



Annual Programme Report No.1 EEA Grants 2009-2014

**Programme CZ02 – Biodiversity and Ecosystem Services &
Environmental Monitoring and
Integrated Planning Control & Adaptation to Climate Change**

Reporting period: 22/4/2013 – 31/12/2013

Programme Operator: Ministry of Finance of the Czech Republic

**Programme Partner: Ministry of the Environment of the Czech
Republic**

Donor Programme Partner: The Norwegian Environment Agency

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1. Executive summary

The Programme CZ02 – Biodiversity and Ecosystem Services & Environmental Monitoring and Integrated Planning Control & Adaptation to Climate Change was approved on April 22, 2013. No open calls within the programme were launched during the first reporting period. A draft of the Programme Agreement was received from the Financial Mechanism Office in February, 2013. Later the phase of commenting of the Programme Agreement between the National Focal Point and the Financial Mechanism Office followed. National Focal Point received the second version of the Programme Agreement in October. The final document is expected to be signed at the beginning of 2014. Then the open calls will follow.

Within the programme one Pre-defined Project (PDP) and one Small Grant Scheme (SGS) will be realized. Finalisation phase of the preparation of the PDP, same as SGS, is being proceeded. The Programme Partner, the Ministry of the Environment, started at the end of 2013 uploading its PDP application to the IT system CEDR, developed by the Programme Operator, and applying for the total financial allocation for the SGS.

The Programme Operator, the Ministry of Finance, informs about the programme and activities connected to it on its web pages, specifically designed for the EEA and Norway Grants 2009 – 2014. More information can be found at the social networks too. As for the Programme Operator, the Programme Partner, the Ministry of the Environment, provides all news about the realization within the programme at its web pages.

During the first monitoring period there was no need for adjustments. However, the programme is delayed, and it is expected that some programme modifications will be necessary in future. A risk analysis annexed to the document shows the main risks in the programme implementation, for example as shortened time for project realization might have a bad impact on the programme outputs. However, the Programme Operator believes, the programme implementation will be successful after some changes in programme outputs will be proceeded.

In 2013 no projects were selected or realized. It is connected to the Programme Agreement which has to be signed prior to the first open call. The project implementation will start after the open call is launched, the evaluation committee presents its decision and projects are selected.

In this monitoring period the Programme Operator cooperated with the Programme Partner in completing manuals and guidelines necessary for the open call and continued in regular meetings with the Donor Programme Partner - the Norwegian Environment Agency – as well as in consultations.

2. Programme area specific developments

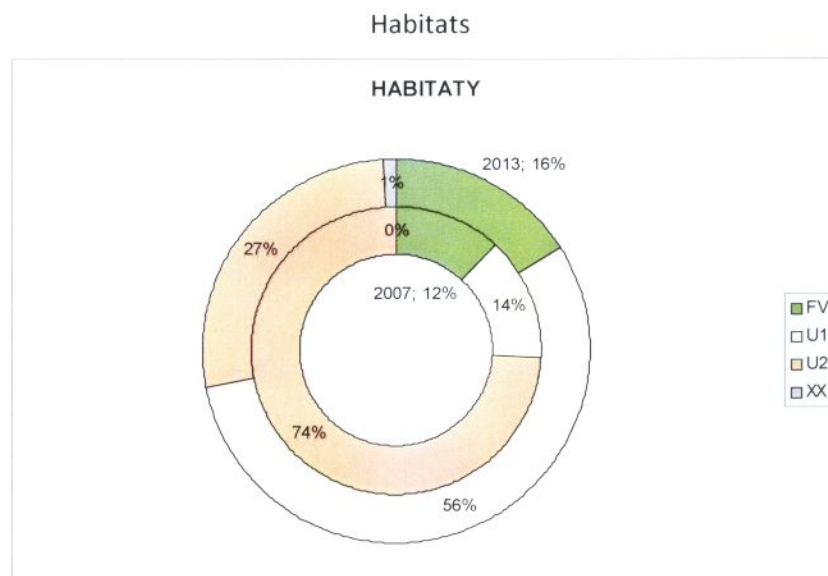
The relevant activities in the environmental field have been continuously implemented by the stakeholders and contributed to the benefit of the environmental improvement of the Czech Republic. However, the conservation and restoration of nature is a long term process which is necessary to constantly support and oversee. For this reason, the relevant international conventions, EU directives and national legislation counted in programme proposal are valid. No major changes came out in the field of nature protection and adaptation to climate change during 2013, neither legislatively nor structurally.

As essential by 2013 the adoption of the new State Environmental Policy 2012-2020 (adopted on 9 January 2013 by the Government Resolution No. 6) can be highlighted. However within the preparation of the Programme CZ02 the content of the new State Environmental Policy was reflected and its adoption therefore does not cause any changes in the Programme implementation. From the partial policy documents adopted in 2013 in the field of biodiversity preparation and adoption of the update of Action plan on Freshwater pearl mussel and Management plan for the Euroasian beaver (these documents are important in terms of implementation of Small Grant Scheme, which is part of the CZ02 Programme) can be mentioned.

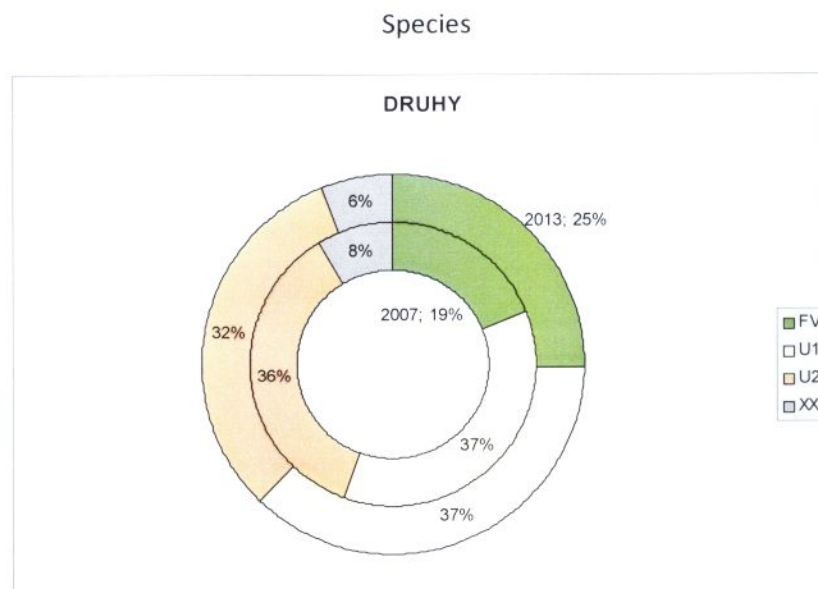
As a major legislative change is necessary to mention the adoption of Government Regulation No. 318/2014 Coll., which supplemented the list of sites of Community importance (SCI) in accordance with the observations of the European Commission. No other legislative change, that would have significant influence or importance in the field of biodiversity protection in the course of 2013, has taken place. However, within the Natura 2000 network implementations was the preparation of management plans (so called sets of recommended measures) for SCI and special protection areas (SPA) carried out.

In 2013 an assessment of the status of species and habitats of European importance in accordance with the requirements of Article 17 of Directive 92/43/EEC was also elaborated and sent to the European Commission. Graphical summary of the results is shown below (Species and Habitats).

Conservation status of the species and habitats of Community interest (comparison of the data reported in 2007 and 2013)



FV – favourable conservation status; U1 – inadequate; U2 – bad; X - unknown



FV – favourable conservation status; U1 – inadequate; U2 – bad; X - unknown

In 2014, we are not expecting any major changes that could negatively affect the implementation of the programme. On basis of the comments of the European Commission transposition of EU law in the field of environmental impact assessment should be improved, which should be also beneficial for the activities soluted by programme. It is also expected the Regulation to invasive alien species will be adopted, which could also improve the protection of biodiversity. In 2014, the discussion about updating the lists of protected species should start. The implementation of Natura 2000 will continue. A major benefit will be the start of the CZ02 Programme.

3. Reporting on Programme outcome

The programme’s outcomes and outputs were defined in the Programme Proposal and are also stated in the Programme Agreement. There has been no progress towards the expected programme outcomes during this reporting period as no projects (incl. Pre-defined Project and Small Grant Scheme) have been realized.

Main risks relating to cohesion (programme) outcomes are described and analysed in Annex I. Risks that may threaten programme outcomes are: programme absorption capacity (middle importance), legislation changes (low importance), time risk (high importance), specific programme risk – Programme indicators will not be fulfilled – time relevance of the implementation (high importance).

The time risk belongs to the most significant risks as it also influences all other risks. No open calls have been launched so far, and no projects have been initiated so far. The request for programme prolongation submitted by the National Focal Point in early 2013 was rejected by the Financial Mechanism Office.

The programme is delayed and the project realization will start approx. two years later than originally planned. However, the deadline for eligibility of expenditures remains the same, and the projects will last for 16 months as the maximum. There is a high probability that such a limited duration of the projects will allow to fulfil only a limited variety of programme outcomes, outputs and indicators. This is mentioned also in the Risk analysis, that delay in commitment and disbursement of funds is very high. Shortened time for project realization might have a bad impact on the quality of the results.

3.1. Progress on horizontal concerns

The programme is not primarily focused on multicultural dialogue, integration issue etc. however each selected project will be supported to achieve some progress on horizontal concerns. Protecting human rights and empowering vulnerable groups, such as minorities and the Roma population, is a horizontal concern for the EEA Grants in the Czech Republic.

Horizontal issue of concern shall be addressed through several implementation phases:

1. Project selection – Members of the evaluation committee will be selected on professional experience and requirements. Race, ethnicity or gender of the selected members will not be taken into account. The Programme Operator and the Programme Partner want to present that professionals within the selection committee are selected according to the respect of minorities, gender and race in the Czech society.
2. Project implementation - During the CZ02 programme implementation, care will be taken to ensure equal opportunities for all participants to apply their professional skills and expertise, regardless of their gender, ethnicity or age. The basic premise for future cooperation in the project implementation is based on the applicant's professional experience in the issues involved, regardless of their gender, ethnicity or age.
3. Outputs/indicators – It is intended that all outputs under the programme outcomes will be reached with purpose of getting progress on horizontal concerns, if possible.

4. Reporting on outputs

The programme CZ02 was approved on 22nd April 2013, but the Programme Agreement has not been signed yet. No open calls within the programme were launched during the first reporting period (year 2013). The Financial Mechanism Office (FMO) was provided with further clarifications and the Programme Agreement was discussed. A draft of the Programme Agreement was received from the FMO in February and the next updated version later in October and was further rejected and amended due to several serious mistakes and inconsistencies. The final document is expected to be signed at the beginning of 2014. Then the open calls will follow.

The pre-defined project (PDP) – Protection and sustainable Use of Wetlands in CZ – Finalisation phase of the preparation of the PDP is being proceeded. The IT system “CEDR” for submitting the PDP application is ready. The Programme Partner, the Ministry of the Environment, will have up to three months¹ to upload their PDP application – they will be asked for the submission after the Programme Agreement is signed. Once successfully submitted, the appraisal process of the PDP application is expected to take about six weeks.

Regarding the Small Grant Scheme (SGS) - Action plans for Endangered Species, the IT system “CEDR” for submitting the SGS application is ready. The Programme Partner, the Ministry of the Environment, is responsible for the implementation of the SGS, and will apply for the total financial allocation for the SGS via CEDR after the Programme Agreement is signed.

¹ Should this period not be sufficient, it is possible to extend it.

5. Project selection

As no open call has been launched and no project was selected in 2013, the open call text and selection criteria have been prepared by the Programme Partner and consulted with the Donor Programme Partner, the Norwegian Environment Agency. The final version is expected to be sent to the Financial Mechanism Office four weeks prior the expected launch of the Call. The Call is planned to be launched in mid-February 2014.

The Call shall be open for two months. Grant applications shall be submitted exclusively via the IT system CEDR. Applicants may consult procedures of proper processing of the application and its annexes. The queries may be raised by the phone or sent in writing (e-mail) to the contact address referred to in the call. Only written answers are binding and official.

After the submission of the application the CEDR system automatically confirms the submission of the application on the applicant's project notice board in the CEDR system as well as electronically on the specified e-mail.

During the assessment of applications a conflict of interest must be excluded for all persons involved in the process as defined in Article 6.6. of the Regulations.

Assessment of applications is ensured by the Programme Partner in the following phases:

- 1st administrative and eligibility review; and
- 2nd quality assessment by external experts.

Every staff member of the Programme Partner, who carries out a review, and the head of the department, who signs forms and minutes from the selection committee, shall, before the commencement of the work, sign the Declaration of Impartiality and Confidentiality.

The procedure of the selection process and verification shall be in line with the National Focal Point Guidelines for calls – submission and review of applications – grant award.

6. Progress of bilateral relations

All projects will be encouraged to cooperate with project partners from donor states. Altogether three bilateral indicators were set within the programme. All the indicators were communicated with and approved by the Financial Mechanism Office in the Final Programme Proposal. The indicators include the number of project partnership agreements in public sector, the number of projects with expected shared results as well as the number of activities where both partners were participating. The third indicator was set especially based on communication with the Financial Mechanism Office.

The programme consists of two measures within the Bilateral Fund at Programme Level. It is proposed to split the allocation on the Fund for bilateral relations at programme level approximately 30:70 percent between measure "A" and "B" (estimated ratio; unutilized funds of measure "A" shall be re-allocated for measure "B").

Bilateral Fund at Programme Level – Measure A (BFA)

The Programme Operator issued Guidelines for BFA with delegated power to the Programme Partner. The Programme Partner is responsible for the operation of the BFA. The Programme Partner will apply for the total allocation for the BFA via CEDR after the Programme Agreement is signed. The BFA shall be implemented through the match-making seminar which is planned to be held at the beginning of 2014.

The plan of bilateral activities for 2013 within the BFA were discussed with the Programme Operator, the Programme Partner and the Donor Programme Partner at Cooperation Committee meetings (January 2013, June 2013), and was agreed on. The Cooperation Committee agreed on the plan and the focus of the open call. In the second Cooperation Committee meeting, which took place in Trondheim, Norway, from 27th – 28th June 2013, the preparation of the programme, especially the open call and assessment criteria, were discussed with the Donor Programme Partner – the Norwegian Environment Agency. Both partners exposed their ideas about the realization of the predefined partnership project focused on wetland protection which includes the study trip of Norwegian colleagues to the Czech Republic in September 2014. They also compared the Czech and the Norwegian results on wetland conservation and restoration.

The Programme Partner will organize the match-making seminar which will be held in Prague – Průhonice in January 2014, aiming at establishing and strengthening bilateral relations between Czech and Norwegian entities active in the field of environmental conservation. The aim of the seminar will be to help foreign participants to introduce their institutions and find suitable partners for co-operation with Czech counterparts, possibly on preparation of partnership projects submitted under the open call of the CZ02 Programme.

Bilateral Fund at Programme Level – Measure B (BFB)

The Programme Operator will finish Guidelines for applicants and promoters within BFB. The implementation set-up will be sent to the DPP for comments during February 2014. After approval of the first project (most probably a pre-defined project) a permanent call for proposals within BFB will be launched.

6.1. Complementary action

In October 2013, two representatives of the Programme Partner participated in the international conference “Too Much, Too Little – The Role of Water in Adaptation to the Climate Change”. Their attendance at the event was financed from the funds designed for complementary actions.

The event took place in Lisbon, Portugal, from 7th – 9th October 2013 and was organized within the new round of the EEA and Norway Grants in cooperation between Portugal, Norway, Liechtenstein and Iceland. The Czech representatives had an opportunity to discuss the preparation of CZ02 programme with partners from Norway (Norwegian Environment Agency) and compared their experience with colleagues from Slovakia, Portugal and other countries. They also shared knowledge especially about adaptation measures and discussed the actions/projects which had been realized in this field in the Czech Republic.

7. Monitoring

During the year 2013 no monitoring activities have been carried out. In early 2014 the open call will be launched and the selection procedure will follow, though projects will be in a very early implementation phase. All selected projects will then be primarily monitored by the National Focal Point through the formal monitoring procedures such as interim project reports.

With regard to the status of the programme implementation mentioned above the monitoring plan for the next period will be produced in the following year. That is why no monitoring plan is attached to the report.

8. Need for adjustments

During this monitoring period there has been no need for adjustments, but this may change in the future. As mentioned above, the implementation of programme CZ02 has been delayed. Although the programme proposal was submitted on March 15th, 2012, the programme was accepted in April 2013 and the programme agreement has not been signed yet. This situation might influence the achievement of all programme outcomes, outputs and indicators which can be reached only through realization of projects. However, the project length will be drastically shortened compared to the originally planned schedule, because the projects will start in the last quarter of 2014 at the earliest and finish in April 2016 at the latest. There is a high probability that such a duration of the projects will allow fulfilling only a limited variety of programme outcomes, outputs and indicators. For this reason the Programme Operator envisages a possibility of necessary Programme adjustments.

9. Risk management

The National Focal Point produced a risk analysis methodology used for all Czech programmes. The Programme Operator together with the Programme Partner made a risk analysis for this programme and its results are attached to the report in Annex I. The risk analysis will help the Program Operator in future during the implementation phase of the programme to eliminate possible risks and find suitable source of solution.

The main risks relating to cohesion outcomes are analysed under point 3 – Reporting on Programme outcome. A risk concerning bilateral relations is of middle importance. Providing proper information on the websites of the Programme Operator and the Programme Partner is an essential step in mitigating the risk.

The most significant risk among operational issues is the programme implementation set-up. Management and control structures (Programme Operator's manual) have not been finalized as yet, but the Programme Operator aims to finish it as soon as possible. Other risks of middle importance are: management and control structures, programme audits/controls and information system. The Programme Operator implements an information system called CEDR for the whole programme administration from selection of projects to the realization phase. The system has not been fully operational so far. The system has been gradually completed and individual parts have been released. The Programme Operator strives for a quick release of the whole system. As regards programme audits/controls, no controls have been carried out yet.

Other risks of low importance are within the bilateral outcomes - the number of programme partners, and within the operational issues – reports and irregularities and corruption risk.

10. Information and publicity

The Programme Operator – the Ministry of Finance – created central websites www.eeagrants.cz for the EEA Grants 2009-2014 to ensure in a transparent manner the awareness of potential beneficiaries, experts interested in the environmental topics and all subjects involved in the Programme implementation. Information is provided in English and Czech.

The website contains, inter alia, general information about the EEA Grants 2009-2014 and about the CZ02 Programme, contact information, etc. Furthermore, the website contains web links to social networks (Facebook, Twitter) which also informs about the main activities under the Programme – launch conference, match-making seminar etc.

All relevant information about the CZ02 Programme is also published on the website of the Programme Partner, the Ministry of the Environment, http://www.mzp.cz/cz/financni_mechanismy_ehp_norska. All news about the CZ02 programme are regularly updated.

As mentioned in previous chapters due to some changes in timetable for the programme implementation, several activities, which should have been realised in 2013 according to the communication plan, has been postponed. Realisation of the launch conference, seminars and their accompanying events will be realised in the next monitoring period than in 2013 as originally planned.

11. Cross - cutting issues

Good governance

The principles of good governance were taken into account during the preparation phase of the programme and will be incorporated in the whole programme implementation. The programme is managed by qualified staff and implemented in line with good governance principles. Moreover, during the evaluation process of the projects proposals, the maximum degree of transparency will be guaranteed.

Environmental considerations

The programme is based on environmental issues, and it is expected that projects realised within the programme will have positive effects on the environment. Every selected project will have to detail its potential environmental impacts.

Economic sustainability

No project realised within the programme should generate economic profits and should not be the starting point for future profit-generating business plans. The results of the programme are meant as a benefit for the whole society. Among other things the projects should encourage volunteer work in the field of the environment by young people or by owners of land.

The implementation should allow jobs to be maintained or new jobs to be created at the final beneficiaries. This will have a positive impact on economic development at national, regional or local level.

Social sustainability

The programme was developed to make a positive change in the quality of environmental protection. However, the implementation of the projects consists of involvement of a wide variety of stakeholders. During the preparation phase, the Programme Partner was supported in cooperating with representatives of the donor and other beneficiary states within the Lisbon conference mentioned above in point 6, and the Bilateral Fund at programme level, BFA. This will deepen cooperation among the various entities involved not only at the national level but also at the pan-European level.

Gender equality

Equal opportunities between men and women in terms of their social and professional development, and equal opportunities regardless of race, ethnicity, religion or world opinion, disability, etc. will be supported within the programme and the preparation phase.

12. Attachments to the Annual Programme Report

Annex 1: Risk assessment of the programme

SIGNATURE:**For the Programme Operator**

I certify that I am duly authorised to sign this Annual programme report and that I have thoroughly reviewed the progress of the programme, reporting on outcomes and outputs, risk management provided in this report and the information are correct and accurate.

				Optional second signature		
Name	Zuzana Kudelová			Martina Bečvářová		
Position	Deputy Head of the Department of International Relations			Head of the Monitoring Unit		
Organisation	Ministry of Finance of the Czech Republic			Ministry of Finance of the Czech Republic		
Signature						
Date	Day	Month	Year	Day	Month	Year
	11	02	14	10	02	2014

For the National Focal Point

The National Focal Point certifies that the status of reporting of the programme described above is accurate.

				Optional second signature		
Name	Eva Anderová					
Position	Deputy Minister of Finance					
Organisation	Ministry of Finance of the Czech Republic					
Signature						
Date	Day	Month	Year	Day	Month	Year
	13	02	2014			

Annex 1: Risk assessment of the programme

Type of objective ²	Risk	Description of risk in the reporting period	Likelihood ³	Impact ⁴	Importance ⁵	Mitigation planned/done
Cohesion (Programme) outcomes:	Programme absorption capacity	Number of applicants prior the open call is launched is not known but major interest can be supposed because of the limited project opportunities in similar areas.	Middle	High	Middle	<ul style="list-style-type: none"> - appropriate programme publicity on the websites of the PO/PP and in press - clear/understandable text of published open calls
	Legislation changes	Programme is not directly connected (and influenced) to legislation changes. There are no planned legislation changes for the planned implementation phase.	Low	Middle	Low	<ul style="list-style-type: none"> - updating and monitoring on changes in legislation
	Time risk - delay in commitment and disbursement of funds	<p>Implementation of the programme has not started yet; the programme is now crucially delayed.</p> <p>It is possible that some of the selected projects based on seasonal works or researches will not be possible to realise till the</p>	High	High	High	<ul style="list-style-type: none"> - shortening of period for open calls - immediate publishing of open calls and start of PDP and SGS realization

² The risks should be categorised in one of 3 ways, depending on whether it poses a risk to the cohesion objective, the bilateral objective, or is more of an operational issue.

³ Likelihood is described as Low, Middle or High according to its scoring gained in the risk analysis. (Low: 1-2, Middle:3-4, High:5)

⁴ Impact is described as Low, Middle or High according to its scoring gained in the risk analysis. (Low: 1-2, Middle:3-4, High:5)

⁵ Importance is counted as Likelihood multiplied by Impact and described as Low, Middle or High according to its scoring gained in the risk analysis (Low: 1-8, Middle: 9-15, High: 16-25).

Type of objective ²	Risk	Description of risk in the reporting period	Likelihood ³	Impact ⁴	Importance ⁵	Mitigation planned/done
		end of the programme. It is possible that allocation for some open calls will not be fully used.				
	Specific programme risk – Programme indicators will not be fulfilled – time relevance of the implementation	In prolongation of the programme implementation there is probability that shorter length of project as originally planned will allow to fulfil only limited variety of programme outcomes, outputs and indicators.	Middle	High	High	<ul style="list-style-type: none"> - realization of programme modifications - prolongation of the endangered projects
Bilateral outcome(s):	Bilateral relations	Programme Operator supports bilateral cooperation by financing initiatives by Bilateral fund at national and programme level and using special fund within the programme for complementary actions.	Middle	Middle	Middle	<ul style="list-style-type: none"> - providing enough information for Final beneficiaries of potential bilateral partnerships - support for bilateral agreements by the PO/PP - providing information about the proposal for activities financed by the Bilateral Fund at programme level
	Number of Programme Partners	Programme is being realised in cooperation with DPP (The Norwegian Environment Agency).	Low	Low	Low	<ul style="list-style-type: none"> - regular meetings within the Cooperation Committees as well as ad hoc email communication
Operational issues:	Management and control structures, programme	Implementing system of the PO is based on systems of manuals and	Middle	High	Middle	<ul style="list-style-type: none"> - immediate finalization of the manuals and guidelines

Type of objective ²	Risk	Description of risk in the reporting period	Likelihood ³	Impact ⁴	Importance ⁵	Mitigation planned/done
	management	guidelines which are being prepared. Management and control structures (PO's manual) were at the stage of finalization at the end of the reporting period.				- communication between the PO and the PP
	Programme implementation set up	System of implementation of the programme is being prepared. Internal PO's manuals and guidelines are major for effective projects realisation. Currently the Open call and selection procedure manual is being finalized.	Middle	Middle	High	- regular controls by the Audit Department - updating of management and control system by the PO
	Reports and irregularities within programme	No reports and irregularities were noticed within the programme.	Low	Middle	Low	- setting up functional programme monitoring system
	Programme audits/controls	Realisation of the programme has not been started yet, no audits or controls have been realised.	Middle	High	Middle	- plan for audits and controls; dates for two external audits are already set (2015 and 2017).
	Information system	Programme will be realised within the IT system CEDR developed by PO. In its first phase, IS CEDR is	Middle	Middle	Middle	- functional IS CEDR and providing enough information for PO's programme managers about

Type of objective ²	Risk	Description of risk in the reporting period	Likelihood ³	Impact ⁴	Importance ⁵	Mitigation planned/done
		<p>ready now for uploading Programme Partner's PDP application.</p> <p>Nevertheless, the system has not been fully operational so far.</p>				<p>its use</p> <ul style="list-style-type: none"> - completion and release of the whole information system
	Corruption risk	<p>Implementation system is set transparently. Programme Managers within the PO which is the Ministry of Finance are advised to attend the corruption seminar to be aware of all possible risks in public service.</p> <p>Evaluation commission for project selection made by professionals.</p>	Low	Middle	Low	<ul style="list-style-type: none"> - setting up transparent implementation system and regular controls - actualization of PO's manuals and guidelines - professional evaluation of projects proposals