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MINISTRY  
OF REGIONAL  
DEVELOPMENT CZ

## **„Task Force on Better Implementation“** **15<sup>th</sup> July 2015**

### **Participants (EC):**

DG REGIO: Erich Unterwurzacher, [REDACTED]

DG EMPL: [REDACTED]

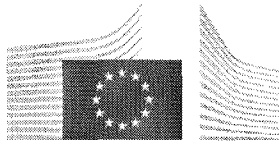
### **Participants (EC):**

Ministry of Regional Development (NCA), Ministry of Finance (PCO, AA), Permanent Representation of the Czech Republic to the EU, MA representatives

### **The main conclusions**

1. EC took note of the current situation in the operational programmes of the programming period 2007-2013.
2. EC took note of the procedural steps linked to the EIA re-screening, while at the same time expressed worries concerning the risks and possible negative impact of the EIA and Water Directive related issues. This area should be closely monitored.
3. EC has examined the materials submitted by the MA OP T concerning the EIA re-screening of the major project R 35 Bílý Kostel - Hrádek nad Nisou and considers the procedure in general as sufficient. At the same time, EC confirmed that no additional requests connected to the "water framework directive" will be required by the OP T major projects (except the projects which are directly linked to some water sources).
4. EC took note of the schedule of the OP T for submitting of the major projects affected by EIA-rescreening.
5. EC expressed its readiness to discuss the EIA related issues with MA OP R&DI linked to the major projects which are prepared for phasing (ELI, SUSEN). The reply from DG ENV based on the information sent by the CZ authorities will be transmitted to the MA in order to allow both parties to agree on the next step as soon as possible.
6. The Czech Republic confirmed that its reaction on the audits (area of cultural heritage - 5.1) of the operational programme IOP will be sent to the EC by the end of July 2015.
7. The EC urged the IOP MA to look again into the possibility to use some of its remaining allocation for financial instruments activities.
8. EC noted that the reply to the request of the MA of ROP North West to the EC to re-assess 3 problematic projects of this OP (Krajská zdravotní, Zimní stadion, Becherova vila) will be communicated to the MA bilaterally later on.
9. MA OP EC promised to send updated information on the usage of the allocation and de-commitment risks development by the end of July with a view to achieving a substantial reduction of de-commitment risks compared to expectations at the start of the Task Force.
10. EC urged the MA of OP PA, despite its stated implementation difficulties, to explore any possibility and to implement some new measures in order to maximize the allocation usage, stepping up all procedures necessary for their approval (this might include a meeting of the city council in this matter). As concluded by the chair, this may need to involve also an exceptional meeting of the Monitoring Committee of OP PA to speed up implementation during the summer break.
11. EC took note of the progress with the implementation of OP E and came to the conclusion, that this OP could be excluded from the Task Force activities henceforward.
12. The OP EI asked EC for sending the final EC statement on the issue of ISOP system.

13. EC appealed to all of the operational programmes with the request to re-examine the possibility of retrospective projects financing.
14. EC also recommended to re-examine the possibility of using the phasing or the “non-completed projects” provision.
15. EC emphasized the importance of the continuing works and communication with beneficiaries and the necessity to make the project-related administration faster taking into consideration the huge amount of resources which still have to be paid out to beneficiaries.
16. The representatives of CZ and EC have agreed that they have to continue with all the activities with maximal effort in order to use the allocation of 2007-2013 effectively.
17. The EC noted that the mandate of the TF is to help the CZ to absorb but in an effective and efficient way, i.e. the eligibility should not be compromised. Moreover, the TF activities should help the CZ with the preparation for the implementation of the 2014-2020 programmes.
18. The follow up meeting should take place in October 2015.



**TASK FORCE ON BETTER IMPLEMENTATION CONCERNING THE CZECH  
PROGRAMMES UNDER THE 2007-2013 PROGRAMMING PERIOD**

**MAIN DISCUSSION POINTS AND CONCLUSIONS OF THE FINAL MEETING OF 5  
NOVEMBER 2015**

**Participants (EC):**

DG REGIO: E. Unterwurzacher, [REDACTED]

DG EMPL: [REDACTED]

**Participants (Czech authorities):**

Ministry of Regional Development (NCA), Ministry of Finance (PCO, AA), MA representatives

**Introductory remarks**

[REDACTED] presented the overall state of play regarding the implementation of the NSRF (107% of the allocation contracted, 86% paid to the beneficiaries and 74% certified), the expected de-commitment amounts and the main implemented measures. Unfortunately, mainly due to savings and financial corrections, the estimated de-commitment by the MAs has increased (CZK 16.5-20 billion in January, CZK 16-22 billion in June and CZK 16.8-24 billion in September).

Mr Unterwurzacher noted that besides the fact that the de-commitment forecasts have not decreased, the figures expected by the NCA are still much higher than the ones from the MAs. We need to examine the justification for this and the reasons for the increases in such short period. In addition, the gap between the contracted allocation and paid expenditure is still significant. In view of these figures, almost 10% of the initial CZ allocation might not be used in the end. He expressed his hope that the MAs have not eased up in their efforts regarding the 2007-2013 period in view of the new allocations for the 2014-2020 one.

[REDACTED] assured the Commission that the MAs have not relaxed in their efforts and stressed the efficiency of absorption, i.e. not to absorb at any price without having quality projects. As for the increases in the forecasts, these are caused mainly by savings and financial corrections. The NCA's forecasts are higher as they take into account also additional risks (see justification added under each OP).

Mr Unterwurzacher added that the Task Force will not continue in this format but close cooperation on the implementation of the 2014-2020 programming period will be necessary and a meeting could take place at the beginning of 2016. Finally, he encouraged the CZ to explore the possibilities of the best possible use of EU money in respect to the migration crisis.

[REDACTED] pointed to the mixed developments in ESF programmes, facing an increase of risks in some. He also referred to the potential of ESF support in the context of the refugee crisis.

### De-commitment overview table

OP	De-commitment in 2013 in MEUR	De-commitment in 2014 in MEUR	De-commitment expected at closure in MEUR (NCA forecast if different)
OP Transport	0	0	368-437 (730-1 270)
Environment	275	0	0
Integrated OP	2	2	80-157 (130)
OP TA	20	10	15-18
ROP North West	0	55	47-69
OP R&D for Inn.	0	243	55-91 (135)
OP Prague Adap.	0	0.2	9-11
OP Education	114	0	36-91
<b>TOTAL ERDF/CF</b>	<b>398</b>	<b>309</b>	<b>565-772 (1 057-1 622)</b>
<b>TOTAL</b>	<b>411</b>	<b>309</b>	<b>610-874 (1 102-1 724)</b>

### State of play per OP

#### **OP Transport**

- 102% committed (only 90% taking into account corrections and savings), 84% paid to the beneficiaries, 63% declared to EC, expected de-commitment EUR 368-437 million (CF in particular) mainly due to public procurement delays, savings; land purchase;
- The NCA expects a de-commitment of EUR 730-1 270 million due to risks linked to major project – only 4 out of 23 MP linked to the EIA issue were approved; one new MP to be phased still lacks JASPERS Completion Note;
- Measures – new projects (135 submitted in 2015 for EUR 1 145 million – mainly railway projects, MA believes that the vast majority will be completed in 2015), phasing of 6 MP and 21 non-MP, 12 retrospective projects (EUR 74 million), OP revision (reallocation of EUR 241 million);
- EIA issue – the rescreening of 23 MP is completed, there was one appeal (PRR Section 512 – commissioning not finalized providing possibility to apply mitigating measures; issue to be assessed by the interministerial working group); the rescreening of the 2% sample of non-major projects is ongoing (it was not finalised yet due to the fact that the interministerial group prioritised rescreening of MPs;
- 21 out of 23 MP requiring EIA rescreening were sent to EC, 4 of these were adopted; case by case remaining issues linked to Water Framework Directive (justification of why the MP were not assessed from the WFD perspective is being required), anti-noise measures and rescreening process;
- The EC confirmed that the process of approving MPs will continue in 2016;
- The EC urged the MA to continue searching for suitable retrospective projects and projects which could be launched in 2015 and finalised later on as a phased or unfinished project;
- The MA noted that it has examined the possibilities for retrospective projects and all eligible projects are currently in the assessment process. The number of phased non-major projects is lower as the projects (a) will be finalised sooner, (b) will not be phased as it would be too complicated in comparison to the financial gains and (c) were delayed and will not be launched in 2015.

## **OP Research and Development for Innovation**

- 104% committed, 76% paid to the beneficiaries, 69% declared to EC, expected de-commitment EUR 55-91 million – significant increase since June due to incorrect initial predictions, overestimated budgets, delays, phasing of MPs; The EC expressed its concerns with the increase as the maximum de-commitment estimation previously reported in September amounted to EUR 60 million;
- The NCA expects a de-commitment of EUR 135 million due to risks linked to the significant remaining part of the OP allocation to be still paid to the beneficiaries (more than 20%), very few completed projects, no reserve projects, past fluctuation problems at the MA;
- Measures – new projects (EUR 35 million), phasing of 2 MPs (some obstacles were linked to the phasing of these projects, EIA rescreening was required and was carried out after some delays; the decision adoption procedure is ongoing – until the EC interservice consultation is finalised, informal comments will be sent to the MA to allow it to improve the MP applications as soon as possible);
- The EC urged the MA to improve its communication with the beneficiaries; they should not relax at the end of the period due to the possibilities to have project phasing or unfinished projects, the pressure should be kept; in addition, the MA should think about measures concerning the beneficiaries which had not complied repeatedly with the set schedules in the past.
- The MA pointed out that there were significant savings in the projects which are not considered as negative as they represent efficient use of the allocation.

## **Integrated OP**

- 105% committed, 69% paid to the beneficiaries, 62% declared to EC, expected de-commitment EUR 80-157 million (realistic forecast – EUR 85 million) – significant increase of the upper limit since June due to delays and savings;
- The NCA expects a de-commitment of EUR 130 million due to risks linked to the significant remaining part of the OP allocation to be still paid to the beneficiaries (30%), ITC audit, past fluctuation problems and current administrative capacity at the MA;
- Measures – new projects under area 3.2. (public health) EUR 59 million; no sleeping projects, crisis management of high risk projects leading to reduction of their number and amount at risk; in order to manage the significant backlog of payments to the beneficiaries on time, the MA is carrying out verifications of tender procedures in advance;
- The EC is concerned by the increasing de-commitment estimations; the MA should consider measures regarding the current migration crisis, even retrospective ones – the EC is ready to discuss; the MA should think about measures concerning the beneficiaries/intermediate bodies which had not complied repeatedly with the set schedules in the past.
- The MA mentioned the outputs of some projects which have already been used within the migration crisis.

### **ROP North West**

- 105% committed, 84% paid to the beneficiaries, 71% declared to EC, expected de-commitment EUR 47-69 million;
- The NCA expects a de-commitment of EUR 65 million due to significant amounts remaining to be paid to the beneficiaries and risks of delays;
- The EC noted that unfortunately, the OP faced audit problems in the past and the reallocation of funds proposed was not approved by the monitoring committee and therefore the funds at risk could not be used by other OPs; the MA was invited to verify again whether some retrospective projects might be eligible under the OP;
- The EC was concerned about the high remaining amounts to be paid to the beneficiaries and the capacity of the MA to manage the necessary process in the next months; the MA confirmed that they stabilised their staff and applied measures for faster administration;
- The recent audit report of DG REGIO represents another risk for the de-commitment level.

### **OP Technical Assistance**

- 111% committed, 87% paid to the beneficiaries, 71% declared to EC, expected de-commitment EUR 15-18 million stemming mainly from the risk of financial corrections concerning priority axis 2 (IT systems), otherwise the de-commitment would have been cca EUR 2 million;
- Measures – the MA launched several new projects (EUR 5 million) and continues the communication with the EC on the warnings;

### **OP Education for Competitiveness**

- 109% committed, 90% paid to the beneficiaries, 80% declared to EC, expected de-commitment EUR 36-91 million - significant increase since June due to higher savings (in particular in regional and higher education projects) and corrections;
- The NCA expected de-commitment EUR 70 million due to risk of delays and further savings;
- Measures – two calls for proposals using simplified costs options targeted at schools were launched which helped to reduce de-commitment by EUR 71 million. In addition, the MA strengthened the monitoring of the projects and also made the rules for them more flexible to expand their activities and the eligibility period for projects implementation;
- The EC expressed its strong concerns about the sharp increase in the de-commitment forecast since the last task force meeting (from EUR 23 million in July), while appreciating that the MA has at the same time progressed in the implementation of mitigating new projects; the EC stressed that the MA should engage more closely with the beneficiaries to prevent further "savings" in ongoing projects, which are underlying the latest deterioration of de-commitment forecast.

### **OP Prague Adaptability**

- 101% committed, 84% paid to the beneficiaries, 46% declared to EC, expected de-commitment remains at EUR 9-11 MEUR;
- Measures - The MA managed to reduce slightly the risk based on 3 new individual projects (value of EUR 0.5 million); for the future, the MA will improve the risk management system and introduce simplified costs and project reserve lists.
- The EC reiterated its concern recalling the debate at earlier TF meetings, and regretted that OP PA MA invested in insignificant new projects, and did not take firm mitigating action which could have led to a more considerable improvement of the OP's performance. Now, pro-active engagement with beneficiaries should at least contain the de-commitment.

### **Conclusion**

Mr Unterwurzacher closed the meeting by noting that it is the last TF meeting under the current framework. The technical discussions held during the year were inspiring and the benefit of the TF is clear – without the flexibility provided, the situation would have been very different and probably much worse.

The work on the 2007-2013 period is nevertheless not completed and the EC expects regular (monthly) reporting on the level of expenditures and de-commitment forecasts. In addition, the Czech authorities should still consider further phasing opportunities and measures to deal with migration issues. All lessons learned from the past should be seriously considered during the implementation of the 2014-2020 programmes.



**TASK FORCE ON BETTER IMPLEMENTATION CONCERNING THE CZECH  
PROGRAMMES UNDER THE 2007-2013 PROGRAMMING PERIOD**

**Follow up meeting 15 December 2015**

**Participants (EC):**

DG REGIO: E. Unterwurzacher, [REDACTED]

DG EMPL [REDACTED]

**Participants (Czech authorities):**

Ministry of Regional Development (NCA), Ministry of Finance (PCA), Office of the Government

Introductory remarks

The NCA repeated the measures implemented so far and that effectiveness and quality is preferred to quantity. The PCA informed that they expect to declare 80% of the total allocation until the end of the year, claims for 1.2 bn EUR are to be submitted by the end of the year.

The NCA will send an updated de-commitment forecast table in January, after the main figures about payments to beneficiaries are known, and also a more precise table with the absorption (the monthly report).

The EC stressed that CZ are the second worst regarding the de-commitment figures. The EC continues to be concerned about the 1.4 bn EUR of expected de-commitment. As the eligibility period comes to an end on 31 December 2015, only few measures as retrospective projects, possibly together with ex-ante corrections can be still considered. It was noted that 50% of the public investments come from the national budget, some of those projects might be eligible under SF if applicable rules are met.

OP Transport

The NCA still forecasts a rather high de-commitment of up to 1 bn EUR taking into account the risk of non-approval of MPs. However, the NCA sees the positive trend in approving MPs and would appreciate this trend to continue in following weeks. The EC noted that the risk does not seem to be significant for all non-approved MPs in general, nevertheless, several still remain under assessment. At this stage, the MA should know exactly how much was paid by the beneficiaries and provide a more precise forecast.

Possible measures to be still examined:

- The MA should still explore the possibility of financing projects paid already by the state budget or projects financed by ERDF under other OPs, which are eligible to be transferred to CF, under the condition that direct link can be established with TEN-T, urban or sustainable transport. The NCA informed that MA has already checked the option of financing retrospective projects and the result is 12 projects totalling 74 mil. EUR. The MA estimates a decrease in de-commitment accordingly. The CZ mentioned possible problems with the CZ budgetary rules regarding transfers between years and sources of finance (to be verified). The NCA noted that the MA proposed some regional roads projects at the beginning of the year as a new activity but the EC reminded that those were only linked to maintenance, which is not eligible. The NCA claimed that the ROPs will probably not agree with transfers of their projects to OPT as they keep the reserve projects for possible future corrections. The



MA should still consider new activities or new beneficiaries in view of the fact that the revision of OP can be submitted until the end of the year and there is no necessity of approving it by EC until the end of this year. There is also no obstacle in approving it by EC in following year (2016).

- Projects financed by EIB loans;

The CZ noted that there probably are no suitable projects or that the amounts would be minor.

- Projects falling under CEF, if any expenditure incurred in 2015;

- Projects under 2014-2020 period where preparatory works have started (projects, which could be phased)

The EC acknowledged the risks linked to the retrospective projects, explained also in the relevant EC guidance note to COCOF. The EC is prepared to discuss in January any CZ ideas.

#### ESF – OP Education and Competitiveness and OP Prague Adaptability

OPEC launched new projects of some 70 mil. EUR this year, but these efforts were partially offset by unexpected "savings" in projects, triggering calls from EC on the MA to better reach out to and monitor beneficiaries – latest figures from the MA estimate de-commitment risks at 53 mil. EUR, while the NCA points to a considerably higher risk of 70 mil. EUR. The difference between the MA and NCA estimate is caused mainly by savings and prolonging the schedules of projects. The 57<sup>th</sup> call for proposal's absorption capacity wasn't enough to cover the volume of allocated financial resources. Moreover, the NCA takes into consideration the development in previous years of implementation, therefore, the NCA is more critical in its predictions. OPPA did not substantially reduce its de-commitment risk of 9 -12 mil. EUR.

While a number of finalised projects from pre-school to higher education which, while being financed from national budget, might fall into the scope of OPEC, the potential for 'retrospective projects' may be even more limited under the ESF with its many smaller projects for which ESF rules would need to be applied.

The NCA will nevertheless ask the MA to examine the potential whether the conditions for any retrospective projects might be met, to further decrease de-commitment risks.

#### Integrated OP

The de-commitment trend has shifted towards the more positive expectations, the main problem is caused by 12 very risky and 68 risky projects. The EC noted again that the MA should get in touch with the beneficiaries to receive more accurate figures.

The NCA repeated that after a thorough analysis no new FI will be launched. The possibility of retrospective projects will be examined.

#### ROP North West

The forecasts are more positive – approximately 50 mil. EUR. Retrospective projects will be still explored.

#### OP Technical Assistance

The expected de-commitment will be caused mainly by the possible corrections on the IT systems. Due to the nature of the OP, it is not possible to cover those corrections with new or retrospective projects.

### OP R&DI

The forecast of de-commitment is 60 mil. EUR. The NCA dropped their critical forecast of 135 mil. EUR, which took into account the two projects to be phased.

### Conclusions

- The CZ will still consider the above mentioned options. In January a meeting will take place to discuss any new ideas also with the MA.
- The forecast for some OPs seems to be more positive.
- Regarding the 2014-2020 period, the Task Force will not continue in the current format but the EC will present to the CZ a draft joint "to do list" to be agreed, with actions which need to be carried out and followed up.

Task Force on Low Implementation  
Action team mission to Prague  
26 January 2015

EC participants

Erich Unterwurzacher (Director, REGIO.F: Operational Efficiency and Central Europe)

[REDACTED]

CZ participants

[REDACTED]

Conclusions of the meeting

1. The Commission appreciates the progress of the Czech OPs in the last months. This reduced the risks of de-commitment at closure, except for some external factors, which might still have significant impact on the OPs implementation.
2. The Commission does not consider the measures requiring a modification of the Regulation as possible (points 1, 3.3, 4.1 and 5 of the document sent by the NCA, see annex). The Czech authorities should concentrate on measures/actions that are possible under the current legal framework.
3. Some measures need to be further discussed - more information and justifications, including the financial impact, would be necessary from the Czech authorities (points 4.2, 7, 8, 9).
4. Some measures will be considered by the Commission. The decision will be presented to the MS by the end of February within the proposals under the revised Closure Guidelines.
5. In that respect, the Commission will organise meetings/videoconferences with the riskiest OPs (Transport, Environment, RDI, Integrated OP and North West) as soon as possible in order to take stock of the main proposed measures and their impact at priority/project level.
6. Action plans will be drawn up and their fulfilment will be closely monitored on a regular basis. These plans will contain a table by OP, priority, measure, financial impact, date of completion and responsible bodies.
7. The Czech authorities requested trainings/workshops on closure, phasing and administrative capacity and the Commission will try to accommodate their requests.

