

**MINISTRY OF REGIONAL DEVELOPMENT**

**DRAFT PARTNERSHIP AGREEMENT FOR  
THE 2014-2020 PROGRAMMING PERIOD**

**CZECH REPUBLIC**

June 2013

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# Introduction

The Partnership Agreement for the 2014-2020 programming period (hereinafter also the “Agreement” or “Partnership Agreement”) is a document prepared by a member state, with partners taking part, in accordance with the multi-level governance approach, defining the member state’s strategy, priorities and measures for effective **and efficient use of the CSF funds<sup>1</sup> in order to achieve the Europe 2020 strategy objectives**. On the basis of Resolution No. 867 of 28 November 2012, the Ministry of Regional Development (MoRD) of the Czech Republic is in charge of the preparation of the programmes co-funded from CSF funds for the 2014 to 2020 programming period in the Czech Republic (CZ). The draft Agreement is prepared in accordance with Art. 14 of the Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMMF) covered by the Common Strategic Framework (CSF) any laying down general provisions on the European Regional Development Fund , the European Social Fund and the Cohesion Fund and repealing Council Regulation (EC) No 1083/2006 (hereinafter “the Common Provisions Regulation (CPR)”), which sets forth its contents, and with the template from the European Commission, detailing the contents. The Partnership Agreement for the 2014-2020 programming period is based on CSF, which includes ERDF, ESF, CF, (EAFRD and EMFF, and addresses materially the areas and programmes of all stated funds in all its parts. The content of the Agreement therefore covers not only the operational programs under the objective of Investment for growth and jobs, but also under the objective of the European territorial cooperation and the programs co-financed by the EAFRD and EMFF.

## The process of preparation for the 2014-2020 programming period and the Partnership Agreement

The work on creating the conditions for the preparation of programming documents 2014-2020 was launched in 2010 under the activities of co-ordination committees for strategic objectives of the National Strategic Reference Framework (NSRF). It was mainly about the evaluation of performance of the NSRF objectives, the assessment of the intervention logic of selected existing OPs, and verification of the content of the related strategic documents. The discussions identified the need for updating / developing new strategic documents for 2014-2020 and established the main principles of the 2014-2020 programming period (the principle of strategic focus and programming, the principle of supporting the functioning market, the principle of supporting the quality projects, the principle of ease of preparation and implementation of projects). Given the experience from the preparation of programmes for the 2007-2013 programming period, the following items have been highlighted as key elements: strategic approach, monitoring of the intervention logic, correct identification of needs, and focus on results.

In the second half of 2010, the MoRD commenced preparations for defining the content and implementation system of the CSF funds for the 2014–2020 programming period as the basis for the processing of the Partnership Agreement for the 2014-2020 programming period. Conscious of the need to prepare interventions in a wide range of interested institutions, the MoRD involved also partners at national, regional and local level, representing the interests of the public, private and voluntary sector, in the preparation process. This set broad partnership discussed the analysis of the social and economic situation in the form of a SWOT analysis and prepared a document setting out the national development priorities (NDP) for future support from European funds. Preparation of the NDP was based on the Strategic Framework for Sustainable Development (SFSD) and Spatial Development Policy of the Czech Republic (SDP), reflecting also the emerging International Competitiveness Strategy (ICS), the Regional Development Strategy 2014-2020 (RDS) and the annually updated National Reform Programme (NRP). The resulting 5 NDPs (Improving the competitiveness of the economy, Development of backbone infrastructure, Improving the quality and efficiency of public administration, Promoting social inclusion, the fight against poverty, and the health care system, and the Integrated area development) have been described in the document “Comprehensive draft focus

*National  
Development  
Priorities  
2010 – July 2011*

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<sup>1</sup>In general terms, preparations for the 2014 - 2020 programming period have relied temporarily on the EU regulations as tentatively approved by the Council through the partial general approach, except for anything related to the programming process in respect of which a tentative compromise has been reached in trialogues with the European Parliament. This compromise has resulted, among other things, in changing the name of the CSF funds into the "European Structural and Investment Funds".

of the future EU cohesion policy after 2013 in the Czech Republic, including the proposal for development priorities for the use of EU funds after 2013”, and acknowledged by the Government in the Resolution No. 650 of 31 August 2011.

The stated Government Resolution established a task to develop the NDPs to the level of definition of programmes. For correct settings and real management of the interventions aimed at fulfilling the objectives of the NDPs, it was decided to insert the level of thematic scopes (TS), which further elaborate on the social and economic situation of the situation in the key sectors. A key input to these were, in addition to the NDPs, the problem analyses commissioned by all relevant ministries, regions and other regional actors and NGOs as requested by the MoRD as at December 2011 - January 2012, with the possibility of later additions and updates. TSs passed through discussions and comment procedure in the broad partnership of those entities. They were finalized in November 2012 with the contribution of renowned independent experts as the coordinators of TSs and through roundtables with the participation of economic and social partners and the non-profit sector.

Concurrently,<sup>2</sup> partner organizations (ministries, departments and other relevant bodies) were asked to provide their positions on the issue of pre-conditions laid down by the regulations on the existence or preparation of sectoral or regional strategic documents. The fulfilment of pre-conditions was continuously monitored and updated in close cooperation of the MoRD with relevant guarantors throughout the preparation and processing of the Partnership Agreement.

Based on input from partners, and respecting the requirements of the draft European and domestic legislation and following the Czech Government policy statement, the MoRD has prepared a draft definition of programmes co-financed from the CSF Funds for 2014-2020. This draft is based on the needs of the Czech Republic, defined in national, sectoral and regional strategic documents, NDP, thematic scope, and documents from the partners (problem analyses), and as such is the basis for the draft of the Partnership Agreement. Definition of the programmes, contained in the “Document for Partnership Agreement Preparations for the 2014-2020 Programming Period – Definitions of Programmes and Further Action in Preparing the Czech Republic for Effective Use of the Common Strategic Framework Funds” was approved by the Government Decree No. 867 of 28 November 2012.

After approving the definitions of programmes by the Czech Government, work on the preparation of necessary platforms was started for the preparation and implementation of the 2014–2020 programming period. Already in August 2012, an Interdepartmental Expert Advisory Group (IEAG) was established to deal with the preparations of a methodological environment and discussion of the various methodological documents processed. In December 2012 and January 2013, Work group for the preparation of the Partnership Agreement and the Work Group for development of programmes 2014-2020 were established. The Work Group for the preparation of the Partnership Agreement is a key platform for discussing the Processing of the Partnership Agreement with representatives of the managing authorities of programmes. To provide a strategic direction in the broad partnership of ministries, regional actors, NGOs, economic and social partners and other, for the preparation and implementation phase of the 2014-2020 programming period, a Council for funds of the Common Strategic Framework (CSF Funds Council) and its working level with five thematically focused work groups (see the Definition of platforms for the 2014-2020 programming period, submitted to the Government of CZ for information on 20 February 2013) shall be established.

Time progress of the creation of the Partnership Agreement and programmes is set forth in the above stated Government Resolution No. 867 and is further updated in relation to the conclusions of the informal negotiations with the European Commission. The managing authorities were ordered to send the first draft programmes to the MoRD until 31 March 2013 (with the exception of programmes prepared by the Ministry of Agriculture (MoA). MoRD was charged with submitting the draft Partnership Agreement and the information on the status of preparation of programmes to the Government of CZ by 31 May 2013. The comprehensive draft Partnership Agreement and the programmes shall be sent to the European Commission in

***Thematic scopes and problem analyses***  
*September 2011 – November 2012 (after that on a continuous basis)*

***Ex ante conditionalities***  
*January 2012 (after that on a continuous basis)*

***Defining the programmes 2014-2020***  
*Nov 2012*

***Platforms for preparation and implementation of the 2014-2020 programming period***  
*Jan 2013*

***Development of programmes and the Partnership Agreement***  
*November 2012 – October 2013*

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<sup>2</sup>On the basis of the Government Resolution No. 42 of 18 January 2012 to the file of General Positions on draft regulations for the period 2014-2020 concerning the Structural Funds, the Cohesion Fund and the European Grouping for Territorial

October 2013.

The project framework of the Partnership Agreement using the above described procedures of national preparation of the 2014-2020 programming period and the created outputs is shown in the diagram 0-1 below. From the level of national training, the mentioned problem analyses, NDPs and thematic scopes, plus the materials to define the programmes (Basis for preparation of the Partnership Agreement for the 2014-2020 programming period - the definition of programmes and next steps in preparing the Czech Republic for the efficient utilization of the Common strategic framework funds) and the methodological documents at the implementation level enter into the Partnership Agreement as key documents. The closely interconnected documents being prepared and the Partnership Agreement and programmes at NRP, ICS and other national, sectoral and regional strategic documents for the period 2014-2020 are critically important as well<sup>3</sup>.

***The concept of creation of the Partnership Agreement – national part***

At the European level, the Partnership Agreement and the interventions from CSF funds are directly bound with meeting the objectives set out in the Europe 2020 Strategy and CSF. One of the tools of the Europe 2020 Strategy is a system of strategic objectives, within which all interventions of the cohesion policy but also of the Second Pillar of the Common Agricultural Policy and the Common fisheries policy must move. The emphasis on the link with the Europe 2020 Strategy in the EU legislation for the 2014-2020 programming period is applied by the principle of thematic concentration and thematic objectives and investment priorities on which the Partnership Agreement and, consequently, the programmes are based. The European Commission expressed its opinion on the challenges and priorities for funding in the Czech Republic for the 2014-2020 programming period in the Position Paper, which was presented by the European Commission on 22 November 2012.

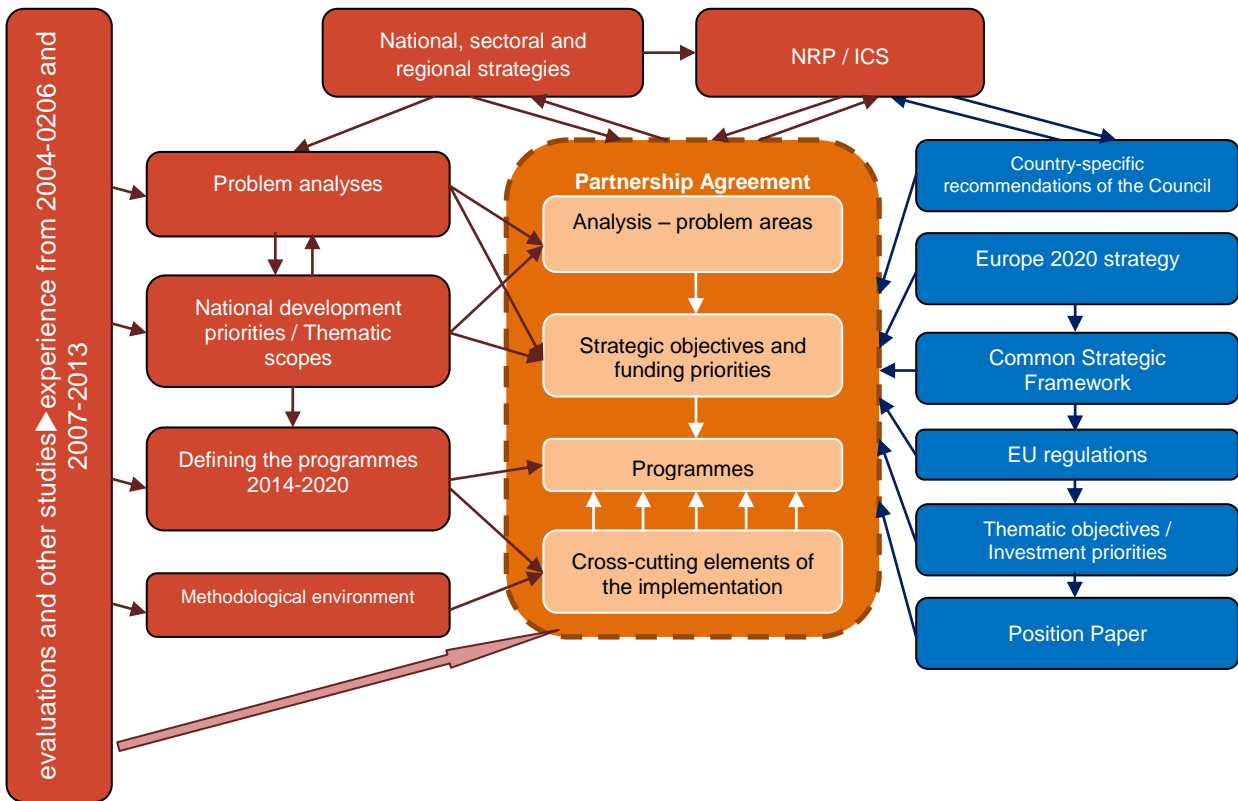
***The concept of creation of the Partnership Agreement – European part***

The Partnership Agreement and the programmes further respect the major challenges and priorities of funding, identified by the European Commission, and the Czech Republic complies with them during the processing of the Partnership Agreement and programmes and in their negotiations with the European Commission. The process of creation of the Partnership Agreement and the programmes also observed the specific recommendations to the Council, which are based on the periodic evaluation of the implementation of the NRP.

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<sup>3</sup>It is in particular the Strategic Framework for the Sustainable Development, the Regional Development Strategy etc.

**Scheme 0-1- The project framework of the Partnership Agreement in the Czech Republic**



Source: MoRD



# 1 Ensuring alignment with the Europe 2020 Strategy

## 1.1 Analysis of disparities, development needs and growth potential

### Initial macroeconomic situation of the Czech Republic

*For the final form of the Partnership Agreement, this part shall be updated according to the current macroeconomic data.*

#### Economic situation in the Czech Republic in 2012

In the first months of 2012, a recession started in the Czech economy, and gradually deepened in the following period. Gross domestic product (GDP<sup>4</sup>) in the 1st quarter, decreased year-to-year by 0.4%, and its decline was accelerated in the following quarters (-1.1% and -1.5%). In the last three months, the performance of the Czech economy has decreased by 1.7% compared to the same period of 2011. 2012 was thus a year of recession the economy of the Czech Republic, GDP fell by 1.2%.

The development of the Czech economy was influenced most significantly by household spending on final consumption, which was lower by 4.1% in the last quarter year-to-year. It was so far the deepest decline in the consumption of Czech households. In the entire year 2012, their spending declined in real terms by 3.6%, and also in nominal terms they were lower in each quarter of 2012.

From the second quarter, when the performance of the EU economy declined as well year-to-year, the economic downturn in the Czech Republic was deeper compared with this grouping.

Government expenditures had a more favourable trend in the course of the year, since they rose in the last quarter after mitigation of the annual declines. However, year-round, they decreased the GDP rate by 0.2 percentage points, the gross capital formation by 0.8 percentage points, the household expenditure on final consumption by 1.8 percentage points. Only the foreign trade contributed positively to the GDP rate in 2012 (+1.5 percentage points).

Quarterly development showed moderating declines seen since the second half of the year, especially in government consumption, which has increased compared to the previous year by 1% in the last three months, and household consumption by 0.9%. Thus, the final consumption expenditure recorded already a quarter-quarter growth of 0.9% in the 4th quarter. In the last quarter, capital formation rose significantly in the last quarter (+4.8%), but not due to investments (-3.8%).

The gross added value in the sectors fell by 1.1%. Only industry reported to have been growing (+0.6% at the stagnation of processors) and a group of professional, scientific, technical and administrative activities (+4.9%).

External economic relations improved with high inflow of foreign direct investments and the strong trade balance.

The labour market experienced growth in employment and also the unemployment rate. This was caused probably by a shift in the types of working relationships (part-time, work agreements, assistance of family members, etc.). Real wages in the economy fell by 0.9%, the tenth quarter in a row in the public sector. Consumer inflation rose by 3.3% due to higher food prices and housing costs. Dynamics of prices of industrial producers and market services was affected by the economic downturn, while the unfavourable effect of the terms of trade relented.

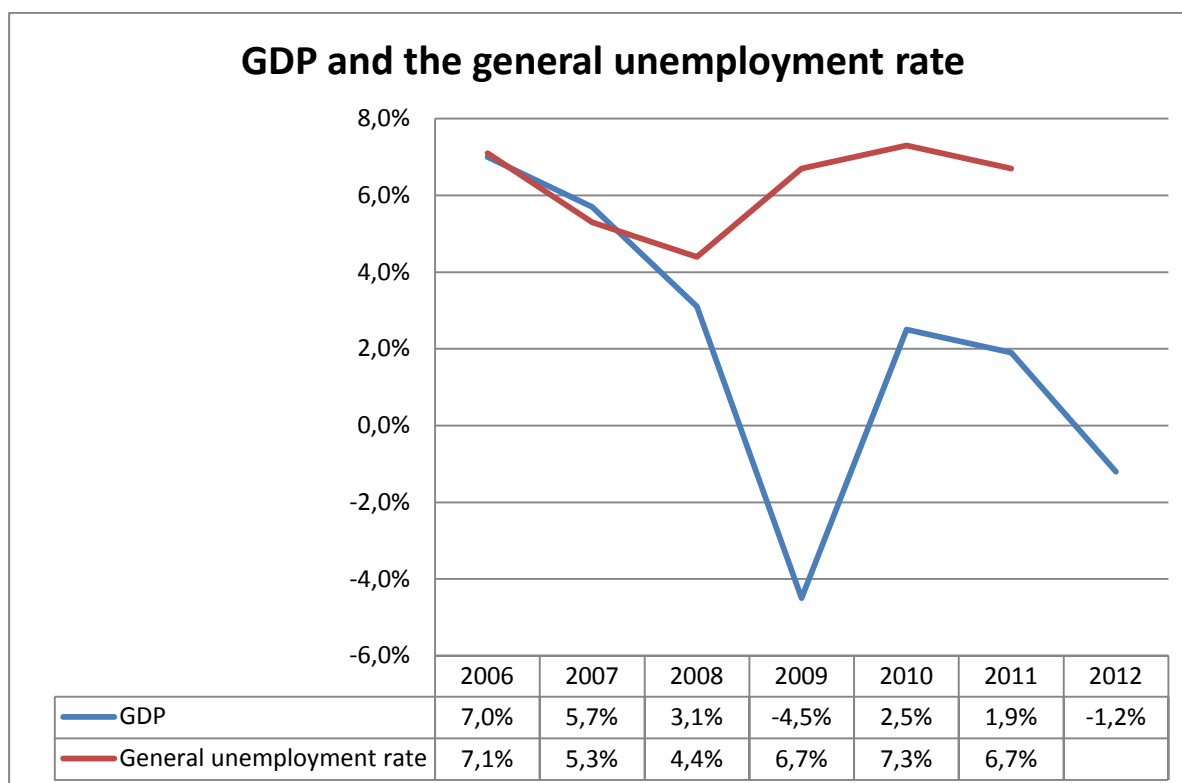
The pace of credit growth has weakened significantly. Inflation has led to the devaluation of household deposits in the amount of CZK 38.1 milliard as calculated by the Czech Statistical Office.

The deficit of the State budget increased slightly to 3.4% of the nominal GDP from 3.3% in 2011. The expected deficit was achieved by binding the expenditures; also restoration of flows from EU and better collection of taxes in the second half of the year helped.

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<sup>4</sup>Unless stated otherwise, the data on GDP and its components are considered in real terms and adjusted for seasonal and calendar effects.

Scheme 1-1–GDP and the general unemployment rate



Source: CSO 2013

The process of convergence of the Czech Republic to the EU developed countries was affected by the effects of the debt crisis in the euro area. The current level of per capita product (in terms of purchasing power parity) lies in the range of about 80% of the EU average. The statistics show that in recent years there has been a weakening in the economic activity in the Czech Republic and thus slowing the narrowing of this gap (the drop in GDP in 2012 was 1.2%). The structure of GDP values implies that its lower rate and the overall stagnation had been contributed primarily by the downturn in domestic demand. As shown in the present analyses, the manufacturing industry has remained the driver of the Czech economy (annual growth of gross added value – 9.8%). Only foreign trade had contributed to the performance of the economy, while it ensured a positive balance in 2009-2012 (0.5-2.0% of GDP). In 2009-2012, the unemployment rate ranged between 6.7 to 7.3% (a more detailed macroeconomic scenario and fiscal outlook are subject of the Czech Republic Convergence Programme 2013).

Due to the openness of the Czech Republic and its dependence on the foreign trade, ensuring the competitiveness stays the major task for the future period. Analyses and experience from 2000-2011 demonstrate how difficult it is to convert from a price competition model to a competitiveness model that is based on innovation with regard to the global growth of fight for the markets. In this context, the problem analyses and the identification of development needs and potential pay attention primarily to the development of economy, based on knowledge, research, innovation and provision of qualified human resources, infrastructure and institutional environment. In its Position, also the European Commission points out the bad system of research and low competitiveness, underdeveloped transport infrastructure, under-functioning education system, under-utilized potential in the labour market, ineffective use of resources, and inefficient public administration.

The current situation, trends and challenges of the Czech economy are detailed in the following parts of the Partnership Agreement. Table 1-1 then shows the set of key macroeconomic indicators for 2006-2012. The table summarizes some of the indicators that are listed above in the text of macroeconomic analysis, and contains also additional information, such as exports and imports of goods and services, figures of the exchange rate CZK/EUR and the ratio of government debt to GDP, which illustrate the development of the Czech economy between 2006 and 2012.

**Table 1-1–The main macroeconomic indicators for the years 2006-2012**

Indicator	Unit	2006	2007	2008	2009	2010	2011	2012
<b>GDP</b>	billiards CZK, b.c.	3 352.6	3 662.6	3 848.4	3 759.0	3 799.5	3 841.4	3 843.5
<b>GDP</b>	%, y/y, real	7.0	5.7	3.1	-4.5	2.5	1.9	-1.2
<b>Final consumption expenditure</b>	%, y/y, real	2.9	3.1	2.3	1.3	0.9	-0.3	-2.8
<b>Out of which: household expenditure</b>	%, y/y, real	4.3	4.1	3.0	0.2	1.0	0.7	-3.6
<b>Export of goods and services</b>	%, y/y, real	14.0	11.3	3.9	-10.9	15.6	9.4	3.8
<b>Import of goods and services</b>	%, y/y, real	11.0	12.9	2.7	-12.0	15.9	6.7	1.9
<b>General unemployment rate</b>	%, average	7.1	5.3	4.4	6.7	7.3	6.7	
<b>Inflation rate</b>	%, y/y, average	2.5	2.8	6.3	1.0	1.5	1.9	3.3
<b>Exchange rate CZK/EUR</b>	average	28.343	27.762	24.942	26.445	25.290	24.586	25.143
<b>Government deficit (surplus)/GDP</b>	%	-2.4	-0.7	-2.2	-5.8	-4.8	-3.3	-3.4
<b>State debt/GDP</b>	%	23.9	24.4	26.0	31.3	35.4	39.0	43.4

Data source: CSO

Note: y/y year-on-year change,

### Territorial characteristics

- In an international comparison (EU 27) of GDP per capita, all regions in the level of cohesion regions (NUTS II), with the exception of Prague (about 170% of the EU 27 average) are below 75% (the strongest being NUTS II Central Bohemia, the weakest Northeast). When comparing at the level of Regions of the Czech Republic (NUTS III), it is clear that the NUTS II units are not internally homogeneous. As per GDP, there are disparities in the economic production of the Regions of the Czech Republic (excluding Prague), but not very significant, and mainly related to the sectoral structure of the economy in the Region. In the case of GDP in 2006-2007, a steady growth had continued. In 2008, the GDP was growing in some Regions, but a considerable number of Regions reported declines. In 2009, due to the spread of the economic crisis, the drop of GDP was already a broad issue, while in the following years (2010-2011) the trend of GDP in the Regions is already ambiguous. The current decline in the Czech economy is reflected in the decline in GDP of each Region. The result is a slight widening of the gap between the performance of Czech regions and the reference value at the EU 27 level, i.e. deepening of differences, worsening of the position compared to the situation in 2008 and 2009 (the best relative performance of the regions).
- There is marked dominance of Prague as for the size of the GDP. Its GDP per capita is almost 2.5 times higher than the GDP of the Central Bohemian Region, which ranks second. However, the real Prague's position is not so strong - the impact of the use of statistical methods (company) and the creation of GDP by workers even from other regions - especially a significant contribution of workers in the Central Bohemian Region. The lowest GDP per capita is then in the Regions Karlovy Vary, Liberec and Olomouc. While Prague represents more than 25% of the GDP of the Czech Republic, the second Region in order, the Central Bohemian, less than 11%, and Karlovy Vary just 2%.

- The regional competitiveness is represented e.g. as the ability to participate in the global economy and exports. The highest absolute volume of exports comes from the Central Bohemian Region, followed by highest values of the Moravia-Silesia and the Pardubice region. In the evaluation of export performance, Prague ranks naturally last due to the Prague's focus on services. The economic development of some regions is significantly limited by the underdeveloped and poor transportation network, which is reflected also in lower quality of transportation serviceability.
- The Czech Republic reports an increased unemployment rate, and in recent years, it rose rather significantly in all regions (Regions), especially after 2008. The worst situation is in the labour market of the Ústí nad Labem Region, in the long term. Other problem areas include the Moravian-Silesian, Olomouc and Karlovy Vary Regions, where the values are significantly higher than the average unemployment rate of the Czech Republic. On lower than the regional level, the unemployment rate is higher, particularly in the peripheral and border, usually rural areas. In the long term, there is a negative impact of the structural nature of unemployment and under-utilization of business opportunities. The best situation is in Prague with about 4%. The Ústí and Moravia-Silesian Regions have also higher long-term unemployment rates. At the regional level, the differences in the unemployment rate are not so marked as in the lower territorial levels of Regions or MEP. There was a significant increase in the number of registered job seekers per vacancy in most Regions.
- A characteristic feature of the Czech labour market is the inflexibility reflected in the low labour mobility, which is partly given by the general reluctance of the Czech population to move for work and partly by real estate market rigidities. A higher flexibility is reported in those parts of regions that lie in developing areas or are crossed by development axes, usually connected to motorways and expressways and railway corridors.
- The Czech Republic shows pronounced regional differences in the density and arrangement of settlement. There are significant differences even within the individual Regions. In particular, these are the differences between highly urbanized areas and the broader land of low population density (Ústí nad Labem Region), the differences between mountainous areas such as the Liberec Region, and lowland areas, central and marginal areas.
- In the long term, there are effects of aging of the Czech population and since 2006, the age index is higher than 100. However, the age index is highly geographically diverse within the Czech Republic, and it is highest in large cities and peripheral and border areas. In rural settlements, the age index is generally somewhat lower. In case of these settlements, it is higher than 100 in the Regions Plzeň, Vysočina, Olomouc and Zlín. In rural settlements of the Czech Republic, it reaches about 96.
- Since 2003, the total number of inhabitants in the Czech Republic has been growing (e.g. an increase in the birth rate and migration even from countries outside the EU). In recent years, growth is reported in all Regions except the Moravia-Silesian Region. Since 2002, the Czech population has been growing due to migration (the majority of migrants heading to the largest cities). Migration, including domestic migration is beneficial especially for the areas around Prague, Brno and Plzeň, some metropolitan areas and the largest regional settlement agglomerations, which leads to the growing inequality between regions of the country. The natural increase in the population has been positive since 2006 and grew significantly in 2007-2009. It dropped a bit in 2010.
- The population in the small and smallest municipalities and the marginal and peripheral rural areas has been constantly declining. In the long-term, this concerns mainly the areas with poor transportation accessibility, mountainous and border areas (Orlíce mountains, Jeseníky, White Carpathians) - internal and external peripherals. Also areas with poor environment and lack of job opportunities as Ostrava, Karvinsko, Mostecko and the regions in north-eastern Bohemia, parts of northern Moravia and Silesia have been losing their population.
- The differentiation continues in rural development. Rural areas around towns and the attractive rural areas are developing dynamically and, vice versa, the marginal rural areas with poor accessibility, lack of services and job opportunities are declining and are being left by people, which affects the efficiency of public service delivery and leads to pressures to reduce their accessibility.
- In the Czech Republic, social disparities in the population are growing, and groups of socially disadvantaged and excluded people emerge in the population. The disadvantaged groups include mainly the disabled, the elderly and minorities. These groups of the population are at risk of segregation and poverty. Due to the economic recession, this group of the population has grown in number in recent years, particularly in regions with long-term serious economic problems. In most regions, the proportion

of citizens in the records of the needy population has increased over the past 5 years, i.e. the share of the population living below the poverty line. There will be a new social problem, like in other EU countries, in the increase in the number of unemployed graduates.

- Education of the population in the Czech Republic has long been increasing, especially over the past 10 years. In all regions of the Czech Republic, the share of people with primary and secondary education without GSE has been declining, and the share of people with secondary school graduates with GSE and university graduates has been rising, where the share of people with at least secondary school with GSE has been rising fastest in the Central Bohemian Region. The slowest growth in the share of people with at least secondary education was recorded in Prague (however, the proportion of these people is highest here in the long term). On the other hand, there is a visible and deepening gap between the demand for labour and the sectoral focus of the secondary and higher education in the context of the regional and local labour market.
- In the Czech Republic, there is an uneven access to the social and health services, as the network of these services is inadequate especially in the peripheral and border areas. Due to the aging population, the current capacity of these facilities and services will be insufficient in the future.
- Within EU, the Czech Republic belongs to the countries with a below-average support for research and development. Moreover, there are large regional differences in these expenses within the Czech Republic. Most funds for the research and development are spent in Prague, then at a greater distance in the Central Bohemian and South Moravian Region. The lowest funds on the research and development are spent in the Karlovy Vary region, which is associated with the concentration of the public and private capacities in the main (metropolitan) regions of the Czech Republic.
- The use of technology and information technology is also weaker in case of the elderly population. Overall, however, it has been growing steadily. From the regional perspective, the use of information technology (internet at home) is balanced within the Czech Republic, but below average when compared with the EU. Problems are reported in ensuring the availability of broadband Internet in some peripheral rural areas.

### **Basis for the analysis of disparities and problems**

The main starting points for the analysis of disparities and development needs are the documents prepared during the national preparation of the 2014-2020 programming period and listed in Scheme 0-1. A key material that constitutes the factual framework of support from the CSF funds, is the **“Comprehensive Proposal for the Focus of the Future Post-2013 EU Cohesion Policy in the Czech Republic, including a Proposal for the Development Priorities for the Use of EU Funds after 2013”**, taken into consideration by the Government of the Czech Republic in its Resolution No. 650 of 31 August 2011. The draft of the national development priorities was based on the needs of the Czech Republic, determined on the basis of analytical data and the key strategic documents of the Czech Republic, mainly from NRP, ICS, etc. Already at the stage of preparation of the national development priorities, the need for their interconnection with the objectives of relevant strategic documents and recommendations of the EU had been taken into account.

Based on these supporting documents, the following national development priorities have been determined:

- **Increasing the competitiveness of the economy, which includes:**
  - ⇒ **The Development of business, entrepreneurship and the utilisation of innovations.**
  - ⇒ **Functioning labour market.**
  - ⇒ **Development of education.**
  - ⇒ **Support for promoting innovation and research and development.**
- **Development of the core infrastructure.**
- **Improving the quality and efficiency of public administration.**
- **Promoting social inclusion, the fight against poverty and the healthcare system.**
- **Integrated territorial development.**

All activities co-financed from the CSF Funds to improve the situation in problem areas must be aimed at strengthening the competitiveness of the Czech Republic, which is the core of the concept of focusing the aid from the CSF Funds and the Partnership Agreement. However, increasing the competitiveness of the Czech Republic must not be achieved at the expense of social and territorial cohesion. Although the Czech Republic reports low regional differences between the Regions when compared within Europe (with the exception of

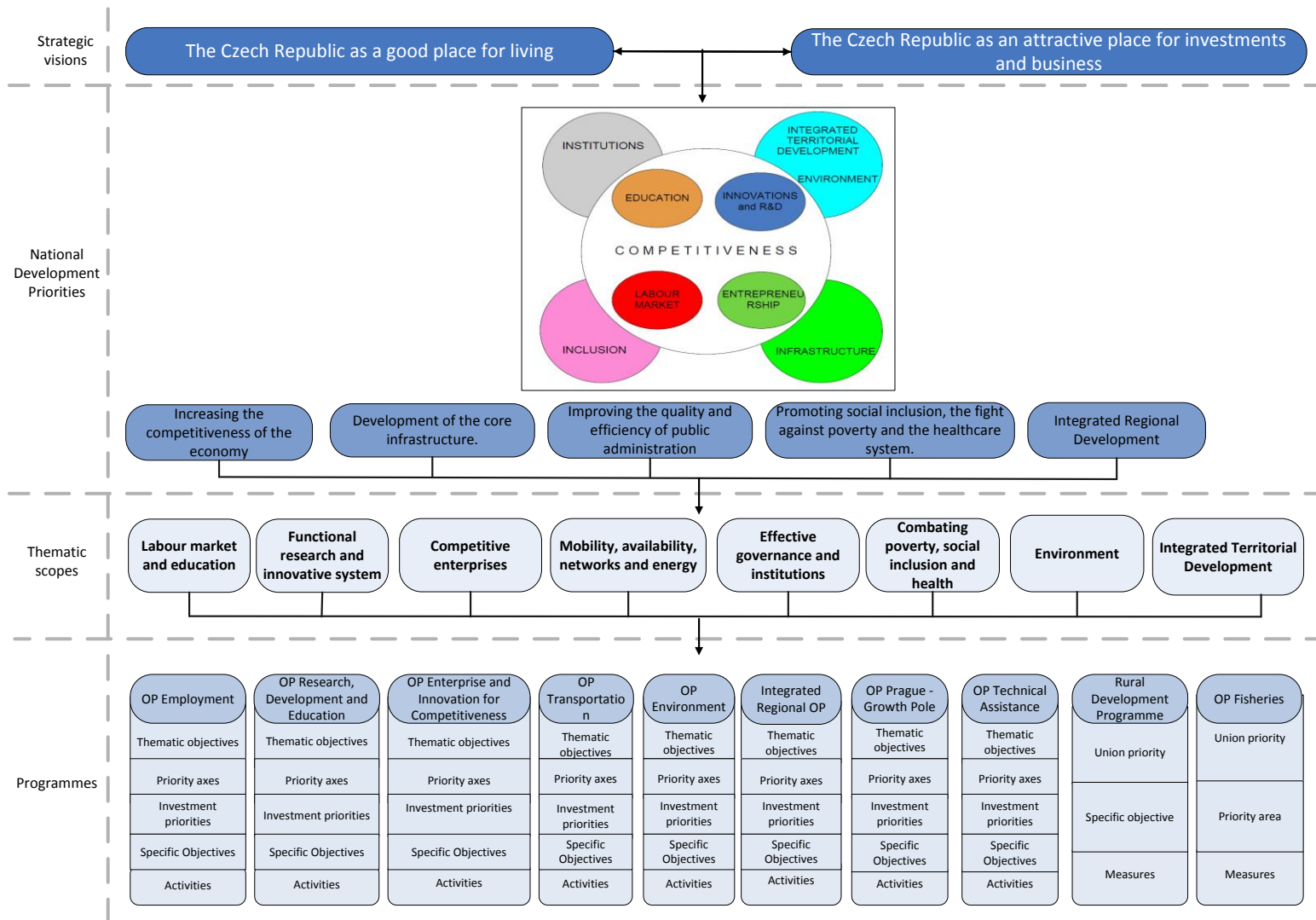
Prague), these differences are gradually deepening. Ensuring a balanced and integrated development of the territory is therefore an important overarching objective.

The national development priorities were analytically enhanced and developed to the level of the following topics based on Government Resolution No. 650 of 31 August 2011:

- TS 1 - Labour market and education
- TS 2 - Functional research and innovation system
- TS 3 - Competitive businesses
- TS 4 - Mobility, availability, networks, energy
- TS 5 - Effective administration and institutions
- TS 6 - Integrated territorial development
- TS 7 – Combating poverty, social inclusion and health
- TS 8 – Environment

The Scheme 1-2 below pictures the system of elaboration of national development priorities into thematic scopes and the subsequent definition of programmes.

**Scheme 1-2–Logics of programming procedure from the national development priorities to the programmes**



Source: Comprehensive Proposal for the Focus of the Future Post-2013 EU Cohesion Policy in the Czech Republic, including a Proposal for the Development Priorities for the Use of EU Funds after 2013, MoRD (updated version)

In accordance with the requirements of the Partnership Agreement and the analysis of disparities and development needs laid by the European Commission, the analysis and all materials prepared during the national preparations and reflect also the key conceptual and strategic documents, recommendations and comments on the European level. Links to these documents are elaborated in other parts of the Agreement in tabular form.

These are namely the identification of the regional and national problems, needs and priorities as linked to the **National Reform Programme of the Czech Republic, International Competitiveness Strategy of the Czech Republic, and other relevant national, sectoral and regional strategic documents.**

Other instruments taken into account and closely related to NRP CZ in the implementation of reform measures include **relevant recommendations of the Council** for the individual countries according to Article 121(2) of the Treaty on the Functioning of the EU (TFEU) and Article 148(4) 4 of TFEU prepared each year based on the evaluation of the implementation of the European Semester (for the coordination of economic policies), respectively, fulfilment of the NRP CZ.

In relation to the cohesion policy, rural development policy and fisheries policy for the 2014-2020 programming period, the following are the substantive key underlying documents for the material focus of the aid from the CSF Funds at the European level: **Europe 2020 Strategy** (A Strategy for Inclusive, Smart and Sustainable Growth), which focuses on the next direction that the EU will take with regard to the economy, increased competitiveness, instituting social stability, and respecting the environment. The Europe 2020 Strategy sets out strategic objectives for the EU, which have to be reached by 2020 and that are key supporting points for the material focus of aid for the Czech Republic, against which the analysis of the Partnership Agreement identifies disparities and development needs.

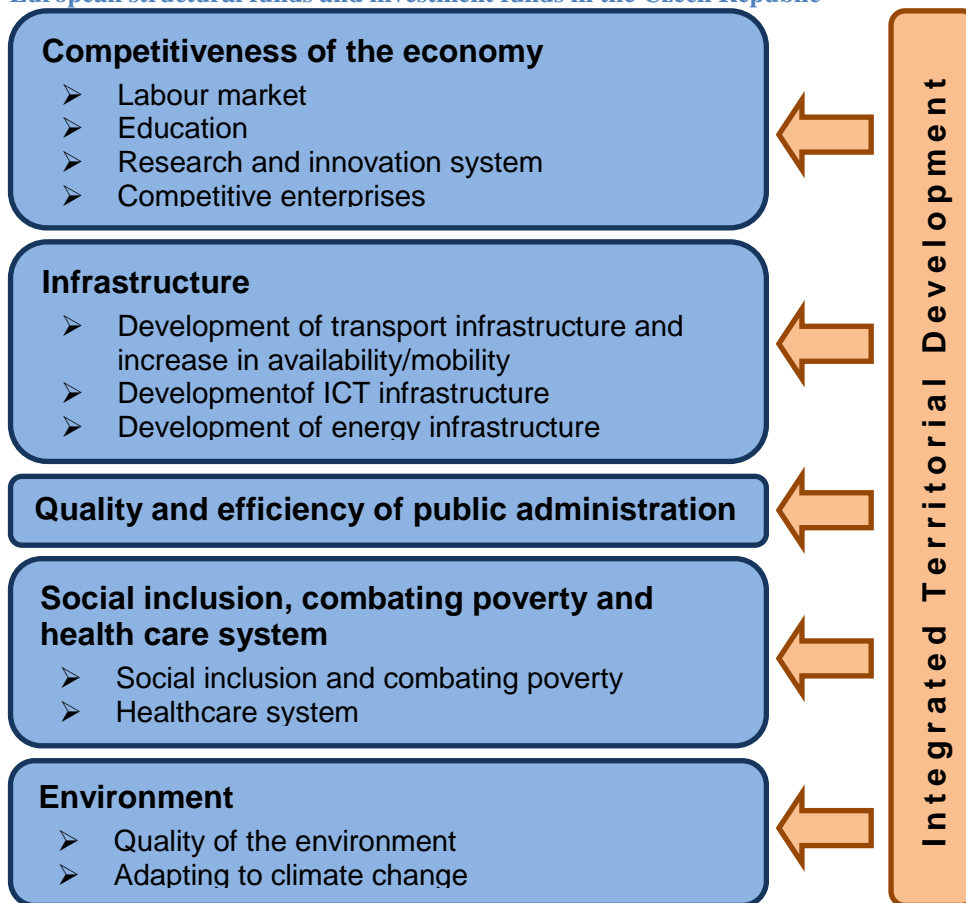
As for the particular situation and problems of the Czech Republic, the most addressed documents at the European level is the Opinion of the Commission departments on the preparation of the Agreement Partnership and programmes in the Czech Republic for 2014-2020 (Position Paper), which set the substantive framework for dialogue between the European Commission and the Czech Republic on the preparation of the Partnership Agreement and programmes.

In terms of the position of the Czech Republic and the defined problem areas, compliance of the Partnership Agreement and the defined problem areas with the priorities of EC funding can be stated (see Table 1-2). Barriers to further development of the Czech Republic, identified by the European Commission, namely: lack of an efficient research and innovation system, underdeveloped transportation infrastructure, inefficient educational system, under-utilized potential in the labour market, ineffective use of resources, and inefficient public administration, were identified and notified of in multiple strategic documents of the Czech Republic (including NRP, ICS, etc.) during the preparation of documents for national development priorities. Their removal is one of the main objectives of the preparation of the 2014-2020 programming period. Problem analyses were conducted during 2011 and 2012. They were used to elaborate an overview of the development needs in relation to the defined thematic scopes, which were further elaborated in the next steps in the preparation of the Agreement, already linked to the individual programmes (see Appendix 5.2 - Intervention logic of the Partnership Agreement in relation to the thematic objectives).

Integrated Territorial Development (ITD) is understood as a complete horizontal zone, and represents the topics that should be addressed coherently within the territory with regard to the mutual functional relations. The ITD approach applies solutions of problem areas in a logical combination within the territory, with regard to the potential and development needs of the area. ITD is also fulfilled by the territorial dimension, which is defined for each problem area. It requires a strategic approach to the development of the territory and its fulfilment in the 2014-2020 programming period will use a variety of instruments (e.g. the Integrated Territorial Investment – ITI, Integrated Area Development Plans – IADPs and Community-Led Local Development – CLLD).



**Scheme 1-3–Key areas of analysis of disparities and development needs for the future direction of the European structural funds and investment funds in the Czech Republic**



The individual problem areas are closely linked to all mentioned relevant reference documents – see the summary Overview Table 1-2 which identifies the key links. These links are detailed using **references to the key parts of the reference documents for each area:**

- Europe 2020 Strategy – primary objectives
- Thematic objectives and investment priorities according to the General Provisions Regulation and specific regulations of EU
- Specific recommendations from the Council – major recommendations
- Common Strategic Framework, Annex 1 – main chapters
- National Reform Programme – main chapters
- International Competitiveness Strategy – main chapters
- Regional Development Strategy of the Czech Republic for 2014-2020
- Relevant sectoral and regional strategic (conceptual) documents

Moreover, there is a more detailed **link to the Position Paper of the European Commission at the level of identified problems and needs** through references to the funding priorities and the priorities identified in Annex 1 to the Position Paper of the European Commission.

A key aspect of the analysis of the problem areas is **represented by taking the territorial dimension into account** for each of the identified problems and needs. The territorial dimension of the interventions from the CSF Funds is reflected in the redesigned approach to the “place based approach” aimed at supporting specific areas and efforts to ensure their sustainable competitiveness by appropriate activation of their potential using an external impulse. The reasons for application of the territorial dimension are represented especially by differing functional links in the area (represented e.g. by commuting, material and energy flows) that cause persistent differences in the economic performance, social situation, and often in the environmental quality parameters in various territorial units (with municipalities being as basic units). Apart from the analysis **of territorial**

**disparities, development needs and growth obstacles**, in relevant cases **the specific needs of urban and rural areas and disadvantaged territories are analysed as well.**

The entire analysis of disparities and development needs makes use **of the experience gained from the effected evaluations and other studies from the 2007-2013 and 2004-2006 programming periods.**

Identification of the fundamental interdependence of the above referenced documents listed in Chapter 1.1 Analysis of disparities, development needs and growth potential is accompanied by Annex 5.2 – Intervention logic of the Partnership Agreement in relation to the thematic objectives, which elaborates on the relations between the Partnership Agreement and the programmes of the CSF Funds and the key reference documents. The logic is a matrix developed for each of the thematic objectives, where each thematic objective shows the binding of the Partnership Agreement (the particular strategic objective, funding priority and identified problems and needs in problem areas) to the objectives of the Europe 2020 Strategy, specific recommendations of the Council, Position Paper of the European Commission, NRP, NDP, TS, investment priorities and programmes of the CSF Funds (down to the level of specific objectives). With this instrument it is possible to clearly define fulfilment of strategic objectives and funding priorities of the Partnership Agreement, and also of the stated reference documents through all the programmes of the CSF Funds.

*The Annex has been prepared as a pilot version for thematic objectives 1.6, 8, 9, and 11. The other thematic objectives are basically elaborated and will be gradually finalized following the finalization of the programmes for 2014 to 2020.*

*The information given in the next sections of Chapter 1.1 will be refined in the following phases and updated in collaboration with the responsible managing authorities and other departments responsible for preparing the respective strategic documents.*

The following Table 1-2 represents the binding of identified problem areas in the Partnership Agreement for the Czech Republic and the links to the strategic documents of the EU and the Czech Republic and incl. the major basic elements of the preparation.

**Table 1-2 – Links of the Partnership Agreement, NRP, ICS, thematic scopes, Position Paper of the European Commission, objectives of the Europe 2020 Strategy and thematic objectives**

Problem areas of the Agreement	NRP 2013	ICS of CZ 2012-2020	Thematic scopes <sup>5</sup>	Funding priorities of the European Commission	Objectives of the Europe 2020 Strategy	Thematic objectives from the EU Regulation
<b>1. Competitiveness of the economy</b>	<p>2. Attractive entrepreneurial environment and development of infrastructure for the Czech industry</p> <p>3. Functioning labour market, education system, and social inclusion as prerequisites for a competitively strong economy</p> <p>4. Growth based on innovations and research.</p>	<p>5. Education level</p> <p>6. Labour market</p> <p>7. Financial markets</p> <p>8. Effectiveness of the market of goods and services and improving the characteristics of entrepreneurship</p> <p>9. Innovation</p>	<p>TS 1 – Labour market and education</p> <p>TS 2 – Functional research and innovation system</p> <p>TS 3 – Competitive businesses</p> <p>TS 6 – Integrated territorial development</p>	<p>1. Innovation friendly business environment</p> <p>3. Human capital driven growth and improved labour market participation</p>	<p>1. Raise the employment rate of people aged 20-64 years from the current 69% to at least 75%.</p> <p>2. Achieve the target of investing 3% of GDP in research and development, in particular by improving the conditions for private sector investment in research and development, and creating a new indicator to track the innovations.</p> <p>3. Reduce greenhouse gas emissions by no less than 20 % as compared to 1990 or, under favourable conditions, by 30 %; raise the share of renewable energy resources in the final energy demand to 20 % and improve energy efficiency by 20 %.</p> <p>4. Reduce the share of early school leavers from the current 15% to 10% and increase the share of the population aged 30-34 years with a completed tertiary education from 31% to at least 40%.</p>	<p>(1) Strengthening research, technological development and innovation</p> <p>(2) Enhancing access to, and use and quality of, information and communication technologies</p> <p>(3) Enhancing competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD), and the fisheries and aquaculture sector (for the EMFF)</p> <p>(8) Promoting employment and supporting labour mobility</p> <p>(10) Investing in education, skills and lifelong learning</p>

<sup>5</sup>Thematic scopes based on the national development priorities

Problem areas of the Agreement	NRP 2013	ICS of CZ 2012-2020	Thematic scopes <sup>5</sup>	Funding priorities of the European Commission	Objectives of the Europe 2020 Strategy	Thematic objectives from the EU Regulation
<b>2. Infrastructure</b>	2. Attractive entrepreneurial environment and development of infrastructure for the Czech industry	2. Infrastructure	TS 4 – Mobility, availability, networks, energy TS 6 – Integrated territorial development	2. Developing infrastructure for growth and competitiveness	3. Reduce greenhouse gas emissions by no less than 20 % as compared to 1990 or, under favourable conditions, by 30 %; raise the share of renewable energy resources in the final energy demand to 20 % and improve energy efficiency by 20 %.	(4) Supporting the shift towards low-carbon economy in all sectors (7) Promoting sustainable transport and removing bottlenecks in key network infrastructures
<b>3. Quality and Efficiency of Public Administration</b>	1 Consolidated Public Finance and Effective Institutions	1. Institutions	TS 5 – Effective administration and institutions TS 6 – Integrated territorial development	5. Modern and Professional Administration		(11) Enhancing institutional capacity and an efficient public administration
<b>4. Social inclusion, combating poverty and health care system</b>	1 Consolidated Public Finance and Effective Institutions 3. Functioning labour market, education system, and social inclusion as prerequisites for a competitively strong economy	4. Health care system	TS 7 – Combating poverty, social inclusion and health TS 6 – Integrated territorial development	3. Human capital driven growth and improved labour market participation	5. Reduce the number of Europeans living below national poverty threshold by 25%; this will lead over 20 million people out of poverty	(9) Promoting social inclusion and combating poverty
<b>5. Environment</b>	2. Attractive entrepreneurial environment and development of infrastructure for the Czech industry		TS 8 – Environment TS 6 – Integrated territorial development	4. Environment-friendly and resource-efficient economy	3. Reduce greenhouse gas emissions by no less than 20 % as compared to 1990 or, under favourable conditions, by 30 %; raise the share of renewable energy resources in the final energy demand to 20 % and improve energy efficiency by 20 %.	(5) Promoting climate change adaptation, risk prevention and management (6) Protecting the environment and promoting resource efficiency

## **Integrated territorial development – territorial dimension**

### Basis:

The development potential of the territory and the attributes of regional competitiveness in terms not only of the Czech Republic are concentrated in areas **with a higher population density. Setting the territorial dimension implies the necessity to clearly define the areas with the highest development potential and apply instruments for empowering that potential here.**

Poles of development, identified in the analytical part of RDS, are profiled in three levels:

- The “metropolitan area” of Prague, including the immediately follow-up Central Bohemian Region, are an entirely incommensurable area with other parts of the country, not only in terms of the economic potential and competitiveness, Other metropolitan areas, important in the context of the spatial arrangement of the Czech Republic (Brno, Plzen, Ostrava) represent key growth poles, but with a significantly lower importance and spatial influence. In terms of the population concentration (over 300 thousands inhabitants) and solution of similar problems, e.g. the Hradec – Pardubice agglomeration, Ústí nad Labem – Chomutov agglomeration can be assigned to these centres as well.
- The second level of the area in terms of economic potential and competitiveness is the “regional settlement agglomeration” represented by the remaining regional capitals and the associated areas. These centres and their hinterlands are quite intensively interconnected in the field of economy, infrastructure, and commuting for work and services.
- The third level, represented logically in the highest number, are the territories of “regional centres and their facilities”, which are the economic centres of regional importance and their facilities with higher concentrations of people, higher number of businesses. Their cores represent dominant employment centres in the region.

An important factor in the regional competitiveness:

- A quality transport infrastructure, especially the region’s connection to a motorway or highway or a railway corridor – support e.g. for expanding the integrated systems of public transport, including public transport, transfer terminals, or building the infrastructure for transport at rest.
- Metropolitan areas are the driving elements of the Czech economy, with considerable concentrated proportion of economic activities, many of which are linked to the university research and development. Support for qualitative development of universities and research centres, improving the conditions and ICT equipment and education process may be another factor for starting the development potential of the region, including the regional centres, in which the universities and colleges are currently already performing various activities. The transfer of knowledge and innovations should be more intense in the cooperation with the business sector. Integration of the Czech Republic into the global economy puts high demands on innovation and the ability to apply new knowledge and information. Application of innovations, including the complete use of all the advantages of advanced information technologies, are essential for the development of enterprises producing goods and services with high added value, which are the basis for regional competitiveness.
- In the long term, the mismatch between the supply and demand in the labour market seems to be questionable both in terms of quantity and quality. The development of the competitiveness of the Czech economy requires a quality manpower, which should be supported by optimizing the schools, modifying the education programs according to the expected labour market needs, promoting the further education, and increasing the investment attractiveness of the problem regions. Flexibility of workforce, knowledge and innovation ability of the region’s population decides on how the region can respond to the economic drivers from the national and global levels, and thus attract foreign investments.

One of the approaches to the implementation of the regional policy is to support the development poles, the other – at least equally important – is to ensure balanced development throughout the country. This second approach presumes both maintaining or improving the present level of development of the area (e.g. the quality of life, access to public services), as well as targeted support for regional development with accumulation of problems, which are generally not only the peripheral regions, but also some parts of towns.

- Demographic aging is the general problem of the Czech Republic. It has negative consequences on the economy (reducing the proportion of economically active people, increasing the proportion of people receiving old-age pension) and public services (increasing the pressure on health and social services).
- The outskirts have a problem in the accessibility of health care, particularly the long-lasting, and the response times of emergency medical services. Similarly, the peripheral areas have a difficult access to social services. The facilities are unevenly located and the demand for places in them is growing faster than the supply (changes in the quantitative and qualitative demand in connection with the aging population, the transformation of rural settlements, etc.). In addition to the social care services it is necessary to develop social prevention and social counselling services as well.
- Due to the significant variation in the population growth in a particular area (decrease of natural growth, migration waves in the area), it will be necessary to take measures to ensure the effective supply of education (primary and secondary) and to ensure good availability. It is a spatial optimization of networks of school facilities and their capacities. This process must also be closely linked to improving the quality of teaching and the development of further education and lifelong learning.
- The unemployment rate has been growing since 2008. The problems of high unemployment and long-term unemployment are significant especially in the Moravian-Silesian and Usti nad Labem region, and also in Olomouc and Karlovy Vary Regions. The unfavourable situation is also seen in some border areas and internal outskirts. The absence of major employers and the weak business activities are ones of the major reasons for the high unemployment. Application of the active employment policy is rather broad and does not reflect the regional specificities, modern forms of employment are not applied sufficiently (flexible forms of employment, permeable employment, etc.).
- Problems in multiple regions are related to the poor connection to the backbone transportation network and the low quality of the existing roads. Peripheral regions are generally less well served by public transport as well (within the region, also the connection with the regional centre), which creates the need for residents to rather use the private car transport. Small towns and peripheral areas have also a generally weaker technical infrastructure and ICT (insufficient supply of high-speed internet services) and a deteriorating offer of basic public services.
- The economic recession in recent years has been contributing to deepening of problems of various disadvantaged population groups. In particular, their risk of poverty has been increasing and their access to the labour market is more difficult. Groups of people living in socially excluded localities or excluded regions all over the Czech Republic are particularly vulnerable (in urban areas, stabilized and peripheral areas) – it is necessary to specifically integrate them into the majority society at all levels – through education, leisure activities, specific forms of housing, job creation, and support for social entrepreneurship, etc.

Analytical findings in the field of public administration apply for the whole Czech Republic. In terms of regional policy, it is essential to focus on:

- Coordination and cooperation between the state administration, regional governments and municipal authorities. Vertical coordination and communication across the public sector still have considerable reserves. Relations between the state administration and local authorities are often very formal and it is difficult to find consensus on the solution of various problems. It is still difficult to ensure horizontal coordination of the activities of public administration authorities. There are significant reserves in the enforcement of the principle of multi-level governance.
- Lack of legislative and methodological support of strategic planning results in a limited application of strategic management instruments, especially at the (supra)municipal level. Many problems can only be resolved in a broader territorial context. Agglomerations or micro regions can be the examples.

Resolution of problems in the state-supported regions and peripheral areas requires proper co-operation with the Regions and other actors in the area, because this is where most problems are cumulating.

Each problem area has an indicated direction of approach to the territorial dimension.

This topic will be further elaborated in the final version of the Partnership Agreement on the basis of a consensus between the MoRD and the regional partners.

## 1.1.1 Competitiveness of the economy

This problem area is based on the national development priority with the same name and develops it.

The Czech Republic, in the comparison of international competitiveness based on the global competitiveness index (GCI) according to the study by the World Economic Forum for the year 2012/2013, ranks 39th (out of 142). Especially in the last 5 years, the Czech Republic experienced a noticeable decline both in the global and European context. Specifically, the Czech Republic ranked 38th in the period 2011-2012, and 36th in 2010-2011. It is therefore necessary to reverse this negative trend, and this change can only occur through systemic changes.

The main pillars of competitiveness of the Czech Republic:

- **Functioning labour market**
- **Advanced and high-quality education system**
- **Effective research and innovation system, and**
- **Competitive enterprises**

### 1.1.1.1 Labour market

#### Basic description

Together with this newly conceived support for business, a sufficient high-quality, qualified, flexible, and healthy workforce must be ensured. Such a workforce shall, based on the demand of businesses, but also on specific requirements of the public sector, be provided by a flexible labour market working in a modern manner.

The economy of the Czech Republic is small and open, and therefore evolves depending on the global development of the global economy. The situation in the economy is quickly reflected in the labour market. The Czech Republic has a high share of employment in manufacturing, which has a very export and cyclical nature, and is therefore heavily influenced by economic status in the EU, a target of over 80% of Czech exports. A more significant change in the structure of the economy (thus also the employment structure) towards an economy based on knowledge, research and development, and sophisticated services, require a long-term horizon. The current necessary measures to reduce the deficit of public budgets do not provide the economy with sufficient development incentives. Most businesses in the current situation do not have significantly growing volumes of orders, and therefore continue the policy of reducing their costs, rationalizing the organization of work, while new jobs are created only in a limited extent. The labour market is dominated by labour supply over demand for it. The long-term unemployment is rising, there is a risk of changes in the nature of unemployment to the mainly structural unemployment, whose resolution will be difficult and costly. The situation in the labour market in the event of an extended economic instability will be strongly dependent on appropriate government interventions and the results of applied reforms.

The Czech Republic is also characterized by relatively low geographical mobility of the manpower, which is reflected in the low willingness to migrate or commute to work. It is an aspect subject to a number of factors – inflexible housing market, tradition of sedentary lifestyle, underdeveloped segment of the market services and economic reasons, where the profit of distant employment does not compensate for increased costs, and the motivation to change the place of residence for a better access to employment is not sufficient.

In relation to the rural development, the long-term comparison shows that the applicants in rural areas make up about a quarter of all applicants, but job vacancies (JV) in rural areas account for only one-sixth of JVs. The number of available job applicants per 1 JV in 2011 amounted to 13.3 applicants, while in the countryside, however, it reached the value of 22.4 applicants. In the long-term comparison, the values of this indicator in the countryside copy the course of the whole Czech Republic, but they are always above its value, which is affected by the abovementioned representation of rural job seekers and job vacancies in the structure.

In terms of employment opportunities in the labour process, the situation on the labour market in the countryside is consistently less favourable than in towns and after 2008, the differences between urban and rural areas in this region are getting even deeper.

## Ties to EU documents

<b>Europe 2020 strategy</b>	The objective Raise the employment rate of people aged 20-64 years from the current 69% to at least 75%; The initiative “Youth on the Move” and the “Agenda for New Skills and Jobs”, Integrated main directions 7 “Increasing the participation of women and men in the labour market, reducing the structural unemployment and promoting the quality of jobs”, 8 “Developing a skilled workforce that will be responsive to labour market needs, and promoting the lifelong learning”, 9 “Improving the quality and performance of education and training systems at all levels, and increasing the participation in tertiary or equivalent education”
<b>Common strategic framework</b>	Annex 1, 5.5 Responding to the demographic change, measures to improve the conditions for families and a balance between work and family life, among other,
<b>Thematic objectives</b>	(8) Promoting employment and supporting labour mobility
<b>EC’s Position Paper</b>	2.3 Human capital driven growth and improved labour market participation; Reinforcing all levels of education to increase its quality, its contribution to social inclusion and its labour-market relevance; Integration of parents with young children in the labour market; Integration and employability of other vulnerable groups. The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	2. Introduce further changes to the public pension scheme to ensure its long-term sustainability. Reconsider plans to allow an earlier exit from the labour market. Promote effective participation of younger workers in the envisaged funded scheme to improve adequacy of pensions. 3. Take additional measures to significantly increase the availability of affordable and quality pre-school childcare. 4. Strengthen PES by increasing the quality and effectiveness of training, job search assistance and individualised services, including of outsourced services.

## Ties to Czech Republic documents

<b>National Reform Programme</b>	3.3.1 Labour market development, active labour market policy – increasing the work productivity, improving the efficiency of employment services (increasing the capacity of Labour offices), monitoring of labour market developments (monitoring and recording the vacancies), education and retraining, and supporting the employment of young people 3.3.4 Improving the quality and availability of pre-school care, the compatibility of work and family life – flexible forms of employment, establishment of corporate nursery schools, introduction of more capacity childcare facilities, maintaining the qualification 3.3.6 The reform of tertiary education and the development of lifelong learning – promoting technical education, system forecasting of qualification needs of the labour market, internships in companies.
<b>International Competitiveness Strategy of the Czech Republic</b>	6 The labour market, reconciling the family life and the career, labour market development (support for specific groups in the labour market, increasing the internal and external labour market flexibility, more efficient implementation of the active employment policy), increasing the availability of rental housing, introduction of a single collection point, smart migration policy, development of the lifelong learning system
<b>Regional Development Strategy</b>	Priority 1 Use of Development Areas Potential (measure 1.5 Labour Market Adaptability). Priority 3 Improve the social environment in the development areas (measure 3.x Support for the integration of socially excluded and socially vulnerable groups of the population). Priority 4 Balanced Development of Stabilised Areas (measure 4.1 Secure adequate capacity of public services infrastructure). Priority 5 Peripheral Area Revival (measure 5.2 Support for improving the quality of the manpower).



<b>The Concept of Employment Policy, The Strategy of Employment Policy</b>	Document under preparation; to be added in next phase
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Other key documents related to the problem areas include the Strategy of Equal Opportunities for Women and Men 2012-2015, the National Concept of support for families 2013-2020, Lifelong Learning Strategy, documents of the Regions in the area, and other sectoral documents defined in partial operational programmes.

#### Europe 2020 strategy objectives and National Reform Programme objectives

Main objective of the Europe 2020 strategy	EU target by 2020	EU achievement by 2010	EU achievement by 2012	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2012
The overall employment rate of people aged 20-64 years	75 %	68.5 %	68.5 %	75 %	70.4%	72.0 %

Other objectives at the national level	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2012
The employment rate of women (20-64 years)	65 %	61%	62.8 %
The employment rate of older people (55-64 years)	55 %	46.5%	50.4 %
The employment rate of young people (15-24 years)	Reduced by a third compared to 2010 (i.e. to 12.3%)	18.4%	19.5 %
The unemployment rate of people with low qualifications (ISCED 0-2)	Reduced by a quarter compared to 2010 (i.e. to 18.75%)	25 %	28.3 %

The employment rate of people aged 20-64 years in the Czech Republic in the long time stays above the EU average. After peaking in 2008 (72.4%), the Czech Republic dropped in subsequent years by up to two percentage points, but in the last two years, however, there has been a slight increase. The low employment rate of women has long oscillated around the average EU, employment of young persons and persons with low qualifications are problematic segments of employment in the Czech Republic. Since 2010, the employment rate in these specific segments has increased compared to 2010. In terms of the territory, the economically troubled regions are problematic. These are mainly characterized by above-average unemployment rates, higher levels of social exclusion, lack of job opportunities, and the underdeveloped labour market with a lack of job opportunities in work activities with a higher added value.

#### Experience from the 2007-2013 programming period and the state of achievement of objectives

In the area of the labour market and employment rate in the programming period, the activities were focused on improving the adaptability of workers and enterprises, labour market flexibility, and coordination and implementation of active instruments that provide early identification of needs in the area of employment rate. Especially the access to employment and the prevention of unemployment have been supported through effectively targeted and upgraded instruments of the active labour market policy, including the modernization of public employment services, and increasing the adaptability of the manpower.

The increase in the employment rate was contributed indirectly by creating jobs and by interventions outside the European Social Fund – business environment development and R&D environment, urban and rural

development, support for the regions' prosperity, support to promote tourism, and transport infrastructure development.

The economic crisis in 2008-2010 had strong negative impacts on the labour market in the Czech Republic. The employment rate dropped, the number of reported vacancies decreased strongly, and the unemployment rate rose. During the economic crisis, the trend in balancing the differences in the regional employment rates in each region of the Czech Republic reversed, as the differences between them had risen again. At the same time, the differences in the level of economic development in the Regions are getting deeper. Thus, the urgency of need for the support in the labour market and the employment rate persists, respectively its importance has even grown.

No present experience or evaluation study suggests any substantial defect in the interventions chosen in 2007-2013, and the absorption capacity in the given area is sufficient. Interventions in the labour market will therefore focus on increasing the number and proportion of applicants and job seekers supported under the active employment policy instruments, increase in the employment rate of the persons supported, with an emphasis on the groups of people whose employment rate lags most significantly, increase in the proportion of job applicants and job seekers whose qualifications and skills meet the requirements of employers, and increase in the use of flexible forms of employment. Increase in the employee participation in further professional education and increase in the capacity of labour market institutions and the capacity of their services will be supported as well.

In the period 2007-2013, in rural areas, this problem area was addressed by fostering the creation and development of micro businesses and supporting the agricultural organizations that wanted to diversify their business beyond agriculture. The support has contributed to stabilizing the income and distribution of business risks in the companies. The objectives for the promotion of renewable energy fulfilled, but it is necessary to continue to place greater emphasis on job creation, which had not been created in the expected number.

**The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):**

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| <ul style="list-style-type: none"><li>• Labour market and employment are significantly influenced by demographic factors. The Czech Republic is undergoing quite significant changes in the demographic structure, which leads to an increase in the proportion of older generations in the total population and to a decline in the proportion of younger ones. This situation will lead to a reduced number of the population of working age. Although the unemployment rate in the Czech Republic has long stood below the EU average, other unemployment characteristics show a high proportion of unemployed people with low levels of education and practical skills in general, a high proportion of long-term unemployed, high number of unemployed disadvantaged people, often multiply. It is especially about the handicaps caused by low educational attainment, health status, ethnic minority, caring commitments to the family.<ul style="list-style-type: none"><li>➤ Launch innovative instruments of active employment policy (AEP) with an emphasis on individual access and services, focused mainly on the cooperation with social partners in the creation of new jobs, on the prevention of unemployment, including sessions on the school system, to activate the people on the margins of the labour market or outside it in accordance with their individual needs (focus on vulnerable groups in the labour market).</li><li>➤ Develop the regular monitoring of targeting and evaluation of effects of the AEP.</li><li>➤ Promote the employment of long-term unemployed and difficult-to-employ people and their return to the labour market.</li></ul></li><li>• Territorial dimension:<br/>The whole territory of the Czech Republic with an emphasis on the state-supported regions.</li></ul> |
| <ul style="list-style-type: none"><li>• Resolving the consequences of the economic crisis on the labour market showed a low degree of adaptability and mobility of the manpower. In terms of the use of flexible forms of employment and work organization (part-time work, employment for a fixed period, etc.) the Czech Republic belongs among one of the lowest points in the EU. Part-time work in 2010 was performed only by 5.9% of employees, fixed-term contracts only by 7.3%. Insufficient use of flexible forms of employment relationships and work organization thus precludes a higher employment rate. This applies particularly to certain demographic groups (women with children, older people, disabled and other vulnerable people).<ul style="list-style-type: none"><li>➤ Achieve a significantly higher part-time labour supply by developing the conditions for flexible forms of work and the spatial mobility.</li></ul></li></ul>  |

<ul style="list-style-type: none"> <li>• Territorial dimension: The whole territory of the Czech Republic with an emphasis on the state-supported regions.</li> </ul>
<ul style="list-style-type: none"> <li>• The absolute lack of vacancies is further deepened by the mismatch between the skills demanded by employers and the qualifications and skills offered by the manpower. The demand for qualifications and skills is variable, employees and employers (especially the small and medium ones) do not have the sufficient motivation to learn, or support it. Most of the programmes and projects of the active employment policy, funded from the European Social Fund, had a proper focus on promoting the employability, the prevention of unemployment, but the lack of cooperation and motivation of employers did not allow for more efficient and more targeted use of these funds. <ul style="list-style-type: none"> <li>➤ Develop the use of instruments for anticipation of medium-term skill needs of regional labour markets and long-term trends in the demand for human resources.</li> <li>➤ Heighten the effectiveness and ensure a balanced focus of retraining among all groups of applicants, candidates and employees, while respecting the needs of the labour market, among other things, with an emphasis on technical fields and entrepreneurship (self-employment) in the promising sectors.</li> </ul> </li> <li>• Territorial dimension: The whole territory of the Czech Republic with an emphasis on the state-supported regions.</li> </ul>
<ul style="list-style-type: none"> <li>• Employment of women, especially those caring for minors, is one of the lowest in the Czech Republic within the EU, which is caused by the accumulation of factors such as the unavailability of a broad, diverse network of facilities for children of preschool age, lack of part-time jobs, setting the conditions in receipt of parental benefits, little scope for female workers to update or change their qualification after returning from parental leave, and often a low interest of employers in employment of women with young children. <ul style="list-style-type: none"> <li>➤ Support the reconciliation of the work and family life for families with children by offering the support for preschool education and care services for preschool children.</li> </ul> </li> <li>• Territorial dimension: The whole territory of the Czech Republic with an emphasis on the state-supported regions.</li> </ul>
<ul style="list-style-type: none"> <li>• Insufficient degree of automation of administrative work at the Labour Office of the Czech Republic at work with the job seeker, impossibility to acquire information about the job seekers from the social support systems, insufficient space for individual counselling, and the impossibility of automatic matching of the qualification with the requirements for the offered jobs, etc., are reflected in inflexibility, bureaucracy and inefficiencies in mediation, active employment policies and other activities performed by the Labour Office of the Czech Republic. <ul style="list-style-type: none"> <li>➤ Improved cooperation of the Labour Office of the Czech Republic in the implementation of employment policy with all major stakeholders in the labour market, especially at the Regional level. Creating the preconditions for interconnection of the regional policy and the employment policy.</li> <li>➤ Significant reduction of administrative burdens of employees at the Labour Office of the Czech Republic, reduction of the bureaucratic burden of employers, interconnection of information systems of the social policy and the employment policy into one functional on-line information system.</li> <li>➤ Expanding and improving the effectiveness of control activities in the labour market by transferring the control activities from the Labour Office of the Czech Republic to the State Labour Inspection Office, which will also be the coordinator responsible for its coordination with other entities. Personnel (quantitative and qualitative) strengthening the work of the Labour Office of the Czech Republic, increasing the administration automation and networking the information systems are not sufficient to provide effective employment services, it is necessary to invest in the human capital.</li> </ul> </li> <li>• Territorial dimension: Whole territory of the Czech Republic.</li> </ul>
<ul style="list-style-type: none"> <li>• The Czech Republic shows a lack of manpower participation in the continuing professional education (occupational mobility). The current situation does not allow for immediate reaction in replacements, gaining new qualifications and skills of the manpower to the rapid technological changes in the equipment of businesses, which is one of the prerequisites for increasing the competitiveness of the economy. <ul style="list-style-type: none"> <li>➤ Develop the systems for further education of manpower, including certification of the acquired competencies in connection with the National Qualifications Framework. In this area it is necessary to choose an integrated interdepartmental approach to the coordination of employment services, and the public, private and non-profit educational entities.</li> </ul> </li> </ul>

- Generally increase the availability and quality of the further professional education, with a particular focus on meeting the needs of employers.
- Territorial dimension:  
Whole territory of the Czech Republic.

The countryside has a current problem with resolving the stabilization of the rural population through provision of job opportunities. The rate of employability is low in rural areas, only about a half of the local manpower has a chance to find employment in the countryside. Viable countryside is largely dependent on the development of the small and medium-sized businesses in the area. The main causes of the problem in the rural business structure include the lack of equity capital input, locally the lack of human capital (manpower with appropriate education and experience), insufficient or low experience in the new conditions, and the functional facilities in the countryside. As a result of the lower population density (and the facilities) in the countryside, the founding and especially the operation of business activities are mostly associated with higher costs.

- Unfavourable age structure persists in the area of manpower in the Czech agriculture. Compared to the situation in the national economy, there is a significantly lower proportion of workers aged under 30 years here and the proportion of workers aged 45 and over reaches 55% in the sector, while it is 40% in the NE. The proportion of young workers aged 25 to 29 to the workers aged 45 years and over in agriculture is roughly 1:8, in the industry it is 1:3. The increasing demands on the skills and quality of the manpower in relation to the technical and technological development require the entry of young and skilled workers.
  - It is necessary to deal with the outflow of skilled and young manpower to more lucrative non-agricultural businesses outside the rural areas.
- Territorial dimension:  
The entire Czech Republic, especially the peripheral and stabilized territories

- Employment opportunities in rural areas.
  - Promote increasing the economic activity in rural areas and increasing the employment rate with a priority in the lagging regions.
  - Exploit the development potential of rural areas (e.g. human, attractive environment, alternative services, the ability of people to cooperate, recovery of culture).
- Territorial dimension:  
CAP will implement the LEADER approach, identification of development needs will take place at the level of the regions. The measures Investments in non-agricultural activities and Tourism support will be implemented in the whole Czech Republic except Prague, preferring the municipalities in the peripheral areas, municipalities in stabilised areas with smaller populations, and municipalities in economically troubled regions.

### 1.1.1.2 Education

#### Basic description

The social and economic development of the Czech Republic will be increasingly subject to the level of education and hence the quality of the educational system. The importance of education as a factor of economic and social success of individuals and the quality of life throughout the society will increase. The Czech labour market will see a growing productive importance of the creative human intellect and a declining productive role of manual labour, power and routines and niche expertise.

The quality of pre-school and primary education and training is an important determinant of human educability later in life and is crucial for the social integration as well. It helps to reduce social disparities and represents efficient measures to substantially reduce the cost of the future social policies. Investing in the quality and widely accessible initial pre-primary and primary education enable acquisition of key competencies for the future social and working life, and therefore also represent big savings for the future social spending.

In addition to social inclusion, education has extensive links and influence on other key areas of competitiveness of the Czech Republic – business opportunities, quality of public sector, mobility. Secondary education provides students with a broad general education or vocational training related to general education, thus creating the conditions for the continuation of education and employment or work, and for a full-fledged civil life. Tertiary education, together with R&D systems, belongs amongst the main pillars of the economic and social growth.

In the agricultural sector, the continuous training of workers in agriculture and forestry on all working levels is crucial to fulfilling the objectives of the Common Agricultural Policy (CAP), especially in the efficient use of natural resources, climate change adaptation and mitigation of such changes, food security, and increased productivity. This area, however, lacks a long-term concept of education that would be fulfilled by the educational institutions. The thematic and structural targeting of educational programs does not fully correspond with the needs of agricultural practice. Although enough educational activities are supported, the potential of the measures cannot be fully utilized due to the duplication of the content of educational projects.

#### Ties to EU documents

<p><b>Europe 2020 strategy</b></p>	<p>Objective Reduce the share of early school leavers from the current 15% to 10% and increase the share of the population aged 30-34 years with a completed tertiary education from 31% to at least 40%.</p> <p>Primarily the initiative “Youth on the Move” with close ties to the labour market initiative “An agenda for new skills and jobs”, with close links to R &amp; D and involvement of universities, and the initiative “Innovation Union”.</p> <p>The Integrated Guidelines 8 “Developing a skilled workforce responding to labour market needs and promoting lifelong learning”, 9 “Improving the performance of education and training systems at all levels and increasing participation in tertiary or equivalent education”, partially 4 “Optimising support for R &amp; D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy”.</p>
<p><b>Common strategic framework</b></p>	<p>Annex 1, Erasmus for All – use of CSF Funds for common tools and methods that are used and successfully tested under the “Erasmus for All” programme in order to maximize the social and economic impact of investments in people and, in addition, to give impetus to youth initiatives and civic activities.</p>
<p><b>Thematic objectives</b></p>	<p>(10) Investing in education, skills and lifelong learning</p>
<p><b>EC’s Position Paper</b></p>	<p>2.3. Human capital driven growth and improved labour market participation; Reinforcing all levels of education to increase its quality, its contribution to social inclusion and its labour-market relevance.</p> <p>The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.</p>
<p><b>Country-specific recommendations of the Council</b></p>	<p>3. Take additional measures to significantly increase the availability of affordable and quality pre-school childcare.</p> <p>4. Strengthen PES by increasing the quality and effectiveness of training, job search assistance and individualised services, including of outsourced services.</p> <p>6: Adopt the necessary legislation to establish a transparent and clearly defined system for quality evaluation of higher education and research institutions. Ensure that the funding is sustainable and linked to the outcome of the quality assessment. Establish an improvement-oriented evaluation framework in compulsory education.</p>

#### Ties to Czech Republic documents

<p><b>National Reform Programme</b></p>	<p>3. Functioning labour market, education system, and social inclusion as prerequisites for a competitively strong economy</p> <p>3.3.1 The development of the labour market and the active employment policy – education and retraining, support for employment of young people</p> <p>3.3.4 Improving the quality and availability of pre-school care, the compatibility of work and family life – flexible forms of employment, establishment of corporate nursery schools,</p>
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	<p>introduction of more capacity childcare facilities, maintaining the qualification</p> <p>3.3.5 The reform measures in the primary and secondary education - career counselling, improving the monitoring and evaluation system of the quality of education, improve results of pupils from families at risk of poverty, career system, and remuneration of teachers, support for corporate investments in education.</p> <p>3.3.6 The reform of tertiary education and the development of lifelong learning – promoting technical education, system forecasting of qualification needs of the labour market, internships in companies.</p>
<b>International Competitiveness Strategy of the Czech Republic</b>	<p>5 Education level - increase the availability and quality of preschool education, establishment of standards of performance and monitoring their achievement in regional schools, improve the work of school management, improve the career counselling, employer involvement in training the pupils of vocational schools, support of diversification in tertiary schools, quality improvement and excellence, introduce an evaluation system of research and development at universities, align education with the real labour market demand</p> <p>6 The labour market – development of lifelong learning</p>
<b>Regional Development Strategy</b>	<p>Priority 1 Use of Development Areas Potential (measure 1.2 Development of Universities and Research Institutions, 1.5 Labour Market Adaptability).</p> <p>Priority 3 Improve the social environment in the development areas (cross-sectoral measure 3.X. Support for the integration of socially excluded and socially vulnerable groups of the population; measure 3.1 Improve the quality and availability of public services).</p> <p>Priority 4 Balanced Development of Stabilised Areas (measure 4.1 Secure adequate capacity of public services infrastructure).</p> <p>Priority 5 Peripheral Area Revival (measure 5.2 Support for improving the quality of the manpower, 5.3 Secure basic services and serviceability).</p>
<b>Education policy strategy in the Czech Republic until 2020</b>	<p>Document under preparation; to be added in next phase</p>

Other key documents related to the problem area include Long-Term Objective for the Education and Development of the Educational System, National Education Development Programme of the Czech Republic – White Paper, Action Plan for Support of Vocational Education, National Action Plan for Inclusive Education, Lifelong Learning Strategy, Long-Term Plan for Educational, Scientific, Research, Development and Innovation, Artistic and Other Creative Activities for tertiary schools, papers of the Regions in the region, and other sectoral documents defined in the partial operational programmes.

#### Europe 2020 strategy objectives and National Reform Programme objectives

The Europe 2020 Strategy lays the objective “Reduce the share of early school leavers from the current 15% to 10% and increase the share of the population aged 30-34 years with a completed tertiary education from 31% to at least 40%”.

Main objective of the Europe 2020 strategy	EU target by 2020	EU achievement by 2010	EU achievement by 2012	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2012
The share of early school leavers (% of the population aged 18-24)	10	14	12.8	5.5	4.9	5.5
Completed tertiary education (% of the population aged 30-34)	40	33.5	35.8	32	20.4	25.6

In the share of early school leavers, the Czech Republic belongs among the Member States with the lowest indicator value and therefore does not reach the higher EU average (in 2012, the value was 5.5% in the Czech Republic compared to 12.8% in the EU). The Czech Republic already now reaches the target value for 2020. The attention, with regard to the modest growth in recent years, will focus on the developments and trends in the region with emphasis on the social situation of vulnerable groups of the population. The objectives must also focus on reducing the indicator value in the group of men with the value of 6.1% in 2012 (conversely 14.5% in EU); women have a much better situation (in 4.9% in 2012 in the Czech Republic, 11% in EU).

The percentage of population aged 30-34 years with the completed tertiary education in the Czech Republic has been increasing constantly since 2002 due to a significant increase in the rate of entry into tertiary education. The trend of growth in the value has increased significantly since 2007, when there was almost a doubling of the share. This increase caused by the increase either in the number of institutions and the students is thus perhaps the most important change in the tertiary education in the Czech Republic over the past two decades. In 2012, the values reached 25.6% (it was 35.8% in the EU, though). The target value for 2020 is set at 32% (40% in EU), while it is necessary to focus on the group of men, whose level of tertiary education reaches 22.4%. Even so, the original state when the system of tertiary education focused only on a narrow group in the society, the system has reached a state where it is entered by the equivalent of more than two-thirds of the annual age group enters each year. This development has so far failed to fully customize the settings of tertiary education or the structure of its educational offers, and thus the risk of reducing the quality of education and graduates is rising, creating substantial demands on the system changes.

Another indicator, which is closely linked to education, is e.g. the unemployment rate of people with low qualifications (ISCED 0-2). In the Czech Republic, the value of this indicator was 28.3% of the population, while the Czech Republic sets the target for 2020 at the level of 18.75% (i.e. a reduction by ¼. compared to 2010). The link between the education and the labour market is so crucial that this area will receive much attention.

### **Experience from the 2007-2013 programming period and the state of achievement of objectives**

The support in the 2007-2013 programming period in the field of education was focused particularly on modernization of the initial, tertiary and further education, integrating them into a comprehensive system of lifelong learning, and improving the conditions for research and development. The initial training had a specific goal in particular to improve the quality with emphasis on the promotion of equal opportunities and improving the core competencies of graduates, guaranteeing their employability in the labour market, and increasing the motivation for further education and linking these parts of the system of lifelong learning.

The key principles which reflect the shift from 2007-2013 to 2014-2020:

- The use of methodologies and pilot-tested courses of further education of teachers and their targeted dissemination to the teaching practice directly at schools or educational institutions (education across schools, mentoring), especially in the areas of key competencies
  - We build on the excellent schools that received support from the period 2007-2013: These schools will become centres of regional networks. Education will be strengthened by networking of schools, use of educated tutors and mentors, and by sharing of experience and good practice, especially in the area of inclusive education. The solution of a new, integrated approach to their territories with socially excluded localities represents another progress.
  - Completion of a comprehensive system of quality assessment in initial training (in accordance with CSR 6), where in 2007-2013 instruments for external quality assessment had been developed (GCE, new leaving exam, testing in 5th and 9th grades) and tools for self-evaluation. In 2014-2020, there will be a major shift in the training of school managements to use the assessment results for strategic management (leadership in education) and completion of missing tools for formative assessment.
  - In accordance with CSR 3, openness and quality of early preschool education is newly emphasized.
  - In accordance with the needs of the Czech Republic and the recommendations for 2014-2020, practical training of future teachers is newly emphasized.
- In the period 2007-2013, the creation of defined professional qualifications, whose content and scope had been formulated based on the requirements of employers, was initiated. The linking of professional qualifications and educational programs in schools is still inadequate and undermines the potential of these schools to prepare the

graduates well employable at the labour market. 2014-2020 will thus focus on increasing the availability of educational programs linked to the professional qualifications, and in particular on strengthening the cooperation between educational institutions and employers' representatives in the development of these programmes. The conditions for the recognition of results of the initial training and continuing education that respects the European Qualifications Framework and to increase the permeability between the initial and further education programmes will be improved.

In higher education, the attention is paid to the adaptation of study schemes to the needs of the knowledge society, with emphasis on the development of progressive specializations and R & D to strengthen the competitiveness of the Czech economy. EU funds, however, cover only a small proportion of the total state budget expenditure on education (5.3% in 2009). Directing the future support in the area of education therefore requires focusing primarily on the concentration of resources and the coordinated enforcement of system changes.

In the period 2007-2013, the projects leading to the innovation of university curricula, education of human resources for R & D, and networking of tertiary education institutions with research organizations and business, public and voluntary sectors have received support so far. In most cases, projects of individual departments or faculties received support. The framework for the development of universities is determined by the amended Higher Education Act. Following the amended Higher Education Act, the period 2014-2020 also aims, mainly through support for profiling of universities and their strengths, at improving the quality and diversity of university education and its relevance for the labour market, including the support for entrepreneurship of students. The support should be directed especially to strategic projects at the level of entire universities.

In 2007-2013, a system project *Quality assurance and assessment in the tertiary education system* has been implemented. It drafted the implementation of a comprehensive quality control system for tertiary education, research and development. The support for 2014-2020 should help the transition to a new system of quality assessment in tertiary education and strategic management. The universities should establish transparent systems of internal evaluation and quality assurance, and effective management principles including contractual funding, resulting from the amended Higher Education Act.

In the period 2007-2013, the topic of reducing the learning failure are further supported, with increase in the participation of students with special needs, and life-long learning in higher education, which were not systematically addressed in the 2007-2013 programming period.

In 2014-2020, Investments from the ERDF resources will appropriately promote investments from the ESF for the restoration, adaptation or modernization of infrastructure and capital-intensive equipment of universities.

In the 2007-2013 programming period, the transfer of knowledge to farmers and non-farm businesses in the form of information events or within the advisory system for farmers and foresters was supported within the CAP. Although the set objectives in the number of participants in training events (especially for farmers) have been achieved, the feedback on the acquisition of knowledge achieved in practice is not sufficient.

In the context of lifelong learning for the agricultural sector, agricultural universities, vocational schools, ministerial research institutes, state contributory organizations such as IAEI and other non-governmental organizations such as the Agrarian Chamber of the Czech Republic, etc. are involved as well. Vocational education and training in forestry is implemented primarily through professional associations that focus their activities primarily on the knowledge transfer. The number of educational events is sufficient, but there is again a lack of systematic approach and targeting. Lagging in the competitiveness of agriculture then causes especially the lack of skilled manpower, which would ensure effective use of modern technology. This lack is caused both by non systematic training events, and the fact that after leaving the school only a small proportion of engineering graduates are interested to pursue the qualification they had studied.

**The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):**

- The educational system of the Czech Republic adapts too slowly to the changing economic and social conditions of the surrounding world. The progress of information technology and technological progress is faster than in the past and the economic and social conditions are increasingly changing. The need for flexibility of human resources and their human capital is rising.

The quality of teachers and other educational personnel is a key issue that is fundamental to the level of



education. The problem is particularly urgent for workers in preschool education and those caring for preschool children, where it is necessary to ensure not only the capacity of facilities and services, but in particular to ensure the quality of preschool training for all children. The level of preparation of graduates of faculties of education, work of teachers and principals and its impact on the learning results are not systematically monitored. There are large deficiencies in the role of school principals as leaders, managers, coordinators and evaluators of education processes at school with a focus on the education outcomes. Many schools suffer from the lack of teachers in newer areas brought by the social and technological developments. These are especially the areas of IT, languages economy, finance, legal, and social sciences. Many teachers are not sufficiently able to benefit from the growing selection of IT tools and keep pace with the IT literacy of their students. The development of technologies significantly changes the way of obtaining the information, forming of social ties, job search, and the forms of cooperation. The content of the curriculum and the teaching methods respond slowly to these changes and the successful changes will require support of teachers in their professional preparation and further education. The number of career and educational consultants is inadequate. Consultants do not have good information about the labour market and the possibilities for its further development. They often use the aid of counsellors from labour offices, which, however, also have insufficient capacities and again a limited access to the information on trends and future developments in the demand for occupations and qualifications. The lack of competence, preparedness and capacity of the staff in schools, other educational organizations, employers and founders prevents wider opening of schools as centres of lifelong learning, and therefore the opportunities for the development of targeted cooperation to improve the education of children and youth across the education system are not sufficiently exploited.

- Development of human resources for educational programs in the area of initial education. It concerns especially the development of teachers and school leaders in relation to the career system, training of staff at school and out of school in relation to the educational programs, improving the pre-graduate training of teachers, development of founders and trainers of teachers and professionals of the Regions and state authorities.

- Territorial dimension:  
Territorial orientation will be defined using qualitative criteria

- The Czech Republic has not implemented the monitoring of the quality of results of educational, research and development activities at any level of the educational system. The practical use of data for analysis and research purposes to support the evidence-based policies is not widespread. The sharing of data by state-run institutions is not sufficiently coordinated.

The problem also affects the initial regional schools characterized by a very high level of autonomy, which is not accompanied by monitoring tools to ensure the accountability for results, though. They are still in the process of implementation (testing in the 5th and 9th grades, new leaving exam, state GCE, establishment of the National Reference Point for Quality Assurance in Vocational Education). The imbalance between autonomy and accountability for results is yet generally one of the common causes of failure of education systems.

- Create a comprehensive system of national quality monitoring for the results of educational activities as recommended by the OECD to provide the necessary information for system management at the national, regional, school, and teachers level.
- Construct the evaluation tasks based on the educational standards for individual courses (subjects), for education areas in primary schools and for specific literacy.

- Territorial dimension:  
System projects at the national level.

This is related with the issue of integrating the education with the labour market requirements. The demand of employers is increasingly focused on key competencies (communication in the mother tongue, communication in foreign languages, mathematical competence, and basic competences in science and technology, the ability to work with digital technologies, the ability to learn, social and civic competences, sense of initiative and entrepreneurship, cultural awareness and expression). A greater emphasis on key competencies in the framework educational programs has been brought by the curricular reform. Inadequate reflection of school curricula, however, requires further methodological support for the teachers and school leaders. Since the reform was launched in 2004, the concerned students will be entering the labour market in the years 2016-2020, when the real impact of the reform on the labour market will be seen.

The cooperation between schools and employers in the 2007-2013 programming period developed also at the local and regional level, especially with the support of the Operational Programme Education for Competitiveness, focusing not only on the practical teaching, but also on the cooperation in the evaluation and upgrading of school curricula, teacher education, innovation in production, and involvement of experts in the teaching.

- Improving the curricular content of education oriented to the development of more comprehensive and long-term applicable key competencies (e.g. communication in the mother tongue, communication in foreign languages, mathematical competence, and basic competences in science and technology, the ability to work with digital technologies, the ability to learn, social and civic competences, sense of initiative and entrepreneurship, cultural awareness and expression) with a higher impact on the employability of graduates on the labour market and their success in life.
- Ensuring integration of the initial and further education, including the development of the National Qualifications Framework and the implementation of the European Credit System for Vocational Education and Training. Development of basic literacy (e.g., reading, mathematical and digital), support for entrepreneurship, innovative thinking, flexibility, and creativity. Increasing and improving the quality of educational programs with the participation of professionals from practice and ensuring the consistency between the profiles of graduates of initial and continuing education and the requirements of employers.
- Focussing on the integration of the educational system with emphasis on the basic shared human values.

- Territorial dimension:

Throughout the Czech Republic, with the fact that the individual measures within the conceptual changes will be implemented in the next phase primarily from the territorially administration and local levels, as well as in the economically troubled regions, where the development of new jobs is limited by, inter alia, the low quality of education and unequal opportunities for quality education in the area, especially in the socially excluded or vulnerable locations.

- The problem of an education not meeting the needs of employers is very urgent in case of apprenticeships. The subjects of apprenticeship are often still narrowly focused and the professional training is too detached from practice in companies, so it often does not correspond to the actual demand. The problem therefore is not necessarily in the insufficient number of graduates, but in the poor quality of their education and apprenticeship and the little relevance to the labour market in the given place at the given time. Therefore, the interest in apprenticeships is declining

- Increasing the adaptability of graduates from all types of schools and their chances in the labour market through the development of strategic cooperation between schools and labour market actors, innovation of training programs with the participation of experts from industry, encouraging the creation of strategic partnerships in regions, practical training at the employer's workplace and the introduction of elements of developing a cooperative model of cooperation between schools and employers. Preparation of graduates for entrepreneurship, innovative thinking, flexibility and creativity.

- Territorial dimension:

In the economically troubled regions, and then also according to the qualitative criteria.

- There are relatively large differences in the support of the regional education that do not adequately compensate for differences in the level of socio-economic development of regions and micro-regions. There are significant differences in the material and technical equipment of schools and school facilities, not only in the educational area but also in the safety of children in schools. No system of financing is set up that would specifically support improving the quality of schools in which pupils achieved worse results, or compensate for the differences in the level of socio-economic development of regions and micro-regions.

- Investments in the educational infrastructure so as to reflect both the need to renew the existing infrastructure and also the need for new development e.g. in connection with the change of the profile of educational institutions (including universities), including upgrading of educational tools and instruments.

- Territorial dimension:

<p>The whole territory of the Czech Republic (individual local authority levels) according to the local needs identified on the basis of qualitative criteria within the conceptual changes of the founders at territorial levels – Regions.</p>
<ul style="list-style-type: none"> <li>• Little attention is paid to the educational track of a group of children and young people with special educational needs (both with disabilities and those who come from a disadvantaged socio-economic environment) and gifted and talented children. Unlike the general population, where premature leaving from education is monitored by a representative survey, this vulnerable group is not statistically monitored. An insufficient system and methods developed to search for talented and gifted children, pupils and students and their further development. <ul style="list-style-type: none"> <li>➤ Diversification and individual approach in teaching in general and especially the inclusive education in relation to the issues of social exclusion at all levels of education (e.g. in the support of preschool education for children from social groups at risk of social exclusion, special tools such as teaching assistants, implementation of supporting and compensatory measures, scholarships for students from social groups at risk of social exclusion, the transformation of institutional care and other).</li> <li>➤ Providing the teachers with diagnostic tools that enable them to monitor the educational progress of individual pupils and adapt teaching to their individual needs. Creating the grade standards or development maps for clarification of what must be the minimal result of the education.</li> <li>➤ Systemization in the access to the authentication of maturity of the child for school, with the goal of identifying the areas requiring positive intervention and assistance while ensuring that the verification tool does not become a tool of selection.</li> <li>➤ Creating an engine for search, motivation and targeted support for gifted and talented children, pupils and students in nursery schools, primary schools, secondary schools and universities.</li> </ul> </li> <li>• Territorial dimension: Primarily in the state-supported regions, while in the other areas, the measures will be implemented in the next phase within conceptual changes from each individual territorially-administrative level.</li> </ul>
<ul style="list-style-type: none"> <li>• According to the indicators of the quality of education and research at universities, the tertiary education remains below the potential that this area offers. In the area of tertiary education, the Czech Republic shows exceptional characteristics mainly in: <ul style="list-style-type: none"> <li>(i) A very high proportion of graduates with MA degree and a small proportion of professionally oriented BCs heading to the labour market.</li> <li>(ii) A very long time of university studies.</li> <li>(iii) A high rate of dropouts of study.</li> <li>(iv) A very heterogeneous quality of graduates, which is also monitored only minimally.</li> </ul> </li> <li>➤ The development of excellent tertiary education in relation to the R&amp;D excellence. The transition to a more professional orientation and diversification of tertiary education (professional-focused bachelor courses, higher vocational schools).</li> <li>➤ The development of the international environment at universities and the higher intensity of their international cooperation and internationalization.</li> <li>• Territorial dimension: Developing areas.</li> </ul>
<ul style="list-style-type: none"> <li>• An insufficiently diversified tertiary education system builds little and often formally on the highly diversified system of secondary education. The Czech Republic has a low proportion of pupils in more generally oriented educational programs and insufficiently broad-based curriculum in a number of vocational schools. The system of tertiary education is poorly diversified, the offering of professionally oriented degree programs is limited. <ul style="list-style-type: none"> <li>➤ Introduction of the system for profiling the study areas such as research (focusing on cutting-edge research and development) and education or professional education (strong ties to the labour market, capable in its educational activities to respond flexibly to the changes in the global economy and the labour market).</li> </ul> </li> <li>• Territorial dimension: Whole territory of the Czech Republic.</li> </ul>
<ul style="list-style-type: none"> <li>• There has been significant progress in the field of further education in the Czech Republic. Until recently,</li> </ul>

the low rate of participation in further education in recent years exceeded the EU average.

However, people continue to educate poorly in the key competencies such as language and IT. The reason is primarily the financial cost of education and the general nature of this education which discourages the employers from participating in the costs. Incentives to employers for further education are limited in this direction.

The lifelong learning system is already anchored in legislation and currently is being gradually implemented in practice. The low participation is also given by the unbundling of corporate training with the principles of active employment policy and current methodologies for retraining with the needs of employers.

- System support for further education – increasing the availability and quality of further vocational training in response to the labour market needs. In this area it is necessary to choose an integrated interdepartmental approach to the coordination of employment services, and the public, private and non-profit educational entities.
- The development of the career guidance system and the links with further education, sectoral agreements and agreements of the key Regional actors.
- With regard to the employers' needs, to create the Centres of further education (or lifelong learning centres) in the selected secondary schools in some sector-based learning and study programmes.
- Territorial dimension:  
In the whole Czech Republic, while the measures within conceptual changes will be implemented in the next phase from each individual territorially-administrative level.

- An insufficient inflow of skilled workers in agriculture and forestry and an unsatisfactory qualification structure of the existing staff does not hinder accepting the latest insights and innovate the production processes and technologies.
  - Improve the skills of workers in agriculture, forestry and food, increase the availability of vocational training, including the education in the integrated pest protection (IPP).
  - To deepen the knowledge of workers in agriculture and forestry on the importance of sustainable farming methods, and improving the work safety conditions.
  - Increase the availability of essential technical information in the field of agriculture and rural development.
- Territorial dimension:  
Support for agricultural education is expected throughout the territory of the Czech Republic (with the exception of Prague). It will be complemented particularly by support from the ESF.

### **1.1.1.3 Research and innovation system**

#### **Basic description**

In the long term, the key conditions of competitiveness of the Czech Republic include the innovation performance of businesses, excellent research and functional links between the research and business sectors. A quality research is an essential source of new knowledge that extends the achievable technological capabilities which can be used for innovation, and which is also a significant contributor to the creation and development of human resources.

The prerequisites for the development of a quality research:

- A modern (i.e. globally competitive) research infrastructure.
- Quality human resources in R&D.
- Internationalization, both in terms of the composition of the teams of individual institutions and in terms of international cooperation with leading partners.
- A necessary degree of concentration of capacities and resources to the disciplines carefully selected in accordance with the concept of smart specialization, that is those disciplines having a tradition in the Czech

Republic, a very good current level from the international perspective, and a promising perspective of the discipline.

- A good institutional framework for R&D, i.e. a good control and evaluation system for R&D at the national level and at the level of R&D institutions.

Existing segments for the transfer of knowledge (research institutes, universities, departmental counselling system) do not respond with a sufficient flexibility to the practical needs. There is also a lack of confidence of the practical sector in the results of the research, especially in their contribution to solving the problems of businesses, municipalities or sectoral associations. This lack of confidence enhances the reluctance of the business community to participate in the costs associated with the transfer of knowledge.

In the field of agriculture, the knowledge transfer and innovation process are effected in several ways (consulting and educational services of the companies offering agricultural technology, universities and research centres, counselling services of MEnv, etc.). These services, however, exist in parallel, their interaction is rather weak and only some of them are mutually coordinated. In terms of implementation of research and development into practice, agriculture suffers from the general state of the Czech Republic, without practical dissemination and implementation of technologies that would belong among the most advanced on world markets. R&D is thus not the main driver of economic growth in agriculture. New technologies from abroad are mostly taken up by simply importing, despite the long-term existence of departmental research.

#### Ties to EU documents

<b>Europe 2020 strategy</b>	<p>Achieve the target of investing 3% of GDP in research and development, in particular by improving the conditions for private sector investment in research and development, and creating a new indicator to track the innovations.</p> <p>Initiatives “Union Innovation”, “Youth on the Move” (with relation to universities), partial link to other initiatives.</p> <p>The Integrated Guideline 4 "Optimising support for R &amp; D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy." Partial link 5 "Make use of resources more efficient and reduce greenhouse gas emissions" and 8 "Developing a skilled workforce responding to labour market needs and promoting lifelong learning</p>
<b>Common strategic framework</b>	<p>Annex 1, 4.3 – Horizon 2020 and other centrally managed EU programmes in the areas of research and innovation: Adoption of additional measures aimed at unlocking their potential for excellence, research and innovation in a way that is complementary and creates synergies with the Horizon 2020 programme, in particular through joint funding:</p> <ol style="list-style-type: none"> <li>Interconnection of new centres of excellence and innovative regions in less developed and in less performing Member States from the perspective of R &amp; D with the top partners anywhere in Europe.</li> <li>Establishing the links with innovative clusters and the pricing of excellence in the less developed regions.</li> <li>Establishing the "ERA Chairs" to attract outstanding academics, especially in the less developed regions.</li> <li>Promoting the access to international networks of researchers and innovators who are involved in ERA, or from the less developed regions.</li> <li>As possible, contribute to the European Innovation Partnerships.</li> <li>Preparation of national institutions and/or clusters of excellence to participate in the KICs (Knowledge and Innovation Communities) of the European Institute of Innovation and Technology (EIT), and</li> <li>Organization of international mobility programmes for top researchers, co-funded by "Marie Skłodowska-Curie Actions".</li> </ol>
<b>Thematic objectives</b>	<p>1. Strengthening research, technological development and innovation</p>
<b>EC's Position Paper</b>	<p>2.1 Innovation friendly business environment –Increasing the performance of R&amp;I investment (improvement and expansion of facilities for research, to ensure availability of technological capabilities, commercialization of research and innovation in the Czech research centres).</p>

	The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	6. Adopt the necessary legislation to establish a transparent and clearly defined system for quality evaluation of higher education and research institutions. Ensure that the funding is sustainable and linked to the outcome of the quality assessment. Establish an improvement-oriented evaluation framework in compulsory education.

### Ties to Czech Republic documents

<b>National Reform Programme</b>	3.4. Growth based on innovations and research. 3.4.1. Developing conditions for excellence research – ensuring the sustainability of European centres of excellence and regional research centres. 3.4.2. Development of cooperation between the business sector and research institutions – support for applied research and development for industry needs. 3.4.3. Innovative business – development of knowledge economy.
<b>International Competitiveness Strategy of the Czech Republic</b>	9. Innovation – increasing the innovative demand of companies, increasing the mutual awareness and cooperation between the business and academic sectors, developing the excellent research, supporting the business activities and research in key areas of technology, efficient management and coordination of development policies and instruments in the support of innovation entrepreneurship and research and development.
<b>Regional Development Strategy</b>	Priority 1 Use of Development Areas Potential (measure 1.1 Support for the Transfer of Knowledge Between Research and Business, 1.2 Development of Universities and Research Institutions).
<b>The National Policy for Research, Development and Innovation</b>	Objective 1 "Establish strategic R&D management at all levels". Objective 2 "Focus the public support of R&D on the sustainable development needs". Objective 3 "Increase the efficiency of public support systems for R&D". Objective 4 "Make use of R&D results in innovations, and improve the cooperation of the public and private sector in R&D". Objective 5 "Improve the participation of the Czech Republic in the international cooperation on R&D". Objective 6 "Provide high-quality human resources for R&D". Objective 7 "Establish an environment stimulating R&D in the Czech Republic". Objective 8 "Provide for efficient links to the policies in other areas". Objective 9 "Consistently evaluate the R&D system".
<b>National innovation strategy</b>	Priority Axis "Excellent research" (Effective use of public funds for research and development; Top research infrastructures; European Research Area – the path to excellence in research). Priority Axis "Development of cooperation for the transfer of knowledge between business and academia" (Improvement of internal conditions and the overall preparedness of academic institutions for the cooperation with businesses and the commercialization of research results; Support for the cooperation between businesses and R&D institutions; Improving the quality and development of new services of the supporting innovation infrastructure). Priority Axis "Innovative entrepreneurship" Priority Axis "People: main inventive thinkers and a catalysts for changes"

Other key documents related to the problem areas include the Smart specialization strategies (S3), the National Research, Development and Innovation Policy, National priorities of oriented research, experimental development and innovation, the Long-term plan for educational, scientific, research, development and innovation, art and other creative activities for the areas of universities, the Concept of agricultural applied research and development until 2015, the Concept of medical applied research and development until 2015,

Interdepartmental concept of security research and development of the Czech Republic until 2015, the Interdepartmental concept of international cooperation in research and development until 2015, the Concept of

defence applied research and development until 2015, the Interdepartmental concept of applied research and development of national cultural identity until 2015, documents of the Regions in the region, and other sectoral documents defined in the sub-programmes.

### Europe 2020 strategy objectives and National Reform Programme objectives

Main objective of the Europe 2020 strategy	EU target by 2020	EU achievement by 2010	EU achievement by 2011	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2011
Share of R&D (% of GDP)	3	2.01	2.03	1 (public)	0.62 (public) 1.56 (total)	0.69 (public) 1.86 (total)

In 2011, the investments in research, development and innovation in the Czech Republic reached 1.84% of GDP (over CZK 70 milliard), representing a significant increase both in absolute terms (about a fifth) and relative in the proportion to GDP. In 2011, 47% of expenditure on research, development and innovation in the Czech Republic continued to come from the national business resources (in the EU, it was 53.9% in 2010). Public resources, whose share in total expenditure accounted for 0.69% of GDP, contributed in the amount of 37% to the financing (in the EU, it was 34.6% in 2010).

The share of R&D in GDP in the Czech Republic is growing steadily, its structure is positively affected both by deposit of a higher private capital and the foreign financial flows. In this sense, the government has committed in establishing its national goals to take measures to ensure that public spending on research, development and innovation in the Czech Republic in 2020 amounted to 1% of GDP, with a parallel increase in the share of private sector in financing the research, development and innovation so that the Czech Republic contributed to achieving the objective set out in the Europe 2020 Strategy. Another partial objective of the Czech Republic is to increase business expenditure so that they represented two thirds of expenditure on R&D.

The other indicators or objectives that are addressed by the Czech Republic, include the Number of patent applications at the EPO. Per 1 million of inhabitants in the Czech Republic, this number reaches 12.2% of the EU 27 average. In 2010, the Czech Republic found 424 sold licenses to patents or utility models (from the total, 92 contracts were newly concluded). 86% of the licenses were concluded between the bodies from the Czech Republic, with Slovakia, USA and Germany dominating among the foreign partners. In the number of R&D employees, in particular with regard to the territories, the implementation of the S3 strategy will be crucial since it better directs the sectoral concentration of interventions with a more efficient use of local potential. In innovations, the Czech Republic proves that despite the relatively favourable economic situation and the ability to reap the benefits of the innovation produced, the cumulative innovation performance of the Czech Republic reaches only 0.436 (in the EU it was 0.539). The main weakness of the innovation environment is represented by the lack of risk capital invested, which supports the fast-growing innovative companies, and the overall attitude of companies to collaborate on the innovative activities that currently prefer the development and innovation in their own right.

### Experience from the 2007-2013 programming period and the state of achievement of objectives

As the structure of investment in research, development and innovation implies, the resources from the EU funds participate in achieving the Europe 2020 Strategy objectives in the 2007-2013 period also directly, but the volume of this contribution, however, yet falls short of its potential due to the delayed implementation. The support in terms of research and innovation system in the programming period went primarily to R&D development to strengthen the innovation in each region and to create the conditions for close cooperation between the research and education centres and the business community through the creation of innovation networks, innovation centres, and technology transfer centres. The majority of funds are directed to build eight centres of excellence and forty regional R&D centres. There is still a lingering problem in the non-existent systematic linking of universities and academic institutes and businesses. It is crucial to build on the existing R&D centres and guide the further support for their development and utilization.

While in the period 2007-2013, a new research infrastructure was largely built in the form of research centres, in 2014-2020 the focus will be laid on the completion and modernization of the research infrastructure, and the support for top research teams in monitoring the principles of concentration of resources, interdisciplinarity and internationalization. Through the implementation of 8 Centres of Excellence, as of 28 February 2013,

approximately 545 new jobs for R&D personnel were created, that is more than 50% of the target value. Strengthening the R&D focus on practical application needs is reflected in the achieved number of projects for cooperation of the application sphere with the centres of excellence, which reached the value 9 in the monitored period (approximately one third of the target value).

At the level of the regional R&D centres, those research activities shall be supported that will have applicability in the market, allowing to establish a cooperation between research organizations and businesses, or a wider application area. The utilization of modern infrastructure and equipment is essential. The number of project of cooperation of the application sphere with the regional R&D centres currently already exceeds the target values (151, target of 100). The number of students who take advantage of existing infrastructure is successfully increased and also these values exceed the target amounts (495). Approximately two-thirds of the value is reached by the number of newly created jobs for R&D employees (approximately 940). During the 2014-2020 programming period, the support of research with a regional aspect will be directed to interdisciplinary research in areas of societal challenges, which are reflected in long-term priorities of the oriented research.

A separate activity that does not have a parallel in the 2007-2013 programming period, is the support for development of the process of smart specialization in the regions.

In the current programming period, 40 infrastructure development projects are in the process of implementation at universities associated with the research. By the end of February, they reached approximately 2,200 students benefiting from the new or upgraded infrastructure (more than 1/10 of the targets) of which approximately 450 students at doctoral degree programmes (also approximately 1/10 of the targets). In the following period, the focus in this area shall be laid on international collaboration of master and doctoral programme students and research teams in universities. The support will follow the profiling of the research study programs in connection with the amended Higher Education Act.

In the period 2007-2013, nine centres for transfer of technology were successfully built and four science learning centres and five visitor centres in the field of popularization. Since these centres are relatively young and do not have the necessary experience and often are still gaining a position in their institution, especially their development will be supported in the next programming period (in terms of improving the expertise and skills) and enhancing the quality of their services (especially in the way of "learning by doing").

Compared to the current programming period, more emphasis will be laid on synergy and complementarity in particular with the Horizon 2020 programme and other programmes at the European level.

It is also necessary to strengthen and modernize the research capacities in Prague, which is a natural scientific and academic centre of the Czech Republic, concentrating the key research organizations providing interconnection of the Czech Republic with the European Research Area.

Innovations in agriculture, food and forestry industries were only marginally supported in the previous programming periods. There is great potential for the development especially in the field of cooperation between research and practice here. Also the creation of the European innovative partnership and the formation and development of activities of its operating groups might help.

#### **The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):**

- Quality and frequency of large infrastructure for research and development in the Czech Republic is still below average, which not only leads to lower quality of research, but also to poor creation of relationships with the application sector and inefficient use of R&D results in business innovation. During the 2007–2013 programming period, large R&D infrastructure of two types has been built within the OPRDI: European centres of excellence that will provide a top world-class research and regional R&D centres, which will perform R&D, the results of which will be preferably used in the application domain. It is necessary to ensure further development of such infrastructure, while these entities must cover the costs of their activities not only by public funds but they have to effectively obtain funds from private and foreign sources. A significant problem might be the lack of top researchers who will operate within this research infrastructure. The lack of technical personnel with tertiary education that can implement and prepare experiments for users of these facilities can also have negative impact.
  - Utilization of the centres of excellence and other innovative infrastructure built in the period 2007–2013, with an emphasis on ensuring their sustainability.
  - Establishing and developing specialized centres of technological competence in accordance with the smart specialization principles.



- Territorial dimension:  
Concentration of support to developing regions, including Prague, following the concept of smart specialization, supporting the collaboration of R&D entities and business sector across regions (networking, clusters).

- In comparison with other European countries, number of researchers in the Czech Republic is significantly lower, which is evident in all sectors. In particular, there is a lack of younger researchers from 30 to 34 years in virtually all fields. In some fields, an entire generation of researchers is missing and this could threaten the very existence of many research teams, or entire study programs in the case of tertiary-education institutions. The mobility of researchers is also still too low, not only between the public and the business sector, but also between individual R&D institutions.

Despite the existence of some centres of excellence and research teams, the overall level of research in the Czech Republic in most fields clearly lags behind most developed countries due to a number of factors (the lack of world-class high-quality researchers, the lack of private-sector leading partners, inadequate equipment, frequent “inbreeding”, i.e. a lifelong career of research and teaching staff within a single university, etc.). This also implies limits of the Czech R&D institutions in terms of attractiveness for top international research institutions, businesses and researchers. On the contrary, many Czech research organizations face problems as many promising researchers leave.

- Effective promotion and popularization of RDI.
- Development of human resources for research, development and innovation – both international and inter-sectoral mobility of researchers and managers in order to acquire and retain top researchers, including foreign staff, work with talented researchers, return of top researchers from abroad, improvement of the quality of primary, secondary, tertiary and further education.
- Creating financial and non-financial motivational tools to support the development of the newly built large R&D centres and attracting talented and top researchers to them.
- Creating a comprehensive system of marketing activities targeted at attracting talented and top researchers.

- Territorial dimension:  
Concentration of support to developing regions, including Prague, following the concept of smart specialization, supporting the collaboration of RDI entities and business sector across regions (networking, clusters).

- The relatively weaker position of many Czech R&D institutions is also the reason for the insufficient involvement of Czech teams in international research projects that require high-quality participating institutions as well as European standards of research infrastructure (equipment).

In comparison with the developed world, the Czech research community has also unstable in time and fragmented (in the sense that it is provided at the level of individual institutions, not on a national level) access to the latest research-based information and databases. This fact also reduces the attractiveness of Czech research institutions for researchers from abroad.

- The involvement of international companies and investors in sophisticated activities in the Czech Republic, strengthening of rooting of existing R&D centres of international companies in the Czech Republic
- Strengthening a long-term cooperation between the Czech leading institutions and foreign partners (academic partners and enterprises)
- Increasing the involvement of the research and business sector in European and international projects.

- Territorial dimension:  
Concentration of support to developing regions, including Prague, following the concept of smart specialization, supporting the collaboration of RDI entities and business sector across regions (networking, clusters).

- One of the weaknesses of the Czech research system is the quality of management, both at the national level and at the level of many R&D institutions. At the level of individual R&D institutions, critical areas include the low quality of knowledge management, missing or inadequate system of support for application potential of the acquired knowledge, quality of specialists within the departments providing internal

technology transfer services, setting of internal procedures, which has been so far significantly hindering the development of cooperation with businesses (e.g. high charges on contract research), and the lack of motivation of researchers themselves. In most cases, there is no strategic management at the level of entire institutions and research teams and groups, i.e. no long-term goals are set, monitored, measured and evaluated. Decisions on the further course of the research work are often made ad hoc or based on “inertia”, without a good knowledge of the context.

The lack of concentration of public resources represents a related problem. When allocating public support, it is necessary to place emphasis much more than before on achieving excellent research results of European or global class, or on their significant contributions to the development of companies or selected areas of the public sector, all that in accordance with the concept of smart specialization.

- Introduction of a high-quality management system of the R&D sector, both at the national level and at the level of individual institutions, including changes to the systems for evaluating and funding R&D institutions, so that the system supports not only excellent research results, but (especially in technical and scientific fields) also their successful application in cooperation with the private sector.
- Reduction of administrative burden on the heads of research teams.
- Territorial dimension:  
The territorial dimension is not relevant for the introduction of the R&D management system at the national level. Concentration of support to developing regions, including Prague, following the concept of smart specialization, supporting the collaboration of RDI entities and business sector across regions (networking, clusters).

- Well developed cooperation between companies and research institutions represents a basic condition for the economic utilization of research achievements. Attitude of tertiary-education institutions as well as other research institutions to such cooperation is, however, rather distant, given the absence of clear external impulses, persistent financial and legal risks, structural problems and historically given prejudices.

R&D institutions often do not have the appropriate staff capacity and internal procedures for cooperation with businesses, legislative rules governing cooperation with R&D institutions and private businesses are not sufficiently clarified, in a number of fields there is also the problem of lack of strong commercial entities that would require contract research by research institutions. The public sector also represents an important application area. Its research demand should be appropriately stimulated by the instruments of the Pre-commercial public procurement (PCP) type.

- Introduction of a high-quality management system of the R&D sector, both at the national level and at the level of individual institutions, including changes to the systems for evaluating and funding R&D institutions, so that the system supports not only excellent research results, but (especially in technical and scientific fields) also their successful application in cooperation with the private sector.
- Creation of a high-quality system of commercialization of R&D results with emphasis not primarily on technical infrastructure that already exists in a number of cases, but on providing high-quality services (pre-seed, proof of concept fund, technology transfer centres, support for global applicability of the results and services, including the search for foreign partners, appropriate legislative rules for the commercialization of R&D results, including issues such as the establishment of spin-off companies, intellectual property issues, etc.). Targeted acquisition of foreign investments channelled into the construction of specialized R&D centres of multinational companies in fields where the Czech Republic excels in the fields of basic research and/or applied research based on the smart specialization concept.
- Stimulation of demand within public sector for research instruments of the Pre-commercial public procurement (PCP) type, as the public sector represents an important application area.
- Territorial dimension:  
The whole territory of the Czech Republic, but primarily concentration of support to developing regions, including Prague, according to quality criteria following the concept of smart specialization, supporting the collaboration of R&D entities and business sector across regions (networking, clusters).

- Existing segments for the transfer of knowledge (research institutes, universities, departmental counselling system) do not respond with a sufficient flexibility to the practical needs in the field of agriculture, food industry and forestry. There is also a lack of confidence of the practical sector in the results of the research, especially in their contribution to solving the problems of businesses, municipalities or sectoral associations. This lack of confidence enhances the reluctance of the business community to participate in the costs associated with the transfer of knowledge.
  - To support the adaptation of research results to specific needs through close cooperation of practical sector with research institutions, to utilize innovation to increase the added value and accelerate the introduction of the latest knowledge of environmental protection into practice.
  - To accelerate the transfer of knowledge in agricultural and forestry businesses by supporting vocational training and awareness building measures.
  - To support capacity building and increase in skills of experts/consultants at all stages of the counselling system with adequate geographic coverage; to allow for an extension of the consultancy areas for plant health care, productivity and efficiency of agriculture and forestry, climate change and climate protection, rural development and application of agri-environmental measures.
- Territorial dimension:  
Support for agricultural education is expected throughout the territory of the Czech Republic (with the exception of Prague). It will be complemented particularly by support from the ESF.

#### **1.1.1.4 Competitive enterprises**

##### **Basic description**

Business environment in the Czech Republic is characterized not only by advanced technical skills, but also by the fact that it is based on “lean processes” without unnecessary inventory, on developed logistics and that it focuses on the EU countries that receive 84 % of our exports, which is exceptionally high number. International comparisons show that Czech companies are successful as subcontractors, but their poor knowledge of foreign markets is their major weakness. Territorial limitation of the active balance of trade almost exclusively on EU countries shows that the functional specialization of the Czech Republic in world trade can be characterized as a production base for markets in Europe and surrounding areas, while the scope and nature of use of this production base is controlled mainly from abroad. Domestic business sector is still weak, it is not based on innovation to a sufficient extent and on direct relationships with end customers; its development strongly depends on the demand from multinational corporations from outside the Czech Republic (they have only branches in the CZE). Small domestic market is compensated by a high degree of openness with a very high share of foreign trade with the EU and therefore it is very sensitive to the functioning of the internal market and the dynamics of the EU economy, as well as of the end customers buying the re-exported goods. Like in many European countries, the biggest improvement in efficiency has been recorded in tradable goods exposed to foreign competition.

In the long term, innovation performance of enterprises is a key condition of their competitiveness, while such innovation results from own research and development and/or from a functional linking of business and research communities, including excellent research. Development of innovative activities of companies must be understood in both quantitative terms (more companies are focusing on technological innovation) and especially in qualitative terms (i.e. increase in ambitions of innovation efforts of companies). Percentage of expenditure of businesses on research and development compared to GDP in 2010 amounted according to the CSO to 1 %, which corresponds to CZK 36.6 billion in current prices. In terms of financial resources, the business sector did not succeed in retaining its share in the total expenditure on R&D, which exceeded 50% in the period 1999–2008. As regards the indicator of private expenditure on R&D activities, it is important to note that a large proportion of this expenditure comes from public funds. Data show that the intensity of innovative activities of domestic companies is comparable to that of EU-27 countries. More generally it can be said that approximately two-thirds of large enterprises, half of medium enterprises and around one third of small enterprises undertakes activities related to innovation. The comparison indicates that in all these groups, the share of innovative companies increases. The results of the last survey confirm that small and medium enterprises match or even exceed the large ones as regards the relative share of expenditure on R&D and the total innovation expenditure. The fact that small and medium enterprises are research-intensive is an unusual finding. The high cost of research and development usually limits the possibilities of small and medium enterprises in this regard. The reason may also lie in the fact that many businesses in the Czech Republic are directly owned by foreign or

multinational companies. They distribute their research and innovation capacities and their results according to their (global) strategies, regardless of their regional dimension. The relatively lower research intensity of large innovative enterprises can be caused by the fact that company laboratories of these enterprises are located at their parent companies abroad.

One of the problems of the Czech economy is the locking of a large part of Czech manufacturers, suppliers of large multinational companies (whether established in the Czech Republic or abroad) in the lower levels of the value chains. This position guarantees significant sales to such companies, but they are also exposed to heavy price pressure and they are also usually completely isolated from strategic information. Potential innovations in this type of companies are often limited to process upgrading or to innovation leading to savings in the manufacture of a particular product. Innovation of the actual product (product upgrading) is basically possible only on the direct order of their customer. Upswing within the value chain is very difficult to achieve, because this position is already occupied usually by large foreign companies. It is also important that in comparison with EU-15, R&D activities within the business sector are implemented in the Czech Republic mainly in medium and lower-tech fields. The share of research in high-tech fields, which are crucial for the country's competitiveness, has been statistically increasing in the Czech Republic in recent years. The intensity of research in high-tech fields is however still restricted by the fact that high-tech industry companies in the Czech Republic mostly focus on assembling products and the contribution of their own research is low.

Competitiveness of companies in the Czech Republic is limited by a number of significant barriers; these barriers can be classified into 3 main types (they are however partly overlapping):

1. Issues that relate directly to the private sector:
  - locking of a number of Czech manufacturers who are suppliers of large multinational companies in the lower levels of a value chain,
  - underestimation of non-technical skills (e.g., foreign market search, orientation and negotiation)
  - passive or reactive strategy of many Czech companies (initiative for innovation often comes not out of the company itself, but from the customer)
  - limited internationalization of Czech companies and insufficient public support in this area (lack of resources for expansion, establishment of service networks, etc.); these problems are even more intensified by the fact that there are relatively few large companies in the Czech Republic,
  - small share of foreign companies that implement sophisticated economic activities in the Czech Republic,
  - low proportion of companies that are capable of ensuring competitiveness through more sophisticated innovation,
  - ambition of some Czech entrepreneurs to establish only "family" business.
  - many foreign-owned companies place their research labs at their parent companies abroad.
2. Inappropriate or non-existent method of linking the business sector and research institutions; there is a number of serious problems within the research and development sector itself – *there is a strong link to the subarea of Research and innovation system*:
  - fear of disclosure of business secrets during the collaboration with public research institutions,
  - uncertainty associated with the introduction of innovations, which contrasts with the current relatively stable demand from large customers for usually simple components,
  - focus of a significant number of R&D institutions on basic research, for the commercialization of which the conditions are not suitable in the Czech Republic, while the applied research is often not considered as sufficiently "prestigious" or is not sufficiently taken into account in the system of funding of R&D,
  - difficulties in securing external (non-bank) financing of innovative projects and/or start-up companies.
3. Shortcomings in the overall setup of the business environment in the Czech Republic (especially the deteriorating situation in primary, secondary – especially vocational – and tertiary education, shortcomings in technical infrastructure, deficiencies in the functioning of public administration, corruption, unclear accountability at the government level for the areas of innovation and competitiveness, the promotion of successful Czech companies and ideas is still insufficient, etc.) – *strong link to the sub-area of Education and problem areas of Infrastructure and quality and efficiency of public administration*:
  - insufficient human resources for own production and the innovation process, this is related i.a. to an inappropriate structure of education system (on the one hand, massification of higher education leads in many cases to a decrease in quality of university graduates, on the other hand, there is a lack of high-quality and motivated graduates from secondary vocational schools);
  - high energy intensity of the Czech economy.

Competitiveness of the business sector in the Czech Republic has also an integral territorial dimension. The City of Prague, functionally closely connected with the Central Bohemia region, achieves often the best values in factors of competitiveness of enterprises. Broadly conceived agglomeration of Prague has excellent RDI

conditions in relation to the allocation of financial resources for RDI infrastructure, but also factors of the business environment (e.g. number of businesses compared to population, share of employees in sophisticated fields, etc.).

South Moravia is the second region of the Czech Republic with great conditions, next to the Prague agglomeration. In the case of the South Moravian region and the City of Prague, the main problem in this area can be seen in the issues related to the commercialization of RDI outputs.

A common feature of structurally affected regions represented by the Moravian-Silesian region and the Ústí region are very low values for both the relative number of businesses and entrepreneurs. Activities aimed at increasing business activities in both regions thus appear to be highly relevant.

The Czech Republic has reported very high energy intensity as compared to other EU countries. This position corresponds to the traditional industrial orientation of the Czech Republic and that of the new member countries that accessed the EU in 2004 and 2007. The main reasons for the high energy consumption includes energy inefficiency of buildings as well as only moderate progress in energy technologies and a high share of energy consumption in industry. In 2009, the energy consumption in the Czech national economy amounted to approximately 515 l of oil per EUR 1000, which is almost twice the average value of the EU and the highest amount after Romania, Estonia and Bulgaria. There is great potential for energy savings, especially in households (30.5 % of total savings), followed by the industrial sector (24.5 %), transportation sector (23.3 %), the tertiary sector (15.8 %), and agriculture, which is the sector with the smallest savings potential (5.9 %). It is necessary to focus on systematic and widely implemented measures to increase energy efficiency and use of renewable energy sources in order to increase economic competitiveness and energy security. Efficient use of energy must form a horizontal principle that permeates the building of all the infrastructure from European funds. To increase energy security and to promote the use of innovative potential of the Czech industry (e.g. in the fields such as turbines and pumps, biomass utilization or wind turbines) it is necessary to create a stable investment support for renewable energy resources. The transition to a low-carbon economy also has a strong link to the development of energy infrastructure – *see the infrastructure area*.

The Czech Republic fulfils conditions and has a potential for the development of tourism, which is a major service sector with a share of 2.7 % of the GDP and 4.5 % of total employment. Its importance increases at the local level, where in some areas of the Czech Republic the tourism is the pillar of economic performance. The development of tourism must be therefore approached differently, taking into account various characteristics and needs of the area. Given the interdependence of the tourism product, that requires a cooperation of many actors, the development of this area needs an integrated approach as well as a consistent application of the principles of destination marketing and management, at the national level and particularly at the level of individual areas. To exploit the potential of the sector, it is necessary to create a stable funding conditions involving investment in public tourism infrastructure, cultural heritage and natural heritage and significant linear constructions. Strengthening the competitiveness of the sector requires investments in quality, education and innovation as well as a unique approach to small and medium enterprises, which are predominant in this industry. Investments thus must be directed to their professionalism and should be used to secure the availability of capital.

From a structural point of view, the Czech agriculture is different from other EU countries, mainly due to the dual structure of production – 87 % of family-based businesses utilizes 29 % of the land, while the remaining 13 % of companies with predominantly rental workforce operates at 70 % of the land. Another specific feature is the high proportion of leased land, which is steadily decreasing, on average by 1.2 percentage points a year. The Czech agriculture is from the European perspective characterized by one of the lowest densities of different categories of animals per the operated area of agricultural land. Compared with European farmers, there is a lower proportion of machinery per unit of land, which results from the higher land concentration in a single entity, and lower overall capital resources. In comparison to Europe, exceptionally high number of sales groups operates in the Czech agriculture, while the quantity of the production thus traded does not correspond to their scope. In international comparison, (Czech Republic vs. EU 27 – on the basis of the NIPH for the period 2010–2012), the efficiency of the utilization of inputs in the Czech agriculture still does not achieve international levels: the production per hectare of land is on average 58 % of the EU value, intermediate consumption is relatively high at 73 % of the production in the Czech Republic, which suggests that the Czech agriculture remains very cost-intensive. Similarly, the labour productivity measured by the net added value per worker amounts to 68 % (of the EU27 value), while more than half of the factor income represents support, which is almost twice the European average. The low level of involvement of primary producers in the higher stages of processing. High negative balance of agricultural foreign trade is affected by the fact that commodities with a lower degree of processing are exported (i.e. with lower added value), while processed products with high added value are imported.

Fishing in the Czech Republic builds on tradition, innovation, respect for the environment and the consumer. There are certain possibilities to increase fish production in ponds, but under the current conditions and with increasing requirements for environmental protection, this form of fish production has clear limits. One of the key problems is the inability of the aquaculture sector to ensure steady year-round supply of Czech freshwater fish on the domestic market in the desired product mix. Under the current conditions in the Czech Republic, it will be necessary to simultaneously develop traditional and proven forms of aquaculture (fish farming) and also to support the introduction of modern intensive farming systems on the basis of innovation.

To create a competitive and sustainable fisheries production sector, it is necessary to adapt the production based on the increasing demands for environmental protection and food safety in conjunction with the genetic material and new sustainable technologies. The increase in production must go hand in hand with better economic viability and increasing the profitability of fishing enterprises.

### Ties to EU documents

<p><b>Europe 2020 strategy</b></p>	<p>This area is not directly linked to quantified targets of the Europe 2020 strategy; though the following targets and initiatives can be considered as related:</p> <p>The target “Achieve the target of investing 3% of GDP in R&amp;D in particular by improving the conditions for R&amp;D investment by the private sector, and develop a new indicator to track innovation.”, the target “Reduce greenhouse gas emissions by at least 20% compared to 1990 levels or by 30% if the conditions are right, increase the share of renewable energy in our final energy consumption to 20%, and achieve a 20% increase in energy efficiency”;</p> <p>The initiative of “An industrial policy for the globalisation era”, “Innovation Union”, a partial relation to other initiatives is also possible (“Resource efficient Europe”, “A Digital Agenda for Europe”).</p> <p>Integrated main directions: 6. “To improve the business environment, to upgrade and develop the industrial base to secure a fully functional internal market”, there is also a partial link to the measures in (4) Optimising support for research, development and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy” and (8) “Developing a skilled workforce that is responsive to labour market needs and promoting lifelong learning” and (9) “Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education.”</p>
<p><b>Common strategic framework</b></p>	<p>Annex 1, 4.3 – Horizon 2020 and other centrally managed EU programs in the fields of research and innovation, preparation (where relevant) of the national strategy for “smart specialization” – also as part of a national or regional strategic framework for research and innovation for “smart specialization” (including the involvement of national or regional governing bodies and stakeholders, such as universities and other institutions of tertiary education, partners from industry and social sector).</p>
<p><b>Thematic objectives</b></p>	<ol style="list-style-type: none"> <li>1. Strengthening research, technological development and innovation</li> <li>2. Enhancing access to, and use and quality of, information and communication technologies</li> <li>3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)</li> <li>4. Supporting the shift towards a low-carbon economy in all sectors</li> <li>6. Protecting the environment and promoting resource efficiency</li> </ol>
<p><b>EC’s Position Paper</b></p>	<p>2.1 Innovation friendly business environment – Increasing the performance of R&amp;I investment (support for private businesses by increasing expenditure on research and innovation activities, creating a business environment that encourages innovation, better responses to the needs of business), Enhancing business innovation and competitiveness (improving and strengthening competitiveness of SMEs, agriculture and fisheries and</p>

	aquaculture). The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	no direct link

### Ties to Czech Republic documents

<b>National Reform Programme</b>	3.2. Attractive entrepreneurial environment and development of infrastructure for the Czech industry Improving the business environment, development of services for business – reducing the administrative burden on businesses; Sustainable industrially sector – increasing energy efficiency, raw materials policy, increasing the competitiveness of Czech companies, support for the modernization of industry, support for education in industrial sectors, support for export, reduction of greenhouse gas emissions; 3.4. Growth based on innovations and research. Development of cooperation between the business sector and research institutions – support for the applied research and experimental development for industrial needs; Strategy for smart specialization; Innovative business and development of start-ups, Seed Fund
<b>International Competitiveness Strategy of the Czech Republic</b>	8. Effectiveness of the market of goods and services and improving the characteristics of entrepreneurship Improving the business environment – reducing administrative burden, eco-audit; business development services – counselling system; Services for innovative business – modernization and development of the technological base of companies, development of non-technical competences of companies 9. Innovation Development of cooperation for the transfer of knowledge between businesses and academic sector – pre-seed grant scheme, Knowledge transfer partnership program, development of human capacities and CTT services; support for cooperation between enterprises – development and management of clusters
<b>Regional Development Strategy</b>	Priority 4 Balanced development of stabilized areas, measure 4.3 Support for innovation in business Priority 5 Reviving the peripheral areas, measure 5.1 Support for the development of local economy Priority 6 Conservation and sustainable use of natural resources in the regions, measure 6.3 Use of renewable energy sources and promoting energy savings in relation to local conditions
<b>Concept of Support for Small and Medium-Sized Businesses for the 2014-2020 period</b>	The Agreement is linked to all strategic priorities: 1. Improving business environment, development of advisory services and education for business. 2. Business development based on the support of research, development and innovation, including innovation and business infrastructure. 3. Supporting for the internationalization of SMEs. 4. Sustainable Energy Management and Development of Innovation in the Energy Sector
<b>National innovation strategy</b>	The analytical part of the NIS maps in detail the issues of capacities, performance and potential of the R&D system towards the use of the knowledge potential in the Czech Republic in the transfer of knowledge to technological domains and innovation, including the issue of internationalization and human resource issues in the Czech Republic in an international comparison. Apart from that, there are links to: Priority 4 “Development of cooperation for the knowledge transfer between businesses and academic sector”. Priority 6 “Innovative business and partly also the priority People”.

Other key documents related to the current area include Smart specialization strategy (S3), the National Research, Development and Innovation Policy, National priorities of oriented research, experimental development and innovation, the Long-term plan for educational, scientific, research, development and

innovation, art and other creative activities of tertiary-education institutions, Concept of the State Tourism Policy for 2014–2020, Strategy for Growth – Czech Agriculture and Food Industry under the Common Agricultural Policy after 2013, Multiannual national strategic plan for aquaculture, regional documents for the given area, as well as other sectoral documents defined in sub-programs.

### **Experience from the 2007-2013 and 2004-2006 programming periods and the state of achievement of current objectives**

Investments in the current programming period focus on the increase in motivation for doing business by offering preferential financing for preferential services for start-ups. The support involves also the implementation of new financial instruments, such as micro loan funds and venture capital funds, provision of soft loans, or bank instruments, i.e. the provision of bank guarantees and credits, and the support for innovative start-ups through the so-called seed-fund. Further, the establishment, operation and further development of business infrastructure are supported, such as the existing industrial parks, innovation centres, and regeneration of brown fields for penetration. Last but not least, also the quality consulting services are important that help businesses to make use of all market opportunities. The results of the implementation in the 2007–2013 programming period, they indicate the objectives set for 2015.

In the 2014–2020 programming period, the Czech Republic will have to focus on strengthening the role of innovation in strategic decision-making concerning the economic life of businesses. The current problem of the Czech Republic is the inability to transfer the research results into practice. It is therefore necessary to look for other ways to reduce the deficit and how to enable the development of interconnection between the private sector and academia in relation to the research institutions.

Offer and use of instruments for venture capital financing, as well as of other new financial instruments are inadequate and will need to be significantly strengthened.

One of the three main objectives of the RDP of the Czech Republic for 2007-2013 or its predecessor OP Agriculture (2004–2006) was the increase in competitiveness in the agriculture, food industry and forestry. Demand that significantly exceeded available resources for the support of investment projects indicates that the need for innovative investments in agricultural production and processing has not ceased to exist. Also, the quality of infrastructure in agriculture and forestry should continue to be increased, especially with regard to the so-far insufficient implementation of comprehensive land consolidation.

The objective of the support from the measure 2.3.Fisheries, which was financed by the Financial Instrument for Fisheries Guidance (FIFG), was to increase the labour productivity, competitiveness and product quality.

The positive experience from the OP Agriculture as regards measures for direct support of the competitiveness of the fisheries sector was reflected in other programming periods.

The main objectives of the OP Fisheries 2007–2013 in the Czech Republic was an increase in the competitiveness of the fisheries sector using traditional production systems and the latest technology, with careful attitude to the natural environment, as well as maintaining or even increasing the employment rate, especially in regions with a significant concentration of this particular industry. Given the lack of full saturation of the investment needs of aquaculture sector, the support will continue to focus on productive investments in aquaculture enterprises that effectively contribute to the increase in competitiveness and at the same time in the next programming period we have to emphasize the long-term prospects of the given sector, consisting mainly of promoting innovation, new technologies and promoting the application of science and research, as it will increase the fish production and quality in the future (or reduce the cost of production).

Further development of the industry is subject to the demand by consumers for high-quality aquatic products, which have a beneficial impact on human health and meet stringent legislative requirements applicable at the national level. This interest in aquaculture products should continue to be supported by promotional campaigns, as the increase in consumption of freshwater fish is essential for the growth of fish production, application of science and research and the further development and modernization of the industry. Campaign to promote the consumption of freshwater fish in the Czech Republic implemented as part of the OP Fisheries 2007–2013, had a positive impact on the increase in sales of fish on the domestic market at the expense of exports and the consumption of freshwater fish in the Czech Republic. The objective of the OP Fisheries 2007–2013 to maintain the production of freshwater fish and increase their consumption in the Czech Republic was therefore thanks to these measures met.

### **The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):**

- The low level of competitiveness of the economy, especially SMEs, caused by the low level of innovation and technological advancement of both production processes and products offered by businesses in particular, the low share of knowledge-based economy in the economy as a whole and the low



internationalization of companies.

- Improving the competitiveness of SMEs (and some large enterprises in justified cases) based on innovation and technological shift both as regards the production process and the products offered by businesses in particular.

Improving the competitiveness of SMEs will be enabled by:

- Commercialization of R&D results – *strong link to the sub-area of Research and Innovation System.*

Creation of a high-quality system of commercialization of R&D results with emphasis on research infrastructure, including incubators and technology parks, but also on providing superior service (pre-seed, proof of concept fund, technology transfer centres, support for global applicability of the results and services, including the search for foreign partners, suitable legislative rules for the commercialization of R&D results, including issues such as the establishment of spin-off companies, protection of intellectual property, etc.).

- Support for business innovation.

Support for research and development capacities and competences of enterprises, promoting the development of cooperation between companies and other relevant stakeholders, support for introduction of technological innovation in enterprises based on efficient technologies, promoting all forms of upgrading, including non-technological innovation, technological foresight and market intelligence, support for localization of development centres of foreign companies in the Czech Republic and the promotion of a further rooting of existing centres in the Czech Republic.

- Support for networking, development of clusters and applied innovation through smart specialization.
- Support for the transfer of technologies and R&D results from development centres in economically difficult areas, peripheral and stabilized areas.

- Development of infrastructure and services for the support of business activities in a knowledge economy:

- Development of external (non-banking) financing for innovative projects or of start-ups and of the related transfer of know-how.
- Support for business creation and development.
- Advisory services for businesses based on knowledge, mentoring, coaching, scouting for promising business projects.

- Increasing internationalization of businesses:

- Support for services enabling the penetration of global markets.
- Support for the creation and development of clusters oriented on global markets, for shared trading agencies, support for the participation in international and/or national professional platforms, training of entrepreneurs in the ability to not only to produce competitive products and services, but also in the ability to select appropriate model for their sales in foreign markets, education for foreign trade, including multicultural management.
- Support for the development of knowledge for the internationalization of businesses, partner networks.

- Territorial dimension:

The whole territory of the Czech Republic, with preference in peripheral areas and economically difficult regions.

- High energy intensity of industry.

- Reducing energy consumption or increasing the energy efficiency of production and technological processes in industry.
- Utilization of waste energy in industrial processes.
- Increasing energy efficiency by introducing high-efficiency processes for the combined production of electricity and heat.

- Territorial dimension:

Support for measures based on a qualitative definition according to specific criteria.

Despite the advantages of the scale, many Czech farmers are lagging behind their competitors for several reasons:

<ul style="list-style-type: none"> <li>• In terms of the production factors, these include mainly unresolved ownership rights to the land, lower capital base of some farms and inappropriate age structure of the workforce that prevents introducing innovations. This situation is reinforced by the outflow of skilled workers (particularly from forestry). <ul style="list-style-type: none"> <li>➤ In the area of ownership of land, it is necessary to advance their organization through the implementation of land consolidation and at the same time to pursue other effects improving biodiversity, water regime in the landscape, reducing soil erosion vulnerability and increasing the aesthetic value of the landscape.</li> <li>➤ To maintain the competitiveness, it is necessary to increase the efficiency of production factors, especially labour and land in all sectors of primary production, and of other variable inputs in crop and animal production, particularly by increasing the capital base and improving the management.</li> <li>➤ It is desirable to strengthen the competitiveness of several types of crop production in order to maintain the diversity of agricultural crop production and in the case of livestock farming to increase the efficiency of operations and to reflect a steady increase in terms of animal welfare, water and air protection.</li> </ul> </li> <li>• Territorial dimension: It should be defined in collaboration with the Ministry of Agriculture.</li> </ul>
<ul style="list-style-type: none"> <li>• Low level of innovation, insufficiently developed marketing, poor transfer of science and research into practice represent problems also in forestry and food industry. Many large companies are experiencing the same disadvantages of scale, especially in management. In a part of agricultural and forestry enterprises, we can observe insufficient technological equipment and infrastructure (especially in forestry). The result is the relatively low productivity and high costs in agriculture, food industry and forestry. <ul style="list-style-type: none"> <li>➤ As regards the need to increase the value added to products in all stages of production and processing both at the level of farms (with a significant potential for employment generation in rural areas) and manufacturing industry, it is important to improve the market organization and strengthen its orientation on quality, innovation, transfer of the latest knowledge into practice, sharing resolution of operational difficulties and cooperation in innovative projects, especially at the local and regional levels.</li> </ul> </li> <li>• Territorial dimension: Particularly the peripheral and stabilized areas.</li> </ul>
<ul style="list-style-type: none"> <li>• Competitiveness is also negatively affected by the low willingness to cooperate and mutually associate in agriculture and forestry, which is quite significant in forestry with its fragmented structure of business entities. There are also external factors that contribute to this situation such as market power of distribution networks, often distorted media image of food and social problems of some population groups that put more emphasis on the price of food than to their quality. The efforts related to the education of consumers are also insufficient, as is the ability of the consumer to recognize quality food. Production of high-quality and regionally specific agricultural and food products may represent a significant contribution that will increase the income of agricultural enterprises, their competitiveness and thereby also the social stability of rural areas by creating job opportunities with higher qualification. <ul style="list-style-type: none"> <li>➤ Entering the quality programs requires relatively high costs, while no sales income increase cannot be guaranteed: i.e. it is not sure whether the participant obtains better price or increases the demand for their product. The risk and the delayed effect discourage the farmers from the participation. Therefore, it would be suitable to provide support for the settlement of additional costs needed to access the quality programs.</li> </ul> </li> <li>• Territorial dimension: The entire Czech Republic, especially the peripheral and stabilized territories</li> </ul>

The main problems of aquaculture in the CZE include: costliness of investments in fish farming, difficult access to finance for investment by fish farmers, losses caused by fish-eating predators, carp market seasonality, year-round insufficient supply of other species of freshwater fish, slow growth of consumer interest in fish and fish products, limitation of fish production in ponds in order to secure their other functions, high and still increasing content of sediments in ponds and low share of fish production from intensive farming, especially from

recirculating systems. Dangerous infections can endanger fish farming in aquaculture as well as the sale of their products.

<ul style="list-style-type: none"> <li>• Maintaining a sustainable production of marketable fish from traditional aquaculture in the Czech Republic. Low share of fish production from intensive farming, particularly from recirculating systems. <ul style="list-style-type: none"> <li>➤ To maintain extensive and semi-intensive aquaculture (ponds) – mainly carp produced in multi-species stocks.</li> <li>➤ To increase the consumption of freshwater fish.</li> <li>➤ To build a modern recirculating facility for the production of high-quality fish, to increase the fish production from recirculating systems.</li> </ul> </li> <li>• Territorial dimension: National level</li> </ul>
<ul style="list-style-type: none"> <li>• Low competitiveness of traditional aquaculture. <ul style="list-style-type: none"> <li>➤ To upgrade aquaculture units, to invest in the processing of aquaculture products.</li> <li>➤ To invest in the construction of new ponds that will have, apart from their production function, also a retention and flood prevention function, especially in areas where ponds performed this function in the past.</li> <li>➤ To diversify the activities of fishing enterprises.</li> <li>➤ To expand the existing offer of fish species produced in recirculating systems.</li> <li>➤ To encourage new farmers commencing doing business in aquaculture.</li> <li>➤ To protect aquaculture enterprises against fish-eating predators and animals destroying waterworks.</li> </ul> </li> <li>• Territorial dimension: The whole territory of the Czech Republic, except for Prague, on the basis of qualitative criteria.</li> </ul>
<ul style="list-style-type: none"> <li>• The low share of processed fish, insufficient promotion of aquaculture and fish consumption. <ul style="list-style-type: none"> <li>➤ To increase the share of processed freshwater fish, to expand the offer of fish products to the market.</li> <li>➤ To effectively use the processing enterprises.</li> <li>➤ To involve in a significantly greater extent aquaculture enterprises in the sales and marketing of their products.</li> <li>➤ To implement regional, national or international advertising campaigns related to fishing and aquaculture products, and other communication campaigns.</li> <li>➤ To use targeted marketing to increase the consumption of freshwater fish throughout the year.</li> </ul> </li> <li>• Territorial dimension: The whole territory of the Czech Republic, except for Prague, on the basis of qualitative criteria.</li> </ul>

#### ***1.1.1.4.1 Main changes in the area at issue for the 2014-2020 programming period***

##### **In the area of LABOUR MARKET AND EDUCATION:**

##### **Change for the 2014-2020 programming period:**

- Preparation and implementation of new instruments and measures of active employment policy (internships in companies, maintaining employment in businesses affected by the economic downturn)
- Emphasis on increasing skill levels to comply with the requirements of the labour market
- Comprehensive approach to the support for the target groups, with an emphasis on young workers and graduates to allow them to gain work experience, activation of economically inactive persons
- Fixed assets of tertiary-education institutions not only in areas related to research and development; complementary investments to activities supported from the ESF.
- Support for system projects at the level of institutions (entire tertiary-education institutions).
- In the area of tertiary education – strong orientation to the amended Act on Tertiary Education.
- Development of the system and specific programs of lifelong learning in tertiary-education institutions.

- Use of the expertise of trained teachers, tutors, mentors, schools as centres of networks to support effective implementation of innovative and inclusive approaches in education within educational organizations and a transformation of the Czech educational system at all levels to support the participation of children and young persons suffering from the risk of social exclusion both in the labour market and society.
- New, integrated approach in collaboration with the MoLSA and municipalities/regions in whose territory the socially excluded areas are located
- Completion of a comprehensive system of quality assessment in primary education and in particular a shift to strategic management (leadership in education) and training of school leaders and professionals at all levels of education policies
- Emphasis is newly placed on openness and quality of pre-school education and practical training of future teachers
- Increase in the availability of educational programs linked to professional qualifications, and to the emphasis on strengthening the cooperation between educational institutions and employers' representatives in the development of these programs and in improving the conditions for the recognition of initial training and continuing education that respect the European Qualifications Framework and to increase the permeability between the initial and continuing education.

### **In the area of RESEARCH AND INNOVATION SYSTEM**

#### **Change for the 2014-2020 programming period:**

- Higher concentration of programs focusing on the development of human resources, international mobility and acquisition and retaining of "smart employees".
- Focusing on maximum use of centres of excellence and other research and innovation infrastructure built in 2007-2013 in supporting the teams that achieve superior results.
- Increasing the competencies of staff in research and innovation centres in the area of management, control and ability to produce innovations for business.
- Capital expenditures should focus rather on investments in high technology and upgrading and modernizing technologies acquired in the 2007–2013 programming period, instead of on construction.
- Emphasis on foresight, internationalization and commercialization at an international level.
- Emphasis on the concentration of capacities and resources.
- Greater involvement of businesses in the development of innovation in the area of green technology, environmentally friendly management models, production of high added value, etc.
- Focus on the increased participation of Czech companies and R&D institutions in international and European projects (including development assistance), attracting foreign contracts and investments.
- Consistent monitoring of strategic priorities at regional, national or global level, taking into account the principle of smart specialization.
- Further development of systems of support for commercialization of the results of research and development, increase in the competences of staff ensuring the transfer of knowledge and technologies.

### **In the area of COMPETITIVE ENTERPRISES**

#### **Change for the 2014-2020 programming period:**

- Greater involvement of businesses in the development of innovation in the area of green technology, environmentally friendly management models, production of high added value, etc.
- Training of human resources focused on the ability to not only produce competitive products and services, but also to select appropriate business model for their sales in foreign markets.
- Shift to projects focusing on companies' ability to use the information efficiently.
- Promoting projects fostering co-operation of several businesses, combination of SME and large corporations and penetration to global distribution chains.
- Development of creativity and creative industries, design and services for export.
- Emphasis on the possibility of intellectual property protection and education for foreign trade.
- Successful handling of multicultural management, new communication and information technologies.
- Shift to another system of support – guarantees, repayable financial assistance, seed-type funds and other repayable or turnover fund types.
- Application of public procurement instruments (Czech version of the SBIR program that defines (incentive) innovative demand from the public sector).
- Introduction of the "innovation impact assessment" principle as a mandatory component of implemented legislative changes.
- Support for collaboration projects of multiple enterprises.

## 1.1.2 Infrastructure

This problem area is based on the national development priority with the same name and develops it.

Completion and upgrading of a high-quality core infrastructure is a necessary condition for strengthening the competitiveness of the CZE, as well as of individual regions, cities and municipalities. A thoughtfully created infrastructure in the area of transport, energy and information and communication technologies will make it possible to increase the standard of services provided through them and to improve their accessibility for people and businesses. Infrastructure also plays an important role in providing an adequate education. At the local level, it is also a prerequisite for the desired integration of disadvantaged groups. Institutions at all levels should take care to ensure that investments in building infrastructure are efficient and infrastructure operating costs are reduced, so that the infrastructure does not become a burden for its owner.

### *Transport infrastructure and accessibility/mobility*

#### **Basic description**

An efficiently operating transport sector, conditional on completing and upgrading a high-quality core infrastructure, is a fundamental condition for strengthening the competitiveness of the CZE, as well as that of individual regions, cities and municipalities. With its position in the middle of Europe, the Czech Republic is an important transit country, which puts a lot of stress on the transport infrastructure and ensuring multimodality. The potential of the location of the Czech Republic is of great importance for the country's economic development (making it attractive as a location for pan-European manufacturing and logistic activities); however, it has not been sufficiently realized due to, among other things, deficiencies in the transport infrastructure. While in terms of extent (total network length and network density)<sup>6</sup> the rail and road networks in the Czech Republic are at average or rather above-average values in comparison with the EU, the networks suffer from significant deficiencies in quality. Funding of transport, in particular the transport infrastructure, is highly urgent and insufficient and requires huge funds. Its poor condition and absence of a comprehensive core transport network may gradually turn the Czech Republic into a periphery in the middle of the European continent.

It is also important to strive to reduce the consumption of energy in transport, both absolutely and in unit of costs. The main activities towards achieving this objective include the creation and development of low-carbon transport systems that are environmentally friendly, mainly represented by multi-modality of transport, urban and suburban railway transport and the related environmentally clean fleet, ITS in road transport in the agglomeration, bicycle transportation.

A main basis for the selection of infrastructure projects will be the Transport Sector Strategy, phase II (2014-2020) document, which should be approved by mid-2013 and which will prioritize the needs of transport infrastructure construction based on an extensive multi-criteria analysis. A major risk for the implementation of any (priority) plans is the unpreparedness of some constructions including unresolved ownership relationships and administration-legal risks.

#### **Ties to EU documents**

<b>Europe 2020 strategy</b>	<p>The area of transport infrastructure is not directly linked to the quantified objectives of the Europe 2020 strategy.</p> <p>Partial links: to the energy objectives 20-20-20 (Reduce greenhouse gas emissions by no less than 20% as compared to 1990 or, under favourable conditions, by 30%; raise the share of renewable energy resources in the final energy demand by 20% and improve energy efficiency by 20%.</p> <p>The “Resource efficient Europe” and the “Industrial policy for the globalisation era”.</p> <p>The integrated guideline 6 “Improving the business and consumer environment and modernising the industrial base”, and 5 “Improving resource efficiency and reducing greenhouse gases”.</p>
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<sup>6</sup>Total network length in 2011: approx. 9,500 km of railway lines with approx. 31% electrified; approx. 55,000 km of roads with approx. 1,150 km of motorways and expressways; resulting network density: approx. 120 km/1,000 km<sup>2</sup> for railways, approx. 700 km/1,000 km<sup>2</sup> for all roads and approx. 15 km/1,000 km<sup>2</sup> for motorways and expressways

<b>Common strategic framework</b>	Annex 1: 4.8 Link to the investment planning based on actual and projected traffic needs and on identification of missing links and bottlenecks, taking into account the development needs of cross-border connections within the European Union as well as the connections between regions within a Member State. Investments in regional connectivity to the trans-European transport network (TEN-T) and the core TEN-T network will ensure that urban and rural areas will benefit from the opportunities created by the major networks. Prioritization of investments will be coordinated with planning of the TEN-T corridors and implementation of the plans for the backbone network. Sustainable modes of transport and sustainable urban mobility will be dealt with.
<b>Thematic objectives</b>	1. Promoting sustainable transport and removing bottlenecks in key network infrastructures
<b>EC's Position Paper</b>	2.2 Developing infrastructure for growth and competitiveness – improving accessibility and sustainable modes of transport (investment should be in favour of railways, in the case of road transport the emphasis should be placed on the completion of highways and expressways, improving the accessibility to peripheral areas and also more environmentally friendly municipal transport.  The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	non applicable

#### Links to Czech Republic documents

<b>National Reform Programme</b>	3.2.3 Development of transport infrastructure – completion of transit railway corridors, and modernization of railways on the main TEN-T network, construction of new highways and expressways belonging to the TEN-T network, Elbe-Vltava waterway, development of intelligent transport systems, development of freight transport logistics and a corresponding network of terminals with links to logistics centres, resolution of traffic problems in cities and agglomerations and the reduction of the transport's dependence on oil
<b>International Competitiveness Strategy of the Czech Republic</b>	2.6 Road transport – the backbone network of highways and expressways and the construction of bypasses of major settlements on the main roads of the category I 2.7 Rail transport – the main railway network for long-distance passenger and freight transport, urban and suburban transport in densely populated areas and optimization of the backbone regional transport network, support for the creation of a network of public logistics centres and terminals for combined transport 2.8 Air and water transport – increasing the country's competitiveness by making certain river sections navigable
<b>Regional Development Strategy</b>	Priority 1 Using the potential of development areas (measure 1.3 Support for the integration of transport systems 1.4 Expansion and improvement of infrastructure) Priority 2 Development of key infrastructure of multi-regional importance (measure 2.1 Modernisation of the road infrastructure, measure 2.2 Modernisation of the railway network). Priority 4 Balanced development of stabilized areas (measure 4.2 Improving the internal and external services in the region).
<b>Transport policy of the Czech Republic for the period 2014–2020 with an outlook until 2050</b>	The document is under preparation, this section will be subsequently supplemented
<b>Transport sector strategies</b>	The document is under preparation, this section will be subsequently supplemented

Other key documents related to the given area include the National Action Plan for Sustainable Mobility, National Road Safety Strategy 2011–2020, Strategy of Support for Logistics from Public Resources, regional documents in the given area (e.g. the spatial development plans and transport conceptions), Regional Development Policy of the Czech Republic and other documents defined in sectoral operational programs.

#### Europe 2020 strategy objectives and National Reform Programme objectives

Main objective of the Europe 2020 strategy	EU target by 2020	EU achievement by 2010	EU achievement by 2011	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2011
Greenhouse gas emission (%)	80	85	-	Reduction by 9% <sup>7</sup>	71 <sup>8</sup>	-
Share of renewable energy sources (RES) (%)	20	12.1	13.0	13 <sup>9</sup>	8.4	9.4
Primary energy consumption (kToe)	1,474,000 i.e. reduction by 20%	1,646,839		29,803	42,003	29,467

For the area of transport, no specific targets are defined in the Europe 2020 strategy; while the objectives related to the Energy and Environment 20-20-20 are relevant also for transport. The Czech Republic is in relation to the objectives of the Europe 2020 strategy above the EU average, with the exception of the share of renewable energy sources. National targets, defined in documents such as the Czech Republic National Action Plan for Renewable Energy, are set with regard to overall economy performance with outlook to 2020. Achieving energy targets is one of the toughest challenges as it affects all spheres and all industries and interventions must be implemented across many sectors (and in close ties to transport and technical infrastructures in particular).

Substantial shifts will occur in the share of RES in all types of transport as compared to 2010; the 2010 share was 2.88 and the 2020 target is set at 10.45%.

The Partnership Agreement will contribute to the objectives in the transport sector in a number of partial cases (from 2011 to 2020), for example by increasing the number of plans of sustainable urban mobility (from 0 to 3), the share of transport volume of rail and water transport in total freight transport (from 41 to 50 %), the fleet of road transport using energy that does not come from oil (from 1 to 3 %), the share of gasoline, diesel and jet fuel in total energy consumption (from 93 to 85 %), the rate of completion of projects (km) of the TEN-T road infrastructure (from 77 to 90 %), the share of completed projects (km) of the core TEN-T rail infrastructure for freight transport (from 48.9 to 75 %), the proportion of population exposed to excessive noise from transport (to 15 %) and the reduction in CO<sub>2</sub> emissions from transport (from 17,930 to 16,200 thousand. tons).

#### Experience from the 2007-2013 programming period and the state of achievement of objectives

Given the fact that the estimated costs for the construction and modernization of all types of transport networks in the Czech Republic are far greater than the financial capacity/allocation for transport in the current and future programming period, it can be stated that no single transport sector has undergone a full or major saturation of its needs. For the 2014–2020 programming period, it is necessary to strive to comply with the prioritization of projects and implement the most needed constructions with the greatest economic benefit. Furthermore, we have to strive for a greater focus on transport systems in agglomerations (urban and suburban transport, integrated transport systems) including intelligent transport systems (ITS).

#### The main issues identified (●) and the resulting development needs (➤) and their territorial dimension (○):

<sup>7</sup>National non-obligatory target for industries outside the emission trading system as compared to 2005.

<sup>8</sup>Current achievement: - 7% (estimates for 2020 as compared to 2005) and -2% (2010 emissions as compared to 2005).

<sup>9</sup> The Czech Republic National Action Plan for Renewable Energy sets a target of 13.5%.

- One fundamental traffic problem in the Czech Republic is the incomplete backbone rail and road network, both within the state (where it is formed by interconnecting major metropolitan areas in the Czech Republic, links between regional capitals and other major settlements, especially connections of the main centres to Prague or Brno), as well as cross-border connections linking the Czech Republic and Europe. This backbone network, consisting mostly of the TEN-T network and some other links, consists of upgraded or to-be-upgraded rail corridors and some planned new railway sections with speed limits up to 160 km/h (or 200 km/h in the future), the planned high-speed lines for the speed limits of 200 km/h and higher, existing or planned highways, expressways and selected roads. This problem is intensified by the poor or in some cases even catastrophic technical condition of some parts of the already built backbone infrastructure, that is the result of the long-term low investments into maintenance and repairs.

- Construction and modernization of railway lines (including the main railway junctions) of the TEN-T network (main and global).
- Construction and modernization of roads and highways (roads of the first category and the expressways) of the TEN-T network (main and global).
- Introduction of intelligent transport systems (ITS) and new technologies within the road system, preferably in the TEN-T road network.

- Territorial dimension:

As regards the railways, emphasis should be placed on the completion of four transit railway corridors, on other parts of the core TEN-T network (for example: Praha – Lysá n. L., Lysá n. L. – Litoměřice – Ústí n. L.) and on the preparation or construction of the first section of high-speed lines (most likely it will be the section Brno – Přerov or Prague – (Dresden).

As regards the roads and highways, emphasis should be placed on the modernization of the D1 highway in the Prague – Brno – Vyškov section, completion of the alternative northern highway connecting the western and eastern part of the country (i.e. the R35 section Hradec Králové– Mohelnice), completion of the Prague Ring Road as an essential part of the most important highway junction in the Czech Republic, completion of the highway route (Warszawa) – Ostrava – Brno – (Wien) in the territory of the Czech Republic as well as the infrastructure in other corridors.

- The development and improved accessibility of regions, especially of the peripheral and state-supported regions, and also some of the major industrial zones is prevented by i.a. other shortcomings in other transport networks of national importance (outside the TEN-T network) and the transport networks of regional significance. These include e.g. the lack of connection of secondary and especially tertiary centres including their areas, especially in peripheral positions, to the backbone/TEN-T networks, or the bottlenecks in such infrastructures. This problem is further complicated by the poor or in some cases even catastrophic technical condition of some of the networks of both hierarchical levels, particularly of the regional rail lines and roads of the categories II and III, resulting from the long-term low investments in maintenance and repairs.

Other transport networks of national importance (outside the TEN-T network)

- Construction and modernization of railway lines outside the TEN-T network (especially networks of national importance connecting regional centres and Prague and Brno, measures for suburban, urban and agglomeration transport using the lines of national importance, lines for important freight routes and those connecting points that are a major source or destination of freight transport).
- Construction and modernization of highways, expressways and roads of the category I outside the TEN-T network, including bypasses of municipalities.

- Territorial dimension:

As regards the railways, emphasis should be placed on the upgrade of the corridor Praha– MladáBoleslav– Liberec, dealing also with the urban, suburban and agglomeration links: Praha – Beroun, Praha – Říčany, similarly other arrival routes to Praha, Brno, Ostrava or other cities, connecting of the Prague international airport to the railway network as part of the modernization of the Praha–Kladno corridor.

As regards roads and highways, emphasis should be placed on the completion of the expressways outside of the TEN-T network; construction and modernization of selected roads of the category I with a view to improving accessibility of (external or internal) peripheral areas, construction of bypass roads around municipalities on category I roads with the highest traffic intensity on the basis of multi-



criteria analysis.

Transport networks of regional importance:

- Construction and modernization of regional railway lines. These include selected backbone network lines for regional, suburban, urban and agglomeration transport – e.g. the mutual interconnections of selected regional centres with regional capitals.
- Construction and modernization of selected (sections) of roads of the category II and exceptionally also of the roads of the category III, including construction of bypasses of municipalities (e.g. on the roads of the categories II and III connecting remote and disadvantaged municipalities to improve the connectivity and possibilities for commuting among disadvantaged groups – remote rural residents).

- Territorial dimension:

As regards the railways, emphasis should be put on dealing with agglomeration links and backbone regional transport in developing areas according to the typology contained in the Regional Development Strategy of the Czech Republic 2014-2020 and also in the corridors Liberec –Tanvald, Jaroměř– Hradec Králové– Pardubice –Chrudim, Kroměříž–Otrokovice–Vizovice etc.; connection of the Ostrava–Mošnov airport or Brno airport to the railway network; fulfilment of the requirements on the railway from the strategic industrial zones (MladáBoleslav–Nymburk, Nošovice and Kvasiny).

As regards the roads, it will be necessary to clearly demonstrate the contribution to improving the accessibility of secondary and tertiary centres to the backbone network (TEN-T), or the contribution to the renewal of disadvantaged urban and rural communities and areas, or dealing with sections with extremely high traffic volumes. They basically includes peripheral areas or state-supported regions according to the typology contained in the Regional Development Strategy of the Czech Republic 2014-2020 and further the developing areas with enormous population growth caused by suburbanization.

- Inland water transport in the Czech Republic is less developed than in other parts of Europe. It is mainly due to the lack of suitable watercourses. Although some selected sections of the rivers Elbe and Vltava form a part of the main TEN-T network, they face limited navigability in cross-border section of Elbe. From the regional viewpoint, inland waterway transport is also operated at several other sections of Vltava and also on the Bata Canal (Morava River).

- Construction and modernization of inland waterways forming the part of the TEN-T network.

- Territorial dimension:

Emphasis should be placed on ensuring navigability of Elbe between Ústínad Labem and the state border with Germany and on the extension of the navigability of Elbe from Přelouč to Pardubice.

- Construction and modernization of inland waterways of regional importance (outside the TEN-T network).

- Territorial dimension:

Completion of the navigability upgrade in the river of Vltava, section Třebenice–ČeskéBudějovice. Modernization of the Bata Canal (Morava river).

- The conditions for the application of multimodality, using an optimum mode of transport in combination with freight transport, are not sufficiently created in the Czech Republic. Its territory is not yet sufficiently covered by public multimodal terminals complemented with public logistic centres. There is still the trend of using long-distance freight transport by road, which is not supported by a quality transport alternative (e.g. as a service for road carriers) on railways and/or waterways.

- Upgrade and construction of terminals for multimodal transport within the TEN-T network – particularly the connection to the transport infrastructure of rail and road transport, and according to local conditions also of water and air transport, construction and modernization of terminals and furnishing them with transshipment systems, introduction of ITS and application of the EGNOS and Galileo satellite systems.

- Upgrading and constructing multimodal transport terminals outside the TEN-T network and railway

<p>sidings</p> <ul style="list-style-type: none"> <li>➤ Operational support for multimodal transport lines in early stages of operation (for a limited time)</li> <li>• Territorial dimension: When performing the modernization and construction of the terminals for multimodal transport within the TEN-T network and implementing the operational support for lines of multimodal transport in the early stages of operation, emphasis should be placed on trimodal road – rail – water transport line Děčín–Ústí n./L. –Lovosice–Mělník–Praha– Pardubice and on the bimodal road-rail line between the regions of Plzeň, Brno, Přerov and Ostrava.</li> </ul>
<ul style="list-style-type: none"> <li>• Low levels of interoperability of the Czech railways, i.e. technical and operational interconnection of the rail network system of the Czech Republic with neighbouring railway networks, as well as between different actors involved in railway transport. <ul style="list-style-type: none"> <li>➤ Ensuring interoperability and introduction of new technologies (ERTMS, ITS) within the railway system, primarily in the TEN-T rail network, including support for the modernization and development of the intermodal transport unit fleet.</li> <li>• Territorial dimension: Primarily within four transit railway corridors, then in the remaining TEN-T network corridors and in the corridors defined by the AGC and AGTC agreements.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• The City of Prague, as a major centre of the Czech Republic and the nucleus of the largest agglomeration in the Czech Republic, which accommodates the majority of the population growth in the Czech Republic, faces a significant traffic load. The main solution is the support for the development of public transport. <ul style="list-style-type: none"> <li>➤ Modernization and construction of rail transportation network in Prague.</li> <li>• Territorial dimension: City of Prague</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• To support the development of cities, agglomerations and also regions, it is important to accelerate the development of integrated transport systems (in urban areas as well as in connected wider rural areas in order to improve the connectivity in the area and to reduce and eliminate barriers to transport within cities and between cities and rural areas), including modernization and the development of public transport fleets To ensure efficient operation of the railway system, especially in the European context, it is necessary to ensure system interoperability. To streamline the operation of the road network in cities and agglomerations, it is necessary to support the development of intelligent transport systems (ITS). There is also significant potential in bicycle transport in the context of transportation, especially in cities. <ul style="list-style-type: none"> <li>➤ Construction and modernization of railway infrastructure of urban and suburban transport (tram systems, tram-train systems, trolleybus systems).</li> <li>➤ Development of city-logistics systems.</li> <li>➤ Construction and modernization of intermodal terminals for passenger transport (interconnecting hubs for railway, bus, urban, individual and non-motorized transport), introduction of ITS and new technologies.</li> <li>➤ Development of management systems of urban road traffic.</li> <li>➤ Support for modernization of the public transport fleets, with an emphasis on reducing emissions and reducing energy consumption.</li> <li>➤ Support for the development of networks of alternative energy power stations within the road network, primarily within the TEN-T road network.</li> <li>• Territorial dimension: Developing areas according to the typology of the territories as contained in the Regional Development Strategy of the Czech Republic 2014–2020.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Incomplete network of cycling corridors of the highest hierarchical level. <ul style="list-style-type: none"> <li>➤ Development and construction of the backbone network of Euro Velo international cycling corridors</li> </ul> </li> </ul>

- Territorial dimension:
- Euro Velo routes in the Czech Republic.

### 1.1.2.1 ICT infrastructure

#### Basic description

The coverage provided by the basic infrastructure for information and communication technologies in the Czech Republic is not sufficient, in particular in terms of speed, capacity and security we lag behind the developed countries. This limits citizens, businesses and government institutions as regards their access to information and mutual communication. The backbone information networks used by public administration are not of a sufficient quality that would enable their use for the provision of services to the public and businesses. The ICT is crucial to the economy, it is a prerequisite for its effective functioning as well as for its added value, it is involved in the creation of products in all sectors of the economy, it makes a significant innovation in all areas and their implementation is not only a prerequisite for the development but also a key factor for enhancing competitiveness and innovative standard. The support should therefore focus on ensuring the availability of electronic communication services, particularly through high-speed Internet, for the purpose of expanding and improving access to broadband Internet, both fixed and especially mobile, and to encourage the stimulation and interconnection of the offers made by the electronic communication service providers and user demand. A key part of the ICT infrastructure is the creation of data storage facilities and digitization of key information and databases of the state. Digitization of public administration is also important, as it allows for access to public services via the Internet. This option, if offered, is not currently utilized by the citizens of the Czech Republic to a larger extent. On the contrary, companies communicate with state agencies very actively, but at a lower level of services than it is common in Western Europe.

Broadband Internet coverage is not sufficient in many municipalities, especially in the smaller ones. This limits the local citizens, businesses and state and local government institutions in active utilization of electronic communication and it creates barriers to their access to information. Although the level of using the high-speed Internet in the rural and urban areas is slowly equalizing, small municipalities (unlike the larger cities) are still characterized by a lower level of competition and lower the number of providers of Internet access. They have a higher proportion of slower connection, which reduces the user comfort of services used or it makes the use of certain services impossible. Upgrade in the capacity of networks in urban areas is, however, also necessary.

#### Ties to EU documents

<b>Europe 2020 strategy</b>	The ICT area is not linked directly to any quantified targets of Europe 2020 strategy, it follows the links to the targets defined in the EU Digital Agenda: The Digital Agenda for Europe initiative, partly also the Innovation Union initiative Integrated guideline 4 “Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy”, partly 6 “Improving the business and consumer environment and modernising the industrial base” and 9 “Improving the performance of education and training systems at all levels and increasing participation in tertiary education”.
<b>Common strategic framework</b>	Annex 1: 4.8 Member States and the Commission shall establish appropriate mechanisms for coordination and technical support to ensure complementarity and effective planning of measures in the ICT field in order to take full advantage of the various EU instruments (CSF Funds, CEF, TEN-T, Horizon2020) for funding of broadband networks and digital service infrastructures.
<b>Thematic objectives</b>	2. Enhancing access to, and use and quality of, information and communication technologies; 11. Enhancing institutional capacity and an efficient public administration
<b>EC’s Position Paper</b>	1. Innovation friendly business environment – Enhancing business innovation and competitiveness (growth activation potential of ICT)

	<p>2. Developing infrastructure for growth and competitiveness</p> <p>5. Modern and professional administration – use of the ICT, development of e-government</p> <p>The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.</p>
<b>Country-specific recommendations of the Council</b>	non applicable

#### Ties to Czech Republic's documents

<b>National Reform Programme</b>	<p>3.1.3 Efficient and affordable public administration – e-governance</p> <p>3.2.5 Development of digital infrastructure and Czech Digital Strategy – Strengthening of the digital economy, development of high-speed access networks, enhancing digital literacy of citizens</p>
<b>International Competitiveness Strategy of the Czech Republic</b>	<p>1.3 Facilitating access to services of public administration – public administration information systems, unified collection point</p> <p>2.10 Implementation of Digital Czech government policy – the development of broadband Internet, utilization of a digital single market for households and businesses</p>
<b>Regional Development Strategy</b>	<p>Priority 8 Improvement of the institutional framework for regional development, measure 8.3 Information and communication support for the operation of local public administration (digitization of public administration)</p>
<b>State policy in electronic communications (Digital Czech)</b>	<p>Support for construction of NGA networks (use of public resources, simplification of the administration associated with the construction and decrease of the fees associated with easements).</p> <p>Utilization of new technologies in the field of ICT</p> <p>Digital market</p> <p>Enhancing the digital literacy, skills and inclusion and other measures</p>

Other key documents related to the given problem areas include Efficient public administration and friendly public services – Implementation strategy of the Smart Administration, Strategic framework for the development of public administration and eGovernment 2014 +, a document reflecting the pillars of the Digital Agenda, as well as other sectoral documents defined in partial operational programs.

#### Experience from the 2007-2013 programming period and the state of achievement of objectives

In general it can be said that the ICT infrastructure in the form of construction or modernization of electronic communications networks for high-speed access to the Internet was not supported in the 2007-2013 programming period. This is due to the fact that key European strategy Digital Agenda for Europe was approved only in 2010. In the Czech Republic, the important document entitled *Government policy for electronic communications – Czech Digital v. 2.0 – Journey to the digital economy*, was approved by the Government Resolution of 20 March 2013, under the No. 203. The aim of both documents is to support the development of broadband Internet access networks by 2020, enabling the transmission speed of 30 Mbit/s for all inhabitants and the speed of 100 Mbit/s for at least half of the households.

#### The main issues identified (●) and the resulting development needs (➤) and their territorial dimension (○):

- Insufficient broadband Internet coverage, especially in rural areas, insufficient capacity of these networks, especially in urban areas.
  - Development of infrastructure for high-speed Internet access allowing the transmission rates of (in line with the objectives of the Digital Agenda for Europe) 30 Mbit/s by 2020 for all residents and 100 Mbit/s for at least half of the households.

<ul style="list-style-type: none"> <li>• Territorial dimension: The whole territory of the Czech Republic, as regards the rate of 100 Mbit/s, it should be preferably achieved in developing areas according to the typology contained in the Regional Development Strategy of the Czech Republic 2014–2020. Support for measures based on a qualitative definition according to specific criteria (the so-called gray and white areas pursuant to the State policy in electronic communications – Czech Digital v. 2.0 – Journey to the digital economy)</li> </ul>
<ul style="list-style-type: none"> <li>• No or limited access to high-speed Internet, especially in rural areas. <ul style="list-style-type: none"> <li>➤ Expanding and improving access to high speed Internet both fixed and especially mobile with an emphasis on areas characterized by a market failure.</li> </ul> </li> <li>• Territorial dimension: The whole territory of the Czech Republic, primarily in peripheral areas and in state-supported regions according to the typology contained in the Regional Development Strategy of the Czech Republic 2014-2020.</li> </ul>

### 1.1.2.2 Energy infrastructure

#### Basic description

Interconnection of the Czech energy networks with those of the neighbouring countries is not sufficient in the light of changes in the energy mix of European countries (particularly the neighbouring ones) and the related security of energy supply. For the market integration of 2014, it is necessary to strengthen the internal and cross-border transmission capacities of power lines. High-quality links of the energy networks to European structures are significant in terms of energy security and ensuring the stability of supply when exporting and importing energy.

Support should be therefore directed to the construction, upgrade and development of energy networks to ensure the achievement of three important tasks – energy independence, energy security and energy sustainability. In order to ensure the maximum possible independence of the CZE on foreign energy resources, it is necessary to promote the optimal use of conventional and renewable energy resources in the CZE, to diversify resources and transport routes and to increase the capacity for energy reserves. In order to ensure energy security, it is necessary to support the greater security of energy resources and of the entities participating in the critical infrastructure in the area of energy, to optimise the secure energy mix and to decentralise energy systems in a rational way. This includes the need to be ready for crisis management within the energy sector. Measures for improving energy networks include the expansion and modernization of power grids in relation to TEN-E networks. A major problem can be found in the resources in the area of heat generation with regard to durability and sustainability of current technologies. Electro-mobility / clean-mobility systems start to become important, but there is a complete lack of the infrastructure for these systems.

Energy savings are important from the viewpoint of economy and national security. They can be achieved by upgrading and increasing the efficiency of the transmission and distribution networks (of electricity) and heat supply systems in order to limit losses.

Economic growth and rising standards of living increase demands on the overall electricity supply and this trend (despite individual savings) is expected to continue in the future in all developed countries. Continuous increase in consumption is evident throughout the Czech Republic. A consequence is the increased need of transformation output of TS/DS (transmission/distribution systems). The requirement to increase the transformation output does not result only from the increase in consumption, but may be due to the loss of conventional sources, if this loss is not compensated by a source with a classic production characteristic, but is replaced by a source of distributed generation that cannot be applied to fulfil the basic load requirements. Subsequently, there is a need to develop the entire power system especially at the level of transmission and distribution networks. The development of the resource base is conditioned by the construction of new lines ensuring reliable distribution of the power output. Without the development and modernization of the electricity system, it will not be possible to sufficiently satisfy the requirements of developing regions in the future.

A large part of today's electricity system is also at the end of its useful life and must be renovated at the same pace in which was built decades ago (using the latest technologies).

Integration of new technologies such as smart meters that serve as a regulatory element in the so-called smart grids is expected. Further integration of renewable energy sources (future priority) is conditioned by a comprehensive strengthening/development of the power system.

The development of energy infrastructure and the removal of capacity constraints (the so-called bottlenecks) represents a significant impetus for the development of industry, business, the entire economy of the Czech Republic until 2020.

#### Ties to EU documents

<b>Europe 2020 strategy</b>	The target to reduce greenhouse gas emissions by no less than 20% as compared to 1990 or, under favourable conditions, by 30%; raise the share of renewable energy resources in the final energy demand by 20% and improve energy efficiency by 20%. Initiative "Resource Efficient Europe" (and to some degree the initiatives "Industrial Policy for Globalised World" and "Innovation Union"). Integrated Guidelines 5 "Improving resource efficiency and reducing greenhouse gases" and 6 "Improving the business and consumer environment and modernising the industrial base in order to achieve a fully functional internal market".
<b>Common strategic framework</b>	Annex 1: The Connecting Europe Facility (CEF) instrument – to maximize the European added value in the areas of transport, telecommunications and energy sectors; Member States and the Commission shall ensure that the ERDF and CF intervention are planned in close cooperation with the support from CEF to ensure complementarity, avoid duplication and ensure optimum interconnection of different types of infrastructure at local, regional and national level and across the Union.
<b>Thematic objectives</b>	4. Supporting the shift towards a low-carbon economy in all sectors 6. Protecting the environment and promoting resource efficiency 7. Promoting sustainable transport and removing bottlenecks in key network infrastructures
<b>EC's Position Paper</b>	2.4 Environment friendly and resource efficient economy – Shift to an energy efficient, low carbon economy (improving energy efficiency across all sectors, investment in low-carbon and smart grids). The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	no link

#### Ties to Czech Republic documents

<b>National Reform Programme</b>	3.2. Attractive entrepreneurial environment and development of infrastructure for the Czech industry Energy – increase in energy efficiency Development of energy and environmental infrastructure – development of network infrastructure development (strengthening of the transmission networks)
<b>International Competitiveness Strategy of the Czech Republic</b>	2.9 National energy policy and strategic directions – attain a balanced energy mix, higher usage of renewable resources, and the development of smart grids and reduced greenhouse gas emissions
<b>Regional Development Strategy</b>	Priority 2 Development of key infrastructure of national importance 2.3 Expansion and modernization of power grids Priority 6 Conservation and sustainable use of resources in regions (6.3 Use of renewable energy sources and promoting energy savings in relation to local conditions)
<b>National Energy Policy</b>	Linking to the entire document, i.e. all priorities: ⇒ A balanced mix of resources based on their extensive portfolio, efficient use of all available domestic energy resources and maintaining power balance surplus of the

	<p>ES with plenty of reserves. Maintaining strategic reserves of available domestic energy forms.</p> <p>⇒ Increasing energy efficiency and energy savings in the economy and households.</p> <p>⇒ Development of Czech network infrastructure in the context of the Central European countries, strengthening of international cooperation and integration of the electricity and gas markets in the region, including support for the establishment of effective and operational common EU energy policy.</p> <p>⇒ Support for research, development and innovation ensuring a competitiveness of the Czech energy and support for education, with the objective of having generational renewal and improving the quality of technical intelligence in the energy sector.</p> <p>⇒ Increasing energy security and resilience of the Czech Republic, enhancing the abilities to secure necessary supplies of energy in the event of multiple faults</p>
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Other key documents related to the problem areas are the National Action Plan of the Czech Republic for Renewable Energy, Energy Efficiency Action Plan of the Czech Republic, Waste Management Plan, Biomass Action Plan of the Czech Republic for the period 2012–2020, State Environmental Policy, regional documents related to the given area (e.g. local energy conceptions) and other sectoral documents defined in operational sub-programs.

#### Europe 2020 strategy objectives and National Reform Programme objectives

Main objective of the Europe 2020 strategy	EU target by 2020	EU achievement by 2010	EU achievement by 2011	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2011
Greenhouse gas emission (%)	80	85	-	Reduction by 9% <sup>10</sup>	71 <sup>11</sup>	-
Share of renewable energy sources (RES) (%)	20	12.1	13.0	13 <sup>12</sup>	8.4	9.4
Primary energy consumption (kToe)	1,474,000 i.e. reduction by 20%	1,646,839		29,803	42,003	29,467

The Czech Republic is above the EU average in terms of the Europe 2020 strategy targets, except for RES. National targets, defined in documents such as the Czech Republic National Action Plan for Renewable Energy, are set with regard to overall economy performance with outlook to 2020. Achieving energy targets is one of the toughest challenges as it affects all spheres and all industries and interventions must be implemented across many sectors (and in close ties to transport and technical infrastructures in particular).

At present, the Second National Energy Efficiency Action Plan of the Czech Republic of 19 August 2011 (NAPEE-II.) is still valid. It was prepared and sent to the European Commission on the basis of the obligation arising from the European Parliament and Council Directive 2006/32/EC on energy end-use efficiency and energy services. The national indicative energy savings target in final energy consumption is determined as 9% of annual average final energy consumption in the period from 2002 to 2006. Energy savings target is set for the period 2008–2016. This target, however, will be replaced by a new one pursuant to the new Directive.

<sup>10</sup>National non-obligatory target for industries outside the emission trading system as compared to 2005.

<sup>11</sup>Current achievement: - 7% (estimates for 2020 as compared to 2005) and -2% (2010 emissions as compared to 2005).

<sup>12</sup> The Czech Republic National Action Plan for Renewable Energy sets a target of 13.5%.

	NAPEE-II
Five-year average (2002–2006)	225,651 GWh
9% target for energy savings by the end of 2016	20,309 GWh
Average yearly energy savings for 2008–2016	2,257 GWh

In 2012, a new European Parliament and Council directive 2012/27/EU on energy efficiency was approved, which provides Member States with new responsibilities and objectives in the field of energy efficiency. These targets are currently being set and should be proposed by the Ministry of Industry and Trade to the Government no later than in June this year and subsequently they will be sent as part of the first report on the progress achieved towards national energy efficiency targets. As regards the savings in final energy consumption, the cumulative target is preliminarily set at 47.84 PJ of annual savings by 2020. The target for primary energy savings is currently being determined.

#### **Experience from the 2007-2013 programming period and the state of achievement of objectives**

The main objective in the energy sector in the period 2007–2013 was to stimulate the activity of entrepreneurs in reducing the energy intensity of production and consumption of primary energy sources. Particularly by increasing efficiency in the production, transmission and consumption of energy. Reduction of energy consumption has been carried out through specific measures, i.e. modernization of existing facilities for energy production to increase their efficiency, modernization, reconstruction and reducing the losses in electricity and heat distribution systems, improving thermal properties of buildings, with the exception of family houses and apartment buildings, use of waste energy in industrial processes for the own consumption by companies, increasing energy efficiency by introducing high-efficiency cogeneration of electricity and heat.

Specific objectives were set as annual energy savings. Due to the ongoing implementation it is not possible at present to assess the state of compliance with the preset target in terms of annual energy savings. According to committed projects, however, it can be said that by the end of 2012, the value of about 6000 TJ value was reached, which means that the total indicator has already been fulfilled by over 60 %. From the national viewpoint, this is one of the most important contributions in the area of subsidies aimed at reducing energy consumption.

#### **The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):**

- Obsolescence of energy transmission and distribution systems, their high loss rates, the threat of transmission system overloads due to unscheduled flows of electricity from neighbouring countries.
  - Construction and modernization of power transmission and distribution networks, with emphasis on electricity, including support for the development of smart grids.
- Territorial dimension:  
The whole territory of the Czech Republic, definition on the basis of qualitative criteria.

#### **1.1.2.2.1 Main changes in the area at issue for the 2014-2020 programming period**

##### **As regards the INFRASTRUCTURE**

##### **Change for the 2014-2020 programming period:**

- Completion of the construction of the large TEN-T infrastructure and key transport infrastructure of national significance outside the TEN-T network to interconnect the territory and the TEN-T network.
- Increased prioritization of construction according to the economic importance and assessment of energy and environmental efficiency.
- Increased focus on maximum use of intelligent transportation management solutions, intelligent transport systems (ITS), logistics etc., including Galileo services.
- Increased focus on urban infrastructure (transport, intelligent transport systems (ITS)) and its solutions for agglomerations.



- Strengthening of energy security (smartmetering and smart grids, reducing losses in distribution networks, strengthening backbone networks for energy sector, support for systems stabilizing the grid – such as decentralization, unit peak-load, etc.).
- Higher application of the development and innovative approach in the areas of energy savings within the business sector and reducing energy intensity in production
- Focus on support the infrastructure for the connection of new, alternative energy sources to the grid as a pre-condition for the application of renewable energy in end consumption
- Support for the development and innovations in the collection and use of secondary raw materials in order to reduce the consumption of primary raw materials
- Improving the resilience of critical infrastructure.
- Strengthening of crisis management projects and protection against extreme events (climate, floods, riots – infrastructure and equipment; training to be implemented within the TO 5 – Public Administration).
- Significant acceleration of achieving the development targets concerning the broadband Internet and telecommunications.

### 1.1.3 Public administration

This problem area is based on the national development priority with the same name and develops it.

Many international comparisons identified the significant decline in the quality of the functioning of institutions as a major obstacle to strengthening the competitiveness of the CZE and its regions. At the national level, as well as at the regional and local levels, it is necessary to promote state institutions that work efficiently and transparently. Contemporary managing and decision-making methods must also be introduced and their efficiency must be improved (both internally and in relation to citizens), e.g. by the efficient and effective implementation of information and communication technologies. Only in this way will a good institutional foundation for a competitive Czech economy be established. High-quality institutions will have a positive impact on the competitiveness of the individual components of the corporate sector, while allowing a smoother process of building the required infrastructure; easier integration of disadvantaged groups and enhanced functioning of institutions at all levels will help to ensure a balanced regional development based on appropriate use of endogenous growth potential.

#### Basic description

The most important identified long-term barriers for the development of the Czech economy include inefficient public administration institutions (at the national, regional and local level). The functioning of public administration is thus crucial for medium- and long-term competitiveness of the economy of the entire Czech Republic.

The most significant is the poor position of the Czech Republic in terms of the degree of regulatory burden and law enforcement, other significant drawbacks of the Czech Republic include the level of corruption and the weak conceptual and strategic management at both national and regional level. Other weaknesses of the Czech Republic include the incomplete yet necessary reforms (e.g.: the major reform of public administration from 1999), lack of use of e-tools in public administration (despite some successes in implementing the Czech POINTs data boxes, basic registers of public administration or the preparation of e-collection of e-legislation), low trust in politicians and officials and inefficient use of public funds.

The public administration system is heavily criticized because of the high level of corruption, low efficiency of its functioning, slow operation of agencies, low level of computerization of institutions and their mutual connection, insufficient interoperability of databases and registers (at present, only the basic public administration registers are functional), which stems from a narrow resortism and decentralized public contracts, disproportionate administrative burden, which is also to a large extent carried over to citizens and businesses, difficult law enforcement, inadequate protection of intellectual property, ineffective legislation, ad-hoc public administration decisions in territorial matters, etc. The comparisons also show that the measurability of public administration performance is problematic. A project of process modelling of Public Administration Agendas (PMA) has been however started, which should lead to setting standards of public administration and subsequently to funding of public administration based on these standards. Its goal is a specific description of the

individual public administration agendas, their interdependence, description of the costs, benefits, risks and needs of the given agenda.

Public administration ignores the thorough ex-ante evaluations of impacts of legislative proposals as well as a number of fundamental decisions. The quality of legislation is not continuously evaluated, and – despite the efforts to reduce the administrative burden (Smart Administration strategy) – this burden steadily increases. Functioning institutions of public administration must be primarily based on the high-quality human resources, continuous education and adaptation to evolving circumstances and needs, and their effective management (including education). It's not just about professional training, but also about the acquisition and improvement of clerical erudition. Other key tasks include streamlining processes, eliminating duplication and understanding of public administration as a service to the public (in relation to the executive, legislature and judiciary actors).

The predominant or even dominant view is that the inefficient law enforcement forms a barrier to higher competitiveness and to the higher quality of life in the Czech Republic. Thorough analyzes indicate that, filing and all the bureaucratic agenda of Czech justice makes up almost 50 % of the total number of the agenda in state institutions. Another major obstacle is the information impermeability of individual levels of the Czech judiciary system. Justice should therefore become in the 2014-2020 programming period one of the absolute priorities.

An important element is the support for the development of open government, significantly higher transparency and open data for the application of the non-profit sector and the business community. More attention should be paid to the general education of the public as regards the access to public institutions (including the EU institutions) and to a greater civic engagement and desire to actively participate in society.

An essential element of functioning institutions of the central and local public administration is the provision of high-quality information systems, communications infrastructure and material security, which affect the quality of public-administration services and which must be systematically developed and adapted based on the current legislative and technological developments. In order to efficiently use the above material background, it is necessary to develop adequate knowledge and skills of human resources in public administration while ensuring their high-quality management.

With regard to climate change and other natural or man-made disasters, attention should also focus on ensuring the functioning of the integrated rescue system and the development of emergency and security communications infrastructure.

The basis for defining targets for the new 2014–2020 programming period must be the state of the public administration achieved due to the implementation of projects and other measures implemented in 2007–2013. A successful completion of major strategic projects such as basic public administration registers, Data Boxes, CzechPOINT, etc. fulfilled the requirements defined for the period 2007-2013 and created a fully functional and proven foundations for the next stage of modernization of public administration, aimed at further increasing the efficiency, transparency and efficacy of processes in public administration. The objectives defined for the new programming period are correlated with the objective to increase the competitiveness of the Czech Republic in the performance of institutions and thereby to create better conditions for businesses, citizens and to reduce the bureaucratic burden (see also International Competitiveness Strategy).

#### Ties to EU documents

<b>Europe 2020 strategy</b>	The area of public administration is not linked directly to quantified targets of Europe 2020 strategy, certain links can be seen across the targets, flagship initiatives and integrated guidelines. In addition to direct support to achieve higher efficiency of public administration, there is also a link to better education, implementation of policies necessary for sectoral interventions (as part of initiatives where there is a close interconnection of public administration and education, ICT, institutional issues, such as “Youth on the Move”, “Digital Agenda for Europe”). As regards the IHS, the most important link is to 4 “Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy” and 6 “Improving the business and consumer environment and modernising the industrial base” (especially for the functioning of the internal market through instruments of public administration, such as interoperable e-government services).
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<b>Common strategic framework</b>	not listed
<b>Thematic objectives</b>	2. Enhancing access to, and use and quality of, information and communication technologies; 11. Enhancing institutional capacity and an efficient public administration
<b>EC's Position Paper</b>	2.5 Modern and professional administration – Enhancing institutional capacity of public administration in order to improve its efficiency and effectiveness and to support business-friendly environment The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	5. Adopt and implement as a matter of urgency the Public Servants Act to promote stability and effectiveness of the public administration in avoiding irregularities. Ensure adequate implementation of the new Public Procurement Act. Address the issue of anonymous share holding. Ensure correct implementation of EU Funds and step up the fight against corruption.

#### Ties to Czech Republic's documents

<b>National Reform Programme</b>	3.1.3 Efficient and affordable public administration – implementation of the Smart Administration strategy, implementation of public administration reforms, e-governance, fight against corruption, simplification of agendas of public administration 3.2.1 Improving the business environment – reducing the administrative and regulatory burden on businesses, increasing awareness of the business community 3.2.5 Development of digital infrastructure and Czech Digital Strategy – Strengthening of the digital economy, development of high-speed access networks, enhancing digital literacy of citizens
<b>International Competitiveness Strategy of the Czech Republic</b>	1.1 Efficient public administration – modification of the structure of public institutions, change of status and remuneration of civil servants. 1.2 Streamlining of the management of public assets and resources 1.3 Facilitating access to services of public administration – public administration information systems, unified collection point 1.4 Improved quality and availability of regulation – computerization of the legislative process and electronic publication of the regulations 1.5 Better law enforcement – computerization of justice
<b>Regional Development Strategy</b>	Priority 5 Peripheral Area Revival (measure 5.3 Secure basic services and serviceability). Priority 8 Improvement of the institutional framework for regional development (measure 8.1 Improving the administrative capacity of public administration; 8.2 Improving the quality of the system framework of regional and local development; 8.3 Information and communication support for the operation of local public administration).
<b>The strategic framework for the development of public administration and eGovernment 2014+</b>	Document under preparation; to be added in next phase

Other key documents related to the problem areas are State policy in electronic communications – Czech Digital v. 2.0 – The journey to digital economy and other sectoral and regional documents defined in partial operational programs.

## Experience from the 2007-2013 programming period and the state of achievement of objectives

Many international comparisons identified the significant decline in the quality of the functioning of institutions as a major obstacle to strengthening the competitiveness of the CZE and its regions. At the national level, as well as at the regional and local levels, it is necessary to promote state institutions that work efficiently and transparently. Contemporary managing and decision-making methods must also be introduced and their efficiency must be improved (both internally and in relation to citizens), e.g. by the efficient and effective implementation of information and communication technologies. Only in this way will a good institutional basis for competitive Czech economy be established.

The basis for defining targets for the new 2014–2020 programming period must be the state of the public administration achieved due to the implementation of projects and other measures implemented in 2007–2013. A successful completion of major strategic projects such as basic public administration registers, Data Boxes, CzechPOINT, etc. fulfilled the requirements defined for the period 2007-2013 and created a fully functional and proven foundations for the next stage of modernization of public administration, aimed at further increasing the efficiency, transparency and efficacy of processes in public administration. Objectives defined for the new programming period correspond with the objective to increase the competitiveness of the Czech Republic in the performance of institutions and thereby to create better conditions for businesses, citizens and to reduce the bureaucratic burden.

The key areas supported in the period 2007–2013 from the EU funds include:

Basic registers forming a set of six interconnected information systems that are dealt with by six projects coordinated by four authorities (Ministry of Interior, Czech Geodetic and Cadastral Office, Czech Statistical Office, Office for Protection of Competition). More than 80 % of all public authorities are connected to the system of basic registers; it has performed more than 100 million transactions and issued over 120 thousand statements for the needs of officials or at the request of citizens. The implementation of this fundamental project commenced the process of gradual transition to sharing of acquired data, sharing of services and infrastructure sharing.

Furthermore, the following projects were implemented: information system of data pages, CzechPOINT (a network of contact points for citizens), systematic improvement of the process of regulatory impact assessment (RIA), which seeks to establish e-learning system of education, including examples of good practice, a RIA portal with comprehensive information on RIA, including electronic support for the RIA process, and the projects of eLegislative and eSbirka, whose implementation is scheduled for mid-2015.

Based on the Smart Administration strategy, the interventions in the period 2007–2013 also focused on improving the performance of the justice and its gradual computerization.

### The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):

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|---|
| <ul style="list-style-type: none"><li>• The complexity and, in some cases, low quality of legislation in the Czech Republic.<ul style="list-style-type: none"><li>➤ Significant improvement in quality and simplification of the legislative environment of the Czech Republic (ex ante and ex post independent regulatory impact assessments, evaluations of corruption risks)</li></ul></li><li>• Territorial dimension:<br/>Mainly at the central level, partially also regions and municipalities.</li></ul>  |
| <ul style="list-style-type: none"><li>• High administrative and regulatory burdens.<ul style="list-style-type: none"><li>➤ Reduction in the net administrative and regulatory burdens by setting system tools for objective and independent assessment of the impact of legal regulation in order to improve the legislative environment, including the measurement of administrative burdens, both ex ante and ex post (e.g. an establishment of a uniform methodology for measuring administrative burdens and its expansion and mandatory use across the public sector); through the creation and development of standards of public services in order to reduce the administrative burden for specific life situations and groups of citizens at all agendas of public administration. The use of all available registers and their interconnection for this purpose, as well as increase in quality and speed of the access to statistical data, inter alia for the elimination of duplication in the notification obligations of businesses and citizens.</li></ul></li></ul> |

<ul style="list-style-type: none"> <li>• Territorial dimension: National and regional level in the CZE (with links to the individual levels of public administration).</li> </ul>
<ul style="list-style-type: none"> <li>• Poor law enforcement and low efficiency of justice. <ul style="list-style-type: none"> <li>➤ To accelerate the law enforcement by targeted improvements of the functioning of the judiciary system and other forms of dispute resolution – the development of instruments improving the law enforcement (including alternative forms of dispute resolution), providing information interconnection of various court levels and prosecutors’ offices (eJustice).</li> </ul> </li> <li>• Territorial dimension: The entire territory of the Czech Republic (individual local authority levels).</li> </ul>
<ul style="list-style-type: none"> <li>• Low quality and efficiency of public administration in the Czech Republic. <ul style="list-style-type: none"> <li>➤ Introduction of modern methods of management and decision-making in public administration, including management of human resources (particularly the development and deepening of skills of the workforce in the public sector, etc.), optimization of processes in public administration with an emphasis on stabilization of public budgets and deployment of software tools. Setting clear and distinct responsibilities between the different levels of public administration, any potential transfer of powers must be reflected in the optimization of financial and human resources, establishment of effective (inexpensive and smart) control mechanisms which will ensure the avoidance of unnecessary duplication, etc. Strengthening of the openness of public institutions towards citizens.</li> <li>➤ Improving the quality, performance and openness of public administration – to simplify and improve the delivery of public services and optimizing their availability based on established standards, optimizing their distance from the citizens, the development of digitization and interoperability of public administration, increase in on-line accessibility and use of eGovernment services by citizens and businesses.</li> <li>➤ Improving the decision-making of public administration on the preparation and improvement of territorial investments in relation to the planning activities of regions and municipalities.</li> <li>➤ Increase in efficiency of control of government using modern approaches (increasing the quality of human resources, computerization), including the fight against corruption.</li> <li>➤ Support for measuring the performance of public administration that can lead to clear results, allowing to improve the quality and efficiency of public administration in the Czech Republic.</li> <li>➤ Support for education and strengthening of civil society (support for civic participation and initiative), strengthening of the principle of open government.</li> </ul> </li> <li>• Territorial dimension: The entire territory of the Czech Republic (individual local authority levels).</li> </ul>
<ul style="list-style-type: none"> <li>• Low digitization of public administration <ul style="list-style-type: none"> <li>➤ Digitization of public administration (e-government) through the establishment of data storage facilities and digitization of key information and databases of the state (except for the basic registers that are already operated), digitization of public administration agendas allowing access to public services via the Internet. The interconnection of systems is a pre-condition. Attention must be therefore paid to connecting individual databases and registers.</li> </ul> </li> <li>• Territorial dimension: The entire territory of the Czech Republic (individual levels of local administration).</li> </ul>
<ul style="list-style-type: none"> <li>• Risk of insufficient control and response to risks posed by climate change or other disasters. <ul style="list-style-type: none"> <li>➤ The development of the integrated rescue system, including communication infrastructure (especially</li> </ul> </li> </ul>

<p>strengthening of mobile communication) as well as of the system as a whole.</p> <ul style="list-style-type: none"> <li>• Territorial dimension: The entire territory of the Czech Republic (individual local authority levels).</li> </ul>
<ul style="list-style-type: none"> <li>• Inadequate protection of ICT systems at all levels due to the increase of cyber threats. <ul style="list-style-type: none"> <li>➤ Building a system of cyber security of the Czech Republic.</li> </ul> </li> <li>• Territorial dimension: The entire territory of the Czech Republic (individual local authority levels).</li> </ul>

### **1.1.3.1.1 Main changes in the area at issue for the 2014-2020 programming period**

#### **In the area of PUBLIC ADMINISTRATION**

##### **Change for the 2014-2020 programming period:**

- Increased efficiency and transparency of activities of public authorities.
- Emphasis on education and qualifications in public administration and the divisions of the IRS (including mobility of workers in the public sector and international cooperation of institutions).
- Emphasis on public education, including increase in the absorption capacity for e-government and popularization activities aimed at increasing citizens' trust in public administration and on-line services.
- Emphasis on the use of social-science research in public administration.
- Emphasis on the introduction of modern methods of human resource management and streamlining the recruitment process.
- Interoperability of public administration systems, completion of digitization and computerization of public administration.
- Emphasis on measures in the area of improving law enforcement and education in justice, modernization of organization of courts and prosecutors' offices.
- Emphasis on ensuring cyber security in public administration.
- Emphasis on the reduction (including the evaluation of newly adopted laws) of the administrative and regulatory burdens until 2020, support for improving the quality of regulatory impact assessment.
- Focusing on innovation in the field of open data and open government, improved disclosure of information, support for community development and use of open source software in public administration.

### **1.1.4 Social inclusion, combating poverty and health care system**

This area is based on the national development priority Support for social inclusion, fight against poverty and the health care system and builds on it.

The policy of social inclusion and fight against poverty should contribute to the social inclusion of persons at risk of social exclusion or of socially excluded persons, through improving accessibility, quality and sustainability of basic resources and services, including decent income, housing and education. Issue of poverty and social exclusion resulting from it is closely connected to education and employment policies. Good school preparation can greatly reduce the risk of future social exclusion of pupils. Similarly, social inclusion can be supported by the success of the given persons in the labour market.

Social cohesion belongs among the leading concepts of the EU. Too large social differences in society are linked not only to inefficient allocation of available human resources, but also to the fragility of the internal territorial integrity. Failure to address issues related to social exclusion stimulates voluntary separation processes of the richer part of the population and leads to involuntary segregation processes of the poorer part of the population. As a result, regional disparities grow, both at regional and local level. This creates socially troubled regions and socially problematic localities characterized by long-term unemployment, excessive debts, low education and qualification of their inhabitants, together with poor health of the population and increased crime rate.

Issue of poverty and social exclusion resulting from it is closely connected to education and employment policies. Good school preparation can greatly reduce the risk of future social exclusion of pupils. Similarly, social inclusion can be supported by the success of the given persons in the labour market.

As a result of demographic changes, it will be necessary to cope with the aging of population and to pay increased attention to promoting active aging and the quality of life in old age. The main priorities of the national policy in the area of aging include the protection of human rights, employment of older persons, lifelong learning, volunteerism and intergenerational solidarity, quality living environment for the elderly and care for the most vulnerable seniors with limited self-sufficiency.

#### 1.1.4.1 Social inclusion and combating poverty

##### Basic description

The Czech Republic, in terms of poverty and social exclusion, is in a relatively better position than the European Union average. Since the beginning of the 1990th, poverty rate has been kept at a low level in the Czech Republic. There has been, however, an increasing trend in the recent years and the differences at the local and regional levels are also increasing, causing the emergence of problem areas characterized by poverty, poor health of the population, higher crime rate, etc. In the Czech Republic, the relatively low level of poverty is caused mainly by the low level of income inequality and by the relatively high efficiency of social transfers, whose share in the GDP is significantly below the average of EU-27. The evolution of the threat of poverty and social exclusion is subject to a number of factors, it may be negatively affected by the ongoing crisis and unfavourable demographic developments, together with the continuing trend of increasing wage differentiation.

Poverty and social exclusion in the Czech Republic do not affect large sections of population, it concentrates on selected most vulnerable groups, such as long-term or repeatedly unemployed persons, members of incomplete as well as large families, seniors, persons living in socially excluded localities, persons with disabilities and persons with mental disease. In some locations, the social exclusion is associated with ethnic escalation of social problems. The rise in homelessness is also a problem, particularly in big cities.

A key strategic document of the Czech Republic supporting the social inclusion policy and combating poverty in the coming years will be the forthcoming Social Inclusion Strategy 2014–2020, based on the conceptual material entitled the Long-Term Vision for the social inclusion by the MoLSA.

##### Ties to EU documents

<p><b>Europe 2020 strategy</b></p>	<p>The target “Reduce the number of Europeans living below national poverty lines by 25%, lifting 20 million people out of poverty”.</p> <p>The “European platform against poverty” initiative, partly also the “Youth on the Move” initiative and the “Agenda for new skills and jobs”.</p> <p>The integrated Guideline 7 “Increasing labour market participation and reducing structural unemployment” and 10 “Promoting social inclusion and combating poverty” with a strong link in both cases. Moderately strong link is to No. 8 “Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning” as part of the labour market and education and to No. 9 “Improving the performance of education and training systems at all levels and increasing participation in tertiary education”.</p>
<p><b>Common strategic framework</b></p>	<p>Annex 1, 4.7: Programme for social change and innovation: support and effective coordination between the PSCI and the support provided by CSF Funds as part of the thematic objectives of employment and social inclusion (coordination of aid provided under the EURES axis of the PSCI program with measures to promote the creation of social enterprises); repetition of the most successful measures implemented as part of the “Progress” program within the PSCI, particularly with regard to social innovation and experimentation in social policy with the support of the ESF.</p> <p>5.3 Promoting equality between men and women.</p> <p>5.4 The needs of disadvantaged groups to enable them to better integrate into the labour market and thus to facilitate their full participation in society.</p> <p>5.6 Facing demographic changes: focus on the adequacy and quality of education, training and social support of the structures, as well as, where relevant, the effectiveness</p>

	of social protection systems;
<b>Thematic objectives</b>	8. Promoting employment and supporting labour mobility 9. Promoting social inclusion and combating poverty
<b>EC's Position Paper</b>	<u>2.3. Human capital driven growth and improved labour market participation</u> Reinforcing all levels of education to increase its quality, its contribution to social inclusion and its labour-market relevance (support for pupils with weaker results, increasing the chances of disadvantaged groups in further education, equal access to tertiary education for disadvantaged groups, including targeted support for training of disadvantaged individuals), Integration and employability of other vulnerable groups (strengthening public employment services, job counselling, increasing the participation of older people in the labour market, dealing with inactivity and low employability of workers with primary education, access to affordable and quality services in the field of social care and social assistance, enhanced support for socially excluded and vulnerable groups, such as Romas)  The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	4. Strengthen PES by increasing the quality and effectiveness of training, job search assistance and individualised services, including of outsourced services.

#### Ties to Czech Republic documents

<b>National Reform Programme</b>	3.1 Consolidated Public Finance and Effective Institutions 3.1.2 Sustainable system of health and social care – optimization of the network of health and social services 3.3. Functioning labour market, education system, and social inclusion as prerequisites for a competitively strong economy; 3.3.2 Social inclusion and combating poverty – optimization of non-insurance social systems, social work, promoting social inclusion and combating poverty (homelessness, active aging, social inclusion of Roma, support for social housing and social entrepreneurship) 3.3.3 Increasing the availability of rental housing for increased mobility of the workforce
<b>International Competitiveness Strategy of the Czech Republic</b>	5. Education – to ensure access to high-quality education regardless of location, social background and dispositions, children with weak dispositions should be identified early and directed to appropriate forms of assistance. 6. Labour market – increasing the availability of rental housing – even in the area of social housing.
<b>Regional Development Strategy</b>	Priority 3 Improve the social environment in the development areas (cross-sectoral measure 3.X. Support for the integration of socially excluded and socially vulnerable groups of the population; measure 3.1 Improve the quality and availability of public services). 3.2 Development and improvement of conditions for leisure activities for residents and the cultural potential (measure 3.3 Support for housing as an instrument of social cohesion). Priority 4 Balanced Development of Stabilised Areas (measure 4.1 Secure adequate capacity of public services infrastructure). Priority 5 Peripheral Area Revival (measure 5.2 Support for improving the quality of the manpower).
<b>Social inclusion strategy</b>	Document under preparation, it will be supplemented in the next phase

Other key documents related to the problem areas are: Strategy to combat social exclusion, Concept of employment policy (employment strategy), National action plan for inclusive education, Strategy on Roma Integration, Strategy for equal opportunities for women and men, National plan for the development of social



services, Housing strategy of the Czech Republic until 2020 National action plan to support positive aging for the period 2013–2017, Strategy for the prevention of and dealing with the homelessness in the Czech Republic until 2020, regional documents dealing with the respective issues and other sectoral documents defined in partial programs.

### Europe 2020 strategy objectives and National Reform Programme objectives

The Europe 2020 strategy sets the target of reducing by 25 % the number of Europeans living below national poverty lines, lifting out of poverty over 20 million people (the national poverty line is set at 60 % of average disposable income in each Member State).

Main objective of the Europe 2020 strategy	EU target by 2020	EU achievement by 2010	EU achievement by 2011	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2011
Number of persons at risk of poverty (1000 inhabitants / as percentage)	115,694 (25% reduction)	116,309 / 23.6 %	119,568 / 24.2 %	1,566 (a reduction by 30 thousand).	1,495 / 14.4 %	1,598 / 15.3 %

The Czech Republic is characterized by a low level of threat to the population by the relative poverty (the proportion of people at risk of poverty and social exclusion in 2011 amounted to 15.3 %, in absolute numbers 1.598 million people, while the EU average amounted to 24.2 %). According to the above general indicator, approximately 1,566 thousand persons, i.e. 15.3 % of the total population were at risk of poverty or social exclusion in the baseline year of 2008.

With regard to the common targets of the Europe 2020 strategy, the Czech Republic has set a national target in the fight against poverty “to keep the number of people at risk of poverty, material deprivation or living in households with very low work intensity by 2020 at the level of 2008. The CZE will also strive to reduce the number of people at risk of poverty, material deprivation or living in households with very low work intensity by 30,000 persons.”

Key metrics to assess the fulfilment of the main objectives will include the partial sub-goals, in particular the proportion of people living in households with very low work intensity (in 2011 there were 531 thousand such persons in the Czech Republic, while their number in the EU was 37,995 thousand), the number of persons at risk of poverty after receiving social benefits (in 2011, there were 1,022 thousand such persons in the Czech Republic, while their number in the EU was 83,528 thousand) and the proportion of people at risk of material deprivation (in 2011, there were 641 thousand such persons in the Czech Republic, while their number in the EU was 43,465 thousand). Other objectives to be pursued include e.g. the number of persons in the target groups (according to the structure), the proportion of people living in socially excluded locations in relation to the number of such locations in the Czech Republic, the demographic curve and life expectancy, etc.

### Experience from the 2007-2013 programming period and the state of achievement of objectives

In the 2007-2013 programming period the social inclusion and fight against poverty projects primarily focused on (i) supporting the inclusion of socially excluded people or those at risk of social exclusion in order to get them back in the society and the labour market; (ii) supporting and developing the existing and new social prevention programmes and social services delivered in socially excluded Romany communities; and (iii) comprehensive employment programmes aimed at mobilising and motivating by individual approach in order to create conditions for removing barriers to equal access to the labour market.

No present experience or evaluation study suggests any substantial defect in the interventions chosen, and the absorption capacity in the given area is sufficient. A low degree of project comprehensiveness was an issue in terms of achieving intervention objectives – some projects only focused on partial aspects without being able to address the issue in its entirety. On the other hand, there is the risk of too broad and too general aid in respect of projects of social inclusion of socially excluded people or those at risk of social exclusion.

The efficiency of social inclusion interventions is assessed as good. The interventions showing the highest efficiency are those done in the field and the projects addressing the complex problems and needs of the target group.

In the 2007-2013 programming period, social inclusion interventions in socially excluded Romany communities were given specific category but the benefits of the projects in this area cannot be fully assessed yet.

In spite of great efforts in fight against poverty and social exclusion and in spite of one of the lowest poverty rates across the EU, the Czech Republic has reported worsening tendencies. The ratio of persons living below poverty threshold and those at risk of poverty as well as the ratio of persons living in socially excluded communities, and those at risk of social exclusion in particular, has been rising. Partial achievements, such as a significant number of new jobs created with assistance of co-funding from the EU funds, also in those regions reporting the highest unemployment rates, are not enough to reverse the existing trends. Social inclusion and fight against poverty will be one of the principal challenges of the 2014-2020 programming period. A comprehensive (integrated) approach will be needed to stand the challenge, requiring close ties between measures, in particular in education, labour market and employment, housing, social services, public administration, and legislation. In addition, poverty and social exclusion have a marked territorial (regional) dimension given their uneven distribution across the country.

**The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):**

- |  |
|--|
| <ul style="list-style-type: none"> <li>• Gradual increase in the income and property gaps is related to reduction in the real standard of living as well as life and employment opportunities for certain population groups. The most vulnerable groups are children under 17 years of age (14.3% of persons at risk in 2010), single parent families (38.9%), families with three children or more (22.7%), elderly people, individuals taking care of next of kin, and people living in socially excluded communities. <ul style="list-style-type: none"> <li>➤ Enhancing the chances to get a job for socially excluded population, population at risk of social exclusion and population at risk of poverty, that is primarily reducing long-term unemployment by delivering comprehensive employment programmes and providing individualised employment services targeted at population at risk of social exclusion and poverty</li> <li>➤ Fight against insecure employment terms and illegal employment</li> </ul> <ul style="list-style-type: none"> <li>• Territorial dimension: Primarily the socially excluded areas and the development areas under the Regional Development Strategy 2014-2020.</li> </ul> </li> </ul>  |
| <ul style="list-style-type: none"> <li>• Problematic is the situation in excluded communities, the number of which has exceeded 400 as experts estimate. The people living in these communities have usually a low educational attainment and low qualifications and are without a job. A high criminal rate (both criminal offences and administrative delicts) is reported in socially excluded communities. Ethnic escalation of this issue has been under way in some regions and communities, which results in a serious blow to social cohesion leading to occasional cases of extremism and menace to public order and security. The still more pressing issue in these communities is the inadequate quality standard of mainstream primary schools, which often show signs of segregation schools. To a marked degree social exclusion is a result of inadequate preventive policies (and social policies in particular) and fed by overall economic and social deprivation. There is also a worse access to services, including healthcare and jobs, in these communities. <ul style="list-style-type: none"> <li>➤ An inter-institutional and comprehensive approach to coping with these issues in the communities in question that would include a pro-active approach of both central and local governments and partnership coordination and enhancement in developing integration strategies; supporting, motivation and punitive instruments against local stakeholders; social services coverage optimisation; and development of specific instruments.</li> <li>➤ The conditions for integration and full participation in society over the long term must be created in specific locations with the assistance of regional and municipal institutions and non-profit organisations (including support of volunteering), working in synergies, of course with regard to local specifics, needs and possibilities.</li> </ul> <ul style="list-style-type: none"> <li>• Territorial dimension: Regional and local concentration of social exclusion related problems is most distinct in the existence of socially excluded communities and, in some regions, ethnic escalation of the issue. There are links between the degree of a region's overall backwardness and the existence of socially excluded communities.</li> </ul> </li> </ul> |
| <ul style="list-style-type: none"> <li>• There is also no social housing system allowing that employment problems could be dealt with in relation</li> </ul>   |

to homelessness and indebtedness, which usually go hand in hand. A low amount of social housing owned by community authorities or other public institutions is often a bar to social inclusion. It is often the case that the existing housing is not used for providing shelter for those in need. Contracts also seem problematic as the system allows owners to take advantage of poor social situation.

➤ Developing a system of accessible social housing as a fundamental social need, including the mechanisms of emergency and subsidised housing for families with children.

- Territorial dimension:  
Entire Czech Republic, and preferentially the socially excluded areas and the development areas under the Regional Development Strategy 2014-2020.

- The threat to the groups at risk of social exclusion and poverty is also exacerbated by a shortage of some types of social service and social prevention programmes, such as integration activities for persons released from prison or serving an alternative sentence, low number and poor differentiation of services for families with children, low number of accessible counsellors for the vulnerable groups, preventive activities for persons at high risk of crime and other programmes. A related issue is a high rate of institutional care in dealing with problems of vulnerable children and families.

➤ Systematizing the funding of social prevention services, social counselling and healthcare (non-profit sector, commercial sector, and the general public) in favour of effective combination of community and institutionalised services.

➤ Developing informal and shared care, transforming and deinstitutionalising services and training in the social sphere, and supporting volunteering.

➤ Social innovations in training and multi-subject networking, and providing services and access to funding. Supporting social services and social and preventive programmes with high demand.

- Territorial dimension:  
Across the whole Czech Republic; each conceptual change measure will have a strong territorial dimension in the next phase in order to ensure accessibility of the basic services.

- People without a job over a long term tend to lose their working habits. As a result, their competitiveness drops as do their chances to get employment. Entrepreneurial activities focused on social undertaking have a potential to provide these socially excluded persons and those at risk of social exclusion with opportunities to get a job, get in commercial environment and get included in the society. Insufficient legislation support poses a bar to greater development of social undertaking in the Czech Republic.

➤ Developing a social undertaking support system in terms of removing legislative barriers and implementing motivation mechanisms to develop social economy.

➤ Developing social undertaking as part of a transitional system of phased employment, i.e. transition from public service to social undertakings and further to regular employment (with initial support from employers).

➤ Providing advice, consulting and training for social undertakings.

- Territorial dimension:  
Entire Czech Republic, and preferentially the socially disadvantaged areas and the development areas under the Regional Development Strategy 2014-2020.

- Population aging affects all spheres of social life and is reflected in a wide range of policy measures. Any policy responding to population aging may only be effective if responding flexibly to existing and expected demographic changes in accordance with the challenges resulting from population aging:

➤ Raising awareness of elderly people of how they can defend and enforce their rights.

➤ Supporting life-long learning as a tool for maintaining and raising economy's competitiveness, raising civil responsibility and supporting social cohesion.

➤ Supporting retention of mature employees as experienced and highly professional workers on the labour market and promoting age management tools in employers' human resources policy.

➤ Promoting inter-generational relations in order to change the society's attitude towards elderly people and change the negative demographic development.

➤ Developing a good quality environment with adequate infrastructure, allowing elderly people to take

- an active part in community life given the rising percentage of elderly people.
- Supporting healthy life style as a basic precondition for improving the standard and the duration of active life in old age.
- Supporting the development of all types of social service (including counselling) in order to form a wide range offer responding to the specific needs of the elderly people.
- Territorial dimension:  
Entire Czech Republic, and preferentially the socially disadvantaged areas and the development areas under the Regional Development Strategy 2014-2020.

### 1.1.4.2 Health care system

#### Basic description

Population health is one of the preconditions for smart and sustainable inclusive development – an objective under Strategy Europe 2020. 2) The relation between the healthcare standard and the general healthcare accessibility, very reasonable so far, is put at risk by population demographic aging, which will also be the main aspect determining increased costs of healthcare and social care. There are, however, additional cost-related factors resulting from both advances in medicine, such as new, very expensive technologies, pharmaceuticals and treatment methods, and gradual convergence with West European countries in terms of healthcare professional remuneration and increasing demands of patients.

The crises over the recent years and the cutting of public budget costs have had a negative impact on the availability and quality of healthcare and, more importantly, prevention. In future this may result in a higher sickness rate and pressure to raise costs. These tied-in-cycle problems are predominantly apparent in structurally affected regions and their escalation can only be put to an end by correctly targeted interventions.

#### Ties to EU documents

<b>Europe 2020 strategy</b>	<p>The area is not tied direct to the quantified objectives of the Europe 2020 Strategy; there are ties to the target "Reduce by 25% the number of Europeans living below national poverty threshold; this will lead over 20 million people out of poverty"</p> <p>The initiative "Union Innovations" (the importance of innovations and research for health and the use of modern technologies in relation to population aging), and the initiative "European Platform for Fight against Poverty" (the need to secure better access to healthcare systems).</p> <p>Integrated main directions: links to healthcare rather than direct aid, such as electronisation– IHS 4, education – IHS 8, R&amp;D support – IHS 4, and labour market – IHS 7 and 8). Indirect but strong link in IHS 1 "Securing Good Standard and Sustainability of Public Finance" (costs related to population aging, such as healthcare costs). Medium link to IHS 10 "Promoting Social Inclusion and Fighting Poverty".</p>
<b>Common strategic framework</b>	Annex 1, 5.5 Response to demographic changes: The purpose of healthcare infrastructure investments will be long and health working life for all Union citizens; Measures targeted at supporting the provision of cost-effective healthcare and long-term care including e-health, e-care and infrastructure investments
<b>Thematic objectives</b>	9. Promoting Social Inclusion and Combating Poverty
<b>EC's Position Paper</b>	The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper. Specifically, it is ties to the objective Promoting Social Inclusion and Combating Poverty, where the priority is a better access to affordable, sustainable and high-standard services, including healthcare and social services of public interest (interconnecting social care and healthcare).
<b>Country-specific</b>	not specified

<b>recommendations of the Council</b>	
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### Ties to Czech Republic documents

<b>National Reform Programme</b>	3.1 Consolidated public finance and effective institutions 3.1.2 Sustainable healthcare and social care system – optimise the healthcare and social care network, implement a system of medical technology assessment, implement electronic documentation, and reform psychiatric care
<b>International Competitiveness Strategy of the Czech Republic</b>	4. Healthcare – rationalise medical technology and medicine procurement; more effective funding of healthcare; more effective health insurance companies; restructure ward care; and patient’s ties to health.
<b>Regional Development Strategy</b>	Priority 3 Improve the social environment in the development areas (measure 3.1 Improve quality and availability of public services). Priority 4 Balanced Development of Stabilised Areas (measure 4.1 Secure adequate capacity of public services infrastructure). Priority 5 Peripheral Area Revival (measure 5.3 Secure basic services and serviceability).
<b>Health 2020</b>	Document under preparation; to be finalised in further stages

The other key documents related to the problem area include the Policy for Hygienic Service and Public Health Primary Prevention; the Policy for Psychiatry; the National Strategy for Protection of Children’s Rights; the Strategy for Fight against Social Exclusion; the Policy for Transformation of Resident Social Services; the National Action Plan to Support Positive Aging for 2013-2017; the Czech Republic Housing Policy until 2020; the Policy for Preventing and Coping with Homelessness in the Czech Republic until 2020; documents prepared by regional authorities for the given areas, such as Mid-term Social Services Development Plans, and other departmental documents defined in sub-programmes.

### Experience from the 2007-2013 programming period and the state of achievement of objectives

In the 2007-2013 programming period aid for health care system was primarily targeted at equipment procurement and building rehabilitation and development. Given the fragmentation of this aid across regional operational programmes (50% of allocation to priority topic 76 approximately) and in the Integrated Operational Programme, the approach to using funds lacked any profound strategy and policy and was different across regions without taking account of regional specifics. Consequently, the purpose is to implement interventions in health care system with central coordination in the 2014-2020 programming period while taking account of good neediness audits and territorial specifics and needs.

The ESF provided aid for projects aimed at doctors as well as non-doctor professionals. The purpose of the projects was to raise the level of professional skills of doctors / non-doctor professionals and managers. The purpose was also to improve the quality, range and accessibility of professional training for doctors / non-doctor medical professionals qualified to practice a healthcare profession and improve the adaptability and performance of the target group in relation to the ongoing changes in the healthcare industry.

### The main issues identified (●) and the resulting development needs (➤) and their territorial dimension (○):

- In spite of a marked progress seen in the public health care system and better population health, there are yet apparent signs of lagging behind developed countries in various aspects. The structure of the care is inadequate. Major defects exists in organisation and coordination in not only specialised and super specialised care but also the care at the boundary of health and social services. Approaches differ a good deal across regions (in long-term care in particular) and fast demographic changes add to this. This reduces the employment rate in general and women’s employment rate in particular. Women tend to take care of family members who are ill over a long term if there is not professional care available locally.
  - Improving the structure and the infrastructure of the care so that it reflects demographic trends and the quality and effectiveness requirements, at specialised care centres or facilities providing follow-up and long-term care
  - Standardising care and introducing medical technology assessment

- Interconnecting health care and social care
- Territorial dimension:  
In development and stabilised areas in particular

#### **1.1.4.2.1 Main changes in the area at issue for the 2014-2020 programming period**

##### **SOCIAL INCLUSION, FIGHT AGAINST POVERTY, AND HEALTH CARE SYSTEM:**

###### **Change for 2014-2020 programming period:**

- Emphasis on transforming and deinstitutionalising some types of healthcare and social service and collaborating with the community and the non-profit sector.
- Emphasis on integration and quality (including effectiveness assessment) of social services, healthcare services, social innovation and social undertaking.
- More systematic coordination of supported projects across areas and regions and more efficient response to trends and socio-demographic changes and effective dealing with problems in socially excluded communities.
- More emphasis on prevention of negative phenomena in health, social care and fight against poverty
- Higher efficiency in programmes of social and legal protection of children and developing available and sustainable network of services for families with children
- Setting the system of social housing and preventive and follow-up services
- Raising competencies of persons at risk of social exclusion and those socially excluded in order to improve their abilities to integrate in the society and get a job
- Improve the health and the life style of the population
- Reduce inequality in health
- Modernise some types of health care (psychiatric treatment in particular)
- Apply integrated tools of local development.

## **1.1.5 Environment**

### *Environment*

#### **Basic description**

Most of the territory of the Czech Republic is in a very good state in terms of the environment and areas with exceptional value are adequately protected.

There are however areas where the impact of industrial activities and transport represent a long-term cumulative burden for many components of the environment. These areas are characterised by reduced air quality, excessive noise levels, an endangered quality of water, high water demand, and the accumulation of large amounts of waste. Dumping is the most often method of waste disposal where more than 50% of communal waste is deposited at dumps. Over 30% of waste is recycled and over 10% is used for the generation of energy.

The Czech Republic has reported a very high energy intensity as compared to other EU countries. This is also due to little advancements in energy efficient technologies and insufficient building protection against energy loss. Also, the Czech Republic has reported a low degree of energy self-sustainability and security, dependency to non-renewable resources and an inadequate tendency to use renewable energy sources. What needs to be observed in implementing the measures to improve air quality is fully use the synergies generated in these measures, save energy and use renewable resources, such as biomass boilers.

The Czech countryside is under intensive farming and the farmland accounts for about 54% of the Czech Republic's territory. Arable land is largest, permanent grassland and perennial crop represent minor shares. This makes farming a major factor having impact on the landscape and its (ecosystem) functions, the environment and biodiversity. The positive fact is that the area of the land farmed in an environmentally friendly way and the area of extensively managed grassland have been increasing each year. Farm land managed environmentally friendly has now accounted for 12% of the total farm land. The target is to have 15% of total farm land managed environmentally friendly by 2015. The forest area accounts for about 34% of the Czech Republic's total area.

In terms of environmental protection, biodiversity has been declining and a range of plant and animal species as well as types of natural site have become endangered. This is attributable to changes in land use, such as wood-

free areas becoming overgrown, loss of marshes, use of land for building development, landscape fragmentation, migration permeability, and direct biotope occupation.

The relatively favourable overall qualitative environmental change in the Czech Republic adds a marked portion to the environment's territorial dimension for the upcoming period; consequently, the number of nationwide social topics has been on the decline whereas space has opened up for identifying and dealing with the territorial dimension of the environment. At the same time, overall topics have acquired a new dimension and concern awareness, environmental education, and an effective system of environmental prevention. Dealing with spatially differentiated environmental issues required allowing for the territorial dimension, in particular in respect of the following:

Accumulation of environmental issues in urban regions, such as air quality, economy's energy demand, brown fields and environmental loads; and slower environmental infrastructure development in peripheral regions and small communities.

Since 1990 the farming-generated pressure on the environment has been reduced in the Czech Republic, such as a lower usage of nutrients and plant protection preparations. This has had some positive impact resulting in better surface water quality and, in some respects, higher biodiversity. The countryside has lost its aesthetic value to a major degree, supports water retention insufficiently and shows a low environmental stability in most of the Czech Republic. Natural habitats are not in good conditions both on farmland and in forests and water habitats. Major part of drainage systems is damaged. Nutrients and plant protection preparations leak into the environment in spite of a lower environmental pressure as compared with the past. A major share of land is also under threat of degradation, in particular water or wind erosion. Despite providing large public assets, ecological agriculture still falls short of its potential.

Forests face negative climatic and anthropogenic effects, which, combined with unsuitable dendrological, spatial and age composition of some woodland on some sites, results in such woodland's high vulnerability to damage and failure to play particularly the non-production and social functions. Damage caused by forest animals is the limit factor in remedying the composition of trees. Woodland biological diversity has been on the decline; woodland genetic resource protection is inadequate. Research results are not used in practice to a sufficient degree.

Water courses and reservoirs are major centres of countryside biological diversity in the Czech Republic. Freshwater aquaculture and fishery management are major factors in environmental conservation and improvement, biological diversity and landscape maintenance. Traditional fish farming in the Czech Republic is able to provide positive externalities such as non-production function of ponds, which meet social demand in many forms and go beyond fish production alone.

#### Ties to EU documents

<b>Europe 2020 strategy</b>	3. Reduce greenhouse gas emissions by no less than 20% as compared to 1990 or, under favourable conditions, by 30%; raise the share of renewable energy resources in the final energy demand by 20% and improve energy efficiency by 20%. Initiative "Resource Efficient Europe" (and to some degree the initiatives "Industrial Policy for Globalised World" and "Innovation Union"). Integrated main direction 5 "Make use of resources more efficient and reduce greenhouse gas emissions"
<b>Common strategic framework</b>	Annex 1: 4.8 part sustainable transport and sustainable urban mobility – give preference to investments according to their contribution to mobility, sustainability, and greenhouse gas emission reduction. 5.2 Sustainable development – spending on biodiversity and natural resources protection under the Habitats directive, a waste management system and reduced water consumption.
<b>Thematic objectives</b>	4. Supporting the Shift Towards a Low-carbon Economy in All Sectors 6. Protecting the Environment and Promoting Resource Efficiency
<b>EC's Position Paper</b>	2.2 Developing infrastructure for growth and competitiveness – investments should preferably be made in railways and environmental-friendly urban transport. 2.4 Environment friendly and resource efficient economy – environmental conservation and better natural resources management, shift to energy efficient and

	low-carbon economy. The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	non applicable

### Ties to Czech Republic's documents

<b>National Reform Programme</b>	3.2. Attractive entrepreneurial environment and development of infrastructure for the Czech industry Power generation – measures in the sphere of raw materials, renewable resources, and use of biomass Environmental policy – reduce greenhouse gas emissions Develop energy and environmental infrastructures – waste water management, reduced water consumption, reduced risk of floods, waste management, alternative fuels, air and landscape protection
<b>International Competitiveness Strategy of the Czech Republic</b>	2.9 National energy policy and strategic directions – attain a balanced energy mix, higher usage of renewable resources, and reduced greenhouse gas emissions
<b>Regional Development Strategy</b>	Priority 1 Use of Development Areas Potential (measure: 1.4 Extend and improve infrastructure – deal with public space and greenery, revitalise neglected neighbourhoods). P. 6 Protection and Sustainable Use of Resources in Regions (measure: 6.1 Remove old environmental loads, revitalise brown fields and areas of former mineral resources mining; 6.2 Reduce communal waste generation and increase their material use; 6.3 Use renewable sources of energy and support saving energy according to local conditions; 6.4 Reduce negative transportation impacts, such as noise, dust, etc., on population and landscape; 6.5 Sustainable use of water resources). P. 7 Environmental and Landscape Protection; Quality and Safe Living Environment (measure: 7.1 Better environment in settlements, protection and development of landscape values).
<b>National environmental policy</b>	Thematic area 1 Protection and Sustainable Use of Resources (priorities: Protect waters and improve their condition; Prevent and reduce waste generation and its negative environmental impacts and support using waste as substitute for natural resources; Protection and sustainable use of land and rock environment). Thematic area 2 Climate Protection and Better Air Quality (priorities: Reduce greenhouse gas emissions and cut negative climate change impacts; Reduce air pollution; Effective and environmental-friendly use of renewable sources of energy). Thematic area 3 Environmental and Landscape Protection (priorities: Protect and enhance landscape's environmental functions; Conserve environmental and landscape values; Improve environment in settlements).

Other key documents related to these issues are the Czech Republic National Programme of Environmental and Countryside Protection; Waste Management Plan; Main Basins' Plans; Agricultural Policy; National Strategic Rural Development Plan; Multi-year National Strategic Plan for Aquaculture; National Forestry Programme; the Czech Republic Biomass Action Plan for 2012-2020; National Energy Policy; the Czech Republic National Action Plan for Renewable Energy; Climate Change Adaptation Strategy in the Czech Republic; regional authorities' documents for the area in question and other departmental documents defined in sectional operational programmes.



## Europe 2020 strategy objectives and National Reform Programme objectives

Main objective of the Europe 2020 strategy	EU target by 2020	EU achievement by 2010	EU achievement by 2011	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2011
Greenhouse gas emission (%)	80	85	-	Reduction by 9% <sup>13</sup>	71 <sup>14</sup>	-
Share of renewable energy sources (RES) (%)	20	12.1	13.0	13 <sup>15</sup>	8.4	9.4
Primary energy consumption (kToe)	1,474,000 i.e. reduction by 20%	1,646,839		29,803	42,003	29,467

The Czech Republic is above the EU average in terms of the Europe 2020 strategy targets, except for RES. National targets, defined in documents such as the Czech Republic National Action Plan for Renewable Energy, are set with regard to overall economy performance with outlook to 2020. Achieving energy targets is one of the toughest challenges as it affects all spheres and all industries and interventions must be implemented across many sectors (and in close ties to transport and technical infrastructures in particular).

Substantial shifts will occur in the share of RES in all types of transport as compared to 2010; the 2010 share was 2.88 and the 2020 target is set at 10.45%.

Emissions of solid pollutants, SO<sub>2</sub>, NO<sub>x</sub>, VOC, CO and NH<sub>3</sub> should be reduced by 2020. SO<sub>2</sub> emissions are expected to be reduced by over 40% as compared to 2009. The public and industrial energy sectors continue to have dominant influence in terms of the generation of SO<sub>2</sub> emissions. NO<sub>x</sub> emissions will drop by nearly 45% by 2020. A relatively low reduction is expected for VOC emissions, by less than 25%. Given specific emissions of 12.7t of CO<sub>2</sub> equivalent per inhabitant in the Czech Republic in 2009, the target equals reducing specific emission per inhabitant by about 17% by 2020. New emission ceilings for member states will be defined in the revised Directive 2001/81/EC on national emission ceilings for some atmospheric pollutants. This emission reduction should result in reducing PM<sub>2.5</sub> air and tropospheric ozone pollution by 75% and 60% respectively, thus reducing the acidification and eutrophication threat to 55%. The 2020 target is reducing NH<sub>3</sub> emissions by 10% by implementing measures in the farming sector. Another target is to have 10% of renewable energy in transport by 2020 while reducing transport-generated emissions of NO<sub>x</sub>, VOC and PM<sub>2.5</sub>.

### Experience from the 2007-2013 programming period and the state of achievement of objectives

Environmental aid in the programming period 2004-2006 was primarily aimed at improvements in water management infrastructure and waste management. These were priority areas in terms of the obligations resulting from national and European legislation. Infrastructure projects in general, and those at large conurbations in particular, received aid from the Cohesion Fund 2004-2006; the operational programme Infrastructure concentrated on projects which required less funds.

In the 2007-2013 programming period priority support for the water management measures and anti-flood measures was retained as part of the strategic objective, i.e. protection of and improvements in environmental quality as one of the fundamental principles of sustainable development; also, attention was paid to air protection, use of renewable energy sources, waste management, aid to measures to improve the state of natural environment and countryside, and environmental education.

<sup>13</sup>National non-obligatory target for industries outside the emission trading system as compared to 2005.

<sup>14</sup>Current achievement: - 7% (estimates for 2020 as compared to 2005) and -2% (2010 emissions as compared to 2005).

<sup>15</sup> The Czech Republic National Action Plan for Renewable Energy sets a target of 13.5%.

The targets set are implemented on a continuous basis; a major progress has been made in respect of the requirements of Council Directive No. 91/271/EEC concerning urban waste water treatment, and benefit also is apparent in other areas. In outlook, there is a need (to meet legislation requirements) and demand by potential applicants for investments in environmental protection and improvement. Consequently, investments in this area need to continue and emphasis needs to be put on targeted aid to the priority measures bringing the maximum benefit to the environment.

The priorities for the future programming period have also been set to that effect. Continue with making investments in water management infrastructure and risk of floods reduction while primarily focusing on small communities. What is also expected is air pollution reduction, waste management, removing environmental load, landscape protection, and measures to provide targeted aid to energy-saving measures.

The experience from the current programming period shows that successful project implementation and the achievement of targets require not only that projects are well prepared in terms of the technical side but also human resources capacities to ensure successful implementation on part of beneficiaries as well as subsidy providers. As a result, attention must be also paid to areas such as mid-term planning and stabilised human resources, and emphasis must be put on public procurement and the expected changes in public aid. In terms of water management infrastructure funding, critical will be to define rules for operating such an infrastructure, which should reflect the basic rules agreed with the EC in the current programming period.

In terms of common agricultural policy, the aid for environmental protection and climate change mitigation in the 2007-2013 programming period was set on the basis of the positive effects of the measures implemented in the programming period 2004-2006. In order to improve the state of the environment and landscape, the 2007-2013 Rural Development Programme identified priorities in biodiversity protection and enhancement, development and conservation of farming and forestry system with a high natural value, development and conservation of traditional farming countryside, water protection, and climate change mitigation. Specific targets under the priorities defined were being achieved by synergies of the implemented measures.

Given that environmental issues and climate change mitigation are a sphere of long-term strategic goals, rural development policy must retain aid aimed at restoring, conserving and improving ecosystems dependent on farming and forestry, supporting efficient use of resources and transiting to a climate change resilient low-carbon economy in farming, food production and forestry. Also, the priorities in the second pillar of the Common Agricultural Policy have been set for the period 2014-2020 to that effect.

In terms of the common fisheries policy, common eel stock has been successfully introduced to River Labe and River Odra with aid from the OP Fisheries 2007-2013 and in accordance with the Eel Management Plan. The water environment protection measures in 2007-2013 did not address fishermen. This was because of the lack of certainty that aid would continue in the following period and possible non-compliance with the Natural Environment and Landscape Protection Act.

**The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):**

- |  |
|--|
| <ul style="list-style-type: none"> <li>• Poor water quality and disproportionate water consumption. <ul style="list-style-type: none"> <li>➤ More efficient waste water management – raise the share of waste water subject to treatment; raise the share of the population connected to sewer system (construction, restoration and intensification of waste water treatment plants and sewer systems; measures to use rain water in urban areas).</li> <li>➤ Reduce water consumption (restoration and intensification of water treatment plants and water piping).</li> <li>➤ Better drinking water quality and availability (restoration and intensification of water treatment plants and water piping).</li> </ul> </li> <li>• Territorial dimension:<br/>Territorial definition using qualitative criteria</li> </ul> |
| <ul style="list-style-type: none"> <li>• Failure to observe air pollution limits and air pollution from harmful substances. <ul style="list-style-type: none"> <li>➤ Reduce emissions from energy and industrial sources and reduce local furnace emissions: <ul style="list-style-type: none"> <li>– reduce emissions with emphasis on replacing sources of combustion in existing buildings and providing aid to energy savings and efficient heating in public buildings;</li> <li>– Procurement of low-emission source of combustion and rehabilitation of sources of combustion in</li> </ul> </li> </ul> </li> </ul>   |

<p>order to reduce nitrogen or sulphur oxide emissions or solid pollutant emissions or install additional technology to capture the said emissions;</p> <ul style="list-style-type: none"> <li>- Restoration and adjustments to large non-combustion stationary sources in order to reduce, or install additional technology to capture, nitrogen oxide or dust, and measures leading to reducing risk-posing emissions from mobile sources;</li> <li>- Build and restore air quality monitoring systems and create and update databases designed to assess air quality.</li> </ul> <ul style="list-style-type: none"> <li>➤ Reduce transport emissions and support alternative types of transport –see <i>Transport Infrastructure and Accessibility/Mobility</i>.</li> <li>➤ Support greenery in towns and cities as a tool to improve air quality and a means to adapt urban environment to climate change.</li> </ul> <ul style="list-style-type: none"> <li>• Territorial dimension: Across the Czech Republic, with emphasis on the most damaged regions (the Moravskoslezský Region, the Ústecký Region, Prague, and most regional capitals – Brno, Plzeň and Liberec in particular) and selected towns and cities, particularly in the Středočeský Region, the Olomoucký Region, and the Zlínský Region.</li> </ul>
<ul style="list-style-type: none"> <li>• Low degree of energy self-sustainability and security, dependency on non-renewable energy sources and a low focus on using renewable sources of energy.</li> </ul> <ul style="list-style-type: none"> <li>➤ Raise the share of renewable energy sources in energy consumption: <ul style="list-style-type: none"> <li>- Support to using solar energy;</li> <li>- Wind power plants erection and development;</li> <li>- Support to subsistent renewable energy sources;</li> <li>- Support to biomass use;</li> <li>- Support to small hydroelectric plants.</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>• Territorial dimension: Territorial definition using qualitative criteria</li> </ul>
<ul style="list-style-type: none"> <li>• High building energy intensity (covering the sectors of housing and public and commercial buildings).</li> </ul> <ul style="list-style-type: none"> <li>➤ Support processes leading to energy savings in buildings, such as heat insulation and efficient heating technology.</li> </ul> <ul style="list-style-type: none"> <li>• Territorial dimension: Territorial definition using qualitative criteria.</li> </ul>
<ul style="list-style-type: none"> <li>• Disproportionate waste generation, high rate of waste dumping and ineffective use of waste, in particular with regard to the potential of material and energy use of waste.</li> </ul> <p>The needs as given below are in accordance with the waste management hierarchy under the framework directive.</p> <ul style="list-style-type: none"> <li>➤ Reduce (prevent) waste generation with emphasis on communal and hazardous waste.</li> <li>➤ Achieving a higher share of re-used waste, recycling, and support to replacing initial sources with secondary raw materials.</li> <li>➤ Support to composting plants and biogas stations.</li> <li>➤ Support to using waste for energy generation, such as by combustion.</li> <li>➤ Achieving a higher share of renewable energy sources in energy consumption.</li> <li>➤ Monitoring and achieving a better material efficiency, such as by implementing systems of integrated economic and environmental accounting.</li> <li>➤ Dump site rehabilitation.</li> </ul> <ul style="list-style-type: none"> <li>• Territorial dimension: Territorial definition using qualitative criteria</li> </ul>
<ul style="list-style-type: none"> <li>• Soil contamination by harmful substances, continuing erosion and soil degradation, increasing land development ratio (increasing share of farming land occupation)</li> </ul> <ul style="list-style-type: none"> <li>➤ Removing old environmental loads.</li> <li>➤ Effective soil protection against erosion.</li> </ul>

<ul style="list-style-type: none"> <li>➤ Support to brown field regeneration.</li> <li>• Territorial dimension: Territorial definition using qualitative criteria; brown field regeneration in development areas in particular.</li> </ul>
<ul style="list-style-type: none"> <li>• Drop in landscape ecological stability as a result of continuing landscape fragmentation, natural habitat reduction in size or number, biodiversity reduction. <ul style="list-style-type: none"> <li>➤ Effective protection of biodiversity and habitats, such as by implementing NARTURA2000, a system of areas under special protection.</li> <li>➤ Stronger landscape ecological stability, such as by reducing landscape fragmentation, introducing the Territorial System of Environmental Stability and supporting favourable forest structure.</li> <li>➤ Water course revitalisation.</li> <li>➤ Restoration of water course migration permeability.</li> <li>➤ Monitor and prevent spread of invasive species, eliminate invasive species.</li> </ul> </li> <li>• Territorial dimension: Territorial definition using qualitative criteria.</li> </ul>

<ul style="list-style-type: none"> <li>• Species diversity on farmland has been declining (plants, birds, invertebrates, mammals); poor condition of most semi-natural grassland; worse landscape permeability; the landscape is monotonous. Over 50% of farmland is situated in areas with adverse natural conditions in which production costs are higher than those in favourable areas. <ul style="list-style-type: none"> <li>➤ Enhance landscape's environmental stability and aesthetical value.</li> <li>➤ Prevent degradation of semi-natural habitats on grassland, forests and water ecosystems, conserve these and improve their condition.</li> <li>➤ Provide adequate care even for valuable habitats outside protected areas.</li> <li>➤ For particularly valuable habitats or sites with priority species on farmland and in forest (i.e. primarily in the Natura 2000 areas) with limited management, allow that these sites and habitats continue to be managed while observing the specific needs.</li> <li>➤ Prevent further decline in biodiversity on farmland, such as birds and insect in particular, by specific and targeted management.</li> <li>➤ Forests need better health and resistance to biotic and abiotic agents, such as by modifying dendrological structure. Also, forests need to be protected against damage and need higher biodiversity, reproduction and protection of dendrological gene pool.</li> <li>➤ The pre-condition for maintaining the current state of landscape is that the farms managing land in areas with natural or other limitations are competitive so that they would continue managing the land.</li> </ul> </li> <li>• Territorial dimension: Aid will be directed across the Czech Republic (except for Prague in many activities). Given the nature of the identified needs, some types of aid will be directed to areas with natural or other limitations or those where a specific natural environmental and landscape protection need has been identified.</li> </ul>
<ul style="list-style-type: none"> <li>• Surface water is drained from landscape too quickly and is polluted with nitrates or plant protection agents from farmland fields. <ul style="list-style-type: none"> <li>➤ Improve landscape retention capability and flood protection. Make water to be drained from landscape more slowly, such as by developing water outflow blocks and implementing preventive measures in forests – developing retention pools and barriers in streams.</li> <li>➤ Reduce water pollution by farming agents and arable land.</li> <li>➤ Reduce leakage of nutrients and protection agents in waters, primarily in the basins with water management reservoirs and on land vulnerable in terms of such leakage.</li> </ul> </li> <li>• Territorial dimension: Aid will be directed across the Czech Republic (except for Prague in many activities). Given the nature of the identified needs, some types of aid will be directed to areas with natural or other limitations or those where a specific natural environmental and landscape protection need has been identified.</li> </ul>

- Farmland is endangered as a result of water and wind erosion (over 40% of total area), a low amount of humus, compaction, and acidification. Loss of landscape elements, such as ridges, scattered greenery and tracks. Use of simpler cropping pattern without improvement crops.
  - Reduce farmland management impacts with regard to water protection, reduce water and wind erosion impacts with regard to climate change and reduce risk of soil compaction, loss of humus, soil acidification prevention, and improve waterlogged soil management.
  - Land protection, as well as fulfilling all other non-production functions of woodland, is necessary, for instance in areas with continued adverse anthropogenic impacts, by supporting transformation of substitute tree species vegetation. The need to enhance the ability of farming and forestry to adapt to expected climate changes has a special position.
- Territorial dimension:  
Aid will be directed across the Czech Republic (except for Prague in many activities). Given the nature of the identified needs, some types of aid will be directed to areas with natural or other limitations or those where a specific natural environmental and landscape protection need has been identified.

Transverse barriers in water courses that cannot be passed through hinder fish migration. Higher aquaculture energy efficiency and higher usage of renewable energy sources will contribute to environmental improvements.

- Maintaining or improving the state of the environment and biodiversity
  - Support fresh water aquaculture as an important factor in protecting and improving the environment, biodiversity and landscape maintenance.
  - Conserve and breed aquatic animals to stabilise and rehabilitate biodiversity with special emphasis on introducing common eel (*Anguilla anguilla*) to selected water courses.
  - Support aquatic animal health and good living conditions and provide treatment of serious diseases by application of veterinary medicinal preparations.
  - Improve aquaculture energy efficiency and encourage businesses to change over to renewable energy sources.
- Territorial dimension:  
The Czech Republic will consider aid to aquaculture businesses for the ponds included in the NATURA 2000 sites. Common eel will be introduced to water courses in the basins of River Labe and River Odra, where common eel is an indigenous species. The EC may review, considering scientific evidence, whether common eel is also indigenous to River Danube basin. Other interventions cover the entire Czech Republic apart from Prague.

## *Adapting to climate change*

### **Basic description**

The territory of the Czech Republic has been increasingly exposed to natural disasters aggravated by climate change in many instances. What happens most often is flood, drought, extreme wind conditions, land slides and other incidents. Another group covers the risks and catastrophes resulting from human activities, such as industrial accidents of various degrees of seriousness. Neither the prevention of these phenomena nor a quick response is adequately handled, mainly due to deficiencies in the infrastructure.

As regards preventing and limiting climate change impacts, the important factor is the development of the selected environmental water management infrastructure, including anti-flood measures. In particular, it is looking for, protecting and establishing sufficient number of drinking water and service water for industry, power generation and farming; building and restoring public drinking water supply systems and waste water drainage; and interconnecting existing water management systems. Anti-flood measures improve landscape's water retention capacity (they slow down the natural water outflow and enhance the capacity to retain water). They can be natural, such as restoration of inundation areas and wetland, forest planting and restoration of ridges, or artificial, such as dams, polders and retention reservoirs. These measures are also important in terms of drought prevention as they contribute to better water retention in landscape. As regards population protection, it

is necessary to complete the system of controlling and monitoring final alarm elements, and flood alarm elements in particular.

In the Czech Republic biomass has been now used in a rather one-sided manner and with a low efficiency. In spite of rather large carbon storage in soil and wood, the amounts of CO<sub>2</sub> released are still quite high and the energy intensity of plants is not sufficient. Water consumption in farming is not high but has been increasing. The use of renewable resources has not yet met its potentials by far. The soil production potential has been declining. Good soil management may result in reducing greenhouse gas emissions and a higher carbon sequestration in soil.

#### Ties to EU documents

<b>Europe 2020 strategy</b>	3. Reduce greenhouse gas emissions by no less than 20% as compared to 1990 or, under favourable conditions, by 30%; raise the share of renewable energy resources in the final energy demand by 20% and improve energy efficiency by 20%. Initiative "Resource Efficient Europe" (and to some degree the initiatives "Industrial Policy for Globalised World" and "Innovation Union"). Integrated main direction 5 "Make use of resources more efficient and reduce greenhouse gas emissions"
<b>Common strategic framework</b>	Annex 1: 5.2 Sustainable development – the member states should take account climate change mitigation and adaptation and respond flexibly to climate change and natural disaster impacts, such as floods, drought, heat waves, forest fires and extreme weather. 5.6 Climate change mitigation and adaptation – climate change mitigation and adaptation and change risk prevention should be integrated in the preparation and implementation of the Partnership Agreement and programmes.
<b>Thematic objectives</b>	5. Promoting Climate Change Adaptation, Risk Prevention and Management
<b>EC's Position Paper</b>	2.4 Environment friendly and resource efficient economy – protection of the environment and better natural resources management (ensure resilience to climate change by reinforcing the adaptation capabilities of ecosystem services) The Partnership Agreement has also close ties to the priorities and specific objectives reflecting the calls for the Czech Republic as given in the annex to the Position Paper.
<b>Country-specific recommendations of the Council</b>	no link

#### Ties to Czech Republic's documents

<b>National Reform Programme</b>	3.2. Attractive entrepreneurial environment and development of infrastructure for the Czech industry Environmental policy – reduce greenhouse gas emissions Environmental structure development – reducing risk of floods.
<b>International Competitiveness Strategy of the Czech Republic</b>	2.9 National energy policy and strategic directions – attain a balanced energy mix, higher usage of renewable resources, and reduced greenhouse gas emissions
<b>Regional Development Strategy</b>	P. 7 Environmental and Landscape Protection; Quality and Safe Living Environment (measure: 7.2 Reinforce natural disaster preventive measures; 7.3 Area restoration after natural disaster).
<b>Climate change adaptation strategy in the Czech Republic</b>	Document under preparation; to be added in next phase
<b>National environmental policy</b>	Thematic area 4: Safe environment (priorities: Risk prevention; Protection of the environment against negative impacts of emergencies caused by human or natural threats).

The other key documents related to these issues are the Climate Protection Policy; the Main Basins' Plans; the Flood Risk Management Plans under the Flood Risk Directive (2007/60/EC); the National Strategic Rural Development Plan; the Multi-year National Strategic Plan for Aquaculture; documents prepared by regional authorities in respect of these issues; and other departmental documents defined in sectional operational programmes.

#### Europe 2020 strategy objectives and National Reform Programme objectives

Main objective of the Europe 2020 strategy	EU target by 2020	EU achievement by 2010	EU achievement by 2011	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2011
Greenhouse gas emission (%)	80	85	-	Reduction by 9% <sup>16</sup>	71 <sup>17</sup>	-
Share of renewable energy sources (RES) (%)	20	12.1	13.0	13 <sup>18</sup>	8.4	9.4
Primary energy consumption (kToe)	1,474,000 i.e. reduction by 20%	1,646,839		29,803	42,003	29,467

The Czech Republic is above the EU average in terms of the Europe 2020 strategy targets, except for RES. National targets, defined in documents such as the Czech Republic National Action Plan for Renewable Energy, are set with regard to overall economy performance with outlook to 2020. Achieving energy targets is one of the toughest challenges as it affects all spheres and all industries and interventions must be implemented across many sectors (and in close ties to transport and technical infrastructures in particular).

As regards climate, target achievement, programme aid and the Partnership Agreement, it may be influenced by the development of anthropogenic load and the state of the environment and the related changes in temperature and precipitation regimes. This is why these factors play a role and have impact on the sum of emissions generated in power and heat generation, pollutant dispersion and air quality, the quality and quantity of surface and ground water, biodiversity and woodland condition, soil quality, and the spread of harmful organisms in farming and the related consumption of agrochemicals.

Emissions of solid pollutants, SO<sub>2</sub>, NO<sub>x</sub>, VOC, CO and NH<sub>3</sub> should be reduced by 2020. SO<sub>2</sub> emissions are expected to be reduced by over 40% as compared to 2009. The public and industrial energy sectors continue to have dominant influence in terms of the generation of SO<sub>2</sub> emissions. NO<sub>x</sub> emissions will drop by nearly 45% by 2020. A relatively low reduction is expected for VOC emissions, by less than 25%. Given specific emissions of 12.7t of CO<sub>2</sub> equivalent per inhabitant in the Czech Republic in 2009, the target equals reducing specific emission per inhabitant by about 17% by 2020. New emission ceilings for member states will be defined in the revised Directive 2001/81/EC on national emission ceilings for some atmospheric pollutants. This emission reduction should result in reducing PM<sub>2.5</sub> air and tropospheric ozone pollution by 75% and 60% respectively, thus reducing the acidification and eutrophication threat to 55%. The 2020 target is reducing NH<sub>3</sub> emissions by 10% by implementing measures in the farming sector. Another target is to have 10% of renewable energy in transport by 2020 while reducing transport-generated emissions of NO<sub>x</sub>, VOC and PM<sub>2.5</sub>.

#### Experience from the programming periods 2007-2013 and 2004-2006 and the state of achievement of current objectives

Over the recent years the Czech Republic has rather frequently suffered from natural disasters, in particular floods. Anti-flood measures are also dealt with in the current programming period. Aid is provided for flood

<sup>16</sup>National independent target for industries outside the emission trading system as compared to 2005.

<sup>17</sup>Current achievement: - 7% (estimates for 2020 as compared to 2005) and -2% (2010 emissions as compared to 2005).

<sup>18</sup>The Czech Republic National Action Plan for Renewable Energy sets a target at 13.5%.

authorities (committees) having access to flood forecasting, reporting and warning information systems. The target value in this measure is expected to be achieved. Although, considering the volume of financial resources, these are relatively less significant activities, the achieved results will rather significantly contribute to the improvement of quality of the flood management system in the Czech Republic.

**The main issues identified (•) and the resulting development needs (➤) and their territorial dimension (○):**

<ul style="list-style-type: none"> <li>• Danger of water shortage and contamination for population and industries, as a result of climate change (drought, floods) in particular. <ul style="list-style-type: none"> <li>➤ Water sources protection, support from water management system and the provision of sufficient sources of drinking water for industry, power generation and farming.</li> </ul> </li> <li>• Territorial dimension: Whole territory of the Czech Republic.</li> </ul>
<ul style="list-style-type: none"> <li>• Danger of floods. <ul style="list-style-type: none"> <li>➤ Improve landscape's retention capabilities and slow down the natural outflow of water – implement natural or artificial measures to prevent floods, such as restoring flood plains and wetland – natural spread of water, restoration of ridges, wood planting, water course and pond revitalisation, retention pools, polders, and dams.</li> <li>➤ Implement specific natural measures leading to climate change adaptation in landscape, such as research and planting of plant species adaptable to climate change.</li> <li>➤ Analyse, prevent and deal with impacts of natural disasters related to climate change, such as soil wash, land slide or drought</li> <li>➤ Develop systems of rain water disposal, in urban areas in particular.</li> <li>➤ Develop flood protection alarm system</li> </ul> </li> <li>• Territorial dimension: Territorial definition using qualitative criteria.</li> </ul>
<ul style="list-style-type: none"> <li>• The handling of barnyard manure causes ammonia and methane leakage greater than necessary. The release of CO<sub>2</sub> is still rather high in spite of large carbon storage in soil and wood. <ul style="list-style-type: none"> <li>➤ Reduce greenhouse gas emissions in farming, such by using modern technologies.</li> <li>➤ Encourage carbon storage in farming and forestry by continued aid to grass planting on arable land and wood planting on farming land; this will add to soil degradation prevention.</li> </ul> </li> <li>• Territorial dimension: Aid will be directed across the Czech Republic (except for Prague in many activities). Given the nature of the identified needs, some types of aid will be directed to areas with natural or other limitations or those where a specific natural environmental and landscape protection need has been identified.</li> </ul>

**1.1.5.1.1 Main changes in the area at issue for the 2014-2020 programming period**

**In the ENVIRONMENT:**

**Change for 2014-2020 programming period:**

- Focus on nationwide aspects of environmental protection.
- Focus on comprehensive and system environmental measures with a maximum territorial effect
- Support to water management infrastructure in small urban agglomerations
- Focus on reducing transport emissions in towns and cities



- Waste management focus in accordance with the waste disposal hierarchy
- Support to public greenery and related communal infrastructure
- Focus on climate change protection measures.

## Partnership Agreement strategy

Using an analysis of disparities, development needs and the Czech Republic's potential, the following visions have been defined, and the material focus for the programming period 2014-2020 in the Czech Republic must be aimed at achieving these visions:

- **Development of a high-quality business environment** that will support the competitiveness of the Czech Republic in the European and global markets, will lead to the creation of new businesses, will enhance the innovative ability of existing businesses and will increase the attractiveness of the CR for domestic and foreign investors.
- **Promote inclusive society** creating conditions for all population groups to be able to truly actualise themselves, **raise the employment rate** in currently excluded population groups, and **support good living conditions for the population.**

For the Czech Republic's visions to be achieved and the CSF funds to be spent efficiently and purposefully it is necessary that interventions be carried out in accordance with the following fundamental principles.

### Scheme 1-4 – Principles to be applied for the 2014-2020 Programming Period

1 - Principle of strategic focus and interconnectivity	<ul style="list-style-type: none"> <li>• Programme interventions must be aimed at realising the objectives defined in the Europe 2020 Strategy, the country-specific recommendations of the Council, the NRP, and the ICS.</li> <li>• Programmes should fulfil the principle of the 3 "I"s: Institutions, Infrastructure, and Innovation.</li> <li>• Interventions must be based on defined and justified needs in response to territorial disparities.</li> </ul>
2 - Principle of promoting a functioning market	<ul style="list-style-type: none"> <li>• Focus should be aimed at improving the Czech Republic's competitiveness, primarily from the perspective of the growth of productive functions at the regional level, progressive industrial sectors and the associated services, and market services.</li> <li>• The greater involvement of financial instruments (revolving instruments and others) and repayable grant funding mechanisms is required.</li> </ul>
3 - Principle of promoting high-quality projects	<ul style="list-style-type: none"> <li>• All interventions must include measurable and meaningful indicators; they must have defined targets and assigned responsibilities for achieving them.</li> <li>• Programmes must have a more targeted focus according to the needs and problems that exist in the Czech Republic.</li> </ul>
4 - Principle of simpler project preparation and implementation	<ul style="list-style-type: none"> <li>• A single methodological environment must be defined and project formats must be standardised.</li> <li>• A clear system must be in place for all parties involved in the implementation process.</li> <li>• Human resources must be sufficient in number, experienced, and motivated in order to ensure the optimal level of project preparation and implementation, monitoring, and the evaluation of interventions.</li> </ul>

Using the aforesaid detailed analysis of disparities and problem area's development needs and potential based on the national development priorities, thematic scopes and key strategic policy and analytical documents, i.e. ICS, NRP, CSF 2014+, SFSD, TDP and other documents, main priorities have been identified for the funding from the CSF funds for the Czech Republic for the 2014-2020 programming period and concentrated in the Partnership Agreement's strategic objectives.

This Czech Republic's vision for CSF funding is materially connected with the problem areas described (Economy Competitiveness, Infrastructure, Public Administration, Social Inclusion and Fight against Poverty, and Environment) and their main focus. The links between their main features and their main development needs in the Czech Republic result from the problem areas themselves. The main funding priorities for the Czech Republic for the 2014-2020 programming period result from the issues and the development needs identified in the problem areas. The funding priorities are in accordance with the national development priorities and thematic scopes. Unlike NDP and TS, the funding priorities are specific starting points for targeting the 2014-2020 programmes. They are the priorities on which the Czech Republic wants to focus in programmes in the 2014-2020 programming period.

The Czech Republic's funding priorities for the 2014-2020 programming period:

- Efficient and effective employment services that will contribute to a higher employment rate, particularly in vulnerable groups;
- Good quality system of life-long learning to generate qualified and adaptable labour force;
- Research and innovation system interconnected with the application sphere and targeted at commercialisable results;
- Businesses that use R&D results, are competitive on the global market and contribute to low-carbon economy;
- Sustainable infrastructure facilitating economy competitiveness and adequate territorial serviceability;
- Transparent and effective public administration with a low administrative and regulatory load;
- Social system encouraging inclusion of socially excluded groups and preventing poverty;
- Environmental and landscape protection and climate change adaptation;

The overall concept of the material focus for CSF funding for the 2014-2020 programming period is reflected from the funding priorities into the main strategic objectives, which are the core of the whole intervention logic of the Partnership Agreement and that at which the overall focus in the problem areas is directed through the funding priorities at national level.

Partnership Agreement strategic objectives:

- Increasing the competitiveness of the economy;
- Effective promotion of social inclusion, combating poverty;
- Development of transport and technical infrastructure and environmental protection;
- Balanced development of the territory

These strategic objectives will be implemented using the programme indicators. The last strategic objective Balanced Territorial Development will be implemented across all programme interventions.

The funding priorities and the Partnership Agreement strategic objectives are in full compliance with the European legislation and documents, such as EU's regulations and the Europe 2020 strategy, and national documents, such as the National Reform Programme, the Regional Development Strategy, the International Competitiveness Strategy, and the Sustainable Development Strategic Framework.

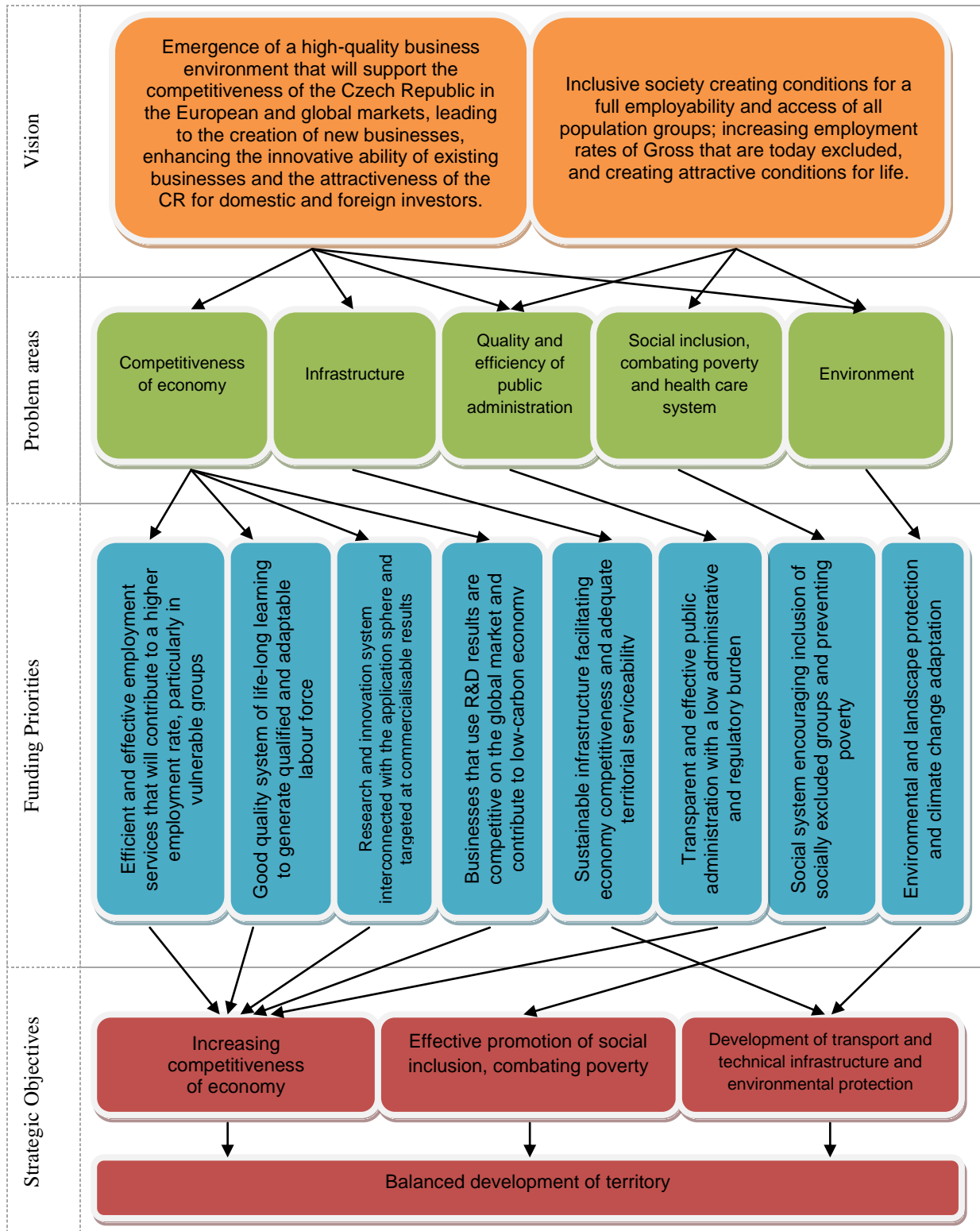
Chart 1-5 below gives a clear picture of the logical links between the problem areas which is the basis for the analysis of the disparities, the development needs and the potential of the Czech Republic, and the Partnership Agreement strategy, i.e. the visions, funding priorities and strategic objectives.

The strategic objectives Increasing Competitiveness of Economy, Effective Promotion of Social Inclusion and Fight against Poverty, Transport and Technical Infrastructure Development, and Environmental Protection are of a thematic nature, are characterised by funding priorities and show direct links to the EU's thematic objectives, the funding priorities in the EC Position Paper, and the National Reform Programme – see Table 1-3.

The strategic objective Balanced Territorial Development is of a horizontal nature and will be implemented through all funding priorities and all CSF fund programmes by means of their territorial dimensions.

Each strategic objective and funding priority is characterised with context indicators to monitor the progress in the priority in question.

**Scheme 1-5 – Logic Links between Analytical Part and Partnership Agreement Strategy**



**Table 1-3– Partnership Agreement Strategic Objectives and Funding Priorities**

Agreement's Strategic Objective	Funding Priorities in Czech Republic for 2014-2020	Thematic Objective (Regulation)	Funding priorities as in the EC Position Paper	National Reform Programme 2013
<b>Increasing the competitiveness of the economy.</b>	<p>Efficient and effective employment services that will contribute to a higher employment rate, particularly in vulnerable groups</p> <p>Good quality system of life-long learning to generate qualified and adaptable labour force</p> <p>Research and innovation system interconnected with the application sphere and targeted at commercialisable results</p> <p>Businesses that use R&amp;D results, are competitive on the global market and contribute to low-carbon economy</p> <p>Transparent and effective public administration with a low administrative and regulatory burden</p>	<p>8</p> <p>10</p> <p>1</p> <p>3, 4, 2</p> <p>11, 2</p>	<p>Human capital driven growth and improved labour market participation</p> <p>Human capital driven growth and improved labour market participation</p> <p>Innovation friendly business environment</p> <p>Innovation friendly business environment</p> <p>Modern and professional administration</p>	<p>3.1.3 Effective and accessible public administration, asset management, law enforceability, stable and transparent legislative environment</p> <p>3.2.1 Improving entrepreneurial environment, developing business services</p> <p>3.2.6 Space activities of the Czech Republic</p> <p>3.3.1 Labour market development, active labour market policy, and higher labour productivity</p> <p>3.3.6 Tertiary education reform and life-long learning development</p> <p>3.4.1 Developing conditions for excellence research</p> <p>3.4.2 Developing collaboration between businesses and research institutions</p> <p>3.4.3 Innovative business and start-up development; Seed fund</p>
<b>Effective promotion of social inclusion, combating poverty</b>	<p>Social system encouraging inclusion of socially excluded groups and preventing poverty</p>	<p>9</p>	<p>Human capital driven growth and improved labour market participation</p>	<p>3.1.2 Sustainable system of health service and social care</p> <p>3.3.2 Social inclusion and fight against poverty</p>
<b>Development of transport and technical infrastructure and environmental</b>	<p>Sustainable infrastructure facilitating economy competitiveness and adequate territorial serviceability</p> <p>Environmental and landscape</p>	<p>7</p> <p>5,6</p>	<p>Developing infrastructure for growth and competitiveness</p> <p>Environment-friendly and</p>	<p>3.2.2 Sustainable industry</p> <p>3.2.3 Transport infrastructure development</p>

Agreement's Strategic Objective	Funding Priorities in Czech Republic for 2014-2020	Thematic Objective (Regulation)	Funding priorities as in the EC Position Paper	National Reform Programme 2013
protection	protection and climate change adaptation		resource-efficient economy	3.2.4 Energy and environmental infrastructures development  3.2.5 Development of digital infrastructure and the Digital Czech Republic strategy
Balanced development of the territory		Across all thematic objectives	Across all priorities	Across all NRP 2013 chapters

## 1.2 Summary of the ex-ante evaluations of the programmes or key findings of the ex-ante evaluations of the Partnership Agreement

*To be completed after incorporating the Partnership Agreement and programme ex ante evaluations in the final version of the Partnership Agreement.*

The Czech Republic will prepare Partnership Agreement ex ante evaluations so that the Partnership Agreement could be set as well as possible.

Ex ante programme evaluations, which are a duty imposed by the regulation, have progressed to various stages by now, from the selection procedure stage to the stage of collaboration with selected authors up and running.

### 1.2.1 Summary of the ex ante evaluations of the Partnership Agreement

Based on positive experience from previous programming periods, the Czech Republic has decided to make an ex ante evaluation of the Partnership Agreement in addition to the statutory duties. The basic requirement in respect of ex ante evaluations is impartialness and independence. For this reason ex ante evaluations are prepared as technical assistance by an outside vendor.

The Partnership Agreement ex ante evaluation and reflections on its recommendations is an essential part of finding the best setting and improving the quality of the resulting draft Partnership Agreement. Ex ante evaluation is a major tool of influencing the strategic and the implementation parts of the Partnership Agreement; it will contribute to a better focus of the Agreement and ensure conditions for the most effective implementation of CSF fund interventions. The purpose of ex ante evaluation is to check whether the proposed focus and method of execution the priorities defined for CSF fund interventions for the 2014-2020 programming period and the method of their implementation are the best solutions to the problems and disparities and, at the same time, the optimum way of spending money to eliminate such problems and disparities. The subject of the Partnership Agreement ex ante evaluation will be the preparation of the said document (programming) as well as the proposed manner of implementation, financial control (including checks and audit), material and financial monitoring and evaluation. The author of the Partnership Agreement ex ante evaluation will also provide assistance for the MoRD in coordinated preparation of programme ex ante evaluations and make comments on these evaluations. Collaboration with the evaluation's author in discussing the evaluation with the EC will be added value in the Partnership Agreement ex ante evaluation.

The Partnership Agreement ex ante evaluation has reached an advanced stage of vendor selection by now. After the vendor is selected, the time limits for objections will need to be observed and only then may an agreement be made with the author. The author will immediately start providing his service for the customer. Working with the author is planned for not only the preparation of the Partnership Agreement but also until the approval of the relevant sections of the Partnership Agreement by the EC.

#### **1.2.1.1 Partnership Agreement ex ante evaluation preparation progress**

#### **1.2.1.2 Partnership Agreement evaluation and taking account of conclusions and recommendations**

### **1.2.2 Summary of the ex ante evaluations of the programmes 2014-2020**

#### **1.2.2.1 Progress in preparing programme ex ante evaluations**

#### **1.2.2.2 Programme evaluations and taking account of conclusions and recommendations**

### **1.3 Selected thematic objectives, and for each of the selected thematic objectives a summary of the main results expected for each of the funds**

Given the needs and the priorities of the Czech Republic, all thematic objectives will be used for aid in the programmes. Specific results will be available after an analysis of the programmes contributing to achieving these objectives.

The identification of the relevant thematic objectives will be tied to the analytical part. The choice of the thematic objectives selected will be based on how pressing the problem identified in the analytical part is. Interventions will be prioritised by the weight of the problem, its contribution to the Europe 2020 strategy's objectives, the Council's country-specific recommendations, support from regional or thematic strategies, the amount of synergies with other activities, and other factors. This will also be reflected in how funds will be distributed. The amount of financial allocation for each fund and thematic objective will be the critical factor in setting the main result indicators. Being a key element in the Partnership Agreement, the ex ante evaluator will assess the relevance of the thematic objectives selected and the expected results.

*This will be added in the final version of the Agreement according to the progress in preparing and finalising the 2014-2020 programmes and negotiating these with the EC.*

### **1.4 Indicative allocation of support by the Union by thematic objective at national level for each of the funds, as well as the total indicative amount of support foreseen for the climate change objectives**

The Czech Republic is aware of the automatic links with the relevant programme financial tables. The indicative Union aid allocation by thematic objective, however, must be primarily prepared in a reference manner from national level in order to check whether all the principles prescribed in regulations have been observed.

The indicative allocation is based on the national envelope and will structure the funds according to the categories required. Experience with absorption capacity from the current 2007-2013 programming period also play a role in allocating funds, and the minimum critical intervention volume will also be taken into account.

Many setting parameters have not yet been available in detail by now. In particular, it is the thematic concentration and what should be done with efficiency reserve. Consequently, allocation can only specified after more detailed information from the EC.

## Transfer of funds between categories of regions

The Czech Republic will make use of the options provided in Article 85.2 of the Common Provisions Regulation and transfer funds between regions in the objective Investments for Growth and Employment. Using the analyses made, funds will be transferred from less developed regions to a developed region of Prague. The volume to be transferred will not exceed the maximum amount allowed in the Common Provisions Regulation; the specific amount to be transferred is now under discussion. The output of these discussions will be added in the Partnership Agreement as a proposal of the Czech party as will be added the required due justification related to the implementation of one or more thematic objectives.

*To be added in the final version of the Agreement according to the decision of financial allocation by fund and programme.*

### 1.4.1 Indicative allocation of support by the Union by thematic objective for each of the CSF Funds

The table below is automatically generated by the SFC system according to the allocation between the thematic objectives given in the financial tables or the programme indicator plans entered in the system. Manual changes can be made to the table, even if data on all programmes have not yet been entered in the system by submitting the Partnership Agreement.

The specified financial allocation must meet the thematic focus requirements under the Common Provisions Regulation and the regulations applicable to given fund, show a suitable focus, guarantee that the critical aid volume will be achieved, and allow for the total allocation available.

**Table 1-4 –Indicative allocation of support by the Union by thematic objective at national level for each of the CSF Funds (EUR)**

	ERDF	ESF	CF	EAFRD	EMFF	Total
1. Strengthening research, technological development and innovation						
2. Enhancing access to, and use and quality of, information and communication technologies						
3. Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)						
4. Supporting the shift towards a low-carbon economy in all sectors						
5. Promoting climate change adaptation, risk prevention and management						
6. Protecting the environment and promoting resource efficiency						
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures						
8. Promoting employment and supporting labour mobility						
9. Promoting social inclusion and combating poverty						
10. Investing in education, skills and lifelong learning						

11. Enhancing institutional capacity and an efficient public administration						
Technical Assistance						
TOTAL						

## 1.4.2 Total indicative amount of EU support for climate change objectives

The expert working group meeting to discuss the methodology issued as an EC implementing act was held 21 March 2013 and an additional meeting is expected to be held by mid 2103. As a result, the indicative allocation can only be added after the EC has provided detailed information as required.

The SFC system generates the allocation automatically, using the programme tables entered in the system. Manual changes can be made to values, even if data on all programmes have not yet been entered in the system by submitting the Partnership Agreement.

The Europe 2020 strategy defines three main environmental and climate change objectives for all EU member states: Reduce greenhouse gas emissions by no less than 20% as compared to 1990, or by 30% under favourable conditions; raise the share of renewable energy sources in the final energy demand by 20%; and improve energy efficiency by 20%.

Article 8 of the Common Provisions Regulation provides that the interventions receiving aid from the CSF funds should contribute to sustainable development. In terms of sustainable development, the cohesion policy aid should be aimed at environmental protection and improvements. At a more detailed level the Regulation provides that the member states and the European Commission shall secure such measures in environmental interventions that will lead to climate change mitigation and adaptation. Thematic objectives (TOs) should primarily contribute to achieving these objectives:

- TO 4 – Supporting the Shift Towards a Low-carbon Economy in All Sectors
- TO 5 – Promoting Climate Change Adaptation, Risk Prevention and Management
- TO 6 – Protecting the Environment and Promoting Resource Efficiency.

In addition, the specific regulation for the ERDF is critical for determining the indicative allocation of the climate change contribution, providing in Article 4 on thematic concentration that 20% and 10% of the total national ERDF allocation must be allocated to thematic objective 4 (Supporting the Shift Towards a Low-carbon Economy in All Sectors) in more developed regions and less developed regions, respectively.

## 1.5 Application of horizontal principles and policy objectives for the implementation of the funds

*To be added according to the progress in finalising the Partnership Agreement.*

### 1.5.1 Arrangements for the partnership principle

The template gives detailed information on how this chapter should be prepared, and it is necessary to follow the given sequence.

The partnership principle must be applied in preparing the Partnership Agreement and the programmes for the 2014-2020 programming period. When setting the partnership principle, the Czech Republic used the experience gained in preparing and implementing pre-structural tools and the programming periods 2004-2006 and 2007-2013. Given Government Resolution 867/2012, the MoRD is the authority responsible for the preparation of the overall strategy for implementing the CSF funds in the Czech Republic. The MoRD allowed for the partnership approach under Article 5 of the Common Provisions Regulation while discharging the said responsibilities. The MoRD has a proven record of observing the partnership principle in preparing the Partnership Agreement, programmes and other supporting documents prepared in connection with preparations of the 2014-2020 programming period.

The partnership principle as defined in Article 5 requires that the member state work with partners in preparing the Partnership Agreement and programmes. The member state is also required to do so in accordance with national legislation and practices. The article defines partners at both regional and local levels, social and economic partners, and partners representing the civil society and non-government organisations.



Under the draft Common Provisions Regulation for CSF funds, member states must prepare Partnership Agreements and programmes while working with their partners. Consequently, the MoRD involved partners in analysing the issues and the needs to be addressed through Common Strategic Framework funds, selecting the objectives and the priorities to be dealt with, and the coordination mechanisms introduced to use synergies between the various tools available that are supposed to facilitate smart, sustainable and inclusion-promoting growth.

The partnership as set covers the regional and local authorities and cities implementing integrated sustainable urban development systems as part of integrated territorial investments, in conjunction with economic and social partners, plus the non-government organisations with knowledge of transversal issues, such as gender equality and non-discrimination and social inclusion, and universities and research institutions. Besides regional and local authorities, the key partners also include chambers of commerce, entrepreneurial organisations, education and training associations, providers of social and health services, and other non-government organisations.

Partners in rural development will include public and private organisations operating in the industries important to rural development, regional or local business associations, women's organisations in rural areas, ecological non-government organisations, non-government organisations responsible for non-discrimination or equality, local action groups involved in local development managed by community organisations, and integrated rural development associations, such as associations of local development agencies.

There is a document, acknowledged by the Czech government, to be applied since 20 February 2013 for observing and securing a proper setting of the partnership principle at all system levels and all stages of preparation. This document sets up platforms for the Partnership Agreement and the programmes as a tool for effective discussions about each step in the preparation process. These platforms are the cornerstone for setting the partnership principle and putting it into practice that the MoRD has been observing since the overall preparations for the 2014-2020 period were begun. Also, these platforms are an important tool to coordinate the preparations of all programmes and coordinate programme preparations and Partnership Agreement preparations.

The document defines the principles and practices for each stage of Partnership Agreement and programme preparation and implementation, and includes a list of the platforms and the institutions represented as partners.

The Council for the Common Strategy Framework Funds will be the key structure for intervention strategic direction for the public sphere at political level. This Council will take over this role from the current Managing and Coordinating Committee to coordinate the 2007-2013 programming period aid (the MCC).

#### **Description of the roles of selected partners in the preparation of the Progress Report as defined in Article 46 of the Common Provisions Regulation.**

The Progress Report should be based on the Agreement evaluation. The general rules for evaluations are defined in the draft Common Provisions Regulation (Articles 47-50) and, in more detail, the Programme Management Methodology at national level. Collaboration primarily with managing authorities needs to be secured in report preparation given that the achievement in the Agreement objectives is in direct proportion to the achievement in the programme objectives, particularly in connection with data transfer and getting quality comments. Involved will also be the sponsors responsible for achieving the conditionalities to get updated information on the progress in implementing the given measures. The Office of the Government will also be involved in connection with evaluating the contribution to the Europe 2020 strategy. On a continuous basis the Office monitors and evaluates achievements in the National Reform Programme, which is the umbrella document in respect of implementing the Europe 2020 strategy's objectives.

The Programme Management Methodology will specify the details in respect of preparation progress and the structure of the Agreement Implementation Progress Report.

### **1.5.2 Promotion of equality between men and women; non-discrimination and accessibility**

The equal opportunities principle means eliminating discrimination by gender, race, ethnic origin, faith, disability, age or sexual orientation. The topic of equal opportunities also applies to other persons vulnerable to social exclusion, such as migrants, long-term unemployed, persons with low qualification, persons from areas with difficult transportation access, drug addicts, released prisoners, and recent graduates; in summary, the groups at risk of social exclusion. A great emphasis on disadvantaged people (disadvantaged as a result of a disability, social and cultural background, etc.) will be placed in the operational programmes funded from the ESF. Equal opportunities issues manifest themselves in difficult access of the selected population groups to

labour market, education, or senior managerial or scientific job positions (applicable to women); business; information society; transport; or urban development.

Gender mainstreaming is considered the key area of non-discrimination. This principle is taken into account in not only the relevant interventions during programme preparation but also the promotion of the implementation structure's gender competence.

### **1.5.3 Sustainable development**

Sustainable development rests on three pillars – economic, social and environmental. The main topic of sustainable development, however, is the environment as conflicts with impacts on sustainable development are most often those between the environment and economic activities. The environmental aspect is a major parameter in adopting policies, social and economic strategies or investment decisions.

It must be stressed that these issues go across all sectors, so sustainable development must also be allowed for in those interventions not targeted at the environment specifically. In particular, it is reducing energy intensity and implementing new and environment-friendly technologies. The priority of education is another important area where sustainable development plays a major role.

### **1.5.4 Horizontal policy objectives (cross-sectoral strategies, concepts and policies)**

The purpose of this section is to define horizontal policy objectives relevant to one or more programmes or funds<sup>19</sup>. This concerns both the EU's common policies and the Czech Republic's cross-sectional policies.

The base document is Annex I to the Common Provisions Regulation– "CSF elements concerning cohesion and compliance with the economic policies of the members states and the Union, the mechanisms to coordinate CSF funds with each other and with other Union's relevant policies and tools, horizontal principles and cross-sectoral political goals and the provisions dealing with territorial issues", clause 4-6 "Coordination of CSF funds with other Union's policies and tools with the EU's relevant policies and tools", which defines these policies and suggests an approach to deal with these issues. In particular, it will be policies focused on interconnecting Europe (transport, energy, and ICT), research and innovation strategies, business support, education and training strategies and programmes, the environment and climate change, security, migration, customs, demographic changes and other issues.

Interconnecting the policies of the Czech Republic and those of the EU and seeking to make them complementary in order to best use funds to encourage economic and social development are a new task for the Czech Republic which begins in programming and will be present throughout the implementation process. In further stages of preparing the Agreement, a summary of all objectives of horizontal policies should be so presented as these objectives appear in the Common Strategy Framework, including the Czech Republic's horizontal strategies and policies; how the duties related to the horizontal objectives will be discharged should also be specified.

*To be agreed following up on the clarifying of the material content of programme documents in the final version of the Agreement.*

## **1.6 List of the programmes under the ERDF, the ESF and the Cohesion Fund, except those under the European territorial cooperation goal, and of the programmes of the EAFRD and the EMFF, with the respective indicative allocations by CSF fund and by year**

The table is automatically generated by the SFC using the programme financial tables information entered in the SFC. Manual changes can be made to the table, even if data on all programmes have not yet been entered in the system by submitting the Partnership Agreement.

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<sup>19</sup>Under Article 14 of the Common Provisions Regulation

The MoRD in conjunction with the MF has been now preparing inputs for the preparation of this chapter. The Czech Republic is aware of the automatic links with the relevant programme financial tables. This table, however, must be primarily prepared in a top-down reference manner in order to check whether all the principles prescribed in regulations have been observed.

It is based on the national envelope and will structure the funds according to the categories required. Experience with absorption capacity from the current period also plays a role in allocating funds, and the minimum critical intervention volume will also be taken into account.

Many setting parameters have not yet been available in detail by now. The EC has not yet published member states' national envelopes for the cohesion policy, rural development and fisheries. No details have been available that are necessary to set thematic concentrations, and how the efficiency reserve should be used has not been published either. The table can only be responsibly completed after additional information is obtained from the EC.

**Table 1-5 – List of CSF fund programmes with indicative annual allocations to each fund**

<b>Programme Name</b>	<b>CSF funds (ERDF, ESF, Cohesion Fund, EAFRD or EMFF)</b>	<b>Total</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Enterprise and Innovation for Competitiveness</b>	ERDF								
<b>Research, Development and Education</b>	ERDF, ESF								
<b>Employment</b>	ESF								
<b>Transport</b>	ERDF, Cohesion Fund								
<b>Environment</b>	ERDF, Cohesion Fund								
<b>Integrated Regional Operational Programme</b>	ERDF								
<b>Prague – Growth Pole</b>	ERDF, ESF								
<b>Technical Assistance</b>	ERDF								
<b>Rural Development 2014–2020</b>	EAFRD								
<b>Fisheries</b>	EMFF								
	<b>Total</b>								

For the ERDF, Cohesion Fund and the ESF, under the objective of “Investing for Growth and Employment”, there will be the following OPs:

- OP “Entrepreneurship and Innovation for Competitiveness” managed by the MIT,
- OP “Research, development and education” managed by the MEYS,
- OP “Employment” managed by the MLSA,
- OP “Transport” managed by the MT,
- OP “Environment” managed by the ME,
- “Integrated Regional Operational Programme” managed by the MoRD,
- OP “Prague – Growth Pole of the Czech Republic” managed by the Prague City authorities,
- OP “Technical Assistance” managed by the MoRD.

For the ERDF, under the objective of “European Territorial Cooperation”, there will be the following OPs:

- OP “Cross-border cooperation between the Czech Republic and Poland” managed by the MoRD,
- OP “Cross-border cooperation between the Slovak Republic and the Czech Republic” coordinated in the territory of the Czech Republic by the MoRD,
- OP “Cross-border cooperation between the Republic of Austria and the Czech Republic” coordinated in the territory of the Czech Republic by the MoRD,
- OP “Cross-border cooperation between the Free State of Bavaria and the Czech Republic” coordinated in the territory of the Czech Republic by the MoRD,
- OP “Cross-border cooperation between the Free State of Saxony and the Czech Republic” coordinated in the territory of the Czech Republic by the MoRD,
- Transnational cooperation operational programme Central Europe coordinated by the MoRD in the territory of the Czech Republic,
- Transnational Cooperation operational programme Danube coordinated by the MoRD in the territory of the Czech Republic,
- Transnational cooperation operational programmes, such as INTERREG VC, INTERACT, ESPON and URBACT, coordinated by the MoRD on the territory of the Czech Republic.

For the interventions within the EAFRD, there will be a “Rural Development Programme 2014–2020”, and for the EMFF there will be the OP “Fisheries” managed by the MAG.

As opposed to the programme definition approved in Government Resolution 867, the present draft Partnership Agreement is supplemented with the **Danube transnational cooperation operational programme**. The programme has originated in splitting the existing transnational cooperation operational programme South East Europe on the territory of which two successor programmes on the programming territories of Danube and Gateway were formed to serve the needs of the 2014-2020 programming period. The proposal of the Czech Republic’s involvement in the Danube operational programme was included in the letter to the EC of 18 December 2012, along with a proposal for the geographical definition of the European territorial cooperation programmes. The Czech Republic had only been involved in a single transnational cooperation programme until then, i.e. the programme Central Europe. The preparations on the Danube transnational programme have just begun. A working group was set up and a tentative schedule for the spring 2103 programming was defined in Brussels in January 2013.

## 2 Arrangements to Ensure Effective Implementation – Article 14 (1)(B) CPR

### 2.1 Institutional framework to ensure coordination between the funds and other Union and national funding instruments and with the EIB

*To be added in further stages of preparing the programme document into the final version of the Agreement. The relevant departments in charge of Communities tools will be called as may be required to add information on the links to interventions from the CSF funds.*

Coordination between funds and each programme requires following these key principles:

- Concentration (focus on those key issues and interventions which can bring major benefits even with a limited number of programmes or priorities);
- Programming (coordinate so as to eliminate undesirable overlaps in programmes and priorities);
- Complementarity (programmes and priorities together will contribute to the objective and will complement each other in a suitable manner).

#### 2.1.1 Description of the arrangements to ensure coordination between funds

At the Partnership Agreement level, coordination between funds, programmes and other tools is considered a key feature to both programming and implementation. In particular, it is to secure mutual effect and complementarity, avoid doing the same thing twice, generate synergies between the interventions built in programmes, and channel efforts at all levels into achieving the best possible results throughout the Agreement. Consequently, emphasis is put on setting up proper result indicators and fulfilling these. Two ways are applied in order to coordinate between funds, programmes and other tools:

- Material definition, monitoring and evaluation of synergy interventions (the material and the implementation levels)
- Mechanisms ensuring effective execution of these interventions (the institutional level).

Expected border areas are identified and an Action Plan to coordinate these is detailed in order to eliminate undesirable overlaps and secure intervention complementarity. The purpose of the Action Plan is to form a basis for the setting and the incorporation of sub-links (border areas) in programmes and specify the possible mechanisms to fulfil them during implementation. The setting of border areas is defined in each programme and the key complementary links are defined in the Partnership Agreement.

Two border area levels are considered for the Partnership Agreement and programmes for the sake of material definition, monitoring and evaluation of interventions:

- Overlaps showing that the given area has a cross-sectoral nature and is executed by multiple entities from a certain point of view or certain segment.
- Synergies and coherence indicating a link between two or more areas the simultaneous (in immediate sequence) work of which has a potential to bring a higher effect than the sum of the effects generated by each of the areas if dealt with or executed separately.

In both cases the programmes have such mechanisms and tools as to deal with overlaps and synergies in an effective and targeted manner. With overlaps, this means avoiding doing the same things twice and finding the optimum aid distribution targeted at a comprehensive solution balanced in terms of responsibilities as soon as the programming stage (in the implementation stage only ad hoc problems should be dealt with); with synergies, this means achieving multiplied results contributing to accomplishing adequate results in the segment in question. Border areas can be found inside programmes (such as between priority axes), between partial thematic operational programmes (TOPs), between programmes with thematic and territorial focus, i.e. between TOPs and the Integrated Regional Operational Programme (IROP), the Rural Development Programme and the OP Prague – Growth Pole; between CSF funds and other EU funds (the Connecting Europe Facility, Horizon 2020, LIFE+, Erasmus for All, the Asylum and Migration Fund, the Internal Security Fund, the Social Change and Innovations Programme) and the EIB; between CSF fund programmes and the national level programmes.

The Agreement regulates the setting of general principles and defines the key areas generating synergies for achieving the maximum programme efficiency. They are to be set and implemented at the level of material definition and the implementation tools in each programme, such as by coordinating and managing calls,

integrated approaches, methods of funding, geographical identification, setting target groups, beneficiaries and applicants, etc.

Funds will be coordinated by the horizontal institutions described in Definition of Platforms for the 2014-2020 Programming Period. The Council for the Common Strategy Framework Funds will be the key structure for intervention strategic direction for the public sphere at political level. This Council will take over this role from the current Managing and Coordinating Committee (the MCC). The CSF Funds Council will take care of the material interface and links between the programmes co-funded from CSF funds and discuss measures for higher synergy efficiency of the aid provided from these funds. Technical background will be provided by the Council for the Common Strategy Framework Funds at working level and the Ministry of Regional Development – the National Coordination Authority. At working level, the CSF Funds Council will consist of the following working groups (WGs) by thematic focus. The working groups will deal with compliance with strategies and the generation of synergies:

- WG for competitive companies, research, innovation, effective public administration, and employment and education
- WG for labour market and education and fight against poverty
- WG for backbone infrastructure
- WG for integrated territorial development
- WG for innovative financial instruments

Working groups will be headed by general secretaries, and the working group for innovative financial instruments will be headed by general commissioner.

### **2.1.2 Coordination between funds (programmes) with national funding instruments**

*To be added using detailed information on programmes (Czech Republic and EU)*

### **2.1.3 Coordination between funds (programmes) with the EIB**

*To be added using detailed information on programmes (Czech Republic and EU)*

### **2.1.4 Coordination between funds (programmes) and the Union's instruments**

Funds will be coordinated by the horizontal institutions described in Definition of Platforms for Programming Period 2014-2020. The Council for the Common Strategy Framework Funds will be the key structure for intervention strategic direction for the public sphere at political level. This Council will take over this role from the current Managing and Coordinating Committee.

### *Determining the manner of managing the interventions under CAP's 1st and 2nd pillars to maximise synergies*

CAP's 1st pillar direct payments are aimed at securing a certain stability in farmers' income and securing competitive farming as a result. The synergies with the 2nd pillar and the Rural Development Programme are to be seen in several areas. Interventions under the 2nd pillar complement direct payments in the sphere of competitive agriculture, especially by compensating low income of farmers in regions with natural or other disadvantages or implementing investment measures to modernise and innovate technologies and structures for farming production and processing products. The 2nd pillar investment interventions extend to the manufacturing industry, forestry and rural development, securing income to rural population by generating jobs. Both pillars also complement each other in terms of non-production functions and sustainable development. Direct payments should support sustainable production as a result of green cover crop promotion. This means that 30% of the budget is tied to measures that are beneficial to climate and the environment (preserving permanent grassland, crop diversification, and 7% of the land managed by a farming business to be used in ecological interests). The 2nd pillar builds its Agroenvironmental Measures and Ecological Farming on a basis formed by direct payment conditions. Education and consulting development focused on observing the EU standards and cross-compliance is one of the points of contact between both pillars. All individuals and businesses receiving direct payments will have to meet the cross-compliance condition. The 2nd pillar transfer of knowledge measures should ensure that farmers are familiar with these conditions.

At the moment, the option to transfer funds between the 1st and the 2nd pillars of up to 15% of the national envelope for the given pillar is being discussed. The Czech Republic prefers such transfers to other types of measure such as modulation and capping.

### *Framework link between Life+ and the draft Operational Programme Environment 2014-2020*

**Table 2-1 – Framework Link between Life+ and Draft Operational Programme Environment 2014-2020**

Priority axis	Specific objective	Life+/Sub-programme/Sub-area
<b>PA 1: Improvement of Water Management Infrastructure and Reduction of Flood Risks</b>	1.1 Reduce the amount of pollutants released in the air or surface or ground water from the sources in the category under 2000 EO and secure drinking water supplies at adequate quality standard and deal with remaining point sources of pollution in the category 2000-10,000 EO	<b>Sub-programme – Environment / Environment and Efficient Natural Resources Management</b> <i>Emphasis on integrated projects (wastes, water and air).</i>
	1.2 Reduce leakage of industrial and agricultural pollutants in surface and ground water	
	1.3 Improve hydro morphological condition of surface water formations	
	1.4 Improve water course hydrological regime by determining ecological or minimum residual flow rates facilitating restoration of ecosystem natural functions, and effective water source management	
	1.5 Improve retention potential of alluvial plains and headwater areas	
	1.6 Provide anti-flood protection in urban areas and open countryside	
	1.7 Support preventive anti-flood measures	
<b>PA 2: Better Quality of Air in Towns and Cities</b>	2.1 Reduce total exposition of population, ecosystems and vegetation to excessive pollutant concentrations	<b>Sub-programme – Environment / Environment and Efficient Natural Resources Management</b> <i>Emphasis on integrated projects (wastes, water and air).</i>
	2.2 Improve system of monitoring, assessing and forecasting air quality developments	
<b>PA 3: Wastes and Material Flows, Environmental Burdens and Risks</b>	3.1 Improve waste generation prevention	<b>Sub-programme – Environment / Environment and Efficient Natural Resources Management</b> <i>Emphasis on integrated projects (wastes, water and air).</i>
	3.2 Improve overall degree of material use of wastes and improve degree of recycling	
	3.3 Raise the rate of using waste as raw material source for generation of energy	
	3.4 Raise the level of hazardous waste disposal	
	3.5 Remove unauthorised dumps and rehabilitate old dumps	
	3.6 Remove and take stock of environmental burdens	
	3.7 Reduce environmental risks and develop systems of environmental risk management	

<b>PA 4: Protection and care of natural environment and landscape</b>	4.1 Promote biodiversity	<b>Sub-programme – Environment / Natural Environment and Biodiversity</b>
	4.2 Promote landscape's natural functions	
	4.3 Improve quality of the environment in towns and cities	
	4.4 Reduce environmental risks due to geological factors	
<b>PA 5: Energy Savings</b>	5.1 Reduce energy intensity of buildings and public lighting	<b>Sub-programme – Climate / Climate Change Mitigation Measures</b> <i>Projects leading to reducing greenhouse gas emissions.</i>
<b>PA 6: Technical Assistance</b>	6.1 Technical assistance for the implementation of the Operational Programme Environment 2014-2020	<b>Sub-programme – Environment / Environmental Administration and Information.</b> <b>Sub-programme – Climate / Climate Change Administration and Information</b>

Source: MEnv

**Life+/Sub-programme – Climate / Climate Change Adaptation Measures – cross-sectoral activities focused at:**

- Implementing and developing EU policies and legislation and cross-sectoral initiatives
- Improving knowledge bases applying these in practice
- Developing and implementing integrated strategies and action plans
- Developing and demonstrating innovative technologies, systems, methods and tools for replication, transfer and mainstreaming

*Framework link between Horizon 2020 and draft Operational Programme Research, Development and Education*

In terms of the complementariness with other Communities programmes, the strongest synergies are expected between the OP RDE and the framework programme Horizon 2020, in specific interventions, where complementary funding of interrelated activities is expected, and the coordination of both the tools by means of the Czech Republic's authorised representatives sitting on the Horizon 2020 programme committees to be part of the management of the OP RDE.

**Areas of synergy interventions**

In terms of specific OP RDE interventions, it is counted on both upstream action interventions (activities aimed at reinforcing the absorption capacity for the Horizon 2020 projects) and downstream action interventions (activities aimed at using, spreading and applying the results of the projects carried out with aid from Horizon 2020).

In terms of specific interventions, it is expected that under OP RDE priority axis 1 aid will primarily be given to the activities to enhance the capacities for Czech involvement in projects in pillar 1 of Horizon 2020 (Excellent Science), particularly in the activities to enhance Czech involvement in transnational research infrastructure projects, the activities to enhance absorption capacity in participation in Horizon 2020 (aid to international grant preparation and aid to grant aid employees), top-up grants, in particular for European Research Council, Marie Skłodowska-Curie and ERA Chairs projects. Both the relevant axes of the OP RDE (PAs 1 and 2) will also provide aid for activities encouraging absorption capacity in participation in Horizon 2020 (aid to international grant preparation), system transnational capacities promoting synergy effects, such as participation preparation and participation of Czech entities in EIT projects, joint programming, joint technology initiatives, etc.

**Coordination mechanisms and structures**

In terms of the mechanisms and the structures for the coordination of both tools, it is expected that selected Czech delegates of the Horizon 2020 programme committees will sit on the OP RDE monitoring committee in order to secure close coordination and transfer of information between both supporting tools. No major problems are expected in coordinating information support for the OP RDE and Horizon 2020 as information and support for both tools will be provided by those MEYS departments which are closely involved in OP RDE preparations and will also be involved in OP RDE implementation. Questions of coordinating the structures and the activities



encouraging participation of applicants and beneficiaries in the OP RDE and Horizon 2020 will be dealt with depending on the developments in discussing the organisational and financial cover of the Horizon 2020 auxiliary network via the National Contact Point.

### *Framework link between the Fund for European Aid to the Most Deprived and the draft Operational Programme Employment*

*To be added in the final version of the Partnership Agreement according to negotiations with the EC and more details on programmes*

### *Framework link between the Youth Employment Initiative (YEI) and the draft Operational Programme Employment*

*To be added in the final version of the Partnership Agreement according to negotiations with the EC and more details on programmes*

### *Framework link between the Programme for Social Change and Innovation (PSCI) and the draft Operational Programme Employment*

*To be added in the final version of the Partnership Agreement according to negotiations with the EC and more details on programmes*

### *Framework link between the Connecting Europe Facility (CEF) and the Operational Programmes Transport, and Enterprise and Innovations for Competitiveness.*

*To be added in the final version of the Partnership Agreement according to negotiations on the Connecting Europe Facility and more details on programmes*

## **2.2 Information required for ex ante verification of compliance with the rules on additionality**

*To be added in the final version of the Partnership Agreement.*

According to the additionality principle, the money of EU funds allocated to investments in the Target for Growth and Employment must not substitute public and similar expenses spent by a member country. Consequently, the member country must keep these expenses at a level no less than the additionality starting limit, which will be defined for the programming period in the Partnership Agreement.

In the meaning of Article 86 of the draft Common Provisions Regulation, public and similar structural expenses are understood the Government Sector Gross Fixed Capital Formation (GSGFCF). As an absolute figure, the GSGFCF is arrived at using the data of the ratio-based indicator given by relating the GSGFCF to the GDP for the given year. The underlying value for determining additionality as part of ex ante additionality verification for 2014-2020 is to be derived from this indicator's average value arrived at using the relevant annual values for each year in 2014-2020. Such an amount of the additionality underlying framework can be modified during its mid-term evaluation if there are major changes in the Czech economy.

Additionality verification in the ex ante stage is done using the data given in the Convergence Programme. As the programme published in May 2013 gives values of the relevant quantities for up to 2016, the follow-up macroeconomic indicator estimates by the Ministry of Finance, including the ratio-based indicator GSGFCF/GDP, have been used to compute figures for the remaining years of 2017-2020.

The Czech Republic will verify additionality at national rather than regional level. This results from that the population in less developed regions exceeds 65% of the total population. The only region in the Czech Republic not qualifying as a less developed region is Prague with 2012 population of 1,241,700 according to Eurostat data. This figure accounts for 11.8% of the Czech Republic's total population, which is 10,505,400.

Using these underlying data, **3.30%** has been calculated as the average value of the GSGFCF/GDP indicator according to annual data in 2014-2020 in order to determine the starting value of the said indicator. Taking account of the estimated GDP development, this level of the ratio-based indicator represents, as an absolute figure, a GSGFCF average annual volume of CZK 145.3 billion (in current prices).

The given additionality limit calculation for 2014-2020 has been made using the method under Article 86 of the draft Common Provisions Regulation. This method assumes that the quantities of the GSGFCF/GDP ratio-based indicator in 2014-2020 are the basis for additionality evaluation, i.e. that the additionality amount will derive from the GSGFCF absolute volumes and the annual GDPs will have major impacts on the achievements in the ratio-based indicator. The data as given in the Convergence Programme for 2014-2016 plus estimates of this indicator and GDP for 2017-2020 prepared by the Ministry of Finance have been used to compute the additionality limit.

The Czech Republic additionality limit for 2014-2020 and the derived GSGFCF increment for each year have been given a clear tie to the GDP development estimated in 2014-2020, and follow its development curve. Like GDP, GSGFCF is to increase by 24.6% in aggregate over 2014-2020. This growth rate for the whole period should be, as an absolute figure, a government sector gross fixed capital increment of CZK 30 billion (in current prices). The specified GSGFCF growth rates tied to GDP growth rates at an annual average of 3.5% represent a sufficient room for the development of this economic category without any need to raise these, in terms of additionality limit determination, by allowing for additional increments in excess of the expected GDP growth rate. The current estimate of the ratio-based indicator follows up on its level for the year 2013, for which 3.2% is expected.

Using this calculation model gives a full additionality-related access according to the draft regulation as the additionality is to have immediate links to real economic development on the basis of GDP development. This facilitates that the performance development throughout the period 2014-2020 can be fully reflected in the additionality indicator. This should result in containing the impacts of potential and actual risks in the national economy development on GSGFCF and reducing uncertainties in achieving the defined additionality limit.

The value of the underlying additionality limit follows from the calculations as per the data in the following table:

**Table 2-2 –Additionality limit for 2014-2020 expressed as GSGFCF/GDP percentage**

year	2014	2015	2016	2017	2018	2019	2020	Annual Average 2014-2020
<b>GSGFCF/GDP as % (ESA code P.51)</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.30</b>
<b>GSGFCF in CZK billion</b>	130.0	134.6	139.5	144.8	150.3	156.1	162.0	<b>145.3</b>
<b>Year-on-year GDP Growth</b>	1.021	1.036	1.037	1.038	1.038	1.038	1.038	<b>1.035</b>

Source: Indicators GSGFCF/GDP and GDP growth on a year-on-year for 2014-2020 according to Convergence programme 04/2013; data for 2017-2020 are the Ministry of Finance estimates

### 2.3 Assessment of the fulfilment of ex ante conditionalities

The ex ante conditionalities are defined on the basis of the proposal for the regulation laying down the provisions for CSF Funds, Annex IV of this regulation, and the documents Guidance on Ex Ante Conditionalities Parts I and II. They are also covered in the Methodological Guidelines for the Preparation of Programming Documents for the 2014-2020 Programming Period, which refers to the Action Plan. The Action Plan was created as an effective tool to be used for establishing the system for managing and coordinating the ex ante conditionalities. It includes a current assessment, the identification of problematic ex ante conditionalities, proposed actions to be taken, and the time table for their implementation, and it is binding for all of the entities involved in the implementation of the 2014-2020 programming period, whilst taking into account the specifics of the individual CSF funds.

The system for managing and coordinating the ex ante conditionalities, including the Action Plan, is based on the following:

- ⇒ The proposal for a regulation laying down the provisions for the Common Strategic Framework funds (text and annex);
- ⇒ The proposals of the regulations laying down the provisions for the individual funds;
- ⇒ The draft template and guidelines for the content of the Partnership Agreement; and
- ⇒ The draft version of the documents Guidance on Ex Ante Conditionalities Parts I and II.

The Partnership Agreement provides the details of the ex ante conditionalities according to the version approved by the Council of the EU. These details will be further elaborated according to the developments in the approval process for the regulation at the EU level, in relation to the draft version of the Guidance on Ex Ante Conditionalities, and according to the progress with the individual programmes.

### 2.3.1 Management and control of the ex ante conditionalities at the national level

The MoRD holds the role of coordinator for the ex ante conditionalities, both within the context of the preparations for the future programming period as well as during the implementation phase. The MoRD performs monitoring to ensure that all of the ex ante conditionalities are fulfilled by the managing authorities and the other partners involved in the process.

The responsible administrators (the managing authority and other entities) for each individual programme and specific priority within a programme, who identify and define the parameters for the ex ante conditionalities, also play an important role in their fulfilment. The managing authority works in cooperation with other affected entities to define both the parameters for the ex ante conditionalities as well as the relevant timeframe and physical scope of the ex ante conditionality, e.g. the required actions and implementation schedule for any unfulfilled or partially fulfilled ex ante conditionalities that may exist.

The managing authority and all other entities involved in the implementation of the CFS funds must act in compliance with the regulations in force at the given point in time during all the phases of the preparation and subsequent implementation and, at the same time, must also track the course of the negotiations and the direction in which they are heading.

The activities associated with the Partnership Agreement are addressed in the document entitled Rules for the Management and Coordination of the Partnership Agreement During the 2014-2020 Programming Period. An overview of the responsibilities of the individual entities involved in resolving the ex ante conditionalities, both with respect to a particular thematic objective as well as in relation to the individual programmes, is coordinated in the Action Plan.

### 2.3.2 Summary of the assessment of the fulfilment of ex ante conditionalities

#### Summary of the assessment of the fulfilment of applicable ex ante conditionalities

The following table lists all of the general and thematic ex ante conditionalities and the criteria for their fulfilment at the national level (both fulfilled as well as unfulfilled conditionalities).

**Table 2-3: Ex ante conditionalities for the 2014-2020 programming period**

Applicable ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled) <sup>20</sup>	Explanation (where appropriate)
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<sup>20</sup>Reference to the strategies, legal acts or other relevant documents including references to relevant sections, articles or paragraphs, accompanied by a hyperlink or other access to the full text.


We are providing the following table, which addresses the fulfilment of the general ex ante conditionalities for No. 4 – Public Procurement, as an example. This table specifies all of the relevant outputs that are considered to be required within the context of the assessment as follows: a declaration with regard to the level of fulfilment – yes/no/partially; the individual criterion; a relevant reference to information that confirms its fulfilment; and, as required, a detailed commentary in the section of the table entitled “Explanation (where appropriate)”.

Applicable ex-ante conditionality for which national bodies are responsible	Applicable ex-ante conditionality fulfilled : Yes/No/Partially	Criteria	Criteria fulfilled Yes/no	Reference (if fulfilled)	Explanation (where appropriate)
The existence of arrangements for the effective application of EU public procurement law in the field of the CSF Funds.	partially	Arrangements for the effective application of EU public procurement rules through appropriate mechanisms;	yes	<a href="http://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Legislativa-a-Judikatura/Legislativa/Narodni-legislativa-aktualni-a-uplnezneni-z-(1)">http://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Legislativa-a-Judikatura/Legislativa/Narodni-legislativa-aktualni-a-uplnezneni-z-(1)</a> <a href="http://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Metodiky-standoviska">http://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Metodiky-standoviska</a> <a href="http://www.strukturalni-fondy.cz/cs/Fondy-EU/Narodni-organ-pro-koordinaci/Dokumenty">http://www.strukturalni-fondy.cz/cs/Fondy-EU/Narodni-organ-pro-koordinaci/Dokumenty</a>	<p>The European legal provisions were transposed into national legislation;</p> <p>An amendment to the Public Procurement Act (Act No. 55/2012 Coll.) was adopted.</p> <p>Implementing regulations for the Public Procurement Act were adopted (Decree Nos. 230/2012 Coll., 231/2012 Coll., 232/2012 Coll., and 133/2012 Coll.).</p> <p>Rules that are very complicated to apply in practice are identified on an ongoing basis (assessment of the effectiveness of the amendments to the Public Procurement Act).</p> <p>A Catalogue of Sample contract documents has been created and published.</p> <p>The Mandatory Procurement Procedures for Contracts Co-financed from EU Funds Outside the Scope of Act No. 137/2006, the Public Procurement Act, During the 2007-2013 Programming Period have been updated and published.</p> <p>A Methodology for Public Procurement has been prepared and published.</p> <p>Discussions are underway with the professional public concerning proposed changes to the rules for public procurement.</p> <p>The relevant subsidy providers perform ex ante and other checks of the public procurement procedures.</p>
		Arrangements which ensure transparent contract award procedures;	yes	<a href="http://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Legislativa-a-Judikatura/Legislativa/Narodni-legislativa-aktualni-a-uplnezneni-z-(1)">http://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Legislativa-a-Judikatura/Legislativa/Narodni-legislativa-aktualni-a-uplnezneni-z-(1)</a> <a href="http://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Metodiky-standoviska/Metodicke-pokyny">http://www.portal-vz.cz/cs/Jak-na-zadavani-verejnych-zakazek/Metodiky-standoviska/Metodicke-pokyny</a> <a href="http://www.vestnikverejnychzakazek.cz/">http://www.vestnikverejnychzakazek.cz/</a>	<p>The “transparent” amended version of the Public Procurement Act (Act No. 55/2012 Coll.) was adopted.</p> <p>Implementing legislation has been prepared for the Public Procurement Act as well as methodological documents to use as guidelines when applying new responsibilities (e.g. Public Procurement Methodology; Methodological Statement created for the annex to Decree No. 9/2011 Coll.; and Methodology Accompanying Decree No. 133/2012 Coll., on the publication of notifications in relation to the Public Procurement Act and the requirements for the contracting authority profiles).</p>
		Arrangements for training and dissemination of information for staff involved in the implementation	yes	<p>Consultations and legal support are provided in relation to the award procedures for public contracts.</p> <p>Explanatory statements are disseminated with regard to the application of the Public Procurement Act.</p>	<p>Measures are implemented on an ongoing basis as required (upon request or at own initiative) and in certain situations (e.g. when staff are being prepared for the application of new legislation, etc.).</p>

		n of the funds;		<p>Responses to questions regarding the public procurement process are prepared and sent.</p> <p>Lecturers participate in the seminars and conferences organised for the staff involved in the implementation of the funds;</p> <p>Educational seminars are organised on public procurement issues for the entities in the implementation structures for the (operational) programmes and in other structures that participated in the implementation of the NSRF.</p> <p>Articles from the field of public procurement are published (e.g. in the "Public Contracts" and "Legal Review" magazines).</p> <p>Active participation is promoted in the working groups that address public procurement issues.</p> <p><a href="http://www.portal-vz.cz/cs/Spoluprace-a-vymena-informaci/Info-forum/Otazky-a-odpovedi">http://www.portal-vz.cz/cs/Spoluprace-a-vymena-informaci/Info-forum/Otazky-a-odpovedi</a></p>	
		Arrangements to ensure administrative capacity for implementation and application of EU public procurement rules.	partially	<p>Additional staff is assigned as required to positions at the Public Tenders and Concessions Legal Department of the Ministry of Regional Development.</p>	<p>The new obligations defined in the Public Procurement Act, combined with a larger volume of contracts awarded in accordance with the Public Procurement Act required the assignment of new employees to the aforementioned department.</p>

**Summary of unfulfilled and only partially fulfilled applicable general ex ante conditionalities (according to the EC template), specifying the actions to be take, the deadlines, and the bodies responsible for fulfilment.**

The table specifies all general ex ante conditionalities and the criteria for fulfilling these ex ante conditionalities at the national level. The table specifies only those conditionalities that are unfulfilled or only partially fulfilled and includes the actions to be taken, the deadline for implementation, and the bodies responsible for their implementation.

Applicable <u>general</u> ex ante conditionality which is unfulfilled or partially fulfilled	Criteria not fulfilled	Action to be taken	Deadline (date)	Bodies responsible for fulfilment

**Summary of unfulfilled and only partially fulfilled thematic ex ante conditionalities**

The table specifies all thematic ex ante conditionalities and the criteria for fulfilling these ex ante conditionalities at the national level. The table specifies only those conditionalities that are unfulfilled or only partially fulfilled

and includes the actions to be taken, the deadline for implementation, and the bodies responsible for their implementation.

Applicable thematic ex ante conditionality which is unfulfilled or partially fulfilled	Criteria not fulfilled	Action to be taken	Deadline (date)	Bodies responsible for fulfilment

**2.3.3 Additional Relevant Information**

The Czech Republic views the creation of the concept of ex ante conditionalities as a step towards increasing the effectiveness of the interventions provided from CSF funds throughout all of the member states of the European Union. However, the definition of the individual ex ante conditionalities and the specific criteria for their fulfilment does not always correspond to the institutional organisation and the implementation processes in the Czech Republic. For this reason, the Czech Republic views some of the ex ante conditionalities as having a high level of associated risk, specifically in relation to the timeframe for their fulfilment and the existing procedural and system barriers. This perception can be seen at two levels:

**Clarification of the focus, interpretation, and assessment on the part of the European Commission**

During the fulfilment of the ex ante conditionalities it is necessary to always follow the EU’s instructions as defined in the proposed regulation. The European Commission’s draft version of the Guidance Document on Ex Ante Conditionalities provides a broader interpretation, defines the methodological focus and the assessment method, and provides additional explanations associated with the ex ante conditionalities. The third significant process consists of the negotiations between the Czech Republic and the European Commission within the context of an informal dialogue on the topic of the ex ante conditionalities.

Based on the inputs thus far the Czech Republic has also identified several unclear areas, such as the deadline for fulfilling the ex ante conditionalities in relation to the assessment and the possible suspension of payments, the scope and method for assessing the ex ante conditionalities (even in relation to specific aspects in the Czech Republic), the integration of the general ex ante conditionalities, the integration of the ex ante conditionalities at the regional level, the method for resolving any discrepancies in the fulfilment of the ex ante conditionalities between the EC and the member states, and ambiguity with regard to individual thematic and general ex ante conditionalities.

All of these unclear areas pertain to both the Partnership Agreement as well as the individual programmes. The importance of these unclear areas may have an impact on the finalisation of the Partnership Agreement and the programmes, particularly on the actual launch of programme implementation, and thus it is critical to clarify these points in cooperation with the EC.

**Critical factors and risks associated with the fulfilment of the ex ante conditionalities at the national level**

In a number of cases the ex ante conditionalities require the existence of strategic documents, the application of legislative acts in the sense of the Community acquis, and the development of specific tools (e.g. systems for monitoring and collecting data and the implementation of procedures and processes). As a result, the introduction of these conditionalities requires preparations that are physically, legislatively, institutionally and financially demanding in order to ensure the implementation of the measures to fulfil these conditionalities. It is necessary, however, to base all actions on the current situation in the Czech Republic, where the complexity of adopting legislative acts that take into account both national as well as EU specifics, the preparation of strategic documents, defining the system for implementing the funds all require a lengthier preparation time and discussions with all partners.

The Action Plan was created and continues to be revised to meet the needs associated with the management and coordination of the ex ante conditionalities. The plan includes the ongoing monitoring of the ex ante conditionalities that have the highest level of associated risk. All of the points that are identified are monitored and information is provided in the form of descriptions of the problems associated with the fulfilment of the ex ante conditionalities, the specification of the associated risks, the barriers that prevent the fulfilment of the

conditionalities, and a definition of the responsibilities of the individual responsible administrators. The ex ante conditionalities that have a high level of associated risk are discussed and re-evaluated on a regular basis. Due to the complexity of some of the conditionalities, they will continue to require further attention.

#### Implementation of legislation

The implementation of European legislation brings with it a significant level of impact on the legal code of the Czech Republic. The introduction of the ex ante conditionalities at the Union level will comply with the existing rule for transposition priority. Some of the directives and other legislative acts defined in the ex ante conditionalities have already been incorporated or should have been incorporated in the national legal code. The incorporation of others is currently underway. There is a general risk associated with the ongoing transposition and implementation process for certain directives due to time constraints. Other risks must also be taken into account, particularly the risks associated with the initiation of proceedings against a member state or due to a breach of a member state's obligation. At this time the following risks have been identified in the Czech Republic for the legislative and institutional area:

- ⇒ Invalidity of the Act on State Service;
- ⇒ Failure to reform tertiary education and not adopting the acts associated with this reform;
- ⇒ Failure to implement a reform of research and development;
- ⇒ Failure to fulfil the conditions required for reforming employment services and to implement modifications on the basis of an evaluation and assessment of the current status;
- ⇒ Failure to approve the Act on Waste Management and the associated update of the Waste Management Plan;
- ⇒ Failure to define the appropriate conditions for operational contracts and the insufficient regulation of the water management market;
- ⇒ Failure to establish an independent water management regulatory institution;
- ⇒ The problematic implementation of Directive 2010/31/EU on the energy performance of buildings;
- ⇒ The incorrect transposition of Directive 2006/32/EC on energy end-use efficiency and the associated proceedings that are currently underway;
- ⇒ Failure to decrease the timeframe required to establish an undertaking and to lower the costs/fess associated with establishing and undertaking in relation to the increased court fees required when establishing an establishment;
- ⇒ Failure to implement the Act on Supported Energy Sources pursuant to the proceedings held for not implementing Directive 2009/28/EC;
- ⇒ Failure to adopt the National Action Plan for Energy from Renewable Sources pursuant to the launch of proceedings;
- ⇒ The incorrect transposition of Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment pursuant to procedure 2013/2048(EIA); and

#### The preparation and approval of strategic documents.

The majority of the ex ante conditionalities are focused on the existence of strategic documents. The risk associated with the strategic documents consists primarily of the timing of the approval of these documents and the existence of more than one strategy for one thematic area.

The strategic documents in question include those for digital growth and ICT; innovation, research, and development; public administration and eGovernment; waste management; risk assessment; renewable sources and energy; drainage basins; agriculture; aquaculture; transport; start-up enterprises contributing towards integration; education and lifelong learning; the battle against poverty; the integration of the Roma; and health.

#### Applicability and ensuring accountability for the ex ante conditionalities

The ex ante conditionalities do not always apply to just one programme or priority axis. Their applicability extends to more programmes and therefore the fulfilment of the ex ante conditionalities will be required across all programmes. This is closely related to ensuring the fulfilment of the ex ante conditionalities by the responsible administrators (in some cases, these administrators are still being designated). In those situations where the managing authority defines the necessity of introducing ex ante conditionalities for a programme in relation to the proposed aid and is not the responsible administrator, the managing authority will assume the responsibility for fulfilling the ex ante conditionalities from the applicable responsible administrator (e.g. IROP and the OP Prague – The Growth Pole). At a certain stage, the managing authority will also play a key role in relation to fulfilling the general ex ante conditionalities, as it will be necessary to fulfil the individual criteria for

the general ex ante conditionalities in parallel with the fulfilment of the responsible administrator's thematic ex ante conditionalities, such as:

- ⇒ Measures to ensure adequate administrative capacity for implementing and applying the EU regulations for public procurement;
- ⇒ Measures to ensure adequate administrative capacity for implementing and applying the EU regulations for state aid;
- ⇒ Measure to ensure the professional preparation and dissemination of information for the staff involved in implementing the directives for EIA and SEA documents; and
- ⇒ The definition of an effective result indicator system.

This is considered to be a high-risk area for the fulfilment of the ex ante conditionalities, both in relation to the Partnership Agreement as well as with regard to the individual programmes.

## **2.4 The methodology and mechanism to ensure consistency in the functioning of the performance framework in accordance with Article 19 of the CPR**

The performance framework is a new element with regard to the definition of the intervention programmes from CSF funds. It is aimed at increasing the performance of the programmes and has the objective of establishing better links between the interventions provided from the CSF funds and the implementation of the Europe 2020 Strategy and their focus on results. The mechanism for ensuring consistency in the functioning of the performance framework in accordance with Article 19 of the CPR is described in the Methodology for the Preparation of Programming Documents. It is also expected that the EC will contribute to the debate for ensuring performance framework by means of underlying materials. The information that has been made available thus far does not cover all of the CSF funds.

The performance reserve will consist of 7% of the resources of each CSF fund, with the exception of resources allocated to the ETC objective. The focus on achieving results during the 2014-2020 programming period includes the application of the concept of a performance review. The milestones for the programme are defined in accordance with the programme strategy, the Partnership Agreement, and the granted allocation, however without any deliberate undervaluation of the values. The performance review according to the draft CPR will take place in 2019 (on the basis of the progress report containing data as of 31 December 2018). The tool that will be used for making the decisions on the allocation of the performance reserve will consist of the milestones defined for the programmes or, more specifically, the individual priority axes / Union priorities. The milestone in the form of a financial indicator for the year is defined at the level of the priority axis / Union priority as the contribution of the given priority axis in relation to the total interim payments received during the year in question, i.e. as the volume of the allocation used from the beginning of the period to the end of the monitored year. At the level of the operational programme it is necessary to ensure that the amount of interim payments sent to the EC is equal to at least the volume of payments necessary to fulfil n +3 rule at the end of the year.

The progress achieved in the use of funds at the level of the priority axis / Union priority must be determined taking into account the nature and types of projects that are under supported within the context of the priority axis / Union priority. Subsequently, it will be possible to define the administrative requirements and the implementation period for a particular project.

The milestones for financial progress are part of the system of financial and physical indicators, which aims to assess the compliance of the use of funding in both financial and material terms. It places emphasis not only on how much funding has been used, but also what has been implemented using these funds. It is therefore necessary to define the financial progress milestones in order to ensure that the financial progress matches the physical progress.

In addition to the financial indicators, at least one output or result will be set for each priority axis / Union priority, which will serve as a milestone. The target values for these indicators must be reasonable and justified. These issues will be addressed in more detail in the Programme Management Methodology. This approach is based on the draft regulations and will be updated following the discussion of the relevant documents at the EC level.

At regular intervals and at least twice annually, the responsible administrators for the programmes will submit information about the ongoing fulfilment of the performance milestones at the level of each priority axis / Union priority to the MoRD-NCA. This regular information will serve as the input for the management and evaluation



process at the national level, which will ensure the monitoring and assessment of the achievement of the milestones and objectives at both the programme level as well as with respect to the Partnership Agreement. The method and timetable for the transfer of information will be included in the Programme Management Methodology. If the NCA determines that there is a risk of non-compliance with the milestones defined for the years in question, appropriate actions will be defined at the national level in cooperation with the relevant managing authority. These measures will be defined in relation to the specific problem areas (risk identification), which might have a negative impact on the achievement of the milestones and they will be discussed by the relevant platforms. The detailed procedure will be described in the Programme Management Methodology.

## **2.5 Assessment of whether there is a need to reinforce the administrative capacity of the authorities and, where appropriate, of the beneficiaries, as well as, where necessary, a summary of the actions to be taken for this purpose**

The MoRD has at its disposal an analysis that describes the strengths and weaknesses of the current implementation system from the perspective of administrative capacity. The conclusions from this analysis have been used to define the new programme structure. This analysis complies with the principle of not implementing any new institutions, that is to say the inclusion of new elements without or with only the minimum level of experience with the implementation of the European funds for the 2014-2020 programming period. The human resources that are freed from the task of implementing the current programming period will be used as much as possible based on the decision to discontinue the regional operational programmes.

The system for providing funding from the CSF funds to the applicants and beneficiaries has undergone a significant simplification process and the most essential elements have been discussed by all of the stakeholders.

The basis for the proper utilisation of the human resources consists of the adequate definition of the implementation structures and the calculations required for the specific positions that cover all of the necessary areas of activity. In order to determine the human resources strategy for the future programming period, it is first necessary to analyze the needs for covering the applicable activities, taking into account the experience from the 2004-2006 and 2007-2013 programming periods and the termination of operational programmes. In order to maintain the continuity of the “best practices” from the current programming period, it is necessary to place priority focus on the use of human resources who have experience from this period. Emphasis will be placed on the smooth and gradual transition of administrative capacities between programming periods. The volume of the administrative capacity of the individual implementation entities must correspond to the expected volume of activities so as to avoid the delegation of key activities to external suppliers as was the case in some of situations during the 2007-2013 programming period. The planned adoption of the Law on Civil Servants is considered to be one of the most important stabilising elements.

As was the case during the 2007-2013 programming period, the following steps must be taken in order to stabilise the administrative capacity:

- The Act on Public Servants must enter into force;
- An adequate adjustment to administrative capacity must be made in relation to the beginning of the implementation of the operational programmes, i.e. the scheduling of positions with regard to the priority axes, the amount of support; and the allocation for operational programmes;
- The amount of funds available for technical assistance operational programmes must be defined with respect to individual years and activities;
- Uniform rules for the remuneration of employees must be implemented across implementation structure;
- Uniform rules for the recruitment of employees must be implemented;
- Common rules for employee evaluations and establishing individualised development plans (including education);
- Staff training system; and
- The links between the individual calls for the OPs in relation to the implementation of projects within the context of integrated approaches.

The MoRD will ensure the uniformity of these steps in its Methodology for Human Resource Development.

*This will be included in the final version of the Partnership Agreement.*

## 2.6 A summary of the actions planned in the programmes, including an indicative timetable, to achieve a reduction in the administrative burden for beneficiaries

The task of reducing the administrative burden placed on applicants and beneficiaries is based on the European Commission's proposals for the 2014-2020 programming period. The MoRD also proceeding in accordance with the government's policy statement, which emphasises the simplification of the administration associated with the allocation of funding from the EU funds and the simplification of the requirements that the existing system places on applicants and beneficiaries.

The reduction in the administrative burden placed on beneficiaries will be set in accordance with Government Resolution No. 184 of 21 March 2012 on the recommendations to simplify the administrative burden placed on applicants and beneficiaries when using funding from the EU Funds during the 2014-2020 programming period. In addition, the following principles will be reflected in the OPs:

- The use of a common terminology in the Czech Republic's conditions in order to ensure that it is uniform and understandable for all of the entities in the implementation structures and that it agrees with the legal regulations of the EU and of the Czech Republic. The objective is to use the same basic concepts across programmes. The uniform terminology must be used for creating the managed documentation and in the output documents prepared by the entities of the implementation structure that are primarily intended for other implementation bodies and the European Commission.
- The individual processes, starting with the submission of the project application up to its approval, will be defined in a way that ensures continuation between the individual processes and procedures, that there is a clearly defined start and end for each of them, and that the preceding and following processes are identified. Finally, it is necessary to clearly set time limits for the individual processes wherever possible. These time limits must then be included in the managing authority's internal documents and must be respected. The aim is to achieve the optimal setting by monitoring and evaluating them.
- Attention must be paid to the system in place for the MA's and IB's consultation and the work with the applicants and beneficiaries and this system must facilitate the exchange of experience amongst applicants and beneficiaries with regard to the preparation and implementation of projects.
- It is necessary to ensure the optimum level of computerisation for the entire process of preparing the project applications and their submission (including attachments), the administration of project applications, the system for the assessment and selection of projects, and the administration of monitoring reports and requests for payment.

The knowledge of the administrative processes across all of the operational programmes that distribute funding from the Structural Funds and the Cohesion Fund during the 2007-2013 programming period, combined with awareness of how complex they are for the group of end users, i.e. potential applicants and beneficiaries, led to a recommendation to reduce the administrative burden placed on applicants and beneficiaries of funding from the EU funds, which was approved by means of Government Resolution No. 184 of 21 March. Likewise, during the mid-term evaluation of the implementation of the Ministry of Agriculture programmes that distribute funding from the EMFF and the EAFRD, a set of recommendations were identified to streamline and simplify the system for granting aid. For the purpose of simplifying the processes for applicants and beneficiaries when drawing EU funds during the 2014-2020 programming period, four basic stages, which characterise the project cycle in the implementation system and have a significant impact on the comfort of applicants and beneficiaries, were defined as follows:

- I. Calls for submitting project applications – access to notices and call management;
- II. Submission of project applications – options available when submitting a project application;
- III. Project selection and assessment – the process for assessing a project and the associated rules; and
- IV. Project implementation; requests for payment and the reimbursement process, and checks – implementing a project and its reimbursement.

As a part of the simplification process, analyses will be performed and the results from these analyses will be used to set up mechanisms to simplify the administrative burden within these phases, both in the form of uniform and standardised rules and, in relevant cases, deadlines covering the phases and their individual processes, as well as in the form of tools at the national level that will make it possible to evaluate the effectiveness of a particular investment. The system for providing support from the CSF funds will be automated to the maximum possible degree, both with regard to the submission of applications for support as well as for the actual reimbursement process. In addition, tools will be prepared at the national level tools to ensure the dissemination

of information and publicity regarding the CSF Funds, and strategies will be defined for human resource management, as a skilled and sufficient administrative capacity at the various levels of the implementation process is one of the key prerequisites for decrease the administrative burden.

One main methodology will be defined at the programme level. The Programme Management Methodology will consist of individual methodological documents in the form of guidelines or recommendations summarising the best practices in the cross-sectional implementation areas, such as eligible expenditure, financial management and control, the evaluation and adjustment of indicators, monitoring, public procurement, risk management, public support, etc. Individual areas will be logically organised in order to reflect the programme and project cycle and to also meet the requirements for managing and coordinating the objectives of the programmes and the Partnership Agreement. The recommendations included in the aforementioned materials will be take into account at the time this methodology is defined. The methodology will be ready by the end of 2013. The aim of these activities is to achieve the effective and sound financial management of the funding provided from the CSF Funds, and to ensure the transparency of the processes and the clarity of rules for providing funding, whilst, at the same time, placing a low administrative burden on the entities in the implementation structure, particularly the applicants and beneficiaries of support.

The steps to improve the overall design of the system for the use of funding have been an integral part of the activities performed by the Ministry of Regional Development since the start of the 2007-2013 programming period. Since 2010, the MoRD has submitted to the government a total of five legislative packages containing proposals for revising and improving the administration of the Structural Funds and the Cohesion Fund. Government Resolution No. 610 of 22 August 2012 adopted legislative measures to reduce existing barriers to the implementation of the Structural Funds and the Cohesion Fund during the 2014-2020 programming period. Altogether twelve areas that represent obstacles to the problem-free implementation of EU funds in the Czech Republic were analysed. In addition, topics were also analysed in relation to the findings of the Czech and European audit bodies and with regard to the five problem areas identified in the management and control systems about which the Czech Republic was warned by the European Commission. Non-legislative recommendations were made aimed at the simplification of the administrative procedures, and financial management and control. These recommendations are focused on reducing the administrative burden placed on the entities in the implementation environment and contribute towards the unification of the rules for providing funding from the EU funds and towards improving the legal certainty of the individual players during the performance of their activities. These recommendations are gradually being reflected in the amendments being prepared for the relevant legal regulations and methodological documents.

*This will be included in the final version of the Partnership Agreement.*

### **3 Description of the integrated approach to territorial development supported by the funds or a summary of the integrated approaches to territorial development based on the content of the programmes (Article 14 (2)(A) CPR)**

*This topic will be further elaborated in the final version of the Partnership Agreement on the basis of a consensus between the MoRD, the MA, and the regional partners.*

This chapter contains a description of the settings for the integrated approach to territorial development, which will be implemented through the CSF Fund programmes with the use of the appropriate instruments. The basic principles for applying the integrated approach are based on the Regional Development Strategy of the Czech Republic for 2014-2020.

Promoting the territorial dimension makes it possible to reflect specific local problems, needs, regional differences, and potential. It is based on the type of territory for which specific support is targeted with the aim of mobilising the potential and use of available resources. It is essential for the planned interventions to have a territorial context and functional links (a place-based approach). Qualitatively, the most important application of the territorial dimension is the creation of regionally focused strategies using an integrated approach.

The aim of applying the integrated approach to territorial development is to ensure the greater effectiveness of interventions by identifying existing synergies between projects specifically prepared with the goal of achieving the desired effects in the given territory through the implementation of various programmes and their individual parts (priority axes and priorities). The logic to ensure consistency at the project level is also applied during the preparation of the programmes.

The key reason for applying the territorial dimension is, in particular, to ensure that regionally focused programmes and, where possible, the thematic programmes are not designed purely with a flat focus but also take into account specific regional needs and regional differences.

The primary objectives behind the incorporation of territorial aspects in the CSF funds and the relevant programmes in the Czech Republic in compliance with the goals and priorities of the Czech Republic's regional policy are primarily as follows:

- To reduce the basic differences in the socio-economic levels of the Czech Republic's regions;
- To contribute to the full use of the existing potential of the Czech Republic's regions;
- To enhance the territorial competitiveness of regions, cities, and municipalities;
- To support the long-term development of a functional labour market;
- To improve the conditions for the sustainable and balanced development of the Czech Republic and improve the quality of life in the country;
- To use territorially focused interventions for increasing the effective use of public resources while fulfilling the goals defined in the CSF policies in the Czech Republic; and
- To ensure the efficient management of regional and local development based on a partnership principle and multi-level administration.

The methods for using the integrated approach is described in the document entitled "Methodological Guidelines for Applying the Integrated Approach in CSF Programmes during 2014-2020". These guidelines primarily entrench the basic principles for the implementation of the territorial dimension of interventions, provide a description of the individual integrated tools (their creation, implementation, and evaluation), and define the roles and responsibilities of the involved parties. The guidelines for their preparation contain, amongst other things, the basic provisions that will make it possible to set up and manage the programme in a way that facilitates the flexible interconnection of projects implemented under the programme and under other programmes in addition to realising the defined objectives.

The experiences from the 2007-2013 programming period, which are described in the regular evaluations of the Regional Development Strategy of the Czech Republic for 2007-2013 and in the Mid-term Evaluation of the NSRF, form the basis for defining the integrated approach. The implementation of an integrated approach to territorial development took place during the current programming period primarily through the implementation of the Integrated Urban Development Plans funded under the Regional Operation Programmes (ROPs) and the Integrated Operational Programme (IOP).

In order to ensure interoperability between the management authorities for the programmes, platforms have been established, the structure of which reflects the idea of fulfilling the strategic objectives defined in the Partnership Agreement. The participants in these platforms will include partnering institutions. The aim of this structural organisation is to ensure the dissemination of information from the managing authorities to all of the relevant involved parties.

The implementation of integrated approaches will be primarily guaranteed through the targeted publication of calls on the basis of a mutual agreement between the central coordinator, the relevant managing authorities, and the partners in the region, which will make it possible for the owners of relevant plans for integrated strategies / projects to time the preparation and implementation of their projects appropriately. The specific parameters for cooperation and the procedures leading to the application of the integrated approach will be addressed in the programmes and, where appropriate, in the programme implementation documents.

### **3.1 The arrangements to ensure an integrated approach to the use of the funds for the territorial development of specific sub-regional areas (Article 14 (2)(i) CPR)**

*This chapter will be updated in the final version of the Partnership Agreement.*

#### **3.1.1 Community-led local development (Articles 28-31 CPR, Article 9 ETC, and the EAFRD, ESF, and ERDF regulations)**

The Czech Republic has already had a positive experience with the application of community-led local development from the pre-accession instruments. The SAPARD accession instrument and the national Czech LEADER programme for 2004-2008 worked on the basis of community-led local development principles and these principles were also applied in the OP Agriculture and in the Rural Development Programme.

Community-led local development, or, more specifically, the LEADER method, contributes to the better targeting of support at the local needs of given rural areas and the development of the cooperation of the involved parties at the local level. Thanks to the support of community-led local development strategies (LDS), the individual projects will report added value, consisting primarily of mutual links, synergy, and the avoidance of duplication as compared to isolated projects prepared using standard measures.

The coordinating role of local action groups (LAGs) in the implementation of interventions promoting rural development is based on their detailed knowledge of local conditions and broad cooperation with other parties involved at the local level. The mutual cooperation between individual LAGs thus contributes to the transfer of experience and good practice and to the development of integrated projects with a broad impact. It is appropriate to strengthen the properly managed coordination activities at locations where the LAGs are active. A more in-depth knowledge of local issues and the ability to focus on specific problems in the LAG's area of activity are two of the advantages of implementing projects through community-led local development, which reinforces the principles of cooperation, motivation and confidence.

As far as the experience with the implementation of the LEADER method in the period 2004-2013 is concerned, a network of LAGs covering almost the entire country was established. In the years 2004-2008 the national Czech LEADER programme was underway and the first ten strategic Local Action Groups received support under the Operational Programme Rural Development and Multifunctional Agriculture and another seventy applications received supported under the Acquisition measure. Of the about 170 LAGs that exist, 112 implemented their local development strategies during the period 2007-2013 within the framework of Action IV.1.1 Local Action Group under the Rural Development Programme 2007-2013. The other LAGs had the opportunity to prepare for the new 2014-2020 programming period and to gain experience with participatory planning and decision-making processes. Most LAGs thus have the relevant experience with the preparation and implementation of local development strategies and the administration of a larger number of smaller projects from the 2007-2013 programming period. The objectives set for the LEADER programme for the 2007-2013 period have been met.

The funding from the Rural Development Programme, which was invested into developing the administrative and absorption capacity of local action groups and local partnerships, forms a good foundation for using these entities as building blocks for applying the LEADER method through CLLD during the 2014-2020 programming period.

Public funds have not been used to establish any LAGs other than those that it was possible to establish and support under the existing Rural Development Programme rules.

According to the Regional Development Strategy of the Czech Republic for 2014-2020, community-led local development will be implemented not only through the Common Agricultural Policy (at least 5% of the EAFRD will be allocated for these activities directly under the Rural Development Programme), but also through other operational programmes. Integrated community-led local development strategies implemented by the LAGs may, amongst other things, also help to solve the problems faced by the inhabitants of areas that are at the risk of social exclusion, but primarily, as the name suggests, primary focus should be placed on development strategies.

Integrated CLLD instruments will be used in rural areas, i.e. in LAG territories consisting of municipalities with less than 25,000 inhabitants, where the maximum area covered by the LAG's activities cannot exceed 100,000 inhabitants and cannot be less than 10,000 inhabitants. The aim is to strengthen the territorial cohesion of rural areas and to ensure the long-term sustainable development of the area through providing a solution for the relations between stable peripheral municipalities and rural development centres.

The MoRD, working in close cooperation with the MAG, will hold the key managing and coordinating role in the administrative process.

Based on the experience acquired during the 2007-2013 programming period, the optimal role for the LAGs and, as applicable, for the National Network of LAGs will be sought in relation to establishing a network of national and international cooperation using the LEADER approach.

On the basis of criteria taking into account **the quality of the organisational and management processes of the LAGs**, the MAG will select a specific group of LAGs that meet the basic eligibility criteria for further action and for preparing community-led integrated local development strategies. The LAGs will prepare integrated strategies with a broader scope and will be able to implement them using other means in addition to the European funds. These strategies will be reviewed and assessed by the Ministry of Regional Development using the same process applied to other integrated instrument strategies.

The Czech Republic does not intend to designate a lead fund and will not take advantage of the option allowed by the provisions of Article 28.4 of the CPR. The current discussions show that, in addition to a number of unclear details with regard to these new implementation parameters, the anticipated negative effects associated with a lead fund would outweigh the positive aspects.

Taking into account the above-specified measures for the high-quality definition for the functioning of the LEADER method system even during the current programming period, the Czech Republic is not considering the possibility to support the creation and development of integrated strategies by any new LAGs.

### 3.1.2 Integrated territorial investments (ITI)

#### Integrated territorial investments

According to Article 99 of the CPR and based on the priorities of the Regional Development Strategy of the Czech Republic for 2014-2020, within the conditions that exist in the Czech Republic the implementation of an Integrated Regional Investment represents the implementation of an integrated strategy for developing a metropolitan area, which includes key investments addressing the problems of the territory from the perspective of more than one priority axis from one or more CSF programmes. An integrated strategy of this type, within its analysis and the subsequent definition and structuring of its priorities, concentrates on the key thematic scopes for developing metropolitan areas in accordance with the objectives and priorities of the EU. The most significant themes linking the Czech Republic's core cities and, at the same time, its most important centres with the environments within which they function include primarily transport, the labour market and social services, education, research capacity networking, the application of research results in practice, innovation and entrepreneurship, and the environment. The ITIs will be focused mainly on the implementation of larger, more capital-intensive projects that have a significant impact on the area in question. Smaller projects that complement the larger projects will also be supported. The implementation mechanism will also be adapted to match this design.

The financial volume aimed at implementing the ITIs will fulfil the condition requiring the allocation of at least 5% of the funding from the ERDF to be used for integrated actions associated with sustainable urban development.

#### Integrated Area Development Plans

In addition to the ITIs, the Czech Republic will also implement Integrated Area Development Plans (IADPs). The IADPs are integrated strategic documents that analyse a specific defined territory and describe its specific problems and needs, the objectives and priorities resulting from these problems and needs, and the appropriate interrelated investment projects which will achieve the proposed objectives. Each IADP document is strongly focused on achieving specific results. The funding for the IADP is based on funding from EU sources; however it is desirable to provide additional complementary funding from other sources for the implementation of the strategy. The IADP also makes it possible to include other financial and credit instruments.

The IADPs are systemically linked to the Integrated Urban Development Plans implemented during the 2007-2013 programming period. The Integrated Area Development Plans are, however, adapted for use in a wider area (a city and its environs) and are supplemented with a more effective implementation method. It is assumed that IADPs will smoothly link to the ITI in terms of covering other areas that do not meet the conditions set out in Section 3.1.3.

*The structure and form of the integrated approaches is the subject of discussion by the platforms established for this purpose. The final developments will be included in the final version of the Partnership Agreement.*

### **3.1.3 Sustainable urban development, including the principles for identifying the urban areas where integrated actions are to be implemented (Articles 7 and 8 of the ERDF Regulation and Article 12 of the ESF regulation)**

The implementation of sustainable urban development is based on the provisions of the Regional Development Strategy of the Czech Republic for 2014-2020.

The Czech Republic agrees to meet the requirement for allocating at least 5% of the funding from the ERDF for sustainable urban development. Fulfilment of the requirement for the allocation of 5% of the funding from the ERDF will be achieved through a combination of interventions under the OP Prague – The Growth Pole, which in and of itself meets the definition for a possible contribution toward meeting the requirement, and through ITI activities in the metropolitan areas in the Czech Republic. The metropolitan areas listed below contribute more than 55% of the country's GDP, they contain more than 45% of the population, and they are of key importance for the Czech Republic in terms of economic growth and international competitiveness.

The number of ITIs in the Czech Republic is defined by the number of metropolitan areas identified in the Regional Development Strategy of the Czech Republic for 2014-2020. There are six areas involved, specifically Prague, Brno, Ostrava, Pilsen, the Pardubice-Hradec-Králové agglomeration, and the Ústí nad Labem-Chomutov agglomeration. Each of these metropolitan areas may submit one integrated strategy for approval and implementation.

A metropolitan area is defined as a territory with a concentration of more than 300,000 inhabitants. Their cores consist of the Czech Republic's largest cities (Prague, Brno, Ostrava, and Pilsen). The highest order of functions (administration; the financial sector; science and research; universities; and management structures) are concentrated in these areas. An important trend in the development of their spatial structure consists of intensive suburbanisation, but with a number of negative consequences, which affect their overall development. The importance of the Prague metropolitan area affects a substantial part of the country. The effects of the Brno, Ostrava and Pilsen metropolitan areas are limited to those parts of the country in which they are located. Two agglomerations, specifically Pardubice-Hradec-Králové and Ústí nad Labem-Chomutov, are included as they contribute to the common set of problems.

The Ústí nad Labem-Chomutov agglomeration is thematically linked primarily to problems stemming from coal mining, power generation, chemical production, and a severely damaged environment requiring the reclamation of large areas of land. It is an area that has undergone complex structural changes since 1989 and these are reflected in a high unemployment rate as well as increased problems associated with social exclusion. In spite of these facts and although there has been a significant decline in this agglomeration's economic structure, it is still an economically very important area in the Czech Republic.

In the case of the Pardubice-Hradec-Králové agglomeration, this is a territory with two dominant core cities, both of which are significantly involved in chemical production and their activities have been impaired as a result of a large part of their production base. The positioning of this territory from the perspective of transport plays a key role.

### **3.1.4 The main priority areas for cooperation, under the funds, taking account, where appropriate, of macro-regional and other strategies**

#### *Progress with the preparations for European Territorial Cooperation and a time schedule*

##### **1. Cross-border cooperation**

###### **Czech Republic – Poland**

The preparations for this programme have been underway since approximately mid-2012.

###### **Current status:**

- A consensus has been reached with regard to the territory to be covered by the programme both on the Czech side (valid as stated in the materials submitted for the Government Resolution No. 867/2012 and coinciding with the definition for the currently ongoing programme) as well as on the Polish side (also the same as in the current programming period).
- A detailed analysis of the implementation of the current programme has been performed from the perspective of contents and is one of the inputs to the discussion regarding the contextual focus for the new programme.
- Both a socio-economic analysis as well as a SWOT analysis are currently being performed (the first proposal was discussed on 26 March 2013).
- A discussion regarding the contextual focus of the programme has not yet been discussed; it will take place on the basis of the results from the socio-economic analysis and the SWOT analysis.
- As far as the implementation structure is concerned, an agreement has been reached on the performance of the functions of the managing authority (the MoRD) and the national authority (the Polish Ministry of Regional Development).

**The steps planned to mid-2013:**

- The socio-economic analysis and the SWOT analysis will be completed and discussions will be launched regarding the contextual focus of the new programme.
- Discussions will be launched with regard to the implementation structure (the managing authority does not expect any major changes in relation to the current settings, which have been proven to be functional).
- The contractors who will prepare the ex ante evaluation and the SEA will be selected.

**Slovak Republic – Czech Republic**

The preparations for this programme have been underway since the second half of 2012.

**Current status:**

- A consensus exists with regard to the territory to be covered by the programme both on the Czech side (valid as stated in the materials submitted for the Government Resolution No. 867/2012 and coinciding with the definition for the currently ongoing programme) as well as on the Slovak side (also the same as the definition of the territory for the current programming period).
- Both a socio-economic analysis as well as a SWOT analysis are currently underway and their final versions are scheduled for discussion in May 2013.
- A discussion was held with the affected regions in the Czech Republic and in Slovakia with regard to the contextual priorities. On the basis of the results from these discussions, an agreement is being prepared with regard to thematic objectives 1, 6, 7, and 10.
- The contractors who will prepare the ex ante evaluation and the SEA have not yet been selected.
- As far as the implementation structure is concerned, an agreement has been reached on the performance of the functions of the managing authority (the Ministry of Agriculture and Rural Development of the Slovak Republic) and the national authority (the MoRD).

**The steps planned to mid-2013:**

- The contextual focus of the programme will be prepared in more detail based on the results of the aforementioned discussion and the results from the socio-economic analysis.
- A discussion will be held regarding the implementation structure.

**Austria – Czech Republic**

The preparations for this programme have been underway since the start of 2012.

**Current status:**

- A consensus has been reached with regard to the territory to be covered by the programme both on the Czech side (valid as stated in the materials submitted for the Government Resolution No. 867/2012 and coinciding with the definition for the currently ongoing programme) as well as on the Austrian side (also the same as in the current programming period).
- The finalisation of the socio-economic analysis and the SWOT analysis are currently underway.
- Discussions have been held with regard to the contextual focus both with the Czech regions as well as with the Austrian states. Thus far four thematic objectives (1, 6, 10, and 11) have been selected and the first version of the operational programme has been prepared.
- Discussions have been launched regarding this implementation structure. Thus far there has been an agreement to maintain the status quo, where the position of the managing authority will be held by the Office of the Government of Lower Austria and the national authority will be the MoRD. The planned



changes will primarily concern the project assessment phase, for which the role of the Joint Technical Secretariat (JTS).

- The contract for performing the ex ante evaluation and the SEA has been selected. The first comments from the ex ante evaluation have already been submitted.

**The steps planned to mid-2013:**

- The discussions on the contextual focus of the new programme will continue and the operational programme will be further elaborated to include the indicators and performance framework.
- The first comprehensive output from the ex ante evaluation will be completed.
- Discussions regarding the implementation structure will continue (regarding the project assessment phase).

**State of Bavaria – Czech Republic**

The preparations for this programme have been underway since the start of 2013.

**Current status:**

- A consensus has been reached with regard to the territory to be covered by the programme both on the Czech side (valid as stated in the materials submitted for the Government Resolution No. 867/2012 and coinciding with the definition for the currently ongoing programme) as well as on the Bavarian side (also the same as in the current programming period).
- A socio-economic analysis and a SWOT analysis are currently underway.
- The preliminary identification of the preferences of the involved stakeholders (the regions in the case of the Czech Republic and the ministries in Bavaria) with regard to the thematic focus of the programme has been completed. The Czech regions have tentatively agreed on the thematic objectives 1, 6, 7, 10, and 11.
- An agreement has been reached with regard to the performance of functions, where the Bavarian State Ministry for Economic Affairs, Infrastructure, Transport, and Technology will act as the managing authority and the MoRD will act as the national authority. The first discussions regarding the implementation structure have also taken place with the managing authority for the implementation structure and it is expected that the current system will be maintained as much as possible. The discussions that took place addressed only the issue of the assessment of projects in relation to strengthening the role of the Joint Technical Secretariat.

**The steps planned to mid-2013:**

- The socio-economic analysis will be completed.
- Discussions will be held with regard to the thematic focus of the programme on the basis of the results from the socio-economic analysis; the preferences of the Czech and the Bavarian sides will be presented; workshops will be held with the other players; and a questionnaire survey will be completed within a wider group of partners.
- A more detailed discussion will be held regarding the implementation structure.
- The contractor who will prepare the ex ante evaluation and the SEA will be selected.

**State of Saxony – Czech Republic**

The preparations for this programme have been underway since approximately mid-2012.

**Current status:**

- An agreement exists with regard to the territory that will be covered on the Czech side (valid as stated in the materials submitted for the Government Resolution No. 867/2012 and coinciding with the definition for the currently ongoing programme). Discussions are underway in Saxony with regard to the territory that will be covered by the programme and the Saxon managing authority is planning changes (specifically, the scope will be narrower).
- A socio-economic analysis and a SWOT analysis are currently underway.
- A discussion was held with the affected regions in the Czech Republic and with the Saxon ministries with regard to the contextual priorities. On the basis of the results from these discussions, an agreement is being prepared with regard to thematic objectives 5, 6, and 10.
- The contractors who will prepare the ex ante evaluation and the SEA were selected at the start of March.
- As far as the implementation structure is concerned, an agreement has been reached on the performance of the functions of the managing authority (the Saxon State Ministry of the Environment and Agriculture) and the national authority (the MoRD).

**The steps planned to mid-2013:**

- The socio-economic analysis and the SWOT analysis will be completed.
- Discussions will be held regarding the contextual focus of the programme.

## 2. Transnational and interregional cooperation

### OP Transnational Cooperation Central Europe

#### Current status:

- Discussions are underway regarding the territory that will be covered by the programme, specifically with regard to the inclusion of some regions in Croatia. The issue of whether Ukraine will be included or not has not yet been resolved (the western Ukrainian regions are included in the territory covered by the current programme).
- An analysis of the needs and potential of the programme territory was completed during the second half of 2012.
- Discussions are underway regarding the contextual focus. Four basic thematic objectives and two supplementary horizontal objectives have been tentatively identified, specifically thematic objectives 1, 4, 6, and 7 and horizontal objective 8 and 10.
- It has been agreed that the managing authority for the current programme – Vienna City Hall – will be maintained.
- The contractors who will prepare the ex ante evaluation and the SEA have been selected.

#### The steps planned to mid-2013:

- Consultations will be held with the public regarding the thematic focus of the new programme.
- Work is continuing on the programming document – the framework analysis, the strategic section, the intervention logic, and the financial framework.

### OP Transnational Cooperation Danube

**This is an entirely new programme. The European Commission did not propose this new operational programme until the end of 2012 and for this reason information regarding this programme was not included in Government Resolution 867/2012.**

#### Current status:

- A consensus has been reached with regard to the territory to be covered by the programme. It corresponds to the territory defined for the macro-regional strategy for the Danube River basin. A final decision has to be made with regard to the status of the countries that will participate in the programme but which are not EU members states (Ukraine, Moldova, Montenegro, Serbia, and Bosnia and Herzegovina).
- An analysis of the needs of the territory will not be prepared as the results from the analysis prepared for the macro-regional strategy for the Danube River basin will be used.
- The selection of the contractor who will prepare the operational programme, the ex ante evaluation, and the SEA is underway.
- Discussions regarding the managing authority for the programme are underway, however, an agreement has not yet been reached.

#### The steps planned to mid-2013:

- Discussions will be held regarding the contextual focus of the programme.
- Discussions will continue with respect to programme implementation; a decision will be made regarding who will be entrusted with the position of managing authority and the model that will be selected (one option that is being considered is the creation of European Grouping of Territorial Cooperation).
- A decision will be made regarding the selection of the contractor who will prepare the operational programme, the ex ante evaluation, and the SEA.

### OP Interregional Cooperation (INTERREG C)

The preparations for this programme have been underway since June 2012.

#### Current status:

- An agreement has been reached with regard to the territory to be covered by the programme and it has been expanded to include Croatia on the basis of this country's accession to the European Union and thus consists of twenty-eight EU member states, Norway, and Switzerland.

- The mid-term evaluation of the existing programme includes recommendations for the new programme with regard to both focus as well as implementation.
- Discussions are underway regarding the contextual focus of the programme, the differences between the member states, and whether to select all of the thematic objectives or only some of them. Thematic objectives 1, 3, 4, and 6 have the most support.
- The contractor for preparing the ex ante evaluation has been selected (in February 2013). In the EC's opinion, an SEA is not required for this programme.
- Discussions are underway regarding the implementation structure. The intent is to maintain the continuity of the existing implementation structure to the maximum extent possible. For this reason it has been agreed that the managing authority for the current programme, i.e. the Nord pas-de-Calais region, will continue in this role. At this time the only issue that remains open is whether four contact points will be retained in the future (Katowice, Valencia, Rostock, and Lille).

**The steps planned to mid-2013:**

- The discussions regarding the contextual focus will be completed.
- Discussion will be held regarding an agreement between the member states about the implementation of the programme.

**OP ESPON**

**Current status:**

- An agreement has been reached regarding the territory to be covered by the programme. The only change is associated with Croatia's accession to the Union (the EU member states plus its partner states of Switzerland, Liechtenstein, Norway, and Iceland).
- The programme is currently being evaluated by the European Commission. The results from this evaluation will be used as input for the preparation of the new programme.
- Discussions are underway regarding the contextual focus. At this point, the proposed topic is "European Territorial Evidence and Political Support" and it is separated into four areas of intervention as follows: 1. Territorial research; 2. Gateway and transfer skills(targeted analyses); 3. Observation functions; and 4. Providing information to users.
- Discussions are underway regarding the implementation structure. Thus far, the states have agreed only on the managing authority, which remains the Ministry of Sustainable Development and Infrastructure of Luxembourg. The organisation of the programme is being discussed. One of the options being considered is the implementation of the programme through a European Grouping for Territorial Cooperation, whose members would consist of a limited number of member states.

**The steps planned to mid-2013:**

- The more detailed proposals for the future functioning of the programme and the first draft of the operational programme will be discussed.

**OP INTERACT**

**Current status:**

- Discussions are underway regarding the territory that will be covered by the programme. There will a change due to Croatia's accession to the Union and the inclusion of Germany, which did not participate during the 2007-2013 programming period (the EU member states,Switzerland, and Norway).
- Discussions are underway regarding the contextual focus. The following three priority areas have been proposed: 1. Joint management and control of professional skills (services for programmes); 2. Support for innovative approaches for cooperation (pertains primarily to macro-regional strategies); and 3. Support for thematic links and professional skills.
- Discussions are underway regarding the implementation structure. Three possible options are being considered as follows: 1. Strengthen the role of the contact points established by the steering committee (representatives of the Managing Authority and the contact points); 2. Strengthen the role of the secretariat (centralisation of the programme); and 3. Maintain the current system.
- The selection of the contractor for preparing the ex ante evaluation is underway.

**The steps planned to mid-2013:**

- A decision will be made as to who will hold the position of managing authority.
- Discussions will be held regarding the contextual focus of the programme with the representatives from the interregional cooperation programme in order to avoid duplication.
- A discussion will be held regarding the implementation structure.

## *Taking macro-regional strategies into account*

As far as the Czech Republic is concerned, its involvement in the European Union Strategy for the Danube Region (the Danube Strategy) is of partial relevance. The Czech Republic reflects the requirements specified by the EC in its Position Paper. However, it is also based on the approach taken thus far for fulfilling the Danube Strategy on the basis of the “3 NOs” principle. It will be necessary to perform a detailed analysis of the programme and to identify the priorities associated with the implementation of the Danube Strategy in the Czech Republic.

The implementation of the Danube Strategy was launched in June 2011, when it was approved by the European Council. The key documents for its implementation are the Communication from the Commission and particularly the Action Plan. The latter is an extensive document that thematically defines the areas in which the strategy should be implemented. The Strategic Action Plan for the Danube River Basin consists of the following pillars and priority areas:

### Pillar A) Connecting the Danube Region

1. To improve mobility and multimodality
  - (a) Inland waterway transport
  - (b) Rail, road, and air transport
2. **To encourage more sustainable energy (coordinated by the Czech republic and Hungary)**
3. To promote culture and tourism, and people-to-people contacts

### Pillar B) Protecting the environment in the Danube Region

4. To restore and maintaining the quality of waters
5. To manage environmental risks
6. To preserve biodiversity, landscapes, and the quality of air and soil

### Pillar C) Building Prosperity in the Danube Region

7. To develop the Knowledge Society through research, education and information technologies
8. To support the competitiveness of enterprises, including cluster development
9. To invest in people and skills

### Pillar D) Strengthening the Danube Region

10. To step up institutional capacity and cooperation
11. To work together to promote security and tackle organised crime and serious crime

The objectives of the Danube Strategy are fully in line with the objectives defined in the Europe 2020 Strategy. There are natural overlaps, when the priorities that the Czech Republic has selected for receiving support from the CSF funds during the 2014-2020 period also contribute towards the objectives of the Europe 2020 Strategy. It can thus be logically concluded that the identified priorities will also make a contribution towards the objectives of the Danube Strategy. The focus of the priority areas of the Danube Strategy also generally corresponds to the national development priorities that the Czech Republic has identified as suitable for funding from the CSF funds during the 2014-2020 period.

Each priority area of the Strategic Action Plan is coordinated by two states. The Czech Republic is one of the two countries responsible for coordinating Priority Area 2: To encourage more sustainable energy, and, at the same time, is actively involved in the implementation of other priority areas. The Czech Republic's representatives participate in the meetings of the steering groups for all of the priority areas.

At the national level, the Czech Republic's participation in the Danube Strategy is coordinated by the Office of the Government of the Czech Republic. In order to ensure horizontal coordination, Ministerial Coordination Group of the Office of the Government for Macro-regional Strategy was established. It meets at least once every three months; however, meetings usually take place on a more frequent basis. This group discusses all of the issues related to the implementation of this strategy in the Czech Republic. The outputs from the meetings, such as the list of Danube Strategy projects that are of potential relevance for the Czech Republic, are also discussed by the Committee for the European Union at the working Level. The Committee for the European Union at the working level is the Czech Republic's main body for coordinating EU policies in the country.

### **3.1.5 Integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion**

The Regional Development Strategy of the Czech Republic defines state-supported regions, which are proposed in accordance with Section 4 (2) of the Act on Support for Regional Development support, specifically in the following categories:

- Economically troubled regions: Within a national comparison these regions report substantially lower values for selected economic and social indicators (higher in the case of unemployment) than the average level in the Czech Republic. They are characterised primarily by an above-average unemployment rate, a low standard of living, a low level economic performance, low average income, and unfavourable demographic development.

and in the category of Other Regions:

- Socially disadvantaged areas: These areas include municipalities with extended powers that report long-term unemployment and the occurrence of socially excluded localities and localities at risk of social exclusion.
- Military districts (both those that currently exist as well as those that were abolished after 1989).

The preparation of a strategy for solving problems in these areas will be based on documents prepared by the MoRD, which describe the specific requirements for the strategy owner and the aspects of the strategy. The preparation and implementation of the each regional strategy will be managed by the relevant partner (strategy owner), who has the full responsibility for its implementation. The quality of the strategy will be assessed by a selection committee chaired by the MoRD. In addition to the MoRD representatives, the selection committee will also include representatives of the managing authorities for the programmes that may be able to contribute funding from the CSF funds to help resolve the issues as well as representatives of other partners from a specific region. The selection committee will also include representatives from local and regional government.

After the strategy is approved, the next phase will consist of discussions with potential providers of funding from the CSF funds regarding the programme frameworks. The output will consist of a written agreement for providing support to implement the relevant segment of the strategy. This agreement will define the conditions under which the funds will be provided, how much funding will be provided, how regularly it will be provided, and in what form it will be provided. The strategy owner must undertake to meet the targets for the indicators, and to perform monitoring, reporting, and evaluation activities in relation to realising the objectives of the strategy and other specified obligations.

Information on the specific CSF funds and the roles they will play in terms of a particular area of intervention and specific area may be defined only on the basis of detailed knowledge regarding the relevant parts of the programme.

*The tables that will summarise the role and contribution of the CSF funds for implementing the strategy will also be completed only on the basis of detailed knowledge regarding the relevant parts of the programme.*

### **3.1.6 Integrated approach, to address demographic challenges of regions or specific needs of geographical areas which suffer by severe and permanent natural or demographic handicaps**

This section is not relevant for the Czech Republic as it does not have any regions to which the parameters defined in Article 174 of the Treaty apply.

As only some of the member states have such regions, this section is not relevant in all cases.

*This will be included in the final version of the Partnership Agreement.*

## **4 Arrangements to ensure efficient implementation of the Partnership Agreement and programmes – Article 14 (2)(B) CPR**

### **4.1 Electronic data exchange**

One of the principles behind preparing a single methodological environment includes the computerisation of the administrative processes. In relation to the requirements for simplifying and reducing the administrative burden, the MoRD-NCA will ensure the maximum possible level of electronic data exchange between the different parties involved in the management and administration of the programmes. This will have a positive impact primarily at the level of the applicants and beneficiaries and at the level of managing authorities.

The current electronic data exchange system that is in place already includes some elements of e-CohesionPolicy and therefore there is already some level of experience with applying this policy and it can be further developed. The electronic services that are already currently available cover some key areas. For example, within the framework of the communications between the applicants/beneficiaries and the MA it is possible to submit project applications electronically, however, this usually does not include a valid electronic signature (the applicant/beneficiary must also submit the project application in hardcopy format). Within the context of project implementation, it is possible to electronically register project progress reports (monitoring reports), but this option is not fully utilised by the MA. It is also possible to submit requests for payment electronically (but at the same time the request for payment and the required attachments must also be submitted in paper form). There are, however, many other areas that are not fully covered by electronic data exchange and their computerisation is planned for the 2014-2020 programming period. An additional bottleneck that makes implementation somewhat more difficult consists of the fragmentation and duplication of stored electronic data. It is usually not possible to work with one specific set of data throughout the implementation process, including during control activities.

#### **Planned actions for the 2014-2020 period**

- Full electronic data exchange between the applicant/beneficiary and the MA, including the use of electronic signatures
- Strengthening the electronic exchange of data between other entities involved in the implementation structure
- Digitalisation of documents and their storage (e\_storage)
- Strengthening the principle of “only once encoding” (acquiring data only one time)
- Strengthening the E\_AuditTrail (a form of electronic audit trail that can be used to verify legality and correctness)

These principles and measures will be reflected in the methodological documents governing the implementation of the operational programmes and will be gradually incorporated into the applicable software applications during 2014.

*To be added in the final version of the Partnership Agreement.*

## 5 ANNEXES

### 5.1 Description of the links between problem areas to the Europe 2020 Strategy and to the National Reform Programme

#### 5.1.1 Competitiveness of the economy

##### 5.1.1.1 Labour market

###### Europe 2020 Strategy

The Partnership Agreement and the operational programmes addressing interventions in the labour market, balancing work and family life, lifelong learning, and other interventions will contribute towards realising the objectives defined in the Europe 2020 Strategy. The interventions will help to achieve targets particularly in the non-legislative area. Specifically, this involves the introduction of more effective mechanisms for the labour markets and their institutions; tools promoting the more active participation of women and older workers and the better integration of migrant workers and the improved participation and the roles played by individuals; tools for reconciling work and family life; the introduction of a system for recognising the skills required for participating in continuing and lifelong education and the labour market; etc. The tools that will help to resolve the relevant interventions will have been defined also taking into account the long-term sustainability of jobs and a flexible offer of job vacancies.

Consequently, there should be an increase in the employment rate, not only generally for the monitored 20-64 age group, but primarily there should be an increase in the involvement and retention of jobs by vulnerable groups in the labour market, in particular, the involvement of young people and graduates, older persons, persons with disabilities, people who are at risk in terms of structural changes, people in less economically developed regions in relation to the limited employment opportunities and lack of mobility, and other vulnerable groups.

###### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the objectives defined in the NRP especially with regard to the revision of the methodology for active employment policy (support for job seekers, employment arranged according to the needs of the labour market, and the interconnection of information systems); the creation of individual methodologies and comprehensive consultancy provided to clients by the employment offices; the introduction of an effective human resources management system to be used by the employment offices; the introduction of a counselling and job vacancy monitoring system; the introduction of tools for supporting the qualifications and competencies of employers and employees and strengthening the sustainability of jobs through the creation of a comprehensive education system; the introduction of a system for retraining and counselling services provided to job applicants and job seekers; the establishment of company day-care centres and higher capacity childcare facilities; the introduction a system for forecasting the future skill requirements in the labour market; the introduction of further training through internships in companies; and other tools, such as for example, the creation of an open database of information on labour market needs.

This will result in the achievement of the objectives both for the employment and improving the labour market qualifications of the 20-64 age group years, as well as for increasing the participation of people at risk of exclusion from the labour market. These objectives will be achieved through systemic and proactive tools.

##### 5.1.1.2 Education

###### Europe 2020 Strategy

In the Czech Republic the contribution towards meeting the Europe 2020 objectives (in the measurable form specified above) will be through targeted adjustments, modernisation and developments at all levels of education (e.g. improving the programmes for mobility and for universities and scientists; improving curricula and qualification frameworks; more effective management; and economical but efficient financing). The objectives will also be achieved through launching a framework policy aimed at reducing the unemployment rate for youth, including vocational training, internships, and other forms of professional practice. The targets can also be achieved through the use of flexible tools to facilitate better links between educational institutions and labour market needs with the active participation of the business sector (not only with regard to setting mechanisms for

balancing supply and demand, but also in relation to monitoring trends and foreseeing potential structural problems).

Educational policy (which has close ties to the labour market and research and development) is and will continue to be influenced by external factors (demographic developments, the economic cycle, unemployment, etc.), for which it is necessary to define specific tools within a territory according to individual needs, trends and specific situations in order to ensure that the interventions are as effective as possible.

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the objectives defined in the NRP primarily with regard to creating a teaching career system; the gradual unification of the systems used for evaluating the results of pupils from primary and secondary schools; increasing interest in technically oriented fields of higher education, employee training and requalification; thus improving the sustainability of jobs and the development of a system for assessing and forecasting the development of qualification requirements in the labour market.

### **5.1.1.3 Research and innovation system**

#### Europe 2020 Strategy

The Partnership Agreement and the programmes will contribute towards realising the Europe 2020 objectives with a direct link to the measurable target share of research and development expenditure. It is of key importance to achieve the objectives through completing and supplementing strategically important infrastructure; creating and developing strategic partnerships and collaborative research programmes with leading foreign institutions (including mobility, technicians, and students); participating in and strengthening research teams for research projects, including the acquisition of domestic and foreign researchers and experts from the application sphere specifically in close cooperation with the Horizon 2020 project. Interventions in the field of research, development, and innovation must also be based on the objectives of the business sector, and thus it is crucial to support the collaboration of research organisations, educational institutions (including support for science, maths and engineering graduates) and universities with businesses, through the use of targeted public sector policies (institutional reforms, a legitimate and functional environment for the implementation of research and development, adequate funding, etc.). Interventions that are important for achieving the objectives also include the establishment of strategic management for research organisations; continuous education for employees involved in research, development, and innovation; and the introduction of smart specialisation processes (capacity and effective models and tools).

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the objectives of the NRP particularly through developing the conditions for excellent research. There will be an improvement in the implementation of excellent research, development and innovation in the Czech Republic as well as a strengthening of cooperation between the research and the business sectors. In addition, support will be provided for applied research and experimental development and for the development of innovative enterprises.

### **5.1.1.4 Competitive enterprises**

#### Europe 2020 Strategy

Increasing the competitiveness of enterprises is not in and of itself directly one of the main objectives of the Europe 2020 Strategy, however it is in line with the flagship initiative on Industrial Policy for the Globalisation Era and partially corresponds to other key policies

Strengthening the competitiveness of enterprises should lead to job creation and thus indirectly help to meet the main objective of the Europe 2020 Strategy, specifically achieving a 75% employment rate for the 20-64 age group. The increased competitiveness of enterprises will also contribute towards realising the Europe 2020 Strategy target of 3% of GDP for research and development. There is also a link to the main target for climate and energy, specifically achieving the “20-20-20”, particularly the section addressing improved energy efficiency. The share that SMEs contribute towards GDP formation and added value in the business sector will also be significant. The objectives will be realised through a greater share of exporting SMEs, the successful implementation of companies investing venture capital, an increase in the number of granted patents, trademarks, registered utility models and industrial designs, and the greater commercial exploitation of intellectual property, as measured by revenue from licenses. The innovative potential of enterprises will contribute towards realising



the objectives, particularly in those cases where not only is an innovative activity implemented but if it is also sustainable over the long term and if the active operations of these enterprises (reflected in, for example, stable sales) also include considerable involvement in research and development enterprises (whether measured by GDP or the number of such enterprises), with emphasis placed on strengthening cooperation between universities, research institutions, and businesses. The application of research and development results in the business sector will be of key importance and, at the same time it will help to improve the education system and the application of skills in practice. It is necessary to create conditions for investment in knowledge and infrastructure (including skills), especially in the case of small and medium-sized enterprises. The seemingly necessary conditions, whether in terms of simplifying administrative processes and reducing the burden associated with the establishment of an enterprise or with regard to creating and systematically implementing better conditions, such as for public procurement and the protection of intellectual property rights, will contribute to this type of targeted approach in the business sector and its links to other segments. The objectives can be achieved by using flexible tools to facilitate better links between educational institutions and labour market needs, with the active participation of the business sector (not only with regard to setting the mechanisms for balancing supply and demand, but also in relation to monitoring trends and foreseeing potential structural problems). It is of key importance to provide support to the strong sectors of the national economy and rationally targeting sectors that have potential but are not stable. Both agriculture as well as fisheries, with close ties to rural development and environmental protection, will contribute towards realising the objectives.

#### National Reform Programme 2013

The attainment of the NRP objectives is revised on a regular annual basis. The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly with regard to reducing the administrative burden on businesses and increasing the competitiveness of Czech enterprises, companies, in particular by increasing the effectiveness of support for research, development, and innovation, higher rate of technology transfer, and the promotion of innovative products on foreign markets through exports. In the area of innovations, primarily the seed fund and the VENTURE financial instrument will contribute towards supporting applied research and experimental development to meet industrial needs and towards supporting innovative businesses.

This will result in the achievement of objectives such as increasing the quality of the entrepreneurial environment, and strengthening the cooperation between public research organisations and private businesses.

## **5.1.2 infrastructure**

### ***5.1.2.1 Development of transport infrastructure and improved availability/mobility***

#### Europe 2020 Strategy

The Partnership Agreement and the programmes financed from the CSFFunds will contribute towards meeting those objectives of the Europe 2020 Strategy that are primarily aimed at connecting to the EU's priority TEN-T network, thus coming closer to the single European transport area envisioned in the European Commission's White Paper. However, in order to attain this goal, it is necessary to modernise and complete the transport infrastructure in the Czech Republic in the case of both the main as well as the regional networks. The objectives will be realised through introducing measures to reduce noise and air pollution from transport (freight transport, alternative sources, public transport, etc.), strengthening the capacity of existing transport corridors prior to constructing parallel roads with similar traffic capacity serving the same area, etc.

The objectives will be evaluated from the perspective of their impact on the environment, on public health, and on safety.

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly through the completion and improvement of the road infrastructure, the construction of bypasses, the completion and improvement of the conventional rail network, ensuring the reliability of waterways, the development of multimodal transport terminal networks with public access, the improvement of traffic management, the improvement of emergency management, and a reduction in the accident rate.

This will result in improving the accessibility of the Czech Republic and its regions and a resulting improvement in competitiveness. The impact on public health will be decreased and the volume of greenhouse gas emissions will be reduced. There will be an increase the share of renewable energy sources in the economy and a reduction in primary energy consumption.

### **5.1.2.2 Development of energy infrastructure**

#### Europe 2020 Strategy

The Partnership Agreement the programmes that use CSFFunds will contribute towards realising the objectives of the Europe 2020 Strategy, specifically the 20-20-20 objectives in the energy sector. The reduction in greenhouse gas emissions has long been above the EU average and this trend will continue as a result of programmes implemented using funding from the CSFFunds. The objectives will also be achieved through introducing technology and sources that promote the use of renewable energy sources (thus the Czech Republic will come closer to achieving a greater share of renewable energy resources); modernising the existing power generation facilities; implementing and upgrading measurement and control systems; improving the thermal properties of buildings and other real estate; promoting the effective use of waste energy in industrial processes; modernising and developing transmission and distribution networks; supporting research and development projects focused on the efficient use of energy and extraction of raw materials; and introducing the cogeneration of electricity and heat. The more efficient use of energy will also be achieved in agriculture, in the food processing industry through the use of renewable sources, and also partially in the field of aquaculture.

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly in terms of reducing the consumption of energy and resources, including savings in the supply, transfer, conveyance, and distribution of energy. In the area of network infrastructure, existing lines and substations will be improved and new ones constructed.

This will result in a reduction in primary energy consumption, an increase the share of renewable energy sources in the economy, and a reduction in greenhouse gas emissions. As a result of the strengthening of the transmission system, the safety and reliability of the system operations will be improved.

### **5.1.2.3 Development of ICT infrastructure**

#### Europe 2020 Strategy

The Europe 2020 Strategy does not define any quantifiable objectives for ICT. The objectives are taken from the EU Digital Agenda, which defines “sustainable economic and social benefits from a single digital market based on fast and superfast internet and interoperable applications, with broadband access for all by 2013 and with access to much higher internet speeds (above 30 Mb/s) by 2020, and at least one half of the European households subscribing to internet connections will have speeds above 100 Mb/s.” As far as the Czech Republic is concerned, it is below the defined target level across the EU. The best starting point that the Czech Republic has is for a fast connections of over 10 Mbps. It also has significant reserves in the overall coverage and achieving higher (up to super) speeds of over 30 and 100 Mbps. On average, similar values are reported as the average of all EU member states. Current trends show a slight improvement in increased speed.

In addition to the key objective, the EU has also defined within the EU Digital Agenda additional quantified objectives for 2013, 2015 and 2020. In particular, these include electronic commerce (eCommerce), cross-border electronic commerce, electronic commerce for enterprises, a single telecommunication services market, internet use, the use of e-government, cross-border public services, ICT research and development, and lighting with low power consumption.

The Partnership Agreement and the programmes will contribute towards the achievement of the ICT objectives (particularly in relation to the objectives defined in the EU Digital Agenda within the context of its seven pillars and sub-measures), particularly with regard to the modernisation and expansion of the existing infrastructure for high-speed internet access using optical elements, the establishment of new networks for high-speed access, the creation of a passive infrastructure for high-speed internet access, the creation of new IS/ICT solutions and applications, shared services centres, etc. Emphasis on achieving the objectives will be placed on computer literacy and services that are available online.

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly in relation to strengthening the digital economy (e-commerce, on-line services, cloud computing, RFID technologies, and digital content). The interventions will contribute towards the computerisation of public administration, thereby reducing the administrative burden both within public administration, as well as for citizens and the business sector. The development of high-speed access networks will increase the share that ICT has in the GDP. It is expected that the Czech Internet economy will grow by approximately 12% per year (with a 5.7% share of GDP by 2015). The development of the ICT sector will also

contribute to the creation of business opportunities and facilitate the entry of foreign investors into the country. The use of the system mechanisms (digital literacy and e-skills) will reduce the number of people excluded from the information society. This type of development will be performed taking into account cyber security, copyrights, and other security features.

### **5.1.3 Public administration**

International and national comparisons (such as the Global Competitiveness Index of the World Economic Forum, the World Bank Doing Business Index, the World Competitiveness Yearbook index, NERV, etc.) all indicate that the quality of the institutional environment in the Czech Republic is on the decline, which has a major impact on the competitiveness of the entire Czech Republic and its economy. In particular, this concerns problems associated with the amount of costs, the duration of tasks and processes, environmental quality, and competency models.

#### Europe 2020 strategy

Public administration is not directly linked to any of the quantified targets defined in the Europe 2020 Strategy, but can be found in the horizontal area running across all of the flagship initiatives and integrated main directions, with close links to the deficiencies identified in the Council's specific recommendations and the relevant Position Paper.

The Partnership Agreement and the individual programmes will result in improvements in this area with the aim of achieving the objectives of the EU's basic documents through the adoption of the Act on Civil Servants and its effective implementation, and by means of further legislative reforms that will bring a more favourable overall regulatory and institutional environment. This will also improve the situation at the lower levels, such as reducing the time and cost of administrative procedures for public authorities, ensuring a stable environment for civil servants, increasing the automation of processes and services in the public sector (including ensuring access for persons with special needs), introducing data systems to improve work efficiency and modern management methods, improving the RIA, EIA, and SEA processes, creating a catalogue of public services, and implementing other individual interventions.

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly in the area of e-governance and data sharing in public administration, thereby reducing the administrative burden both within public administration, as well as with regard to individuals and the business sector. The strengthening of the digital economy (electronic commerce, on-line services, and the development of high-speed access networks) will lead to an increase in the share of ICT in the GDP. A contribution will also be made with regard to adjusting the costs associated with state sector employees to correspond to economic growth and productivity, the fight against corruption, and the development of targeted and quality of e-government services and other eServices and systems.

### **5.1.4 Social inclusion, combating poverty and the healthcare system**

#### ***5.1.4.1 Social inclusion and combating poverty***

#### Europe 2020 strategy

The Partnership Agreement and the programmes will contribute towards realising the objectives of the Europe 2020 Strategy with a direct link to the measurable target for the "Population at risk of poverty". Achieving this objective will be fulfilled through active cooperation between the employment offices, service providers (including NGOs), local authorities, employers and other relevant players, including the coordination of active employment policies; the provision of services (including, for example, residential social services); the establishment of additional links between housing services, social work and health care; the development of social services (including outreach and outpatient services, community services, etc.). It is important to target these activities in relation to education and counselling; motivational and incentive programmes; services for families and children; activities contributing to the fight against discrimination; programmes preventing socio-pathological phenomena; crime prevention; and other individual sub-programmes. The objectives will also be achieved through the implementation of business plans; the development of social enterprises; and social innovation. The fulfilment of the objectives is dependent on the Czech Republic's capability to quickly recover from the crisis; the development of the economy; the situation on the labour market; and demographic trends. In response to some troubling aspects related to household indebtedness of low- and middle-income families, the

Czech Republic seeks to implement reforms that will strengthen the position of consumers and the principle of responsible lending.

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly in relation to the employability of socially excluded persons and persons at risk of poverty and social exclusion in the labour market, through implementing an effective, accessible, and sustainable system of social services and services for families with children. In addition, the involvement of socially disadvantaged children in the education system will improve; there will be a reduction in the number of children in institutional care; safety in communities will increase and social tensions will decrease; and affordable rental housing for low-income groups will be more accessible.

As a result, there will be a reduction in the number of people facing the risk of poverty, material deprivation, or living in jobless households. There will be an increase in the employment rate amongst the long-term unemployed and people living in socially excluded localities. In addition, it will allow individuals who are socially excluded or who face the risk of social exclusion to participate in the open market for goods and services and will contribute towards reducing social tensions and preventing their negative impacts.

#### **5.1.4.2 Healthcare system**

As far as health and healthcare are concerned, the Czech Republic at a relatively high level on a global scale. There are, however, some high-risk problems in areas such as average life expectancy at birth (which is lower than the EU average, highly differentiated in the regions, and more than two years lower in structurally affected regions) and the death rate from circulatory system diseases. There are also issues associated with a healthy lifestyle and risk prevention style (e.g. smoking, obesity, and alcohol consumption). The share of total health expenditure in relation to GDP is 1.2 percentage points lower than the average for the EU-27. The number of hospital beds and acute care beds per 100,000 inhabitants is higher than in the EU-27, but the structure does not meet the requirements, particularly in the case of long-term care. There are reserves for increasing efficiency in relation to the reimbursement mechanism for acute care and for restructuring the availability of inpatient hospital beds. The share of investment in certain segments of healthcare is very different when compared to the rest of the EU (e.g. the expenditure for psychiatric care in the EU is, on average, equal to 6% of all health care spending, whilst in the Czech Republic it is only 3.5%). From the long-term perspective, the structure of human resources in healthcare, the number of doctors, and the superior quality of health care operations are all very important.

#### Europe 2020 strategy

Health is not one of the main objectives of the Europe 2020 Strategy that has set measurable goals. The realisation of objectives in the area of health has indirect effects on the objective for “Reducing the number of people living in poverty or at risk of poverty or social exclusion by at least 20 million”.

The realisation of health-related objectives will be achieved through the modernisation and development of the individual healthcare infrastructures, such as specialised, super-specialised, and follow-up care; psychiatric hospitals; acute psychiatric care; and community healthcare facilities, including the modernisation of facilities, instruments and technical equipment and other tasks, such as the restoration of emergency medical service stations. The objectives will also be met through the implementation of healthcare and health promotion services and specific health programmes. An important stimulus consists of innovation in the area of long-term care, interlinking the social and healthcare systems, and promoting an active lifestyle and healthy ageing. The realisation of the objectives will depend on an effective and efficient implementation of healthcare and public health insurance reforms.

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly in relation to the secure exchange of electronic documents between healthcare providers and the reform of psychiatric care to improve the quality of care provided to patients.

This will lead to a reduction in the number of duplicate examinations and tests, and the more efficient and higher quality provision of health care services. It is expected that cost savings will be realised in relation to the payment of disability pensions, and as a result of the increased participation of the mentally ill and family caretakers in the labour market, a reduction in the number of hospital beds, and the strengthening of social cohesion.

## **5.1.5 Environment**

### **5.1.5.1 Environment**

#### Europe 2020 strategy

The Partnership Agreement and the programmes that receive funding from the CSFFunds will contribute towards realising the objectives of the Europe 2020 Strategy, specifically the 20-20-20 targets in the fields of the environment and energy, and public health, with close links to transport projects, including the promotion of alternative sources and mobility. Support for renewable sources in the economy and its individual sectors is of key importance. As a result, some significant problems in different areas of the environment will be eliminated. Some of the affected areas include water management, waste management, biodiversity, ecological burdens, and effective soil protection leading to a reduction in erosion.

In rural areas and in the field of agriculture, the contribution towards realising the objectives defined in the Europe 2020 Strategy will be achieved primarily through the effective management of agricultural and forest land, which will lead to the increased protection of individual elements of the environment and the landscape. This includes the mitigation of the effects of climate change by reducing greenhouse gas emissions from the main agricultural and forestry activities. The links that exist with regard to the main objectives of the Europe 2020 Strategy are particularly obvious in the third RDP objective for “Climate change and energy in relation to reducing greenhouse gas emissions”. The contribution to the Europe 2020 Strategy objectives for fisheries will be achieved by increasing the competitiveness of aquaculture and through environmental protection and efficient use of resources (promoting energy efficiency). A partial contribution will also be made by developing an economy based on knowledge and innovation and by increasing employment in rural areas, which is vulnerable from this perspective.

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly in the area of waste management, specifically by increasing the share of energy recovered from waste (residual municipal waste in particular) and increasing the reuse of waste, thus leading to the effective recovery of old ecological burdens and the efficient prevention of waste generation. The use of alternative fuels, particularly methane and electricity, will help to improve air quality particularly in the terms of high-risk emissions.

This will result in a reduction in the volume of greenhouse gas emissions, an increased share of renewable energy in the economy, and a reduction in primary energy consumption

### **5.1.5.2 Adapting to climate change**

#### Europe 2020 strategy

As is the case with the environment, the Partnership Agreement and the programmes will contribute towards realising the Strategy’s objectives, specifically those associated with the environment and energy, with close links to transport projects including support for alternative sources and mobility. Support for renewable sources in the economy and its individual sectors is of key importance. As a result, some significant problems in different areas of the environment will be eliminated. Some of the affected areas include water management, waste management, biodiversity, ecological burdens, and effective soil protection leading to a reduction in erosion.

As far as a specific focus on climate objectives is concerned, the programmes and the Agreement agreements will support smart and environmentally friendly technologies across all sectors of the economy. Emphasis will be placed on implementing systems for disaster prevention, i.e. severe hydrological and weather phenomena (floods, droughts, strong winds, temperature fluctuations, etc.).

#### National Reform Programme 2013

The Partnership Agreement and the operational programmes will contribute towards realising the NRP objectives particularly in terms of improving the energy performance of buildings, thus leading to energy savings and a reduction in greenhouse gas emissions. In the area of flood prevention, a number of technical and natural flood control measures will be implemented to reduce the risk of flooding.

## 5.2 Intervention logic of the Partnership Agreement in relation to the thematic objectives

This annexe is submitted as a separate document.

## 5.3 List of Key Documents

### European documents:

Recommendation of the Council for the National Reform Programme of the Czech Republic for 2012 and the Council's Statement on the Convergence Programme of the Czech Republic for 2012-2015

Europe 2020 – A Strategy for Inclusive, Smart and Sustainable Growth

Proposal for a Regulation of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) covered by the Common Strategic Framework (CSF) and laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1083/2006

Proposal for a regulation of the European Parliament and of the Council on specific provisions concerning the European Regional Development Fund and the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006

Proposal for a regulation of the European Parliament and of the Council on the European Social Fund and repealing Regulation (EC) No. 1081/2006

Proposal for a regulation of the European Parliament and of the Council on the Cohesion Fund and repealing Regulation (EC) No. 1084/2006

Proposal for a regulation of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)

Proposal for a regulation of the European Parliament and of the Council on the European Maritime and Fisheries Fund repealing Council Regulation (EC) No 1198/2006 and Council Regulation (EC) No 861/2006 and Council Regulation No XXX/2011 on integrated maritime policy

Proposal for a regulation of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC)

Proposed template for the contents of the Partnership Agreement and associated general principles

Working document published by the Commission on Elements of the Common Strategic Framework for 2014-2020 for the European Regional Development Fund, the European Social Funds, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund

Commission's Statement on the Preparation of the Partnership Agreement in the Czech Republic for the 2014-2020 programming period

### National strategic documents:

National Reform Programme of the Czech Republic for 2013

Supporting document for the preparation of the Partnership Agreement for the 2014-2020

Programming Period – Defining the programmes and the next steps in the Czech Republic's preparations for the efficient use of the Common Strategic Framework funds

Regional Development Policy of the Czech Republic for 2008

Comprehensive Proposal for the Focus of the Future Post-2013 EU Cohesion Policy in the Czech Republic, including a Proposal for the Development Priorities for the Use of EU Funds after 2013  
Sustainable Development Strategic Framework of the Czech Republic  
International Competitiveness Strategy of the Czech Republic for 2012-2020  
Regional Development Strategy of the Czech Republic for 2014-2020

## *List of Abbreviations and Acronyms*

AEP	Active Employment Policy
AGC	European Agreement on Main International Railway Lines
Agreement	Partnership Agreement for the 2014-2020 Programming Period
AGTC	European Agreement on Important International Combined Transport Lines and Related Installations
ALF	Agricultural Land Fund
Bc.	Bachelor's Degree
BRIC	Brazil, Russia, India, and China
CAP	Common Agricultural Policy
CEF	Connecting Europe Facility
Central Europe	International Cooperation Programme
CF	Cohesion Fund
CFP	Common Fisheries Policy
CLLD	Community Led Local Development
CSF Funds Council	Council for the Common Strategy Framework funds
CSF	Common Strategic Framework
CSO	Czech Statistical Office
CZ	Czech Republic
EAFRD	European Agricultural Fund for Rural Development
EC	European Commission
EC	European Community
EGNOS	European Geostationary Navigation Overlay Service
EGTC	European Grouping of Territorial Cooperation
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIT	European Institute of Innovation and Technology
EMFF	European Maritime and Fisheries Fund
EP	European Parliament
EQAVET	European Quality Assurance Reference Framework for Vocational Education and Training
ERDF	European Regional Development Fund
ERTMS	European Rail Traffic Management System
ESF	European Social Fund
ESPON	Operational Programme (ESPON Observation Network of Territorial Development and Cohesion)
ETC	European Territorial Cooperation
EU	European Union
EU-15	The fifteen states that were members of the EU prior to its expansion in 2004
EU-27	The twenty-seven member states of the European Union
EUR	Euro
FIFG	Financial Instrument for Fisheries Guidance
FLAG	Fisheries Local Action Group
FP	Funding Priority
GCI	Global Competitiveness Index
GDP	Gross domestic product



GFCF GS	Gross Fixed Capital Formation of the Government Sector
HRDP	Horizontal Rural Development Plan of the Czech Republic for 2004-2006
HU	Hungary
IADP	Integrated Area Development Plan
IAEI	Institute of Agricultural Economics and Information
IB	Intermediate Body
ICS	International Competitiveness Strategy of the Czech Republic
ICT	Information and Communication Technologies
ICT	Information and communication technologies
IMECG	Inter-ministerial Expert Consulting Group
INTERACT	Operational programme under the European Territorial Cooperation Objective
INTERREG IVC	Operational programme for interregional cooperation
IOP	Integrated Operational Programme
IPP	Integrated Plant Protection
IROP	Integrated Regional Operational Programme
IT	Information Technology
ITD	Integrated Territorial Development
ITI	Integrated Territorial Investments
ITS	Intelligent Transportation Systems
JTS	Joint Technical Secretariat
JV	Job Vacancies
LAG	Local Action Group
LDS	Local Development Strategy
LEADER	Programme focused on supporting rural areas
MA	Managing Authority
MA	Master of Arts degree
MAG	Ministry of Agriculture
MCC	Managing and Coordinating Committee for Funding provided During the 2007-2013 Programming Period
MEnv	Ministry of the Environment of the Czech Republic
MEYS	Ministry of Education, Youth and Sports of the Czech Republic
MIT	Ministry of Industry and Trade of the Czech Republic
MLSA	Ministry of Labour and Social Affairs of the Czech Republic
MoRD	Ministry of Regional Development of the Czech Republic
MT	Ministry of Transport of the Czech Republic
NATURA 2000	Network of protected areas, set up by each of the EU member states in accordance with a set of common principles
NAV	Net Added Value
NCA	National Coordination Authority
NCP	National Contact Point
NDP	National Development Priorities
NE	National Economy
NN LAG	National Network of Local Action Groups
NRP	National Reform Programme of the Czech Republic
NSRF	National Strategic Reference Framework
OECD	Organisation for Economic Co-operation and Development

OP E	Operational Programme Environment
OP PGP	OP Prague – The Growth Pole
OP RDE	Operational Programme Research, Development, and Education
OP RDI	Operational Programme Research and Development for Innovation
OP	Operational Programmes
PA	Priority Axis
Partnership Agreement	Partnership Agreement for the 2014-2020 Programming Period
PMA	Process modelling for agendas
PS	Primary School / Education
PSCI	Programme for Social Change and Innovation
R&D	Research and development
RDI	Research, development, and innovation
RDP	Regional Development Policy of the Czech Republic
RDP	Rural Development Programme
RDS	Regional Development Strategy
RES	Renewable energy sources
RESS	Regional Environmental Stability System
ROP	Regional Operational Programme
S3	Strategies for Smart Specialisation
SAPARD	Special Accession Programme for Agriculture and Rural Development
SD	Position Paper (Commission’s Statement on the Preparation of the Partnership Agreement in the Czech Republic for the 2014-2020 Programming Period)
SDSF	Sustainable Development Strategic Framework of the Czech Republic
SEA	Strategic Environmental Assessment (process of assessing the impact of conceptual and planning documentation on the environment)
SFC	Structural Funds Common Database
SME	Small and medium-sized enterprises
TEN-T	Trans-European Transport Network
TFEU	Treaty on the Functioning of the European Union
TO	Thematic objective
TOP	Thematic Operational Programme
TS	Thematic scopes
Uni	University / Tertiary Education
URBACT	Operational programme under the European Territorial Cooperation Objective
WG	Working Group
YEI	Youth Employment Initiative