



MINISTRY OF AGRICULTURE
OF THE CZECH REPUBLIC

ANNUAL IMPLEMENTATION REPORT ON THE OPERATIONAL PROGRAMME RURAL DEVELOPMENT AND MULTIFUNCTIONAL AGRICULTURE IN THE CZECH REPUBLIC FOR THE YEAR 2006

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1. SUMMARY

The Operational Programme “Rural Development and Multifunctional Agriculture” successfully entered the year 2006, in the course of which administration of projects received in 2004 and 2005 continued. In 2006, further five calls for applications were held, during which the total of 1 525 applications were received. In 2006, payments continued to be made in relation to projects supported from the Agriculture OP. Altogether 1 566 projects received the contributions amounting to CZK 2 415 million of public funds.

The Operational Programme “Rural Development and Multifunctional Agriculture” through some of its measures constitutes a follow up to the aid granted in the framework of SAPARD pre-accession programme. As to the success rate of implementation and absorption of individual measures under Agriculture OP, it is obvious that in the case of measures with which experience had been gained under the SAPARD Programme the use of funds smoothly continued, and a major interest in the aid under these measure has been expressed ever since 2005. As concerns other measures, where it took some time for them to take off the ground, it was only in the 2005-2006 period that the applicants expressed a somewhat stronger interest.

2. INTRODUCTION

The Annual Implementation Report on the Operational Programme Rural Development and Multifunctional Agriculture (hereinafter referred to as the Agriculture OP) in the Czech Republic for the year 2006 was drawn up by the Managing Authority of the Agriculture OP in co-operation with the State Agriculture Intervention Fund (SAIF – Intermediate Body, Paying Unit) pursuant to Council Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds. This Annual Implementation Report was considered and unanimously approved by the Monitoring Committee of the Agriculture OP at its 8th Meeting held in Prague on 21 May 2007.

While drafting the Annual Implementation Report on the Agriculture OP in the Czech Republic for the year 2006 the Managing Authority proceeded from the requirements as to its content as set out in Article 37 of Council Regulation (EC) No 1260/1999 laying down general provisions on the Structural Funds. It also acted upon the recommendations given by the European Commission.

This report aims to provide a summary of essential information on the implementation and progress of Agriculture OP in the Czech Republic in 2006. Information concerning the year 2005 is included in the previous Annual Implementation Report. This Annual Implementation Report together with its Annexes presents a summary and a description of the situation as of 31 December 2006. For the sake of completeness and in order to provide an overall picture this report also comprises references to some facts and events of 2007, in italics.

3. LEGISLATIVE FRAMEWORK OF THE AGRICULTURE OP IN THE CR

The Operational Programme “Rural Development and Multifunctional Agriculture” (No CCI 2003 CZ 06 1 PO 001) is a programme document drafted in the course of the preparation of the Czech Republic for accession to the European Union, within the framework of the new policy concept of rural development for the period following 1 May 2004. It is a follow-up to the assistance granted under the SAPARD Programme and it specifies measures co-financed from the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) carried out in areas covered by Objective 1 and measures co-financed from the Financial Instrument for Fisheries Guidance (FIG).

By the European Commission Decision of 17 June 2004, the Community Support Framework was approved providing for the structural assistance in the Czech Republic. On 2 July 2004, the European Commission also formally approved the Agriculture OP by its Decision No K (2004) 2689. The amount of the Community contribution for the Agriculture OP was determined to be approximately EUR 173 million.

3.1 Summary of relevant legal regulations and related programme documents

The Agriculture Operational Programme is based on the fundamental documents related to structural policy of the European Union, both at the EU level and the level of the Czech Republic. A comprehensive summary of relevant legal regulations is presented in the programme document.

The following legal regulations (including all related and implementing regulations) are crucial for the implementation of the Agriculture OP:

Treaty of Accession of the Czech Republic to the European Union, **Resolution of the Government of the CR No 102** of 23 January 2002 on the completion of preparation of programme documents and the designation of the managing and paying authorities for the use of Structural Funds and the Cohesion Fund of the European Union, Council Regulation (EC) No **1257/1999** of 17 May 1999 on support for rural development from the European Agricultural Guidance and Guarantee Fund (EAGGF) and amending and repealing certain Regulations, as amended,

Council Regulation (EC) No **1260/1999** of 21 June 1999 laying down general provisions on the Structural Funds, as amended,

Council Regulation (EC) No **1263/1999** of 21 June 1999 on the financial instrument for fisheries guidance, as amended, Act No **563/1991** Coll., on accounting, as amended, Act No **252/1997** Coll., on agriculture, as amended, Act No **320/2001** Coll., on financial control in public administration and amending certain laws (Act on financial control), as amended, Act No **40/2004** Coll., on public contracts, as amended, or Act No **137/2006** Coll. on public contracts.

The Agriculture OP proceeds from the so far adopted national economy strategies and programme documents, which define certain priorities for the implementation thereof. They are particularly the following:

National Development Plan 2004 – 2006, **Community Support Framework** Czech Republic 2004-2006 (CCI: 2003CZ161CC001),

Concept of the policy of the MoA of the Czech Republic, **Position Papers of the MoA and MRD** to Chapter 7 and 21 (Agriculture, Economic and social cohesion), **Implementation strategy** (covering the field of agriculture and environment).

Simultaneously, the Agriculture OP reflects the needs of individual regions, as specified in **Regional Development Plans**.



4. CHANGES OF GENERAL CONDITIONS SIGNIFICANT FOR THE IMPLEMENTATION OF AGRICULTURE OP

The preliminary results of agriculture (according to the Economic Accounts for Agriculture, expressed in constant 2000 prices) indicate a slight reduction of agricultural, especially plant production in 2006. This drop was caused by lower cereals production as a consequence of the reduced area under crops and a simultaneous decline in yields per hectare as compared to the previous year. Compared to 2005, the plant production in 2006 dropped by 10.4 % and contributed to the overall drop of the agricultural production by 4.6 %.

In 2006, the employment structure of the sector continued to change. Employment in the primary production sector further dropped in comparison with the previous year. When comparing the individual average employment values of 2005 and 2006, there was a drop in the number of persons employed in agriculture, including forestry and fisheries by 0.2 percentage point. The share of agriculture in the total employment in the CR (based on the 2006 average) was 3.8 % in 2006. In the secondary sector, on the contrary, there was an increase by 48.9 thousand persons and the share of the sector in the total employment thus reached 40 %. An increase was also shown in the tertiary sector, namely by 23.4 thousand persons. Its share in the total employment thus achieved 56.3 %.

The unemployment rate (7.1 %) dropped in the CR by 0.8 percentage point on a year-to-year basis, thus being by 0.7 percentage point lower than the EU-25 average.

There were no more changes of general conditions significant for the implementation of the Agriculture OP.

Number of inhabitants: According to the census of inhabitants, houses and apartments, carried out in 2001, the total population of the Czech Republic amounts to 10 292 933, of whom 10 223 079 are residents and 69 854 persons with a long-term stay in the territory of the CR. The share of women in the total number of population is 51.2 %.

Securing co-financing in the CR for projects implemented under the Agriculture OP

Applicable to the implementation of projects co-financed from the Structural Funds is the principle of additionality meaning that in order to receive the EU funds the CR shall also secure match funding from its national sources. Generally speaking, the EU/CR funds ratio is 75% : 25%. Based on the regularly drawn up financing plans, the Managing Authority of the Agriculture OP annually forecasts the amount of public expenditure for co-financing of projects implemented under the Agriculture OP. This requirement is subsequently submitted to the Ministry of Finance together with the requirement for the Chapter of Agriculture for the following year. Section 2 of Act No 252/1997 on agriculture stipulates that the Ministry of Finance shall commit adequate funds from the state budget so as to secure national co-financing for contributions from the EU Structural Funds.



Table 1: Basic macro-economic indicators in the CR in the period 2003 to 2006

INDICATOR/YEAR	2003	2004	2005	2006
GDP – current prices (CZK million)	2 577 100	2 781 060	2 970 261	3 204 086
GDP – constant 2000 prices (CZK million)	2 367 818	2 467 615	2 617 608	2 776 379
Unemployment rate (%)	7.8	8.3	7.9	7.1
Imports total (CZK million in current prices)	1 440 723	1 749 095	1 829 962	2 099 604
Exports total (CZK million in current prices)	1 370 930	1 722 657	1 868 586	2 143 998
Average gross monthly wage, CR total (CZK)	16 917	18 041	18 985	20 211
Inflation rate* (%)	0.1	2.8	1.9	2.5

* Inflation rate expressed by the increment of the average annual consumer price index, source - CSO

5. IMPLEMENTATION OF PRIORITIES AND MEASURES IN RELATION TO THE FULFILMENT OF THE AGRICULTURE OP OBJECTIVES

The Operational Programme “Rural Development and Multifunctional Agriculture” through some of its measures constitutes a follow up to the aid granted in the framework of SAPARD pre-accession programme. As to the success rate of implementation and absorption of individual measures under Agriculture OP, it is obvious that in the case of measures with which experience had been gained under the SAPARD Programme the use of funds smoothly continued, and a major interest in the aid was expressed. The interest in new measures, on the contrary, was minor at the time the Agriculture OP started, however just like in 2005, the year 2006 also saw a considerable increase in the number of projects submitted.

Under the Agriculture OP the following measures are a follow up to the SAPARD Programme – Measure 1.1. Investments in agricultural holdings, 1.2. Improving the processing and marketing of agricultural products, 2.2. Vocational training, 2.3. Fisheries, and to a large degree also Measure 2.1. Promoting the adaptation and development of rural

areas. These measures equal 93 % of the original allocations from public funds for the period 2004-2006.

Detailed summary of individual priorities, measures, sub-measures and investment categories of the Agriculture OP is presented in Chapt. 11.

5.1 Summary of the year 2006 5.1.1. Receipt of applications

In 2006, five calls for applications were held. A total of 1 525 projects were registered under the below mentioned individual measures/sub-measures of the Agriculture OP.

The eighth call for applications (the first call in 2006) took place from 6 February to 24 February 2006 and concerned Measure 1.1. Investments in agricultural holdings, Sub-measure 1.1.1., all investment

categories (excluding investment category e) and f)) and Sub-measure 1.1.2. and also Sub-measure 1.3.4. Planting of land not used for farming (Afforestation), 2.1.3. Management of agricultural water resources and providing for their functioning, 2.1.5. Diversification of agricultural activities and activities close to agriculture and Measure 2.3. Fisheries. A total of 981 applications for support were registered in this call. Of all the projects received in this call for applications a total of 624 projects were approved amounting to CZK 1 616.6 million of public co-financing.

The ninth call for applications (the second call in 2006) was held from 10 April to 28 April 2006 and concerned Measure 1.2. Improving the processing and marketing of agricultural products, Measure 1.3. Forestry (except for Sub-measure 1.3.4.), Sub-measure 2.1.2. Restoring the potential of agricultural landscape and its conservation and 2.1.4 Rural development (LEADER+ type sub-measure), investment category c) Acquisition of skills. A total of 238 projects were registered. Of the total number of registered projects altogether 173 projects were approved amounting to CZK 394.8 million of public co-financing.

The tenth call for applications (the third call in 2006) was held from 15 May to 2 June 2006 and concerned Sub-measure 1.1.1. Investments in agricultural holdings and support to for setting-up young farmers, investment category f) Investments in reconstruction / construction of storage capacities for cereals and oil seeds; investments in technologies for post-harvest treatment, assessment and storage of cereals and oil seeds and also Measure 2.3. Fisheries. In this call a total of 226 projects were registered. A total of 155 projects were approved for which the Decisions were adopted covering the total amount of CZK 366.8 million of public co-financing.

The eleventh call for applications (the fourth call in 2006) was held from 23 August to 13 September 2006, namely for projects under Measure 2.3. Fisheries. Under Sub-measure 2.3.1. Fish processing and marketing of fish products and 2.3.2. Aquaculture altogether 47 applications for support were registered. In 2006, a total of 40 Decisions were adopted amounting to CZK 38.1 million of public co-financing.

The twelfth call for applications (the fifth call in 2006) took place from 27 November to 15 December 2006 and was announced for Measure 1.2. Improving the processing and marketing of agricultural products. A total of 33 projects were registered in this call. In March 2007 altogether 28 Decisions were adopted with respect to projects registered in this call amounting to CZK 90.6 million of public co-financing.

5.1.2. Reallocation of financial resources of the Agriculture OP

The proposed reallocations of financial resources of 2006 allocation in the framework of the Agriculture OP were based on the actual state of the Agriculture OP implementation and the objective of the Ministry of Agriculture to ensure the support to priority measures/sub-measures of this programme (investments in agricultural holdings) and measures essential for sustainable agriculture, forestry and water management (removal of damage caused by floods, preventive anti-flood measures, recovery of agriculture's production potential, support to landscaping).

These proposals were approved by the Monitoring Committee of the Agriculture OP (in accordance with Council Regulation (EC) No 1260/1999) at its meeting held on 12 and 13 June 2006 in the presence of the DG AGRI and DG FISH representatives. Subsequently these proposals were approved by the members of the Monitoring Committee of the Community Support Framework and later on also by the European Commission through Commission Decision No K (2006) 7276 of 27 December 2006.

Reallocations of financial resources were proposed to be made between the FIFG and EAGGF Structural Funds, between the priority axis of the Community Support Framework No 5 – the Agriculture OP and No 7 – Technical assistance, between the priorities, measures and sub-measures of the Agriculture OP. The reallocations addressed the excessive number of projects submitted especially under Measure 1.1. **Investments in agricultural holdings** as well as under Measure 1.3. **Forestry** and Measure 2.1. **Promoting the adaptation and**

Table 2: Re-allocation of 2006 financial resources under the Operational Programme "Rural Development and Multifunctional Agriculture" (EUR)

No of measure/ sub-measure	ALLOCATION		RE-ALLOCATION		NEW ALLOCATION ("current")		Rate of co-financing EU/CR	Transfer from measure (sub-measure)
	EU	CR	EU	CR	EU	CR		
1.1.	33 957 483	19 943 283	2 547 518	1 496 162	36 505 001	21 439 445	63/37	1.2, 1.3 (1.3.2.; 1.3.3.; 1.3.4.); 3.1; 2.1.5.; 2.2.
1.2.	4 338 117	1 759 193	- 20 596	- 8 827	4 317 521	1 850 366	70/30	
1.3.1.	1 115 502	278 876	83 674	20 919	1 199 176	299 794	80/20	1.3.4.
1.3.2.	2 291 551	982 093	- 187 028	- 80 155	2 104 523	901 938	70/30	
1.3.3.	23 543	10 090	- 23 543	- 10 090	0	0	70/30	
1.3.4.	493 291	164 430	- 493 291	- 164 430	0	0	75/25	
2.1.2.	1 527 462	381 866	120 503	30 126	1 647 965	411 991	80/20	2.3.3.
2.1.3. A)	4 355 497	1 451 832	1 717 172	572 391	6 072 669	2 024 223	75/25	2.3.1.
2.1.3. B)	1 866 642	622 214	1 174 907	391 635	3 041 549	1 013 849	75/25	2.3.2.
2.1.5.	848 474	363 632	- 133 343	- 57 148	715 131	306 484	70/30	
2.3.1.	1 717 172	735 931	- 1 717 172	- 735 931	0	0	70/30	
2.3.2.	1 174 907	503 532	- 1 174 907	- 503 532	0	0	70/30	
2.3.3.	120 503	51 644	- 120 503	- 51 644	0	0	70/30	
2.2.	489 544	163 181	- 489 544	- 163 181	0	0	75/25	
3.1. EAGGF	1 182 438	394 146	- 1 151 813	- 385 271	26 625	8 875	75/25	
3.1. FIFG	128 034	42 678	- 128 034	- 42 678	0	0	75/25	
Total	55 630 160	27 948 620	0	308 345	55 630 160	28 256 965		

development of rural areas in projects catering predominantly for the restoring forestry and recovery of agriculture's production potential damaged by floods and other natural disasters and for the introduction of protective measures. Reallocations of financial resources were made from those measures and sub-measures under which insufficient interest of applicants was expressed and when there was an imminent risk of failure to absorb the allocated funds.

The total amount of **EUR 8 155 007 (i.e. approximately CZK 232 million at the exchange rate of 28.445 CZK/EUR)** was proposed to be re-allocated, of which **EUR 5 643 774 of EU funds (i.e. approximately CZK 160 million at the exchange rate of 28.445 CZK/EUR).**

This re-allocation shall require, due to different rate of co-financing under individual measures, **an increase in the share of co-financing by the CR by approximately EUR 308 345 (i.e. approximately CZK 8.770 million)** in case of 100% absorption of the already contracted projects, which is hardly ever the case though.

5.2 Priority I of the Agriculture OP: "Support to Agriculture, Processing of Agricultural Products and to Forestry"

Priority I of the Agriculture OP is focused on the investments in agricultural holdings, improving the processing and marketing of agricultural products and last but not least on forestry.

5.2.1. Measure 1.1. Investments in agricultural holdings

Measure 1.1. focuses on the field of agriculture and aims primarily at enhancing competitiveness and adaptation to the European market conditions, increasing labour productivity, added value and improving the quality of agricultural products, and thus also at increasing the income in agriculture. It is also essential to reduce and eliminate adverse effects of farming on the environment and to protect water and soil against pollution from agricultural sources.

In 2006, during the eighth and tenth call for applications announced for Measure 1.1., a strong interest was expressed by applicants predominantly in investment category a) and f) of Sub-measure 1.1.1. The total number of registered projects exceeded many times the

financial possibilities of the funds allocated to this measure. In Sub-measure 1.1.2., a slight increase in the number of applicants was shown compared to 2005. The demand of applicants covered the available financial resources for this sub-measure.

Sub-measure 1.1.1. Investments in agricultural holdings and support for setting-up young farmers

The largest number of aid applications for Sub-measure 1.1.1. was submitted by farmers in NUTS II South-East region, where a total of 256 applications were submitted (29 % of the total number of applications). The smallest number of applications was registered in NUTS II North-West region. The strongest interest shown by applicants was that in the investment category a) Rationalisation and reconstruction of existing facilities for the keeping of cattle, pigs, sheep and goats (505 applications – 57 % of all the applications for Sub-measure 1.1.1.).

In 2006, there were 560 Decisions granting public aid issued on applications submitted in the same year (including 3 projects registered in 2005) for Sub-measure 1.1.1. in the amount of CZK 1 545 572 391 of public co-financing, equalling 44 % of the current allocation^a for Sub-measure 1.1.1. for the period 2004-2006ⁱ. Of the total current allocation (budget) of public funds (2004-2006) for Sub-measure 1.1.1., a total of 107 % was committed in the period from 2004 to 2006.

Sub-measure 1.1.2. Further diversification of agricultural activities

In Sub-measure 1.1.2., the strongest interest, as opposed to Sub-measure 1.1.1., was expressed by applicants in NUTS II Moravia-Silesia region. In Sub-measure 1.1.2., the administration was stopped in three projects. In the investment category a) Production, processing and direct sale of agricultural products 28 applications (of the total of 29 submitted) were approved. In the investment category b) Production, processing and marketing of non-food agricultural products 2 projects (of the total of 3 projects submitted) were approved, while in the investment category c) Production, processing and marketing of biomass made of one's own agricultural activity one project (of the total of two projects submitted) was approved.

In 2006, there were 31 Decisions adopted regarding aid applications submitted in the same year for Sub-measure 1.1.2. equalling CZK 21 394 067 of public co-financing, representing 61 % of the current

Table 3: Current financial allocation – Operational Programme „Rural Development and Multifunctional Agriculture“

€ 2004-2006	Public expenditure				
	Public expenditure	EU contribution			CR contribution
		EU Total	EAGGF	FIFG	
Support to Agriculture, Processing of Agricultural Products and to Forestry	153 908 936	99 258 276	99 258 276		54 650 660
Investments in agricultural holdings	128 107 891	80 822 075	80 822 075		47 285 816
Improving the processing and marketing of agricultural products	14 280 179	9 996 125	9 996 125		4 284 054
Forestry	11 520 866	8 440 076	8 440 076		3 080 790
Rural Development, Fisheries and Vocational Training	94 690 665	72 901 115	68 957 639	3 943 476	21 789 550
Promoting the adaptation and development of rural areas	88 202 710	68 316 825	68 316 825		19 885 885
Vocational training	854 418	640 814	640 814		213 604
Fisheries	5 633 537	3 943 476		3 943 476	1 690 061
Technical assistance	2 322 715	1 742 036	1 574 439	167 597	580 679
Technical assistance	2 322 715	1 742 036	1 574 439	167 597	580 679
Total	250 922 316	173 901 427	169 790 354	4 111 073	77 020 889

Table 4: Summary of registered applications and adopted Decisions for Sub-measure 1.1.1. Investments in agricultural holdings and support for setting up young farmers – 2006

SUB-MEASURE 1.1.1.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006 Total	120	206	42	130	256	87	49	890	2 655 533
Decisions adopted in 2006	75	122	23	82	173	57	28	560	1 545 572
Not recommended/not approved	39	67	16	33	69	26	20	270	939 088
Administration stopped as of 31 Dec 2006	6	10	1	7	9	5	0	38	98 000
Approved applications as of 30 Apr 2007 ^a	222	379	88	211	491	227	109	1 727	3 612 371

allocation^a for Sub-measure 1.1.2. for the period 2004 - 2006ⁱ. Of the total allocation of public funds (2004-2006) for Sub-measure 1.1.2., altogether 108 % was committed in the 2004 - 2006 period.

Monitoring indicators of Measure 1.1.

Under Measure 1.1., a total of 570 Conditions were signed in 2006 amounting to EUR 53 849 thousand of public co-financing (including projects registered in 2005) for investments in agricultural holdings, of which 346 projects concerned the LFAs. Supported were 118 projects relating to field crops (EUR 9 690 thousand of public funds); 1 project relating to horticulture (EUR 24 thousand of public funds); 3 projects concerning vine growing (EUR 49 thousand of public funds); 13 projects relating to fruit cultivation (EUR 929 thousand of public funds); 220 projects focusing on dairy cattle (EUR 24 834 thousand of public funds); 23 projects focusing on cattle fattening (EUR 995 thousand of public funds); 40 projects on pigs (EUR 4 248 thousand of public funds); 11 projects on poultry (EUR 629 thousand of public funds). *More detailed information on monitoring indicators is provided in Annex 3.*

5.2.2. Measure 1.2. Improving the processing and marketing of agricultural products

Under Measure 1.2., funds are being spent in order to improve the processing of agricultural products, i.e. first and foremost to modernise and reconstruct production facilities, to introduce new technologies as well as to support agricultural products marketing.

In 2006, two calls for applications were announced for Measure 1.2 as a whole. The funds requested by these aid applications did not exceed the allocation. The projects which had met the eligibility criteria were approved and the relevant Decisions were adopted. The strongest interest shown by applicants was seen in the investment category a) Improving the processing of meat (including poultry) and edible offal.

On 8 September 2006 a total of 32 Decisions were adopted in the amount of CZK 174 177 911 of public co-financing. On 20 March 2007 a total of 28 projects were approved equalling the total amount of CZK 90 590 324 of public co-financing. It concerned projects registered in the 5th call for applications in 2006. This additional call for applications was announced since there were funds available released under Measure

Table 5: Summary of registered applications and adopted Decisions for Sub-measure 1.1.2. Further diversification of agricultural activities - 2006

SUB-MEASURE 1.1.2.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006 Total	4	5	0	3	9	2	11	34	22 645
Decisions adopted in 2006	4	5	0	3	6	2	11	31	21 394
Not recommended/not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	0	0	0	0	3	0	0	3	1 306
Approved applications as of 30 Apr 2007 ^a	5	6	1	3	16	5	15	51	35 134

Table 6: Summary of registered applications and adopted Decisions for Measure 1.2. Improving the processing and marketing of agricultural products – 2006

MEASURE 1.2.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006 Total	8	29	4	9	4	7	5	66	237 800
Decisions adopted in 2006 ^a	3	15	1	6	1	4	2	32	174 178
Not recommended/not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	0	0	0	0	2	0	0	2	8 000
Approved applications as of 30 Apr 2007 ^a	10	55	6	13	10	14	5	113	404 869

Note: ^a – Decisions on projects registered in the 5th call for applications in 2006 were adopted on 20 March 2007. A total of 28 Decisions were adopted amounting to CZK 90 590 324 of public financing.

1.2. due to the withdrawal of some applicants from projects registered in previous years and decrease in the value of eligible expenditure in other projects in the period between the registration of the projects and the completion of their implementation.

The largest number of aid applications was submitted by processors of agricultural products in the NUTS II South-West, where a total of 29 projects were submitted representing nearly 44 % of all the registered applications.

Of the total number of 66 applications registered in 2006, in 2 projects the administration was stopped prior to the adoption of the Decision (the applicants failed to appear to complete the missing data following the administrative control).

In 2006 and at the beginning of 2007, a total of 60 Decisions were adopted on the applications submitted in 2006 in the framework of Measure 1.2. amounting to CZK 264 768 235 of public co-financing, which represents 66 % of the current allocation⁴ for Measure 1.2. for the 2004- 2006 period⁵.

Of the total current allocation of public funds (2004-2006) for Measure 1.2., a total of 105% was committed in the 2004 -2006 period.

Monitoring indicators of Measure 1.2.

In 2006, a total of 31 Conditions were signed for improving the processing and marketing of agricultural products in the amount of EUR 5 622 thousand of public co-financing. In this way the assistance was granted to 13 projects focusing on the processing of meat (EUR 2 669 thousand of public funds); 8 projects focusing on the processing of milk and milk (dairy) products (EUR 1 197 thousand of public funds); 6 projects on cereals (EUR 1 071 thousand of public funds) and 4 projects on fruit and vegetables (EUR 685 thousand of public funds). *More detailed information on monitoring indicators you will find in Annex 3.*

5.2.3. Measure 1.3. Forestry

Measure 1.3. is oriented at forestry, especially at good forestry practices in forests associated with the restoring of forestry potential damaged by natural disasters, support for preventive instruments

against natural disasters and measures to improve the ecological stability of forests.

Throughout 2006, two calls for applications were announced for Measure 1.3. as a whole. The first call was announced for Sub-measure 1.3.4., while the second call covered all the remaining sub-measures. The funds available under Sub-measure 1.3.1. fully satisfied the demand of applicants. In Sub-measures 1.3.2. and 1.3.4., the interest of applicants did not reach the expected level, nevertheless just like in 2005 there was an increase in the number of applicants submitting the projects under Sub-measure 1.3.2. (the number of registered projects under Sub-measure 1.3.2. increased by 46% compared to 2005). In case of Sub-measure 1.3.4., the number of registered projects was more or less the same as in 2005. The projects which had successfully passed the administrative control were approved.

Even in 2006 no interest was expressed by applicants in Sub-measure 1.3.3., although during 2005 there was a broad-based information and awareness enhancement campaign in printed media promoting Measure 1.3., conducted in cooperation with non-governmental non-profit organisations, at seminars, trade fairs and exhibitions in particular, where the Managing Authority of the OP continued to disseminate information on possibilities to draw funds from the Agriculture OP in the field of forestry.

On 20 July 2006, a total of 11 Decisions granting public aid were adopted concerning Sub-measure 1.3.4. amounting to CZK 2 040 thousand. On 11 September 2006, a total of 19 Decisions were adopted on Sub-measure 1.3.1. in the amount of CZK 48 350 883 public co-financing and 67 Decisions on Sub-measure 1.3.2. in the total amount of CZK 130 283 416. On 8 December 2006, an additional Decision was adopted concerning Sub-measure 1.3.1. in the amount of CZK 1 740 440.

Sub-measure 1.3.1. Restoring forestry potential damaged by natural disasters and fire and introducing appropriate preventive instruments

The strongest interest of applicants in Sub-measure 1.3.1. was expressed in the NUTS II North-West region (with eight applications registered). All the 20 submitted applications were approved and the

Table 7: Summary of registered applications and adopted Decisions for Sub-measure 1.3.1. Restoring forestry potential damaged by natural disasters and fire and introducing appropriate preventive instruments - 2006

SUB-MEASURE 1.3.1.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006	1	4	8	1	3	3	0	20	50 079
Total	1	4	8	1	3	3	0	20	50 091
Decisions adopted in 2006	1	4	8	1	3	3	0	20	50 091
Not recommended/not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	0	0	1	0	0	0	0	1	3 386
Approved applications as of 30 Apr 2007 ⁱⁱ	1	6	12	2	5	17	0	43	89 285

Table 8: Summary of registered applications and adopted Decisions for the Sub-measure 1.3.2. Investment in forests – 2006

SUB-MEASURE 1.3.2.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006	7	18	3	11	22	8	0	69	131 629
Total	7	18	3	11	22	8	0	69	131 629
Decisions adopted in 2006	6	18	3	10	22	8	0	67	128 589
Not recommended/not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	1	0	0	1	0	2	0	4	4 359
Approved applications as of 30 Apr 2007 ⁱⁱ	13	28	7	18	37	9	0	112	196 351

Decisions were adopted. In case of one application only the administration was stopped because of the withdrawal of application by the applicant.

In 2006, there were 20 Decisions adopted as a response to aid applications submitted in the same year under Sub-measure 1.3.1. totalling CZK 50 091 323 of public co-financing, which covered 52 % of the current allocation^a for Sub-measure 1.3.1 for the 2004-2006 period^d. Altogether 94% of the total current allocation of public funds (2004-2006) for Sub-measure 1.3.1. was committed in the period from 2004 to 2006.

Sub-measure 1.3.2. Investments in forests

As concerns Sub-measure 1.3.2., the strongest interest was expressed by applicants in the NUTS II South-East region with 22 applications submitted. A total of 69 applications were submitted, in two of them the administration was stopped prior to the adoption of the Decision (in one case the applicant failed to appear to complete the missing data after the administrative control, in another case the application was rejected following the administrative control). The administration of two applications was stopped after the Decision was adopted (in one case the applicant withdrew the application prior to the signature of the Conditions and in one case the applicant withdrew the application after signing the Conditions).

In 2006, there were 67 Decisions adopted in response to applications submitted in the same year under Sub-measure 1.3.2. amounting to CZK 130 283 416 of public co-financing, which represents 62 % of the current allocation^a for Sub-measure 1.3.2. for the 2004 – 2006 period^d. Altogether 95% of the total current allocation of public funds (2004-2006) for Sub-measure 1.3.2. was committed in the 2004 – 2006 period.

Sub-measure 1.3.4. Planting of land not used for farming (Afforestation)

In Sub-measure 1.3.4. a total of twelve applications were registered, of which in the case of one application the administration was stopped before the Decision was adopted (the applicant failed to appear to complete the missing data following the administrative control). In case of one application the administration was stopped once the Conditions

had been signed due to the violation of these Conditions detected during the on the spot check of the project implementation.

In 2006, a total of 11 Decisions were adopted in relation to aid applications submitted in the same year under Sub-measure 1.3.4. totalling CZK 2 040 100 of public co-financing, which represents 11 % of the current allocation^a for Sub-measure 1.3.4. for the 2004-2006 period^d. Altogether 40% of the total current allocation of public funds (2004-2006) for Sub-measure 1.3.4. was committed in the 2004 – 2006 period.

Monitoring indicators of Measure 1.3.

In the framework of Measure 1.3., a total of 92 Conditions were signed in 2006 for forestry measures, and thus assisted were 65 projects for investments in the economic, ecological and social value of forests (EUR 4 475 thousand of public funds), 17 projects for restoration the production potential of forests (EUR 1 519 thousand of public funds) and 10 projects for the planting of land not used for farming - afforestation (EUR 70 thousand). *More detailed information on the monitoring indicators is given in Annex 3.*

5.3 Priority II: "Rural Development, Fisheries and Vocational Training"

Priority II of the Agriculture OP focuses predominantly on rural development and covers a wide variety of activities.

5.3.1. Measure 2.1. Promoting the adaptation and development of rural areas

Measure 2.1. comprises five sub-measures which promote reparation, restoring the potential of agricultural landscape and its conservation, providing for the functioning of water resources, diversification of agricultural activities and the LEADER+ approach.

In the course of 2006, two calls for applications for support were published across various sub-measures under Measure 2.1. In the first

Table 9: Summary of registered applications and adopted Decisions for Sub-measure 1.3.4. Planting of land not used for farming (Afforestation) – 2006

SUB-MEASURE 1.3.4.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006	1	5	1	1	1	2	1	12	2 165
Total	1	5	1	0	1	2	1	11	2 018
Decisions adopted in 2006	1	5	1	0	1	2	1	11	2 018
Not recommended/ not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	0	1	0	1	0	0	0	2	147
Approved applications as of 30 Apr 2007 ^a	3	6	1	3	3	3	1	20	7 286

Table 10: Summary of registered applications and adopted Decisions for Sub-measure 2.1.1. Reparcelling – 2006

SUB-MEASURE 2.1.1.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2005	68	96	20	76	80	35	10	385	1 405 365
Total	68	96	20	76	80	35	10	385	1 405 365
Decisions adopted in 2006	43	46	18	53	50	23	1	234	1 006 669
Not recommended/ not approved in 2006	22	48	2	22	29	11	9	143	370 663
Administration stopped as of 31 Dec 2006	3	2	0	1	1	1	0	8	28 033
Approved applications as of 30 Apr 2007 ^a	70	91	28	78	86	36	6	395	1 406 389

call for applications in 2006 (altogether the 8th call for applications) held from 6 February to 24 February 2006, a total of 58 Decisions were adopted on Sub-measure 2.1.3. amounting to CZK 301 427 735 and a total of 45 Decisions were adopted on Sub-measure 2.1.5. amounting to CZK 40 058 196. Within the second call for applications in 2006 (altogether the 9th call for applications) published in the period from 10 April to 28 April 2006, a total of 38 Decisions were adopted on Sub-measure 2.1.2. amounting to CZK 86 437 946 and a total of 16 Decisions were adopted on Sub-measure 2.1.4. investment category c) in the amount of CZK 8 253 300.

Sub-measure 2.1.1. Reparcelling

The main purpose of reparcelling is to settle ownership titles to land, to make spatial and functional adaptations of parcels and to have them demarcated.

In 2006, no call for applications for support was announced for Sub-measure 2.1.1., since already in 2005 the submitted applications covered the allocated funds for both 2005 and 2006.

In March 2006, a total of 234 Decisions were adopted on applications submitted in 2005 under Sub-measure 2.1.1. totalling CZK 1 006 668 659 of public co-financing, which covered 70 % of the current allocation^a for Sub-measure 2.1.1 for the 2004-2006 period. Altogether 399 Decisions were adopted on Sub-measure 2.1.1. in the amount of CZK 1 605 287 341, which means that over 112% of the total current allocation of public funds (2004-2006) for Sub-measure 2.1.1. was committed in the 2004-2006 period. In the framework of this sub-measure the possibility of overcommitment as approved by the Ministry of Agriculture was taken use of.

Sub-measure 2.1.2. Restoring the potential of agricultural landscape and its conservation

In February 2006, a total of 12 Decisions were adopted on Sub-measure 2.1.2. in the total amount of CZK 21 078 092 with respect to applications submitted in 2005. The largest interest in Sub-measure

2.1.2. in 2006 was shown in the NUTS II South-East region with 38 aid applications submitted, which represents 67 % of all the applications submitted under this sub-measure. Of the total number of applications submitted in 2006, the administration was stopped in two cases (the applications were rejected following the administrative control). In the course of 2006, one call for applications was announced (altogether the 9th call for applications) for Sub-measure 2.1.2. Within this call for applications a total of 38 Decisions were adopted in October 2006 amounting to CZK 86 437 946. In 2006, a total of 50 Decisions were adopted on Sub-measure 2.1.2. amounting to CZK 107 516 038 of public co-financing which covered 87% of the current allocation^a for Sub-measure 2.1.2. for the 2004-2006 period. Altogether approximately 100 % of the total current allocation of public funds (2004-2006) for Sub-measure 2.1.2. was committed in the 2004 – 2006 period.

Based on the approval of re-allocation of funds (by the Commission Decision No K (2006) 7276 of 27 December 2006) one Decision was adopted in January 2007 amounting to CZK 2 178 326 on granting aid from the Agriculture OP for Sub-measure 2.1.2.

Sub-measure 2.1.3. Management of agricultural water resources and providing for their functioning

The largest number of applicants interested in Sub-measure 2.1.3. in 2006 was observed in the NUTS II South-East region - 61 applications (i.e. 44% of all the submitted applications).

Of the total number of registered applications, 79 applications were not recommended and approved due to the lack of available funds. Administration was stopped in a total of 3 applications, namely due to improper registration, rejection of the application after the administrative control and non-compliance with the eligibility criterion of the economic viability of the project.

In 2006, one call for applications was held with respect to this sub-measure. Within the eighth call for applications a total of 58 Decisions were adopted in September 2006 totalling CZK 301 427 735, which covered 56 % of the current allocation^a for Sub-measure 2.1.3. for the

Table 11: Summary of registered applications and adopted Decisions for Sub-measure 2.1.2. Restoring the potential of agricultural landscape and its conservation - 2006

SUB-MEASURE 2.1.2.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006 Total	2	14	2	0	38	0	1	57	116 065
Decision adopted in 2006 Total*								50	107 516
Not recommended/ not approved in 2006	1	6	0	0	9	0	1	17	25 732
Administration stopped as of 31 Dec 2006	0	0	1	0	1	0	0	2	3 895
Approved applications as of 30 Apr 2007 ^a	1	11	1	0	46	0	0	59	123 206

* including adoption of 12 Decisions on projects registered in 2005.

Table 12: Summary of registered applications and adopted Decisions for Sub-measure 2.1.3. Management of agricultural water resources and providing for their functioning – 2006

SUB-MEASURE 2.1.3.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006 Total	23	38	6	9	61	1	2	140	615 406
Decision adopted in 2006 Total								58	301 428
Not recommended/ not approved in 2006	14	25	5	4	30	0	1	79	306 546
Administration stopped as of 31 Dec 2006	0	1	0	1	1	0	0	3	7 432
Approved applications as of 30 Apr 2007 ^a	17	25	28	8	52	1	2	133	532 503

Table 13: LEADER+ - investment category b) Implementation of strategy Group I – 2006

RO SAIF	Selected LAGs	Approved in 2005 (Number)	Approved in 2006 (Number)	Approved Total (Number)	Approved Amount Total (th. CZK)	Total allocation for LAGs (th. CZK)	1 st call for applications date	2 nd call for applications date	3 rd call for applications date
Praha	Posázaví o.p.s.	40	22	62	23 178	23 039	8.4.-9.5.2005	25.10.-15.11.2005	10.7. - 8.8.2006
České Budějov.	LAG "Chance in Nature"	7	21	79	12 533	12 525	28.-30.6.2005	29. - 30.11.2005	
	Český Západ - local partnership	0	19		12 018	12 018	13.6.-25.7.2005	24.10. - 5.12.2005	
	MAS Sdružení Růže	0	32		11 252	11 685	2.5.- 30.6.2005	22.9. - 22.11.2005	5.1.-6.2.2006
Hradec Králové	LAG Podralsko (OS)	0	35	35	14 999	14 990	8.4.-13.5.2005	1. - 30.11.2005	23.6.-24.7.2006
Brno	Kyjovské Slovácko v pohybu	0	48	48	17 324	17 082	27.6.-26.8.2005	3.1.-14.2.2006	
Olomouc	Region HANÁ	0	24	34	9 628	9 721	1.7-5.9.2005	8.12.2005-6.2.2006	
	MAS Hornolidečska	0	10		8 663	8 664	22.8.-23.9.2005	27.1.-28.2.2006	
Opava	MAS Pobeskydí - z.s.p.o.	0	20	42	21 459	20 921	29.6.-3.8.2005		
	Rýmařovsko o.p.s.	0	22		10 574	9 794	1.-3.8.2005		
TOTAL		47	253	300	141 628	140 439			

2004-2006 period. A total of 112% of the total current allocation of public funds (2004-2006) for Sub-measure 2.1.3. was committed in the 2004 – 2006 period. Also in this sub-measure the possibility of overcommitment as approved by the Ministry of Agriculture was taken the use of.

Sub-measure 2.1.4. Rural development (sub-measure of the LEADER+ type)

The implementation of LEADER+ type sub-measure facilitated both the preparation of pilot Local Action Groups, implementation of their integrated development strategies, and the training of other persons with potential interest in the LEADER+ approach, which will continue in the next EU programming period after the year 2006.

There are three investment categories defined under Sub-measure 2.1.4.. In compliance with the approved Operational Programme Rural Development and Multifunctional Agriculture there were ten Local Action Groups (LAGs) and their strategies selected in 2004. The investment category b) covers specific projects for the implementation of strategies of the selected LAGs with the projects being submitted by the applicants operating in the territory of the respective LAG.

Under the investment category c) assistance is granted to the establishment of new Local Action Groups and to the development of their integrated development strategies. With regard to the investment

category c), one call for applications was announced in 2006 and the interest expressed by applicants exceeded the allocated financial resources. In April 2006, a total of 33 Decisions were adopted on projects registered at the end of 2005 amounting to CZK 18 750 598 of public co-financing. A total of 16 Decisions were adopted on projects registered in 2006 amounting to CZK 8 253 300 of public co-financing.

Of the total number of aid applications approved in 2006, 56 applications were not recommended and approved due to the shortage of available funds. In five cases the administration was stopped (in two cases the applications were rejected following the administrative control, in two cases the applicant failed to appear to complete the missing data following the administrative control and in one case the applicant failed to meet the eligibility criterion).

Sub-measure 2.1.5. Diversification of agricultural activities and activities close to agriculture

In 2006, one call for applications was announced and 49 aid applications were received. The administration was stopped in altogether six applications (in case of four applications before the adoption of the Decision – one applicant failed to appear to complement the missing data after the administrative control, two projects failed to meet the eligibility criteria and one applicant withdrew his project; in two other projects the administration was stopped following the adoption of the Decision – in both the cases the applicant waived the project prior to

Table 14: Summary of registered applications and adopted Decisions for Sub-measure 2.1.4. Rural development (sub-measure of the LEADER+ type) – investment category c) Acquisition of skills Group 2 –2006

SUB-MEASURE 2.1.4.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006 Total	5	8	7	8	13	11	6	58	28 970
Decisions adopted in 2006*	7	6	3	10	9	12	2	49	26 812
Not recommended/ not approved*	3	7	8	7	9	18	4	56	28 626
Administration stopped as of 31 Dec 2006*	0	1	2	2	0	0	0	5	2 265

* including projects registered at the end of 2005

Table 15: Summary of registered applications and adopted Decisions for Sub-measure 2.1.5. Diversification of agricultural activities and activities close to agriculture – 2006

SUB-MEASURE 2.1.5.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006	4	5	6	5	13	7	9	49	42 008
Total									
Decisions adopted in 2006	4	5	6	5	11	7	7	45	40 058
Not recommended/not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	0	0	0	0	4	0	2	6	4 290
Approved applications as of 30 Apr 2007 ^a	12	11	8	9	18	8	9	75	62 423

signing the Conditions). The strongest interest of applicants in Sub-measure 2.1.5. in 2006 was shown in the NUTS 2 South-East region – 13 applications (i.e. 27 % of all the submitted applications).

In 2006, a total of 45 Decisions were adopted on the applications submitted in the same year under Sub-measure 2.1.5. amounting to CZK 40 058 196 of public co-financing, which represents 51 % of the current allocation^a for Sub-measure 2.1.5. for the 2004-2006 period. Altogether 112% of the total current allocation of public funds (2004-2006) for Sub-measure 2.1.5. was committed in the 2004 -2006 period.

Monitoring indicators of Measure 2.1.

In 2006, a total of 230 Conditions were signed (with respect to projects registered in 2005) in relation to projects for reparation (EUR 32 939 thousand of public funds), 55 Conditions for management of agricultural water resources, of which 13 projects for procurement and restoration of structures used for amelioration (EUR 3 050 thousand of public funds) and 42 projects for agricultural water reservoirs (EUR 7 422 thousand of public funds). Further 49 Conditions (including projects registered in 2005) were signed concerning projects for restoring the potential of agricultural landscape and its conservation, of which only two projects focused on the restoring agriculture's production potential (EUR 137 thousand of public funds) and 47 projects on flood prevention (EUR 3 602 thousand of public funds). Within the diversification of agricultural activities and activities close to agriculture 38 Conditions were signed in 2006, of which 33 projects focused on agri-tourism (EUR 999 thousand of public funds), one project was targeted at extending activities and alternative income (EUR 40 thousand of public funds) and four projects focused on alternative sources of energy (EUR 118 thousand of public funds). *More detailed information on the monitoring indicators is presented in Annex 3.*

5.3.2. Measure 2.2. Vocational training

The purpose of vocational training is to provide persons working in the sector of agriculture with access to relevant knowledge, skills and

information, and thus increase the competitiveness of their businesses. The seminars are designed for farmers, fishermen, persons working in forestry and processors of products of plant and animal production.

The only applicant under Measure 2.2. Vocational training was the Institute of Agricultural and Food Information (IAFI). In 2004, a call for applications was announced with no deadline set. In the framework of Measure 2.2. Vocational training the Decisions in relation to 2004 allocation were adopted in August 2006 on 8 projects totalling CZK 6 500 500 of support. Funds committed to these projects were paid out in October and November 2006 in the total amount of CZK 6 332 041. With respect to 2005 allocation, following the tender the Decisions were adopted in November 2006 on 16 projects amounting to CZK 10 675 370 of support. *Pursuant to the set schedule the payments related to these projects are expected to be paid the end of 2007.*

5.3.3. Measure 2.3. Fisheries

Supporting and improving the fish processing and marketing of fish products, aquaculture and actions by professionals in fisheries are to contribute to the increasing of competitiveness of businesses operated by persons active in the sector of agriculture.

Sub-measure 2.3.1. Fish processing and marketing of fish products

In the course of 2006, three calls for applications were announced under Sub-measure 2.3.1. A total of ten aid applications were registered. In the case of two applications the administration was stopped prior to the adoption of the Decision. The Decisions were adopted on eight applications in the amount of CZK 13 514 845 of public co-financing.

The strongest interest of applicants was expressed in investment category a). The largest number of applications was submitted in the NUTS 2 Central Bohemia. In addition 6 Decisions were adopted on projects registered in 2005 already, amounting to CZK 8 247 950 of public co-financing.

Table 16: Summary of registered applications and adopted Decisions for Sub-measure 2.3.1. Fish processing and marketing of fish products – 2006

SUB-MEASURE 2.3.1.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006	5	2	0	1	2	0	0	10	19 839
Total									
Decisions adopted in 2006 [*]	4	4	1	1	4	0	0	14	21 762
Not recommended/not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	2	1	0	0	0	0	0	3	6 430
Approved applications as of 30 Apr 2007 ^a	4	5	2	1	4	0	3	19	31 300

* including projects registered in 2005 on which the Decision was adopted only in 2006

Table 17: Summary of registered applications and adopted Decisions for Sub-measure 2.3.2. Aquaculture – 2006

SUB-MEASURE 2.3.2.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006 Total	5	70	1	6	29	0	4	115	106 934
Decisions adopted in 2006*	5	73	2	7	30	0	3	120	104 983
Not recommended/ not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	2	3	0	1	3	0	1	10	10 433
Approved applications as of 30 Apr 2007 ⁱⁱ	4	82	7	7	38	0	3	141	113 422

* including projects registered in 2005 on which the Decision was adopted only in 2006

Sub-measure 2.3.2. Aquaculture

In 2006, three calls for applications were announced under Sub-measure 2.3.2. The largest number of applications was submitted in the NUTS II South-West and South-East regions.

A total of 115 applications were registered and 120 Decisions were adopted totalling CZK 104 983 072 of public co-financing, including the projects registered in 2005 already. The strongest interest of applicants was shown in investment category a).

Sub-measure 2.3.3. Actions by professionals in fisheries and promotion measures

In 2006, one call for applications was announced under Sub-measure 2.3.3. Four applications were submitted in the NUTS II South-West region. Four Decisions were adopted amounting to CZK 1 637 000 of public co-financing. All the projects are implemented within the investment category c) support to identify new outlets.

More detailed information on the absorption of funds from the FIFG (covering the entire Measure 2.3. Fisheries and part of Measure 3.1. financed from the FIFG) is provided in Annex 4, listing all the projects on which the Decisions were adopted in 2006 (i.e. including the projects registered in 2005), registration number of the application, final beneficiary, information on the amount for which the Decision was adopted, and information on its payment. The financial amounts are given in EUR.

After the calculation/inclusion of reallocations made under Measure 2.3. more than 95 % of the current allocation^a for 2004 – 2006 periodⁱ was committed by the end of 2006. Low interest expressed by the fishermen community, which is below the budget allocated to Measure 2.3. Fisheries, led to the reduction of allocation in the framework of re-allocations and is caused by a number of factors. First and foremost by

the fact, that fisheries sector in the CR is of a fairly small scale and therefore the number of potential beneficiaries is limited. Numerous applicants were repeatedly applying for support regarding many projects and in almost 100% cases were successful. Since the maximum rate of contribution is 50 % of eligible expenditure, applicants use up all their funds available for investment (depending on the financial standing of the company). Sub-measure 2.3.1. is a follow-up to the SAPARD Programme measures, under which major investments were made, and that is why there is no urgent need any more for support on the part of applicants (under currently prevailing conditions – 50% of co-financing). With respect to the level of profitability in fisheries, higher absorption of funds would be encouraged and assisted by a higher rate of public co-financing of projects. A number of steps have been taken to achieve better absorption of funds, e.g. repeated extension of eligible expenditure, raising the maximum level of eligible expenditure under Sub-measure 2.3.2., or re-allocation of funds from Sub-measure 2.3.1. to Sub-measure 2.3.2. and consistent and on-going updating of the professionals in fisheries on the possibilities of drawing funds from the Agriculture OP. The information on all the actions taken in order to ensure better absorption of funds under Measure 2.3. Fisheries is regularly presented to all members of the Monitoring Committee of the Agriculture OP at the MC meetings. All the before mentioned actions resulted in an increased number of applicants in 2005 and particularly in 2006.

5.4 Priority III: „Technical Assistance“

Priority III aims at the provision of technical assistance in the framework of the Agriculture OP with major emphasis on assisting its effective management, publicity and support to effective evaluation of the Agriculture OP. *Detail information on the fulfilment of Measure 3.1. Technical assistance objectives is presented in Chapter 7.6.*

Table 18: Summary of registered applications and adopted Decisions for Sub-measure 2.3.3. Actions by professionals in fisheries and promotion measures – 2006

SUB-MEASURE 2.3.3.	RO SAIF							TOTAL	
	Praha	Č. Budějovice	Ústí n. Lab.	Hr. Králové	Brno	Olomouc	Opava	No of applic.	thous.CZK
Registered in 2006 Total	0	4	0	0	0	0	0	4	1 637
Decisions adopted in 2006*	0	4	0	0	0	0	0	4	1 637
Not recommended/ not approved	0	0	0	0	0	0	0	0	0
Administration stopped as of 31 Dec 2006	0	0	0	0	0	0	0	0	0
Approved applications as of 30 Apr 2007 ⁱⁱ	0	13	0	0	3	0	0	16	6 052

* including projects registered in 2005 on which the Decision was adopted only in 2006

6. FINANCIAL IMPLEMENTATION OF ASSISTANCE

6.1 Approved allocation tables for the Agriculture OP

Table 19: Summary of approved allocations for 2006 in EUR

€ 2006	PUBLIC EXPENDITURE				
	PUBLIC EXPENDITURE	EU CONTRIBUTION			CR CONTRIBUTION
		EU TOTAL	EAGGF	FIFG	
Support to Agriculture, Processing of Agricultural Products and to Forestry	68 224 993	43 992 878	43 992 878		24 232 115
Investments in agricultural holdings	57 551 675	36 371 658	36 371 658		21 180 017
Improving the processing and marketing of agricultural products	6 167 887	4 317 521	4 317 521		1 850 366
Forestry	4 505 431	3 303 699	3 303 699		1 201 732
Rural Development, Fisheries and Vocational Training	40 585 634	31 295 034	31 295 034		9 290 600
Promoting the adaptation and development of rural areas	40 585 634	31 295 034	31 295 034		9 290 600
Vocational training	0	0	0		0
Fisheries	0	0		0	0
Technical assistance	35 500	26 625	26 625	0	8 875
Technical assistance	35 500	26 625	26 625	0	8 875
TOTAL	108 846 127	75 314 537	75 314 537	0	33 531 590

The overall allocation for 2006 was EUR 108 846 127 (the EU contribution was EUR 75 314 537 and the CR contribution was EUR 33 531 590), which converted amounts to CZK 3 046 385 402 (the EU contribution was CZK 2 107 903 262 and the CR contribution was 938 482 140)¹.

Based on EC Decision No K (2004) 2689 of 2 July 2004 on the approval of the Operational Programme "Rural Development and Multifunctional Agriculture", in 2004 and 2005 the Czech Republic (Ministry of Finance) received the total payment on account (advance payment) from the EAGGF amounting to EUR 26 663 958.00, from the FIFG amounting to EUR 1 160 270.24. The payment on account equals 16 % of the approved allocation for the period 2004-2006 per each fund and was paid in two instalments (10 % in 2004 and 6 % in 2005).

Annex 2 presents the overall financial table for the Annual/Final Implementation Report by priorities and measures comprising the summary of certified expenditure (EUR) for 2006, including the percentage of certified expenditure in dependence on the total 2004-2006 allocation (EUR).

6.2 Payments

As of 31 December 2006 a total of 1 566 projects were paid out in the total amount of CZK 2 415 717 908 of public co-financing (the EU contribution was CZK 1 663 206 371). The largest number of projects was paid out under Measure 1.1. Investments in agricultural holdings (977 projects in the amount of CZK 1 484.8 million of public co-financing), followed by Measure 2.1. Promoting the adaptation and development of rural areas with 374 projects amounting to CZK 685.8 million of public co-financing. The breakdown of paid-out projects by individual measure as of 31 December 2006 is shown in the following table.

In 2006, three certifications took place, namely in the period from 1 November 2005 to 31 January 2006, from 1 February 2006 to 30 April 2006 and from 1 May 2006 to 30 September 2006. A total public expenditure of EUR 52 127 205.47 was certified. As of 31 December 2006 altogether EUR 69 925 496.88 was certified (see Table 21). In 2006 the CR received from the EC a total of EUR 46 608 214.53 in the form of interim payments (see Table 22). By the second certification in 2006 the N+2 rule was fulfilled with respect to the EAGGF and 2004 allocation. With the advance payment made by the European Commission included, also the N+2 rule with respect to the FIFG was met by the last certification.

Table 20: Paid-out projects as of 31 December 2006 in CZK for the 2004-2006 period

Measure	Number of paid-out projects	Public co-financing in CZK	EU contribution to public co-financing in CZK
1.1.	977	1 484 883 613	946 449 493
1.2.	44	107 580 469	75 306 323
1.3.	69	86 083 969	62 957 508
2.1.	374	685 823 153	541 794 264
2.2.	8	6 332 041	4 749 029
2.3.	55	36 224 515	25 357 152
3.1.	39	8 790 148	6 592 602
TOTAL	1 566	2 415 717 908	1 663 206 371

Table 21: Certified expenditure as of 31 December 2006 for the 2004-2006 period

Measure ¹	Public co-financing in EUR	Total allocation for 2004 – 2006 in EUR	% of certified expenditure of the total allocation
I.1.	45 031 899,39	128 107 891	35,15 %
I.2.	2 928 393,62	14 280 179	20,50 %
I.3.	1 925 136,64	11 520 866	16,70 %
2.1.	18 110 277,30	88 202 710	20,53 %
2.2.	0	854 418	0 %
2.3.	1 796 332,18	5 633 537	31,88 %
3.1.	133 457,75	2 322 715	5,74 %
TOTAL	69 925 496,88	250 922 316	27,86 %

¹ Under Measure 2.3. Fisheries the certified expenditure and total allocations also comprise the private sources.

**Table 22:** Summary of interim payments received from the EC in 2005 and 2006

		EAGGF		FIFG	
		DATE	AMOUNT (EUR)	DATE	AMOUNT (EUR)
1 st interim payment	Requested	06.09.05	3 649 613,10	x	x
	Received	01.12.05	3 649 346,00	x	x
2 nd interim payment	Requested	27.10.05	2 860 696,06	27.10.05	28 367,31
	Received	27.12.05	2 854 611,00	20.12.05	28 331,96
3 rd interim payment	Requested	27.01.06	1 699 008,49	29.11.05	142 124,12
	Received	23.02.06	1 699 008,00	30.12.05	142 124,12
4 th interim payment	Requested	03.04.06	5 730 257,00	03.04.06	106 517,56
	Received	11.05.06	5 730 257,00	29.05.06	106 517,56
5 th interim payment	Requested	13.06.06	7 169 173,00	13.06.06	93 920,28
	Received	20.07.06	7 169 173,00	08.08.06	93 920,28
6 th interim payment	Requested	30.10.06	24 857 507,00	30.10.06	277 461,41
	Received	29.11.06	24 857 507,00	12.12.06	277 418,61
TOTAL	Requested		45 966 254,65		648 390,68
	Received		45 959 902,00*)		648 312,53**)

*) Received and requested funds for EAGGF slightly differ because of round down the sums on the part of DG AGRI.

**) FIFG amounts slightly differ because of slight overrun of intervention rate for measure.

7. STEPS TAKEN BY THE MANAGING AUTHORITY, THE INTERMEDIATE BODY AND THE MONITORING COMMITTEE TO ENSURE THE QUALITY AND EFFICIENCY OF THE IMPLEMENTATION OF ASSISTANCE

7.1 Description of the overall responsibility for management and control

The main principle governing utilisation of funds allocated to the Agriculture OP is a strict separation of the implementation, payment and control functions. Implementation of the Agriculture OP is the responsibility of the Managing Authority of the OP, the ultimate responsibility being born by the Minister of Agriculture. The Managing Authority of the Agriculture OP fulfils its duties pursuant to Article 34 of Council Regulation (EC) No 1260/1999.

The Intermediate Body, i.e. the State Agriculture Intervention Fund (SAIF), participates in the implementation of the Operational Programme, namely on the basis of the Contract on delegating activities between the Managing Authority Department for the OP and the Intermediate Body in meeting the obligations of the Czech Republic arising from the use of funds from Structural Funds of 6 October 2003. The Contract on delegating activities specifies the rights, duties, responsibilities and obligations of the Intermediate Body (SAIF) in implementing the Agriculture OP. The Contract also provides for the possibility to assign ad hoc tasks, which have to be addressed in relation to the implementation of the Agriculture OP.

The following activities were delegated to the SAIF:

- implementation of the Agriculture OP and the Programme Complement,
- setting up an information system for the administration of the Agriculture OP, installation of a software to support the Managing Authority of the OP in its activities, conducting the administration of the Agriculture OP,
- safeguarding the performance of operative tasks assigned by the Managing Authority of the OP in connection with the implementation of the Agriculture OP,
- provision of data and information necessary for the purposes of monitoring, management and evaluation of the Agriculture OP.

Both the Managing Authority and the Intermediate Body in the management and implementation of assistance under the Agriculture OP shall follow the relevant working procedures (manuals) and methodological guidelines. These documents comply with the effective EU and CR legal regulations.

The Monitoring Committee of the Agriculture OP is set up in order to examine and evaluate the performance of management of the Agriculture OP, to monitor the efficient deployment of funds for implementing the Agriculture OP.

The Internal Audit and Supervision Department at the MoA pursuant to Commission Regulation (EC) No 438/2001 was entrusted with the conduct of sample checks on operations and projects including the system audit.

7.2 Managing Authority

In accordance with Government Resolutions No 102 of 23 January 2002 and No 149 of 12 February 2003 the Ministry of Agriculture of the Czech Republic was designated as the Managing Authority of the Agriculture OP. Pursuant to the Order of the Minister of Agriculture the Managing Authority Department for the Agriculture OP was set up, which performs the activities of the "Managing Authority". The Managing Authority of the OP is made up of the director and two divisions:

- External Relations Division
- Monitoring and Evaluation Division

Tasks to be performed by the Managing Authority are set out in the Rules of Organisation of the MoA and further elaborated on in the guidelines for the implementation of the Agriculture OP in the period 2004 to 2006. The Managing Authority Department for the OP is made up of 12 officers, working in two divisions (each composed of one head and four officers).

The Organisation chart of the Managing Authority Department for the OP is shown in Annex 5.

7.3 Intermediate Body

Role of the Intermediate Body of the Agriculture OP, to which activities related to the implementation of the Agriculture OP are delegated from the Managing Authority of the Agriculture OP, is performed by the State Agriculture Intervention Fund (SAIF). The SAIF is set up pursuant to Act No 256/2000 Coll., on the State Agriculture Intervention Fund and amendments to some other laws, as amended. The operation and powers of the Fund are provided for by Act No 256/2000 Coll. and Act No 252/1997 Coll., on agriculture, as amended. The SAIF operates under the Ministry of Agriculture and it is a legal entity acting in legal relations on its behalf and under its responsibility. Tasks of the Intermediate Body are defined in the Contract of delegating activities concluded on 6 October 2003.

Under the project of the PA information system implementation at SAIF, conducted by SAP CR, the IS SAP is also used by the Intermediate Body for the administration of Agriculture OP – to be specific the administration of aid applications and control of the Agriculture OP is conducted in SAP CRM using the internal (by SAIF officers) and external (by applicants/beneficiaries) SAIF SAP EP portal and MSSF CENTRAL interface.

Activities of the Intermediate Body of the Agriculture OP at SAIF are carried out by seven regional offices at NUTS level II (in Prague, Brno, České Budějovice, Hradec Králové, Ústí nad Labem, Olomouc and Opava) and by the SAIF Head Office - OP and SAPARD Department, which forms a component of programme services. At regional offices of SAIF activities related to the Agriculture OP are performed by the staff of the Department of Financial Support, Department of Inspection for OP and SAPARD and legal experts.

7.4 Measures for monitoring, financial control and evaluation, including data collection mechanisms

7.4.1. Monitoring of the Agriculture OP

Data for monitoring the Agriculture OP are gathered from applicants via the Aid Applications, further from the Final Implementation Report, attached to the Application for Payment, and is also collected during on-the-spot checks. Further data is generated throughout the administration of aid applications and applications for payment. Data for context indicators as well as some other indicators come from external sources (Czech Statistical Office (CSO), Research Institute of Agricultural Economics (RIAE) and others). Data collection, administration of aid applications and applications for payment and conduct of on-the-spot checks are delegated to the Intermediate Body (SAIF) pursuant to the Contract on delegating activities. The Paying Unit, which is a part of the SAIF structure, executes payments to final beneficiaries.

Project administration, payments of the Czech national co-financing and monitoring at the level of Intermediate Body and Managing Authority is supported by the SAP Information System (IS SAP), guaranteed by SAIF. Monitoring at the central level in the Czech Republic is supported by the Structural Funds Monitoring System – CENTRAL (MSSF – CENTRAL), guaranteed by the Ministry for Rural Development. Payments and accounting of the EU co-financing is supported by the VIOLA system, guaranteed by the Ministry of Finance. Data between the IS SAP and MSSF – CENTRAL is communicated bi-directionally via interface. Monitoring outputs serve as a basis for drafting the annual and final implementation reports.

Annexes 1, 3 and 4 comprise monitoring tables with data as of 31 December 2006.

Evaluation of results of the priority axis Community Support Framework "Rural Development and Multifunctional Agriculture" (see Table 23). Indicator values based on the paid-out projects are zero in 2004, since in that year no project was paid out yet.

Table 23: Indicators of priority axis Community Support Framework: Rural Development and Multifunctional Agriculture

IMPACT INDICATOR							
Indicator	Unit of measurement	Baseline value (2001, unless stated otherwise)	2004	2005	2006	Target value (2006)	Source
Agricultural export (class 0, 1, 4, SITS, rev. 3)	billion CZK billion EUR FOB	42,581 1,339	57,134 1,796	72,764 2,445	76,475 2,569	53,976 1,697	CSO
Gross agricultural output	million CZK in 1989 constant prices	76 041	77 260	73 558	75 352 (estimate)	75 998 target in 1989 prices	CSO
Registered rate of unemployment in rural areas	%	7,1 (2001) 7,6 (2003)	8,1	7,6	*	6,5	CSO MoLSA
RESULT INDICATOR							
Gross agricultural output per employee in agriculture	thousand CZK in 2000 constant prices	478,3 (2003)	550,2	527,2	*	600,0 18,9 target in 1989 prices	CSO
Gross number of created jobs	Number of jobs	0	0	45	110	5 000	OP RDMA
OUTPUT INDICATOR							
Number of supported applicants	Number of persons	0	0	299	972	2 500	OP RDMA
Number of supported projects	Number of projects	0	0	356	1 566	3 000	OP RDMA
Total eligible expenditure of supported projects	Share of covered expenditure in total allocation (%)	-	0	7,17	43,64	80	OP RDMA
Funds spent by beneficiaries	Realised private co-financing (EUR)	0	0	24 748 617	84 946 814	142 677 696	OP RDMA

*The value for 2006 is not available

7.4.2. Monitoring Committee of the Agriculture OP

In accordance with Article 35 of Council Regulation (EC) No 1260/1999 of 21 June 1999, laying down general provisions on the Structural Funds, the Minister of Agriculture established the Monitoring Committee of the Operational Programme "Rural Development and Multifunctional Agriculture" (MC of the Agriculture OP) to ensure monitoring and evaluation of the implementation of the Operational Programme "Rural Development and Multifunctional Agriculture", monitoring of effective use of funds and correct implementation of programmes and projects supported under EU Structural Funds.

The Statute and the Rules of Procedure of the MC of the Agriculture OP were approved at the 1st Meeting of the MC of the Agriculture OP on 10 December 2003 and came into force upon the signature of the Minister of Agriculture on 12 January 2004.

The MC of the Agriculture OP is made up of 26 members appointed by the Minister of Agriculture (representatives of both the governmental and non-governmental institutions) and the same number of substitutes. Its membership reflects the make-up of the National SAPARD Monitoring Committee. Meetings of the MC of the Agriculture OP are, apart from its regular members, regularly attended also by the European Commission representatives, acting as observers. The MC of the Agriculture OP adopts decisions based on the principle of consensus.

Since its establishment the MC of the Agriculture OP has been meeting twice a year and has periodically been monitoring the implementation of the Agriculture OP in the CR.

Within the MC of the Agriculture OP there are Working Groups established on individual measures under the Agriculture OP composed of the members of the MC of the Agriculture OP. The

task of the Working Groups is to discuss documents prepared for the respective meetings of the Monitoring Committee. Meetings of Working Groups are governed by the Rules for Working Groups of 23 November 2004. Apart from the MC of the Agriculture OP members the Working Groups meetings are also attended by the Managing Authority staff, representatives of the MoA technical services or other experts, where appropriate. Conclusions are drawn based on consensus.

6th Meeting of the MC of the Agriculture OP

The 6th Meeting of the Monitoring Committee of the Agriculture Operational Programme was held on 12 and 13 June 2006 in the Conference Hall of the Prestige Hotel in Znojmo. The meeting was chaired by Magdalena Hrabánková, the chairperson of the Committee, together with Helena Vojtková, the director of the Managing Authority Department for the OP. The topics on the agenda were the following:

- Progress Report on the implementation of the Agriculture OP
- Report on the implementation of measure 3.1. – Technical Assistance
- Report on Publicity of the Agriculture OP
- Conclusions drawn by the Working Group with respect to Measure 2.2. Vocational training and proposal to extend the eligible expenditure under Sub-measure 2.3.2. – Aquaculture
- Adjustments of financial allocations for the Agriculture OP
- Annual Implementation Report on the Agriculture Operational Programme for 2005
- Final Report on the SAPARD programme in the CR
- Information on the implementation of SAPARD programme (Certification Report SAPARD - 2005)
- Current status of preparations for the 2007-2013 programming period

7th Meeting of the MC of the Agriculture OP

The 7th Meeting of the Monitoring Committee of the Agriculture Operational Programme was held on 22 November 2006 in the conference room of the Ministry of Agriculture. The meeting was chaired by Magdalena Hrabánková, the chairperson of the Committee, together with Helena Vojtková, the director of the Managing Authority Department for the OP. The topics on the agenda were the following:

- Progress Report on the implementation of the Agriculture OP, including the information on re-allocations
- Report on the implementation of measure 3.1. – Technical Assistance with details concerning the implementation of “projects” in the remaining period
- Report on Publicity of the Agriculture OP
- Information on the current status of preparation for the 2007-2013 programming period

The Annex 6 - Summary of written procedures of the MC of the Agriculture OP presents a list of written procedures of the MC of the Agriculture OP including the adopted conclusions.

7.5 Summary of significant problems arisen in the management of assistance

From 13 September 2005 to 22 February 2006, the Supreme Audit Office carried out an audit of the Managing Authority of the OP and the Intermediate Body of SAIF No 05/32 “Funds allocated to programmes of structural support in agriculture”.

The MoA CR received the Audit Report of the SAO No 05/32 “Funds allocated to programmes of structural support in agriculture” – in the concluding part of this report in point 4 of the Summary and Evaluation it is stated inter alia that the system for implementation of the Operational Programme “Rural Development and Multifunctional Agriculture” was established in the CR in conformity with the European and National legislation and that in all the 42 entities which were subject to audit the purpose of support was respected and the aim of the projects was achieved and the system of implementation was functioned free from any substantial or frequent deficiencies.

7.6 Utilisation of Technical assistance

Project applications under Measure 3.1. Technical assistance are submitted by the Managing Authority Department for the OP which is also responsible for the implementation of this measure. The framework plan of drawing technical assistance is annually submitted to the MC of the Agriculture OP for consideration and approval. The approval of partial eligible expenditure is the responsibility of the chairperson of the Monitoring Committee of the Agriculture OP.

In 2006, altogether 22 projects were registered amounting to CZK 7 253 113, of which a total of 14 projects under the European Agricultural Guidance and Guarantee Fund (EAGGF) totalling the amount of CZK 5 045 600 and 8 projects under the Financial Instrument for Fisheries Guidance (FIFG) in the total amount of CZK 2 207 513. The summary of adopted Decisions, concluded Conditions (including Addenda to the Conditions) and submitted Applications for payment is presented in Table 24.

In the field of *monitoring and management* the following projects were implemented:

- Drafting and publishing the Annual Implementation Report on the Operational Programme “Rural Development and Multifunctional Agriculture” for the year 2005 in the circulation of 1 500 copies;
- The 6th and the 7th Meeting of the Monitoring Committee of the Agriculture Operational Programme;
- Two projects related to the technical support for the Managing Authority of the OP (Secretariat for the Monitoring Committee of the Agriculture OP).

Another field is the *evaluation of Agriculture Operational Programme*. It covers particularly the analyses and evaluations of the Agriculture OP. In 2006, the following analyses and evaluations were conducted:

- Expert analysis of Measure 1.1. Investments in agricultural holdings and Sub-measure 2.1.5. Diversification of agricultural activities and activities close to agriculture of the Agriculture Operational Programme;
- Expert analysis of Measure 1.2. Improving the processing and marketing of agricultural products of the Agriculture Operational Programme;
- Expert analysis of Measure 1.3. Forestry of the Agriculture Operational Programme;
- Expert analysis of Sub-measure 2.1.1., 2.1.2. and 2.1.3. of the Agriculture Operational Programme;
- Evaluation of communication activities of the Agriculture Operational Programme;

In relation to the preparation of the next programming period the following three projects were completed in cooperation with the

Table 24: Summary of adopted Decisions, concluded Conditions and submitted Applications for payment as of 31 December 2006

ADOPTED DECISIONS		CONCLUDED CONDITIONS		SUBMITTED APPLICATIONS FOR PAYMENT	
NUMBER / TOTAL AMOUNT IN CZK OF WHICH THE EU SHARE IN CZK		NUMBER / TOTAL AMOUNT IN CZK OF WHICH THE EU SHARE IN CZK		NUMBER / TOTAL AMOUNT IN CZK OF WHICH THE EU SHARE IN CZK	
EAGGF	FIFG	EAGGF	FIFG	EAGGF	FIFG
15 / 5 259 800 EU: 3 944 850	8 / 2 207 513 EU: 1 655 634	15 / 4 803 524 EU: 3 602 640	8 / 2 117 217 EU: 1 587 912	20 / 6 359 293 EU: 4 769 467	8 / 2 154 556 EU: 1 615 916
Total 23 / 7 467 313 EU: 5 600 484		Total 23 / 6 920 741 EU: 5 190 552		Total 28 / 8 513 849 EU: 6 385 383	

technical unit of the MoA (Fisheries, game management and beekeeping department) under Measure 3.1. Technical assistance from FIGG, namely:

- Development of the draft „Fisheries Operational Programme“ for the period 2007-2013,
- SEA - assessment of effects arising from the implementation of the Operational Programme “National Strategic Plan and Fisheries Operational Programme“ for the period 2007-2013 on the environment, and
- Ex-ante evaluation of the „Fisheries Operational Programme“ for the period 2007-2013.

In 2006, also the Expert analysis of Measure 2.3. Fisheries of the Operational Programme “Rural Development and Multifunctional Agriculture” was commissioned. The draft methodology for the Fisheries Operational Programme, Measure 1.2. called „*Pond management with regime improving the quality of aquatic environment*“ is under development in the framework of preparations of the next programming period 2007-2013 – both the projects are being implemented under the FIGG.

All the above referred to outputs of projects were forwarded to the individual members of the Monitoring Committee of the Agriculture Operational Programme and also to the competent units of the MoA involved in the preparations of the next programming period 2007-2013 for potential use both in the framework of the European Fisheries Fund (EFF) and the European Agricultural Fund for Rural Development (EAFRD).

The so called *communication measures/activities* cover apart from other things publishing of various information materials. The Managing

Authority of the OP published leaflets for individual measures of the Agriculture OP, the Rules for applicants for aid under the Agriculture Operational Programme and plentiful merchandise such as pens, bags, diaries and calendars. All of the above mentioned information materials were distributed among potential applicants for aid under the Agriculture OP at trade fairs, exhibitions, seminars and other information events. They were also distributed through the intermediary of the individual Regional Offices and the Head Office of the State Agriculture Intervention Fund (SAIF).

At the beginning of 2006, two technical seminars were organised focusing on Measure 1.3. Forestry and two technical seminars on a new investment category f) Investments in reconstruction / construction of storage capacities for cereals and oil seeds; investments in technologies for post-harvest treatment, assessment and storage of cereals and oil seeds under Sub-measure 1.1.1. Investments in agricultural holdings and support for setting-up young farmers. All the seminars were held in the territory of Bohemia and Moravia. Approximately 450 participants were trained in the course of these seminars.

The Managing Authority of the OP in cooperation with the technical unit of the MoA, the Ministry for Regional Development and the Association for Rural Renewal helped present the successful Local Action Groups or their activities in the exhibition hall at the International exhibition Země Živitelka in České Budějovice. The rent for the exhibition space of 102 m² was covered from the Agriculture Operational Programme.

The above mentioned project Assessment of Communication Activities of the Agriculture OP also included the development of 10 model projects elaborated in the form of attractive articles using only the

Table 25: Summary of individual areas under Measure 3.1 Technical assistance of the Agriculture Operational Programme
Source: Submitted Applications for payment as of 31 December 2006 (Graphics are included in Annex 7)

Name of the area under Measure 3.1. Technical assistance	Areas of implemented activities	Number of implemented projects	Public co-financing Total (CZK)
Area of monitoring and management	Drawing up and printing of Annual Reports	3	319 281
	Technical support to the MA OP and the Secretariat of the MC OP	3	725 609
	Organisation of the MC OP meeting	3	394 748
Area of evaluation	Analyses and evaluation	6	3 164 091
	Preparation of programme documents for the period 2007-2013	4	1 466 500
Area of communication measures/activities	Organisation of seminars and workshops	5	1 211 000
	Presentation at trade fairs and exhibitions	1	188 149
	Publishing of information brochures	2	447 685
	Publishing of information leaflets	3	150 024
	Publishing and printing of the Rules for applicants	4	446 716
	Other publicity measures	9	1 598 560
TOTAL		43	10 112 363

Note.: 1) The indicated area of implemented activities comprises projects covering more areas of implemented activities in one project, e.g. the Rules for applicants, information leaflets and other activities from the other publicity measures (e.g. publicity merchandise). Altogether there are two projects of this type.

necessary amount of technical terminology on Structural Funds. Five projects were offered to both the national and regional press for publishing.

More information on publicity activities are presented in Chapter 7.7.

7.7 Steps taken to ensure publicity of the Agriculture OP

Publicity and information dissemination is the responsibility of the Managing Authority of the OP pursuant to the Communication Action Plan, approved as a component part of the Programme Complement by the Monitoring Committee of the Agriculture OP on 11 August 2004. The Communication Action Plan is implemented through annual publicity plans.

Communication activities under the Agriculture OP are periodically monitored (namely through monthly CSF monitoring reports). Staff involved in the communication related activities under the OP and CSF receive updated information on activities at periodically held meetings of the Information and Publicity Working Group.

7.7.1. Publishing

In January 2006 two publications were published on the Operational Programme "Rural Development and Multifunctional Agriculture, namely

- Guide for farmers to the support granted from the Agriculture OP (circulation of 3 000 copies),
- Guide for municipalities to the support granted from the Agriculture OP (circulation of 3 000 copies).

Both the publications were soon out of print due to a strong interest expressed by the professional public.

In March 2006 the Managing Authority Department for the OP published the Rules for applicants for aid from the Operational Programme Rural Development and Multifunctional Agriculture Measure 1.1. Investments in agricultural holdings, Sub-measure 1.1.1.,

investment category f) *Investments in reconstruction / construction of storage capacities for cereals and oil seed; investments in technologies for post-harvest treatment, assessment and storage of cereals and oil seeds* in the circulation of 450 copies.

In September 2006 the Czech-English version of the Annual Implementation Report on the Operational Programme Rural Development and Multifunctional Agriculture in the Czech Republic for 2005 was published in the circulation of 1 500 copies.

Apart from this publishing activities plentiful publicity leaflets, particularly the updated leaflets on measure 1.1. and 2.1. were published, in the circulation of 2 000 copies each, and Measure 2.3. in the circulation of 1 000 copies. Moreover a great deal of information materials was published on individual measures (particularly on measures under which there was lower absorption rate recorded). The information materials and leaflets were distributed among professional agricultural community through the intermediary of the RO SAIF, MoA, Agrarian Agency and Land Offices, Regional Information Centres and on the occasion of technical seminars, trade fairs and exhibitions.

All the publications, leaflets and brochures were funded from Measure 3.1 Technical Assistance of the Agriculture Operational Programme.

The Managing Authority Department for the OP in cooperation with the Communication Department of the Ministry of Agriculture of the CR publishes press releases on the latest developments and answers technical inquiries raised by the general public. All the information on the Agriculture OP is made available on the website of the Ministry of Agriculture www.mze.cz under the icon of Support from the EU and national aid in the section of Agriculture Operational Programme, and also on the website of the State Agriculture Intervention Fund www.szif.cz in the section of Operational Programme Rural Development and Multifunctional Agriculture (RDMA) and on the website of the Ministry for Regional Development www.strukturalni-fondy.cz in the section of Structural Funds / Operational Programmes / Rural Development and Multifunctional Agriculture. All those interested from among the community of non-governmental non-profit organisations are pursuant to Government

Table 26: Seminars, conferences related to the Agriculture OP – 2006

DATE	NAME AND DESCRIPTION	VENUE
4. 1. 2006	Presentation of the Agriculture OP at seminars held by the Young Agrarians Society "Experience gained in the implementation of projects funded from the Operational Programme Rural Development and Multifunctional Agriculture"	Praha
March 2006	Presentation of the Agriculture OP at seminars held by the Association of Municipal and Private Forests Owners in cooperation with the MoA and SAIF focused on Measure 1.3. Forestry	2. 3. 2006 Olomouc 7. 3. 2006 Písek
March 2006	Presentation of Agriculture OP at seminars held by the Agrarian Chamber of the CR in cooperation with the MoA and SAIF focused particularly on Sub-measure 1.1.1. investment category f)	6. 3. 2006 Větrný Jeníkov 10. 3. 2006 Hodkovice u Prahy
7. – 10. 3. 2006	Presentation of Agriculture OP at SALIMA 2006, the international food fair	Brno
2. – 6. 4. 2006	Publicity of the Agriculture OP at the international fair of agricultural technology - Techagro 2006	Brno
25. – 29. 4. 2006	Provision of information and presentation materials of the Agriculture OP at the URBISINVEST trade fair	Brno
22. 6. 2006	Publicity of the Agriculture OP at a seminar at Tábor	Tábor
24. – 29. 8. 2006	Presentation of the Agriculture OP at Země živitelka 2006 exhibition	České Budějovice
24. – 29. 8. 2006	"Presentation of Sub-measure 2.1.4. or results achieved by the Local Action Groups within the LEADER initiative" at Země živitelka 2006 exhibition (Association for Rural Renewal in cooperation with the MoA and MRD)	České Budějovice

Resolution No 1232/2003 also supplied with the information in an electronic form.

Advisory services to applicants as well as the general public are also rendered on an ongoing basis by seven Regional Offices of SAIF and, where necessary, also by the SAIF Head Office.

For further publicity of the Agriculture OP, also the merchandise bearing the MoA logo was used provided by the Communication Department of the MoA. Moreover in 2006 the OP own merchandise was supplied such as pens, bags, notepads, diaries, calendars, PF card, T-shirts and gift packagings of pens etc. This merchandise was distributed by the Managing Authority of the OP among the professional public either through the Head Office and ROs of SAIF, or directly on the occasion of exhibitions, trade fairs, seminars and conferences where the Agriculture OP is presented.

7.7.2. Seminars, conferences

In 2006, the Managing Authority Department for the OP presented the Agriculture Operational Programme and individual measures (particularly those with slower absorption rate) at technical exhibitions, trade fairs, seminars and conferences. *More detailed information on individual presentations is given in Table 26.*

7.7.3. Evaluation of communication activities

In accordance with the Programme Complement to the Agriculture OP the Managing Authority Department for the OP commissioned the evaluation of communication activities in order to improve the quality and effectiveness of communication. In this respect the "analysis of communication activities implemented in the framework of the Agriculture OP" was conducted under Measure 3.1. Technical assistance. The outputs of this analysis will form a basis for setting up the content of the "Communication Action Plan" in the 2007 – 2013 programming period.

An integral part of the carried out "audit" was also the development of a model communication project pinpointing the actual results of the Agriculture OP. The aim was to present in a clear and popular way the actual results of the Agriculture OP in the CR to the general public and to offer an attractive material for media coverage to regional and national press representatives. Based on the lists of recommended

projects provided by the individual ROs of SAIF and discussion with the project supplier the Managing Authority Department for the OP selected 10 projects for implementation of the above mentioned communication project.

The performed audit led to the following conclusions and recommendations:

Due to the relatively thorough planning (compared to other operational programmes) and consistent implementation of communication activities it can be concluded that the communication activities carried out within the Agriculture Operational Programme had a positive impact on the awareness, knowledge and perception of the Agriculture OP. The Agriculture Operational Programme as well as the Ministry of Agriculture rank among those best known by the general public to be related with the Structural Funds. The awareness of the Fund related to the Agriculture OP also ranks among the highest compared to other operational programmes and the same applies to the interest of the general public to gain more information in this respect. In the future though, the contradictory information on the support to agriculture should be avoided, especially through the enhancement of active and consistent cooperation with media and dissemination of clear information on the already implemented projects.

Further recommendations:

- In collaboration with media to put stress on press releases presenting true examples of aid beneficiaries and to strengthen cooperation with the SAIF in the identification of appropriate projects.
- To intensify the activity of the MoA in the distribution of information and the provision of information on specific impacts of the OP in order to reach the general public, to eliminate the spread of negative information.
- To better promote the topics of agri-tourism and organic farming which are topics popular with the media.

Additional recommendations:

- To consider publishing 3 basic types of publications (information, methodological, evaluating/motivating) in the future and to reflect general recommendations resulting from the surveys on target groups in their compilation.
- In publicity merchandise the stress is to be put on multiple use merchandise, particularly that relevant to the SF EU. At the same time an appropriate estimate of the number of copies/pieces is to be made and their appropriate distribution shall be ensured.

8. STEPS TAKEN TO ENSURE COMPATIBILITY WITH THE COMMUNITY POLICIES AND TO PROVIDE COORDINATION OF ALL COMMUNITY STRUCTURAL ASSISTANCE

The Managing Authority declares, that throughout the implementation of the Operational Programme "Rural Development and Multifunctional Agriculture", the duty is observed to ensure compatibility with Community policies, namely with respect to the protection of environment and support to equal opportunities between men and women.

Entrusted with the coordination of Community structural assistance granted to the Czech Republic was the Ministry for Regional Development, the Community Support Framework Department. The Monitoring Committee of the Community Support Framework (MC of the CSF) was set up to monitor and supervise the CSF implementation and evaluate the progress made in the attainment of its goals. The MC of the CSF was established upon the Decision of the Minister for

Regional Development No 25/2004 of 27 February 2004. By the same decision also the Statute of the MC of the CSF was approved. Members of the MC of the CSF are regularly updated on the progress of the Agriculture OP implementation at the MC of the CSF meetings.

For the purposes of operative management of Structural Funds in the CR the Advisory Committee of the Community Support Framework was established. It meets at monthly intervals and its membership, apart from the director of the Managing Authority of the Community Support Framework, is also composed of the directors of the Managing Authorities of individual operational programmes, a representative of the Paying Authority and a representative of the Central Harmonisation Unit. The Community Support Framework issues guidelines for the application of Community and national rules.

9. BRIEF OUTLOOK FOR THE YEAR 2007

Follow up of the assistance from the Agriculture OP in the new Rural Development Programme 2007 – 2013 and Fisheries Operational Programme 2007 – 2013

Since the Agriculture OP proved successful and was sought out by the applicants for financial support from the EAGGF and FIFG, there is a number

of investment categories supported by the Agriculture OP which shall also be included in the Rural Development Programme and the Fisheries Operational Programme. The table below gives a summary of measures (or sub-measures, investment categories) of the Agriculture OP which shall continue to be covered by the Rural Development Programme and the Fisheries OP in the period 2007 – 2013.

MEASURE AND SUB-MEASURE OF THE AGRICULTURE OP	RURAL DEVELOPMENT PROGRAMME
1.1.1. Investments in agricultural holdings	Axis I – Modernisation of agricultural holdings
1.2. Improving the processing and marketing of agricultural products	Axis I – Adding value to agricultural and food products
1.3.1. Restoring forestry potential damaged by natural disasters and fire and introducing appropriate preventive instruments	Axis II – Sub-measure II.2.4.1. Restoring forestry potential after disasters and introducing prevention actions
1.3.2. Investments in forests inv. category a) a b)	Axis I – Sub-measure I.1.2.3. Forest infrastructure
1.3.2. Investments in forests inv. category d)	Axis I – Sub-measure I.1.2.1. Forestry machinery
1.3.2. Investments in forests inv. category c)	Axis II – Sub-measure II.2.4.2. Non-productive investments in forests
2.1.1. Reparcelling	Axis I – Land consolidation
2.1.4. Rural development (LEADER + type sub-measure)	Axis IV – LEADER
2.1.5. Diversification of agricultural activities and activities close to agriculture	Axis III – group of measures III.1. – Measures to diversify the rural economy
2.2. Vocational training	Axis I – Use of advisory services Axis III – Training and information
3.1. a) Technical assistance EAGGF	Axis V – Technical Assistance
MEASURE AND SUB-MEASURE OF THE AGRICULTURE OP	FISHERIES OPERATIONAL PROGRAMME 2007 – 2013
2.3.1. Fish processing and marketing of fish products	Axis 2 – Measure 2.4. Investment into processing and marketing
2.3.2. Aquaculture	Axis 2 - Measure 2.1. Investment into aquaculture production
2.3.3. Actions by professionals in fisheries and promotion measures	Axis 3 – Measure 3.3. Support and development of new markets and promotion campaigns
3.1. b) Technical assistance FIG	Axis 5 – Measure 5.1. Technical assistance

10. LIST OF ABBREVIATIONS

AA and LO – Agrarian Agency and Land Office
Agriculture OP – Operational Programme “Rural Development and Multifunctional Agriculture”
CAP – Common Agricultural Policy
EAGGF – European Agriculture Guidance and Guarantee Fund
EC – European Commission
EU – European Union
FIFG – Financial Instrument for Fisheries Guidance
GDP – Gross Domestic Product
HO SAIF – Head Office of the State Agriculture Intervention Fund
LAG – Local Action Group
LEADER+ – Community initiative for rural development
MA of the OP – Managing Authority of the Operational Programme Agriculture
MC of the Agriculture OP – Monitoring Committee of the Operational Programme “Rural Development and Multifunctional Agriculture”
MC of the CSF – Monitoring Committee of the Community Support Framework
MoA – Ministry of Agriculture of the Czech Republic
NUTS – Nomenclature of Territorial Statistical Units
RIC – Regional Information Centre
RO SAIF – Regional Office of the State Agriculture Intervention Fund
SAPARD – Special Pre-Accession Programme for Agriculture and Rural Development
SAIF – State Agriculture Intervention Fund

11. LIST OF PRIORITIES, MEASURES, SUB-MEASURES AND INVESTMENT CATEGORIES OF AGRICULTURE OP

PRIORITY I. SUPPORT TO AGRICULTURE, PROCESSING OF AGRICULTURAL PRODUCTS AND TO FORESTRY

1.1 Investments in agricultural holdings

1.1.1 Investments in agricultural holdings and support for setting up young farmers

a)	Rationalisation and reconstruction of existing facilities for the keeping of cattle, pigs, sheep and goats
b)	Rationalisation and reconstruction of existing facilities for the keeping of laying hens
c)	Improving the storage of slurry and farm manure
d)	Investments in the reconstruction and technologies for the storage of fruit and vegetables
e)	Machinery for agricultural production
f)	Investments in technologies for post-harvest treatment, assessment and storage of cereals and oil seeds

1.1.2 Further diversification of agricultural activities

a)	Production, processing and direct sale of agricultural products
b)	Production, processing and marketing of non-food agricultural products
c)	Production, processing and marketing of biomass made of one's own agricultural activity

1.2 Improving the processing and marketing of agricultural products

a)	Improving the processing of meat (including poultry) and edible offal
b)	Improving the processing of milk and milk (dairy) products
c)	Improving the processing of edible fruits (including nuts) and vegetables
d)	Improving the processing of milling industry products
e)	Improving the processing of starch

1.3 Forestry

1.3.1 Restoring forestry potential damaged by natural disasters and fire and introducing appropriate preventive instruments

a)	<ul style="list-style-type: none"> * Protective measures designed to prevent or mitigate damage caused by disasters in forests, extraordinary measures at disasters caused by biotic and abiotic agents, i.e. predominantly insect and fungal pests (e.g. sawfly, bark beetle, tortrix, geometric moth, etc.), wood-destroying fungi (needle blight, etc.), climatic and other factors (common protection and prevention are not applicable) at large-area applications * Reconstruction of damaged forest vegetation * Forest regeneration following salvage felling
b)	<ul style="list-style-type: none"> * Preventive anti-flood measures on small watercourses and in their catchment areas, and anti-erosion measures * Removal of damage caused by floods on small watercourses and in their catchment areas, removal of erosion furrows and gullies

1.3.2 Investments in forests

a)	Construction, reconstruction or modernisation of forest transport network
b)	Construction, reconstruction or modernisation of facilities regulating water regime (amelioration, retention basins, etc.)
c)	Support for activities leading to regulation of the number of forest visitors and providing for their safety, within which especially the following will be supported (construction of trails for tourists, including bike trails, facilities along them providing for visitors' safety, e.g. bridges, handrails, steps, parking space, resting places, shelters, forest springs, information panels, etc.)
d)	Purchase of machines and equipment to maintain and repair forest roads, paths and trails, to maintain and clean water bodies, watercourses and amelioration networks, and purchase of environmentally friendly technologies used in forestry

1.3.3 Establishment of associations of forest owners

a)	Expenditure to furnish the necessary offices and to equip them for the association's work, including computers, and expenditure to purchase equipment which is connected with the services that the association will provide to its members for a minimum period of the up-coming five years
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1.3.4 Planting of land not used for farming (Afforestation)

a)	Planting of land not used for farming and maintenance of young planted forest stands until these are secured
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PRIORITY II. RURAL DEVELOPMENT, FISHERIES AND VOCATIONAL TRAINING

2.1 Promoting the adaptation and development of rural areas

2.1.1 Reparcelling

a)	Surveying work to design a reparcelling proposal, land survey in order to identify owned parcels and to demarcate newly designed parcels based on the approved reparcelling design
b)	Implementation of common reparcelling facilities (i.e. field roads, anti-erosion measures, measures to increase the ecological stability of the landscape (local Territorial System of Ecological Stability including subsequent maintenance of the TSES components))

2.1.2 Restoring the potential of agricultural landscape and its conservation

a)	Recovery of agriculture's production potential
b)	Flood prevention

2.1.3 Management of agricultural water resources and providing for their functioning

a)	Restoration and reconstruction of ponds and agricultural water reservoirs, reconstruction of safety spillways and outlet facilities including the installations associated with these structures (these ponds and agricultural water reservoirs do not serve for fish farming business)
b)	Procurement and restoration of structures used for amelioration (structures to irrigate or drain)

2.1.4 Rural development (LEADER+ type submeasure)

b)	Group 1 – strategy implementation – project applicant
c)	Group 2 – acquisition of skills

2.1.5 Diversification of agricultural activities and activities close to agriculture

a)	Construction, reconstruction, modernisation and furnishing of facilities for agri-tourism, facilities and equipment for leisure activities
b)	Diversification of agricultural activities and activities close to agriculture to provide multiple activities or alternative income
c)	Support for the use of alternative sources of energy – investments in the utilisation of alternative sources of energy (max. 5 MW)

2.2 Vocational Training

a)	Provision and implementation of training activities including consultations and practise in compliance with the support objective
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2.3 Fisheries

2.3.1 Fish processing and marketing of fish products

a)	Construction of new processing facilities or reconstruction of the existing ones so that the operation can comply with the production, public health and sanitary requirements according to EU standards and modernisation or purchase of new fish processing technologies
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2.3.2 Aquaculture

a)	Increasing the production capacity of aquaculture (construction of new units and/or extension of existing ones), and modernisation of existing aquaculture facilities
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2.3.3 Actions by professionals in fisheries and promotion measures

a)	Setting-up producers' organisations
b)	Reduction of pathological risks in aquaculture
c)	Support to identify new outlets

PRIORITY III. TECHNICAL ASSISTANCE

3.1 Technical assistance

a)	Management, implementation, monitoring and control of operations of the Guidance Section of the EAGGF and FIFG
b)	Other expenditure for technical assistance

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ⁱ allocations are calculated using the DG BUDGET exchange rate for December 2006: 27.988 CZK/EUR

ⁱⁱ line of the Approved applications as of 30 April 2007 shows the number of active applications as of that date minus projects where the applicant withdrew from the contract (Conditions). Reduction of the amount (CZK thousand total) is usually caused by the conduct of tenders or conclusion of contracts with contractors for a lower amount than forecast by the applicant.

⁰) IS SAP source with the reference to the summary of Conditions as of 31 December 2006

^A current allocation means the allocation after the execution of transfer of financial resources approved both at the level of the MC and the EC – more details see Chapter 5.1.2.