



EUROPEAN COMMISSION

DIRECTORATE-GENERAL

REGIONAL POLICY

Interventions in Belgium, Czech Republic, Estonia, Finland, France, Ireland, Luxembourg and Spain

The Acting Director

05.10.2007*010683

Brussels,

REGIO F.2/JV/jv D(2007) 330328

**Subject: Position paper on the Operational Programme Prague Competitiveness,
CCI 2007CZ162PO001**

Your Excellency,

Please find below the European Commission's position paper on the second version of the Operational Programme Prague Competitiveness. This version of the Operational Programme was submitted officially to the Commission by the Czech authorities on 26 July 2007.

Please note that the presented official position paper takes into account the comments of other Commission services raised during inter-service consultations.

Herewith I would like to invite you to consult unresolved issues, contained within the position paper for your OP, bilaterally with the Commission services, as agreed at the meeting in Brussels on 25th September 2007.

As soon as these consultations arrive to their successful conclusion, I would like to invite you to prepare a new version of the Operational Programme Prague Competitiveness, which would take into consideration the detailed comments of the position paper.

Yours sincerely,



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Comments of the Commission's services on OP Prague Competitiveness

Following the Position Paper, the additional information request on the amended version (9131 of 24 August), and the discussions during the second round of negotiations of OP Prague on 25 September, you will find herewith the comments of the Commission on this programme.

The assessment carried out by the Commission services concluded that the Prague operational programme has significantly improved by comparison with the initial version. Several comments made by the Commission have now been incorporated in the document. However, a number of issues still remain to be addressed.

As mentioned during the above negotiation meeting the Commission considers extremely important an agreement to be reached on the three major issues discussed in depth during the last meeting of OP Prague negotiation with Czech authorities. Indeed:

- The increase of the financial allocation of priority axis 2 to 30% of the total envelope would allow for a more consistent *priority-level visibility* of activities tightly linked to the long term development of the huge innovation potential of Prague;
- The split of current axis 1 in order to separate transport and environment actions will ensure a greater transparency *vis à vis* to the content of thematic priorities for the Regional competitiveness and employment objective (cf. art. 5 of ERDF Regulation 1080/2006).
- The need to apply the Integrate Urban Development Plan (IUDP), as specified in art. 37 (4) of Regulation 1083/2006 and carry out, at least, a specific "zone base" approach of a minimum amount of Euro 10 million.

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The remaining issues are developed in a more detailed way, following the Position Paper structure, in order to reach a *consensus* view on this operational programme as soon as possible.

1. PREPARATION OF THE OP

More information is needed in order for the Commission to be able to prove conclusively that paragraphs b) and c) of article 11 of Regulation 1083/2006 have been fully applied. A list of partners involved should be provided.

The interactive process of involvement of the various partners during the preparation of the OP is not clear enough. Neither is the way in which their recommendations have been taken into account. The date of the establishment of the programme working group is not specified, and the expression "higher evaluation score" (pg 59 English version) is rather obscure.

The new information contained in this second version also mixes the several stages covered by the partnership principle (preparation, implementation, monitoring and evaluation), with the verbal times giving particularly rise to confusion. Each stage ought to be treated separately.

As far as implementation is concerned, the way how partnership is fulfilled goes on being essentially based on a mere sending back to SPD2 system. So, Commission comments of the Position Paper on this subject can't be dismissed.

2. SOCIO-ECONOMIC ANALYSIS

Little modifications were introduced in this part of the text of the OP. The problem here remains on a socio-economic analysis that does not lead clearly to the interventions at the axis level. A more transparent approach on this issue is asked for, prioritising the different findings, defining their level of seriousness and establishing their consequent relative priority position.

In this chapter and in point 2.2 of the OP, the National Development Plan (NDP) is often mentioned as the basic document for the drafting of the programme (see for instance § 7 and 9 of pg 7). Even if this aspect seem have been slightly dealt with in the writing of this second version, particular attention should be paid to what is stipulated by arts 32 (1) (2) and 37 1 b) of the Regulation 1083/2006.

Besides, the external coherence of the OP, i.e the links between the Prague programme and the NRSF, seem, surprisingly, to have been softened (see tables of pg 48 of the English version of the OP) and the internal coherence practically has not been deepened.

3. STRATEGY AND PRIORITY AXIS

As already signalled in the Position Paper, there is still a problem of articulation between the diagnostic and the strategy developed in the different axes. Indeed, the SWOT analysis is not prioritized, not allowing for a clear distinction between crucial and

secondary elements. The SWOT analysis neither leads to any identification of needs and challenges for the 2007-2013 period of intervention. There is, therefore, no demonstration as regards the way the strategy proposed correspond to the most suitable answer to the needs and challenges identified.

It is therefore recommended to use either a logic tree to demonstrate this articulation or to complete the SWOT analysis with an additional column regarding the needs and challenges linked to the main statements made. In short, to show how the axes of the OP are the best way to address the situation the specific situation of Prague.

Commission insists on the importance to express the needs, in quantitative terms, as for the fields of transport, environment and knowledge economy are concerned, in order to better demonstrate whether the programme, as defined, is the most appropriate answer to address those needs. This issue is obviously linked with the prioritisation question recalled in the previous indent.

3.1. Coherence with CSG, Lisbon objectives

See point 4.2 of this note.

3.2. *Ex-ante* evaluation

The description of the ex-ante evaluation process by itself is correct. The summary of the content of the evaluation report has also been improved.

Nevertheless, there are very few elements as regards the way ex-ante evaluation has been used by the MA within the designing process of the OP. What were the main recommendations of the evaluator and what has been done with them: if they have been integrated into the programme (and there is a need to specify how and to what extent), if not (and it should be explained why). See also comments made in the previous point 3 of this note. A particular attention should be paid to legal obligations stipulated in art. 37 1/b of Regulation 1083/2006.

Going in more detail, § 3 of pg 61 (English version) goes on contradicting notoriously with the Czech NRSF and Commission guidelines. Please see the obligations of the Member State and the Commission, coming under articles 9 (2) and 32 (4) of EC Regulation 1083/2006.

As far as § 3 of pg 63 is concerned, the comment of the evaluator could be accepted as such, providing that Prague authorities explain why they have followed this recommendation.

Still in this chapter, the first part of § 3 of pg 60 must be deleted as it is false that the *ex-ante* evaluation serves the purpose of streamlining the disbursements of operational programmes. We have also serious problems in understanding the first part of § 5 of pg 59 ("Partnership in OP PC project preparation and implementation means a higher evaluation score") and wonder what it is really meant.

3.3. SEA information

The information provided on the consultation of the public is satisfactory. However, it is not clear how environmental authorities have been consulted and involved. It should be made clear which authorities have been consulted and what was their opinion on the draft programme and on the environmental report (cf. article 6/2 of SEA Directive).

No information has been provided on the decision required by article 9 of the SEA directive. A statement by the Managing Authority or information on the way this requirement of this Directive will be fulfilled is needed.

The SEA report contains an extensive list of measures proposed for monitoring of the significant environmental effects of the OP. However the status of those measures is not clear. How the significant environmental effects of the implementation of the OP will be monitored? Will the measures proposed by the SEA report be taken into account?

On the basis of the OP version of July 2007, it appears that most of the recommendations of the environmental report have not been taken into account into the final version of the OP (see SEA final report and chapter 2.5 "Output from the SEA of the OP). In particular, Commission services would like to draw the attention to the recommendations to supplement the OP with additional information in the field of energy savings in city buildings, the use of alternative fuels in transportation, the issue of cycle transportation, the need of a description of the current situation of public transports in the city of Prague and an evaluation of the efficiency of measures applied to date. In short, how the implementation conditions and the recommendations made for each priority axis of the OP will be taken into consideration (cf. pg 7-9 SEA report, pags 64-68 of the OP)?

The SEA also concludes that since the OP is a very general document, specific effects will only be identifiable at the project level (cf. pg 19). With a view to minimizing the negative effects of the projects, the SEA report has focused on setting environmental indicators and selection criteria. How these key recommendations of the SEA report will be taken into account?

Finally, Czech authorities are requested to clarify if the document entitled "Final report Strategic Environmental assessment according to Act N° 100/2001 Coll., on environmental impact assessment, as amended, including the assessment of the impact of the programme on Sites of Community Importance and Special Protection Areas" is the non technical summary provided for by the SEA Directive.

3.4. Assessment of the strategy

1) The proposal contained in the OP for the relative weights of the axes is not acceptable for the Commission services: axis 2- "Innovations and enterprise"- represents only 22.82% of the total envelope. Neither is the proposal putted on table during the last negotiation meeting, raising the share of axis 2 to a maximum of 27%. Taking into account the huge potential of Prague at European level, the city is defied to underpin the priorities of axis 2, not only in financial volume but also in terms of innovative added value of the interventions. Prague is invited to establish more ambitious targets in this domain. This request is all the more legitimate as Prague has been allocated an additional

envelope of Euro 200 millions to answer the arguments of Czech Government about the need to support the R&I potential of Prague.

In this context it's difficult to understand why the part of the phrase "and developing the city's innovation potential" relative to the Global Objective of the OP has been deleted in this second version of the programme (cf. pg 44 of the second version and 44 of the previous one).

This question remains a crucial one for the entirety of the Commission services.

2) As for the activities grouped in the different axes, Commission services insist on a splitting in axis 1 between transport and environment actions. Indeed, such a split will ensure a better compatibility with the ERDF Regulation in terms of a greater transparency in keeping with the content of the three thematic priorities of Regional competitiveness and employment objective. The transport axis would of course include ICT actions. As the penetration of ICT is already rather high in Prague, Commission services would like to be also informed about the amount of the OP that will be dedicated to this type of interventions.

3) OP Prague should contain information on the approach to the sustainable urban development (cf. art. 37 (4) of Regulation 1083/2006). Commission services insist that at least one "zone based" Integrated Urban Development Plan (IUDP) should be financed by this programme, with a dedicated minimum budget of Euro 10 million.

Area of Intervention 1.4 of Priority Axis 1 concerns the revitalisation of abandoned, devalued or socially problematic zones and areas. From reading the text it becomes clear that the actions to be carried out under this specific area of intervention include brown field regeneration. The text is however less clear on the approach to address other urban type problems.

"Integrated projects" are indeed referred to in the text of the OP. However, it is not clear what Prague authorities really mean by that. It appeared during the meeting that the so called integrated projects are not the IUDP. It should be put in a clearly way that these IUDP related to a zone should include actions designed to remove all the urban problems of the area concerned.

4) As far as the content of the OP is concerned Commission services have the following additional comments.

Given the importance of the infrastructures of transport foreseen by the programme (Euro 98 million) due consideration to environmental issues should be given in the overall project evaluation and project selection with a view to support projects having the lowest environmental impact.

The measures envisaged in the framework of priority 1.5 "Preventing and solving natural or technological risks" should be preceded by a preliminary assessment to identify the areas at risk of flooding with a view to establishing flood risk maps and flood risk management plan.

As for sustainable use of energies and natural resources and on the basis of the information provided in chapter 1.2.11 (Environment, current situation) it is difficult to understand the relevance of the planned investments for wind energy

and to a certain extent to solar and biomass (Euro 3.8 million for each renewable energy). The interventions supported by EU Funds should be more in line with the needs identified in the diagnostic: "The degree of utilisation of the renewable energy resource potential is still very low in the capital, just like in the CR as a whole. In the context of Prague they can be best used particularly for heating and hot water supply buildings". Commission services consider that the investments in the field of energy should primarily focus on energy savings and energy efficiency in public buildings (public administration buildings, hospitals, schools). Unfortunately, the MA considers that there is no reason to allocate any amounts of this OP to measures related to energy savings and marginal energy efficiency to the infrastructures other than the ones belonging to the city hall. As if this programme was not for the city of Prague but just for the city hall of Prague.

5) The beneficiaries suffered a drastic change in this new version. For instance, economic operators and professional and interest groups (business associations, chambers of commerce, etc) have been dropped out in area of intervention 1.3. Also the SME's have been deleted as potential beneficiaries of the OP in area of intervention 1.2 and the detailed description of economic partners "in particular small and medium enterprises, venture capital companies, guaranteed funds" has also disappeared. This fact puts a large constraint in terms of the desirable variety of potential beneficiaries of this programme.

6) The description of the type of activities to be actually supported should be more concrete. The Commission would like to have more detailed information on the last actions of table 16 (pg. 52).

7) Commission has not still information relative to the expression "compact project plans", neither to the financing of Kladno road link.

4. INDICATORS

4.1. Type and relevance of indicators

In what concern the indicators, there is generally a constant need to have precise elements of justification regarding the way targets and reference values have been determined so as to check their realistic character and consistency with regard to the objectives they are meant to illustrate. This could be done through the use of an additional column in the indicators tables, containing the elements of justification (i.e appended in annex).

A number of targets fixed are excessively little ambitious: only 2 Km of streets renovated or 0.5 Km² of revitalised areas. Is that really serious? It seems rather uneconomical to build 2km of local/regional roads with a budget of Euro 18.47 million.

Commission would welcome Prague authorities to add some more indicators to this OP: (1) an output indicator for tram-related projects (as it constitutes ½ of priority axis 1 budget); (2) the "Number of people benefiting from flood protection measures" within the same axis and (3) an easily quantifiable indicator "Reducing the instruction's delay" for current axis 3 (Technical assistance).

With regard to output and result indicators a systematic starting value of "zero" is not acceptable. In order to address this specific "baseline problem" we remind that authorities have four possibilities:

-If the indicator refers to an action which continues similarly as during the previous programming period, just consider the baseline as this value for 2004-2006;

-If the indicator refers to an action which is not completely new but which was not previously financed by structural or cohesion funds, consider the baseline as the value of the last available year (2004 or 2005 for instance) ;

-In most other cases, a context indicator could be a good way to give an idea about the reference value (i.e. elements of comparison): the total amount of unemployment could be a reference for a training measure focused on unemployed population for instance;

-If the indicator refers to an action which is completely new, consider the value "zero" the proper value to put in the table.

4.2. Link with "earmarking"

Commission services want a clear statement to be done in this aspect. A related table must be provided with a written description of the codes, specifying the total amount of the OP earmarked and not earmarked. It is suggested to complete and to introduce the following text and table:

"The OP Prague has identified earmarked interventions in total amount of ..., which representsof the total ERDF allocation of the OP of Euro 234.936.005.

The codes of earmarked intervention areas are the following:

<i>Code</i>	<i>Category of expenditure</i>	<i>Amount in EUR</i>
<i>Total earmarked interventions</i>		

The Prague OP is eligible for funding under the Competitiveness objective. The regulatory obligation in line with article 9 of general regulation 1083/2006, to ensure that 75 % of the expenditure for the Competitiveness objective is set for the EU priorities of promoting competitiveness and creating jobs, including meeting the objectives of the Integrated Guidelines for Growth and Jobs, is not binding for the Czech Republic since it accessed the European Union after 1 May 2004. Nevertheless, the Czech Republic committed itself in official letter submitted to the European Commission on 4 July 2007 to earmark on a voluntary basis.

The reason why the share of earmarked interventions within total Community allocation to this objective is only ... can be justified by the following arguments" (give justifying reasons, if the earmarked amounts represent less than 75%).

"During the implementation of this Regional Operational Programme the Managing authority should prioritise those projects which fall under earmarked interventions".

5. FINANCIAL ASPECTS

5.1. Financial Tables

Commission expects a specific column to be added to the financial table on private financing, even if this OP has not yet mobilised any private sector resource to the implementation of this programme.

5.2. Coordination with other Community financial instruments

It is suggested to introduce in the OP the following text :

"An integrated approach will be pursued for sustainable urban development in cities and towns. Planning and deciding urban investments on the basis of integrated urban development plans is essential in this respect. The new JESSICA initiative targets PPPs or other revenue generating urban projects included in integrated urban development plans, with a view to achieve leverage and recycling for operational programme resources invested in such projects.

In this context, the managing authority intends to contribute an amount of ...€ under the new JESSICA initiative to support, where appropriate, urban development funds investing in revenue generating urban projects.

Option 2¹ : The managing authority is also envisaging organising JESSICA operations through a holding fund.

Option 3 : The managing authority intends to entrust the JESSICA holding fund tasks to the EIB, by awarding it a grant in accordance with Art 44 of Reg. 1083/2006, contributing to the EIB an indicative initial amount of €)."

5.3. PPP

Commission services would expect the next phrases to be introduced in the text of the OP.

The partnership of public and private (PPP) sector might, under some conditions, be of great interest for the public sector, especially for preparation and implementation and operation of infrastructure projects.

¹ Please choose only one option

Principal advantages of PPP for public sector are following:

- *saving of public resources*
- *possibility of increased volume of investment (leverage effect)*
- *better "value for money" due to private sector's experience*
- *reduced length of the construction periods*
- *high technical quality of projects*
- *lower level of risk for public sector since some risks are transferred to private sector*

PPP projects are not necessarily profitable for public sector. Therefore, to ensure successful use of PPP and to reduce economic risks, public authorities have to focus on several aspects:

- *to use right PPP model*
- *to encourage competition among prospective private partners*
- *to protect public interest*
- *to guarantee viability of project without any undue profit resulting from public subsidies*

The experience in PPP for the realisation of infrastructure projects is limited in the Czech Republic. Moreover some doubts exist whether the related legal framework is sufficiently developed. Therefore Ministry for Regional Development shall lead activities concerning creation of appropriate legal base for PPP projects. This base shall be introduced by April 2008 at the latest.

To enable successful launch of PPP projects thorough knowledge of all preparation procedures is inevitable: feasibility assessment, public procurement, financial plan, and implementation of project under the best conditions, effectiveness of a project's operation.

Therefore Ministry for Regional Development in cooperation with PPP Centre of Ministry of Finance will, by April 2008, prepare methodology and manual for final beneficiaries who will be interested to launch this type of partnership.

To facilitate the process Ministry for Regional Development will, also by April 2008, prepare a study identifying, in relation to each OP, the most suitable types of project for PPP. All three activities entrusted to the Ministry for regional Development will be supported by OP Technical assistance.

The first task of MA of OP Prague, to promote PPP projects, will be in dissemination of the above mentioned information and reports to prospective final beneficiaries in the form of workshops, seminars, conferences, publications, etc.

MA of OP Prague will as well, by June 2008 at the latest, launch call for proposals of PPP projects. Technical assistance will be at disposal to final beneficiaries who will plan to introduce PPP proposals.

The fundamental target of all Prague programme will be to carry out as many PPP projects as possible in the programming period 2007-2013. These projects will create positive experience and it is expected that this will create positive dynamics for other partnerships of this type.

When considering implementation of a particular project through partnership of public and private sector it will be inevitable to prevent undue profit and to preserve equal and transparent approach while respecting national and Community law. This applies especially to the area of public support."

6. COORDINATION AND IMPLEMENTATION

6.1. Coordination

The suggestion of the Commission related to an in depth dialogue with relevant partners seems to have been accepted. Indeed, several improvements could be registered at the level of coordination with the responsible authorities of correlated programmes. Nevertheless:

- It's difficult to understand the differences between the working group mentioned for Central Bohemia and the project selection commission signalled for the Environment, Transport, RTD and Enterprise /Innovations OP's;
- Commission services are from the opinion that exchange of participation of MA in the respective Monitoring Committees (MC) should not be limited to some programmes but be also extended to all the other programmes presenting special links with OP PC (OP EI, OP R&D, IOP and OP HRE);
- The way on the necessary coordination among these OP's is done and its results should be acted in the reports of their Monitoring Committees.

Links with the OP PA were not improved. Commission insists to dispose of consistent explanations about the mechanisms of coordination between the two programmes, on policy as well on operational matters. Prague authorities informed the Commission they do not intend to use the cross-financing possibility. Therefore, § 2 of pg 74 should be deleted in order to eliminate every reference to this mechanism in the OP.

The OP PC should also contain a description of the estimated needs for training linked with the interventions co-financed by this programme. These needs will be taken into account while elaborating the OP Adaptability interventions.

6.2. Governance of programmes and projects

The MA should be clearly identified and named. The text of the programme, section 4.2 (second sentence) reads "Prague was designated as the OP PC Managing Authority". Please make it clear.

In section 4.8 the Body(ies) which will become the Designated Audit Body should be named. It is unclear whether there will be one such body for this OP or several of them (see pg 108). - Section 4.9 remains confuse and it is difficult to clearly understand the overall organisation of the control and audit system, as well as the respective roles of the DAB and Internal audit department(s).

OP should systematically refer to the relevant articles of Regulation 1083/2006, i.e art. 60 (b) for management verifications, art. 62(1)(a) for systems audits, and art. 62(1)(b) for audits of operations. In particular, in the end of page 110 point a) and top of page 111 point b), as well as on page 112, in the section about the MA, and in section 4.9.2.

In the section about Internal audit on page 110, please clarify where the 'internal audit department/departments are located in the organisation. Is it the DAB? If not, and if it/they carry out audits, please explain why these audits would not be considered as art. 62(1) audits, to be communicated to the Commission.

The first sentence of page 112 pops up from the blue and suggests that the DAB is the Internal Audit Department of the Prague City Hall, but this was not mentioned in the above text: "The Internal Audit Department of the Prague City Hall Director's Office is authorised to carry out internal audit tasks". Please clarify.

In section 4.9.2, it should be mentioned that the reports of all system audits and audits of operations will be communicated to the MA, and to the Commission; the audits performed by the DAB will be communicated to the Audit Authority.

As specified in the NRSF text, MA will use the Integrated informatics system, the single one for monitoring purposes, put into place under the responsibility of the Ministry of Regional Development (MRD) within its quality of national coordination authority of the NRSF.

It should be clear all along the text of the OP that the JMC is the monitoring committee (MC) of both programmes Competitiveness and Adaptability.

6.3. Administrative capacity

The necessity of valid administrative structures to guarantee efficient use of the Structural Funds resources has been acknowledged and stipulated in the text of the National Strategic Reference Framework of the Czech Republic.

Sufficient administrative capacity is necessary in order to ensure not only the absorption capacity and application of formal procedures but also to spend financial resources in line with sound financial management principles.

According to the NSRF, the basis of this approach to guarantee sufficient administrative capacity is the following:

- Analysis of the MA's needs for operational programmes implementation
- Definition of functions and procedures
- Formulation of employees' profiles, jobs description
- Quality of the selection and recruitment of new employees.

Further, in line with the NSRF: "the quality output of all functions within the implementation system of EU resources is closely related to the profile and stabilization of employees, who participate on preparation and functioning of this system. Employees of public administration have to be systematically prepared several years for correct and quality execution of these activities, including learning of languages. Quality of the selection and recruitment of new employees that takes into account the best practice is an essential condition for quality human resources management. This system will be used at all implementation levels. The main objective of the improvement of the human resources management is to minimize the undesirable outflow of these well-educated and skilled employees into the private sector. This can be achieved primarily through the setting of such conditions that create the work in public administration competitive to the private sector".

These NSRF provisions are more specified in the letter sent by Czech authorities in view of approval of the NSRF decision to the European Commission on 29 June 2007 (reference number 24 449/2007-62) in the following way:

- "Attention will be paid to systemic strengthening of the absorption capacity, including also the analysis of needs, definition of requirements, description of work posts, independent recruitment procedures, motivation system, training of the staff and the stabilisation of the staff.
- A document called "Procedures to solve the administrative capacity to use the Structural Funds and Cohesion Fund resources during 2007-2013" was submitted to the Czech government".

Governmental resolution No 818 of 18 July 2007 approving the above mentioned document is to be applied to the whole public administration and its implementation will be monitored by the Prime minister of the Czech Republic.

Subsequently, the above mentioned commitments have to be implemented at the level of each operational programme. A more detailed report should specify how these commitments are to be addressed (e.g. analysis of the MA's needs, definition of functions and procedures, formulation of employees' profile, jobs description, quality of the selection and recruitment of new employees). Further, it should describe the way in which the Operational Programme Technical Assistance and the priority axis of the technical assistance of the OP Prague will be used for this objective. Other very important issue is the support of absorption capacity of the beneficiaries and helpful approach of relevant authorities to the beneficiaries.

This implementing report has to be finalised and presented during the first monitoring committee after the adoption of the Operational Programme Prague.

6.4. Others

1) Even if a phrase regarding competition policy has been added to the text, Prague authorities are asked to retain the standard text already mentioned in the Position Paper:

"The Managing Authority ensures that any state aid granted under this programme will comply with the procedural and material State aid rules applicable at the point of time when the public support is granted".

2) A standard commitment phrase on Regions for Economic Change is asked to be included in the OP:

"In the framework of the Regions for Economic Change initiative the Managing Authority commits itself to:

a) Make the necessary arrangements to welcome into the mainstream programming process innovative operations related to the results of the networks in which the region is involved;

b) Allow in the Monitoring Committee the presence, as an observer, of a representative of the network(s) where the region is involved, to report on the progress of the network's activities;

c) Foresee a point in the agenda of the Monitoring Committee, at least

3) The Communication on Cohesion Policy and cities, COM (2006) 385 final should be included among the introductory references of the OP to strategic documents taken into account in the drafting of the programme.

4) It is also recommended the inclusion of a paragraph on experimentation (in line with the Aide Mémoire, box on page 51 dealing with specific issues for Operational Programmes). A possible text which could be included (and of course adapted) is as follows:

"An indicative amount of € XXX will be allocated to the experimentation of new actions (projects and approaches) under this priority. The objective is to test projects and approaches and identify those which are successful which can be implemented on a more extensive basis in later years of the Operational Programme. The outputs and results of these projects will not contribute to the quantified indicators of the Operational Programme.

Experimentation is a working method. It starts with the generation of new ideas in the framework of a regional innovation strategy through discussions involving all relevant stakeholders. Then these new ideas are tested through small pilot projects with a short duration. The results of these pilot actions will be analysed and, once the results are known, the successful actions will be developed further in the context of the priorities of the OP. Less successful actions will not be continued but analysis of the difficulties encountered will ensure that useful learning is generated in the region.

A small team will manage the process of experimentation, including the development (or adaptation) of the regional innovation strategy in partnership with the relevant stakeholders in the region, identification of main themes for experimentation, selection of projects, and monitoring, analysis and dissemination of results. The progress of experimentation and the results of pilot actions will be discussed regularly at the Monitoring Committee meetings and will feature in the Annual Implementation Reports."

This management could be taken in charge in the Technical Assistance of the OP. The attention of the Czech authorities should be drawn to the Guide on Innovative Strategies and Actions which is available on INFOREGIO at the following link:

http://ec.europa.eu/regional_policy/funds/2007/innovation/guide_innovation_en.pdf

This guide gives more information on developing strategies for innovation, including experimentation, with examples from experience gained in the EU15 over the last 15 years.