

MINISTRY OF REGIONAL DEVELOPMENT
National Coordination Authority

Czech Perspective on Future of Cohesion Policy after 2020

25 January 2018

Permanent Representation of the Czech Republic to the EU, Brussels



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H.E. Martin Povejšil



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Focus of the meeting

- Benefits of cohesion policy in the Czech Republic
- Introduction of Starting points for the position of the Czech Republic on the future of cohesion policy post-2020
- Thematic scope of the future cohesion policy
- Simplification

Ms Olga Letáčková



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Who is contributing

Ms Olga Letáčková

- » Deputy Minister for Coordination of EU funds and international relations Section, Ministry of Regional Development

Mr Petr Zahradník

- » Member of ECOSOC, Economist

Mr Petr Pavelek

- » Deputy Minister for Public Budgets, Ministry of Finance of the Czech Republic

Mr David Škorňa

- » Director of Partnership Agreement, Evaluation and Strategies, Ministry for Regional Development of the Czech Republic

Ms Kateřina Neveselá

- » Director of Management and Coordination of EU Funds, Ministry for Regional Development of the Czech Republic

Mr Erich Unterwurzacher

- » Director, Directorate General for Regional and Urban Policy

Benefits of cohesion policy in the Czech Republic

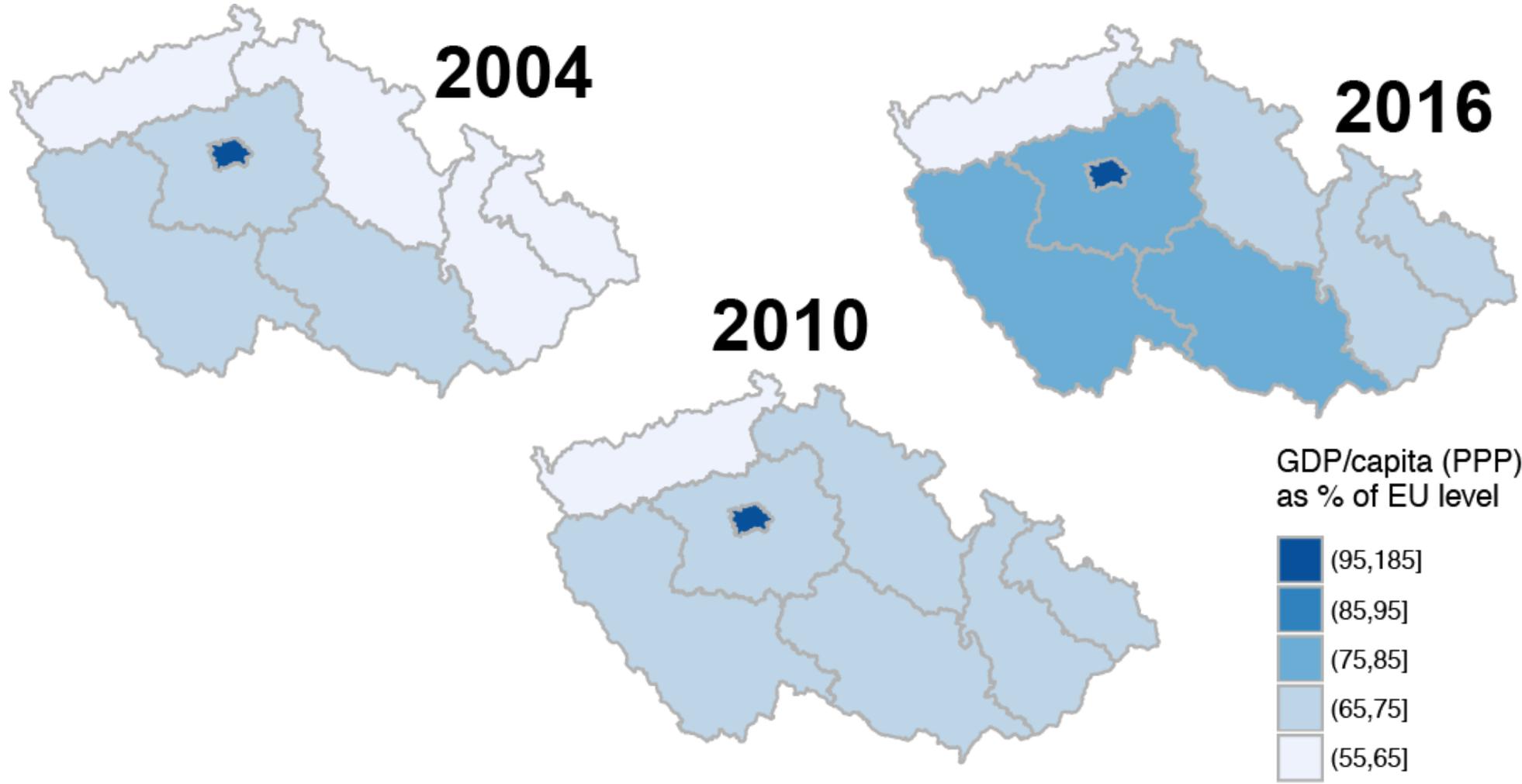


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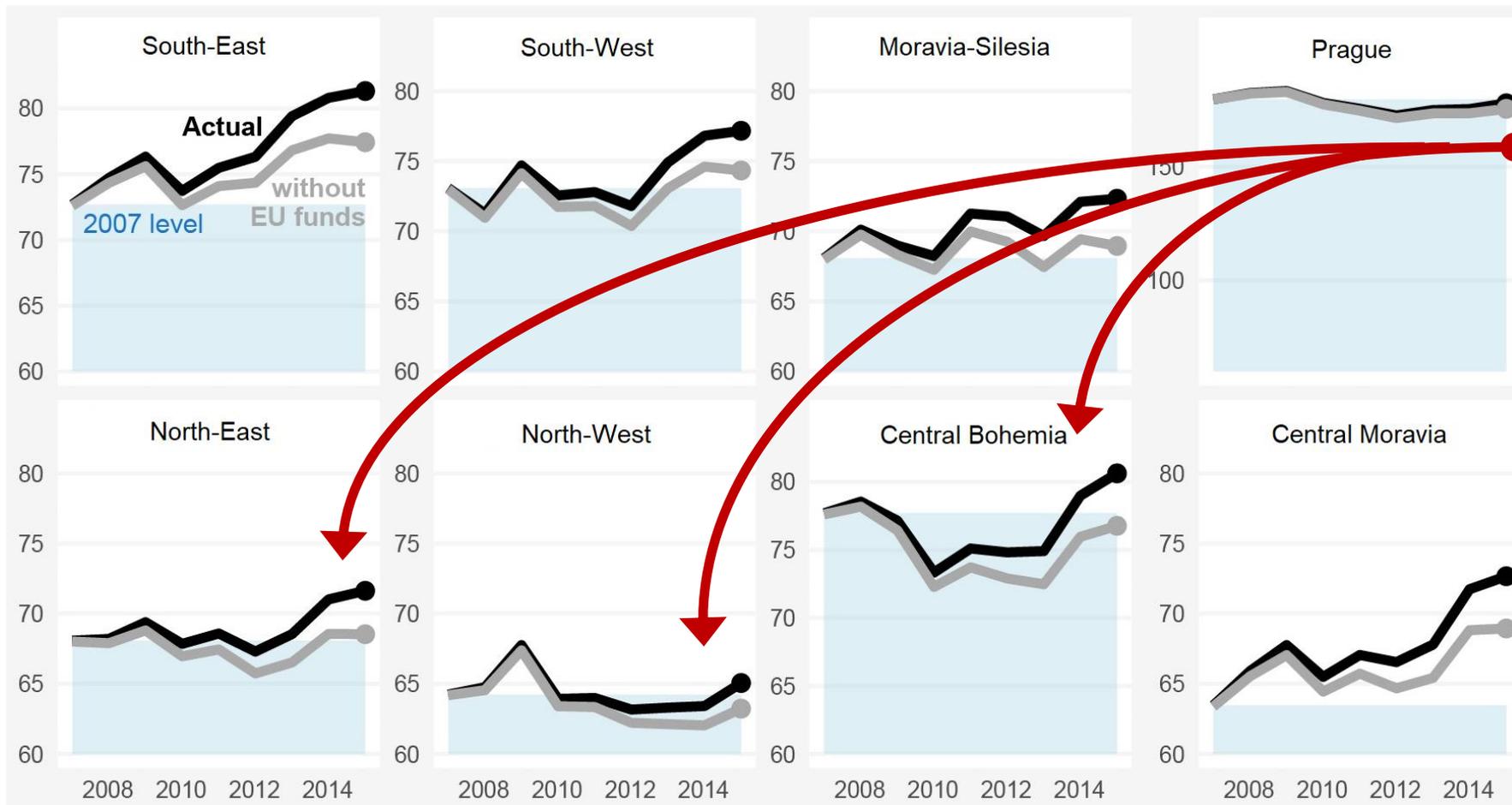
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Czech regions have been catching up to the EU level



Cohesion policy has played a key role in this story

Impact of EU funds on convergence of regions (GDP/person as % of EU avg)



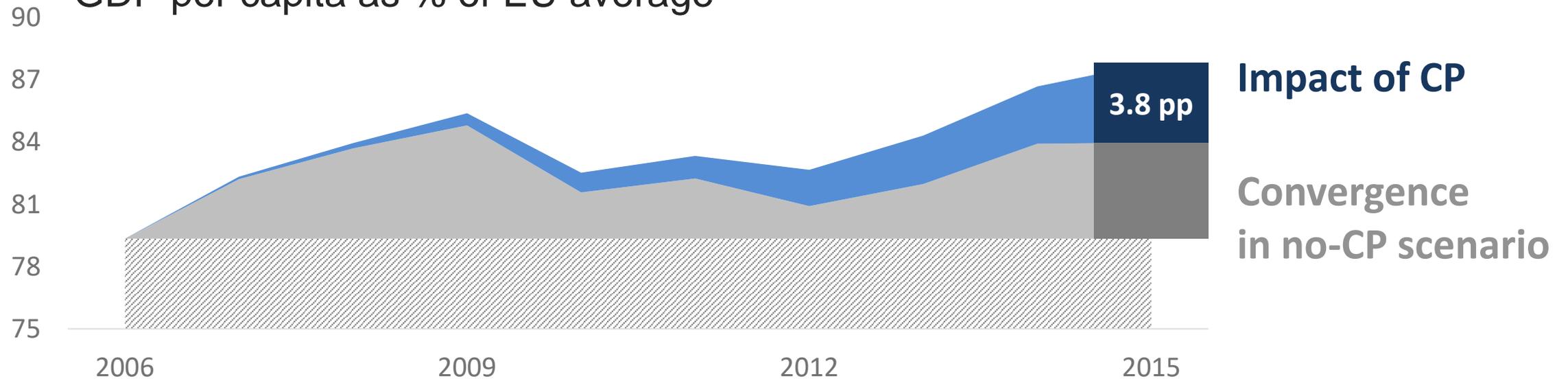
Without cohesion policy, three Czech regions would have seen no or minimal GDP convergence.

EC 2016, RHOMOLO (ex post evaluation of 2007-13), Eurostat

CP is a source of dynamism for the economy as a whole

Contribution of cohesion policy to CZ convergence, 2007–15

GDP per capita as % of EU average



GDP in 2015 was **4% higher**

About **one fifth** of all CZ GDP growth

Almost **half** of all convergence

Real wages were **3% higher**

Productivity was **3% higher**

All figures compare to non-CP scenario in 2015. Calculations based on EC (2016), ex post evaluation 2007-13, QUEST III model (a, c-e) a RHOMOLO (b)



Evropský hospodářský a sociální výbor

EU Cohesion Policy in the Czech Republic: Achievements and Expectations for the Future

Petr Zahradník

Prepared for the Discussion Seminar organised by the Permanent Representation of the Czech Republic to the EU
and the Czech Ministry for Regional Development

Brussels,
January 2018



CZ CONVERGENCE WITHIN THE EU CONTEXT

	Convergence record (2005 – 2016)	GDP/ cap (Ø EU; 2005)	GDP/ cap (Ø EU; 2016)
IRL	+36	147 (ranked 2)	183 (ranked 2)
ROM	+23	35 (ranked 28)	58 (ranked 27)
LIT	+22	53 (ranked 24)	75 (ranked 19)
POL	+18	50 (ranked 25)	68 (ranked 21)
SVK	+17	60 (ranked 21)	77 (ranked 17)
EST	+15	60 (ranked 21)	75 (ranked 19)
LAT	+15	50 (ranked 25)	65 (ranked 24)
MLT	+15	81 (ranked 18)	96 (ranked 13)
BUL	+12	37 (ranked 27)	49 (ranked 28)



CZ CONVERGENCE WITHIN THE EU CONTEXT

	Convergence record (2005 – 2016)	GDP/ cap (Ø EU; 2005)	GDP/ cap (Ø EU; 2016)
LUX	+11	247 (ranked 1)	258 (ranked 1)
CZE	+9	79 (ranked 19)	88 (ranked 15)
GER	+6	117 (ranked 9)	123 (ranked 6)
CRO	+5	55 (ranked 23)	60 (ranked 26)
HUN	+5	62 (ranked 20)	67 (ranked 23)
AUS	+1	127 (ranked 4)	128 (ranked 3)
SWE	0	123 (ranked 6)	123 (ranked 6)
DEN	0	124 (ranked 5)	124 (ranked 5)
BEL	-3	121 (ranked 7)	118 (ranked 8)



CZ CONVERGENCE WITHIN THE EU CONTEXT

	Convergence record (2005 – 2016)	GDP/ cap (2005)	GDP/ cap (2016)
SLO	-4	87 (ranked 16)	83 ranked 16)
POR	-5	82 (ranked 17)	77 (ranked 17)
NET	-7	135 (ranked 3)	128 (ranked 3)
FIN	-7	116 (ranked 10)	109 (ranked 9)
FRA	-7	111 (ranked 11)	104 (ranked 11)
SPA	-8	100 (ranked 14)	92 (ranked 14)
UK	-11	118 (ranked 8)	107 (ranked 10)
ITA	-12	109 (ranked 12)	97 (ranked 12)
GRE	-25	93 (ranked 15)	68 (ranked 21)
CYP	-36	101 (ranked 13)	65 (ranked 24)



CZ CONVERGENCE WITHIN THE REGIONAL CONTEXT

EU = 100	2007	2011	2014	2015	Convergence Record (2007 – 2015) to \emptyset EU
CZE	80	81	84	87	+7
Prague	172	171	173	178	+6
Central Bohemia	75	73	77	81	+6
South-West	71	70	76	77	+6
North-West	62	63	63	64	+2
North-East	66	67	70	71	+5
South-East	72	73	79	81	+9
Central Moravia	62	66	70	74	+12
Moravia-Silesia	68	71	70	72	+4



COMPREHENSIVE ANALYSIS OBSERVATIONS

- **CONTRIBUTION TO GDP GROWTH (REAL CONVERGENCE PERFORMANCE);**
- **CONTRIBUTION TO THE LABOUR MARKET PARAMETERS (THE LOWEST UNEMPLOYMENT RATE IN THE EU AND ONE OF THE HIGHEST WAGE INCREASES);**
- **HIGH IMPORTANCE IN THE PUBLIC SECTOR INVESTMENT;**
- **SHORT-TERM DEMAND STIMULUS (0.8 P.P. TO GDP GROWTH), VERSUS SUBSTANTIAL SUPPLY-SIDE FACTOR (0.4 TO 0.5 P.P. TO GDP GROWTH);**
- **SUBSTANTIAL IMPACT ON THE REGIONAL AND LOCAL DEVELOPMENT INFRASTRUCTURE;**
- **COHESION POLICY HAS BEEN A SUPPLEMENTARY INSTRUMENT (SNOW-BALL EFFECT)**



NEXT PERIOD WILL ACCELERATE FOCUS ON EFFICIENCY AND ADDED-VALUE

- **RESULT AND PERFORMANCE ORIENTED EU BUDGET AND COHESION POLICY**
- **EU ADDED-VALUE;**
- **MORE FLEXIBILITY;**
- **EU BUDGET RESTRUCTURING**
- **FINANCIAL INSTRUMENTS;**
- **INTENSIFIED RELATION WITH THE EU ECONOMIC GOVERNANCE (EU SEMESTER);**
- **STABILISATION FUNCTION AND A FOCUS ON THE EURO-ZONE;**
- **BREXIT IMPACT**



Evropský hospodářský a sociální výbor

Thank you very much for your attention

**Petr Zahradník,
Member; European Economic and Social Committee,
Adviser; Czech Chamber of Commerce's President,
Economic Consultant, Česká spořitelna**

pzahradnik@email.cz

Ms Olga Letáčková



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Introduction of Starting points for the position of the Czech Republic on the future of cohesion policy post-2020



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Starting points for the position of the Czech Republic on the future of cohesion policy post-2020

- Document „Starting points for the position of the Czech Republic on the future of cohesion policy post-2020“
 - » The aim is to **create a unified opinion** of the Czech Republic on the future form of cohesion policy and enable the Czech Republic to **actively engage** in the debate on the future of EU cohesion policy after 2020 as well as to **promote and defend the interests** of the Czech Republic;
 - » It looks in detail at the **key elements** of future cohesion policy;
 - » A brief summarising document was prepared;
 - » It was approved by the government of the Czech Republic in September 2017.

Key elements of cohesion policy

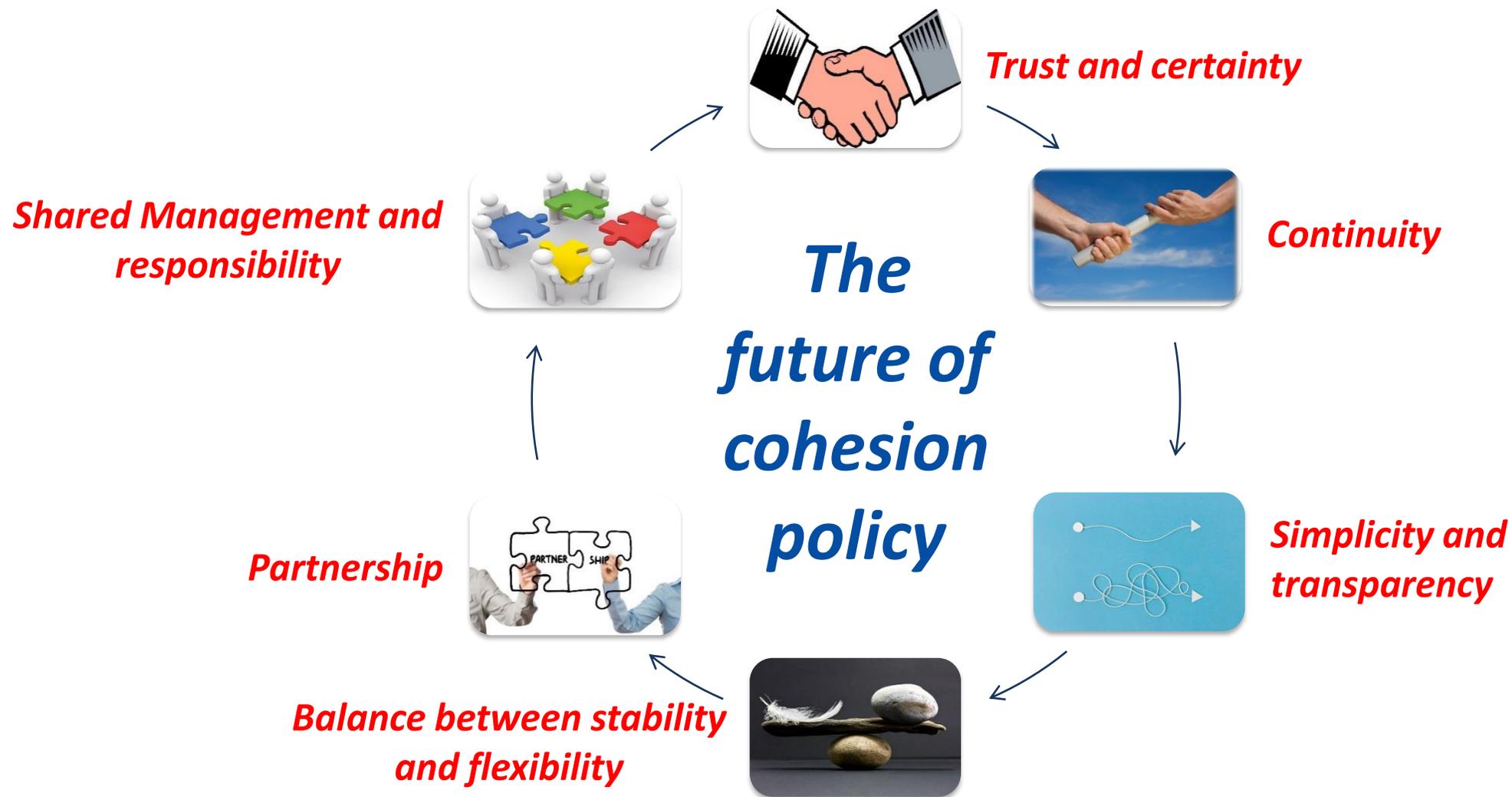
- Shared management
- Thematic concentration
- Performance framework and the n+3 rule
- Ex ante conditionalities
- Country-specific recommendations
- Macroeconomic conditionalities
- Territorial dimension
- European Territorial Cooperation
- Linking European Structural and Investment Funds to other EU programmes
- Financial instruments
- Simplified cost options

Preliminary position of the Czech Republic on the future of cohesion policy post-2020

- The Czech Republic supports
 - » preserving cohesion policy as one of the main policies within the MFF;
 - » preserving the 7-year programming period;
 - » simplicity, transparency and harmonization of the rules across EU programs;
 - » setting more flexible rules for MS to use funds in their regions in compliance with their objectives;
 - » place-based approach and territorial dimension should remain core instruments;
 - » less strict rules for the minimum shares of funds.



Key principles of future cohesion policy



Visibility of cohesion policy: Shared responsibility of EC + MS + beneficiaries

massmedia campaigns

Rozšířování kapacit mateřských škol

Modernizace učeben fyziky a chemie

Rekvalifikační kurzy pro mladé i zkušenější

**EVROPSKÉ FONDY
KAŽDÝ DEN POMÁHÁME**

Rozšířování kapacit mateřských škol, modernizace učeben fyziky a chemie ve školách či rekvalifikační kurzy. Prostředky z evropských fondů pomáhají realizovat mnoho přínosných projektů pro lepší vzdělání a zaměstnání.

kazdydenpomahame.eu

EVROPSKÁ UNIE
Fondy strukturální
Operační program Technická pomoc

MINISTERSTVO
PRO MÍSTNÍ
ROZVOJ ČR

website + facebook

**EVROPSKÉ FONDY
KAŽDÝ DEN POMÁHÁME**

Úspěšně realizované projekty, spolufinancované z fondů Evropské unie, mají pozitivní vliv na mnoho oblastí našeho každodenního života. EU fondy pro lepší vzdělání a zaměstnání.

Rozšířování mateřských škol
podpořeno 133 projektů za 1,8 mld. Kč
[zjistěte více](#)

Modernizace školních učeben
podporu získalo 90 % základních škol v ČR
[zjistěte více](#)

Rekvalifikační kurzy
45 % rekvalifikovaných má zaměstnání
[zjistěte více](#)

Pokud bychom nezískali peníze z EU, zůstala by u nás malotřídka, školka už nesla dále nafukovat.

Simona Beranová, Zástupkyně ředitelky MŠ Nehovody

helpful tool for beneficiaries

Generátor nástrojů povinné publicity
evropských strukturálních a investičních fondů

Aplikace pro **snadnější** **udržování** publicity fondů EU.

1. Výběr formátu
2. Vložení údajů
3. Nastavení pro tisk
4. Náhled
5. Stažení souboru

1. VÝBĚR FORMÁTU

Stálá pamětní deska Na výšku - 300x400 mm	Dočasný billboard Minimální - 2100x2200 mm	Plakát A3 Na výšku - 297x420 mm
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[Vložení údajů](#)

events + open days + photo exhibitions





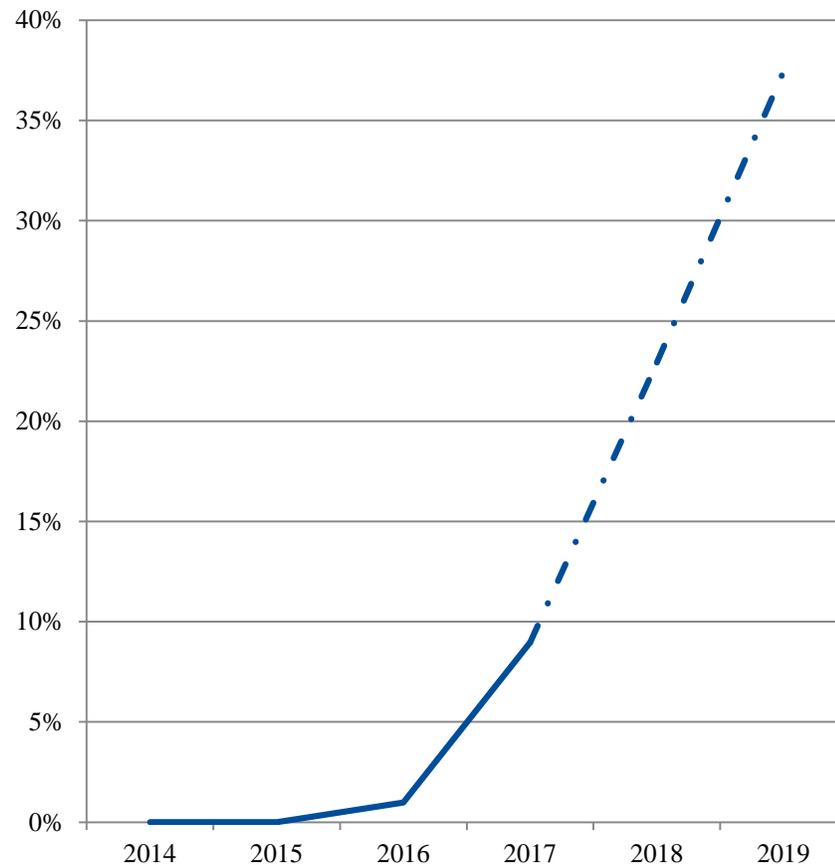
Future Cohesion Policy in the context of MFF post 2020

Petr Pavelek, Deputy Minister of Finance

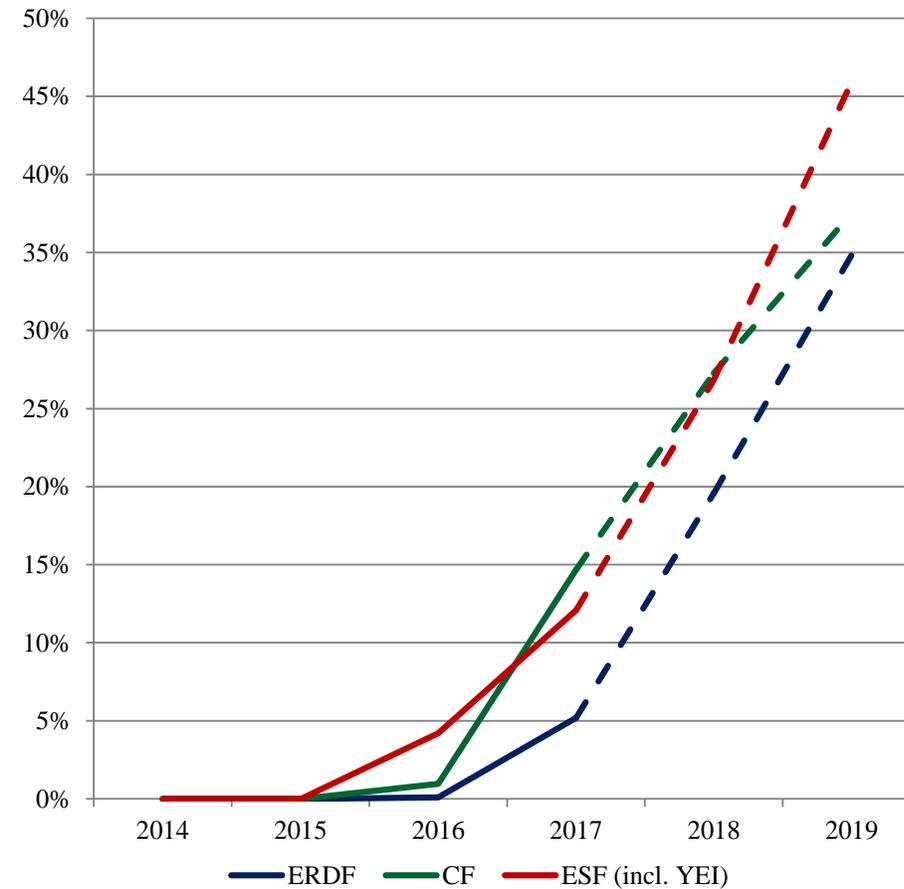
Brussels, 25 January 2018



Implementation ESI funds in the Czech Republic (ERDF+CF+ESF) (% of total 2014-2020 allocation)



Implementation of ERDF, CF and ESF in the Czech Republic (% of per Fund 2014-2020 allocation)





MFF post 2020 context

- End of May 2018 - **presentation of the MFF 2021+ package** followed by the sectoral legislation
- **Key MFF elements** – volume, structure of expenditures, revenue side, key implementation conditions – will be included in the European Council Conclusions
- Commission´s ambition = to finalize the negotiations on MFF regulation **by spring 2019 (agreement of institutions)**
- i.e. European Council conclusions to be agreed in February 2019 at the latest



Future Cohesion Policy in the context of the MFF negotiations

Key financial aspects of Cohesion policy - part of European Council conclusions on the MFF

- **Methodology for calculation of cohesion policy allocations**
 - Methodology, use of indicators
 - Transfer of Cohesion Fund resources to the Connecting Europe Facility
- **Financial conditions for implementation of Cohesion policy**
 - Co-financing and pre-financing rates
 - Performance reserve allocation
 - De-commitment rules (n+x)
 - Macroeconomic conditionalities



Future cohesion allocation - context and position

- **Context:**
 - Good performance of the Czech economy in recent years
 - 3 regions exceeded 75% threshold in GDP per capita - newly in category of transition regions => Impact on the future allocation
- **Position of the Czech Republic:**
 - Future cohesion policy should focus on reducing the disparities among regions and MS
 - Resources should be concentrated on the less developed and transition regions and cohesion Member States
 - Calculation methodology based primarily on **GDP/GNI per capita**, as this indicators reflect adequately the level of development of regions/MS
 - **Safety net** system at the level of Member States and regions



Economic development of the Czech Republic and its regions

GDP per capita of CZ and its regions - 2011-2015 (PPP)					
	2011	2012	2013	2014	2015
	EU 28 = 100				
Czech Republic	83%	83%	84%	86%	87%
Prague	175%	173%	174%	175%	178%
Central Bohemia reg.	74,9%	74,7%	75%	79%	81%
Southwest region	73%	72%	75%	77%	77%
Northwest region	64%	63%	63%	64%	65%
Northeast region	69%	67%	68%	71%	72%
Southeast region	75%	76%	79%	81%	81%
Central Moravia reg.	67%	67%	68%	72%	73%
Moravia-Silesia reg.	71%	71%	70%	72%	72%



Financial aspects of Cohesion Policy setting

CZ will consider all elements as a **package**:

- **EU co-financing rate**
 - preferably maintained at 85%, ready to discuss slight increase in national co-financing
 - set at the level of MS (not for the categories of regions)
- **Decommitment rule**
 - n+3 preserved
- **Pre-financing**
 - preferably maintained at the current level (in order avoid problems for national budgets at the beginning of the implementation)



Future implementation

- It is necessary to ensure sufficient flexibility for Member States to use their future funds in line with their priorities and needs
- **More flexibility for Member States**
 - With regard to minimum shares of Funds
 - To allocate the funds among the regions
- **We are ready to discuss the link of Cohesion Policy to the European Semester**
 - Should not hamper the main goal of Cohesion policy
 - Should not negatively affect the implementation and programming of the Cohesion Policy



Thank you for your attention!

Ms Olga Letáčková



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Thematic scope of the future cohesion policy



Thematic scope of the future cohesion policy

It is long way to get from needs through priorities to results and impact.

There are several key determinants:

- Few and well justified priorities is logical approach / thematic concentration as part of priorities selection.
- There has to be room for greater flexibility.
- Proper balance between national-regional-local priorities; EU targets (but post-2020 EU strategy is missing); SDGs ...
- Cohesion policy vs. directly managed instruments (what-where-how ...)
- Link to the European Semestr (sectoral; horizontal; structural; innovative ...)

Important features of the future thematic concentration from the viewpoint of the Czech Republic

When setting up thematic concentration for post-2020:

- Need to reach a balance between thematic support and specific needs of MS and their regions
- The choice of thematic objectives must not be too limited or uniform for the whole EU

On the implementation side:

- Thematic concentration within or among particular thematic objectives should not be tied by limits or intricate rules
- It should provide for reasonably flexible reactions while ensuring long-term investments

Mr David Škorňa

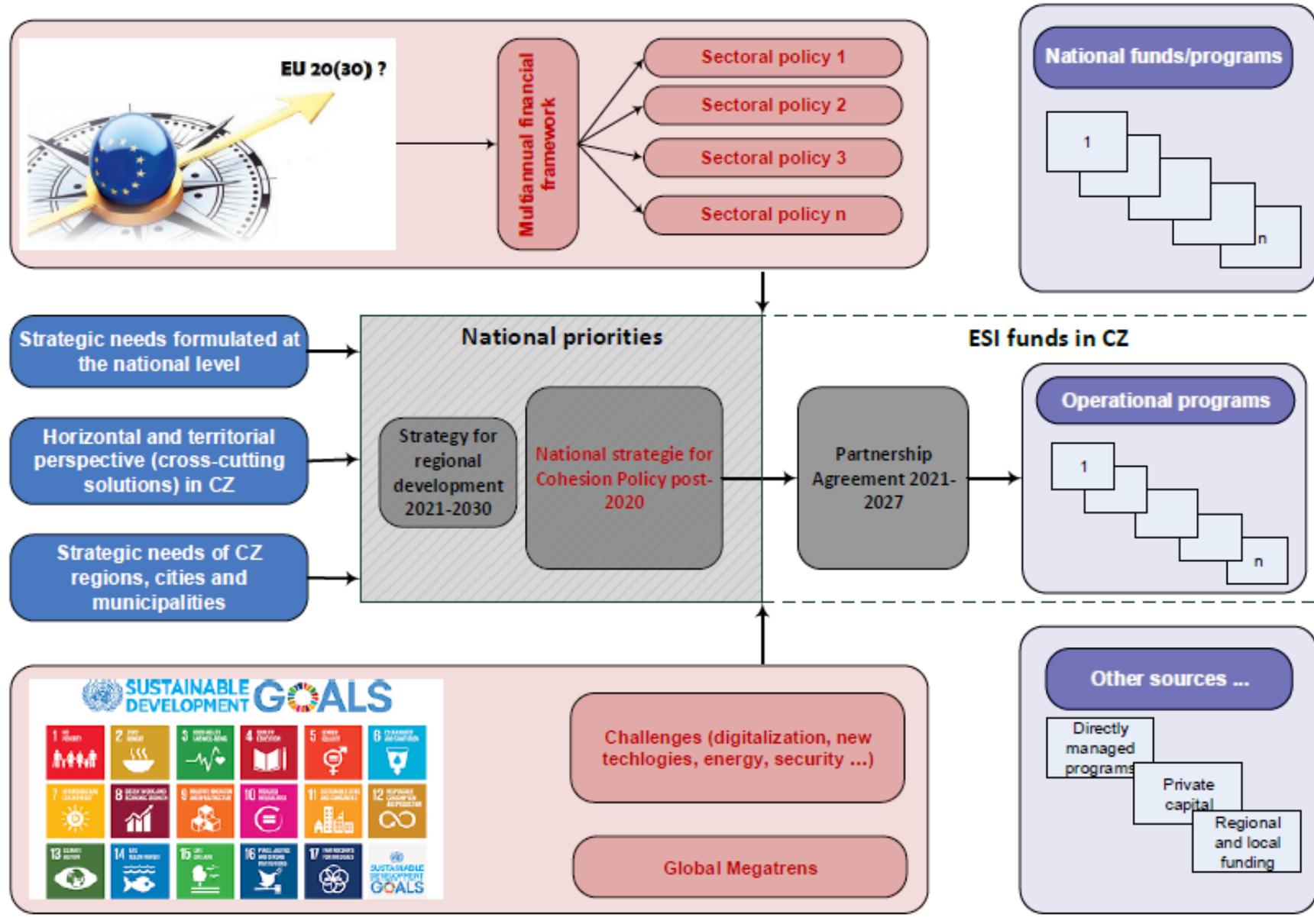


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Prospective thematic focus of future financing



National Concept of Cohesion Policy Implementation in the Czech Republic after 2020

Main aim:

- » to identify the key priorities and objectives of the Czech Republic after 2020
- » as basis for future Partnership agreement

Key documents influencing the process:

- » European Level: 7th Cohesion Report, MFF, New Regulations on EU Funds ...
- » National Level: Strategic Framework of the Czech Republic 2030, National Reform Program, Regional Development Strategy of the Czech Republic 2021+, etc.

Structure:

- » Analytical part (ongoing works); prioritization; priorities proposal; implementation architecture framework; link to the directly managed programs.

Process of priorities selection at the national level



Ms Olga Letáčková



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Simplification



Simplification as a package – CZ view

Main questions to be answered:

» „simplification“?

- **never-ending process** / one round process / **self-learning process** / broader approach / targeted simplification in case of need...

» Prize for simplification?

- **time** vs. money **invested**...

» Expected results of simplification?

- **Cost savings** / time savings / smoother interpretation....

» Clients of simplification?

- Commission / Member State (Managing Authority) / **Beneficiaries**

Ms Kateřina Neveselá



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Simplification as a package – MAIN PRINCIPLES

Clear definition of rules obligation

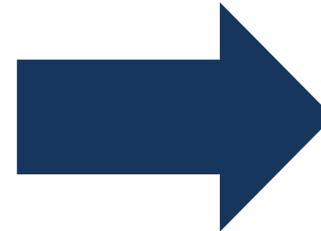
Transparency of rules

Continuity

Predictability

Harmonisation of rules

Transfer of best practice



Contribute to:

- efficiency
- effectiveness
- attractiveness
- Competitiveness

of cohesion policy

Practical Examples – RE/PROGRAMMING

Deadlines and scope of strategic documents

PROBLEMS

- **200 pages** per OP x # of OPs
- OP or PA – **overlaps**
- **Length** of approval/revision process
- **Low flexibility** in modification of OP



PROPOSALS

- Clear **distinctions** between documents
- More **strategic** character of PA/ OP
- Modifying the **definition of changes** that require a decision by the EC
- Adjustment of **deadlines** – especially for modification notified to the EC
- **Flexible mechanism** for reallocation of particular amount within OP

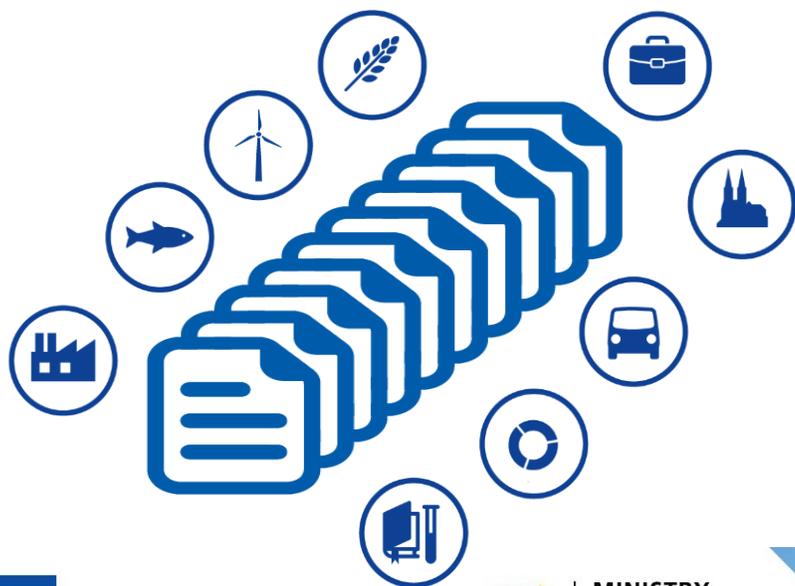
Practical Examples – MONITORING/ REPORTING

PROBLEMS

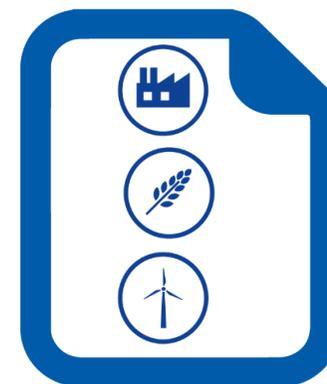
- **Data** items at beneficiary's level
- Identical indicators BUT **different definition**
- **100+ pages** of AIR
- **2 monitoring systems** (EC and MS)

PROPOSALS

- Focus on **main/basic** information
- **Harmonisation** of terminology
- Use the **appropriate indicators**
- Ensure an **interface** - E-cohesion



Clear message
Time saving



Practical Examples – CONTROL/AUDIT

PROBLEMS

- Duplicities of activities
- Character of findings (?)
- Contradictory decision
- Different types of irregularities



PROPOSALS

- Clear **division or role /** competencies
- Definition of **scope of audit**
- **Respecting of competencies** and national rules and to have reliance on national authorities
- Definition of **audit decision** making proces – responsibility
- **Preventive, methodological and educational** role of audit

Practical Examples - PUBLICITY

Only **EU emblem** with reference to European Union (no fund or programme)
+ single rulebook on visibility and communication for all EU funds



Practical Examples – INTEGRATED PROJECTS

PROBLEMS



ESF

1. rule
2. rule
3. rule ...



ERDF

1. rule
2. rule
3. rule ...



Reality of Multifund project

Practice



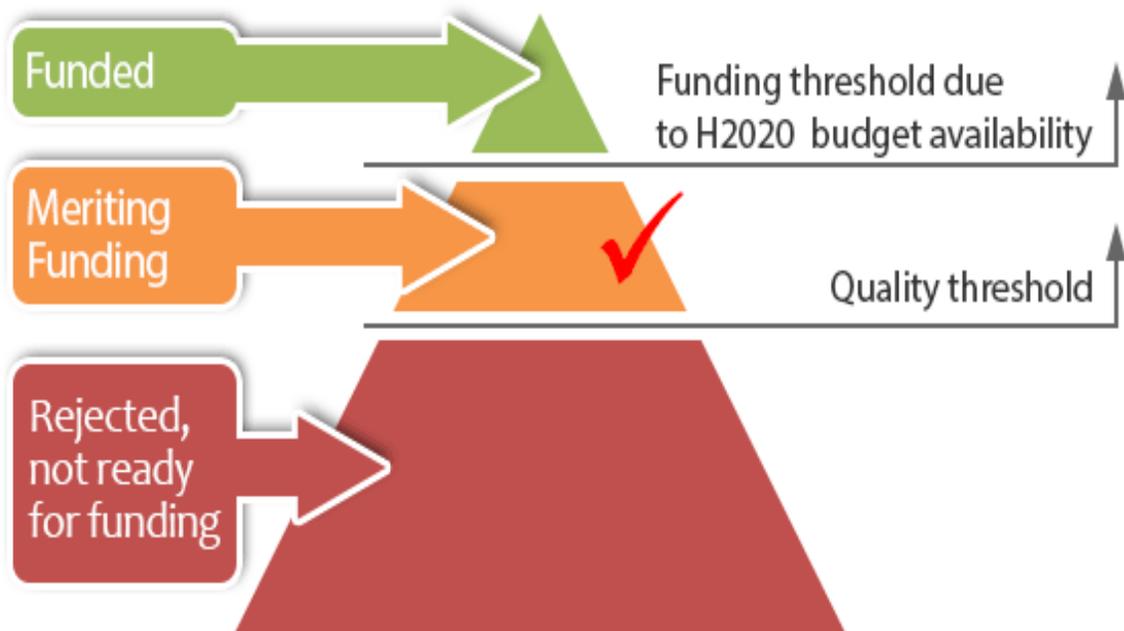
PROPOSALS

- Cross-Financing
- SCOs
- Monitoring
- Indicators
- Sustainability ...

Simplification of multi-fund projects in future?

Practical Examples - SYNERGIES

Seal of excellence – support of SMEs - R&D activities – 1 BENEFICIARY



BUT

Differences:

- Application form
- Eligibility rules
- State aid
- Monitoring and indicators ...



Identify the best practice in both management modes and share them in both management modes – HARMONIZE

Practical Examples - RULES

Current rules of ESIF



PROPOSALS for the future of ESIF



Simplification

Where is the will there is a way ...

Mr Erich Unterwurzacher



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