature and landscape conservation, 22 decisions to provide support were issued by the Minister of the Environment in this period (national programmes). This involved 3 decisions concerning operations included in the program 1.1, 14 decisions within the program 1.2, and 5 decisions within the programme 1.5. The sum of total costs of implementing individual operations (as a basis for calculation of grants) amounted to CZK 659.7 million, while the total support for the SEF will be CZK 486.4 million (including grant amounting to CZK 430.2 million and loan to 1.5% interest amounting CZK 56.2 million). Provision of funds will provide for the potential treatment of the pollution equal to 355.92 tons of COD and 175.63 tons of suspended matter per year.

Ecological benefits of operations for which the final evaluation was approved

The table to the right summarizes all the operations for which the final support was awarded by the Fund during that period, reflecting the actual environmental effects achieved against the projected parameters. Environmental effects against projected parameters

Overall benefits of 88 operations within reducing water pollution, for which the final award of the aid was issued in 2006, represent the following eliminated pollution:

The environmental effects indicated in the contracts set out the quantitative target of reducing the pollution discharged into surface waters within the context of the capital investment to be developed.

When completing the final evaluation of the operation, the Fund assesses whether the pollution limits declared under the contract were removed by the treatment plant from at least 80%. The remaining 20% serves as a reserve capacity for future development of the municipality.

Operational Programme Infrastructure - operations with a positive decision

In the water protection sector under the Operational Programme Infrastructure in this period, the Minister of the Environment issued 15 decisions to grant aid for the construction of sewage treatment plants and sewerage within the programme 3.2.A. The sum of the eligible costs of implementing individual operations (as a basis for calculation of grants) amounted to CZK 692.1 million, where support will amount to CZK 449.9 million from the ERDF and CZK 83.1 million from the SEF (of which grants will make CZK 69.2 million and loans with 1.5% interest will make CZK 13.9 million).

Provision of funds will provide for the potential treatment of the pollution equal to 839.08 tons of COD and 421.14 tons of suspended matter per year.

Pollutant	Reduction under a grant agreement	Reduction as provided t/year	Reduction in the final evaluation	%
Insoluble matter	2,115.4	1,988.5	94.00	
BOD ₅	1,003.3	933.1	93.00	
COD	4,318.0	3,929.4	91.00	

Air protection

The air protection sector aims at reducing emissions of pollutants and greenhouse gases into the atmosphere, which is achieved primarily by substitution of fuel for combustion sources and energy-saving solutions. In 2006, the emphasis was on encouraging the processing of local programmes to reduce emissions and air pollution for the regions with deteriorated air quality, as a follow-up to regional concepts completed in previous years. Within the investment projects with a direct impact on air quality, the Fund generally supported measures in buildings operated for public benefit activities in 2006.

Ecological benefits and the aid granted

In 2006, it was decided on the support of a total of 26 projects, primarily within the programme 2.1, with 22 projects supported. Within the programme 2.7.1, two applications submitted for processing a local programme for reducing air pollution and emissions were supported. These applications address air quality in the regions declared as a territory of deteriorated air quality.

The Minister's decisions

No	Costs (thous. CZK)	Grants (thous and CZK)	Loans (thous and CZK)	Support (thousa nd CZK)	PM t/year	SO ₂ t/year	NO _x t/year	VOC t/year	CO t/year	CO ₂ t/year	
2.1	22	20,116.6	10,058.3	0.0	10,058.3	7.82	12.10	1.52	6.32	33.70	1,409
2.2	2	10,096.0	3,028.8	2,694.0	5,722.8	6.92	14.34	2.17	4.36	43.27	1,098
2.7.1	2	1,076.0	585.0	0.0	585.0						
Total	26	31,288.6	13,672.1	2,694.0	16,366.1	14.74	26.44	3.69	10.68	76.97	2,507

The relatively low number of operations supported in the field of air protection was mainly due to the suspension of acceptance of applications in 2006. In the first half of 2006, the evaluation of applications from the third call for applications in the Operational Programme Infrastructure took place. A total of nine applications were registered and reviewed within measures 3.3.A and 3.3.B.

Operational Programme Infrastructure 3.3.A - The use of environmentally friendly combustion technologies

In this category of measures, 5 applications were reviewed, from which 4 applications concerned the reconstruction of boiler plants and one consisted in retrofitting incinerator plants as required by law. A total of 3 applications were supported, with support from the Fund amounting to CZK 3,179.1 thousand for investments and 312 thousand as a support for the development of project documentation. The implementation of these operations is a prerequisite for the elimination of the following emissions of pollutants and CO₂ emissions:

Major pollutants and CO ₂	t/year
Solids	0.4
SO ₂	2.9
NO _x	2.5
C _x H _y	0.1
CO	0.2
Total	6.0
CO ₂	1,470.9

Operational Programme Infrastructure 3.3.B - Reduction of emissions of volatile organic compounds

In this category of measures, four applications were reviewed; subsequently, it was decided to support two applications submitted. The support from the Fund amounts to CZK 1,355 thousand (investment). The implementation of the operations is expected to reduce emissions of volatile organic compounds in the amount of 13.89 tons/year of VOCs, including those placed in class I and II.

Benefits of operations, for which a final evaluation was performed

The 223 operations, for which final awards for granting were issued in 2006, included 146 cases where the beneficiaries failed to meet the environmental effects expected (about 65% of all cases). All operations, within which the contractual environmental effects were not met, were registered within the programme 2.4. Overall benefits in the air protection sector when comparing the reduction of key pollutants set out in the contracts against that indicated in the final evaluations submitted present the following eliminated pollution:

Closed operations in 2006

	No	Costs (Thousand CZK)	Grants Thousand CZK	Loans Thousand CZK	Support Thousand CZK	PM t/year	SO ₂ t/year	NO _x t/year	VOC t/year	CO t/year	CO ₂ t/year
2.1	32	49,291	16,697	69	16,766	21	26	5	13	64	2,466
2.2	6	154,813	47,109	3,342	50,451	141	147	21	8	25	9,096
2.4	165	1,379,343	582,472	20,649	603,121	3,006	4,423	569	2,393	10,627	255,726
2.6	1	3,424	3,424	0	3,424						
2.7.1	18	47,396	27,308	0	27,308						
2.7.2	1	715	214	0	214	0.1	0.2	0.01	0.1	0.7	29
Total	223	1,634,982	677,224	24,060	701,284	3,168	4,596	595	2,414	10,717	267,317

Environmental effects indicated in the closed operations within the programme 2.4 present the values actually achieved, which represent 57.6% of the contractual environmental effect. The environmental effects put in the contracts are based on documents and proposals of beneficiaries, which are submitted to the Fund for making a grant agreement. When concluding the final evaluation of the operation in the field of air protection, the Fund requires meeting the indicated figures to 90%, in line with the relevant decision of the Minister and the grant agreement entered into based on the same. In the event that the condition above is not met, the support granted is reduced according to the applicable sanction methodology.

Nature and landscape conservation

The objective of activities of the Nature and Landscape Conservation Department is to ensure administration of projects within the nature and landscape conservation sector. In the framework of the Nature Environment Management Programme (3.1), setting up biological centres and corridors within territorial systems of ecological stability, caring for trees, recovery of alleys and parks, implementation of water and wind erosion control measures and implementation of measures to maintain or restore aquatic and wetland habitats is underway. In addition, support is provided for measures to ensure non-productive forest functions, implementation of approved management plans for specially protected areas, implementation of approved conservation plans for specially protected species of flora and fauna, and buying land in specially protected areas.

In the framework of the Nature and Landscape Protection Concept Development Programme (3.2), support is granted for making plans of actions needed to improve the environment in communities in the territory of national parks incl. buffer zones.

Ecological benefits of operations with a positive decision

In the field of nature and landscape conservation, 32 decisions to provide support were issued by the Minister of the Environment in this period (national programmes). The sum of the total costs of implementing the operations (as a basis for calculating grants) amounted to CZK 129,615 thousand, while the total support from SEF will be CZK 109,813 thousand. In 2006, the Minister of the Environment also issued 15 decisions (OPI 3.1 A).

Operational Programme Infrastructure 3.1 A - Natural Environment Management Programme

The sum of the total costs of implementing the operations (as a basis for calculating grants) amounted to CZK 125,773 thousand, while the total support to be provided by SEF will make CZK 12,491 thousand (investment aid) and 99,932 thousand (ERDF contribution). The provision of funding will enable the revitalization of 58.59 hectares of ponds, construction of 15.76 hectares of new retention reservoirs with a storage area of 261,397 m³ and revitalization of an 820-m long river arm.

In 2006, a total of 32 new operations within the nature and landscape conservation sector were reviewed with a positive result. The total implementation costs of the operations amounted to CZK 129,615 thousand, of which support requested from the Fund in the form of grants amounted to CZK 109,813 thousand.

Environmental benefits

Reconstruction of parks	129.95 ha
Treatment of trees	1,183 pcs
Planting trees	20,771 pcs
Pond cleaning	20.38 ha
Implementation of specially protected area management plans	26 ha
Buying land in specially protected areas	8 operations

The most important operations for which a positive decision was issued

City of Vlašim	Reconstruction of natural elements of
City of Kunštát	Regeneration of greenery Kunštát II.
Academy of Sciences of the CR	Regeneration of greenery, Castle Liblice
Miroslav Perout	Korozluky castle park - renewal and regeneration
City of Karlovy Vary	Sokolský vrch (Sokolský Hill) - the revitalization territory
of Karlovy Vary	Revitalization of the Chodovice water reservoir
Holovousy Municipality	Restoration of Velký Tismický Pond
Milan Černý	

Environmental operations for which the final evaluation was approved

In 2006, the final evaluation of a total of 85 operations was approved for the nature and landscape conservation sector. Total awarded support from the Fund amounted to CZK 141,307 thousand.

Environmental benefits

Reconstruction of parks	104.17 ha
Treatment of trees	2,283 pcs
Planting trees	2,229 pcs
Establishing TSES	0.2 ha
Pond cleaning	49.75 ha
Establishing wetlands	0.7 ha
Cutting in native invasive wood species	109.63 ha
Recovery of former mill-race	2,367 m
Development of regional nature conservation concepts	6 operations

The most important operations for which the final evaluation was developed

City of Chrudim	Regeneration of a mill-race in Kozeluzska Street
City of Tvarožná Lhota	Reconstruction of the Lučina reservoir
City of Litomyšl	Litomyšl – Jirásek Square, gardening alterations
South Moravian Region	South Moravian Region's Concept of Nature and Landscape Conservation
AOPK CR	Buying land in NNR Božídarské rašeliniště
City of České Velenice	Chestnut alley in České Velenice

Waste management, technology and environmental education and awareness assistance programme

The activities of the Waste and Technology Department pursues several major objectives: improving waste management, assistance for reclamation of old landfills, support of projects for the introduction of so-called best available techniques (BAT) and safeguarding the general availability of environmental education and awareness of good quality.

Ecological benefits of operations with positive decisions

In 2006, 13 positive decisions of the Minister of the Environment were signed in the field of waste management, technology and environmental management (of which 11 were exceptions); a single case of withdrawal from the decision occurred. The total costs of operations supported amount to CZK 205,064 thousand; the support amounting to CZK 169,209 thousand consists of grants.

Programme name	Total costs	No. of operations	Support	Loans	Grant
4.2 Programme to promote the use and disposal of waste	1	50,538	32,850	0	32,850
8.1 Programme of non-investment support of environmental education and awareness	2	5,163	4,145	0	4,145
8.2 Programme of investment support of environmental education and awareness	7	106,434	95,469	0	95,469
Not included	2	42,929	36,745	0	36,745
Total	12	205,064	169,209	0	169,209

Total costs Overall environmental benefits

	Number of operations	Environmental benefits	
4.2	1	Collection yards, waste recovery	2,852 m ²
8.1	2	Environmental education	Awareness, education, publishing
8.2	7	Building and reconstruction of envir. education centres	Eco-centres, workshop centres
Not included	2	Remediation of environmental accidents, building eco-centres	13,113 m ² , Eco-centre

Operational Programme Infrastructure 3.4 – Waste management and elimination of old environmental burdens

Ecological benefits of operations with positive decisions

In 2006, 12 positive Decisions to grant aid from the State Environmental Fund and ERDF were signed in the framework of Measure 3.4. Total eligible costs of the operations supported make CZK 256,226.220 thousand. Total aid from the ERDF is CZK 189,486.632 thousand. The support from the SEF for CZK 25,264.286 thousand consists of grants, loans and grants for project documentation.

Category	Programme name	No. of operations	Total eligible costs	ERDF	SEF total
3.4 A	Development of integrated collection system	7	98,164.000	73,553.915	9,806.589
3.4 B	Reclamation and decontamination of old environmental burdens	5	108,097.836	115,932.717	15,457.697
Total			256,226.220	189,486.632	25,264.286

Implementation of measures based on the positive Decision to grant aid from SEF and ERDF under Measure 3.4 - Waste management and elimination of old environmental burdens enables the fulfillment of the following environmental benefits:

Collection yard and separate collection system capacity	t/year	4,668.2
Collection yard area, area of collection sub regions	m ²	7,531
Number of receptacles	pcs.	446
Waste treated	t/year	32
Materially used waste	t/year	0
Waste sorting	t/year	4,700.2
Area of remediated and reclaimed land	m ²	55,090

Renewable sources of energy

The renewable energy sources (RES) sector has been supported by the SEF since 1999 on the basis of the "National Programme to Promote Energy Saving and Use of Renewable Energy Sources - Part B" announced annually. The support is provided, subject to available resources, in particular for the implementation of heating and hot water using renewable energy sources in municipal buildings, buildings in the budgetary sector and family homes, for demonstration installation of photothermal and photovoltaic systems in schools, and non-investment operations (publications, seminars, etc.). Because of the continued decrease in funding, only less capital-demanding projects will be supported in future. Larger projects will be eligible for support from some upcoming European programmes.

Ecological benefits of operations with positive decisions

In 2006, the support of 29 projects was decided on. In addition to the 18 implementations aimed at demonstrating the conversion of solar energy into heat and electricity (programme 10.A), 10 investment projects (programmes 2.A, 3.A) and 1 non-investment operation focused on promoting education and publishing (programme 1.B) were supported. In the case of support for all operations, the environmental effects will be as those in the following table. The greatest contribution of renewable energy is in reduced greenhouse gases (CO₂).

Th CZK	No	Costs	Grants	Loans	Support	PM	SO ₂	NO _x	VOC	CO	CO ₂
1.B	1	963	771	0	771						
						Non-investment operations— promotion of education					
2.A	2	27,504	21,702	0	21,702	-2.1	7.0	-0.2	2.9	14.3	591.4
3.A	8	29,769	23,035	0	23,035	-1.3	2.5	1.5	0.1	0.3	916.2
10.A	18	5,679	5,110	0	5,110						
						Low output demonstration installations					
Total	29	63,914	50,617	0	50,617	-3.4	9.5	1.3	3.0	14.6	1,507.6

Further, 918 operations concerning the installation of renewable energy sources into family homes (for natural persons) were supported in 2006. Given that the aid is granted for finished installations (those put into permanent service), the reported environmental effects (calculated using a simplified method as a replacement of brown coal) are apparent immediately:

	Number	Costs Thous and CZK)	Grant Thous and CZK	PM t/yea r	Gaseo us t/year	CO ₂ t/year
1.A.a	166	15,063	6,660	18.5	152.6	3,048.3
1.A.b	532	84,386	25,080	9.2	76.0	1,517.9
4.A	220	66,516	10,890	12.9	106.3	2,123.4
Total	918	165,964	42,692	40.6	334.9	6,689.6

In the first half of 2006, the Call No. 3 for applications to the OPI was underway. 45 applications were reviewed within the measures 3.3.C.

Operational Programme Infrastructure 3.3.C - The use of renewable energy sources

In the Call No. 3, a total of 45 applications were reviewed within this category of measures , of which 20 applications were handled successfully. These involved the implementation of 13 heat pumps, installation of 5 solar systems and 2 biomass-burning boilers, of which one case included a central heat source. The total assistance provided from the Fund amounts to CZK 33,159 thousand (investment) and 2,993 thousand (support for the development of project documentation). The implementation of these operations is a prerequisite for the elimination of the following emissions of pollutants and CO₂ emissions.

The main pollutants

CO ₂	
Solids	-93.0
SO ₂	26.0
NO _x	-9.0
CxHy	4.8
CO	70.4
Total	-0.8
CO ₂	11,097

Ecological benefits of operations, for which a final evaluation was performed

Environmental benefits of operations for which the final evaluation was approved In 2006, the final support was awarded for 264 operations. Within the programmes 1.B, 2.B (non-investment programmes for education and publishing) and 10.A (minor demonstration projects), the environmental effects were not monitored. Overall benefits in the renewable energy sources sector as provided in the final evaluations are presented in the table.

Th. CZK	No	Costs	Grants	Loans	Support	PM	SO2	NOX	VOC	CO	CO2
			Th. CZK	Th. CZK	Th. CZK						
1.A	29	6,074	3,037	0	3,037	1.3	2.5	0.4	1.4	6.6	219.9
1.A.b	24	5,114	2,537	0	2,537	1.6	2.9	0.5	1.7	7.7	209.0
1.B	6	10,939	10,281	0	10,281	Non-investment operations– promotion of education					
2.A	7	70,573	35,160	20,102	55,261	-21.2	16.6	-4	9.1	53.7	4,136.3
2.B	1	116	58	0	58	Non-investment operations– promotion of education					
3.A	43	125,361	95,511	8,560	104,071	20.9	33.1	4.7	14.5	65.5	3,168.6
4.A	47	19,265	5,731	0	5,731	4.4	7.9	1.7	4.6	21.1	703.4
4.A.b	31	14,748	4,424	0	4,424	3.4	6.4	1.1	3.8	17.0	526.0
5.A	1	2,370	0	1,896	1,896	8.4	23.6	7.0	0.2	0.6	1 630.1
6.A	1	1,815	0	1,180	1,180	2.1	5.9	1.8	0.0	0.1	439.9
7.A	5	173,487	52,046	49,635	101,681	214.4	413.5	53.6	166.1	804.7	41 032.7
8.A	6	15,673	4,037	6,884	10,920	7.4	14.0	0.5	7.9	38.1	1,446.9
9.A	3	27,444	11,206	9,734	20,940	18.2	18.5	3.2	1.9	6.6	1,708.9
10.A	60	10,448	9,824	0	9,824	Low output demonstration installations					
Total	264	483,427	233,850	97,990	331,840	261.0	545.0	70.4	211.2	1,021.6	55,221.7

Under Measure 3.3 C a positive decision was granted to 20 projects by the Minister in 2006. Total eligible costs for projects under this measure amount to CZK 283,902 thousand, the ERDF grant amounts to CZK 198,301 thousand and the support from the SEF, including the contribution for the development of project documentation, comes to CZK 36,152 thousand.

ISPA/Cohesion Fund

From 2001 to 30 April 2004, i.e. up to the Czech Republic's accession to the European Union, the State Environmental Fund of the Czech Republic was designated as an implementation agency for ISPA projects execution. As an implementation agency, SEF operates as an administrative umbrella for all ISPA projects with the exception of two operations, where the Centre for Regional Development was nominated for such task. The pre-accession instrument ISPA has been designed for the transport and environment sectors in the EU candidate countries. The projects were submitted by the applicants from the public sector, where the total costs of the projects could not be less than EUR 5 million, with the exception of technical assistance projects.

On 1 May 2004, when the Czech Republic became a member of the European Union, the Czech Republic became entitled to use funding from the Cohesion Fund (hereinafter referred to as CF). The system framework for the provision of assistance from the Cohesion Fund for the years 2000 - 2006 is based on the fundamental principles declared by Council Regulation (EC) No. 1164/94 in the current revised version. SEF was appointed the Implementing Authority for the environmental sector, namely on the basis of Government Decree No. 125/2004 of 11 February 2004 on CF strategy - implementing system. CF projects can be submitted by applicants from the public sector, where the total costs of the projects shall not be less than EUR 10 million. Cohesion Fund projects are designed to support the environment and transport.

Since none of the ISPA projects was completed on the day of access of the Czech Republic, these projects were transformed to CF projects under Article 16a of Council Regulation 1164/94 as of 1 May 2004.

The priority of the ISPA/CF instruments in the environmental sector is to fulfil the pre-requisites of European Community legislation, particularly in the area of water protection, waste management, air protection and removal of old environmental burdens.

Prior to 31 December 2006, the SEF registered a total of 106 projects applying for support from ISPA or CF. Out of the applications above, 40 projects were approved by the European Commission, of which one was a technical assistance project and one project involved remedy of damage caused by floods approved by the European Commission within a non-standard mode. In the period from 1 January 2006 to 31 December 2006, 4 new applications for support from CF were approved by the European Commission. The volume of total costs of the 4 operations approved makes EUR 89.932 million (CZK 2,518.096 million), or EUR 80.045 million (CZK 2,241.260 million), respectively, of the eligible costs, with a promised contribution amounting to EUR 54.973 million (CZK 1,539.244 million).

The total costs of 39 projects approved within the standard mode make EUR 959.7 million (CZK 26,871 million), of which the eligible costs make EUR 867.4 million (i.e. CZK 24,287 million). The contribution from CF/ISPA allocated to these projects amounts to EUR 609.1 million (CZK 17,055 million).

In addition to the above, a project of remedy the damage from floods was also implemented, consisting of 13 sub-projects that were supported by ISPA. The total cost of the project amounted to EUR 17.7 million (CZK 495.6 million), when the European Commission provided support at EUR 14.6 million (CZK 408.8 million). The remainder was paid by the final beneficiaries. The final report was approved by the European Commission at the end of 2004.

In 2003, the European Commission approved a technical assistance project to support national authorities in the preparation and management of CF projects in the environment sector. Total eligible costs of the project make EUR 2,250 thousand (CZK 65,250 thousand), with the aid promised amounting to EUR 1,687.5 thousand (CZK 47,250 thousand). On 31 December 2006, support granted to the project of technical assistance made a total of EUR 279,771 (CZK 7,833,589).

The project objectives:

- Technical assistance in preparing applications for support from CF in order to submit the applications for approval by the European Commission;
- Technical support for strengthening the institutional framework through external analysis, consisting in assisting the MoE and SEF in the preparation, implementation and monitoring of projects supported by CF;
- Increase the professionalism of the Ministry of the Environment and SEF through the necessary training activities (training, seminars, etc.)

Utilization of European funds in 2006

According to the Cash-flow Methodology in force from 1 January 2006, financial resources for CF/ISPA projects in the environmental sector were granted to the final recipients in the form of pre-financing from the national budget, chapter 315/MoE. Total commitment from the state budget for the period April 2006 to December 2006 transferred to final recipients amounted to CZK 1,176, 778 thousand, which equalled the contribution from EU funds.

In early 2006, the funds were provided under the exemption approved by the Ministry of Finance (MoF) through the original system of finance (Department of the National Fund MF), i.e. outside the national budget. Based on the Decision on the involvement of the national budget and funding from the National Fund in funding operations, pre-financing of the CF projects from the national budget could be launched in April 2006.

Expenditure of the National Fund (utilized means of the European Union funds) in 2006 amounted to EUR 56,360.2 thousand. The revenues of the National Fund provided from European funds on the basis of certification of expenditure or by advances to the still unfunded projects totaled EUR 78,209.4 thousand (CZK 2,189,863.5 thousand). In 2006, 13 CF/ISPA projects were financed by the European Union funds, within which the construction as such is already underway. In other projects, diverse phases of preparation of the construction as such are now underway and funding still has not taken place.

Allocation of funding by measure (approved ISPA/CF projects)

Type of measure (mil. EUR)	No. of projects	Eligible costs	Support from CF/ISPA (mil. EUR)
Water	36	778.7	464,
Waste	1	69.60	47.3
Hydrosphere monitoring	1	16.9	12.6
Technical assistance	1	2.25	1.688
Floods ISPA 2002	1 (13 sub-projects)	17.7	14.6

Breakdown of funding by region (approved ISPA and CF projects) within the ISPA programme and Cohesion Fund

Region	No. of projects	Eligible costs(mil. EUR)	Support from CF/ISPA (mil. EUR)
Moravia-Silesia	4	98.0	72.6
South Moravia	8	281.0	198.5
Usti nad Labem	1	19.8	12.9
Vysocina	4	51.8	35.0
Olomouc	5	97.7	67.5
Zlin	1	46.2	32.4
South Bohemia	2	21.3	12.2
Pilsen	3	90.0	66.7
Karlovy Vary	1	8.7	6.4
Central Bohemian	3	40.5	26.7
Liberec	1	28.8	20.7
Pardubice	1	20.2	12.5
Hradec Kralove	3	47.7	32.7
Prague	0	0.0	0.0
CR *)	1	16.9	12.6

*) Includes projects approved by EC as per 31/12/2006 (inc. flood and TA projects)

Funding support from SEF resources for co-funding ISPA and Cohesion Fund projects

SEF is involved not only in the preparation and implementation of ISPA and Cohesion Fund projects, but also in funding pre-investment costs and financing implementation phases of these projects. When determining the amount of support, SEF proceeds in accordance with the MoE directives on funding from SEF for co-financing projects within ISPA or Cohesion Fund.

The lines of support include:

- Preparing applications for support from ISPA/CF programme
- Processing of tender documentation and executing tenders for the projects implemented within the support from CF/ISPA
- Investment projects implemented under ISPA/CF

On 31 December 2006, a total of 69 applications for support were submitted, totaling CZK 2,191,177 thousand (grants and loans), now handled pro-actively by SEF. The remaining applications submitted could not be handled administratively in terms of preparation of a positive decision of the Minister for failure to meet some of the basic conditions for the grant:

- It involved a legal type of applicant to whom grant cannot be provided by SEF;
- Project, for which co-funding was requested has not yet been approved by the European Commission;
- The application failed to fulfill any of the other requirements laid down in the Directives.

Total support granted by the Minister's decision on 31 December 2006 amounts to CZK 952,514 thousand and consists of a grant totaling CZK 892,514 thousand and loan totaling CZK 60,000 thousand. On 31 December 2006, a total of CZK 334,821 thousand granted (including CZK 176,179 thousand released in 2006) and CZK 51,605 thousand loaned (of which CZK 23,651 thousand was released in 2006) was reimbursed. In the period from 1 January 2006 to 31 December 2006, no new positive decision of the Minister on co-financing ISPA/CF projects was released.

Operational Programme Infrastructure

The global objective of OPI is to protect the environment and improve its condition, as well as development and improvement of transport infrastructure. Within OPI, the Fund works as an intermediary body and payment unit.

OPI - Improving the environmental structure (Priority 3)

In 2005, the Call No. 3 took place from 1 September to 1 November. It involved 357 applications submitted with a total volume of costs making CZK 10,994.8 million, where the support required from ERDF amounts to CZK 7,856 million. The Fund registered a total of 321 applications amounting to CZK 10,476,705 thousand, where required support makes CZK 6,990,687 thousand from ERDF and CZK 919,709 thousand from SEF. The Call 3 applications were approved by the Minister of the Environment in 2006. Within the Call 3, Priority 3, 67 projects were awarded with a positive Minister's decision; see the details in the table.

Positive decisions by the Minister for Call 3, Priority 3

Measure	No. projects approved	Total eligible costs, CZK	ERDF grant, CZK	SEF grant, CZK
3.1	15	125,773,000	99,932,000	12,491,000
3.2	15	692,087,000	449,857,000	83,058,000
3.3	25	329,247,939	221,023,357	32,922,045
3.4	12	256,226,220	189,486,632	25,264,286
Total	67	1,374,070,449	1,016,674,490	151,252,693

Use of the funding within OPI

Already in August 2006, the allocation for 2004 was successfully spent, representing CZK 1,052,166,802.50, thus ensuring the fulfillment of the N+2 rule. Since the beginning of the programme, i.e. from 1 May 2004 to 30 November 2006, CZK 1,523,477,000.30 from ERDF sources and CZK 272,414,869.06 from SEF were certified by the European Commission.

In September 2006, using the allocation for 2005 began, where 160 requests for payment were filed up to 31 December 2006 including CZK 829,213,373.15 from ERDF (55.2% allocation for 2005) and CZK 138,793,131 from SEF.

Means certified by the European Commission on 30 November 2006

Measure	Means certified by ERD, CZK	Means certified by SEF, CZK
3.1	56,969,907	7,495,258
3.2	1,246,554,937.13	215,449,825
3.3	168,923,348.69	39,779,370
3.4	51,028,807.09	9,690,416.06
Total	1,523,476,999.91	272,414,869.06

OPI - Technical Assistance (Priority 4)

The Fund is one of the Final beneficiaries under Priority 4 - OP Infrastructure Technical Assistance, providing the necessary level of co-funding (25%) of projects financed from the Technical Assistance from its own resources. Technical Assistance (TA) aims to promote efficient implementation and management of OPI and is implemented through two measures:

- Measure 4.1 . - Technical assistance in managing, implementing, monitoring and control of operations within OP Infrastructure.
- Measure 4.2 . - Other technical assistance expenses within OP Infrastructure.

In 2006, the implementation of OP Infrastructure took place at two levels:

- Implementation and completion of TA OPI projects approved in 2005;
- Approval, commencement and completion of new projects.

In 2006, a total of 17 new TA projects totaling CZK 33,210,043 were registered, of which 6 projects amounting to CZK 6,631,402 fall under Operation 4.1. and 11 projects amounting to CZK 26,578,641 fall under Operation 4.2.

At 31 December 2006, one TA project titled "Revision of procurement handbooks", with CZK 321,300 reimbursed to the account of the Fund.

National programmes

Applications

In 2006, the provision of support from the SEF sources was guided by the Ministry of the Environment Directive No. 2/2005 on the provision of funding from SEF, which was subsequently replaced by the Ministry of the Environment Directive No. 13/2006 of 20 December 2006 on the provision of funds from SEF. The Ministry of the Environment issued the directive above, which regulates basic approaches to providing financial resources (grants) from the Fund, as the SEF managing body.

Applications with full particulars are registered. In 2006, a total of 1,202 applications for national programmes were registered. The registered applications are reviewed by the Fund based on environmental and economic measures, according to the opinion of the region and technical level of the solution, within each environmental component according to the criteria set out in Annexes I and II to the MoE Directive

Each evaluated application that is in line with the Directive, meets the conditions of the economic and environmental measures and can be included in one of the programmes announced, is submitted to the Fund Board.

Numbers of applications by national programmes (in CZK thousand)

%	No.	Programme name	Programme No.	Total costs	Total support	Loans	Grants	Reimbursed interests
2.0	24	Water protection	1.	587,779	420,747	0	420,747	0
2.6	31	Air protection	2.	40,639	21,075	2,694	18,381	0
3.7	44	Nature conservation management programme	3.	11,092,026	8,879,270	0	8,879,270	0
0.2	2	Waste management	4.	70,582	35,850	0	35,850	0
0.0	0	Technology and products	5.	0	0	0	0	0
0.9	11	Programme of promotion of environmental education	8.	119,111	107,699	0	107,699	
0.0	0	Programme for development of regional sustainable development strategies	9.	0	0	0	0	
0.0	0	Slunce do škol/Sun into schools	10.A	0	0	0	0	0
0.0	0	Programme of recovery or construction of sewage systems and WWTP	11.1.	0	0	0	0	0
90.2	1,084	Investment projects for the use of renewable energy sources	A	1,243,597	794,272	0	794,272	0
0.3	4	Non-investment projects for the use of renewable energy sources	B	4,208	3,123	0	3,123	0
0.2	2	Not specified		43,898	37,516	0	37,516	0
100.0	1,202	Total		13,201,840	10,299,552	2,694	10,296,858	0

The most applications registered with the Fund on 31 December 2006 were those in the field of the "Investment projects for the use of renewable energy sources" environmental sector: 1,084 of the total number of 1,202 applications. In terms of percentage, the applications registered within the RES environmental sector reached 90.2%.

The majority of applications registered on 31 December 2006, broken down by region, came from the South Moravian Region - 165 applications out of a total of 1,202 applications registered by the Fund, which was 13.7%.

The lowest number of applications was registered in the Karlovy Vary Region (1.8%).

Numbers of applications within the national programmes by region (in CZK thousand)

%	No.	Region	Total costs	Total support	Loans	Grants	Reimbursed interests
11.1	133	South Bohemia	132,435	95,652	0	95,652	0
13.7	165	South Moravia	12,129,022	9,600,353	0	9,600,353	0
1.8	22	Karlovy Vary	6,338	1,868	0	1,868	0
5.2	63	Hradec Kralove	79,597	47,430	0	47,430	0
3.1	37	Liberec	94,669	68,930	0	68,930	0
10.6	127	Moravia-Silesia	54,220	16,049	0	16,049	0
8.6	103	Olomouc	140,285	96,943	0	96,943	0
4.7	56	Pardubice	68,352	51,260	0	51,260	0
6.1	73	Pilsen	61,820	40,772	0	40,772	0
3.7	45	Prague	74,508	47,670	0	47,670	0
10.1	121	Central Bohemia	180,263	109,231	0	109,231	0
6.8	82	Usti nad Labem	57,725	38,972	0	38,972	0
7.2	87	Vysocina	63,577	47,851	0	47,851	0
7.2	86	Zlin	54,664	32,681	2,694	29,987	0
0.2	2	CR	4,365	3,890	0	3,890	0
100	1,202	Total	13,201,840	10,299,552	2,694	10,296,858	0

Financial report 2006

Economical management of SEF

From 1992 to 2006, the Fund revenues reached the total amount of CZK 54.5 billion, of which the 2006 revenues made up CZK 2.55 billion (excl. spending of the MUFIS credit of CZK 500 thousand). Expenditure of the Fund amounted in 1992-2006 to a total of CZK 51.67 billion (without assigned receivables of CZK 0.6 billion), of which 2006 expenses made up CZK 2.47 billion (2 billions in grants, 0.27 billion in loans, expenditure of CZK 0.2 billion).

The balance of the revenues and expenditure (1992 to 2006) of CZK 2.73 billion (without the assigned receivable for CZK 0.6 billion, including spending of the MUFIS credit of CZK 0.5 billion) forms a source of financial coverage of existing Fund commitments.

Economic situation of SEF

In the past year, the Fund managed seamless provision of financial resources to support operations by the applicable internal rules for release of funds (the so-called billing principle), including covering the operating costs of the Fund Office.

The receipt of applications for national programmes announced by the Ministry of the Environment was suspended on 1 April 2005 due to the large number of applications that exceeded the financial possibilities of the Fund. From 15 March 2006, the receipt of applications in selected programmes was renewed, to a designated amount of allocation in individual programmes. After registration of applications exceeding double allocation mentioned above, the receipt of applications was closed on 2 June 2006 and restored on 12 September 2006.

Currently, SEF performs the priority of the Czech government and the Ministry of Finance, which is co-funding the investments from the European funds. Through the Czech Republic Government Resolution No. 617 of 23 June 2003, the government approved the deployment of funds from the sources of the Housing Guarantee Program (administered by Municipalni financni spolecnost AS) up to CZK 500 million, at an interest rate of 2.5% p.a. for the financial support of projects contributing to the protection and improvement of the environment in the Czech Republic. On 19 May 2004, this loan was used up to the extent of the contract amount. Since early 2005, the Fund has been repaying the loan, with CZK 100 million of instalments and CZK 33.4 million of interest paid up to 31 December 2006.

Revenues

The revenue side of the budget was met at the level of 106.9% as at 31 December 2006. The 2006 budget was updated and reduced in the course of the year due to adverse development in charges levied, which was recorded especially in fees for disposal of hazardous waste (a risk component), fees under the Act on Packaging and those for the collected quantity of underground water.

In the waste management sector, a significant decline in revenues in comparison with previous years has been recorded over the whole period. The revenues in this sector reached, on 31 December 2006, only CZK 84.8 million, which is 43.8% of those over the previous year, when the amount reached CZK 193.7 million. The Fund has been addressing the situation; therefore, it entered into negotiations with regional authorities and landfill operators and invited them to law enforcement and consistent monitoring. Furthermore, discussions are underway with MoE, Cenia and the Centre for Waste Management regarding providing better information within the waste sector.

In the packages sector, the Fund did not receive all fees for the year 2006 during the year due to legislative changes, as they can be paid before 15 February 2007 as a result of amendment to the act.

The total income of the Fund as per 31 December 2006 involves revenues from fees, fines for environmental pollution and sanctions for unauthorized use of the Fund resources amounting to CZK 1,647.1 million, i.e. 64.4% of total revenues.

For other - non-tax - revenues, which constitutes repayments as the largest item, the amounts budgeted were continuously met in 2006. The volume of repayments from loans already granted was CZK 752.9 million CZK, i.e. 29.5% of total revenues. Interest on deposits and current account of the Fund amounted to CZK 47 million, i.e. 1.8%; interest on loans amounted to CZK 50.7 million, i.e. 2%; income from financial settlement of grants - refunded grants - amounted to CZK 56.3 million, i.e. 2.2%. Refunded loans in previous years amounted to CZK 0.1 million, and other non-tax revenues came to CZK 1.4 million.

Structure of the implementation of the budget revenues - fees and fines (in million CZK)

Budget item	Budget	Updated budget	Revenues as per 31/12/2006	Performance %	Balance CZK in mill
Sewage	415.0	340.0	301.7	88.7	-38.3
Groundwater	417.1	370.0	384.1	103.8	14.1
Air	420.0	450.0	473.9	105.3	23.9
Waste	228.0	80.0	84.8	106.0	4.8
Packaging	18.0	-4.5	-4.7	x	-0.2
Nature	210.0	320.0	355.7	111.2	35.7
Fines and sanctions	0.0	0.0	51.6	x	51.6
Total	1 708.1	1 555.5	1 647.1	105.9	91.6
Interest on deposits	25.0	42.0	47.0	111.9	5.0
Interests on loans	37.9	47.0	50.7	107.9	3.7
Repaid loans (exc. refunds)	786.5	745.0	752.9	101.1	7.9
Incomes from fin. settlement	0.0	0.0	56.3	x	56.3
Refunds/previous years	0.0	0.0	0.1	x	0.1
Other incomes	0.0	0.0	1.4	x	1.4
Receivables sold and paid	0.0	0.0	0.0	x	0.0
Total SFŽP	2,557.5	2,389.5	2,555.5	106.9	166.0

The Fund evaluated the resources by depositing on term deposits with commercial financial institutions selected by the managing body of the Fund. Total interest on term deposits and other income amounted to the value of CZK 42.4 million as per 31 December 2006, and interest on current accounts made CZK 4.6 million. The resources thus obtained were used to cover the costs of the Fund Office.

The development of value of the Fund incomes in the period 1992-2006 (million CZK)

Year	Fees and other revenues	Repayments	Air protection programme	Total revenues
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	979.20	0	2,955.40
2005	2,017.20	850.5	0	2,867.70
2006	1,802.60	752.9	0	2,555.50

*) Revenues in 2003 and 2004 are provided without the MUFIS credit, i.e. CZK 500 million

The structure of implementation of the 'received repayments' budget item (million CZK)

Env. sector	Budget	Updated budget	Actual incomes 1-12 2006	Performance	Balance of incomes	Refunds - previous years	Repaid loans inc. refunds
Water	573.2	542.0	552.1	101.9	10.1	0.1	552.2
Nature	0.2	0.2	0.2	100.0	0.0	0.0	0.2
Air	156.4	148.9	144.7	97.2	-4.2	0.0	144.7
Waste	56.7	53.9	55.9	103.7	2.0	0.0	55.9
Total	786.5	745.0	752.9	101.1	7.9	0.1	753.0

Income by environmental sectors (mln CZK)

Year	Water	Air	Waste	Nature	Other + Fund Office	Total
1992	1,320.00	845.80	48.10	208.60	0.00	2,422.50
1993	1,153.20	854.50	358.00	325.80	76.10	2,767.60
1994	975.60	2,471.20	451.80	514.90	75.60	4,489.10
1995	795.20	3,057.80	640.00	375.10	91.40	4,959.50
1996	782.60	3,677.00	323.00	448.30	123.30	5,354.20
1997	849.70	3,503.70	140.20	469.90	335.10	5,298.60
1998	953.00	1,804.50	194.60	470.10	344.90	3,767.10
1999	1,106.00	1,604.80	191.50	463.00	354.50	3,719.80
2000	1,196.90	1,393.90	144.00	484.10	282.20	3,501.10
2001	1,212.80	1,226.60	144.70	355.40	302.20	3,241.70
2002	1,450.40	1,153.30	232.50	364.40	213.90	3,414.50
2003 ^{*)}	1,541.10	966.60	225.30	352.00	110.00	3,195.00
2004 ^{*)}	1,604.50	765.20	214.50	302.90	68.30	2,955.40
2005	1,464.50	718.80	281.00	348.00	55.40	2,867.70
2006	1,318.10	668.00	155.00	365.00	49.40	2,555.50
Total	17,723.60	24,711.70	3,744.20	5,847.50	2,482.30	54,509.30

^{*)} Excl. spending of the MUFIS credit (CZK 335.2 million spent in 2003, CZK 164.8 million in 2004).

Expenditure

Total financial expenses amounted to CZK 2,468.3 million as per 31 December 2006. On 31 December 2006, the contractual operations (NP, ISPA/CF, OPI) were financed to the total amount of CZK 2,262.2 million, with expenses on contractual operations - recoverable forms of support - loans amounting to CZK 269 million making up 11.9% of the provided volume of funds. Requirements for funding predominated and were implemented in the amount of CZK 1,993.2 million, i.e. 88.1% of contractual support. This included actual contribution to pay the interest on commercial loans amounting to CZK 11.2 million (0.5%).

Expenditure on the implementation of water protection operations of CZK 1,449.3 million CZK reached a dominant proportion (64.1%) in the composition of the total financial expenditure on contractual operations as per 31 December 2006.

Expenditure limits

As of 2004, an annual expenditure limit is specified to the Fund. According to the Government Resolution No. 942 of 20 July 2005, the mandatory amount of expenditures as approved by the government equalled to CZK 4,099.33 million for 2006.

The status of expenditure limit on 31 December 2006 (in millions of CZK)

Limit of expenditure 2006	Actual expenditure 2006	Balance
4099.33	2468.3	1631.03

Financial expenditure by environmental sector

The structure of financial expenses of the Fund on operations under the contract by environmental sector and the form of support as per 31 December 2006 is documented in the following table (excluding costs of the Fund Office and MUFIS).

The table also incorporates, in the 'Grants' section, contributions to pay the interest on commercial loan of CZK 11.2 million, including CZK 1.6 million in the water protection sector, 9 million in the air protection sector, 0.3 mil in the nature conservation sector and 0.3 million in the waste management sector.

Financial expenses for contractual operations by environmental sector (CZK million) as per 31 December 2006

	Grants	%	Loans	%	Total Exp.	%
Total water	1,233.8	61.9	215.5	80.1	1,449.3	64.1
inc. NP	876.2	44.0	146.5	54.5	1 022.7	45.2
ISPA (FS)	176.2	8.8	23.6	8.8	199.8	8.8
OPI	181.4	9.1	45.4	16.9	226.8	10.0
Total nature	274.9	13.8	1.1	0.4	276.0	12.2
inc. NP	263.4	13.2	1.1	0.4	264.5	11.7
OPI	11.5	0.6	0.0	0.0	11.5	0.5
Total air	331.5	16.6	45.7	17.0	377.2	16.7
NP	292.7	14.7	37.6	14.0	330.3	14.6
OPI	38.8	1.9	8.1	3.0	46.9	2.1
Freons	25.5	1.3	0.0	0.0	25.5	1.1
Waste	127.5	6.4	6.7	2.5	134.2	5.9
inc. NP	100.6	5.0	3.8	1.4	104.4	4.6
OPI	26.9	1.3	2.9	1.1	29.8	1.3
Total	1,993.2	100.0	269.0	100.0	2,262.2	100.0
inc. NP	1,558.4	78.2	189.0	70.3	1,747.4	77.2
ISPA/FS	176.2	8.8	23.6	8.8	199.8	8.8
OPI	258.6	13.0	56.4	21.0	315.0	13.9

*) The table does not include the costs of the Fund Office and MUFIS

Actual financial support of operations structured by region

The highest amount of financial resources from the Fund as structured by region and environmental sector as per 31 December 2006 was spent in the South Moravian Region - the amount made CZK 465.1 million; the second highest amount of support spent was routed to the Central Bohemian Region (CZK 318.5 million), followed by CZK 261.8 million for the Olomouc Region.

Actual expenditure documenting the structure of financial aid in terms of breakdown of Fund expenditure by region is shown in the following table.

The actual financial support for operations by region (million CZK)

Region	Grant	%	Loan	%	Total support	%	Rate of loans %
Prague	45.8	2.3	0.0	0.0	45.8	2.0	0.0
South Bohemia	120.7	6.1	5.6	2.1	126.3	5.6	4.4
South Moravia	403.5	20.2	61.6	22.9	465.1	20.6	13.2
Karlovy Vary	27.3	1.4	3.5	1.3	30.8	1.4	11.4
Hradec Kralove	104.8	5.3	8.9	3.3	113.7	5.0	7.8
Liberec	41.2	2.1	8.9	3.3	50.1	2.2	17.8
Moravia-Silesian	94.2	4.7	25.8	9.6	120.0	5.3	21.5
Olomouc	235.5	11.8	26.3	9.8	261.8	11.6	10.0
Pardubice	123.6	6.2	15.6	5.8	139.2	6.2	11.2
Pilsen	105.3	5.3	6.0	2.2	111.3	4.9	5.4
Central Bohemia	276.4	13.9	42.1	15.7	318.5	14.1	13.2
Usti nad Labem	57.1	2.9	10.1	3.8	67.2	3.0	15.0
Vysocina	173.7	8.7	45.4	16.9	219.1	9.7	20.7
Zlin	184.1	9.2	9.2	3.4	193.3	8.5	4.8
Total	1,993.2	100.0	269.0	100.0	2,262.2	100.0	11.9

The actual financial support for operations, structured by environmental sector

The major financial support amounting to CZK 2,115.1 million, i.e. 93.5% of total expenditure on contractual operations, was directed towards the operations of investment character as per 31 December 2006. This included CZK 1,847.2 million in the form of grants. The highest capital costs were routed to the water protection sector, equalling CZK 1,446.7 million. The capital expenditure for the ISPA/CF and OPI programme amounted to CZK 199.8 million, or CZK 315 million, respectively.

In the non-investment sector, total financial support of CZK 147.1 million was granted, including CZK 146.1 million in the form of grants, and CZK 1 million in loans. The highest amount of funding for non-investment operations, i.e. CZK 111.2 million, went to the nature conservation sector.

The highest volume of Fund's resources broken down by type of entity as per 31 December 2006 was granted to municipalities and cities, making a total of CZK 1,576.6 million (69.7% of the total funding provided).

The total expenditures as indicated in the table do not contain assigned receivables amounting to CZK 0.6 billion and paid MUFIS payments in the amount of CZK 50 million/year since 2005 (the expenditures including MUFIS repayments make a total of CZK 51.67 billion). The MUFIS interests paid are contained in CF.

Expenditure by environmental sector (CZK million)

Year	Water	ISPA – Water	OPI – Water	Air inc. freons	OPI – Air	Waste	OPI – Waste	Nature	OPI – Nature	Other + FO	Total
1992	943.1 0	0		509.5	0	12		11.4		15.8	1 491.80
1993	1,672.40 0	0		936.7	0	214.2		45.3		25.9	2,894.50
1994	1,993.70 0	0		1,228.00	0	178.1		144.4	40		3,584.20
1995	2,163.30 0	0		2,379.30	0	248.7		87.9		38.7	4,917.90
1996	1,946.20 0	0		2,279.70	0	145.3		232.1		41.4	4,644.70
1997	1,891.60 0	0		1,204.30	0	60.5		139.4		68.4	3,364.20
1998	1,083.50 0	0		907.7	0	69.9		167.8		72.3	2,301.20
1999	1,073.10 0	0		1,061.90	0	242.6		167.7		75.2	2,620.50
2000	1,129.50 0	0		1,192.10	0	290.8		187.9		99.5	2,899.80
2001	1,604.30 0	0		1,551.80	0	361.7		180.2		102	3,800.00
2002	1,962.90	10.5 0		1,519.20	0	303.2		323.5		106.3	4,225.60
2003	2,678.30	11.3 0		1,115.30	0	574.2		256.3		126.4	4,761.80
2004	2,003.00	29.5 0		1,024.90	0	524.4		493.9		148.5	4,224.20
2005	1,827.10	135.3	26.1	675.5	3.2	247.2	0.2	349.5	0.1	155.7	3,419.90
2006	1,022.70	199.80	226.80	355.80	46.90	104.40	29.80	264.50	11.50	156.10	2,418.30
Total	24,994.70	386.40	252.90	17,941.70	50.10	3,577.20	30.00	3,051.80	11.60	1,272.20	51,568.60

Actual financial support by environmental sector

Region	Water	Air	Alternative sources	Nature + technology	Waste	Freons
Prague	1,630,850	574,000	15,867,392	16,107,630	7,118,300	4,454,774
South Bohemia	46,209,354	11,780,669	26,845,890	28,596,526	2,717,579	4,505,859
South Moravia	312,903,106	16,278,662	16,120,789	38,834,648	18,477,871	920,866
Karlovy Vary	8,550,305	712,396	1,781,156	5,868,952	5,558,830	4,777,466
Hradec Kralove	58,835,118	7,692,380	8,018,446	14,265,360	16,035,282	0
Liberec	21,836,277	1,244,470	3,315,852	14,402,119	438,677	0
Moravia-Silesia	64,554,815	3,790,573	16,642,358	1,655,940	7,182,775	343,000
Olomouc	158,190,472	15,598,123	3,348,123	48,963,652	7,933,541	1,509,704
Pardubice	81,798,597	7,783,766	11,956,197	21,428,220	654,615	0
Pilsen	30,879,260	11,272,508	15,796,020	30,699,921	10,212,229	6,470,338
Central Bohemia	224,779,229	5,540,752	34,114,515	8,509,006	2,740,654	691,482
Usti nad Labem	18,214,545	4,035,090	20,774,044	11,695,862	595,960	1,779,959
Vysocina	92,711,372	5,985,440	41,242,285	30,254,116	3,466,171	0
Zlin	112,751,050	7,479,039	15,932,474	3,611,274	44,371,730	0
Total	1,233,844,350	99,767,868	231,755,541	274,893,226	127,504,214	25,453,448
%	61.90	5.01	11.63	13.79	6.40	1.28

The major beneficiaries in terms of the Fund's resources released for 2006

<p>08000211– Svazek obcí Tasovice a Hodonice COV a kanalizace Tasovice, Hodonice a Krkovice WTTTP and sewerage - Tasovice, Hodonice and Krkovice</p>	<p>Grant 36.3 mil. CZK Loan 4.4 mil. CZK Total 40.7 mil. CZK.</p>
<p>00104103 – Zajmové sdružení obcí Vodovody a kanalizace Znojemska Rekonstrukce kanalizace města Znojma/Znojmo City sewerage reconstruction</p>	<p>Grant 39.6 mil. CZK (co-funded by CF).</p>
<p>08750321– Mesto Adamov Rekonstrukce a modernizace soustavy CZT Adamov/Adamov CSH system reconstruction and modernisation</p>	<p>Grant 14.5 mil. CZK Grant 21.7 mil. CZK Grant 36.2 mil. CZK.</p>
<p>01760211 – Mesto Kostelec nad Cernými lesy Splašková kanalizace včetně ČOV/Sewerage inc. WWTP</p>	<p>Grant 25.1 mil. CZK Loan 9.2 mil. CZK Total 34.3 mil. CZK.</p>
<p>00103103 – Sdružení obcí Mikroregion Vsetinsko Čistá Bečva/Clean Becva River</p>	<p>Grant 33.1 mil. CZK (co-funded by CF).</p>
<p>00203103 – Svaz VKMO, s. r. o. Ochrana vod povodí Dyje/Dyje River catchment water protection</p>	<p>Grant 29.7 mil. CZK (co-funded by CF).</p>
<p>04200541 – Obec Podhradní Lhota Sanace a rekultivace skládky odpadů „Šraňky“ v k. ú. Podhradní Lhota/Decontamination and reclamation of the Sranky dump site in Podhradní Lhota cad. area</p>	<p>Grant 28.1 mil. CZK.</p>
<p>00940411 – Mesto Velka Bystrice Dostavba kanalizace města Velká Bystřice, intenzifikace ČOV, II.etapa/Velka Bystrice City sewage - completion, WWTP intensification, phase II</p>	<p>Grant 20.3 mil. CZK Loan 7.5 mil. CZK Total 27.8 mil. CZK.</p>
<p>22770361 – Statutární mesto Olomouc Sluňákov, středisko ekologické výchovy v Horce nad Moravou/Slunakov - environmental education centre in Horka nad Moravou</p>	<p>Grant 26.5 mil. CZK.</p>
<p>01590411 – Union of municipalities Odkanalizování obcí Strachotám, Popice, Pouzdřany, společná ČOV a kanalizace pro obce Popice, Pouzdřany, Strachotám/Sewage system for Strachotam, Popice and Pouzdrany municipalities, joint WWTP and sewage for Popice, Pouzdrany and Strachotam municipalities</p>	<p>Grant 25 mil. CZK.</p>

Fund Office expenses

The costs associated with the activities of the Fund Office as per 31 December 2006 amounted to CZK 144.9 million, including those expended under Act No. 254/2001 Coll, which amounted to CZK 9.1 million. The resources to cover these expenses include the Fund's financial activities leading to revaluation of the Fund's financial means in the form of short-term deposits with banks.

The proceeds from deposit transactions are no longer the only source of covering Fund Office expenses; therefore, the means to cover the costs associated with the activities of the office of the Fund include the interest on loans provided by the Fund, late payment interests and sanctions or also additional incomes.

Payroll costs

The planned volume of payroll for 2006, including other personnel costs (OPC) of CZK 65.1 million was met. Wages and salaries were spent in a total amount of CZK 63.4 million, of which other personnel costs amounted to CZK 1.4 million.

	Plan (th. CZK)	Reality (th.CZK)
Wages and salaries, exc. OPC	64,100	62,007
Other personnel costs	1,000	1,352
Wages and salaries Total incl. OPC	65,100	63,359

Within the meaning of Clause 2 of the Governmental Decree No. 447/2000 Coll. on streamlining the amount of funds spent on salaries and remuneration for work readiness in budgetary and other selected organizations and authorities, as amended, an increase in the number of jobs by 4 was established by MoE for 2006 to ensure the operation of newly established measurement laboratories. These laboratories were not set up, so the funds for the projected workers were not spent.

SEF property

The Fund is a legal person, with the Ministry of the Environment acting as the Fund managing body. The management of Fund's property follows Act 219/200 Coll. on managing the assets of the Czech Republic. All of Fund's assets of CZK 195,141,484.76 CZK are used by the Fund for its activities. The value of assets is structured and shown in the following tables.

Investment property; tangible and intangible

Account name	Account No.	Status on 31/12/2006
Software	013 002 013 003 013 005 013 007 013 008 013 009 013 010	33,699,898.60
Machinery, instruments, equipment	022 001	20,213,697.38
Vehicles	022 002	6,860,749.70
IT – hardware, laptops	022 003 022 005	8,389,688.10
Technical improvement – OE	410 999 420 999	151,257.16
Total		69,315,290.94

Low value assets, tangible/intangible

Account name	Account No.	Status as per 31/12/2006
Other software	018 001	801,913.82
Low value tangible assets - OE Machinery, instruments	028 000	19,949,142.57
Low value tangible assets - OE	410 333	3,748,235.88
Low value tangible assets - OE	410-444	21,908.80
Total		24,521,201.07

Buildings, structures and land

Account name	Account No.	Status as per 31/12/006
Buildings, structures	021 001	91,858,113.75
Land	031 000	9,076,045.00
Total		100,934,158.75

Artworks

Account name	Account No.	Status	as	per
31/12/2006 Artworks	032 001		370,834.00	
Total			370, 834.00	

The Fund is the owner of the property; no facts associated with any easement related to the property or transfer ownership exist. All data regarding the property have been taken from the complete physical inventory for 2006; assets are listed as per 31 December 2006. The Fund does not depreciate its assets.

Foreign business trips

Expenditure on foreign business trips for the year 2006 amounted to CZK 158,463.89. Most of the trips were made to Brussels to conduct working meetings related to the Fund's involvement in the Operational Programme Environment. These trips resulted in obtaining the necessary information and practical experience within the system of managing EU Structural Funds and the knowledge can be applied in the implementation of Structural Funds in the new programming period 2007-2013.

MUFIS credit

Based on the Order of the Government of the Czech Republic No. 617 of 23 June 2003, the government approved the deployment of funds from the sources of the Housing Guarantee Program (administered by Municipalni financni spolecnost, AS) up to CZK 500 million at an interest rate of 2.5% p.a. to provide the financial support for projects contributing to the protection and improvement of environment in the Czech Republic. These resources were used by the Fund exclusively to finance applicant loans.

As per 19 May 2004, the contractual loan amount was used up. The principal of the credit has been repaid on a quarterly basis starting from 31 March 2005, with installments of CZK 12.5 million. The last installment of the principal is set at 31 December 2014.

Overview of MUFIS credit repayment (CZK)

Period	Paid up principal	Paidup interest
2003	0.00	103,891.29
2004	0.00	9,579,662.51
2005	50,000,000.00	12,434,895.86
2006	50,000,000.00	11,247,395.82
as per 31 December 2006	100,000,000.00	33,365,845.48

Compulsory public information

Submitted requests for information

SEF publishes an annual report on the activities in providing information on the basis of Clause 18 (1) of Act 106/1999 Coll. on free access to information, and in accordance with Government Resolution 875/2000 of 6 September 2000 on the methodical guideline to the unification of procedures of public administration in ensuring the rights of natural and legal persons for information under Act 106/1999 Coll. on free access to information.

A total of 245 applicants contacted the Fund in 2006, either in writing or electronically, requesting information in the sense of Act 106/1999 Coll. on free access to information, which included 7 applicants making queries in writing, 237 applications submitted via e-mail and a single oral request.

Out of the total 245 applications, 240 inquiries were handled in a positive manner, i.e. the requested information was provided to the applicant by the Fund, while 1 application was deferred and 4 were rejected.

In the event that the required information did not cover the scope of the Fund or was relevant to the scope of the Fund only in part, the applicant was informed or referred to the competent body to provide the information, where applicable.

In terms of content, several groups of requests for information can be identified. Of the 245 written requests, 28 (i.e. 11%) involved questions about the possibilities and conditions for providing financial support from EU funds, namely the Operational Programme Infrastructure and Operational Programme Environment, as well as the Cohesion Fund (2 questions, i.e. 1%).

The largest number - 160 applications (i.e. 66%) - were questions about the possibilities and conditions for financial support from the national programmes of the Fund. Another type of questions were related to information concerning the principle of operation of the Fund Board, the Office and the structure of Fund's budget.

Overview

Total	245
in writing	7
via e-mail	237
Oral	1

No. of requests per status

Positive	240
Decision of rejecting to provide information	4
Objections against the decision filed	0
Deferred	1
Provided for payment	0

Per sector

OP	28
CF	2
NP	160
Fund Board, Fund Office, Fund structure	55

Other	0
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ŽIVOTNÍHO PROSTŘEDÍ
ČESKÉ REPUBLIKY

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**Financial Report of
the State Environmental Fund CR
for 2006**

Approved by:

Ing. František Krejčí
MD of
The National Environmental Fund

Taken into account by:
Ing. Rut Bízková
Deputy Minister of the Environment



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List of abbreviations:

BAT	Best Available Technique
BR	Biospheric Reservation
ERDF	European Regional Development Funds
FD	Financial Department
EUS	European Uniform System of Economic Information
CF	Cohesion Fund
FS	Financial Settlement
PLA	Protected Landscape Area
IA	Implementation Agency
IBRD	International Bank for Reconstruction and Development
ISPA	Instrument for Structural Policies for pre-Accession
FO	Fund Office
RO	Regional Offices
MUFIS	Municipální finanční společnost a.s.
IS	Insoluble Substances
NCAP	National Clean Air Programme
OKEC	Classification of Economic Activities by Sector
OPI	Operational Programme Infrastructure
OLD	Organizational and Legal Department
OPE	Operational Programme Environment
RSE	Renewable Sources of Energy
PCF	Prototype Carbon Fund
PD	Project Documentation
CAP	Clean Air Programme
LD	Legal Department
PUR	Thermal Insulation Foam
RM	Minister's Decision
SIC	Standard Industrial Classification
SPP	Short Term Deposits (emitted by MF CR)
SB	State Budget
TKD	Short Term Bonds Market (CR)
TVK	Term Deposits
ÚSES	Územní systém ekologické stability krajiny (territorial system of ecological stability of landscape)
ZVA	Final Evaluation of Action
E	Environment
SEF CR	State Environmental Fund of the Czech Republic
MoE	Ministry of the Environment

Introduction

Basic information on SEF CR, description of activities

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The State Environmental Fund of the Czech Republic (hereinafter referred to as the Fund) is a specifically focused institution which represents an important financial resource to support the implementation of measures focused on improving the environment in its different segments. It is one of the fundamental economic instruments towards meeting the commitments following from international conventions on environmental protection, membership in the European Union as well as the implementation of the State Policy for the Environment.

The Fund was established and its activities are governed by **Act No. 388/1991, Coll.** and the related implementing regulations – Status of the Fund, Rules of Procedure of the Fund Board, Ministry of the Environment Directive on granting financial means from the Fund and Annexes to the Directive setting out the conditions for granting subsidies for the relevant period. The Fund is administered by Ministry of the Environment of the Czech Republic.

Revenues of the Fund are above all made up of the fees for pollution or harming different factors of the Environment, from repayment of the granted loans and their interest and returns on disposable funds deposited in term deposits. By law it is the Minister of the Environment who decides on the use of financial means provided from the Fund based on recommendations of the advisory body – the Fund Board. **These revenues are not included in the state budget of the Czech Republic.**

In compliance with the commitments following from international conventions and the National Policy for the Environment the Fund, support is in particular aimed at protection of water and air, waste disposal and the area of nature conservation and landscape management. Funding of each environmental project is supported by issuing decisions made by the Minister on granting a subsidy from the Fund. The form and focus of the support is determined according to the external and internal environmental and economic conditions of **Annexes I and II**.

The Fund provides direct and indirect financial support within the meaning of § 3 and § 4 of Act No. 388/1991 Coll., on the State Fund of the Environment in the form of

- subsidy
- loan
- contribution towards partial payment of interest

The support is governed by the measures detailed in the programmes announced by the Ministry of the Environment in the following areas:

- water conservation
- air protection
- nature and landscape conservation, soil protection and the use of natural resources
- waste disposal
- technologies and products
- use of renewable energy resources
- European Union programmes CF, OPI, OPE

The Fund Office provides all administration concerning the Fund activities. This above all includes consultancy and advisory activities, receipt of applications for the supports and their assessment, preparation of proposals for Fund Board discussions and Decisions by the Minister followed by contractual paperwork for the support granting, the issue of contractual guarantee for the loans provided, reimbursement of subsidies to the support beneficiaries including continual monitoring of the use of the subsidies, final assessment of the subsidy use and environmental impacts, monitoring of loan repayment until the full settlement of receivables and, if necessary, imposition and

enforcement of sanctions in the event of violation of contractual conditions for granting the support or breach of budgetary rules.

The Fund represents an important central resource which contributes to the implementation of the national environmental policy and approximation strategy of the Ministry of the Environment.

The Fund was established by the implementation body for the Cohesion Fund and the agency for the Operational Programme – Infrastructure (ERDF structural fund) and the Coherency Fund. Within SEF CR, a payment unit for the aforementioned programmes was determined.

I. Financial data for 2006

I.1. Basic data on the Fund economy in 1992 – 2006

I.1.1. Revenues

as at 31 Dec. 2006	CZK 2.55 bn
in 1992 -2006	CZK 54.5 bn (does not include drawing of MUFIS loan at CZK 500 thous.)

I.1.2. Expenses

as at 31 Dec. 2006	CZK 2.47 bn (subsidies CZK 2 bn loans CZK 0.27 bn fund office cost CZK 0.2 bn)
in 1992 – 2006	CZK 51.67 bn. (does not include assigned receivables at CZK 0.6 bn)

The difference between revenues and expenses (1992 to 2006) at CZK 2.73 billion (excluding the assigned receivable at CZK 0.6 billion and including the drawing of a MUFIS loan at CZK 0.5 billion) is a resource used to cover the already existing financial commitments of the Fund (calculation: CZK 54.5-51.67-0.6+0.5=2.73 bn).

I.2. Basic data on the Fund economy as at 31 Dec. 2006

I.2.1. Summary of economic situation

In this period the Fund administered continual provision of financial means for the projects of contractual support under the relevant internal rules for releasing funds (i.e. invoicing principle) including coverage of the Fund Office expenses.

Receipt of applications for national programmes announced by the Ministry of the Environment was suspended from 1 April 2005 due to great excess of applications exceeding the financial capacities of the Fund. Beginning on 15 March 2006, the receipt of the applications under Annexes I and II was resumed in selected programmes up to determined levels of allocation in each programme. After registering applications at double the level of the allocation in question the receipt of applications was closed on 2 June 2006.

On 12 September 2006 the receipt of applications under Annex II was resumed again.

SEF CR is currently implementing co-financing of investments from the European funds, which is the priority of the Czech Government and the Ministry of Finance.

By resolution of the Czech Government No. 617 of 23 June 2003, the government approved the use of funds from the resources of the Housing Guarantee Programme (administered by Městská finanční společnost a. s.) up to the level of CZK 500 mln with the interest rate at 2.5% p.a. for funding the projects contributing to the protection and improvement of the environment in the Czech Republic. This loan had been fully used up to the contractual level by 19 May 2004. It had been repaid in instalments since the beginning of 2005. As at 31 Dec. 2006 the Fund had repaid CZK 100 mln in instalments and CZK 33.4 mln in interest.

I.3. Financial balance of the Fund as at 31 Dec. 2006 in mln CZK (incl. index 2006 / 2005)

	year 2006	year 2005	index 2006/2005
Initial status as at 1 Jan. in total incl. MUFIS loan	2,647.70	3,249.90	0.81
Creation of balance resources	1,802.60	2,010.50	0.90
Subsidies from SR	0.00	0.00	x
Sold, assigned and paid receivables	0.00	6.70	x
Repayments of loans	752.90	850.50	0.89
Total revenues	2,555.50	2,867.7	0.89
Total resources	5,203.20	6,117.6	0.85
Use of balance resources	1,982.00	2,860.10	0.69
subsidies			
loans	269.00	386.80	0.70
Contribution for payment of interest on commercial loan	11.20	17.30	0.65
Total	2,262.20	3,264.20	0.69
Fund Office expenses (including MUFIS interest and repayment)	206.10	205.70	1.00
of this interest on MUFIS loan	11.20	12.40	0.90
of this repayment of MUFIS loan	50.00	50.00	1.00
Total expenses	2,468.30	3,469.90	0.76
Expenditure limit under Gov. Res. No. 942 of 20 July 2005	4,099.33	4,371.90	x
Difference in expend. and expend. limit under gov. resolution	1,631.03	902.00	x
Revenues and expenses balance	87.20	-602.20	x
Short term state bonds	0.00	0.00	x
Total difference in resources and expenses	2,734.90	2,647.70	1.03
Balance of financial means	2,734.90	2,647.70	1.03

Financial assets in the accounts of term deposits and current accounts with commercial banks amount to CZK 2,755.2 million. The disposable balance of financial assets booked by the Fund is CZK 2,734.9 million

The difference between the balance of financial means specified in the balance sheet and the balance shown in item I.3. of this report at CZK 20.3 million is accounted for by outstanding payables associated with the activities of the Fund Office (unpaid salaries, unpaid invoices to suppliers).

Of the total volume of the agreed on financial means, the sum actually realized for financial support in the form of a subsidy was CZK 1,993.2 million as at 31 Dec. 2006 (of that CZK 11.2 million as a contribution to cover interest on a commercial loan, CZK 176.2 million ISPA/CF and CZK 258.6 million OPI) and for financial support in the form of a loan it was CZK 269 million (of that ISPA/CF CZK 23.6 million and OPI CZK 56.4 million), amounting to CZK 2,262.2 million.

In 2006 the Minister signed decisions on the total volume of CZK 1.1 billion, of that for 2006 a sum amounting to CZK 526.7 million.

There remains an important task, which is to maintain the Fund commitments (Decision of the Minister and agreement on the support) at a level that will not threaten the liquidity of the Fund, enabling continual funding of the existing commitments.

I.4. Revenues

As at 31 Dec. 2006 the income part of the budget had reached 106.9%. Adverse progress in collection of fees in 2006 resulted in updating and reducing the budget in the course of the year. This adverse progress in the revenues from fees included in particular the fees for the dumping of hazardous waste (risk factor), the fee under the Act on packaging and the ground water fee.

In the wastes segment, there was a considerable decrease in revenues for the whole of the monitored period when compared with the previous years. The revenues in this segment only totalled CZK 84.8 million as at 31 Dec. 2006, which accounts for 43.8% of the previous year, when they were at CZK 193.7 million. In order to address the situation the Fund has initiated discussion with regional authorities and waste dump operators, calling on them to adhere to the law and carry out proper inspections. Furthermore, it is holding discussions with MoE, Cenia and CeHO on providing better quality information in the area of wastes.

As a result of changes in legislation, the Fund was not able to collect all the fees in 2006 in the packaging segment, as under an amendment to the relevant act the payment can be made by 15 Feb. 2007.

Out of the total revenues of the Fund, the revenues from fees, penalties for environmental pollution and sanctions for unjustified use of the funds amount to CZK 1,647.1 million, or 64% of the overall revenues.

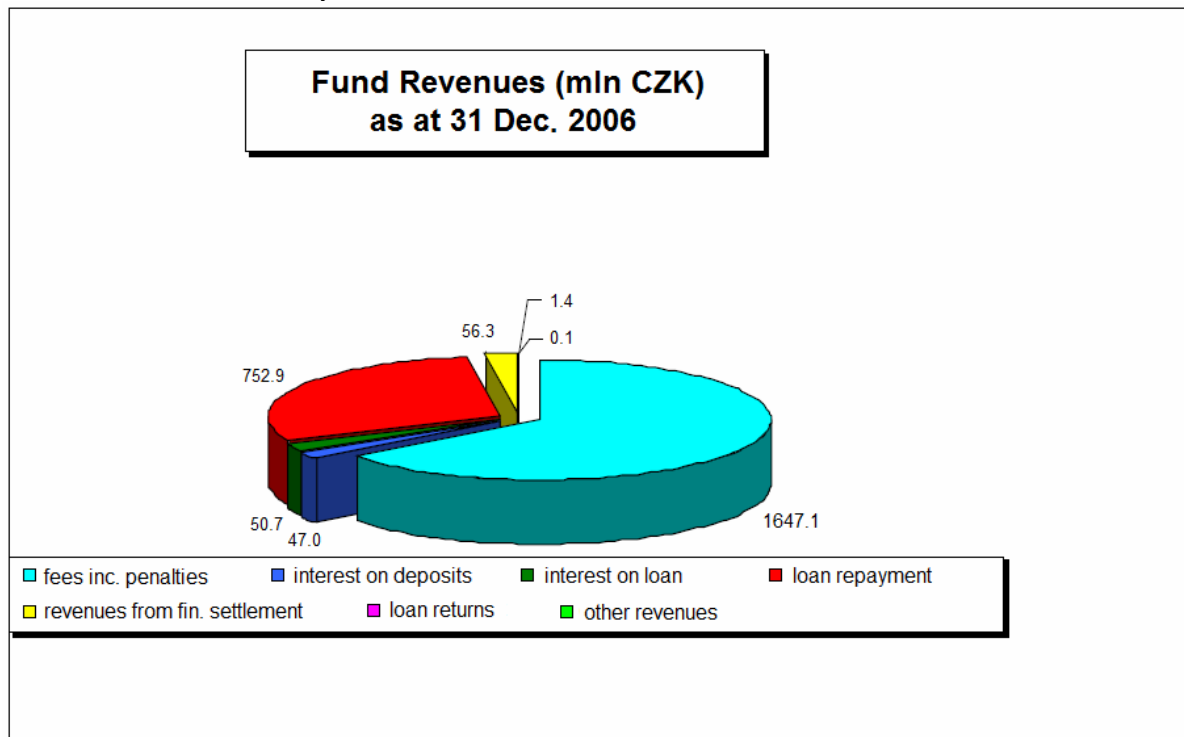
In the case of the other non-tax revenues, where the biggest part is formed by loan repayments, the budgeted for amounts were continually fulfilled in the course of 2006. The volume of repayment from already granted loans was CZK 752.9 million, or 29.5 % of the total revenues. Interest on deposits and on the current account of the Fund amounted to CZK 47 million, or 1.8%; interest on loans was CZK 50.7 million, or 2%; revenues from financial settlement of subsidies – subsidy returns totalled CZK 56.3 million, or 2.2%; loan returns for the previous years were CZK 0.1 million and the other non-tax revenues were CZK 1.4 million.

I.4.1. Performance structure of the revenue part of the budget for 2006 (million CZK)

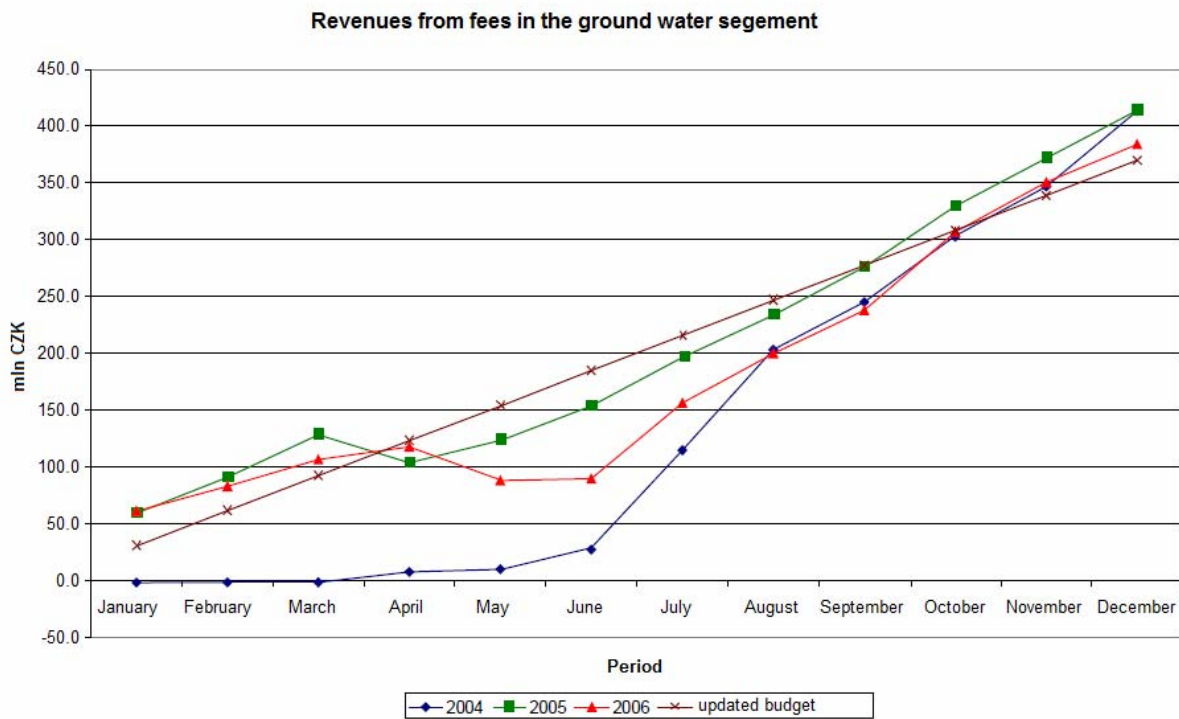
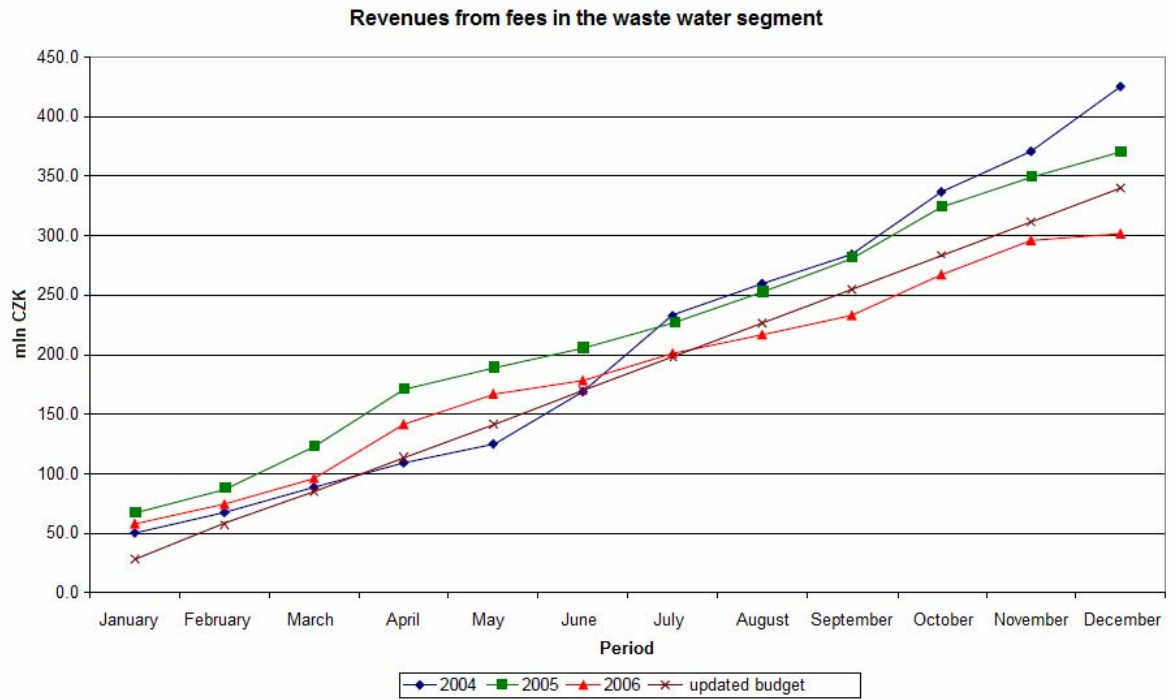
Budget item	Budget 2006	Updated budget 2006	Revenues as at 31/12/2006	Performance in %	Difference in mln CZK
Revenues from fees and penalties by environmental segments					
waste water	415.0	340.0	301.7	88.7	-38.3
ground water	417.1	370.0	384.1	103.8	14.1
air	420.0	450.0	473.9	105.3	23.9
wastes	228.0	80.0	84.8	106.0	4.8
packaging	18.0	-4.5	-4.7	x	-0.2
nature	210.0	320.0	355.7	111.2	35.7
penalties and financial sanctions	0.0	0.0	51.6	x	51.6
Total	1,708.1	1,555.5	1,647.1	105.9	91.6
interest on deposits	25.0	42.0	47.0	111.9	5.0
interest on loans	37.9	47.0	50.7	107.9	3.7
loan repayments (excl. loan returns)	786.5	745.0	752.9	101.1	7.9
revenues from financial settlement	0.0	0.0	56.3	x	56.3
loan returns for previous years	0.0	0.0	0.1	x	0.1
other revenues	0.0	0.0	1.4	x	1.4
sold and settled receivables	0.0	0.0	0.0	x	0.0
Total SEF	2,557.5	2,389.5	2,555.5	106.9	166.0

The value of the financial assets of the fund has been increased by means of term deposits in commercial banks selected by the Fund administrator. On 31 Dec. 2006, the total interest on term deposits and other revenues amounted to CZK 42.4 million; interest on current accounts was CZK 4.6 million. These assets were used to fund the Fund Office costs.

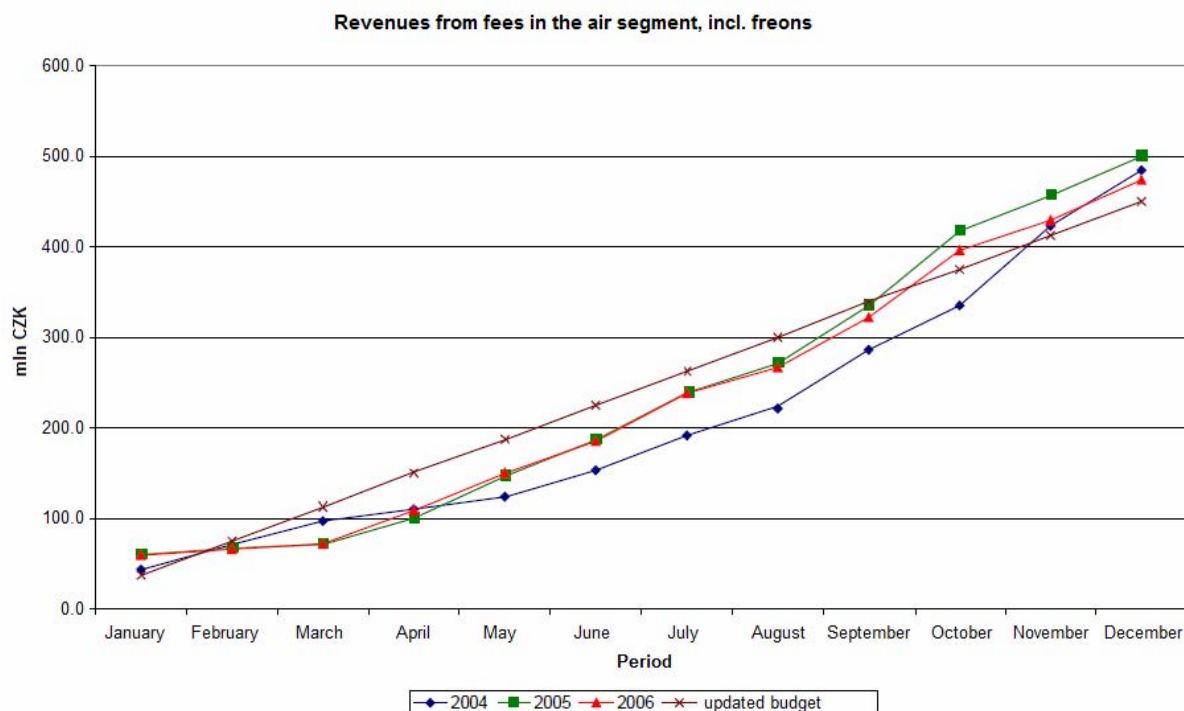
The breakdown of revenues by month as at 31 Dec. 2006 is shown in the table in Annex No. 2



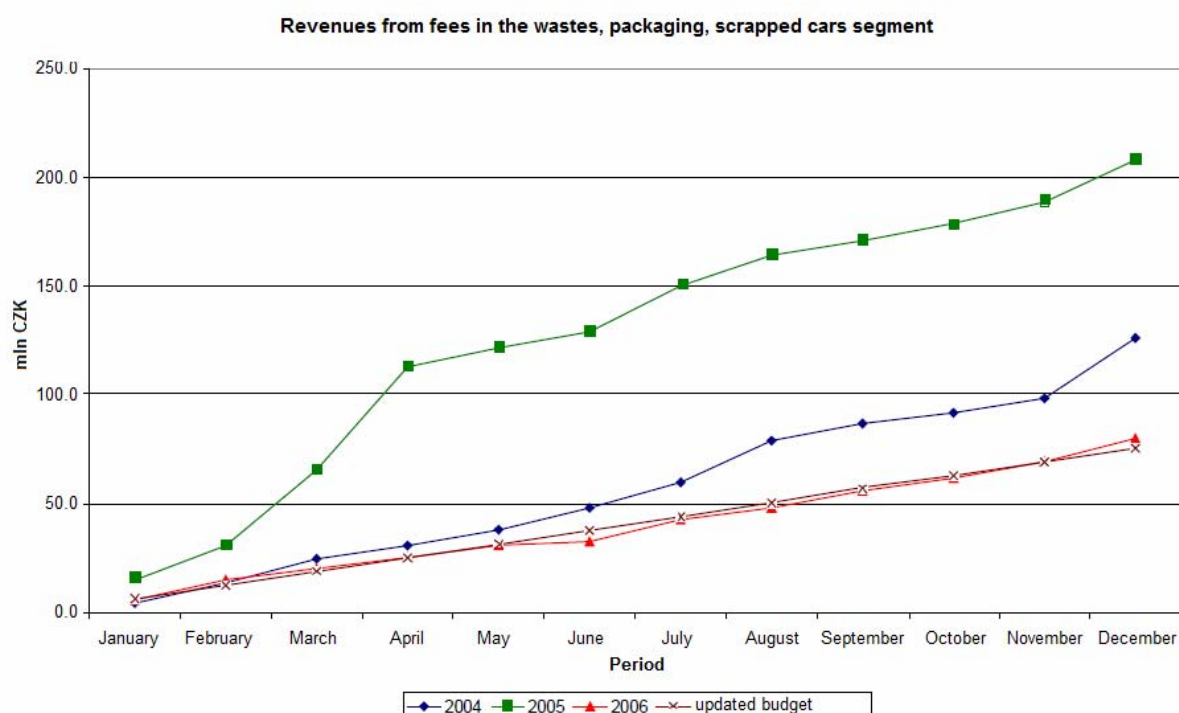
The graphs below show the progress of revenues from fees in 2006 for selected environmental segments in relation to the updated budget 2006 and in comparison with the actual situation in 2004 – 2005.



Water – in the waste water segment, 88.7% of the planned revenues were achieved
 – in the ground water segment, fee collection amounted to 103.8% of budgeted for values



Air – planned revenues in the air segment were exceeded to the level of 105.3%



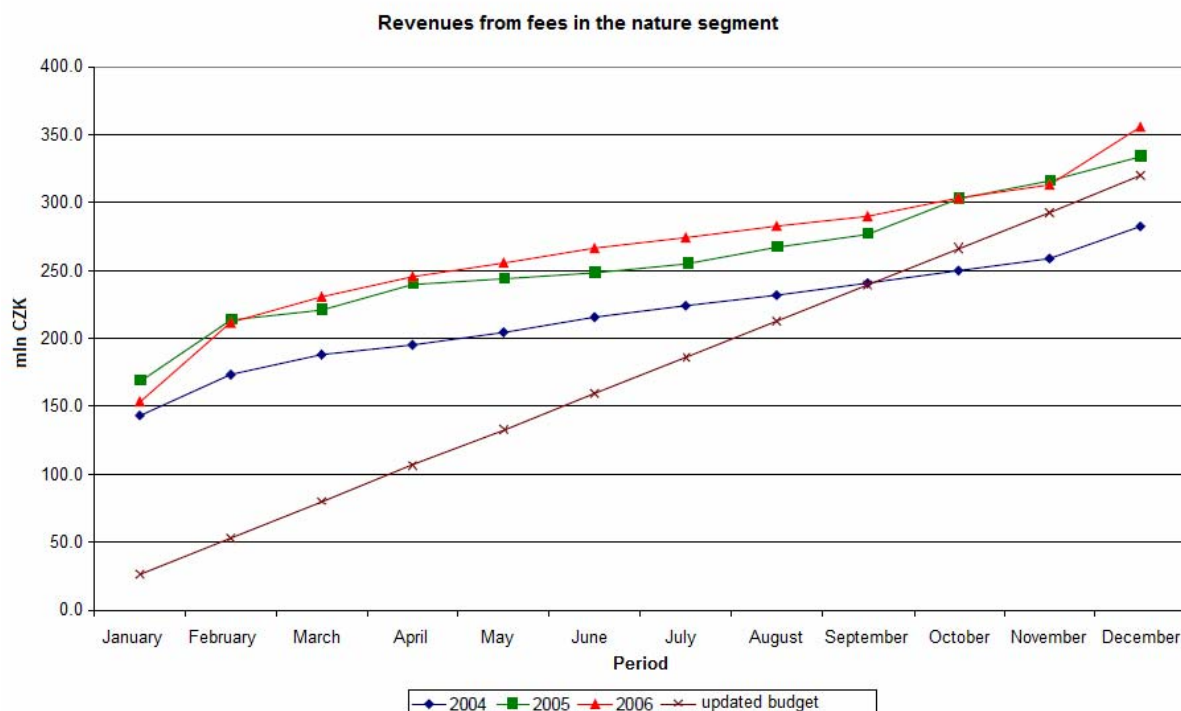
Wastes – compared to 2005 when the revenues in this environmental segment totalled CZK 193.7 million, the year 2006 brought a significant downturn in collection of the fees to CZK 84.8 million, with the same rate for waste dumping in both years. One of the reasons may have been the fact that although bylaw No. 294/2005 Coll. limited hazardous waste for technical support to 25 volume percent the actual use of NO for technical support cannot be verified as all wastes are recorded in mass percentage.

In order to address the situation the Fund has initiated discussion with regional authorities and waste dump operators, calling on them to adhere to the law and carry out due inspections. Furthermore, it held discussions

with MoE, Cenia (Czech Envir. Infor. Agency) and CeHO (Centre for Waste Management) on providing better quality information in the area of wastes.

Packaging – As a result of changes in legislation, the Fund was not able to collect all the fees in 2006 for packaging, as the payment can be made by 15 Feb. 2007.

Scrapped cars – as at 31 Dec. 2006 only CZK 15 thousand had been credited as there is no implementing regulation in place.



Nature – revenues in this environmental segment have amounted to CZK 355.7 million, of which the revenue from forest land dispossession was CZK 51.2 million.

I.4.2. Fund revenues in 1992 – 31 Dec. 2006 (mln CZK)

Year	Fees and other incomes	Loan instalments	POO	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	979.20	0	2,955.40
2005	2,017.20	850.5	0	2,867.70
2006	1,802.60	752.9	0	2,555.50

Revenues in 2003 and 2004 are presented excl. of the MUFIS loan at CZK 500 million

I.4.3. Performance structure of budget item of received loan instalments as at 31 Dec. 2006 (mln CZK)

Envir.	Budget	Updated	Actual revenues	Performa	Revenue	Loan returns	Repayments
--------	--------	---------	-----------------	----------	---------	--------------	------------

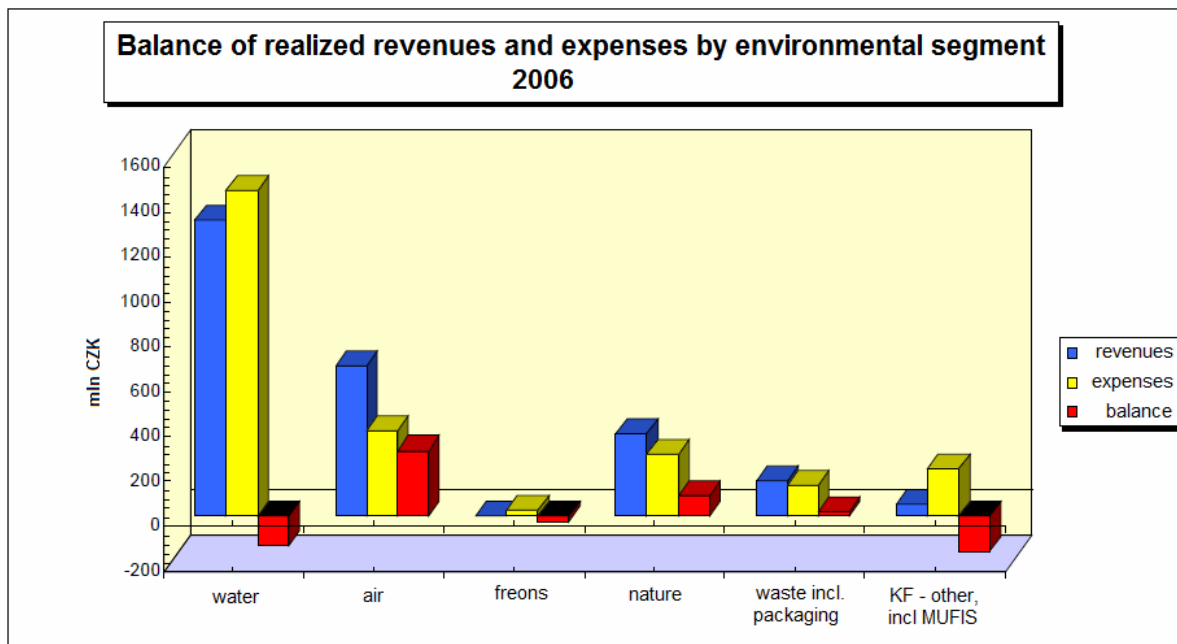
segment	2006	budget 2006	in period Jan. – Dec. 2006	nce	balance	for previous years	incl. loan returns
Water	573.2	542.0	552.1	101.9	10.1	0.1	552.2
Nature	0.2	0.2	0.2	100.0	0.0	0.0	0.2
Air	156.4	148.9	144.7	97.2	-4.2	0.0	144.7
Wastes	56.7	53.9	55.9	103.7	2.0	0.0	55.9
Total	786.5	745.0	752.9	101.1	7.9	0.1	753.0

I.4.4. Breakdown of revenues and expenses by environmental segment, balance of realized revenues and expenses as at 31 Dec. 2006 (mln CZK)

	Actual incomes	Percentage	Actual expenses	Percentage	Balance in mln CZK
Water conservation	1,318.1	51.6	1 449.3	58.7	-131.2
Air protection	667.5	26.1	377.2	15.3	290.3
Freons	0.5	0.0	25.5	1.0	-25.0
Nature conservation	365.0	14.3	276.0	11.2	89.0
Wastes incl. packaging	155.0	6.1	134.2	5.4	20.8
FO + other	49.4	1.9	144.9	5.9	-95.5
MUFIS repayment	x	x	50.0	2.0	-50.0
MUFIS loan interest	x	x	11.2	0.5	-11.2
SEF in total	2,555.5	100.0	2 468.3	100.0	87.2

*The difference between the Fund Office spending specified in the Report on Creation and Use (see Annex 1), and real spending by the Fund Office results from interannual balance of receivables and payables of the Fund Office (payment of advance-payment invoices).

The following chart presents the balance of revenues and expenses by environmental segment.



I.5. Expenses

I.5.1. Realized financial expenses in total as at 31 Dec. 2006

Total financial expenses amounted to CZK 2,468.3 million as at 31 Dec. 2006.

As at 31 Dec. 2006, a total amount of CZK 2,262.2 million was provided for contractual projects (NP, ISPA/CF, OPI), of which 11.9 % of the provided volume of finance comprised expenses for contractual projects of

a returnable type of support – loans, at CZK 269 million. Requests for grants prevailed and were realized at CZK 1,993.2 million – 88.1% of the contractual support. Out of this, the realized contribution for payment of commercial loan interest was CZK 11.2 million (0.5 %).

Expenses for implementation of water conservation projects amounting to CZK 1,449.3 million as at 31 Dec. 2006 represented a decisive part (64.1 %) within the overall financial expenses structure.

I.5.2. Expenditure limit according to the government resolution

Beginning in 2004, the expenditure limit has been determined for the Fund for every year. Under Resolution No. 942 of 20 July 2005, the limit expenditure volume approved by the government for 2006 was CZK 4,099.33 million.

Balance of expenditure limit as at 31 Dec. 2006 (mln CZK)

Expenditure limit for 2006	Actual expenses in 2006	Difference
4,099.33	2,468.3	1,631.03

I.5.3. Financial expenses as at 31 Dec. 2006 by environmental segment

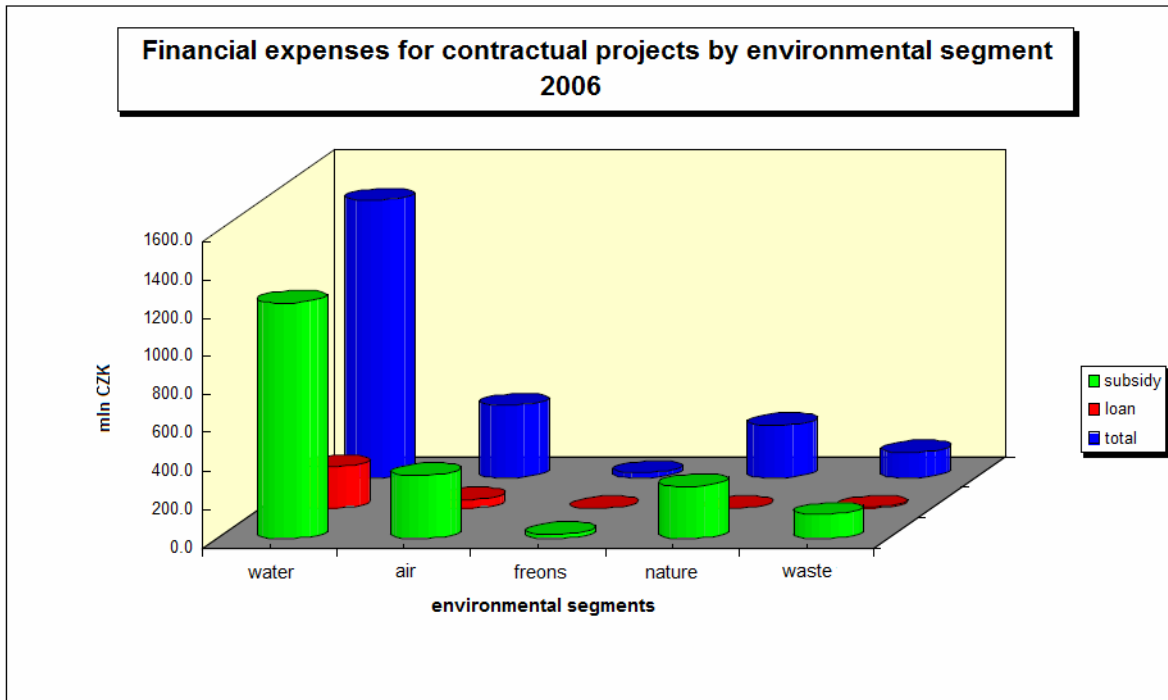
The following table and a chart present structure of the Fund financial expenses for contractual projects by environmental segment and support type, as at 31 Dec. 2006.

Realized financial expenses as at 31 Dec. 2006 Breakdown of expenses by environmental segment (mln CZK)

	Subsidies	Percentage	Loan	Percentage	Total expenses	Percentage
Water in total	1,233.8	61.9	215.5	80.1	1,449.3	64.1
of that NP	876.2	44.0	146.5	54.5	1,022.7	45.2
of that ISPA (CF)	176.2	8.8	23.6	8.8	199.8	8.8
of that OPI	181.4	9.1	45.4	16.9	226.8	10.0
Nature in total	274.9	13.8	1.1	0.4	276.0	12.2
of that NP	263.4	13.2	1.1	0.4	264.5	11.7
of that OPI	11.5	0.6	0.0	0.0	11.5	0.5
Air in total	331.5	16.6	45.7	17.0	377.2	16.7
of that NP	292.7	14.7	37.6	14.0	330.3	14.6
of that OPI	38.8	1.9	8.1	3.0	46.9	2.1
Freons	25.5	1.3	0.0	0.0	25.5	1.1
Wastes	127.5	6.4	6.7	2.5	134.2	5.9
of that NP	100.6	5.0	3.8	1.4	104.4	4.6
of that OPI	26.9	1.3	2.9	1.1	29.8	1.3
TOTAL	1,993.2	100.0	269.0	100.0	2,262.2	100.0
of that : NP	1,558.4	78.2	189.0	70.3	1,747.4	77.2
ISPA/CF	176.2	8.8	23.6	8.8	199.8	8.8
OPI	258.6	13.0	56.4	21.0	315.0	13.9

* The table does not include costs of the Fund Office and MUFIS.

The Subsidies part of the above table includes contributions for payment of commercial loan interest at CZK 11.2 million – under the Water Conservation segment at CZK 1.6 million, under the Air segment at CZK 9 million, under the Nature segment at CZK 0.3 million and under the Wastes segment at CZK 0.3 million.



The detailed structure by environmental segment and subsidy type can be found in Annex 3.

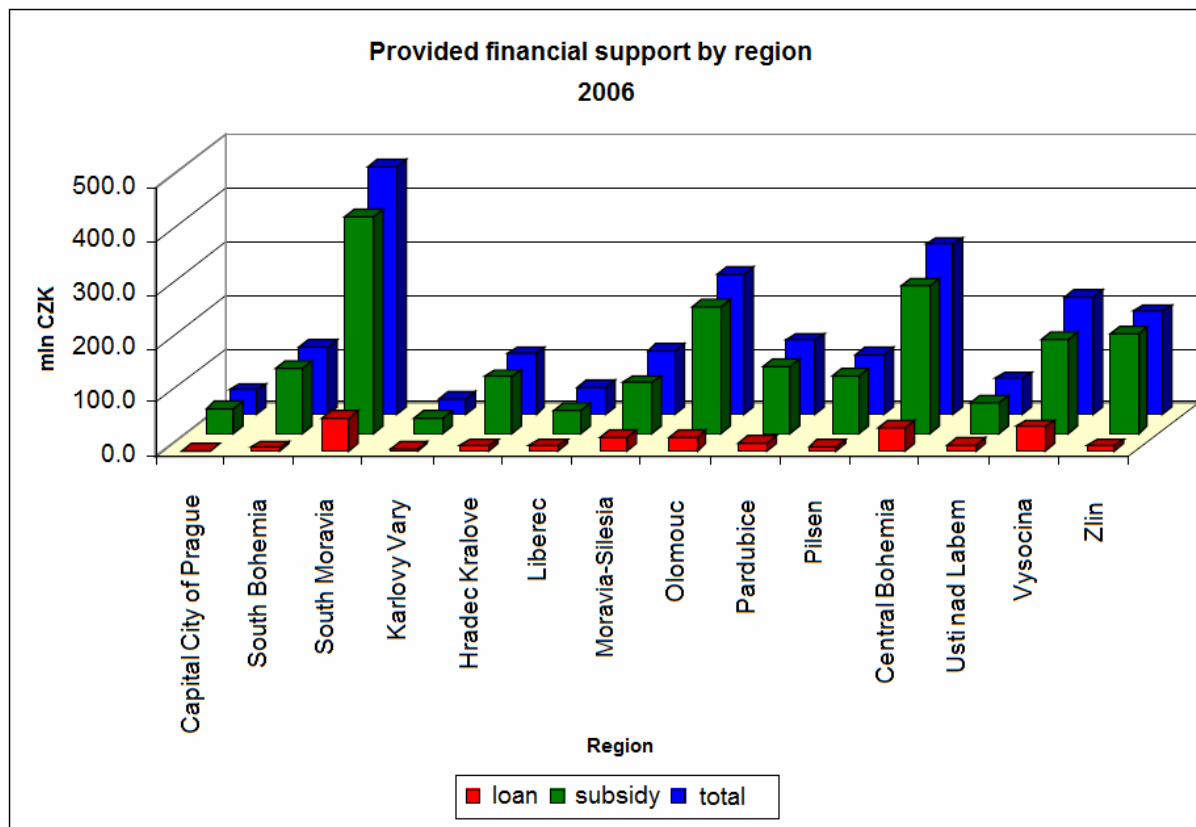
I.5.4. Structure of provided funding of projects by region, structure of support and environmental segment, as at 31 Dec. 2006

As at 31 Dec. 2006, the highest amount of financial means itemized by region and environmental segment was provided at CZK 465.1 million to the South Moravia Region; the second highest realized funding at CZK 318.5 million was provided to the Central Bohemia Region, followed by the Olomouc Region with the amount of CZK 261.8 million

The following table presents the actual Fund expenses breaking down the financial support by region.

Financial support provided for projects by region – structure of support, share of loans in the support (mln CZK)

Region	Subsidy	Percentage	Loan	Percentage	Total subsidy	Percentage	Percentage of loans
Capital City of Prague	45.8	2.3	0.0	0.0	45.8	2.0	0.0
South Bohemia	120.7	6.1	5.6	2.1	126.3	5.6	4.4
South Moravia	403.5	20.2	61.6	22.9	465.1	20.6	13.2
Karlovy Vary	27.3	1.4	3.5	1.3	30.8	1.4	11.4
Hradec Kralove	104.8	5.3	8.9	3.3	113.7	5.0	7.8
Liberec	41.2	2.1	8.9	3.3	50.1	2.2	17.8
Moravia-Silesia	94.2	4.7	25.8	9.6	120.0	5.3	21.5
Olomouc	235.5	11.8	26.3	9.8	261.8	11.6	10.0
Pardubice	123.6	6.2	15.6	5.8	139.2	6.2	11.2
Pilsen	105.3	5.3	6.0	2.2	111.3	4.9	5.4
Central Bohemia	276.4	13.9	42.1	15.7	318.5	14.1	13.2
Usti nad Labem	57.1	2.9	10.1	3.8	67.2	3.0	15.0
Vysocina	173.7	8.7	45.4	16.9	219.1	9.7	20.7
Zlin	184.1	9.2	9.2	3.4	193.3	8.5	4.8
Total	1,993.2	100.0	269.0	100.0	2,262.2	100.0	11.9



I.5.5. Funding provided for projects as at 31 Dec. 2006 divided by environmental segment into investment and non-investment ones

As at 31 Dec. 2006, major funding at CZK 2,115.1 million, or 93.5 % of the total expenses for contractual projects, was directed to capital expenditure type projects. Out of this, CZK 1,847.2 million was provided as subsidies. The highest capital expenditure at CZK 1,446.7 million was directed to the Water Conservation environmental segment.

Capex for ISPA/CF amounted to CZK 199.8 million and for the OPI programme CZK 315 million.

Total financial support provided in the non-capex area amounted to CZK 147.1 million, out of which CZK 146.1 million was in the form of subsidies and CZK 1 million in the form of loans. Most of the financial means for non-capex projects, i.e. CZK 111.2 million were directed to the Nature environmental segment (see Annex No. 4).

I.5.6. Financial support provided for projects as at 31 Dec. 2006, broken down by environmental segment and entity type

As at 31 Dec. 2006, the highest volume of the Fund financial means broken down by entity type, at a total amount of CZK 1,576.6 million (69.7 % of the total granted funds) was granted to communities and municipalities (see Annex No.5).

I.5.7. Fund Office expenditure

Expenses related to the Fund Office activities amounted to CZK 144.9 million. as at 31 Dec. 2006. These expenses also included expenses under Act No. 254/2001 Coll., which amounted to CZK 9.1 million.

Sources of covering these expenses include, among others, the Fund financial projects increasing the value of the Fund financial means using short-term deposits in banks.

Revenues from deposit operations are no longer the only source of covering the Fund Office expenses. Therefore, interests on loans provided by the Fund, interests on delay in payment, sanctions and other revenues are also used to cover costs of running the office.

Personnel data:

1. Breakdown of employees by age and sex – as at 31 Dec. 2006

Age	Male	Female	Total	%
up to 20 years	0	0	0	0
21 - 30 years	23	13	36	25.00
31 - 40 years	20	13	33	22.92
41 - 50 years	7	25	32	22.22
51 - 60 years	21	14	35	24.30
61 years and more	4	4	8	5.56
Total	75	69	144	100
%	52.08	47.92	100	x

2. Breakdown of employees by education and sex – as at 31 Dec. 2006

Education	Male	Female	Total	%
Elementary	0	0	0	0
Vocational training	0	0	0	0
Voc. train. with A-levels	2	0	2	1.39
Full secondary schooling	2	4	6	4.17
Full secondary technical	2	18	20	13.89
Higher education (BA)	0	1	1	0.69
University graduates	69	46	115	79.86
Total	75	69	144	100

3. Overall data on average salaries as at 31 Dec. 2006

	Total
Average gross monthly salary	28,965

4. Overall data on beginnings and ends of employment in 2006

	Number
New employees	25
Employees left	26

5. Length of employment – as at 31 Dec. 2006

Length	Number	%
up to 5 years	76	52.78
up to 10 years	52	36.11
up to 15 years	16	11.11
up to 20 years	0	0
over 20 years	0	0
Total	144	100

6. Foreign language knowledge of employees

	Numbers of selected jobs for which qualification requirement for standardized foreign language examination has been set listed by knowledge level				Total number of requirements set for jobs
	1 st level	2 nd level	3 rd level	4 th level	
English language	28	21	20	8	77
German language	0	0	0	0	0
French language	1	0	0	0	1
Other languages	0	0	0	0	0
Total	29	21	20	8	78

Salary funds

The planned volume of salary funds for 2006 including other personnel costs (OPC) at CZK 65.1 million was observed. The salary funds were used up at the total amount of CZK 63.4 million, out of which OPC accounted for CZK 1.4 million.

	in thous. CZK	
	Planned	Actual
Salary funds excl. OPC	64,100	62,007
OPC	1,000	1,352
Total salary funds incl. OPC	65,100	63,359

Within the meaning of §2 of Government Directive No. 447/2000 Coll., on the method of adjustment of financial means spent on salaries and remunerations for standby duty in budgetary organizations and some other organizations and bodies as amended, for 2006 the MoE established an increase in jobs by 4 for operation of newly established measuring laboratories. These laboratories were not set up and therefore the salary funds for these expected workers were not spent.

SEF assets

The Fund is a legal body. The Fund administrator is the Ministry of the Environment. The asset management procedures are in compliance with Act No. 219/200 Coll. on asset management of the Czech Republic. The Fund's assets total CZK 195,141,484.76 out of which:

Fixed assets (tangible and intangible)

Account name	Account No.	Balance as at 31 Dec. 2006
Software	013 002 013 003 013 005 013 007 013 008 013 009 013 010	33,699,898.60
Plant & equipment + instruments	022 001	20,213,697.38
Means of transport	022 002	6,860,749.70
IT – hardware, notebooks	022 003 022 005	8,389,688.10
Technical value increase – OE	410 999 420 999	151,257.16

Total		69,315,290.94

Low-value assets (tangible and intangible)

Account name	Account No.	Balance as at 31 Dec. 2006
Other software	018 001	801,913.82
Low-value tang. as. – machines, devices	028 000	19,949,142.57
Low-value tang. as. – oper. records	410 333	3,748,235.88
Low-value intangible assets – oper. records	420 444	21,908.80
Total		24,521,201.07

Buildings, structures, land

Account name	Account No.	Balance as at 31 Dec. 2006
Buildings, structures	021 001	91,858,113.75
Land	031 000	9,076,045.00
Total		100,934,158.75

Works of art

Account name	Account No.	Balance as at 31 Dec. 2006
Works of art	032 001	370,834.00
Total		370,834.00

The Fund uses all the assets for its activities.

The Fund is the property owner. There are no facts related to rights of users associated with the property and no ownership transfers.

All the asset data were obtained from a completed physical stocktaking for 2006 and the asset levels are presented as at 31 Dec. 2006.

The Fund does not depreciate its assets.

Business trips abroad

Expenses for business trips abroad amounted to CZK 158,463.89 in 2006. Most of the trips were made to Brussels – the seat of the European Community, in order to attend work meetings related to the Fund participation in the Operational Programme - Environment. These business trips provided the necessary information and experience in the system of EU structural fund management and the possibility of applying this expertise within the structural fund implementation in the new planning period 2007-2013.

I.5.8. MUFIS

By resolution of the Czech Government No. 617 of 23 June 2003, the government approved the use of funds from the resources of the Housing Guarantee Programme (administered by Municipální finanční společnost a. s.) up to the level of CZK 500 million with the interest rate at 2.5 % p. a. for funding the projects contributing to the protection and improvement of the environment in the Czech Republic. The Fund exclusively provided these funds for funding loans granted to applicants.

By 19 May 2004, the contractual loan level had been used up. The loan principal has been paid off quarterly beginning on 31 March 2005 in instalments of CZK 12.5 million. The last instalment to repay the principal is scheduled for 31 Dec. 2014.

Summary of the MUFIS loan repayment (CZK)

Period	Repaid principal	Repaid interest
Year 2003	0.00	103,891.29
Year 2004	0.00	9,579,662.51
Year 2005	50,000,000.00	12,434,895.86
Year 2006	50,000,000.00	11,247,395.82
As at 31 Dec. 2006	100,000,000.00	33,365,845.48

I.5.9. Financial expenses in 2006 to business entities, broken down by OKEC (million CZK)

Code	Name	Envir. segment	Subsidy	Loan	Total
1	Agriculture, game keeping and related activities	3	2.7	1.1	3.8
2	Forestry, timber production and assoc. activities	3	2.2	0.0	2.2
22	Publishing, print, reproduction	6	0.1	0.0	0.1
40	Production and distribution of electricity, gas, steam and hot water	6	0.1	0	0.1
40	Production and distribution of electricity, gas, steam and hot water	9	18.5	0	18.5
41	Treatment and distribution of water	1	58.3	9.3	67.6
	of that CF		58.2	9.3	67.5
73	Research and development	6	2.7	0	2.7
90	Disposal of waste water and solid waste	8	4.8	0	4.8
93	Other services	2	3.6	0	3.6
	of that OPI		1.7	0	1.7
93	Other services	4	1.6	0	1.6
	of that OPI		1.6	0	1.6
93	Other services	6	0.4	0	0.4

I.5.10. The most significant support beneficiaries by financial means provided by the Fund in 2006

08000211 — Svazek obcí Tasovice a Hodonice (Association of Tasovice and Hodonice communities) - wastewater treatment plant and sewerage system in Tasovice, Hodonice and Krkovice – subsidy at CZK 36.3 million, loan at CZK 4.4 million, totalling CZK 40.7 million in total

00104103 — Zájmové sdružení obcí Vodovody a kanalizace Znojemsko (Interest association of communities) – Znojemsko water and wastewater treatment plant – restoration of sewerage system in the town of Znojmo – subsidy at CZK 39.6 million (CF co-financing)

08750321— Město Adamov (the town of Adamov) – restoration and refurbishment of the central heat supply system – subsidy at CZK 14.5 million, subsidy at CZK 21.7 million, i.e. CZK 36.2 million in total

01760211 — Město Kostelec nad Černými lesy (the town of Kostelec nad Černými lesy) – sewerage system incl. wastewater treatment plant – subsidy at CZK 25.1 million, loan at CZK 9.2 million, i.e. CZK 34.3 million in total

00103103 — Sdružení obcí Mikroregion Vsetínsko (Association of communities and villages of the Vsetínsko micro-region) – Čistá Bečva – subsidy at CZK 33.1 million (FS co-financing)

00203103 — Svaz VKMO s.r.o – water conservation in the Dyje river catchment area – subsidy at CZK 29.7 million (FS co-financing)

04200541 — Obec Podhradní Lhota (Podhradní Lhota community) – maintenance and reclamation of the “Sranky” waste dump in cadastral territory of Podhradní Lhota – subsidy at CZK 28.1 million

00940411 — Město Velká Bystřice (the town of Velka Bystrice) – completion of sewerage system in the town of Velka Bystrice – Intensification of wastewater treatment plant – phase II – subsidy at CZK 20.3 million, loan at CZK 7.5 million, i.e. CZK 27.8 million

22770361 — Statutární město Olomouc (Statutory town of Olomouc) – Slunakov – environmental education centre in Horka nad Moravou – subsidy at CZK 26.5 million

01590411 — Svazek obcí: Odkanalizování obcí Strachotám, Popice, Pouzdřany (Association of communities: Strachotám, Popice and Pouzdřany) – common wastewater treatment plant and sewerage system for the Popice, Pouzdřany and Strachotám communities – subsidy at CZK 25 million

II. Basic economic data for 1992 – 2006

II.1. Revenues by environmental segment (million CZK)

Year	Water	Air	Wastes	Nature	Other + FO	Total
1992	1,320.00	845.80	48.10	208.60	0.00	2,422.50
1993	1,153.20	854.50	358.00	325.80	76.10	2,767.60
1994	975.60	2,471.20	451.80	514.90	75.60	4,489.10
1995	795.20	3,057.80	640.00	375.10	91.40	4,959.50
1996	782.60	3,677.00	323.00	448.30	123.30	5,354.20
1997	849.70	3,503.70	140.20	469.90	335.10	5,298.60
1998	953.00	1,804.50	194.60	470.10	344.90	3,767.10
1999	1,106.00	1,604.80	191.50	463.00	354.50	3,719.80
2000	1,196.90	1,393.90	144.00	484.10	282.20	3,501.10
2001	1,212.80	1,226.60	144.70	355.40	302.20	3,241.70
2002	1,450.40	1,153.30	232.50	364.40	213.90	3,414.50
2003	1,541.10	966.60	225.30	352.00	110.00	3,195.00
2004	1,604.50	765.20	214.50	302.90	68.30	2,955.40
2005	1,464.50	718.80	281.00	348.00	55.40	2,867.70
2006	1,318.10	668.00	155.00	365.00	49.40	2,555.50
Total	17,723.60	24,711.70	3,744.20	5,847.50	2,482.30	54,509.30

Note: Does not include spending of MUFIS loan (2003 – CZK 335.2 mln spent + 2004 – CZK 164.8 mln spent)

II.2. Expenses by environmental segment (million CZK)

Year	Water	ISPA-Water	OPI-Water	Air incl. Freons	OPI-Air	Wastes	OPI-Wastes	Nature	OPI-Nature	Other + FO	Total
1992	943.1	0	0	509.5	0	12		11.4		15.8	1,491.8
1993	1,672.4	0	0	936.7	0	214.2		45.3		25.9	2,894.5
1994	1,993.7	0	0	1,228.0	0	178.1		144.4		40	3,584.2
1995	2,163.3	0	0	2,379.3	0	248.7		87.9		38.7	4,917.9
1996	1,946.2	0	0	2,279.7	0	145.3		232.1		41.4	4,644.7
1997	1,891.6	0	0	1,204.3	0	60.5		139.4		68.4	3,364.2
1998	1,083.5	0	0	907.7	0	69.9		167.8		72.3	2,301.2
1999	1,073.1	0	0	1,061.9	0	242.6		167.7		75.2	2,620.5
2000	1,129.5	0	0	1,192.1	0	290.8		187.9		99.5	2,899.8
2001	1,604.3	0	0	1,551.8	0	361.7		180.2		102	3,800.0
2002	1,962.9	10.5	0	1,519.2	0	303.2		323.5		106.3	4,225.6
2003	2,678.3	11.3	0	1,115.3	0	574.2		256.3		126.4	4,761.8
2004	2,003.0	29.5	0	1,024.9	0	524.4		493.9		148.5	4,224.2
2005	1,827.1	135.3	26.1	675.5	3.2	247.2	0.2	349.5	0.1	155.7	3,419.9
2006	1,022.7	199.8	226.8	355.8	46.9	104.4	29.8	264.5	11.5	156.1	2,418.3
Total	24,994.7	386.4	252.9	17,941.7	50.1	3,577.2	30.0	3,051.8	11.6	1,272.2	51,568.6

Note: *) total expenses do not include assigned receivables at CZK 0.6 billion and paid MUFIS instalments – since 2005 at CZK 50 million / year. (expenses incl. MUFIS repayment amount to CZK 51.67 billion). Paid MUFIS interest is included in FO.

II.3. Structure of revenues and expenses in the FREONS environmental segment incl. balance of realized revenues and expenses in different years (thous. of CZK)

Year	Fees	Penalties	Loan repayment	Returns	Total SEF revenues	SEF expenses	Balance
1994	55,590	0	0	0	55,590	0	55,590
1995	50,292	0	0	0	50,292	17,067	33,225
1996	38,924	0	0	0	38,924	47,478	-8,554
1997	39,808	307	724	0	40,839	2,702	38,137

1998	37,136	695	718	0	38,549	871	37,678
1999	35,409	395	0	0	35,804	0	35,804
2000	31,249	1,325	0	0	32,574	0	32,574
2001	41,186	365	0	0	41,551	2,385	39,166
2002	57,859	126	0	0	57,985	16,632	41,353
2003	37,991	257	0	3,352	41,600	8,172	33,428
2004	13,204	733	0	0	13,937	9,000	4,937
2005	100	868	0	0	968	64,072	-63,104
2006	0	494	0	0	494	25,453	-24,959
Total:	438,748	5,565	1,442	3,352	449,107	193,832	255,275

II.4. Revenues from agricultural land withdrawal (mln CZK)

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total	208.6	324.2	490.6	348.8	440.7	459	460.8	455.6	472.3	336.6	354.3	343.5	282.6	290.7	304.5
Communities		217.3	329	232.1	293.8	306.9	306.9	303.7	314.9	224.4	236.2	229	189.3	215.6	212.2

II.5. Percentage of loans of realized expenses

Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Percentage	28	40.8	47.9	44.1	41.4	42.9	33.5	26	27.4	19	15.3	12.2	11.8	11.9

The low percentage of provided loans in the Fund expenses results from adjustment of percentage of the supported measures under the applicable Annexes to the Ministry of the Environment's Directive on funding from the State Environmental Fund of CR incl. the regime of extraordinary Decisions on provision of non-repayable support.

III. Payment discipline of beneficiaries

Out of the total realized financial performance as at 31 Dec. 2006, loans represent CZK 245.4 million. The loans balance represented a volume of CZK 3,151.9 million as at 1 Jan. 2006. In 2006, the Fund received repayments of the principal at CZK 753 million (of which loan returns for the previous years amounted to CZK 0.1 million); the accounting balance of the financially realized loans provided from the Fund as at 31 Dec. 2006 amounted to CZK 2,695.9 million.

III.1. Outstanding receivables of the Fund in total as at 31 Dec. 2006

III.1.1. excl. additional fees and charges

Receivables from contractual projects:

- in ordinary regime (fin. dpt.)	CZK 5,230,372.50
- in legal solution regime (leg. dpt.)	CZK 285,295,006.21
- of which in bankruptcy	CZK 115,457,786.92

Total **CZK 290,525,378.71**

Other receivables:

Other receivables passed to leg. dpt.	CZK 6,400,000
- out of which in bankruptcy	CZK 6,400,000

Total **CZK 6,400,000**

SEF **CR** **receivables** **as** **at**
31 Dec. 2006 excl. additional fees and charges: **CZK 296,925,378.71**

III.1.2. incl. additional fees and charges

Receivables from contractual projects:

- in ordinary regime (fin. dpt.)	CZK 33,784,797.31
- of which CF	CZK 13.68
- of which OPI	CZK 35,524.10
- in legal-solution regime	CZK 1,775,902,940.48
- of which in bankruptcy	CZK 530,128,776.51
Total	CZK 1,809,687,737.79

Other receivables (incl. additional fees and charges):

Other receivables passed to leg. dpt. in total	CZK 17,717,636
- of which in bankruptcy	CZK 17,717,636

SEF CR receivables as at

31 Dec. 2006 incl. additional fees and charges:	<u>CZK 1,827,405,373.79</u>
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Summary:

Outstanding receivables as at 31 Dec. 2006 in total:	CZK 1,827,405,373.79
of which : - in legal enforcement	CZK 1,793,620,576.48
of which : - in bankruptcy	CZK 547,846,412.51

The total amount of the Fund's receivables was CZK 4,523,331 thousand, as at 31 Dec. 2006. Out of this, outstanding receivables were CZK 1,827,405 thousand. The amount of CZK 33,785 thousand represents short-term receivables where there is a realistic assumption that the debtors will settle them without the necessity to apply legal enforcement. Receivables of CZK 1,793,620 is in the legal enforcement system. A total of 59 cases are under legal enforcement. Out of this, 22 cases (CZK 530,129 thousand) are being enforced via bankruptcy proceedings, while 37 cases (CZK 1,245,774 thousand) are being enforced by law or they were applied to pay levies and relevant sanctions with revenue authorities. Only CZK 296,925.3 thousand out of the total amount is the principal while the remaining part (CZK 1,530,480 thousand) comprises additional fees and charges, especially the contractual sanctions.

Maximum attention is paid to the receivables administration. Applicants are carefully evaluated for their loan competency before they are granted loans. High-quality guarantees are emphasised with the loans. Receivables are especially secured by the right of lien to real estate or through charging the receivable. Bank guarantees and other third person's guarantees are used to a lesser extent. The system of monitoring the repayment discipline of the beneficiaries is worked out in detail. This procedure was introduced in the second half of the 1990s and it is now producing results. The vast majority of the receivables under legal enforcement originate in cases of support granted before 2000. After 2000, only seven cases have been recorded which are being enforced within the legal department and out of this only two beneficiaries are in bankruptcy (CZK 1,097.6 thousand and CZK 4,130 thousand, respectively).

The Fund's registered written-off debts in the case of contractual projects amount to CZK 109,960,878.63 .

Annex No. 6 presents detailed development of outstanding receivables in the period of 1992 – 31 Dec. 2006.

IV. Benefits and effectiveness of environmental measures

IV.1. Water conservation

Environmental benefits from projects with a positive decision in 2006 – National programmes

In this period, the Minister of the Environment issued 22 Decisions on granting support for construction of wastewater treatment plants and sewerage systems within the water conservation segment, out of which three Decisions were issued for projects included in Programme 1.1; in Programme 1.2 14 Decisions and in Programme 1.5 five Decisions were issued. Total expenses for implementation of all the projects (used as a base for calculation of the support) amounted to CZK 659.7 million, while the sum of provided supports from SEF CR amount to CZK 486.4 million (out of which subsidies are CZK 430.2 million and a loan with 1.5% interest is CZK 56.2 million). Providing the financial means will enable a reduction in pollution of 355.92 tonnes of CHSK (chemical oxygen consumption) and 175.63 tonnes of insoluble substances per year.

Environmental benefits from projects with ZVA (final project evaluation)

The below table summarizes all the projects to which the Fund granted definite support during this period, and presents actual achieved environmental effects compared to project parameters.

Total benefits from 88 projects towards reduction of water pollution to which definite supports were granted in 2006 represent the following reduced pollution:

Pollutant	Reduction under contract of support – tonnes/ year	Reduction under submitted ZVA (final evaluation) project	%
NL (insoluble substances)	2,115.4	1,988.5	94.00
BSK5 (bioch. oxyg. consump. in 5 days)	1,003.3	933.1	93.00
CHSK (chem. oxyg. consump.)	4,318.0	3,929.4	91.00

Environmental effects specified in contracts determine quantitative requirements for reduction of pollution discharged in surface water, in relation to the implemented project. The Fund assesses within the final project evaluation whether at least 80% of the pollution values declared in contracts have been eliminated in the wastewater treatment plant. The remaining 20% serve as a reserve capacity for future communal development.

OPI

Environmental benefits from projects with a positive Decision in 2006

In this period, the Minister of the Environment issued 15 Decisions on granting support within the water conservation segment for construction of wastewater treatment plants and sewage systems in Programme 3.2.A. Total approvable expenses for implementation of the projects (used as a base for calculation of support) amounted to CZK 692.1 million while supports from ERDF amount to CZK 449.9 million and from SEF CZK 83.1 million (out of which subsidies are CZK 69.2 million and a loan with 1.5% interest is CZK 13.9 million). Providing the financial means enables a reduction in pollution of 839.08 tonnes of CHSK (chemical oxygen consumption) and 421.14 tonnes of insoluble substances per year.

IV.2. Air protection

Environmental benefits and supports provided in 2006

In 2006 decisions were made on a total of 26 projects, above all in programme 2.1 where 22 projects were supported. Two submitted applications were supported within programme 2.7.1 and they concerned local programmes for emissions and air pollution reduction. The applications deal with quality of air in territories where areas with impaired quality of air have been declared.

Tab. No. 1: Minister's Decisions issued in 2006

	Number	Expenses	Subsidy	Loan	Support	Solid pollut. subst.	SO2	NOx	VOC	CO	CO2
		thous. CZK	thous. CZK	thous. CZK	thous. CZK	t/year	t/year	t/year	t/year	t/year	t/year
2.1	22	20,116.6	10,058.3	0.0	10,058.3	7.82	12.10	1.52	6.32	33.70	1,409
2.2	2	10,096.0	3,028.8	2,694.0	5,722.8	6.92	14.34	2.17	4.36	43.27	1,098
2.7.1	2	1,076.0	585.0	0.0	585.0						
Total	26	31,288.6	13,672.1	2,694.0	16,366.1	14.74	26.44	3.69	10.68	76.97	2,507

The relatively low number of applications supported in the air protection segment was especially caused by suspending the receipt of applications in 2006.

Assessment of applications from the third call for submission of applications for the Operational Programme Infrastructure was carried out in the first half of 2006. Nine applications were evaluated and registered in total within measures 3.3.A and 3.3.B.

OPI 3.3.A – use of environmentally friendly technologies in combustion:

Five applications were evaluated in this measure category, of which 4 applications dealt with boiler house refurbishment and one was aimed at additional equipment of incineration plants to meet legislative requirements. Three applications gained the support; the support from the Fund amounts to CZK 3,179.1 thousand (capital expenditure) and CZK 312 thousand (support for drawing up project documentation). Implementation of these projects will result in a reduction in the following pollutants and CO2 emissions:

MAJOR POLLUTANTS AND CO2	(t/year)
Solid substances	0.4
SO₂	2.9
NO_x	2.5
	0.1
CO	0.2
TOTAL	6.0
CO2	1,470.9

OPI 3.3.B – Reduction in volatile organic compounds emission:

Four applications were evaluated in this measure category and subsequently decisions were made to support two of the submitted applications. Support from the Fund amounts to CZK 1,355 thousand (capex). Implementation of the projects will result in estimated reduction of volatile organic compounds emissions by **13.89 t/year** of VOC incl. classes I. and II.

Environmental benefits from projects with final project evaluation carried out in 2006.

Out of the total of 223 projects which were granted a definite support award, in 146 cases (i.e. in 65% of cases) the support beneficiaries did not achieve the estimated environmental effects. All the projects which did not achieve the contractual environmental effects were registered in programme 2.4. Overall benefits in the air protection segment, when comparing major pollutants reduction between different contracts of support to the submitted final project evaluations, represent the following reduced pollution:

Tab. No. 2 Projects finished in 2006

	Number	Costs	Subsidy	Loan	Support	Solid pollutants	SO2	NOx	VOC	CO	CO2
		thous. CZK.	thous. CZK.	thous. CZK.	thous. CZK.	t/year	t/year	t/year	t/year	t/year	t/year
2.1	32	49,291	16,697	69	16,766	21	26	5	13	64	2,466
2.2	6	154,813	47,109	3,342	50,451	141	147	21	8	25	9,096
2.4	165	1,379,343	582,472	20,649	603,121	3,006	4,423	569	2,393	10,627	255,726
2.6	1	3,424	3,424	0	3,424						
2.7.1	18	47,396	27,308	0	27,308						

2.7.2	1	715	214	0	214	0.1	0.2	0.01	0.1	0.7	29
Total	223	1,634,982	677,224	24,060	701,284	3,168	4,596	595	2,414	10,717	267,317

Environmental effects specified in the completed projects in programme 2.4 are actual achieved values which represent 57.6% of the contractual environmental effect. The environmental effects specified in contracts are based on the documentation and proposals submitted by the beneficiaries to the Fund in order to conclude contracts of support. When concluding the final project evaluation in the air protection area, the Fund requires that 90% of the specified values are achieved in accordance with a relevant Ministry Decision and a contract concluded based on this Decision. If this prerequisite is not met, the granted subsidy is reduced in accordance with the applicable sanction methodology.

IV.3. Nature and landscape conservation

Environmental benefits from projects with positive Decision in 2006

In this period, the Ministry of the Environment issued 32 Decisions (**national programmes**) on granting support in the area of nature and landscape protection. Total expenses for implementation of all the projects (used as a base for calculation of support) amounted to CZK 129,615 thousand and the total provided supports from SEF CR amount to CZK 109,813 thousand.

In this period, the Ministry of the Environment also issued 15 Decisions (**OPI 3.1 A**).

OPI 3.1 A

Total expenses for implementation of all the projects (used as a base for calculation of support) amounted to CZK 125,773 thousand; the total supports provided from SEF CR will amount to CZK 12,491 thousand (capex support) and CZK 99,932 thousand (ERDF contribution). The provision of funding will enable revitalization of 58.59 ha of ponds, construction of 15.76 ha of new retention reservoirs with 261 397 m³ accumulation volume and revitalization of an 820m long river arm.

Programme for landscape management

In 2006, a total of 32 new projects were positively evaluated in the area of landscaping and nature environment conservation. Total costs of their implementation amounted to CZK 129,615 thousand, of which the requested support from the Fund in the form of a subsidy amounted to CZK 109,813 thousand.

Environmental benefits

- Revitalization of parks	129.95 ha
- Treatment of trees	1,183 pcs
- Planting trees	20,771 pcs
- Cleaning of ponds	20.38 ha
- Purchase of land in specially protected regions	8 projects
- Implementation of a plan for specially protected area management	26 ha

The most important projects which were granted positive decisions in 2006 include

Vlasim municipality	Restoration of natural elements in the chateau park
Kunstat municipality	Revitalization of greenery in Kunstat II
Academy of Sciences of the Czech Republic	Revitalization of greenery at the Liblice chateau
Miroslav Perout	Chateau park in Korozluky – restoration and revitalization
Statutory town of Karlovy Vary	Sokolsky vrch – revitalization of the Karlovy Vary territory
Holovousy municipality	Revitalization of the Chodovice lake
Milan Cerny	Restoration of the Velky Tismicky pond

Environmental benefits from projects with approved final project evaluation in 2006

Landscaping and nature environment management programme

In 2006, final project evaluations with 85 projects in the area of nature and landscape conservation were approved. Total granted support from the Fund amounted to CZK 141,307 thousand.

Environmental benefits

-	Revitalization of parks 104.17 ha
-	Tree treatment 2,283
- pcs	Planting trees 2,229
- pcs	Establishment of
- USES (territorial system of ecological stability of landscape)	0.2 ha
-	Cleaning ponds 49.75
- ha	Setting up wetland 0.7 ha
-	Removal of non-native 109.63 ha
- invasive shrubs and trees	Restoration of flow in a 2,367 m
- former mill race	Working out regional 6 projects
- concepts of nature conservation	

The most important projects for which the final project evaluations were made include:

Chrudim municipality	Revitalization of mill race in Kozeluzska street
Tvarozna Lhota municipality	Restoration of the Lucina reservoir
Litomysl municipality	Litomysl – Jiraskovo square, park landscaping
South Bohemian Region	Concept of nature conservation and landscape protection in the South Moravian Region
AOPK CR (Agency for Nature Conservation and Landscape Protection of the CR)	Buying land in national nature reserve Bozi Dar Peatbog
Ceste Velenice municipality	Chestnut alley in Ceske Velenice

IV.4. Waste management; technology and programme to support environmental education and information

Environmental benefits from projects with positive decisions in 2006 (national programmes)

In 2006, 13 positive Decisions by the Czech Ministry of the Environment were signed in the segment of waste management, technologies and environment (of which there were 11 exceptions); in one case the decision was withdrawn. Total costs of the supported projects amount to CZK 205,064 thousand; the total support at CZK 169,209 thousand comprises a subsidy at CZK 169,209 thousand.

Programme	Programme title	Number of projects	Total costs	Support	Loan	Subsidy
4.2	Programme to support waste recycling and disposal	1	50,538	32,850	0	32,850
8.1	Programme for non-capex support of environmental education and information	2	5,163	4,145	0	4,145
8.2	Programme for capex support of environmental education and information	7	106,434	95,469	0	95,469
N.Z.	Miscellaneous	2	42,929	36,745	0	36,745
	Total	12	205,064	169,209	0	169,209

Total environmental benefits represent:

Programme	Number of projects	Environmental benefits	
4.2	1	Waste collection yards; waste recycling	2,852 m ²
8.1	2	Environmental education	Information, education, publishing
8.2	7	Building and refurbishment of environmental education centres	Environmental centres, seminar centres
N.Z.	2	Recovery of environmental accident; construction of an environmental centre	13,113 m ² ; environmental centre

Operational programme – Infrastructure Measure 3.4

Positive Decisions in 2006

12 positive Decisions on granting support from SEF and ERDF within Measure 3.4 – Waste Management and Old Burdens Elimination were signed in 2006. Total approvable expenses for supported projects amount to CZK 256,226.220 thousand. Total support from ERDF amounts to CZK 189,486.632 thousand. Support from SEF at CZK 25,264.286 thousand comprises a subsidy, a loan and a project documentation subsidy.

Category	Programme title	Number of projects	Total approvable costs	ERDF	SEF in total
3.4 A	Establishment of integrated system of waste collection and recycle	7	98,164.000	73,553.915	9,806.589
3.4 B	Reclamation and elimination of old environmental burdens	5	108,097.836	115,932.717	15,457.697
	Total		256,226.220	189,486.632	25,264.286

Expenses in thous. CZK

Implementation of the measure based on the positive decisions on granting subsidies from SEF and ERDF within Measure 3.4 – Waste Management and Old Burdens Elimination provides a prerequisite for achieving the following environmental benefits:

Capacity of waste collection yards and of separated collection system	t/year	4,668.2
Area of waste coll. yard; area of catchment territory	m ²	7,531
Number of collection containers	pcs	446
Processed wastes	t/year	32
Material recycling	t/year	0
Waste separation	t/year	4,700.2
Area of recovered and reclaimed land	m ²	55,090

IV.5. Renewable sources of energy (incl. programmes 1.A and 4.A for natural persons)

The number of projects granted support in 2006 was 29. Apart from 18 implementations focused on demonstration of conversion of solar energy to heat and electricity (programme 10.A), 10 capex projects (programmes 2.A, 3.A) and 1 non-capex project focused on the support of education and publishing (programme 1.B). The following table shows the environmental effects provided all the projects are supported. The largest benefit from renewable sources of energy is in greenhouse gasses reduction (CO₂).

	Number	Costs	Subsidy	Loan	Support	Solid pollutants	SO ₂	NO _x	VOC	CO	CO ₂
		thous. CZK	thous. CZK	thous. CZK	thous. CZK	t/year	t/year	t/year	t/year	t/year	t/year
1.B	1	963	771	0	771	Non-capex projects – support of education					
2.A	2	27,504	21,702	0	21,702	-2.1	7.0	-0.2	2.9	14.3	591.4
3.A	8	29,769	23,035	0	23,035	-1.3	2.5	1.5	0.1	0.3	916.2
10.A	18	5,679	5,110	0	5,110	Demonstration of low-power generation plant					
Total	29	63,914	50,617	0	50,617	-3.4	9.5	1.3	3.0	14.6	1,507.6

There were another 918 projects supported in 2006 dealing with installation of renewable energy sources in family houses (for individuals). As the subsidy is not provided until the project implementation is finished (after putting the device into operation), the specified environmental effects (calculated using a simplified method as a substitution of lignite) are apparent immediately.

	Number	Costs	Subsidy	Solid pollutants	Gaseous	CO ₂
		thous. CZK	thous. CZK	t/year	t/year	t/year
1.A.a	166	15,063	6,660	18.5	152.6	3,048.3
1.A.b	532	84,386	25,080	9.2	76.0	1,517.9
4.A	220	66,516	10,890	12.9	106.3	2,123.4
Total	918	165,964	42,692	40.6	334.9	6,689.6

The third call for submission of applications for the Operational Programme Infrastructure was announced in the first half of 2006. The number of evaluated applications in measure 3.3.C totalled 45.

OPI 3.3.C – use of renewable energy sources:

Evaluated in this category were 45 applications in the third call, of which 20 applications obtained a positive result. It included 13 heat pump implementations, five solar system installations and two installations of biomass-incineration boiler, of which one included a central heat supply. Total support from the Fund amounts to CZK 33,159 thousand (capital expenditure) and CZK 2,993 thousand (support for project documentation drawing up). Implementation of these projects creates an assumption for elimination of the following levels of pollutants and CO2 emissions:

MAJOR POLLUTANTS AND CO2	(t/year)
Solid substances	-93.0
SO₂	26.0
NO_x	-9.0
C_xHy	4.8
CO	70.4
TOTAL	-0.8
CO2	11,097

Environmental benefits from projects with final project evaluation performed in 2006

The number of projects which were definitely granted support in 2006 was 264. The environmental benefits were not monitored in programmes 1.B, 2.B (non-capex programmes focused on education and publishing) and in programme 10.A (low-significance demonstration projects). Overall benefits in the area of renewable energy sources represent the following reduction in pollution in the submitted final project evaluations:

	Number	Costs	Subsidy	Loan	Support	Solid pollutants	SO2	NO _x	VOC	CO	CO2
		thous. CZK	thous. CZK	thous. CZK	thous. CZK	t/year	t/year	t/year	t/year	t/year	t/year
1.A	29	6,074	3,037	0	3,037	1.3	2.5	0.4	1.4	6.6	219.9
1.A.b	24	5,114	2,537	0	2,537	1.6	2.9	0.5	1.7	7.7	209.0
1.B	6	10,939	10,281	0	10,281	Non-capex projects – support of education					
2.A	7	70,573	35,160	20,102	55,261	-21.2	16.6	-4	9.1	53.7	4,136.3
2.B	1	116	58	0	58	Non-capex projects – support of education					
3.A	43	125,361	95,511	8,560	104,071	20.9	33.1	4.7	14.5	65.5	3,168.6
4.A	47	19,265	5,731	0	5,731	4.4	7.9	1.7	4.6	21.1	703.4
4.A.b	31	14,748	4,424	0	4,424	3.4	6.4	1.1	3.8	17.0	526.0
5.A	1	2,370	0	1,896	1,896	8.4	23.6	7.0	0.2	0.6	1,630.1
6.A	1	1,815	0	1,180	1,180	2.1	5.9	1.8	0.0	0.1	439.9
7.A	5	173,487	52,046	49,635	101,681	214.4	413.5	53.6	166.1	804.7	41,032.7
8.A	6	15,673	4,037	6,884	10,920	7.4	14.0	0.5	7.9	38.1	1,446.9
9.A	3	27,444	11,206	9,734	20,940	18.2	18.5	3.2	1.9	6.6	1,708.9
10.A	60	10,448	9,824	0	9,824	Demonstration of low-power generation plant					
Total	264	483,427	233,850	97,990	331,840	261.0	545.0	70.4	211.2	1,021.6	55,221.7

OPI

There were 20 projects that were granted positive Ministry decisions within measure 3.3 C in 2006. Total approvable expenses for projects within this measure amount to CZK 283,902 thousand; the subsidy from ERDF amounts to CZK 198,301 thousand and support from SEF including contribution for drawing up project documentation amounts to CZK 36,152 thousand.

V. Operational programme Infrastructure - OPI

V.1. OPI - Priority 3

The global goal of the OPI programme is protection and improvement of the environment and development and enhancement in transport infrastructure. The fund's role within OPI is to act as an agent and a payment unit.

The third call was announced between 1 Sept. and 1 Nov. 2005. The response to the third call was submission of 357 applications totalling costs of CZK 10,994.8 million where the requested subsidy from ERDF is CZK 7,856 million. The number of registered applications was 321 at the value of CZK 10,476,705 thousand where the requested subsidy from ERDF is CZK 6,990,687 thousand and CZK 919,709 thousand from SEF. The applications from the 3rd call were approved by Minister of the Environment in 2006.

67 projects were granted a positive decision by the Minister within the 3rd call, Priority 3. These projects are within the overall approvable costs at CZK 1,374,070,449; ERDF subsidies are CZK 1,016,674,490 and support from SEF is CZK 151,252,693.

Measure 3.1 – Restoration of environmental functions of landscape

15 projects were approved within measure 3.1 with the overall approvable cost at CZK 125,773,000; ERDF subsidies are CZK 99,932,000 and the subsidy from SEF is CZK 12,491,000.

Measure 3.2 – Improvements in water management infrastructure

15 projects were approved within measure 3.2 with the overall approvable cost at CZK 692,087,000; ERDF subsidy is CZK 449,857,000 and the subsidy from SEF is CZK 83,058,000.

Measure 3.3 – Improvements in air protection infrastructure

25 projects were approved within measure 3.3 with the overall approvable cost at CZK 329,247,939; the ERDF subsidy is CZK 221 023 357 and SEF subsidy (without contribution for working out project documentation) is CZK 32,922,045.

Measure 3.4 – Waste disposal and removal of old environmental burdens

12 projects were approved within measure 3.4 with the overall approvable cost at CZK 256,226,220; the ERDF subsidy is CZK 189,486,632 and the subsidy from SEF is CZK 25,264,286.

Disbursement of funds within OPI

The allocation for 2004 amounting to 1,052,166,802.50 had already been successfully used up by August 2006, which also meant the fulfilment of the N+2 rule. From the beginning of the programme, i.e. from 1 May 2004 to 30 Nov. 2006 the European Commission certified CZK 1,523,477,000.30 of ERDF funds and CZK 272,414,869.06 of SEF funds.

Drawing of fund allocation for 2005 started in September 2006 with 160 applications for subsidy filed by 31 Dec. 2006 with an overall level of ERFD funds at CZK 829,213,373.15 (or 55.2% of allocation for 2005) and CZK 138,793,131 of SEF funds.

Within measure 3.1 from the beginning of the programme until 30 Nov. 2006 the European Commission certified CZK 56,969,907 of ERDF funds and CZK 7,495,528 was certified from SEF funds.

Within measure 3.2 from the beginning of the programme until 30 Nov. 2006 the European Commission certified CZK 1,246,554,937.13 of ERDF funds and CZK 215,449,825 was certified from SEF funds.

Within measure 3.3 from the beginning of the programme until 30 Nov. 2006 the European Commission certified CZK 168,923,348.69 of ERDF funds and CZK 39,779,370 was certified from SEF funds.

Within measure 3.4 from the beginning of the programme until 30 Nov. 2006 the European Commission certified CZK 51,028,807.09 of ERDF funds and CZK 9,690,416.06 was certified from SEF funds.

V.2. OPI – Technical assistance (Priority 4)

The fund is one of the end beneficiaries of the support within Priority 4 – Technical assistance, OP Infrastructure and it provides the necessary level of co-financing from its own sources (25%) for projects funded from Technical assistance.

Technical assistance (TA) is focused on the support of implementation and effective management of OP Infrastructure and is implemented through two measures:

Measure 4.1. Technical assistance in management, implementation, monitoring and checking of OP Infrastructure operations

Measure 4.2. Other expenses of technical assistance for OP Infrastructure

In 2006 the implementation of OP Infrastructure took place in two levels:

- a) implementation and finalization of TA OP Infrastructure projects approved in 2005;
- b) approval, commencement and finalization of new projects.

The number of new TP projects registered in 2006 was 17 with the overall volume at CZK 33,210,043; of this 6 projects at CZK 6,631,402 fall under Measure 4.1 and 11 projects at CZK 26,578,641 under Measure 4.2 (detailed in table No. 1).

Table No. 1

Measure 4.1		Measure 4.2	
<i>Project title</i>	<i>Application</i>	<i>Project title</i>	<i>Application 100%</i>
	100%		
Revision of manuals for assigning public contracts	500,000	IS for processing of projects OPI – Environment in the intermediate Stage of financing 2006 - 2008	10,555,252
Revision and optimization of processes associated with SEF CR procedures	2,380,000	System software for OPI	2,380,000
Project of hiring personnel for OPE	1,700	Hardware for OPI	2,380,000
Archives of OPI, OPE documentation	756,126	Systemic and technical assistance for HW and SW implementation for OPI	1,999,200
Expert consultancy service for OPI implementation	200,000	Positive image campaign	756,126
OPI Conference	339,150	Promotion of OPI	1,134,189
		IS ISPROFIN administration	750,000
		Maintenance of SEF CR applications -Visual Fox Pro	1,000,000
		Maintenance of SEF CR applications - Lotus Notes	2,000,000
		Maintenance of SEF CR applications - Java	2,000,000
		Check of data transfer IS ZS x IS MSSF and IS ZS x MSC 2007	2,300,000
Total	5,875,276	Total	27,334,767

On 31 Dec. 2006, 1 project of TA “Revision of manuals for assigning public contracts” was completed and **CZK 321,300** was credited into the Fund account from ERDF.

V.3.

VI. ISPA, Cohesion fund

The State Environmental Fund of the Czech Republic (SEF) was, from 2001 until 30 April 2004, i.e. until the accession of the Czech Republic to the European Union, based on *Government Resolution No. 149 of 14 Feb. 2001 on coordination and implementation structures of the ISPA instrument*, an implementation agency for implementation of ISPA projects. As an implementation agency, SEF provides administration for all ISPA projects except two projects where the Regional Development Centre was established as an implementation agency. The ISPA pre-accession instrument was assigned for the transport and environmental sector in the candidate countries. The projects were presented to the public sector applicant from where the overall cost for the implementation of the project could not be lower than EUR 5 million except for technical assistance projects.

On 1 May 2004, when the Czech Republic became a member of the European Union, the Czech Republic started to be entitled to subsidies from the Cohesion Fund (CF). The systemic framework for providing aid from the Cohesion Fund for 2000 – 2006 is based on the policies declared by Council Regulation (EC) No. 1164/94, as amended. SEF was established as the implementation body for the environmental sector based on *Government Resolution No. 125/2004 of 11 Feb. 2004 on the Cohesion Fund strategy – implementation system*. The CF projects are presented to the public sector applicant where the overall cost for the implementation of the project may not be lower than EUR 10 million. The Cohesion Fund projects are designed to support the area of the environment and transport.

As none of the ISPA projects had been completed by the day of the Czech Republic's accession, beginning on 1 May 2004 these projects were transferred to CF projects – under art. 16a of Council Regulation No. 1164/94.

The priority of the ISPA and Cohesion Fund instruments in the environment area is adherence to the requirements of European Community legislation, above all in the area of water conservation, waste management, air protection and removal of old environmental burdens.

106 projects were registered in SEF as of 31 Dec. 2006 applying for support from the ISPA programme or the Cohesion Fund. Out of these applications 40 projects were approved by the European Commission as at 31 Dec. 2006, out of which one project deals with technical assistance and one project focuses on flood damage recovery approved by the European Commission in the non-standard regime. Between 1 Jan. 2006 - 31 Dec. 2006, 4 new applications for support from the CF were approved by the European Commission. These 4 approved applications amount to EUR 89.932 million (CZK 2,518.096 million)¹ of total expenses, or approvable expenses at EUR 80.045 million (CZK 2,241.260 million) with committed support at EUR 54.973 million (CZK 1,539.244 million).

Total expenses for 39 projects approved in the standard regime amount to EUR 959.7 million (CZK 26,871 million), out of which the approvable expenses represent EUR 867.4 million (or CZK 24,287 million). Support from the CF / ISPA allocated to these projects amounts to EUR 609.1 million (CZK 17,055 million).

Apart from that, a **project for flood damage recovery** was implemented, consisting of 13 sub-projects which were supported from the ISPA fund. Total expenses for this project amounted to EUR 17.7 million (CZK 495.6 million), where the European Commission provided support at EUR 14.6 million (CZK 408.8 million). The remaining part was funded by the beneficiaries. A final report was approved by the European Commission at the end of 2004.

In 2003, the European Commission approved a **project for technical assistance** as a support for the national bodies during drawing up and management of the Cohesion Fund projects in the environmental segment. Total approvable expenses for this project amount to EUR 2,250 thousand (CZK 65,250 thousand), where the committed support represents EUR 1,687.5 thousand (CZK 47,250 thousand). As at 31 Dec. 2006, the support at a total amount of EUR 279,771 (CZK 7,833,589) was provided for the technical assistance project. The project has the following objectives:

- Technical assistance in drawing up applications for support from the Cohesion Fund for their submission for the European Commission's approval.
- Technical assistance to strengthen the institutional framework through external analyses consisting of assistance of the Ministry of the Environment and SEF during preparation, implementation and inspection of projects supported from the Cohesion Fund.
- Enhancement of expertise of the Ministry of the Environment and the State Environmental Fund through necessary educational activities (training, seminars, etc.)

Disbursement of funds from the European funds in 2006

In accordance with the Methodology of financial flows valid from 1 Jan. 2006, the end beneficiaries were provided with funds for the CF / ISPA projects in the environmental sector in the form of advance funding from the national budget, chapter 315 / MoE. Support from the national budget totalling CZK 1,176,778 thousand (European Union funds' share) was transferred to the end beneficiaries between April 2006 – December 2006. At the beginning of

¹ An exchange rate at 28 CZK/1€ is used in this document for conversion between EUR and CZK

2006, funds were provided based on an exemption approved by the Ministry of Finance (MF) through the original funding system (National Fund of the Ministry of Finance), i.e. outside the national budget. Based on the Decision on participation of the national budget and financial means from the National Fund in projects funding, in April 2006 advance funding of the CF projects from the national budget could begin. The National Fund's expenses (financial means provided by the European Union funds) amounted to EUR 56,360.2 thousand in 2006. The National Fund's income provided from European funds based on certification of expenses or through advance funding of so far non-funded projects totalled EUR 78,209.4 thousand (CZK 2,189,863.5 thousand). 13 CF / ISPA projects were funded from the European Union funds in 2006, which are already in the construction process. The other projects are in different phases of preparation of the construction and they have not been funded yet.

Breakdown of provided funding by measure (approved ISPA and CF projects)

Type of measure	Number of projects	Approvable expenses (mln EUR)	Support from CF / ISPA (mln EUR)
Water	36	778.7	464.
Waste management	1	69.6	47.3
Monitoring of hydrosphere	1	16.9	12.6
Technical assistance	1	2.25	1.688
Floods ISPA 2002	1 (13 sub-projects)	17.7	14.6

Breakdown of provided funding by region (approved ISPA and CF projects) ²

Region	Number of projects	Approvable costs (mln EUR)	Support from CF / ISPA (mln EUR)
Moravia-Silesia	4	98.0	72.6
South Moravia	8	281.0	198.5
Usti	1	19.8	12.9
Vysocina	4	51.8	35.0
Olomouc	5	97.7	67.5
Zlin	1	46.2	32.4
South Bohemia	2	21.3	12.2
Pilen	3	90.0	66.7
Karlovy Vary	1	8.7	6.4
Central Bohemia	3	40.5	26.7
Liberec	1	28.8	20.7
Pardubice	1	20.2	12.5
Hradec Kralove	3	47.7	32.7
Prague	0	0.0	0.0
CR*	1	16.9	12.6

* the project implementation covers the territory of more than one region

² Includes projects approved by the European Commission as at 31 Dec. 2006; the table does not include the flood management projects and the technical assistance project

Support for co-funding of the ISPA and Cohesion Fund projects provided from the State Environmental Fund of the CR.

SEF not only participates in preparation and implementation of the ISPA and Cohesion Fund projects but it also participates in funding of pre-capex expenses and in co-funding of these projects' implementation. When specifying the amount of this support, the SEF applies procedures complying with the relevant directives of the Ministry of the Environment on provision of financial means from the SEF for co-funding of the ISPA programme or Cohesion Fund projects.

The support is aimed at:

- Preparation of applications for support from the ISPA / CF programme
- Drawing up documentation for a tender and conducting the tender for project implemented within the ISPA and Cohesion Fund programme
- Capex projects implemented within the ISPA / CF programme

As at 31 Dec. 2006, submitted were 69 applications for support totalling CZK 2,191,177 thousand (subsidies and loans) which are being processed by the SEF. The other submitted applications could not be administratively processed towards a positive Decision of the Ministry as they did not meet some of the essential conditions for the subsidy provision:

- The legislative status of the applicant did not allow the SEF to provide him/her with a subsidy;
- The project for which co-funding was requested had not been approved by the European Commission yet;
- The application did not meet another requirement specified in the relevant directives.

The support granted based on the Ministry's Decision totalled CZK 952,514 thousand as at 31 Dec. 2006 and consisted of the total **subsidy** at CZK 892,514 thousand and of the total **loan** at CZK 60,000 thousand. As at 31 Dec. 2006, total subsidies at CZK 334,821 thousand were disbursed (of which CZK 176,179 thousand were disbursed in 2006) and loans at CZK 51,605 thousand (of which CZK 23,651 thousand were disbursed in 2006). No new positive Decisions of the Ministry on co-funding the ISPA / CF projects were issued between 1 Jan. 2006 – 31 Dec. 2006.

VII. Status of requests for support from the Fund as at 31 Dec. 2006 – National Programmes

VII.1. Applications

In 2006, the provision of support from the State Environmental Fund of the Czech Republic was governed by the MoE Directive No. 2/2005 on provision of financial means from the State Environmental Fund of the Czech Republic, which was replaced by the MoE Directive No. 13/2006 of 20 Dec. 2006 on provision of financial means from the State Environmental Fund of the Czech Republic.

The Ministry of the Environment issued this Directive which specifies the basic approach towards the provision of financial means (support) from the Fund, the administrator of the State Environmental Fund of the Czech Republic. The measures to be supported from the Fund are specified in Annex I (valid from 1 Feb. 2005 and the new Annex No. I valid from 1 March 2006) and in Annex II (valid for 2006, i.e. from 1 Jan. 2006).

Applications containing complete data are registered. 1,202 applications for the national programmes were registered in 2006. The receipt of applications for national programmes announced by the Ministry of the Environment was suspended from 1 April 2005, due to an excessive number of applications exceeding the financial capacity of the Fund. Beginning on 15 March 2006 the receipt of the applications under Annexes I and II was resumed in selected programmes up to the specified level of allocation for each programme. After registering applications at double the level of the specified allocation, the receipt of the applications was closed on 2 June 2006. On 12 Sept. 2006, the receipt of applications under Annexes II was resumed.

The Fund evaluates the registered applications in each environmental segment using the criteria specified in Annexes I and II to the MoE Directive, based on environmental and financial indicators, regional comments and technical level of the design. If the evaluated applications are in compliance with the Directive, meet the requirements of the financial and environmental measures and can be included in some of the announced programmes, they are submitted to the Fund Council.

VII.1.1. Status of applications as at 31 Dec. 2006 – broken down by national programme (in thous. CZK)

As at 31 Dec. 2006, most applications were registered with the Fund in the environmental segment – capex projects for the use of renewable energy sources; these totalled 1,084 applications out of the total number of 1,202 applications. The registered applications in the renewable energy sources sector of the environmental segment accounted for 90.2%.

%	Number	Programme title	Prog. No.	Total costs	Total support	Loan	Subsidy	Paym. of interest
2.0	24	Water conservation segment	1..	587,779	420,747	0	420,747	0
2.6	31	Air protection segment	2..	40,639	21,075	2,694	18,381	0
3.7	44	Landscape management	3..	11,092,026	8,879,270	0	8,879,270	0
0.2	2	Waste management	4..	70,582	35,850	0	35,850	0
0.0	0	Technologies and products	5..	0	0	0	0	0
0.9	11	Programme for support of environmental education	8..	119,111	107,699	0	107,699	0
0.0	0	Programme for drawing up regional strategies for sustainable development	9..	0	0	0	0	0
0.0	0	The sun for schools	10.A	0	0	0	0	0
0.0	0	Programme for refurbishment or construction of sewerage system and wastewater treatment plants	11.1.	0	0	0	0	0
90.2	1,084	Capex projects towards use of renewable energy sources	..A	1,243,597	794,272	0	794,272	0
0.3	4	Non-capex projects towards use of renewable energy sources	..B	4,208	3,123	0	3,123	0
0.2	2	Unspecified		43,898	37,516	0	37,516	0
100.0	1,202	Total		13,201,840	10,299,552	2,694	10,296,858	0

VII.1.2. Status of applications for the national programmes as at 31 Dec. 2006 – broken down by region (in thous. CZK)

%	Number	Region	Total costs	Total support	Loan	Subsidy	Paym. of interest
11.1	133	South Bohemia	132,435	95,652	0	95,652	0
13.7	165	South Moravia	12,129,022	9,600,353	0	9,600,353	0
1.8	22	Karlovy Vary	6,338	1,868	0	1,868	0
5.2	63	Hradec Kralove	79,597	47,430	0	47,430	0
3.1	37	Liberec	94,669	68,930	0	68,930	0
10.6	127	Moravia-Silesia	54,220	16,049	0	16,049	0
8.6	103	Olomouc	140,285	96,943	0	96,943	0
4.7	56	Pardubice	68,352	51,260	0	51,260	0
6.1	73	Pilsen	61,820	40,772	0	40,772	0
3.7	45	Prague	74,508	47,670	0	47,670	0
10.1	121	Central Bohemia	180,263	109,231	0	109,231	0
6.8	82	Usti	57,725	38,972	0	38,972	0
7.2	87	Vysocina	63,577	47,851	0	47,851	0
7.2	86	Zlin	54,664	32,681	2,694	29,987	0
0.2	2	CR	4,365	3,890	0	3,890	0
100	1202	Total	13,201,840	10,299,552	2,694	10,296,858	0

As at 31 Dec. 2006, most of the applications registered with the Fund, when broken down by region, came from the South Moravian Region, i.e. 165 applications out of the total number of 1,202 applications registered with the Fund. As a percentage, the registered applications coming from the South Moravian Region represented 13.7%. The lowest number of applications was registered in the Karlovy Vary Region (1.8%).

VIII. The Fund Council

The meetings of the Fund Council held in the course of 2006 were as follows: the 67th (24 March 2006), the 68th (15 May 2006) and the 69th (7 Dec. 2006).

In 2006, the Ministry signed Decisions totalling CZK 1,145,027 thousand; the financial impact on 2006 was CZK 526,675 thousand and the impacts on the following years are presented in the following table.

Summary of signed Decisions of the Ministry in 2006 including disbursement of financial support in the future years

Signed Ministry Decision in (thous. CZK)	Total	year 2006	year 2007	year 2008
Balance as at 31 Dec. 2006	1,145,027	526,675	504,592	113,760

IX. Final provisions

The State Environmental Fund of the Czech Republic contributed significantly through its activities to implementation of the measures under the applicable MoE Directive on funding and the Annexes, participating significantly in the application of the national environmental policy.

- a) Continual funding of projects was provided for the whole of 2006.
- b) Financial means of the Fund were provided effectively and co-funding from the European funds was preferred. The receipt of applications continued for the whole year.
- c) The Fund acts as an Implementation Agency and the payment unit for the European Union funds.

The following SEF CR departments participated in the preparation of this document:

Financial Department

- Accounts and budgetary section
- Section of evaluation and funding of projects B – data on receivables in chapter No. III
- Administration section – data on assets in chapter I.5.7.

Project management section – chapters No. IV, V and VI.

Organization & legal section – personnel data in chapter I.5.7.

X. List of Annexes:

1. Report on creation and use of SEF (in thous. CZK)
2. Revenue analysis by month as at 31 Dec. 2006
3. Realized financial support for projects by region and environmental segment
4. Realized financial support for projects broken down by environmental segment into capex and non-capex ones
5. Realized financial support for projects broken down by environmental segment by type of entity
6. Outstanding receivables as at 31 Dec. 2006 incl. Chart 6.1 Other receivables of the Fund as at 31 Dec. 2006
7. Balance sheet of assets and liabilities
8. Total liabilities of the Fund as at 31 Dec. 2006
9. Organizational structure as at 31 Dec. 2006