

Audit Report

22/09

State and European Union funds earmarked for aid measures to conserve, protect and care for nature and the landscape

The audit was included in the audit plan of the Supreme Audit Office (hereinafter the “SAO”) for 2022 under No 22/09. The audit was managed and the Audit Report drawn up by SAO member Mr Petr Neuvirt.

The aim of the audit was to verify whether the funds earmarked for the implementation of measures in the field of protection and care for nature and the landscape had been spent effectively and in accordance with legal regulations.

The audit was carried out at the audited entities in the period between April 2022 and November 2022.

The audited period covered the years 2019 to 2021. Where relevant, the preceding and following periods were also subject to scrutiny.

Audited entities:

Ministry of the Environment (hereinafter the “MoE”); Nature Conservation Agency of the Czech Republic, Prague (hereinafter the “NCA”); State Environmental Fund of the Czech Republic, Prague (hereinafter the “SEF”); Lesy České republiky, s.p. (Forests of the Czech Republic), Hradec Králové; EKOFARM LIPNO s.r.o., Frymburk; Hnutí DUHA Šelmy (DUHA Movement Carnivora), Olomouc; the Municipality of Kojetín; the Municipality of Třešť; the Municipality of Žďár nad Sázavou; REVITA CZ o.p.s., Droužetice.

At its 5th session held on 20 March 2023, the **Board of the SAO issued**

Resolution No 9/V/2023 approving the **Audit Report** worded as

follows:

Protection and care for nature and the landscape

CZK 5.15 billion

Funds spent by the MoE from

CZK 0.93 billion

Funds spent by the MoE

CZK 18 million

Funds spent by the SEF

the Operational Programme <i>Environment 2014-2020</i> as of 31 December 2021	from the state budget in 2019-2021 ¹	between 2019 and 2021 for land purchases for the NCA
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3 out of 7 of the OPEn output indicators showed values below 10 % of the target value as of 31 December 2021 and their target values **will not be met** by the end of the programming period

1 out of 4 of the OPEn result indicators showed value below 10 % of the target value as of 31 December 2021 and its target value **will not be met** by the end of the programming period

6 out of 8 target values of the indicators of the programme *Aid for the Restoration of Natural Landscape Functions - from 2019* **will not be met**

2 out of 5 target values of the indicators of the sub-programme *Management of Inalienable State Property in Specially Protected Areas* **will not be met**

0 no measurable objectives of the *Landscape Care Programme*

79 ha purchased, **of which 2 ha** under the pre-emptive right of the State

0 the MoE did **not** submit any application for the registration of the pre-emptive right of the State in the Land Register

I. Summary and Evaluation

1.1 In the European Union, there has been no significant improvement in the state of sites and species of European importance, according to the State of Nature Report². A key objective of the EU Biodiversity Strategy³ by 2020 was to halt the loss of biodiversity and the degradation of ecosystem services in the EU⁴. Despite partial successes, the decline of protected species and habitats cannot be halted⁵. The Czech Republic is also experiencing a decline in

¹ *Landscape Care Programme; programme Aid for the Restoration of Natural Landscape Functions -from 2019; sub-programme Management of Inalienable State Property in Specially Protected Areas (SPAs).*

² *Report on the state and trends of species and habitat types protected under the Birds and Habitats Directives for the period of 2013-2018.*

³ We understand biodiversity as the diversity of life in all its forms, levels and combinations. It is not simply the sum of all genes, species and ecosystems, but rather the variability within and among them. (Source: CBD - *Convention on Biological Diversity.*)

⁴ Benefits provided to people by ecosystems. Through the use of ecosystem services, people can achieve their desired level of well-being.

⁵ The European Commission estimates that the failure to meet the headline target of the *EU Biodiversity Strategy to 2020* is costing the EU economy EUR 50 billion a year.

biodiversity⁶ and a related deterioration in the functioning of ecosystems and ecosystem services, increasing sensitivity to climate change and the risk of introducing non- native species.

1.2 The SAO audited whether the funds earmarked for the implementation of measures in the field of protection and care for nature and the landscape had been spent effectively and in accordance with legal regulations. The SAO audited the funds:

- from the EU resources under the Operational Programme *Environment 2014-2020* (hereinafter also the "OPEn"), specifically under Priority Axis 4 - *Protection and care for nature and landscape* (hereinafter also "PA 4");
- from the resources of the state budget chapter *Ministry of the Environment* (hereinafter referred to as "315 - MoE"), namely under:
 - *Landscape Care Programme* (Program péče o krajinu, hereinafter also "PPK");
 - programme 115 170 - *Aid for the Restoration of Natural Landscape Functions* - from 2019 (Podpora obnovy přirozených funkcí krajiny, hereinafter also "POPFK");
 - sub-programme 115V032 - *Management of Inalienable State Property in Specially Protected Areas* (Správa nezcizitelného státního majetku ve zvláště chráněných územích, hereinafter also "MaS");
- from the resources of the SEF under the *National Programme Environment* (hereinafter also referred to as the "NPE"), specifically from the 4th priority area: *Nature and landscape*.

1.3 For measures to protect biodiversity and ecosystems, adapt to climate change, etc., the MoE had spent funds from EU sources in the amount of CZK 5.15 billion as of 31 December 2021. In addition, the MoE spent funds of CZK 0.93 billion from the state budget in the audited years 2019 to 2021 in the area of protection and care for nature and the landscape⁷ and the SEF⁸ spent funds of CZK 18.42 million in the same period for land purchases for the NCA.

1.4 Some indicators used to assess the level of achievement of the objectives of the MoE programmes and the Operational Programme *Environment 2014-2020* will not be met⁹. The programme objectives set by the MoE, for example, ensuring the necessary care for the objects of protection in nationally important protected areas, halting the loss of biodiversity, preserving natural and landscape values, increasing the ecological stability of the landscape and restoring the water regime of the landscape, will not be fully met.

⁶ *Report on the quality of life and its sustainability (Evaluation of the implementation of the Strategic Framework Czech Republic 2030)* from 2021.

⁷ State budget chapter 315 - MoE: PPK, POPFK, MaS.

⁸ NPE, 4th priority area: *Nature and the landscape*.

⁹ For the evaluation of the implementation of the OPEn, the MoE established and quantified specific result and output indicators for the specific objectives of PA 4. The MoE set and quantified specific indicators and parameters for the evaluation of the POPFK Programme and specific indicators for the evaluation of the MaS sub-programme. The level of achievement of the set indicators as at 31 December 2021 is presented in Annexes 2 and 3 to this Audit Report.

1.5 The MoE did not monitor or evaluate the benefits of the funds provided from the *Landscape Care Programme*. The funds spent by the MoE through programme funding in 2019-2021 were not used for investment activities, but to finance current expenditure¹⁰ in the field of protection and care for nature and landscape. The MoE did not implement the measures defined by the basic strategic documents in the field of protection and care for nature and landscape within the set deadlines.

1.6 The MoE did not proceed according to the Act on Nature and Landscape Protection¹¹ (hereinafter referred to as the “Nature and Landscape Protection Act”) by failing to submit applications for the registration of the pre-emptive right of the State in the Land Register and in some cases failing to comply with the statutory deadline for the exercise of the State's pre-emptive right to buy land located in specially protected areas valuable in terms of nature.

1.7 20 projects were audited¹², where it was found that the funds had been used in accordance with the approved objectives. The audit revealed violations of legal regulations.

1.8 The assessment is based on the following findings:

- a) Four of the seven output indicators and one of the four result indicators for PA 4¹³, whose values are based on implemented projects, will not be met by the end of the programming period. As of 31 December 2021, the indicators showed compliance through the value achieved ranging from 0.67 % to 15.12 %.
- b) As of 31 December 2021, six of the eight indicators and 14 of the 24 parameters of the POPFK Programme showed performance values below 50 % of their binding target values. As of 31 December 2021, two of the five indicators of the MaS sub-programme showed performance values below 50 % of their binding target values.
- c) The MoE financed current expenditure in the field of protection and care for nature and landscape through programme financing (POPFK and MaS), although programme financing was intended for the acquisition or technical improvement of tangible and intangible fixed assets. The state of spending as at 31 December 2021 was as follows:
 - 94 % of the state budget funds used under the POPFK Programme to finance actions in 2019-2021 were current expenditure totalling CZK 98 million.
 - 97 % of the state budget funds used under the MaS sub-programme to finance actions in 2018-2021 were current expenditure totalling CZK 80.64 million.

¹⁰ In particular, expenditure item 5169 - *Purchase of other Services*.

¹¹ Act of the Czech National Council No 114/1992 Coll., on nature and landscape protection.

¹² Projects are defined as OPEn projects (16), actions implemented under the POPFK Programme (2) and measures implemented under PPK (2).

¹³ *Increase in the number of measures to reduce non-native species (including mapping or monitoring); increase in the total number of measures (including mapping or monitoring) to promote species and habitats; ensuring the migratory permeability of the river network; increase in the number of measures to prevent, minimise and remedy damage caused by specially protected species; increase in the number of cleared barriers to animal migration.*

Act No 218/2000 Coll.¹⁴ and Decree No 560/2006 Coll.¹⁵ set out the procedures for programme financing that must be followed by the programme administrator and programme participants. The MoE did not proceed in accordance with the provisions of Section 6(2) of Decree No 560/2006 Coll., as it did not carry out the final evaluation of the actions.

- d) The MoE did not have any indicators, parameters or other criteria on the basis of which it would have been possible to objectively assess the benefits of the funds provided under the *Landscape Care Programme*. In the years 2019 to 2021, the MoE did not proceed in accordance with the provisions of Section 39(3) of Act No 218/2000 Coll., as the MoE as the administrator of the state budget chapter 315 - MoE did not monitor and evaluate the economy, efficiency and effectiveness of the expenditures spent within PPK.
- e) The MoE did not implement some of the measures defined in the *Biodiversity Strategy of the Czech Republic 2016-2025* (hereinafter also the "Strategy") and in the *State Programme of Nature Conservation and Landscape Protection of the Czech Republic for the period of 2020-2025* (hereinafter also the "Programme"), or implemented them only partially. The MoE did not play a coordinating role in the implementation of the Strategy and the Programme, as it did not monitor the implementation of the measures according to the set deadlines.

The achievement of some of the objectives of the Strategy and the Programme at the end of 2025 is uncertain in view of the observed status of implementation of the audited measures under the competence of the MoE.

- f) The MoE did not proceed in accordance with the provisions of Section 61(1) of the Nature and Landscape Protection Act by not submitting an application for registration of the pre-emptive right in the Land Register¹⁶, resulting in the transfer of land valuable in terms of nature without the exercise of the State's preferential offer. The SAO drew attention to this fact already in the Audit Report of audit No 18/23 - *State funds and property under the management of National Park administrations*¹⁷.

In the audited period, the MoE received seven offers to purchase land located in National Nature Reserves (NNRs) or National Nature Monuments (NNMs) under the State's pre-emptive right under the Nature and Landscape Protection Act. The MoE did not comply with the 60-day statutory deadline for the State to express its interest in exercising the pre-emptive right for three offers of land for purchase, although the MoE was interested in buying the land in question. Of these, for one offer the seller concluded the purchase agreement after the deadline had passed. As a result of the MoE's failure to exercise the pre-emptive right in time, land in sites valuable in terms of nature with a total area of 1.87

¹⁴ Act No 218/2000 Coll., on the budgetary rules and amending certain related acts (the Budgetary Rules).

¹⁵ Decree No 560/2006 Coll., on the participation of the state budget in the financing of asset reproduction programmes.

¹⁶ Pursuant to the provisions of Section 61(1) of the Nature and Landscape Protection Act, the Czech Republic has a pre-emptive right to undeveloped land outside the built-up areas of municipalities in National Parks, National Nature Reserves, National Nature Monuments and land related to caves.

¹⁷ The Audit Report was published in Volume 4/2019 of the *SAO Bulletin*.

ha was not purchased.

- g) The audit of the NCA and other selected beneficiaries revealed the following shortcomings:
- violation of the principle of transparency and non-discrimination under Act No 134/2016 Coll.¹⁸; violation of the conditions of public procurement under the OPEn by setting a shorter deadline for submission of tenders;
 - breach of the terms of the subsidy granted by failing to report changes to the project;
 - incorrect accounting in relation to the acquisition or technical improvement of tangible fixed assets;
 - failure of the internal control system - during the evaluation of aid applications, the NCA did not exclude two projects, although the applicant had not provided the required documents within the set deadline.

In some cases, the SAO assessed the identified shortcomings as indicating a breach of the budgetary discipline within the meaning of the Budgetary Rules.

II. Information on the Audited Area

Ministry of the Environment

2.1 The MoE is the central state administration authority for, among other things, nature and landscape protection. The MoE is the body of supreme state oversight in environmental matters. It is responsible for the nature conservation and landscape protection concept.

2.2 The MoE provides state budget funds to finance the protection and care for nature and the landscape, and is the managing authority for the OPEn. Furthermore, the MoE decides on the provision of funds from the State Environmental Fund; these funds are distributed from the NPE.

Nature Conservation Agency of the Czech Republic

2.3 The basic purpose of the NCA is to provide professional support for the performance of state administration in the field of nature and landscape protection, to ensure the care of protected areas within its territorial jurisdiction and the performance of state administration in the territory of Protected Landscape Areas, as well as to provide professional, methodical, educational, training, awareness-raising and information activities in the field of nature and landscape protection.

2.4 Among other things, the NCA ensures the administration of national subsidy programmes in the field of nature and landscape protection, including control and monitoring, and on the basis of agreements on the performance and delegation of certain activities related to the implementation of the OPEn, it was entrusted with the administration and evaluation of aid applications under PA 4 of the OPEn.

¹⁸ Act No 134/2016 Coll., on public procurement.

State Environmental Fund

2.5 The SEF plays the role of an intermediary body for the OPEn, based on the *Agreement on Delegation of Certain Activities and Powers of the MoE as the Managing Authority for the OPEn in the Programming Period of 2014-2020 to the SEF*. The SEF also administers the NPE.

State Environmental Policy of the Czech Republic for 2012-2020

2.6 The overarching strategic document in the field of environmental protection was the *State Environmental Policy of the Czech Republic for 2012-2020* (hereinafter also referred to as the “State Environmental Policy”), which had been approved by Resolution No 6 of the Government of the Czech Republic of 9 January 2013; its updated version had been approved by Resolution No 1026 of the Government of the Czech Republic of 23 November 2016. For the area of nature protection, the State Environmental Policy has set thematic area 3. *Nature protection* and strategic objectives 3.1 *Ecological functions of the landscape*, 3.2 *Natural landscape values* and 3.3 *Settlements*.

Strategic Framework for the Development of the Czech Republic until 2030 (Czech Republic 2030)

2.7 *Czech Republic 2030* is a strategic framework that sets the direction in which the development of the Czech Republic should evolve and serves as a basis for evaluating the development of the Czech Republic and its global responsibilities. The document formulates strategic and specific objectives that the Czech Republic should achieve by 2030, including that the Czech landscape should be diverse and biodiversity should be restored. The Strategic Framework was approved by Resolution No 292 of the Government of the Czech Republic of 19 April 2017, *on the Strategic Framework Czech Republic 2030*.

Biodiversity Strategy of the Czech Republic 2016-2025

2.8 The Strategy is a basic conceptual document defining priorities in the field of protection and conservation and sustainable use of biodiversity in the Czech Republic. The main objective of the Strategy is to prevent the continued overall loss of biodiversity in the Czech Republic and to implement measures and activities that will lead to an improvement in the current state and long-term sustainable use of biodiversity. According to the Strategy, biodiversity protection in the Czech Republic is still insufficiently effective. Despite the main objective (to prevent decline), the overall state of biodiversity continues to deteriorate, with only some improvements.

2.9 The Strategy contains a total of 20 framework objectives in four priority areas, which, among other parts, define sub-objectives and specific measures for their implementation. The Strategy contains a total of 68 sub-objectives and 123 follow-up measures. Each measure was assigned its own indicator, deadline and responsibility. The main responsibility for the implementation of the Strategy and its sub-objectives lies with the MoE, and most of the proposed measures are also under the responsibility of the MoE.

State Programme of Nature Conservation and Landscape Protection of the Czech Republic 2020-2025

2.10 The Programme is a sub-conceptual document that builds on the Strategy and responds to the current state of nature and the landscape and the need for their protection. The main task of the Programme is to strengthen the protection of nature and the landscape in order to prevent the continued loss of biodiversity in the Czech Republic and to implement measures and activities that will lead to its improvement. The Programme has been defined for a period of five years, i.e., until 2025, when the Strategy and the Programme should be revised in order to unify the future conceptual document for the period until 2030.

2.11 The Programme contains a total of 12 framework objectives, 36 main objectives and 119 specific measures in three priority areas. Each measure has been assigned its own indicator, which should make it possible to evaluate the implementation of the measure in relation to the set deadline.

Legislative framework

2.12 In the audited period, there was a valid and effective Nature and Landscape Protection Act, the purpose of which is, with the involvement of the relevant regions, municipalities and land owners and administrators, to contribute to the maintenance and restoration of the natural balance in the landscape, to the protection of the diversity of life forms, natural values and beauty, to the careful management of natural resources and to the creation of the *Natura 2000* system in the Czech Republic in accordance with European Community law¹⁹.

2.13 One of the most important instruments of nature and landscape protection in the Czech Republic is the protection of territories, which is carried out through specially protected areas (hereinafter also “SPAs”). The Nature and Landscape Protection Act defines two categories of large-area SPAs: National Parks and Protected Landscape Areas, and four categories of small-area SPAs: National Nature Reserves, Nature Reserves, National Nature Monuments and Nature Monuments.

Table 1: Territory protection in the Czech Republic as of 31 December 2021

Category of specially protected areas	Number	Area (in km²)
National Parks	4	1,190.2
Protected Landscape Areas	26	11,381.8
National Nature Reserves	110	304.4
National Nature Monuments	126	82.7
Nature Reserves	818	435.0
Nature Monuments	1,589	336.5

Source: NCA.

Aid for nature and landscape protection

2.14 The audited funds earmarked for the aid of measures related to the protection and care

¹⁹ *Natura 2000* is the world's largest system of protected areas, created by all EU Member States for their territories under common rules. It helps to protect and preserve rare and endangered wildlife, wild plants and natural habitats for future generations. In the Czech Republic, *Natura 2000* consists of 41 bird areas and 1,112 sites of European importance. The system covers 14 % of the territory of the Czech Republic.

for nature and the landscape were provided by the Ministry of the Environment and the State Environmental Fund of the Czech Republic from the OPEn, POPFK, MaS, PPK and the NPE.

Operational Programme Environment 2014-2020

2.15 The issue of protection and care for nature and the landscape is addressed in Priority Axis 4 - *Protection and care for nature and the landscape*, specifically in Investment Priority 1²⁰. As of 31 December 2021, a total of 2,181 projects were in various stages of progress under PA 4 of the OPEn with an approved amount of aid of CZK 9.22 billion, and CZK 5.15 billion had been disbursed as of the same date.

2.16 Investment Priority 1 of PA 4 of the OPEn has four specific objectives (hereinafter also referred to as "SO"): 4.1 *Ensure a favourable condition of the object of protection of nationally important protected areas*; 4.2 *Strengthen biodiversity*; 4.3 *Strengthen the natural functions of the landscape*; 4.4 *Improve the quality of the environment in settlements*.

Landscape Care Programme

2.17 PPK is the most financially significant non-investment national subsidy programme in the field of landscape care, which is announced annually by the MoE. The programme is an instrument serving to secure the objectives in nature and landscape protection, which are not able to be secured by the more broadly set European programmes, especially the OPEn. PPK provides non-investment funding divided into three separate sub-programmes. Between 2019 and 2021, the MoE spent funds of CZK 759.44 million under PPK.

Programme Aid for the Restoration of Natural Landscape Functions - from 2019

2.18 The aim of the POPFK Programme is to secure the obligations of nature conservation authorities in relation to SPAs, the *Natura 2000* system and the provision of measures to aid the objects of protection, the implementation and preparation of rescue programmes and programmes of care for specially protected species of plants and animals and regional action plans, the provision of measures to control the spread of invasive species, adaptation measures to mitigate the effects of climate change on aquatic, non-forest and forest ecosystems, and the provision of background documents for improving the natural environment. Between 2019 and 2021, the MoE spent funds of CZK 104.08 million under the POPFK Programme.

Sub-programme Management of Inalienable State Property in Specially Protected Areas (SPAs)

2.19 This is a sub-programme of Programme 115 030 - *Development and Renewal of the Material and Technical Base of the Management System of the MoE for the years 2018-2022*. The aim of the sub-programme is to ensure financial support for activities related to the exercise of ownership rights to State property located in SPAs and their protection zones and to the performance of the role of the administrator of small watercourses. Between 2019 and

²⁰ Investment Priority 1 of Priority Axis 4: *Preserving and protecting the environment and promoting the effective use of resources by protecting and restoring biodiversity and soil and promoting ecosystem services, including through the Natura 2000 network and ecological infrastructures [under Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013, Article 5(6)(d)].*

2021, the MoE spent funds of CZK 67.32 million under the MaS sub-programme.

National Programme Environment

2.20 The NPE aids projects for the protection and improvement of the environment in the Czech Republic from national resources or from the funds of the SEF. In the audited period, the NPE was divided into nine priority areas; the audited issues were covered by the 4th priority area: *Nature and landscape*. In the years 2019 to 2021, the SEF spent funds for land purchases for the NCA in the amount of CZK 18.42 million within the 4th priority area of the NPE.