



## Audit Report

23/06

### State and EU funds spent on measures of the *Rural Development Programme 2014-2020*

The audit was included in the audit plan of the Supreme Audit Office (hereinafter referred to as the “SAO”) for 2023 under number 23/06. The audit was headed and the Audit Report was drawn up by SAO Member Ing. Jan Kinšt.

The aim of the audit was to verify whether State and EU funds earmarked for selected measures of the *Rural Development Programme 2014-2020* had been spent effectively, economically and in accordance with legal regulations and whether the objectives of the measures of the *Rural Development Programme 2014-2020* had been met.

#### **Audited entities:**

Ministry of Agriculture (hereinafter referred to as the “MoA”);

State Agricultural Intervention Fund, Prague (hereinafter referred to as “SZIF”);

selected beneficiaries:

AGRODRUŽSTVO BLÍŽKOVICE, cooperative; Ing. Karel Horák, Žehuň; Ing. Ondřej Kříženecký, Načeradec; Ing. Zdeněk Kupský, Valtice; ZEAS Lysice, a.s.; ZEMSPOL DEŠNÁ, s.r.o.

The period audited was from 2014 to 2022, and the preceding and subsequent periods where materially relevant.

The audit was conducted with the audited entities between March 2023 and October 2023.

**The SAO Board** at its 1<sup>st</sup> session held on 15 January 2024

**issued** Resolution No 12/1/2024 approving

this **Audit Report** with the following wording:

## SUPPORT FOR RURAL DEVELOPMENT IN THE PERIOD OF 2014-2020

### BASIC FIGURES

**CZK 115,184**  
**million**

Funds allocated  
for the  
RDP 2014-2020

**CZK 18,478**  
**million**

Funds allocated  
for measures audited  
by the SAO  
under the RDP 2014-  
2020

**CZK 15,645**  
**million**

Total amount of funds  
disbursed under the  
audited measures  
as at 7 September 2023

**10,993**

Number of supported  
projects within the  
audited  
measures as at 7  
September 2023

### FINDINGS

**Inability to assess the  
impact of the support on  
rural development**

The MoA did not set appropriate indicators for monitoring and evaluating the achievement of the objectives of the RDP 2014-2020 and the benefits of the support provided.

**75 %**

15 out of 20 audited projects had shortcomings in terms of the effectiveness of the funds spent.

**50 %**

10 out of 20 audited projects showed erroneous data in the monitoring reports.

**No evaluation before 2026**

The MoA will carry out an evaluation of the benefits and impacts of the RDP 2014-2020 only in 2026.

**Failure to report facts  
suggesting that a criminal  
offence has been committed**

In several cases, neither the MoA nor SZIF reported facts suggesting that a criminal offence had been committed.

## I. Summary and Evaluation

**1.1** The SAO audited the funds spent on selected measures of the *Rural Development Programme 2014-2020* (hereinafter referred to as the “RDP 2014-2020”). For the implementation of the RDP 2014-2020, the MoA had allocated funds amounting to approx. CZK 115,184 million. Approx. CZK 18,478 million had been allocated for the measures audited by the SAO.

**1.2** The aim of the audit was to verify whether State and EU funds earmarked for selected measures of the *Rural Development Programme 2014-2020* had been spent effectively, economically and in accordance with legal regulations and whether the objectives of the measures of the *Rural Development Programme 2014-2020* had been met. The audit was carried out at the Ministry of Agriculture, where it focused on its activities as the Managing Authority of the RDP 2014-2020, and the audit was also carried out at SZIF, where it focused on its activities as the paying agency. The SAO also audited six selected beneficiaries of subsidies and examined the implementation of 20 projects approved for support for these beneficiaries. The amount of funds provided to the audited projects was approx. CZK 107 million.

**1.3** The SAO found shortcomings in the set-up, management and implementation of the RDP 2014-2020, which reduced the effectiveness of the funds provided and used, and limited the verifiability of the fulfilment of the objectives and benefits of the support.

The MoA did not define the objectives of individual measures and operations in a very specific and measurable way. The MoA did not set indicators to monitor and evaluate the effectiveness, results of the projects and impacts of the support. Moreover, the monitoring reports submitted by the beneficiaries supported often contained incorrect data. SZIF did not check the accuracy of the data and, therefore, did not request a review, which further limited the data’s usefulness for assessing the effectiveness of the funds provided. Due to insufficiently set objectives and monitoring indicators, it is not possible to assess how the support has contributed to rural development and what its impact has been.

During the audit of 20 selected projects, the SAO found that the beneficiaries had spent the funds for the projects’ implementation economically and in accordance with legal regulations. For five of the selected projects, the funds were spent effectively. With 12 projects, the SAO had a reservation in that the beneficiaries had not set specific and measurable objectives to assess the effectiveness of the funds spent. For three projects, the SAO found only limited effectiveness because the beneficiaries had significantly failed to achieve the expected economic results from the non-agricultural activities for which they had received support under the RDP 2014-2020.

The SAO also found that in three cases neither the MoA nor SZIF had notified the competent investigative, prosecuting and adjudicating bodies of facts suggesting that a criminal offence had been committed by the support applicants.

**1.4** The overall assessment is based on the following findings:

- a) When setting up the RDP 2014-2020, the MoA did not carry out a survey of the interest of potential applicants for subsidies. The MoA included among the areas of support such operations that the applicants were not interested in (support for the construction of biogas plants – Operation 6.4.3) and measures that could not be launched at all (support for advisory services – Measure M02). The MoA decided to cancel Measure M02 and

transfer the unspent funds to other areas only in 2018, i.e., three years after the approval of the first version of the programme and in the fifth year of the programming period (see paragraphs 4.1 to 4.3).

- b) The MoA did not set the objectives of individual operations entirely according to the SMART principle<sup>1</sup>. The main problem was the lack of linking the objectives with appropriate indicators, which would allow for an evaluation of the fulfilment of the objectives, benefits and impacts of the support. Applicants did not define – and neither the MoA nor SZIF required them to do so – specific and measurable project objectives to be achieved through support under the RDP 2014-2020. Out of the sample of 50 projects audited with SZIF, the objectives of 31 projects were not in accordance with the SMART principle, so it was not possible to assess the achievability of these objectives and to assess the results and benefits of the projects in question, i.e., the effectiveness of the funds spent (see paragraphs 4.4 to 4.10).
- c) The MoA did not specify the content of monitoring reports required from beneficiaries to contain data and information that the MoA and SZIF could use to monitor the fulfilment of project objectives. The data and information provided is often general, not linked to the data reported in the subsidy application and the application for payment and, moreover, often incorrect. SZIF does not check the accuracy and relevance of individual data and information provided by beneficiaries, but only verifies that the beneficiaries have submitted the monitoring reports by the set deadline. The MoA does not currently have information on the results and benefits of the RDP 2014-2020; its evaluation will not be carried out until 2026 (see paragraphs 4.11 to 4.20).
- d) The MoA's preferential criteria for the evaluation and selection of projects did not take into account the extent to which the evaluated project would contribute to the fulfilment of the objectives of operations and measures. The minimum point threshold for obtaining a subsidy for operations where the allocated funds could not be used (for the support for education and training – Measure M01 and support for the production of shaped biofuels – Operation 6.4.1 objective c) was significantly reduced by the MoA during the programming period (see paragraphs 4.21 to 4.24).
- e) In three cases the MoA and SZIF failed to notify the competent investigative, prosecuting and adjudicating bodies of facts suggesting that a criminal offence had been committed (see paragraphs 4.25 to 4.28).
- f) The SAO rated 15 out of 20 projects (75 % of the projects) with a reduced effectiveness score in terms of the funds spent (see Annexes 2 and 3). The worst scores in terms of effectiveness were given to projects aimed at expanding the beneficiaries' non-agricultural activities. None of these projects were assessed by the SAO as fully effective. Out of a total of 13 projects aimed at expanding non-agricultural activities, 10 were assessed as effective with a reservation because the beneficiaries had not set the objectives of their projects in a specific and measurable way (the MoA did not even require them to do so – see clause (b) of this list), and it was thus not possible to verify their fulfilment. The SAO assessed the remaining three projects as being of limited effectiveness in terms of the use of funds because the beneficiaries had significantly failed to achieve the expected economic results from the non-agricultural activities for which they had received support under the RDP

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<sup>1</sup> SMART objectives are: Specific, Measurable, Attainable, Relevant and Timely.

2014-2020. On the contrary, the SAO found that the beneficiaries of all 20 projects audited had used the funds economically and in accordance with legal regulations (see paragraphs 4.29 to 4.35).

**1.5** Based on the results of the audit, the SAO recommends the following in the programming periods following the audited period of the RDP 2014-2020:

- a) The Ministry of Agriculture should set specific and measurable objectives at the level of the Rural Development Programme and link them to such indicators on the basis of which it would be possible to evaluate the fulfilment of the objectives, benefits and impacts of the support. At the same time, it should be obligatory for applicants to define specific and measurable objectives for projects in order to be able to evaluate the effectiveness of the funds spent;
- b) The Ministry of Agriculture should review the required information and data (provided by beneficiaries in subsidy applications, applications for payment and monitoring reports) with a view to harmonising that data and information so that it is comparable and usable for monitoring and evaluating the objectives, benefits and impacts of the support provided;
- c) The Ministry of Agriculture, in cooperation with the State Agricultural Intervention Fund, should oblige beneficiaries to provide complete and truthful information in monitoring reports and enforce this obligation;
- d) The Ministry of Agriculture and the State Agricultural Intervention Fund should establish effective procedures to ensure compliance with the statutory obligation to report any facts suggesting that a criminal offence has been committed to the competent investigative, prosecuting and adjudicating bodies.

## **II. Information on the Audited Area**

**2.1** The main strategic objective of the development of agriculture according to the *Strategy of the Ministry of Agriculture of the Czech Republic with outlook to 2030*<sup>2</sup> (hereinafter referred to as the "Strategy 2030") is to contribute to long-term and sustainable food security at the national and European level and to contribute to the energy self-sufficiency of the Czech Republic within the framework of the established energy mix, while substantially increasing its efficiency and competitiveness and its relationship to the natural resources used by it and rural development, including increasing its recreational potential.

**2.2** The *Rural Development Programme 2014-2020* is a strategic document approved by the Government of the Czech Republic in July 2014.<sup>3</sup> The objectives of the RDP 2014-2020 include, for example, the restoration, preservation and improvement of ecosystems dependent on agriculture through agro-environmental measures, investments for the competitiveness and innovation of agricultural holdings, support for the entry of young people into agriculture, and landscape infrastructure. Furthermore, the programme supports the diversification of economic activities in rural areas with the aim of creating new jobs and increasing economic

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<sup>2</sup> Strategic document approved by Resolution of the Government of the Czech Republic No 392 of 2 May 2016, *on the Strategy of the Ministry of Agriculture of the Czech Republic with outlook to 2030*.

<sup>3</sup> Resolution of the Government of the Czech Republic No 532 of 9 July 2014 *on the Rural Development Programme 2014-2020*.

development. The horizontal priority is the transfer of knowledge and innovation through educational and training activities and advisory services or cooperation in the field of agriculture and forestry.

**2.3** The RDP 2014-2020 is co-financed by the *European Agricultural Fund for Rural Development*. The European Commission approved the final version of the *Rural Development Programme 2014-2020* programming document in May 2015. The RDP 2014-2020 has been updated eleven times during the programming period, with the latest update taking place in July 2023. The last approved amount of allocated funds for the implementation of the RDP 2014-2020 was in the total amount of CZK 115,184 million<sup>4</sup> (see Table 1).

**Table 1: Financial allocation of the RDP 2014-2020 according to the latest update in July 2023**

| Total public funds in CZK | of which:                  |                            |
|---------------------------|----------------------------|----------------------------|
|                           | – EU contribution (in CZK) | – CR contribution (in CZK) |
| 115,184,434,553           | 74,048,156,391             | 41,136,278,162             |

Source: RDP 2014-2020 programming document (11<sup>th</sup> update); prepared by the SAO.

**2.4** As the RDP 2014-2020 Managing Authority, the MoA is responsible for the effective, efficient and correct management and implementation of the programme. The MoA is responsible for monitoring<sup>5</sup> and evaluating the programme and providing the European Commission with information on the progress of the RDP 2014-2020 implementation.

The MoA, as the Managing Authority, monitors the RDP 2014-2020 through monitoring indicators. These are result and output indicators (indicator system), for which the MoA has set target values depending on the amount of allocated resources. The set of common indicators is established under the Common Agricultural Policy Financing Regulation<sup>6</sup> and has been defined by Commission Implementing Regulation (EU) No 834/2014<sup>7</sup>. It is also responsible for setting the conditions for the granting of subsidies. For individual rounds of receiving subsidy applications, the MoA issued both “general conditions for granting subsidies” and “specific conditions for granting subsidies” for individual operations within the framework of the *Rules laying down the conditions for granting subsidies for projects under the Rural Development Programme 2014-2020* (hereinafter referred to as the “Rules”). In these Rules, the MoA defined, inter alia, the eligibility of the applicant, established the conditions for obtaining the subsidy, and defined the eligible expenditure and its limits and other conditions applicable to the applicant, or, beneficiary.

<sup>4</sup> The allocation for the RDP 2014-2020 was approved by the European Commission in euros. The total amount allocated for the implementation of the programme is EUR 3,076 million. The SAO made the conversion using the exchange rate of CZK 24.075/EUR determined by the Czech National Bank as at 31 August 2023. Other amounts in the Audit Report are also converted at that rate.

<sup>5</sup> Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

<sup>6</sup> Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008.

<sup>7</sup> Commission Implementing Regulation (EU) No 834/2014 of 22 July 2014 laying down rules for the application of the common monitoring and evaluation framework of the common agricultural policy.

**2.5** SZIF as the paying agency is responsible for the administrative control of subsidy applications and the evaluation and selection of projects according to the established criteria, and draws up and signs with the selected beneficiaries an agreement on the subsidy provision. It is also responsible for the administration and control of applications for disbursement, ensures the payments to beneficiaries and carries out on-site audits of beneficiaries after the subsidy provision.

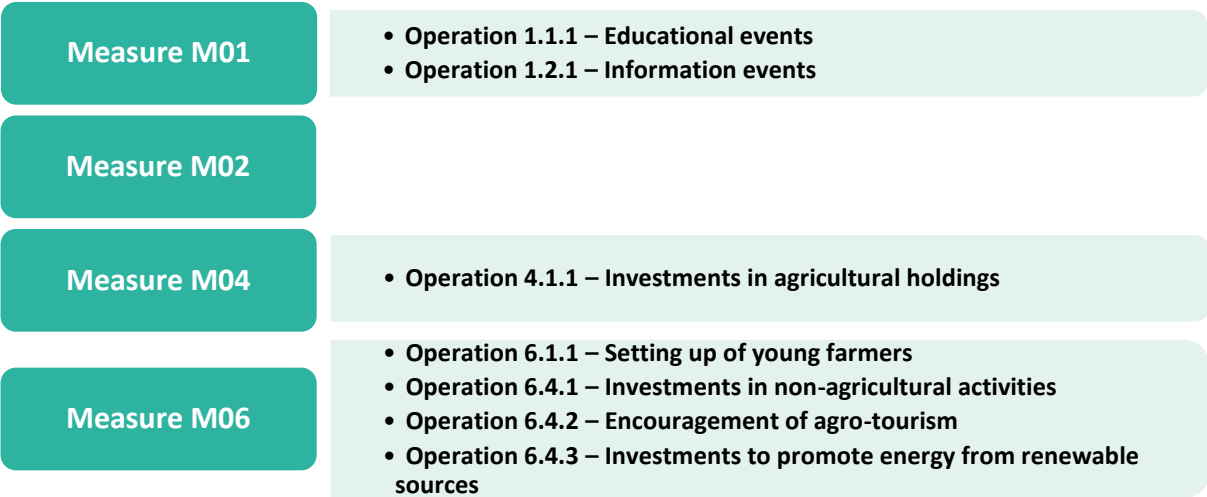
At the same time, SZIF manages an information system in which it collects data on individual projects, which it obtains from applications for disbursement and subsequently (for the duration of the project’s commitment to the set purpose) from monitoring reports from beneficiaries. That information system is the main source of data for the programme monitoring and evaluation.

**2.6** Under the RDP 2014-2020, applicants can apply for subsidies in two types of measures. The first type is *non-project measures* implemented on the basis of Government regulations. There is no selection of applications; all applicants who meet the binding conditions are eligible for a subsidy. These include, for example, subsidies to support organic farming, agro-environmental measures or animal welfare. The second type is *project-based measures*, where applicants apply for subsidies for individual projects. There were six of these measures under the RDP 2014-2020. In that case, the subsidy applications are evaluated and selected on the basis of pre-set criteria.

**2.7** The SAO audit focused on project-based measures to support:

- education and training,
- investment projects for the development of agricultural holdings,
- non-agricultural business activities.

Specifically, the following measures and operations were concerned, of which a total of 10,993 projects were supported as at 7 September 2023:



Measure M01 – Knowledge transfer and information events

**2.8** The aim of this measure was to strengthen the knowledge base and promote knowledge transfer in agriculture, the food processing industry and forestry. The measure was divided into two operations (see paragraph 2.7). The total allocation for this measure amounted to CZK 308 million.

Measure M02 – Advisory, management and support services for agriculture

2.9 The aim of this measure was to support the provision of specialist individual advisory services. The MoA failed to initiate the measure and cancelled it in 2018, diverting funds intended for advisory services to support education and training.

Measure M04 – Investments in physical assets

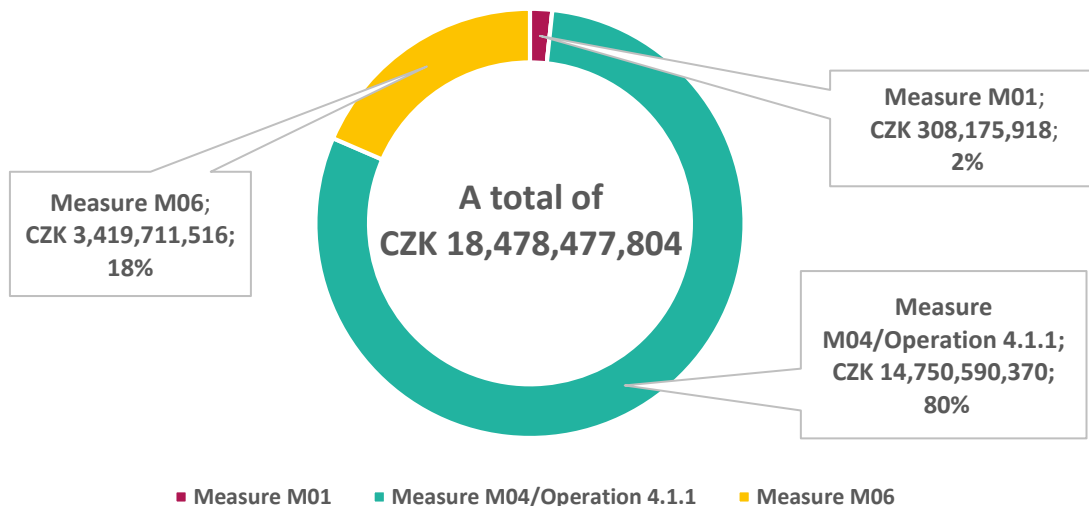
2.10 The aim of this measure was to increase the competitiveness of small and medium-sized agricultural holdings. The purpose was to contribute to achieving competitive agriculture, food processing industry and forestry and also to contribute to achieving sustainable management of natural resources. The measure was divided into four operations. The audit examined Operation 4.1.1 with a total allocation of CZK 14,750 million (see paragraph 2.7).

Measure M06 – Farm and business development

2.11 The aim of this measure was to help generational renewal in agriculture while facilitating the entry of sufficiently skilled farmers into the sector. Another objective was to facilitate the expansion of agricultural holdings into non-agricultural activities and thus stimulate job creation. The measure was divided into four operations (see paragraph 2.7). The total allocation for this measure amounted to CZK 3,420 million.

2.12 An overall overview of the allocation of funds for the selected measures is given in Chart 1. An overview of the support for the above measures and the operations covered by them and their implementation is set out in Annex 1.

**Chart 1: Allocation of funds for selected RDP 2014-2020 measures (as at 31 August 2023)**



Source: RDP 2014-2020 programming document (11<sup>th</sup> update); graphics by the SAO.



### III. Scope of the Audit

**3.1** The aim of the audit was to verify whether State and EU funds earmarked for selected measures of the *Rural Development Programme 2014-2020* had been spent effectively, economically and in accordance with legal regulations and whether the objectives of the measures of the *Rural Development Programme 2014-2020* had been met.

**3.2** The use of public funds is considered effective if it ensures an optimal rate of achievement of objectives in the fulfilment of the set tasks.<sup>8</sup> Therefore, the provision and use of funds was effective if the optimal level of the set objectives of the RDP 2014-2020 and individual projects was met, for example, in the area of transfer of knowledge and information, increasing the competitiveness and modernisation of agricultural holdings, diversification of income from non-agricultural activities and the start-up of young farmers.

**3.3** The use of public funds is considered economical if it ensures the performance of the set tasks with the least possible expenditure of such funds while ensuring the adequate quality of the tasks performed.<sup>9</sup>

The use of funds was therefore economical provided that:

- the beneficiary used the funds in the corresponding amount for the implementation of the project as agreed;
- the funds spent on the acquisition of goods and services under the project were spent in accordance with the eligibility conditions, reasonably and at prices that are usual and customary at the given place and time, or at prices according to the respective catalogue of prices for construction work;
- the selection of contractors was carried out in accordance with the law<sup>10</sup> or with the *Procurement Handbook for the Rural Development Programme 2014-2020* (hereinafter referred to as the “Handbook”) and led to an economical use of funds, and conditions were created to prevent additional costs;
- all technical features/functionalities of the purchased product were exploited.

**3.4** The SAO audited the MoA as the RDP 2014-2020 Managing Authority, SZIF as the paying agency of the programme and selected beneficiaries of subsidies.

**3.5** For the MoA and SZIF, the audit assessed the set-up and effectiveness of the system for the provision of funds for selected measures and operations in terms of ensuring the effectiveness and economy of the provision of public funds and compliance with legal regulations. During the audit of the support system, the SAO assessed, in particular, the setting of the objectives of individual measures and operations and their achievement, monitoring of outputs and results, evaluation of the impact of the support provided, setting and application of rules to ensure the selection of projects for support that meet the conditions of effectiveness and economy, and the setting and performing of audit activities at beneficiaries.

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<sup>8</sup> Pursuant to Section 2(o) of Act No 320/2001 Coll., on financial control in public administration and on amendments to certain acts (the Act on Financial Control).

<sup>9</sup> Pursuant to Section 2(m) of Act No 320/2001 Coll.

<sup>10</sup> Act No 134/2016 Coll., on public procurement.

**3.6** The SAO audited selected beneficiaries to assess whether the use of the funds for the implementation of the projects had been effective, economical and in accordance with the established conditions.

The SAO evaluated the effectiveness and economy of the funds spent on each project based on the facts found and according to a four-point scale within the meaning of the definition under paragraphs 3.2 and 3.3; details of the evaluation criteria are provided in Annex 2. Furthermore, the SAO verified whether the beneficiaries had complied with the conditions of the support provided as laid down in the Rules, the Handbook and the subsidy agreements.

**3.7** A sample of 50 projects in the framework of the operations listed in paragraph 2.7 was selected for audit at SZIF. In that sample, the SAO verified the set-up and effectiveness of the management and control system for the provision of funds. Furthermore, the audit verified whether SZIF had carried out the administration and control in accordance with the applicable regulations, set conditions and the Rules and in such a way as to ensure the effectiveness and economy of the funds spent and to ensure that the projects led to the fulfilment of the set objectives.

**3.8** The SAO audited six beneficiaries and verified a sample of 20 projects<sup>11</sup>, for which they had drawn support under the RDP 2014-2020. The sample consisted of one project under Operation 6.4.3, four projects under Operation 6.4.2, eight projects under Operation 6.4.1 and seven projects under Operation 4.1.1. An overview of the selected projects is included in Annex 3. In selecting the projects to be audited, the SAO primarily followed a substantive criterion to ensure the representation of different types of projects supported and different types of beneficiaries (natural persons as well as legal entities). Furthermore, the SAO used a quantitative viewpoint, preferring financially more significant projects, the implementation of which had already been completed. The SAO included beneficiaries who had implemented several projects under different operations in the period under review.

**3.9** The SAO did not include projects under Measure M01 (education and training and information events) in the audit sample of beneficiaries. The background documents for these projects (attendance sheets, documents, materials for training and information events) were at the disposal of SZIF, and therefore the projects under this measure were examined as part of the audit at SZIF.

**3.10** The period audited was from 2014 to 2022, and the preceding and subsequent periods where materially relevant. The audited volume amounted to CZK 18,478 million at the MoA (funds allocated for selected measures or operations), CZK 15,645 million at SZIF (volume of funds paid out in selected operations), and CZK 107 million for selected beneficiaries (funds granted to beneficiaries).

**Note:** The legal regulations indicated in this Audit Report are applied in their wording valid and effective for the audited period.

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<sup>11</sup> The sample of projects verified at beneficiaries was also part of the sample of 50 projects verified at SZIF.

## IV. Detailed Facts Found in the Audit

### A. Setting up the RDP 2014-2020 programming document

**4.1** One of the prerequisites for the effectiveness of the RDP 2014-2020 is its consistency with the strategies of the Czech Republic in the area of support for the agricultural sector. For the preparation of the programming document, it is therefore necessary for the MoA as the Managing Authority to define the priorities and needs of the sector to which the programme is supposed to contribute. Similarly, it should analyse the so-called absorption capacity for selected measures and operations under the RDP 2014-2020 in order to set the appropriate allocation of funds for the expected number and financial volume of projects that will ensure the achievement of the set objectives. The SAO therefore examined whether the objectives of the RDP 2014-2020 corresponded to the objectives of the key strategic document for that period (Strategy 2030 – see paragraph 2.1) and whether the MoA had set the allocation of funds for the measures and operations of the programme to achieve the programme objectives accordingly.

→ *The MoA did not carry out a survey of the interest of applicants, and thus included in the RDP 2014-2020 measures in which applicants were not interested, and this situation was not adequately addressed for a long time.*

**4.2** The MoA included a total of 13 measures in the RDP 2014-2020 to contribute to the achievement of the objectives set out in the Strategy 2030. The SAO verified that these measures were in line with the defined needs of the sector and the MoA's strategies. In the development of the programming document, the MoA relied mainly on the quantification of the target groups of beneficiaries and on the experience from the previous programming period, but did not consider carrying out a survey of the actual interest of potential applicants for subsidies according to the set conditions. Thus, until the 5<sup>th</sup> update (i.e., until 2018, which was the fifth year of the programming period), the programming document contained operations that applicants were not interested in and measures that could not be launched at all.

**4.3** The failure of the MoA to survey the interest of potential applicants was manifested, in particular, in Measure M02 – *Advisory, management and support services for agriculture*, where the provision of support could not be started at all due to the lack of interest of applicants, and in Operation 6.4.3 – *Investments to promote energy from renewable sources* in the case of the expected support for biogas plants, where not a single subsidy application was submitted.

Neither the MoA nor the external evaluator, who had prepared the ex-ante evaluation for the MoA<sup>12</sup>, identified any obstacles to the implementation of Measure M02 during the preparation of the RDP 2014-2020. In spite of the above, the MoA cancelled Measure M02 only in 2018, more than three years after the approval of the first version of the programming document by the European Commission. The funds earmarked for Measure M02 were transferred to Measure M01. The funds allocated to support biogas plants were transferred

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<sup>12</sup> Ex-ante evaluation (preliminary evaluation) of the programme takes place at the beginning of the programme cycle in the framework of the preparation of the programme strategy.

by the MoA to Measure M08 – *Investments in the development of forest areas and improving forest viability.*

## B. Setting and monitoring the objectives of measures/operations/projects

**4.4** One of the basic prerequisites for ensuring the effectiveness of the funds provided is the correct setting of objectives for individual measures, operations, projects and indicators in order to be able to monitor their achievement. Properly set objectives and indicators should provide continuous information on the effectiveness of the provided funds and lead to possible adjustments of the setup of measures and operations in order to achieve the set objectives in the current programming period.

**→ The MoA did not set the objectives of the operations in some cases so that their fulfilment could be evaluated.**

**4.5** The SAO assessed the setting of the objectives of individual operations and subsequently the objectives of the projects included in the audit sample, i.e., whether the individual objectives at the level of the programme and its individual measures and projects were set according to the SMART principles.

**4.6** As can be seen in Table 2, the MoA did not set the objectives of individual operations entirely according to the SMART principle. A recurring problem in all the operations examined was in particular the shortcoming in the aspect of measurability, i.e., linking the objectives to such indicators on the basis of which it would be possible to evaluate the fulfilment of the objectives, benefits and impacts of the support (see also paragraph 4.10).

The SAO found this in all the audited operations.

**Table 2: Evaluation of the setting of objectives for individual operations according to the SMART principles**

| Objectives |            | M01                    | 4.1.1                  | 6.1.1                  | 6.4.1                  | 6.4.2                  | 6.4.3                  |
|------------|------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| (S)        | Specific   | YES                    | YES                    | YES                    | YES                    | YES                    | YES                    |
| (M)        | Measurable | YES with a reservation | YES with a reservation | NO                     | YES with a reservation | YES with a reservation | YES with a reservation |
| (A)        | Attainable | NO                     | YES with a reservation | YES with a reservation | YES with a reservation | YES with a reservation | YES with a reservation |
| (R)        | Relevant   | YES                    | YES                    | YES                    | YES                    | YES                    | YES                    |
| (T)        | Timely     | YES                    | YES                    | YES                    | YES                    | YES                    | YES                    |

**Source:** RDP 2014-2020 programming document and the “specific conditions” of the Rules.

**4.7** The SAO found a similar shortcoming in the setting of objectives at the project level. In the Rules for individual operations, the MoA did not set the obligation for applicants, or, beneficiaries to set project objectives in accordance with the SMART principles. It did not even specify exactly what the description of the project and its results should

contain.

For this reason, when administering subsidy applications, SZIF did not require beneficiaries to set specific and measurable objectives for their projects, the fulfilment of which could be subsequently verified. The SAO audited a selected sample of projects at SZIF and found that in most cases (62 % of the projects) the beneficiaries had not set the objectives as SMART, which was particularly evident in projects under Operation 4.1.1 and projects under Measure M06. The SAO's evaluation of the objectives in Measures M01, M06 and Operation 4.1.1 carried out at SZIF is presented in Table 3.

**Table 3: Overview of the projects and setting their objectives**

| Operation    | Number of projects audited with SZIF | SMART objectives (number of projects) | General and non-specific objectives (number of projects) |
|--------------|--------------------------------------|---------------------------------------|----------------------------------------------------------|
| <b>M01</b>   |                                      |                                       |                                                          |
| 1.1.1        | 5                                    | 5                                     | 0                                                        |
| 1.2.1        | 5                                    | 5                                     | 0                                                        |
| <b>M04</b>   |                                      |                                       |                                                          |
| 4.1.1        | 12                                   | 3                                     | 9                                                        |
| <b>M06</b>   |                                      |                                       |                                                          |
| 6.1.1        | 6                                    | 6                                     | 0                                                        |
| 6.4.1        | 10                                   | 0                                     | 10                                                       |
| 6.4.2        | 10                                   | 0                                     | 10                                                       |
| 6.4.3        | 2                                    | 0                                     | 2                                                        |
| <b>Total</b> | <b>50</b>                            | <b>19</b>                             | <b>31</b>                                                |

Source: *subsidy applications* of a sample of projects.

**4.8** The SAO came to the conclusion that the objectives of all audited projects under Measure M01 and Operation 6.1.1 had been set by the beneficiaries according to the SMART principle. The SAO also assessed some of the objectives as SMART for Operation 4.1.1. A properly set project objective (SMART) is illustrated in Example 1.

**Example 1 – SMART objective in the subsidy application**

For Project No 2030 for the modernisation of a farm, the beneficiary stated the objectives, or, results of the project in the subsidy application as follows:

*“By implementing the project, the applicant will close its pig herd and become fully self-sufficient. The project will result in buildings for keeping pigs that meet the highest standards and norms for pig welfare.*

*The applicant operates two farms, namely:*

*1) Farm A – the average number of pigs (excluding sows) for 2018 is 6,435.81 and the average number of sows for 2018 is 625.02;*

*2) Farm B – the average number of pigs (excluding sows) for 2018 is 831.88.*

*This project will create 8,480 new housing places on the premises of Farm A. The project will result in an increase of at least 20 % in the number of housing places...”*

In addition, the beneficiary indicated in its subsidy application the expected production scale of *“8,480 housing places, production intensity: meat of quality class I 233.3 kg per housing place and unit price of CZK 31/kg”*.

In the subsidy application, the beneficiary had stated specific and measurable objectives of the project and the deadline for its completion, for which reason the SAO assessed the project objectives as SMART.

**4.9** However, SZIF approved, according to the set conditions of the Rules, also projects that did not have SMART objectives and relevant indicators on the basis of which SZIF could monitor and evaluate the degree of achievement of the project results and objectives (especially for projects aimed at the development of non-agricultural activities leading to income diversification). Example 2 illustrates three cases of broadly set objectives for individual projects.

#### **Example 2 – overly general objectives in the subsidy application**

In the case of the project audited at SZIF and focusing on investments in non-agricultural activities, the beneficiary stated the objectives and results of the project in the subsidy application as follows:

*“The project will result in the purchase of a water tanker, a sweeper brush and a trailer for transporting debris on construction sites. The acquisition of the machines will result in more efficient work and a better service offering.”*

For Project No 0976 for a wellness centre, the beneficiary stated the objectives, or, results of the project in the subsidy application as follows:

*“The construction of the wellness centre will satisfy the citizens and visitors of the municipality of Choťovice and its surroundings and will also increase the number of visitors to the region.”*

In the case of Project No 0617 focused on investments in non-agricultural activities, the beneficiary stated the objectives and results of the project in the subsidy application as follows:

*“Ensuring the possibility of development of the applicant’s production, providing a quality and accessible service, improving the competitive environment, exploiting the potential of the countryside and rural environment, supporting and stabilising business activities, secondary effect in the form of support for rural entrepreneurship, improving the quality of life in rural areas.”*

The beneficiaries did not set specific and measurable project objectives in their subsidy applications. The applications do not even contain relevant indicators on the basis of which SZIF could monitor and evaluate the degree of achievement of the results and objectives of the project. For this reason, the SAO assessed the project objectives as too general and unmeasurable.

**→ The MoA did not set the indicators of individual operations under the RDP 2014-2020 so that they indicated the quality of the operation and project implementation.**

**4.10** The SAO found that the MoA had set indicators tracking total public expenditure (in euros) on supported projects or the number of supported projects<sup>13</sup>, or numbers of participants in training events, etc. However, quantitative indicators of this type are not indicative of the quality of implementation of operations, and, similarly, of projects in relation

<sup>13</sup> E.g., result indicator for Measure M01 – (92302) *Number of participants who took part in at least two events in the period of 2014-2020*; output indicator for Operation 6.4.1 – 0.3 (92702) *Number of operations supported*; output indicator for Operations 6.1.1 and 4.1.1 – 0.4 (93701) *Number of agricultural holdings/beneficiaries supported*.

to the objectives, i.e., the expected result and impact of their implementation. In addition, the SAO found that the objectives of individual operations and monitoring indicators were not always interlinked. Example 3 illustrates the failure to link objectives and indicators.

### **Example 3 – failure to link the objectives and indicators of the operation**

#### Operation 6.1.1 – Setting up of young farmers

In the last, eleventh update of the programming document of July 2023, the MoA set the following objectives for Operation 6.1.1:

- *support for business plans – investments in livestock and crop production leading to young farmers setting up active businesses,*
- *facilitating the entry of sufficiently skilled farmers into the agricultural sector and, in particular, generational renewal in the sector.*

To monitor these objectives, the MoA set a total of five indicators in the RDP 2014-2020 programming document: *total public expenditure (92501), total investment (92500), number of agricultural holdings/beneficiaries supported (93701), percentage of agricultural holdings with Rural Development Programme support for business development plan/investments for young farmers (94201) and standard production (93800).*

It is not possible to monitor and evaluate progress in meeting the set objectives, such as the success of generational change or the entry of qualified young farmers, through indicators set up in this way. At the same time, the SAO found that the MoA had included an indicator (*93800 Standard production*) in the RDP 2014-2020 programming document and that the indicator was not related to the objective of the operation at all.

**→ The project monitoring reports were not linked to the set objectives and were filled in incorrectly by the beneficiaries.**

**4.11** In the “specific conditions” of the Rules, the MoA set the obligation for all selected measures and operations that the beneficiaries must submit monitoring reports after the disbursement of the project for the entire period when the project is linked to its original purpose<sup>14</sup>. These monitoring reports and the information contained therein are intended to serve as background documents for monitoring the RDP 2014-2020.

The SAO therefore examined whether the monitoring reports provided information on the fulfilment of the set project objectives.

**4.12** The audit showed that the MoA had not clearly set out in the Rules the obligation to provide correct information in monitoring reports. The MoA only imposed an obligation to provide “complete information”. As the SAO found, beneficiaries had been explicitly obliged (under penalty) to merely submit the monitoring reports. However, this penalty provision did not apply to any inaccuracy of the information provided.

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<sup>14</sup> The period when the project is linked to its original purpose, and therefore the period over which beneficiaries must submit monitoring reports, is five years. Only in the case of M01, the MoA made it mandatory to submit monitoring reports only for two years.

**4.13** The SAO also found that SZIF did not check the accuracy and relevance of the individual data and information provided by beneficiaries in their monitoring reports. Similarly, SZIF does not use that information in any way<sup>15</sup>.

**4.14** In the case of non-investment projects implemented under Measure M01 (Operations 1.1.1 and 1.2.1), the monitoring reports contain only the “*General part*”. The information provided in that part is not related to the project itself. This is the economic data that companies must disclose in their financial statements. The only exception is the clause “*Evaluation of the project and its impacts since the date of the application for payment*”. In that clause, some beneficiaries made only very general comments on the success of the project, which were repeated in all subsequent monitoring reports. The general comments provided by the beneficiary in the monitoring reports are illustrated in Example 4. The SAO considers the requirement to report the economic data of the enterprise for Measure M01 in connection with the submission of monitoring reports to be an unnecessary administrative burden for the beneficiaries.

**Example 4 – only a general comment on the success of the project in the beneficiaries’ monitoring reports**

In the case of the project audited at SZIF which focused on a training event, the beneficiary stated in the monitoring report under “*Evaluation of the project and its impacts since the date of the application for payment*”: “*the participants praise the knowledge acquired, it is applicable in their practice.*”

In the case of the project audited at SZIF which focused on an information event, the beneficiary made the following comment in the monitoring report under “*Evaluation of the project and its impacts since the date of the application for payment*”: “*The Veterinary Research Institute Fest IV project had a positive impact on agricultural primary production, as it ensured the transfer of new research results into agricultural practice. The importance of the event is evidenced by the increasing interest in the seminars on the part of agricultural workers and the positive feedback from participants on the topics discussed. Deeper working relationships were also established between the Veterinary Research Institute and some of the participants in order to address current problems in agricultural production. In particular, in the application of new knowledge to address health disorders and their prevention with the aim of ensuring safe and quality production of raw materials for food production.*”

Beneficiaries verbally described the benefits of the training and information events in their monitoring reports under “*Evaluation of the project and its impacts since the date of the application for payment*”. These descriptions are, however, general and could not be used as a basis for monitoring the fulfilment of the project objectives by SZIF.

**4.15** The SAO also found the following shortcomings when auditing the selected sample of beneficiaries:

- The monitoring reports contained general information on the beneficiary (financial data from the financial statements). The SAO found this in all the 20 projects audited.

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<sup>15</sup> In this regard, SZIF told the Supreme Audit Office: “*SZIF is responsible for checking that all monitoring report forms have been submitted ... and repeatedly notifies beneficiaries of monitoring reports that have not been submitted yet... SZIF does not check the accuracy of individual data filled in by the beneficiary in the monitoring report as part of ex-post checks for individual projects, nor does it use that data in any way for its activities...*”



In one case (a project aimed at the production of shaped biofuels), the monitoring reports contained only the general part, but not the project-specific part.

- The information and data provided by the beneficiaries in the subsidy applications, in the applications for payment and subsequently in the monitoring reports after the disbursement of the project is not linked at all and, therefore, cannot be used to verify whether the implementation of the project has achieved the objective (or result) stated by the beneficiary in the subsidy application.

The SAO found this in 15 out of the 20 projects. The incoherence of data between applications and monitoring reports is illustrated in Example 5.

- Beneficiaries often report completely incorrect values in their monitoring reports. For example, they do not report sales for the project but for the whole enterprise, or they do not report any sales although they have achieved them. The SAO found this in half of the projects, i.e., in 10 out of the 20 projects audited. Example 6 illustrates incorrectly completed data in the monitoring reports.

#### **Example 5 – data incoherence**

For Project No 0805 for the construction of a guesthouse (encouragement of agro-tourism), the beneficiary provided the indicator *“expected number of occupied beds per year”* in the subsidy application, but in the monitoring reports the beneficiary provided the indicator *“number of guests without distinguishing the number of nights spent in the accommodation”*.

Due to the different and incomparable indicators obtained from the monitoring reports, it is not possible to verify the fulfilment of the project objectives without checking with the beneficiary.

#### **Example 6 – misreported values in monitoring reports**

For Project No 0140 for the acquisition of a machine, the beneficiary provided data on the total revenue of the enterprise and the revenue from non-agricultural activities in the application for payment and in the monitoring reports without that data having a direct link to the specific project audited. The application for payment and monitoring reports did not provide information on the number of hours of use of the purchased machine that had been provided in the subsidy application.

In the monitoring reports for the years 2020 to 2022, the beneficiary incorrectly reported revenues from non-agricultural activities, reporting them at a clearly false amount of CZK 0.

The SAO verified in the audit that the implementation of the project (purchase of the machine) had actually generated revenues of CZK 705,200 for the beneficiary in 2021, for example.

**4.16** The SAO therefore concludes that, for the above reasons, the usefulness of the information provided in the beneficiaries’ monitoring reports was significantly limited. These shortcomings reduce the informative value of the data obtained for the interim evaluation of the effectiveness of the RDP 2014-2020, as well as its potential for the final evaluation after the end of the programming period.

In general, they reduce the relevance and purpose of such monitoring. As a result of the limited usability of the information, such monitoring also implies an unnecessary administrative burden for the beneficiaries.

→ *The MoA currently has no information on the results and benefits of the RDP 2014-2020; the evaluation of the benefits and impacts of the RDP 2014-2020 will not be carried out before 2026.*

**4.17** Due to the shortcomings described above, at the end of 2023, i.e., at the very end of the implementation of the RDP 2014-2020, the MoA does not have the necessary information on the fulfilment of the objectives and expected impacts of the RDP 2014-2020.

**4.18** The SAO also notes that during the programming period the MoA adjusted the target values of some of the indicators set. In some cases, these were minor, insignificant changes, but, for example under Measure M01, there was more than 50% reduction in the target values for indicators monitoring, e.g., the number of participants in training or educational events compared to the previous (tenth) update of the RDP 2014-2020 programming document (see Annex 4). Despite such a substantial reduction in the target values of indicators under M01, it is unlikely that they will be met, according to the latest data. The value of performance is very low for Measure M01; e.g., for the indicator “total public expenditure for Operations 1.1.1, 1.2.1”, it amounted to only 12.2 %. Furthermore, e.g., the indicator “total number of participants trained” reached a level of performance of 35.4 %.

**4.19** For Measure M06 and Operation 4.1.1, the MoA reported high percentages of compliance with the target values of indicators as at 30 June 2023. For Measure M06, for example, the indicator 6.4.1 *Number of operations supported* reached 120.5 % and the indicator “percentage of enterprises with an increase in gross value added” reached 187.7 %. Furthermore, in the case of Operation 4.1.1, the indicator “percentage of enterprises with an increase in performance” reached 178.3 %. Nevertheless, the MoA is currently unable to assess how the support has contributed to rural development and what its impacts have been, mainly because the monitoring indicators were not set up entirely correctly (see paragraphs 4.6 and 4.10 and Example 3).

**4.20** The SAO also points out that the evaluation of the benefits and impacts of the funds provided through the RDP 2014-2020 will be carried out by the MoA only in 2026, i.e., in the penultimate year of the current programming period of 2023-2027. Regardless of what information the evaluator will be able to use for an overall assessment of benefits and impacts of the RDP 2014-2020, the MoA, before 2026, will not have comprehensive information on the impact which the funds provided have had on rural development and how the objectives of the RDP 2014-2020 have been met.

### **C. Selection of projects for funding under the RDP 2014-2020**

**4.21** The project evaluation process is a set of activities that are carried out during the admissibility check, the formalities check and the substantive assessment. The aim of the project evaluation process is to select transparently high-quality projects which will spend funds effectively to meet the substantive and financial objectives of the RDP 2014-2020. To this end, the SAO verified whether the MoA had set rules and criteria for selecting necessary, high-quality and effective projects and whether these criteria guaranteed equal treatment of applicants.

→ *In selecting projects, the MoA did not focus on the contribution of the projects to the achievement of the set objectives.*

**4.22** In the “specific conditions” of the Rules, the MoA set out the criteria for project selection for individual operations. It set so-called *project eligibility criteria* that each project proponent had to meet to become eligible for a subsidy. The project eligibility criteria constituted the basic conditions, but they did not focus on the quality and contribution of individual projects to the objectives of the measures and sector priorities. Therefore, the MoA defined the so-called *preferential criteria* on the basis of which projects “competed” with one another. According to these criteria set out in the Rules, SZIF selected projects.

**4.23** However, the MoA set criteria for the selection of projects which were not focused on the relevance or level of contribution of the projects to the achievement of the set objectives of the individual programme measures.

**4.24** In addition to the preferential criteria, the MoA set a minimum threshold of points for each operation and round of applications to be eligible for funding. However, the SAO found that the minimum score threshold had varied during the programming period. The most significant decrease in the minimum required number of points occurred for Measure M01 and Operation 6.4.1 – objective c). Applicants showed little interest in that measure or operation. Applicants for subsidies in operations where there was not much interest only had to meet the basic eligibility criteria at the end of the period and their subsidy applications passed the evaluation process and became eligible for funding. In the last rounds of applications, for example, the applicants only needed two points out of 20 (Measure M01).

#### **D. Control system**

**4.25** The MoA and SZIF concluded the Competences Definition Agreement<sup>16</sup> in September 2015. The subject-matter of the agreement is to define the competences and the method of cooperation between the RDP 2014-2020 Managing Authority (i.e., the MoA) and the paying agency (SZIF). The SAO investigated whether the MoA and SZIF were performing their obligations under the Competences Definition Agreement.

In addition, on a selected sample of 50 projects, it verified the setup and functionality of the SZIF control system at individual stages of administration (checking the subsidy applications, applications for payment, on-site audits after disbursement).

**4.26** The SAO found that the control system of SZIF complied with legal regulations and the Rules and was functional.

**→ In three cases, neither the MoA nor SZIF reported facts suggesting that a criminal offence had been committed.**

**4.27** However, the SAO found a major shortcoming in that neither the MoA nor SZIF had notified the competent investigative, prosecuting and adjudicating bodies of facts suggesting that a criminal offence had been committed. This obligation is provided for in Section 8(1) of Act No 141/1961 Coll., on criminal procedure (the Criminal Procedure Code).

**4.28** The SAO examined an identical sample of 15 projects at both the MoA and SZIF where the beneficiaries had appealed against the decision of SZIF not to support their subsidy

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<sup>16</sup> *Agreement on the definition of competences and the method of cooperation between the RDP Managing Authority and the paying agency in securing the obligations arising for the Czech Republic in drawing support from the European Agricultural Fund for Rural Development (hereinafter referred to as the “Competences Definition Agreement”).*

applications and the MoA had reviewed the SZIF decision. The audit found that in four cases the review materials and files of the individual projects with SZIF had contained a description of facts suggesting that a criminal offence had been committed. In the four cases examined, both the MoA and SZIF had demonstrably had information about facts suggesting that a criminal offence had been committed. Nevertheless, SZIF filed only one criminal complaint as required by the aforementioned provisions of Act No 141/1961 Coll. In another case, another entity filed a complaint about facts indicating that a criminal offence had been committed, which led to the initiation of a criminal prosecution against the suspect. SZIF learned about this only after it was contacted by the Police of the Czech Republic.

#### **E. Effectiveness and economy of funds with selected beneficiaries**

**4.29** The SAO audited six selected beneficiaries that had implemented investment projects with the support of the RDP 2014-2020. The SAO used an audit sample of 20 projects implemented by these beneficiaries and examined the funds spent in terms of their effectiveness and economy. To this end, it developed a four-point rating scale for the evaluation of projects and established uniform criteria for the evaluation (see Annex 2). The results of the assessment of individual projects are presented in Annex 3. The audit also verified whether the beneficiaries had implemented their projects in accordance with the set conditions and legal regulations.

**4.30** In the selected projects, the SAO did not find any unauthorised drawing of subsidies, breaches of the Rules or public procurement rules, or non-compliance with other binding conditions and legal regulations. Nor did the SAO find any uneconomical use of funds during the audit. All the expenditure claimed was eligible under the set conditions, conformed to the expenditure limits set out in the Rules for individual operations, and at the same time the beneficiaries used the public funds to secure the specified tasks with the least possible expenditure of these funds, while maintaining the appropriate quality of the tasks carried out. All 20 projects were rated by the SAO as economical, i.e., as Level 1 (see Annex 2).

**4.31** The SAO assessed the expenditure incurred on the project in terms of effectiveness primarily in terms of meeting (or assuming to meet) all the objectives and activities of the project as stated in the subsidy application.

At the same time, the SAO assessed whether the target values of the project's monitoring indicators, if any, had been met (or assumed to be met). The objectives stated in the subsidy applications were mostly described by the beneficiaries as a qualitative change and, for most of the selected projects, the change was not quantified by a measurable indicator.

**→ The funds spent were assessed as effective only to a limited extent for three projects audited and as effective with a reservation for twelve projects.**

**4.32** In the case of the evaluation of the effectiveness of the funds spent, only five projects were assessed by the SAO as fully effective, i.e., as Level 1 (see Annex 2). All of the effective projects were from Operation 4.1.1 and received a subsidy of CZK 78.3 million under the RDP 2014-2020. Example 7 illustrates a project where the SAO assessed the expenditure as effective.

#### **Example 7 – effective use of funds**

For Project No 2567 for the construction of a broiler house, the beneficiary stated in the subsidy application that the main objective of the project was the construction of a new house with a capacity of 30,000 chickens for fattening.

The beneficiary further stated: *“new technology for watering, feeding; heating and ventilation to meet animal welfare requirements; installation of new technology to reduce NH3 emissions...”* Furthermore, the beneficiary stated in the subsidy application the outputs of the implemented project: *“poultry / chickens for slaughter –30,000 housing places, quantity of 15.2 housing places/kg, unit price of CZK 23.50/kg, revenue from sales of CZK 10,716,000/year.”*

By implementing the project, the beneficiary met the target in terms of the number of chickens reared (housing places) and the target in terms of sales of chickens (i.e., the targets stated in the subsidy application). In addition, the implementation of the project also increased the saleable weight of the chickens and reduced mortality. The chicken fattening operation reduced the consumption of natural gas, electricity and ammonia production. For these reasons, the SAO assessed the funds spent on this project as effective.

**4.33** Twelve other projects with a total subsidy of CZK 20.7 million provided from the RDP 2014-2020 were assessed by the SAO as effective with a reservation, i.e., as Level 2 (see Annex 2). For these projects, two of which were aimed at investments in agricultural holdings and ten at developing non-agricultural activities, the beneficiaries mostly had not set up specific and measurable objectives, so that their achievement could only be verified to a limited extent. However, they were in line with the general objectives of the individual operations and measures under the RDP 2014-2020 and therefore the SAO did not further downgrade the assessment. The setting of overly general project objectives is illustrated in Example 2 (Project No 0617).

**4.34** The last three projects, with a total subsidy of CZK 8.1 million provided from the RDP 2014-2020, were assessed by the SAO as being effective only to a limited extent, i.e., at Level 3 (see Annex 2). The projects that the SAO assessed as effective only to a limited extent had been implemented by the beneficiaries in operations aimed at developing non-agricultural activities (Operations 6.4.1 and 6.4.2). Beneficiaries in these projects did not set specific and measurable objectives (did not follow the SMART principles) and achieved, e.g., significantly lower revenues or significantly lower utilisation of investments than they had assumed in the subsidy applications or applications for payment. Examples 8 and 9 illustrate the projects rated at this level.

#### **Example 8 – funds used effectively only to a limited extent**

For Project No 0617 for investments in non-agricultural activities, the beneficiary indicated in the subsidy application the acquisition of construction machinery (skid-steer loader) including the reconstruction of the handling area as the objective of the project. In the subsidy application, the beneficiary indicated other results (sub-objectives) of the project: *“ensuring the possibility of development of the applicant’s production, providing a quality and accessible service, improving the competitive environment, exploiting the potential of the countryside and rural environment, supporting and stabilising business activities, secondary effect in the form of support for rural entrepreneurship, improving the quality of life in rural areas.”* In the subsidy application, the beneficiary provided the outputs of the implemented project: *“SERVICE – construction – skid-steer loader, production range of 500 motor hours, revenue from sales of CZK 300,000 per year at a unit price of CZK 600/motor hour.”*

For the period under review from 2017 to 2022, the beneficiary reported the highest revenue in 2019, totalling CZK 44,240.

In 2021, the beneficiary reported zero revenue. Overall, the amount of revenue from the project over the individual years did not exceed 15 % of the estimated revenue stated in the subsidy application.

The objectives of the project were set in general terms and without measurable indicators, i.e., in contradiction with the SMART principles.

The SAO assesses the project as being effective only to a limited extent because of the significantly lower use of the purchased machinery in the context of the beneficiary's diversification of activities (diversification being the primary objective and purpose of the measure) and because of lower revenues from non-agricultural activities compared to the assumptions made in the subsidy application.

#### **Example 9 – funds used effectively only to a limited extent**

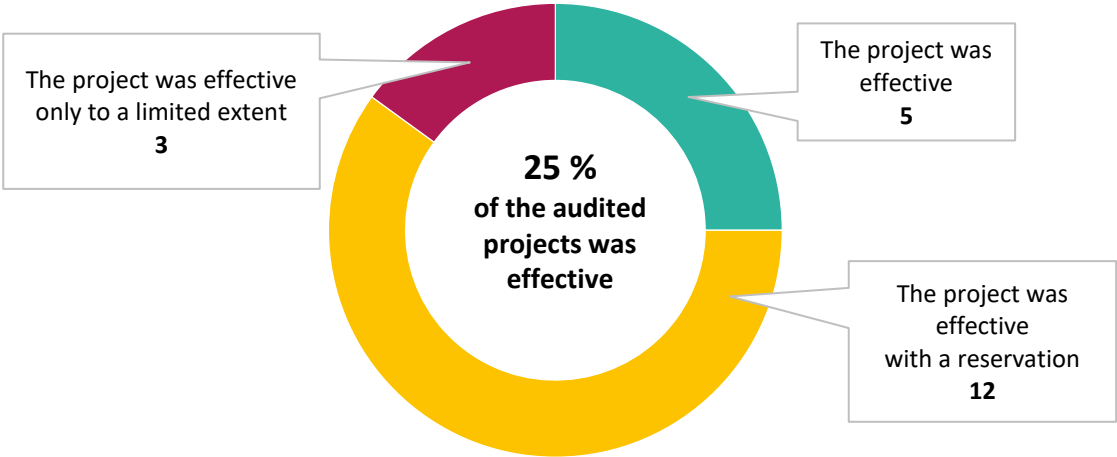
For Project No 0125 for an investment in a washing line, the beneficiary stated the following objective, or, result of the project in the subsidy application: *“the setup of a new establishment CZ NACE G45.20, repairs and maintenance of motor vehicles, expansion of the portfolio of non-agricultural activities and diversification of the applicant's income. The washing line will provide an environmentally friendly area for cleaning agricultural machinery, tractors, trucks and cars (wastewater treatment plant).”* The beneficiary also expected a financial benefit, as the service was not only to be used for its own purposes, but also for the general public and other companies involved in freight transport or agriculture. In the subsidy application, the beneficiary stated the following outputs of the implemented project: *“washing of equipment – cars 500 pcs/year; washing of equipment – trucks, agricultural equipment 600 pcs/year; revenue from sales for the year in the amount of CZK 311,000.”*

The number of washed vehicles (cars and trucks) and agricultural equipment and revenues from the operation of the washing line showed a steadily decreasing trend, with the number of washed trucks and agricultural equipment of customers falling to 309 in 2022, which was only about one-half of the expected 600, and sales falling to CZK 103,240 in 2022, which was only about one-third of the expected amount of CZK 311,000.

The SAO assesses the project as being effective only to a limited extent due to the significantly lower use of the purchased washing line and lower revenues than assumed in the subsidy application. The support under the measure to diversify the beneficiary's activities was thus fulfilled only to a limited extent compared to the original assumptions.

**4.35** The SAO did not identify any completely ineffective projects when auditing the selected beneficiaries. A summary result of the effectiveness evaluation of assessed projects is illustrated in Chart 2.

**Chart 2: Summary result of evaluation of the effectiveness of assessed projects**



## List of terms and abbreviations

|                                    |                                                                                                                                                                                                                                                                                  |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CR                                 | Czech Republic                                                                                                                                                                                                                                                                   |
| Competences Definition Agreement   | <i>Agreement on the definition of competences and the method of cooperation between the RDP Managing Authority and the paying agency in securing the obligations arising for the Czech Republic in drawing support from the European Agricultural Fund for Rural Development</i> |
| Commission                         | European Commission                                                                                                                                                                                                                                                              |
| EU                                 | European Union                                                                                                                                                                                                                                                                   |
| EURI                               | European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 pandemic                                                                                                                                                                             |
| Commission                         | European Commission                                                                                                                                                                                                                                                              |
| MoA                                | Ministry of Agriculture                                                                                                                                                                                                                                                          |
| SAO                                | Supreme Audit Office                                                                                                                                                                                                                                                             |
| NR                                 | not relevant – no EURI funds were allocated to the measure                                                                                                                                                                                                                       |
| Rules                              | <i>Rules laying down the conditions for granting subsidies for projects under the Rural Development Programme 2014-2020</i>                                                                                                                                                      |
| RDP 2014-2020                      | <i>Rural Development Programme 2014-2020</i>                                                                                                                                                                                                                                     |
| Handbook                           | <i>Procurement Handbook for the Rural Development Programme 2014-2020</i>                                                                                                                                                                                                        |
| SMART                              | SMART objectives are: Specific, Measurable, Attainable, Relevant and Timely                                                                                                                                                                                                      |
| “specific conditions” of the Rules | <i>Rules laying down the conditions for granting subsidies for projects under the Rural Development Programme 2014-2020 – specific conditions for granting subsidies under the Rural Development Programme applicable for the XYth round of applications</i>                     |
| Strategy 2030                      | <i>Strategy of the Ministry of Agriculture of the Czech Republic with outlook to 2030</i>                                                                                                                                                                                        |
| SZIF                               | State Agricultural Intervention Fund                                                                                                                                                                                                                                             |
| Public Procurement Act             | Act No 134/2016 Coll., on public procurement (the Public Procurement Act)                                                                                                                                                                                                        |
| application                        | subsidy application                                                                                                                                                                                                                                                              |

## List of Annexes

- Annex 1: Overview of audited operations under the RDP 2014-2020
- Annex 2: Criteria for evaluating the effectiveness and economy of RDP 2014-2020 projects
- Annex 3: Overview of RDP 2014-2020 projects audited with beneficiaries and evaluation of the effectiveness and economy of these projects
- Annex 4: Meeting target values of monitoring indicators in audited operations



## Overview of audited operations under the RDP 2014-2020

### Measure M01 – Knowledge transfer and information events

**Operation 1.1.1** supported vocational training in agriculture, the food processing industry and forestry.

This operation supported the implementation of educational events (i.e., training, vocational training) aimed at increasing the qualifications of workers in the aforesaid areas. The number of participants per event was limited to 5-20 people.

The amount of expenditure on which the subsidy was determined could range from CZK 50,000 to CZK 1,000,000 per project. Initially, the rate of aid was set at 85 %, but since the 12<sup>th</sup> round of applications the rate has been increased to 100 % of eligible expenditure.

Between 2015 and 2023, potential applicants were able to apply for a subsidy for a total of twelve times.

As at 7 September 2023, a total of CZK 19.5 million had been paid from public funds under Operation 1.1.1.

**Operation 1.2.1** supported the provision of information and transfer of experience that could be applied in agricultural production, the food processing industry and forestry, especially in the context of innovation. The information events were designed to provide information on the possibilities of using new production methods and to inform about current innovative practices.

The number of participants per information event was limited to 20-100 people.

The amount of expenditure on which the subsidy was determined could range from CZK 50,000 to CZK 1,000,000 per project. Initially, the rate of aid was set at 85 %, but since the 12<sup>th</sup> round of applications the rate has been increased to 100 % of eligible expenditure.

Between 2015 and 2023, potential applicants were able to apply for a subsidy for a total of eleven times.

As at 7 September 2023, a total of CZK 21.6 million had been paid from public funds under Operation 1.2.1.

### Measure M04 – Investments in physical assets

**Operation 4.1.1** supported investments in livestock and crop production leading to a reduction in production costs, the modernisation or improvement of the quality of agricultural primary production, an increase in the effectiveness of the use of production factors and easier access to new technologies with significant innovation potential. Any agricultural holding or farm, including school farms and state-owned enterprises, could apply for support if they met the definition of an agricultural holding or enterprise.

The amount of expenditure on which the subsidy was determined varied according to the project plan and the individual rounds and ranged from CZK 1,000,000 to CZK 150,000,000 or later from CZK 2,000,000 to CZK 75,000,000 (in the last round of applications, the maximum limit by commodity was further reduced to CZK 50,000,000, or, CZK 30,000,000).

Between 2015 and 2023, potential applicants were able to apply for a subsidy for a total of six times.

As at 7 September 2023, a total of CZK 12,681 million had been paid from public funds under Operation 4.1.1.

Measure M06 – Farm and business development

**Operation 6.1.1** supported young farmers to start active business (in livestock and crop production) in agricultural holdings through the implementation of a business plan. A young farmer, i.e., a person who had reached the age of 18 on the date of the subsidy application and was not over 40 on the same date, could apply for support.

Between 2015 and 2023, potential applicants were able to apply for a subsidy for a total of five times. The subsidy amounted to EUR 45,000, i.e., approximately CZK 1,200,000, and was provided in three/two instalments (the number of instalments varied during the programming period).

As at 7 September 2023, a total of CZK 1,364 million had been paid from public funds under Operation 6.1.1.

**Operation 6.4.1** supported the establishment or development of non-agricultural activities leading to the diversification of farmers' incomes, the creation of new jobs and the strengthening of economic potential in rural areas by supporting selected economic activities. These were mainly in the processing industry and retail sector.

The amount of expenditure on which the subsidy was determined ranged from CZK 200,000 to CZK 10,000,000 per project.

Between 2015 and 2023, potential applicants were able to apply for a subsidy for a total of eight times.

As at 7 September 2023, a total of CZK 1,196 million had been paid from public funds under Operation 6.4.1.

**Operation 6.4.2** supported the diversification of agro-tourism activities; the investments were intended to ensure diversification of income, create jobs also for unskilled labour, support the wider use of farms and ensure the use of rural brownfield sites.

The amount of expenditure on which the subsidy was determined ranged from CZK 200,000 to CZK 10,000,000 per project.

Between 2015 and 2023, potential applicants were able to apply for a subsidy for a total of five times.

As at 7 September 2023, a total of CZK 341 million had been paid from public funds under Operation 6.4.2.

**Operation 6.4.3** supported investments aimed at diversifying the activities of agricultural holdings into non-agricultural activities; these investments were to lead to diversification of income and the use of by-products and raw materials for the purposes of the bio-economy; in particular, they were to be directed to the construction of facilities for the processing and use of renewable energy sources (investments in equipment for the production of shaped biofuels and biogas plants).

The amount of expenditure on which the subsidy was determined was between CZK 200,000 and CZK 10,000,000 per project for objective a) *Construction and modernisation of equipment*

*for the production of shaped biofuels, and between CZK 200,000 and CZK 50,000,000 for objective b) Construction and modernisation of a biogas plant.*

Applicants had little interest in this operation and it was cancelled in 2018. The area of support for the production of shaped biofuels was moved by the MoA to Operation 6.4.1 aimed at diversification of non-agricultural activities.

As at 7 September 2023, a total of CZK 22 million had been paid from public funds under Operation 6.4.3.

In the framework of projects aimed at income diversification (Operations 6.4.1, 6.4.2 and 6.4.3), support could be applied for by agricultural holdings and entrepreneurs which/who had been registered in the “*register of agricultural holdings and entrepreneurs*” for at least 2 years before submitting the subsidy application.

## Criteria for evaluating the effectiveness and economy of RDP 2014-2020 projects

Table 1 – levels of effectiveness

| Level of project effectiveness                                                                              | Definition of effectiveness level                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;"><b>1.</b></p> <p><b>The funds spent are effective</b></p>                    | <p>The project was properly implemented and its implementation achieved the set objectives, results and outputs of the project and the expected benefits. The objectives set out in the application (not only the monitoring indicators) are specific and measurable and their fulfilment can be verified; the benefits set out in the application are clearly formulated and are sustainable in the long term (at least for the specified period of sustainability, or for the operational life of the acquired assets).</p> <p>The set activities, sub-objectives, project results and expected benefits according to the project schedule have been fulfilled and the expected contribution of the project to the fulfilment of the objectives of the operations and measures can be confirmed. The expected benefits, where relevant, can be observed even after the completion of the project.</p> <p>The project outputs (mainly investment actions) are used by the beneficiary in the expected scope and in accordance with the project.</p> <p>Note: The standard is to achieve 100 % of the objectives set, but their relative importance must be taken into account. E.g., the main expected objectives and benefits were fulfilled and the failure to meet any of the minor objectives did not affect the overall benefit of the project – it can be assessed as “the project achieved its objectives and expected benefits”.</p> |
| <p style="text-align: center;"><b>2.</b></p> <p><b>The funds spent are effective with a reservation</b></p> | <p>Most of the activities, objectives and results of the project and expected benefits have been achieved. Failure to meet some sub-activities or sub-objectives does not have a significant impact on the overall contribution of the project to the programme objectives.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                    | <p>The project objectives are not specific and not measurable, the benefits are formulated only in general terms in the application and their achievement can be verified only to a limited extent. As a whole, however, the project will lead to the fulfilment of the objectives of individual operations and measures of the RDP 2014-2020.</p> <p>The outputs of the investment project are largely used for their intended purpose.</p>                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>3.</b><br/><b>The funds spent are effective only to a limited extent</b></p> | <p>Some of the assumptions of effectiveness are significantly challenged, but it cannot yet be concluded that the funds spent are not effective.</p> <p>For example, the subsidy application contains vague and unverifiable data on the basis of which the result of the project cannot be measured.</p> <p>The objectives and benefits of the project are not stated in the application.</p> <p>The facts support the unachievable nature of the expected results, e.g., when the project has achieved (or is likely to achieve) only approx. ½ of its objectives, or there are doubts regarding their sustainability.</p> <p>The outputs of the investment project are used only to a limited extent, and there is no reasonable expectation of significant improvement in the future.</p> |
| <p><b>4.</b><br/><b>The funds spent are not effective</b></p>                      | <p>The assumptions of effectiveness are fundamentally challenged.</p> <p>The set activities, objectives, results and expected benefits of the project have not been met.</p> <p>The acquired assets are hardly used and there is no reasonable expectation of their future use.</p> <p>The project was selected by the support provider in breach of the relevant conditions and was therefore ineffective from the outset.</p>                                                                                                                                                                                                                                                                                                                                                               |

**Table 2 – levels of economy**

| <b>Level of project economy</b>                                                                                                          | <b>Definition of economy level</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;"><b>1.</b></p> <p style="text-align: center;"><b>The funds spent are economical</b></p>                    | <p>The funds spent are economical if all claimed project expenditure was in order.</p> <p>The expenditure claimed was eligible according to the conditions set and corresponded to the limits set, and the expenditure on construction works corresponded to the prices according to the catalogues of prices for construction works.</p> <p>Suppliers of the main project activities were selected in accordance with the Public Procurement Act or the Handbook. The auditors did not identify any shortcoming that could have affected the selection of the most suitable tender.</p> <p>The beneficiary established contractual terms and conditions for active management of supplier relations and actively managed these relations during the implementation of the public contract; it negotiated sanctions, claims, fines, penalties, servicing, etc. in the contract and ensured that these arrangements would be applied.</p> <p>The beneficiary produced the project outputs of reasonable quality, i.e., the auditors did not find that any of the required parameters (performance characteristics) of the audited contracts were inadequate to the needs of the contracting authority and the declared purpose. At the same time, the beneficiary produced the project outputs in adequate quantities.</p> |
| <p style="text-align: center;"><b>2.</b></p> <p style="text-align: center;"><b>The funds spent are economical with a reservation</b></p> | <p>The funds spent are economical with slight shortcomings if most of the project outputs applied were in order and there were only minor shortcomings.</p> <p>The expenditure claimed was eligible according to the conditions set and corresponded to the limits set, and the expenditure on construction works corresponded to the prices according to the catalogues of prices for construction works.</p> <p>There were only minor shortcomings, e.g., the purchase price of some items exceeded the set limit or did not correspond to the price list for the construction works. However, these shortcomings did not affect the economy of the project.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>Suppliers of the main project activities were selected in accordance with the Public Procurement Act or the Handbook. The auditors did not identify any shortcoming that could have affected the selection of the most suitable tender.</p> <p>The beneficiary established contractual terms and conditions for active management of supplier relations and actively managed these relations during the implementation of the public contract with minor shortcomings, such as not filing a claim in a timely manner.</p> <p>The auditors identified the risk that the beneficiary had produced the project outputs of inadequate quality, i.e., some of the required parameters of the audited contracts were inadequate to the needs of the contracting authority and the declared purpose. At the same time, the auditors found that the beneficiary had produced a reasonable quantity of outputs under the project.</p> |
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| <p style="text-align: center;"><b>3.</b></p> <p style="text-align: center;"><b>The funds spent are economical only to a limited extent</b></p> | <p>The funds spent are economical only to a limited extent or there is a risk to the economy of the funds spent if there are major shortcomings, but it cannot yet be concluded that the funds spent are not economical.</p> <p>The project expenditure claimed was eligible according to the conditions set and corresponded to the limits set, and the expenditure on construction works corresponded to the prices according to the catalogues of prices for construction works, but there were shortcomings; e.g., the purchase price of some items exceeded the set limits or did not correspond to the price lists for the construction works. At the same time, these shortcomings did affect the economy of the project.</p> <p>The auditors found a shortcoming that could have influenced the selection of the most suitable tender, e.g., risk of discriminatory award criteria and too detailed setting of technical parameters for the audited contracts. This risk may be confirmed if it is found that not all the useful features (functions/functionality) of the acquired assets/outputs of the project required in the tender conditions are actually used (see the following paragraphs).</p> <p>In addition, for example, there may be the risk of unjustified or insufficiently justified increases in the price of the public contract.</p> <p>The beneficiary did establish contractual terms and conditions for active management of supplier relations, but did not actively manage these relations during the implementation of the public contract, which had an impact, for example, on technical problems with the purchased assets or the need to shut them down for repairs.</p> <p>The auditors found that the beneficiary had acquired assets/outputs of inadequate quality within the project, i.e., several of the required parameters had been set for the audited contracts inadequately to the needs of the contracting authority and the declared purpose, or the technical parameters of the object of the tender had been set incorrectly.</p> <p>The auditors found that a disproportionate amount of assets/outputs had been acquired.</p> |
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|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;"><b>4.</b><br/><b>The funds spent are not economical</b></p> | <p>The funds spent are not economical if the project and its implementation were accompanied by major shortcomings, the expenditure incurred for the implementation of the project was disproportionate or the budget (breakdown) of the project expenditure was significantly exceeded without proper justification, a large part of the expenditure was not related to the implementation of the project, and the project expenditure was applied under another project and subsidy programme/measure.</p> <p>The expenditure claimed was not eligible according to the conditions set and did not correspond to the limits set, and the expenditure on construction works did not correspond to the prices according to the catalogues of prices for construction works.</p> <p>Suppliers of the main project activities were not selected in accordance with the Public Procurement Act or the Handbook.</p> <p>The contracting authority either did not follow these rules at all, or it did follow these rules but violated them in such a way that it could have had a significant impact on the selection of the most suitable tender.</p> <p>The beneficiary did not establish contractual terms and conditions for active management of supplier relations. As a result, technical problems with the acquired assets occurred, for example.</p> <p>The auditors found that most of the required parameters of the audited contracts had been inadequate to the needs of the contracting authority and the declared purpose. The beneficiary thus produced outputs of inadequate quality and/or quantity under the project.</p> |
|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Overview of RDP 2014-2020 projects audited with beneficiaries and evaluation of the effectiveness and economy of these projects

| Abbreviation | Project number          | Project name                                                                 | Audited beneficiary                  | Support provided in CZK | Evaluation    |         |
|--------------|-------------------------|------------------------------------------------------------------------------|--------------------------------------|-------------------------|---------------|---------|
|              |                         |                                                                              |                                      |                         | Effectiveness | Economy |
| 1745         | 17/005/0411h/564/001745 | Modernisation of the Blížkovice Farm                                         | AGRODRUŽSTVO BLÍŽKOVICE, cooperative | 12,799,398.00           | 1             | 1       |
| 3324         | 18/007/0411h/564/003324 | Farm modernisation                                                           |                                      | 18,803,896.00           | 1             | 1       |
| 0140         | 19/008/0641a/564/000140 | Enterprise diversification                                                   |                                      | 875,000.00              | 2             | 1       |
| 0161         | 20/011/0641a/564/000161 | Investments in non-agricultural activities                                   |                                      | 847,446.00              | 2             | 1       |
| 0617         | 17/004/0641a/564/000617 | Investments in non-agricultural activities – Ing. Zdeněk Kupský              | Ing. Zdeněk Kupský                   | 584,550.00              | 3             | 1       |
| 0805         | 17/004/0642a/564/000805 | Encouragement of agro-tourism – Ing. Zdeněk Kupský                           |                                      | 2,848,491.00            | 2             | 1       |
| 0479         | 19/008/0642a/564/000479 | Encouragement of agro-tourism ZK                                             |                                      | 1,727,607.00            | 2             | 1       |
| 2567         | 17/005/0411j/564/002567 | Broiler Fattening Facility Lysice                                            | ZEAS Lysice, a.s.                    | 4,000,000.00            | 1             | 1       |
| 3255         | 18/007/0411j/564/003255 | Broiler Fattening Facility Lysice II                                         |                                      | 5,172,677.00            | 1             | 1       |
| 2703         | 21/012/0411l/564/002703 | Warehouse modernisation and acquisition of equipment for the Lysice Orchards |                                      | 1,965,844.00            | 2             | 1       |
| 0976         | 16/002/0642a/120/000976 | Wellness Choťovice                                                           | Ing. Karel Horák                     | 4,455,000.00            | 3             | 1       |
| 0208         | 17/004/0641a/120/000208 | Investments in non-agricultural machinery                                    |                                      | 1,111,077.00            | 2             | 1       |

| Abbreviation                         | Project number          | Project name                             | Audited beneficiary      | Support provided in CZK | Evaluation    |         |
|--------------------------------------|-------------------------|------------------------------------------|--------------------------|-------------------------|---------------|---------|
|                                      |                         |                                          |                          |                         | Effectiveness | Economy |
| 2844                                 | 17/005/0411d/120/002844 | Sump                                     |                          | 1,890,459.00            | 2             | 1       |
| 0817                                 | 20/011/0642a/120/000817 | Sports facility for children             |                          | 1,124,325.00            | 2             | 1       |
| 0238                                 | 18/006/0641a/120/000238 | Metalworking                             | Ing. Ondřej Kříženecký   | 846,537.00              | 2             | 1       |
| 0404                                 | 18/006/0641c/120/000404 | Palletising line for pellet distribution |                          | 1,795,500.00            | 2             | 1       |
| 0171                                 | 19/008/0641a/120/000171 | Sales warehouse for wood production      |                          | 4,403,133.00            | 2             | 1       |
| 0240                                 | 17/004/0643a/120/000240 | Pellet packer                            |                          | 1,260,000.00            | 2             | 1       |
| 2030                                 | 18/007/0411i/231/002030 | Modernisation of the Dešná Farm          | ZEMSPOL DEŠNÁ,<br>s.r.o. | 37,499,620.00           | 1             | 1       |
| 0125                                 | 17/004/0641a/231/000125 | Investment in a washing line             |                          | 3,039,488.00            | 3             | 1       |
| <b>Total under the RDP 2014-2020</b> |                         |                                          |                          | <b>107,050,048.00</b>   |               |         |

**Grading:**

|   |                                                                   |
|---|-------------------------------------------------------------------|
| 1 | The funds spent are effective/economical                          |
| 2 | The funds spent are effective/economical with a reservation       |
| 3 | The funds spent are effective/economical only to a limited extent |
| 4 | The funds spent are ineffective/uneconomical                      |

## Meeting target values of monitoring indicators in audited operations

## M01 – Knowledge transfer and information events

| Changes to indicators in the versions of the RDP 2014-2020 programming document |                                                                               |                                                         |                                                         |                                                     |                                                    |                                                                        |                                                                        |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Type of indicator / measure number                                              | Name of indicator                                                             | Target value of the indicator – 10 <sup>th</sup> update | Target value of the indicator – 11 <sup>th</sup> update | Achieved level of the indicator as at 31 March 2023 | Achieved level of the indicator as at 30 June 2023 | % of fulfilment as at 30 June 2023 against the 10 <sup>th</sup> update | % of fulfilment as at 30 June 2023 against the 11 <sup>th</sup> update |
| Output / M01                                                                    | O.12 (92301) Number of trainees – Priority 2A (1.1.1)                         | 10,972                                                  | 5,251                                                   | 3,096                                               | 3,096                                              | 28.22                                                                  | 58.96                                                                  |
|                                                                                 | O.12 (92301) Number of trainees – Priority 2B (1.1.1)                         | 240                                                     | 240                                                     | 681                                                 | 681                                                | 283.75                                                                 | 283.75                                                                 |
|                                                                                 | O.12 (92301) Number of trainees – Priority 2C (1.1.1)                         | 952                                                     | 952                                                     | 0                                                   | 0                                                  | 0.00                                                                   | 0.00                                                                   |
|                                                                                 | O.12 (92301) Number of trainees – Priority 3A (1.1.1)                         | 5,236                                                   | 5,236                                                   | 2,879                                               | 3,040                                              | 58.06                                                                  | 58.06                                                                  |
|                                                                                 | O.12 (92301) Number of trainees – Priority 4 (1.1.1) – agriculture            | 31,594                                                  | 15,452                                                  | 3,278                                               | 3,278                                              | 10.07                                                                  | 19.98                                                                  |
|                                                                                 | O.12 (92301) Number of trainees – Priority 4 (1.1.1) – forestry               | 952                                                     | 952                                                     |                                                     |                                                    |                                                                        |                                                                        |
|                                                                                 | O.12 (92301) Number of trainees – Priority 5 (1.1.1) – forests                | 476                                                     | 476                                                     | 0                                                   | 0                                                  | 0.00                                                                   | 0.00                                                                   |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 2A (1.1.1)              | 1,766,185                                               | 400,092                                                 | 235,891                                             | 235,891                                            | 13.36                                                                  | 58.96                                                                  |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 2B (1.1.1)              | 90,744                                                  | 90,744                                                  | 53,931                                              | 53,931                                             | 59.43                                                                  | 59.43                                                                  |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 2C (1.1.1)              | 99,956                                                  | 99,956                                                  | 0                                                   | 0                                                  | 0.00                                                                   | 0.00                                                                   |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 3A (1.1.1)              | 549,759                                                 | 549,759                                                 | 195,182                                             | 230,134                                            | 41.86                                                                  | 41.86                                                                  |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 4 (1.1.1) – agriculture | 6,812,209                                               | 2,679,978                                               | 189,564                                             | 189,564                                            | 2.74                                                                   | 6.82                                                                   |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 4 (1.1.1) – forestry    | 99,956                                                  | 99,956                                                  |                                                     |                                                    |                                                                        |                                                                        |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 5 (1.1.1) – forests     | 49,978                                                  | 49,978                                                  | 0                                                   | 0                                                  | 0.00                                                                   | 0.00                                                                   |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) (1.1.1)                            | 9,468,787                                               | 3,970,463                                               | 674,567                                             | 709,520                                            | 7.49                                                                   | 17.87                                                                  |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 2A (1.1.1, 1.2.1)       | 2,526,452                                               | 2,526,452                                               | 235,891                                             | 436,349                                            | 17.27                                                                  | 17.27                                                                  |

| Changes to indicators in the versions of the RDP 2014-2020 programming document |                                                                                                         |                                                         |                                                         |                                                     |                                                    |                                                                        |                                                                        |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Type of indicator / measure number                                              | Name of indicator                                                                                       | Target value of the indicator – 10 <sup>th</sup> update | Target value of the indicator – 11 <sup>th</sup> update | Achieved level of the indicator as at 31 March 2023 | Achieved level of the indicator as at 30 June 2023 | % of fulfilment as at 30 June 2023 against the 10 <sup>th</sup> update | % of fulfilment as at 30 June 2023 against the 11 <sup>th</sup> update |
| Output / M01                                                                    | O.1 (92501) Total public expenditure (EUR) – Priority 2B (1.1.1, 1.2.1)                                 | 199,226                                                 | 199,226                                                 | 53,931                                              | 121,114                                            | 60.79                                                                  | 60.79                                                                  |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 2C (1.1.1, 1.2.1)                                 | 152,003                                                 | 152,003                                                 | 0                                                   | 0                                                  | 0.00                                                                   | 0.00                                                                   |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 3A (1.1.1, 1.2.1)                                 | 1,002,018                                               | 1,002,018                                               | 195,182                                             | 407,046                                            | 40.62                                                                  | 40.62                                                                  |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 4 (1.1.1, 1.2.1) – agriculture                    | 8,722,658                                               | 8,722,658                                               | 590,694                                             | 590,694                                            | 6.66                                                                   | 6.66                                                                   |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 4 (1.1.1, 1.2.1) – forestry                       | 145,899                                                 | 145,899                                                 |                                                     |                                                    |                                                                        |                                                                        |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) – Priority 5 (1.1.1, 1.2.1) – forests                        | 52,404                                                  | 52,404                                                  | 0                                                   | 0                                                  | 0.00                                                                   | 0.00                                                                   |
|                                                                                 | O.1 (92501) Total public expenditure (EUR) (1.1.1, 1.2.1)                                               | 12,800,661                                              | 12,800,661                                              | 674,567                                             | 1,555,202                                          | 12.15                                                                  | 12.15                                                                  |
| Result / M01                                                                    | T1 (92510) Share of expenditure under Article 14 of EU Regulation No 1305/2013 in total RDP expenditure | 0.27 %                                                  | 0.27 %                                                  | 0.031 %                                             | 0.033 %                                            | 12.22                                                                  | 12.22                                                                  |
|                                                                                 | T3 Total number of participants trained according to Article 14 of EU Regulation No 1305/2013           | 50,422                                                  | 28,559                                                  | 9,934                                               | 10,095                                             | 20.02                                                                  | 35.35                                                                  |
|                                                                                 | 92303 Number of participants attending events focusing on the introduction and transfer of innovation   | 30,000                                                  | 30,000                                                  | 23,389                                              | 23,631                                             | 78.77                                                                  | 78.77                                                                  |
|                                                                                 | 92302 Number of participants who took part in at least two events in the period of 2014-2020            | 7,500                                                   | 7,500                                                   | 16,212                                              | 16,212                                             | 216.16                                                                 | 216.16                                                                 |
|                                                                                 | 60000 Total number of participants                                                                      | 27,500                                                  | 27,500                                                  | 29,701                                              | 29,701                                             | 108.00                                                                 | 108.00                                                                 |

Source: RDP 2014-2020 programming document and the *Overview of the fulfilment of target values of indicators as at 30 June 2023*.

## M04 – Investments in physical assets

| Changes to indicators in the versions of the RDP 2014-2020 programming document |                                                                                                                               |                                             |                              |                                             |                              |                                                     |                                                    |                                                                        |                                                                        |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------------------|---------------------------------------------|------------------------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Type of indicator / operation number                                            | Name of indicator                                                                                                             | Target value of the indicator – 10th update |                              | Target value of the indicator – 11th update |                              | Achieved level of the indicator as at 31 March 2023 | Achieved level of the indicator as at 30 June 2023 | % of fulfilment as at 30 June 2023 against the 10 <sup>th</sup> update | % of fulfilment as at 30 June 2023 against the 11 <sup>th</sup> update |
|                                                                                 |                                                                                                                               | 10 <sup>th</sup> update                     | Funded by EURI <sup>17</sup> | 11 <sup>th</sup> update                     | Funded by EURI <sup>17</sup> |                                                     |                                                    |                                                                        |                                                                        |
| Output / 4.1.1                                                                  | O.1 (92501) Total public expenditure (4.1.1)                                                                                  | 629,275,553                                 | 113,207,547                  | 612,693,265                                 | 113,314,849                  | 457,831,669                                         | 489,973,490                                        | 77.86                                                                  | 79.97                                                                  |
|                                                                                 | O.2 (92500) Total investment (4.1.1) in EUR                                                                                   | 1,352,698,952                               | 243,352,423                  | 1,296,563,988                               | 239,793,646                  | 986,252,758                                         | 1,049,617,515                                      | 77.59                                                                  | 80.95                                                                  |
|                                                                                 | O.4 (93701) Number of agricultural holdings supported (4.1.1)                                                                 | 6,941                                       | 1,971                        | 6,941                                       | 1,971                        | 7,416                                               | 8,036                                              | 115.78                                                                 | 115.78                                                                 |
|                                                                                 | 94000 Number of agricultural holdings with investment support (4.1) (without multiple counting)                               | 5,090                                       | 1,445                        | 5,090                                       | 1,445                        | 4,330                                               | 4,581                                              | 90.00                                                                  | 90.00                                                                  |
|                                                                                 | 94901 Number of projects in supported enterprises that ensure animal welfare                                                  | 4,287                                       | 808                          | 4,287                                       | 808                          | 2,679                                               | 2,786                                              | 64.99                                                                  | 64.99                                                                  |
|                                                                                 | 92701 Number of innovative projects supported                                                                                 | 622                                         | 118                          | 622                                         | 118                          | 686                                                 | 716                                                | 115.11                                                                 | 115.11                                                                 |
| Result / 4.1.1                                                                  | R1/T4 (93710) Percentage of agricultural holdings with RDP support for investments in restructuring or modernisation          | 26.45 %                                     | 7.51 %                       | 26.45 %                                     | 7.51 %                       | 28.26 %                                             | 30.62 %                                            | 115.77                                                                 | 115.77                                                                 |
|                                                                                 | 92020 Percentage of enterprises with an increase in gross value added                                                         | 30.00 %                                     | 30.00 %                      | 30.00 %                                     | 30.00 %                      | 49.7 %                                              | 49.7 %                                             | 165.67                                                                 | 165.67                                                                 |
|                                                                                 | 92010 Percentage of enterprises with an increase in performance                                                               | 30.00 %                                     | 30.00 %                      | 30.00 %                                     | 30.00 %                      | 53.5 %                                              | 53.5 %                                             | 178.33                                                                 | 178.33                                                                 |
|                                                                                 | 93801 Change in the value of agricultural output per full-time equivalent (FTE) for supported versus unsupported enterprises. | 5.00 %                                      | 5.00 %                       | 5.00 %                                      | 5.00 %                       | Ex-post evaluation                                  | Ex-post evaluation                                 | Ex-post evaluation                                                     | Ex-post evaluation                                                     |

Source: RDP 2014-2020 programming document and the *Overview of the fulfilment of target values of indicators as at 30 June 2023*.

<sup>17</sup> A European Union instrument for which financial resources were made available for 2021 and 2022 to address the impact of the COVID-19 crisis and its consequences on the EU's agricultural sector and rural areas. The instrument was established by Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis.

M06 – Farm and business development

| Changes to indicators in the versions of the RDP 2014-2020 programming document |                                                                                                                                                                |                                             |                  |                                             |                |                                                     |                                                    |                                                                        |                                                                        |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|------------------|---------------------------------------------|----------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Type of indicator / operation number                                            | Name of indicator                                                                                                                                              | Target value of the indicator – 10th update |                  | Target value of the indicator – 11th update |                | Achieved level of the indicator as at 31 March 2023 | Achieved level of the indicator as at 30 June 2023 | % of fulfilment as at 30 June 2023 against the 10 <sup>th</sup> update | % of fulfilment as at 30 June 2023 against the 11 <sup>th</sup> update |
|                                                                                 |                                                                                                                                                                | 10 <sup>th</sup> update                     | Funded by EURI   | 11 <sup>th</sup> update                     | Funded by EURI |                                                     |                                                    |                                                                        |                                                                        |
| Output / 6.1.1                                                                  | O.1 (92501) Total public expenditure (6.1.1) in EUR                                                                                                            | 57,272,242                                  | 6,013,290        | 56,714,940                                  | 5,905,988      | 48,658,894                                          | 48,926,509                                         | 85.43                                                                  | 86.27                                                                  |
|                                                                                 | O.2 (92500) Total investment (6.1.1) in EUR                                                                                                                    | 76,762,342                                  | 8,059,650        | 65,222,181                                  | 6,791,886      | 59,612,416                                          | 59,684,835                                         | 77.75                                                                  | 91.51                                                                  |
|                                                                                 | O.4 (93701) Number of agricultural holdings/beneficiaries supported (6.1.1)                                                                                    | 1,273                                       | 134              | 1,260                                       | 131            | 1,256                                               | 1,257                                              | 98.74                                                                  | 99.76                                                                  |
| Result / 6.1.1                                                                  | R3/T5 (94201) Percentage of agricultural holdings with Rural Development Programme support for business development plan/investments for young farmers (6.1.1) | 4.85 %                                      | 0.51 %           | 4.80 %                                      | 0.50 %         | 4.79 %                                              | 4.79 %                                             | 98.76                                                                  | 99.79                                                                  |
|                                                                                 | 93800 Standard production (EUR) (6.1.1)                                                                                                                        | 11,111,111                                  | 1,116,218        | 11,111,111                                  | 1,116,218      | 25,774,073                                          | 25,774,073                                         | 231.97                                                                 | 231.97                                                                 |
| Output / 6.4.1                                                                  | O.1 (92501) Total public expenditure (6.4.1) in EUR                                                                                                            | 63,652,657                                  | NR <sup>18</sup> | 64,635,778                                  | NR             | 41,876,681                                          | 45,622,379                                         | 71.67                                                                  | 70.58                                                                  |
|                                                                                 | O.2 (92500) Total investment (6.4.1) in EUR                                                                                                                    | 159,673,359                                 | NR               | 162,139,527                                 | NR             | 97,632,845                                          | 106,483,220                                        | 66.69                                                                  | 65.67                                                                  |
|                                                                                 | O.3 (92702) Number of operations supported (6.4.1)                                                                                                             | 826                                         | NR               | 847                                         | NR             | 927                                                 | 1,021                                              | 123.61                                                                 | 120.54                                                                 |
|                                                                                 | O.4 (93701) Number of agricultural holdings/beneficiaries supported (6.4.1)                                                                                    | 826                                         | NR               | 847                                         | NR             | 927                                                 | 838                                                | 101.45                                                                 | 98.94                                                                  |
| Result / 6.4.1                                                                  | R21/T20 (94700) Jobs created as part of projects (6.4.1)                                                                                                       | 460                                         | NR               | 467                                         | NR             | 358                                                 | 379                                                | 82.39                                                                  | 81.16                                                                  |
|                                                                                 | T16 (94510) Total investment in renewable energy production (EUR)                                                                                              | 4,497,331                                   | NR               | 4,497,331                                   | NR             |                                                     |                                                    |                                                                        |                                                                        |
|                                                                                 | 92512 Share of total public expenditure on the operation in the total budget                                                                                   | 1.33 %                                      | NR               | 1.35 %                                      | NR             | 0.873 %                                             | 0.951 %                                            | 71.50                                                                  | 70.44                                                                  |

<sup>18</sup> Not relevant – no EURI funds were allocated to the measure.

| Changes to indicators in the versions of the RDP 2014-2020 programming document |                                                                                                                                                                     |                                             |                |                                             |                |                                                     |                                                    |                                                                        |                                                                        |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------|---------------------------------------------|----------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Type of indicator / operation number                                            | Name of indicator                                                                                                                                                   | Target value of the indicator – 10th update |                | Target value of the indicator – 11th update |                | Achieved level of the indicator as at 31 March 2023 | Achieved level of the indicator as at 30 June 2023 | % of fulfilment as at 30 June 2023 against the 10 <sup>th</sup> update | % of fulfilment as at 30 June 2023 against the 11 <sup>th</sup> update |
|                                                                                 |                                                                                                                                                                     | 10 <sup>th</sup> update                     | Funded by EURI | 11 <sup>th</sup> update                     | Funded by EURI |                                                     |                                                    |                                                                        |                                                                        |
|                                                                                 | 93720 Share of agricultural holdings with RDP support for investments for setting up or developing non-agricultural activities (6.4.1) in all agricultural holdings | 3.15 %                                      | NR             | 3.23 %                                      | NR             | 3.532 %                                             | 3.193 %                                            | 101.37                                                                 | 98.85                                                                  |
|                                                                                 | 92020 Percentage of enterprises with an increase in gross value added                                                                                               | 30.00 %                                     | NR             | 30.00 %                                     | NR             | 56.3 %                                              | 56.3 %                                             | 187.67                                                                 | 187.67                                                                 |
| Output / 6.4.2                                                                  | O.1 (92501) Total public expenditure (6.4.2) in EUR                                                                                                                 | 20,874,181                                  | NR             | 19,841,015                                  | NR             | 14,508,401                                          | 15,377,157                                         | 73.67                                                                  | 77.50                                                                  |
|                                                                                 | O.2 (92500) Total investment (6.4.2) in EUR                                                                                                                         | 47,441,320                                  | NR             | 45,093,216                                  | NR             | 28,350,475                                          | 30,284,796                                         | 63.84                                                                  | 67.16                                                                  |
|                                                                                 | O.3 (92702) Number of operations supported (6.4.2)                                                                                                                  | 198                                         | NR             | 188                                         | NR             | 136                                                 | 144                                                | 72.73                                                                  | 76.60                                                                  |
|                                                                                 | O.4 (93701) Number of agricultural holdings/beneficiaries supported (6.4.2)                                                                                         | 198                                         | NR             | 188                                         | NR             | 136                                                 | 131                                                | 66.16                                                                  | 69.68                                                                  |
| Result / 6.4.2                                                                  | R21/T20 (94700) Jobs created as part of projects (6.4.2)                                                                                                            | 200                                         | NR             | 190                                         | NR             | 137                                                 | 160                                                | 80.00                                                                  | 84.21                                                                  |
|                                                                                 | 92512 Share of total public expenditure on the operation in the total budget                                                                                        | 0.44 %                                      | NR             | 0.41 %                                      | NR             | 0.302 %                                             | 0.320 %                                            | 72.73                                                                  | 78.05                                                                  |
|                                                                                 | 93720 Share of agricultural holdings with RDP support for investments for setting up or developing non-agricultural activities (6.4.2) in all agricultural holdings | 0.75 %                                      | NR             | 0.71 %                                      | NR             | 0.518 %                                             | 0.500 %                                            | 66.67                                                                  | 70.42                                                                  |
|                                                                                 | 92020 Percentage of enterprises with an increase in gross value added                                                                                               | 30.00 %                                     | NR             | 30.00 %                                     | NR             | 56.3 %                                              | 56.3 %                                             | 187.67                                                                 | 187.67                                                                 |
| Output / 6.4.3                                                                  | O.1 (92501) Total public expenditure (6.4.3) in EUR                                                                                                                 | 852,359                                     | NR             | 852,359                                     | NR             | 852,360                                             | 852,360                                            | 100.00                                                                 | 100.00                                                                 |
|                                                                                 | O.2 (92500) Total investment (6.4.3) in EUR                                                                                                                         | 2,047,785                                   | NR             | 2,047,785                                   | NR             | 2,047,785                                           | 2,047,785                                          | 100.00                                                                 | 100.00                                                                 |



| Changes to indicators in the versions of the RDP 2014-2020 programming document |                                                                             |                                             |                |                                             |                |                                                     |                                                    |                                                                        |                                                                        |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------|----------------|---------------------------------------------|----------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Type of indicator / operation number                                            | Name of indicator                                                           | Target value of the indicator – 10th update |                | Target value of the indicator – 11th update |                | Achieved level of the indicator as at 31 March 2023 | Achieved level of the indicator as at 30 June 2023 | % of fulfilment as at 30 June 2023 against the 10 <sup>th</sup> update | % of fulfilment as at 30 June 2023 against the 11 <sup>th</sup> update |
|                                                                                 |                                                                             | 10 <sup>th</sup> update                     | Funded by EURI | 11 <sup>th</sup> update                     | Funded by EURI |                                                     |                                                    |                                                                        |                                                                        |
|                                                                                 | O.3 (92702) Number of operations supported (6.4.3)                          | 14                                          | NR             | 14                                          | NR             | 14                                                  | 14                                                 | 100.00                                                                 | 100.00                                                                 |
|                                                                                 | O.4 (93701) Number of agricultural holdings/beneficiaries supported (6.4.3) | 14                                          | NR             | 14                                          | NR             | 14                                                  | 14                                                 | 100.00                                                                 | 100.00                                                                 |

| Changes to indicators in the versions of the RDP 2014-2020 programming document |                                                                                                                                                                     |                                             |                |                                             |                |                                                     |                                                    |                                                                        |                                                                        |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------|---------------------------------------------|----------------|-----------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Type of indicator / operation number                                            | Name of indicator                                                                                                                                                   | Target value of the indicator – 10th update |                | Target value of the indicator – 11th update |                | Achieved level of the indicator as at 31 March 2023 | Achieved level of the indicator as at 30 June 2023 | % of fulfilment as at 30 June 2023 against the 10 <sup>th</sup> update | % of fulfilment as at 30 June 2023 against the 11 <sup>th</sup> update |
|                                                                                 |                                                                                                                                                                     | 10 <sup>th</sup> update                     | Funded by EURI | 11 <sup>th</sup> update                     | Funded by EURI |                                                     |                                                    |                                                                        |                                                                        |
|                                                                                 | 92512 Share of total public expenditure on the operation in the total budget                                                                                        | 0.02 %                                      | NR             | 0.02 %                                      | NR             | 0.018 %                                             | 0.018 %                                            | 88.82                                                                  | 88.82                                                                  |
|                                                                                 | 93720 Share of agricultural holdings with RDP support for investments for setting up or developing non-agricultural activities (6.4.3) in all agricultural holdings | 0.05 %                                      | NR             | 0.05 %                                      | NR             | 0.053 %                                             | 0.050 %                                            | 100                                                                    | 100.00                                                                 |
|                                                                                 | 92020 Percentage of enterprises with an increase in gross value added                                                                                               | 30.00 %                                     | NR             | 30.00 %                                     | NR             | 0                                                   | 0                                                  | 0                                                                      | 0                                                                      |
| Result / 6.4.3                                                                  | T16 (94510) Total investment in renewable energy production (EUR)                                                                                                   | 2,047,785                                   | NR             | 2,047,785                                   | NR             | 2,047,785                                           | 2,047,785                                          | 100                                                                    | 100                                                                    |

Source: RDP 2014-2020 programming document and the *Overview of the fulfilment of target values of indicators as at 30 June 2023*.