

MINISTRY OF REGIONAL DEVELOPMENT
National Coordination Authority

Dialogue between

the Czech Republic and the European Commission on Cohesion Policy after 2020

1st March 2019, Prague



**MINISTRY
OF REGIONAL
DEVELOPMENT CZ**

Agenda of the Meeting

Introduction

Priorities of future Cohesion Policy funding – EC View

Priorities of future Cohesion Policy funding – Czech Republic View

Discussion and conclusion

Lunch and networking



Introduction

Zdeněk Semorád, Ministry of Regional Development



EUROPEAN UNION
Cohesion Fund
Operational Programme Technical Assistance



MINISTRY
OF REGIONAL
DEVELOPMENT CZ

Priorities of future Cohesion Policy funding

European Commission view

Marc Lemaître and Manuela Geleng, European Commission



COHESION POLICY

investments in 2021-2027

European Semester
Country report Annex D



AGENDA

1. Introduction
2. Achievements of Cohesion policy to date in Czechia
3. Future of Cohesion policy (including the envelope and thematic concentration requirements for Czechia)
4. Commission priorities for 2021-2027 Cohesion policy funding in Czechia
5. Conclusions and next steps





Launch of dialogue on 2021-2027 Cohesion Policy in Czechia

European Semester – framework for identification of priorities

- **Strong link in two directions**
 - Policy analysis guides Funds' investments
 - Funds' investments deliver policy results
- **Implications for 2021-2027 programming**
 - Focus of the 2019 country report analysis on regional and territorial disparities
 - Investment guidance annexed to the country report informs Commission's priorities for the negotiations for interventions of 2021-2027 ERDF, ESF+ and CF
- **Expected benefits**
 - More consistency between different policies
 - Higher impact and better outreach to stakeholders
 - Transparency and accountability



Achievements of Cohesion policy in Czechia

- In 2014 – 2020 programming period, by the end of 2018, EU funds helped to improve infrastructure for more than 4 800 **researchers** and nearly 4 000 **companies**.
- Over 700 km of **roads** and 120 km of **rail** were built or reconstructed.
- **Water supply** for over 360 000 people was improved, and over 200 000 people are now protected from **flood risks**.
- There are almost 10 000 ESF projects being implemented by education institutions which helped, among others, to create more than 12 500 affordable **childcare** places.
- The ESF fund also helps vulnerable groups to find work, aiding some 8 000 people with **disabilities** to get into employment.





Achievements of Cohesion policy in Czechia

OP Research and Innovation: Improving the quality of education at the Charles University

- The aim of the project was to improve the quality of education through the modernization and acquisition of equipment for teaching at faculties outside of Prague (faculties of Charles University) in cross-cutting areas, following the innovation of bachelor and master study programs. Within this project, a virtual autopsy table (see photo) was purchased, which allows 3D imaging of four real human bodies



Total cost: EUR 3 097 000

EU contribution: EUR 2 632 000

Location: Prague/Pízen/Hradec Králové **Time:** 2017 – 2019



European
Commission



Achievements of Cohesion policy in Czechia

OP Environment:

Secondary dust removal of the oxygen converter steelworks in Trinecke Zelezarny hall was carried out. The project was designed to deduct a total of 14 partial sources of pollution. The planned project outcome was a reduction in the emissions of solid pollutants from 273 t / year to 119 t / year, i.e. 56%, the final result of the implementation was significantly better. "

Total cost: EUR 47,3 million

EU contribution: EUR 28,9 million

Location: Moravia-Silesia region **Time:** 2014 – 2015

Before



After





Achievements of Cohesion policy in Czechia

Integrated Regional Operational Programme - Regeneration of Karlštejn castle:

Rehabilitation of dilapidated and nowadays inappropriately used ground, basement and cellar spaces of the Imperial Palace and the Eastern part of Karlštejn Castle. New spaces will be open to the public with new expositions, space for holding events in the multipurpose hall and in the garden. Project also encompasses building new utilities and a modern visitors centre.

Total cost: EUR 3 750 000

EU contribution: EUR 3 190 000

Location: Central Bohemia

Time: 2016 – 2022





Achievements of Cohesion policy in Czechia

OP Employment: More childcare facilities!

ESF makes childcare more accessible for Czech families

Affordable childcare has become rare, in particular following the baby boom around the year 2008. With ESF funding, more than 18 000 places for children in childcare have been created. This represents 1216 projects, financed in a simplified way, all over the Czech Republic. More calls are in the pipeline. This operation has considerably decreased the shortage of the childcare. The aim now is to achieve the Barcelona target for the 0-3 years old (66 000 places).



Total cost: EUR 200 000 000

EU contribution: EUR 170 000 000

Location: Czech Republic

Time: 2015-2018





Achievements of Cohesion policy in Czechia

- **Facebook Contest for municipalities :**
- OUR EUROPEAN PROJECT
- **Launch on 1 March 2019**
- **Registration of projects 13 March - 5 April**
- **Voting 10 April - 2 May**

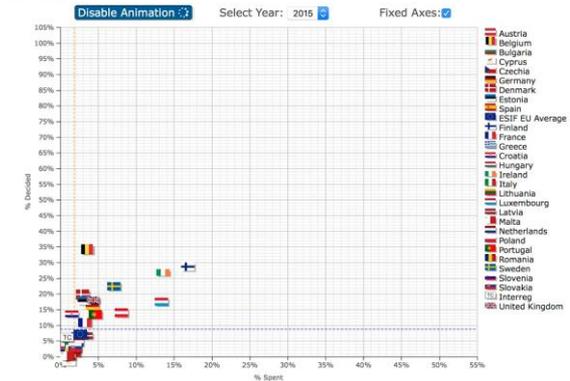




Czechia on ESIF Open data 1/2

- #ESIFOpenData provides access to data on **financial** and **physical progress**;
- **Financial progress** at EU and National level by fund (NB end-2018 data were published on 27/2/2019)
- Selected operations: 64% (below EU average)
- Payments by EC: 23% (below EU average)

EU overview of implementation by Member State – total cost of selection and spending as % of planned (scatter plot)
Explore and Share this Data

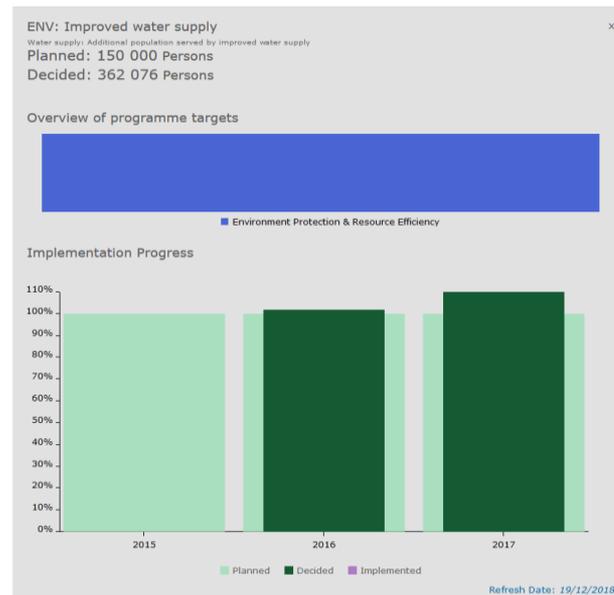


• The chart axes will dynamically update to fit the data range for that year when "fixed axes" is not selected
Period Covered: up to 30/9/2018 Refresh Date: 15/1/2019



Czechia on ESIF Open data 2/2

- **Achievements at country level** are reported annually and available here: <https://cohesiondata.ec.europa.eu/countries/CZ>





Future of Cohesion policy Policy objectives

Former objectives are simplified and consolidated into **5 Policy Objectives**

1. **A smarter Europe** (innovative & smart economic transformation)
2. **A greener, low-carbon Europe** (including energy transition, the circular economy, climate adaptation and risk management)
3. **A more connected Europe** (mobility and ICT connectivity)
4. **A more social Europe** (the European Pillar of Social Rights)
5. **A Europe closer to citizens** (sustainable development of urban, rural and coastal areas and local initiatives)

Horizontal issues: partnership
administrative capacity building,
cooperation outside the programme area



Future of Cohesion policy Architecture

Common Provisions Regulation (CPR)

- Covers 7 funds, i.e. ERDF, CF, ESF+, EMFF, AMIF, ISF and BMVI
- Joint rules for the delivery of the funds
- Code of Conduct on partnership remains in force

ERDF/CF regulation

- Specific objectives and thematic concentration requirements

ETC regulation

- Territorial co-operation including external assistance

ESF+ regulation

- Enhanced scope (ESF, FEAD, YEI, EaSI, Health)
- Implementing the European Pillar of Social Rights
- Specific objectives and thematic concentration requirements
- Policy reforms, social innovation & transnational cooperation



Future of Cohesion policy Modernising ERDF, CF and ESF+

Modernising investment

- Focus on smart, low carbon and inclusive growth
- Link to Semester
- Enabling conditions

Flexible

- Mid-term review
- Adapt to emerging circumstances, e.g.
 - Migration
 - Changes in economy linked to globalisation, technology and demography

Simpler

- Easier and faster to programme
- Substantial reduction of administrative cost
- Single audit principle and proportionality for low risk programmes



Future of Cohesion policy ERDF / ESF+ Thematic Concentration in Czechia

Total allocations for cohesion policy in million EUR: 20 019 (ERDF: 10 524, ESF+: 2 737, CF: 6 444)

Thematic concentration amounts:

FOR ERDF	PO1	EUR 4 736 million (45% of ERDF)
	PO2	EUR 3 157 million (30% of ERDF)

At least 6% sustainable urban development EUR 631 million

FOR ESF+ EUR 2 737 million

CSRs - adequate amount, which may include:

At least 25% social inclusion + EUR 684 million

at least 2% material deprivation * EUR 55 million



Investment-relevant challenges in Czechia

- **PO1: Innovation in companies and upgrade of their position in global value chains**
- **PO2: High energy intensity and poor air quality, increased risks of droughts and floods**
- **PO3: Coverage, quality and standards of transport and broadband infrastructure**
- **PO4: adaptability to the global economic and technological developments, right skills and relevant education to the future needs, excellence and inclusiveness of the education system and training, increasing labour market participation of women, individualized policies to increase employment of low skilled and people with disabilities, coordinated approach and access to primary care for disadvantaged groups**
- **PO5: Slow pace of transformative actions and increase of social inequalities**





Commission priorities for 2021-2027

Cohesion policy funding in Czechia

Investment needs under PO1 – Smarter Europe

Significant investment needs identified to enhance the uptake of advanced technologies, to strengthen innovation and foster productivity growth in order to:

- Increase attractiveness and competitiveness of the research system;
- Increase the number of innovative firms and start-ups in the smart specialisation sectors;

Sizable investment needs are identified to reap the benefits of digitisation for citizens:

- Accelerate e-government;
- Support integration of digital technology in small and medium-sized enterprises

Significant investment needs are identified to support technology diffusion and companies to move up in global value chains





Commission priorities for 2021-2027 Cohesion policy funding in Czechia

Investment needs under PO2 – A low carbon and greener Europe

High energy intensity and poor air quality require priority investment to promote:

- Low carbon and cleaner energy production
- Higher energy efficiency in buildings and businesses;
- More renewable energy sources in buildings, businesses and heating and cooling;

Climate change impacts the environment. Investment is needed in adaptation, sustainable water management, transition to the circular economy, and the greening of Czech cities:

- Promoting prevention measures, water body and storm water management, shift towards more prevention, reuse, and recycling of waste, and green infrastructure



Commission priorities for 2021-2027 Cohesion policy funding in Czechia

Investment needs under PO3 – A more connected Europe

Significant investment needs are identified to develop sustainable, climate resilient, safe and intermodal TEN-T infrastructure, in particular:

- TEN-T railway network lines, in particular the outstanding sections on the four main transit corridors;
- construct missing parts of core road TEN-T and remove regional disparities in road TEN-T accessibility

Sizable investment needs are identified to promote sustainable multimodal urban mobility and to develop sustainable, intermodal national and regional mobility:

- Promoting sustainable and efficient urban transport systems as well as regional mobility.

Investment needs are identified to deploy backhaul broadband infrastructure and support demand-side measures.



Commission priorities for 2021-2027 Cohesion policy funding in Czechia

Investment needs under PO4 – Implementing the EU Pillar of Social Rights

- Strengthening workers' adaptability for future demographic and technological changes, implement a comprehensive skills strategy, including upskilling and reskilling , including digital skills and key competences
- support capacity to respond to the labour market needs in particular in vocational education and training, adult education and higher education, and promote excellence in tertiary education.
- healthy and elderly–adapted working environment and new work organisation practices
- Women's labour market participation -support flexible working arrangements, increase the number of childcare places for children below 3 years, improve long term care
- modernise labour market institutions and services, including necessary infrastructure, provision of individualised employment services to the low skilled, disabled, elderly etc



Commission priorities for 2021-2027 Cohesion policy funding in Czechia

Investment needs under PO4 – Implementing the EU Pillar of Social Rights

- Inclusiveness and equal access to and completion of quality education and training, including targeted support to learners from socio-economically disadvantaged groups, such as people with disabilities and the Roma
- address educational disparities between schools and regions and support the acquisition of key competences, support appropriate training for teachers, and provide training to teach heterogeneous groups of pupils;
- coordinated approach to the socioeconomic integration of the socially excluded, including through food and basic material assistance, access to employment, health and social services, financial counselling, targeted education/training, and measures to tackle the lack of social housing
- support de-institutionalisation of care particularly for children under 3, people with disabilities, the elderly and people with mental disabilities; cooperation between health and social services; strengthen and improve access to primary care particularly for vulnerable groups; integration of care and prevention.



Commission priorities for 2021-2027 Cohesion policy funding in Czechia

Investment needs under PO5 – Europe closer to citizens

Investment needs are identified to foster the integrated social, economic, cultural and environmental development, sustainable transport connectivity, in particular to:

- reduce inequalities between regions and within urban areas by developing economic activity poles and creating the necessary linkages with the surrounding areas;
- support transformative action with a special focus on regions undergoing a process of economic restructuring nationally reflected within the 'RE:START' strategy of the Czech authorities;
- support innovations in better performing southern regions to avoid middle income trap;
- for rural areas, to boost their development and provide capacity building for local authorities, local actors, and grass-root organisations.



Conclusions and next steps

- Commission ready to start informal dialogue, important to make as much progress as possible in 2019 and 2020
- Engage from the start in dialogue with all relevant stakeholders (Code of Conduct!)
- Member State programming plans by end of June 2019 (roadmap)
- Technical seminar with Managing Authorities on 14 June
- Joint objective to adopt all PA and programmes by end of 2020





Thank you!



Priorities of future Cohesion Policy funding Czech Republic view

David Škorňa, Ministry of Regional Development

Czech Republic and European Semester



Key objectives of ES:

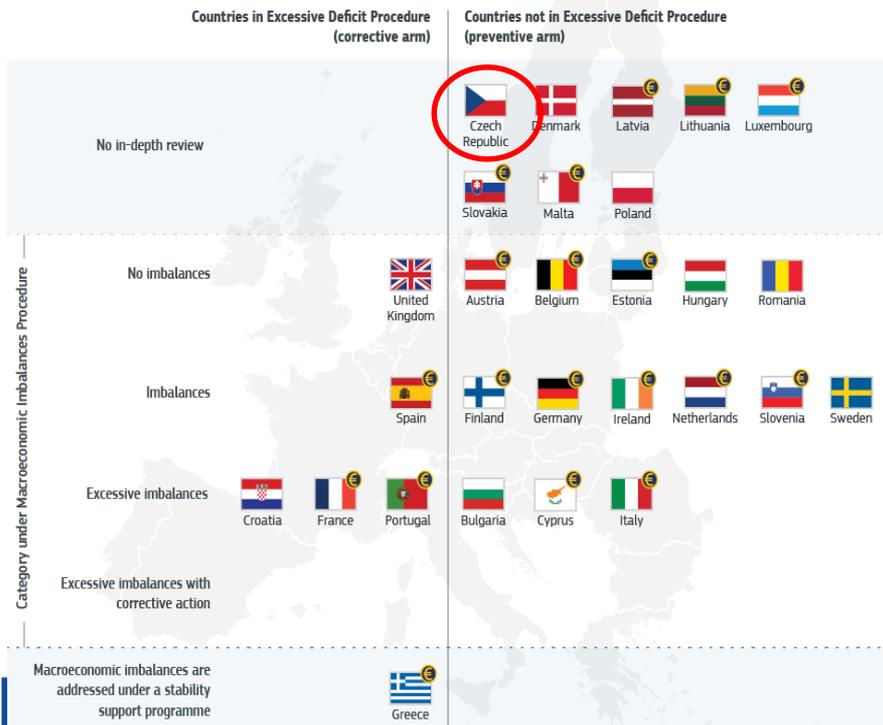
- contribute to ensuring convergence and stability in the EU
- contribute to ensuring sound public finances
- foster economic growth
- prevent excessive macroeconomic imbalances in the EU
- implement the Europe 2020 strategy

Czech Republic and European Semester – 2016, 2017

Updated June 2016

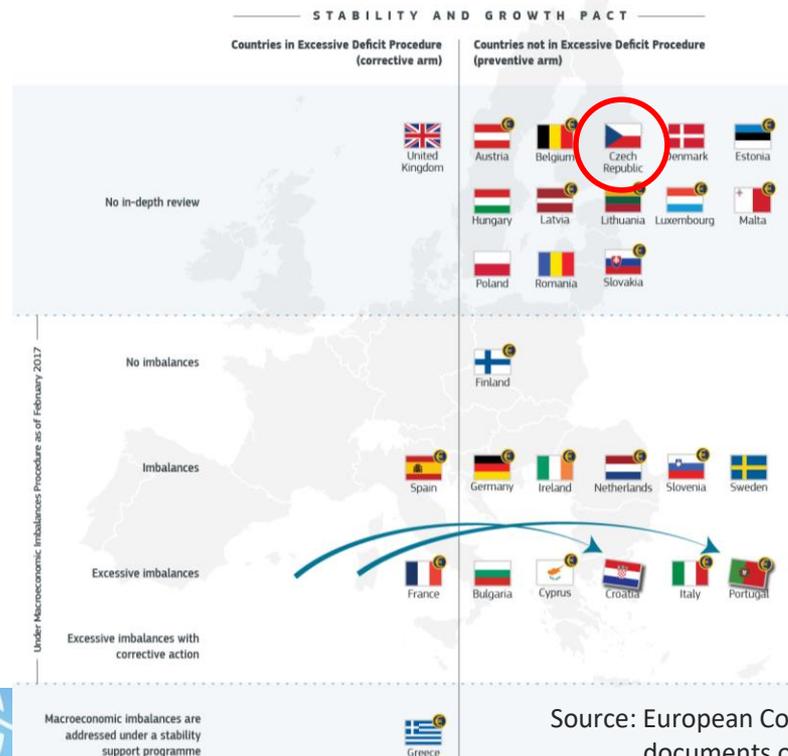
EUROPEAN SEMESTER 2016

Situation under the Macroeconomic Imbalances Procedure and the Stability and Growth Pact



European Semester 2017

Situation under the Macroeconomic Imbalances Procedure and the Stability and Growth Pact



Source: European Commission documents or website

Czech Republic and European Semester 2018

SITUATION UNDER THE MACROECONOMIC IMBALANCES PROCEDURE AND THE STABILITY AND GROWTH PACT

STABILITY AND GROWTH PACT

Countries in Excessive Deficit Procedure
(corrective arm)

Countries not in Excessive Deficit Procedure
(preventive arm)

To be covered by an
in-depth review 2018



France



Spain



Bulgaria



Croatia



Cyprus



Germany



Ireland



Italy



Netherlands



Portugal



Slovenia



Sweden

No in-depth review 2018



Austria



Belgium



Czech Republic



Denmark



Estonia



Finland



Hungary



Latvia



Lithuania



Luxembourg



Malta



Poland



Romania



Slovakia



United Kingdom

Macroeconomic imbalances are
addressed under a stability
support programme



Greece

Key findings on the Czech Republic:

- CR is assessed as a country without risk of macroeconomic imbalances.
- CR lost its „clean shield“ due to high growth of real estates prices.
- Other indicators remained within safe limits.

Reflection of Country Report 2018

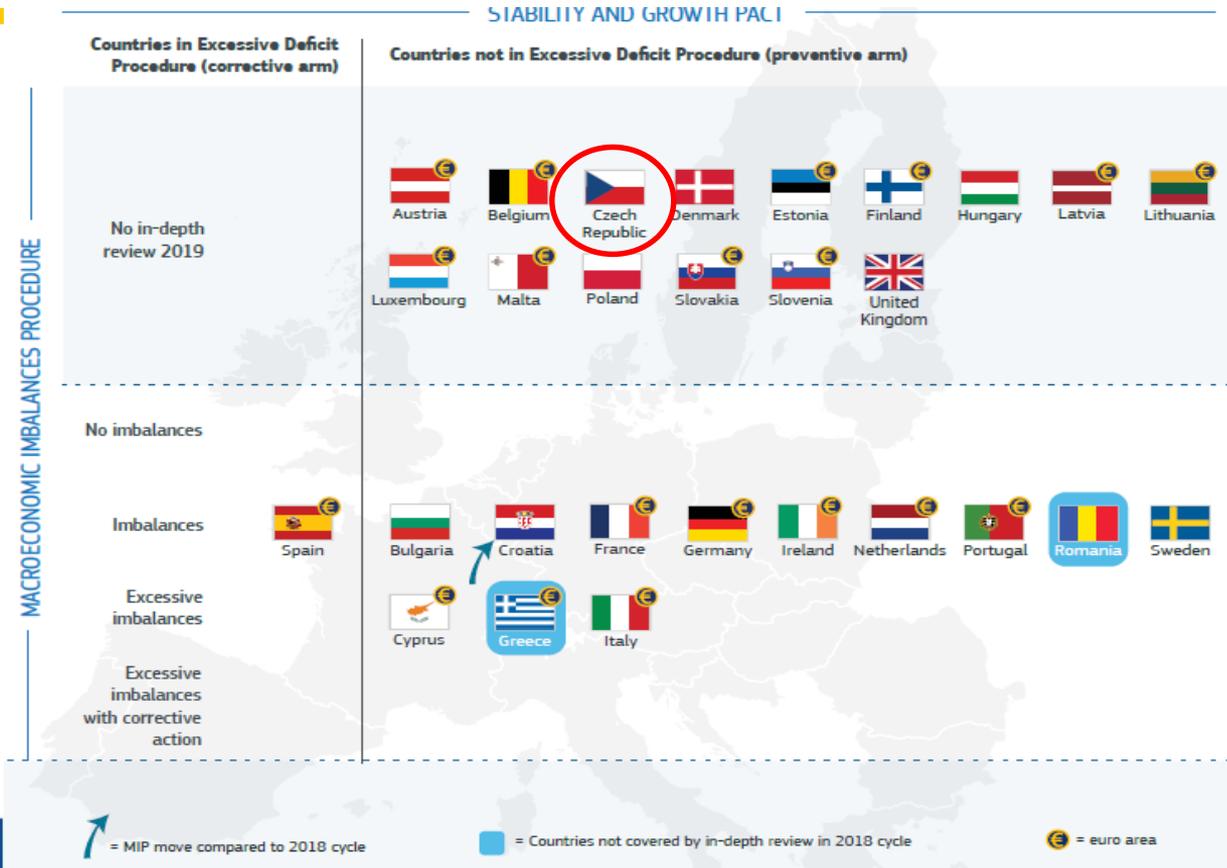
Limited progress

- addressing the long-term sustainability of public finances

Some progress

- improving the anti-corruption and public procurement frameworks
- streamlining procedures for granting building permits.
- the range of e-government services and reducing the administrative burden on businesses
- the quality of Research & Development
- fostering employment of under-represented groups.

Czech Republic and European Semester 2019



Reflection of Country Report 2019

Some progress

- Reducing the administrative burden on investment and in addressing weaknesses in public procurement practices.
- Strengthening the capacity of the education system to deliver quality inclusive education and in fostering the employment of women, the low skilled and the people with disabilities.

Limited progress

- Removing the bottlenecks hampering research, development and innovation.

No progress

- Improving the long-term sustainability of public finances.

Country report 2019 and investment reforms for the Czech Republic

Assessment of barriers to investment and ongoing reforms

Public administration/ Business environment	Regulatory/ administrative burden	CSR	Financial Sector / Taxation	Taxation	
	Public administration			Access to finance	
	Public procurement / PPPs	CSR	R&D&I	Cooperation btw academia, research and business	CSR
	Judicial system			Financing of R&D&I	CSR
	Insolvency framework		Sector specific regulation	Business services / Regulated professions	
	Competition and regulatory framework			Retail	
Labour market/ Education	EPL & framework for labour contracts			Construction	CSR
	Wages & wage setting			Digital Economy / Telecom	
	Education, skills, lifelong learning			Energy	
				Transport	CSR

Legend:

	No barrier to investment identified
CSR	Investment barriers that are also subject to a CSR
	No progress
	Limited progress

	Some progress
	Substantial progress
	Fully addressed
	Not assessed yet

Country report 2019 and investment barriers

Investment Challenges		AT	BE	BG	CY	CZ	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK	UK	
Public administration/ Business environment	Regulatory and administrative burden																													
	Public administration																													
	Public procurement / PPPs																													
	Judicial system																													
	Insolvency framework																													
	Competition and regulatory framework																													
Labour market/ Education	EPL & framework for labour contracts																													
	Wages & wage setting																													
	Education, skills, lifelong learning																													
Fin. Sect. / Taxation	Taxation																													
	Access to finance																													
R&D&I	Coop. between academia, research & business																													
	Financing of R&D&I																													
Sector specific regulation	Business services / Regulated professions																													
	Retail																													
	Construction																													
	Digital Economy / Telecommunications																													
	Energy																													
	Transport																													

Barrier to investment

* Until 2018, EL has been under Economic Surveillance Programme and it was not included in the 2015 exercise on barriers to investment. In 2018, there were no CSRs because EL was not included in the Semester.

European Semester and ESI Funds

- EU funds help overcome structural challenges and foster development in the Czech Republic.
- The total allocation in the current multiannual financial framework amounts to EUR 24 billion €, (around 1.8 % of the annual GDP).
- Managing Authorities as well as National Coordination Authority monitored how CSR are implemented in OPs: what activities are supported; amount of allocation etc.
- OP concerned: Employment, R&D&Education, IROP, Prague – Growth Pole and Enterprise and Innovation for Competitiveness.
- Information is a part of National Reform Programme, in Annual report on implementation Partnership Agreement and also in Progress Report (2016 and 2018).

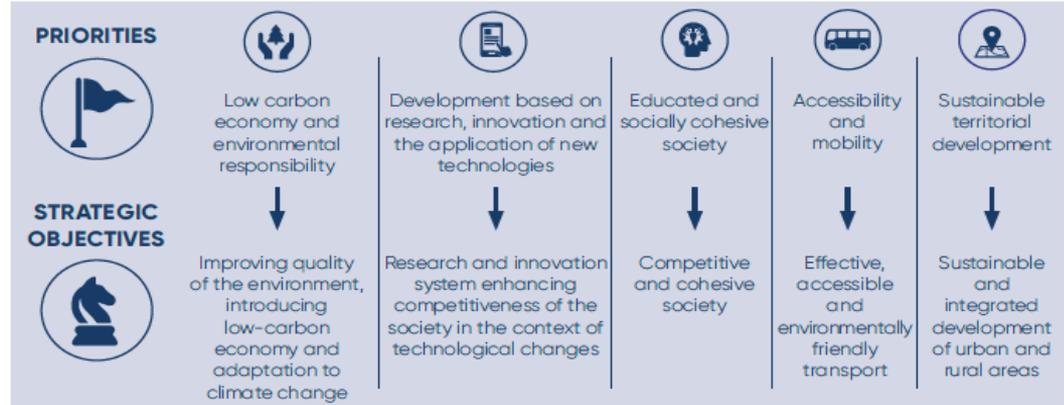
Matrix of Investment needs and Policy Objectives

We received 43 investment recommendations in three levels of priorities

- Most recommendations (13) point to PO 1, from that 11 are in high priority.
- PO 2 and PO 4 received 10 recommendation each, mostly in high priority
- PO 3 received 6 recommendation, 5 in high priority.
- PO 5 received 4 recommendations, all in lowest level of priority

	PO 1	PO 2	PO 3	PO 4	PO 5
High priority investment needs	11	8	5	10	
Priority investment needs	2	2			
Investment needs			1		4

ESI funds 2021-2027 in the CZ: National Priorities



- The Government approved „National Concept of Cohesion Policy implementation in the CR after 2020“
- Regional development Strategy and territorial dimension are of key importance as well.
- Starting point for Partnership Agreement and Operational Programmes.

Operational programmes 2021-2027 under PA



OP Competitiveness

Managing Authority
Ministry of Industry and Trade

Promoting innovation through applied and experimental research
Cooperation and functional interconnection of public administration, academic, research and business sectors
Improving the innovative capability of SMEs
Increasing the added value of products and services in the production chain
Introducing the principles of Industry 4.0 in companies
Effective security of public administration information systems and adequate response to growing cyber threats
Electronization of public administration and implementation of related infrastructure
Introducing modern and highly efficient methods of production, distribution and storage of energy
Increasing the energy efficiency and energy savings
Introduction of innovative low-carbon technologies
Effective and economical use of renewable energy sources
Introducing modern and highly efficient methods of production, distribution and storage of heat energy
Utilisation of brownfields for business activities



Integrated Regional Operational Programme

Managing Authority
Ministry of Regional Development

Regional transport connectivity linked to the TEN-T
Development of urban and suburban mobility and telematics
Low-emission and zero-emission vehicles and related infrastructure
Improving territorial education infrastructure
Social housing
Social services infrastructure
Health services infrastructure
Development of innovative activities in relation to the support businesses and the labour market
Support for public infrastructure of tourism and cultural heritage
Improving public spaces in municipalities and cities including green infrastructure.
Revitalization of brownfields
Population protection and risk prevention



OP Research and Education

Managing Authority
Ministry of Education, Youth and Sports

Curricula and teaching methods for the 21st century, development of key competences
Equality in education, its availability and personalised approach
Development of capacities for education
Complex improvement of training and development of teaching staff
Mobility of research and education staff, development of international cooperation
Improving the environment and developing the capacities for research and development
Functional interconnection of public administration with the academic, research and business sectors



OP Human Resources

Managing Authority
Ministry of Labour and Social Affairs

Streamlining public administration to deliver quality services
Increasing the participation of disadvantaged groups in the labour market
Modernization of labour market institutions
Promoting equal opportunities and harmonizing work and life balance
A functioning system of further professional training
Promotion and use of labour mobility
Social inclusion
Social housing
Client-oriented social services
Improving the quality and availability of healthcare



OP Environment

Managing Authority
Ministry of the Environment

Conservation and care of nature and landscape
Improved quality of air
Protection and improvement of the water condition and water management
Sanitation of sites with environmental burdens and revitalization of brownfields
Creation of facilities for sustainable development education
Introducing the principles of circular economy and resource efficiency
Increasing energy efficiency and energy savings
Effective and economical use of renewable energy sources



OP Transport

Managing Authority
Ministry of Transport

Development and improvement of transport infrastructure, including cities and their neighbourhoods
Introducing modern technologies for transport and organization and reduction of traffic burden
Effective use of multimodal freight transport
Increasing the availability and use of alternative fuels in transport



OP Technical Assistance and Administration Quality

Managing Authority
Ministry of Regional Development

Management and coordination of the Partnership Agreement
Support for horizontal issues and partners
Support for the administrative capacity of implementation
Selected activities to support the public administration

Cross-border cooperation programme 

Managing Authority
TBC

To be specified on the basis of cooperation with neighbouring countries

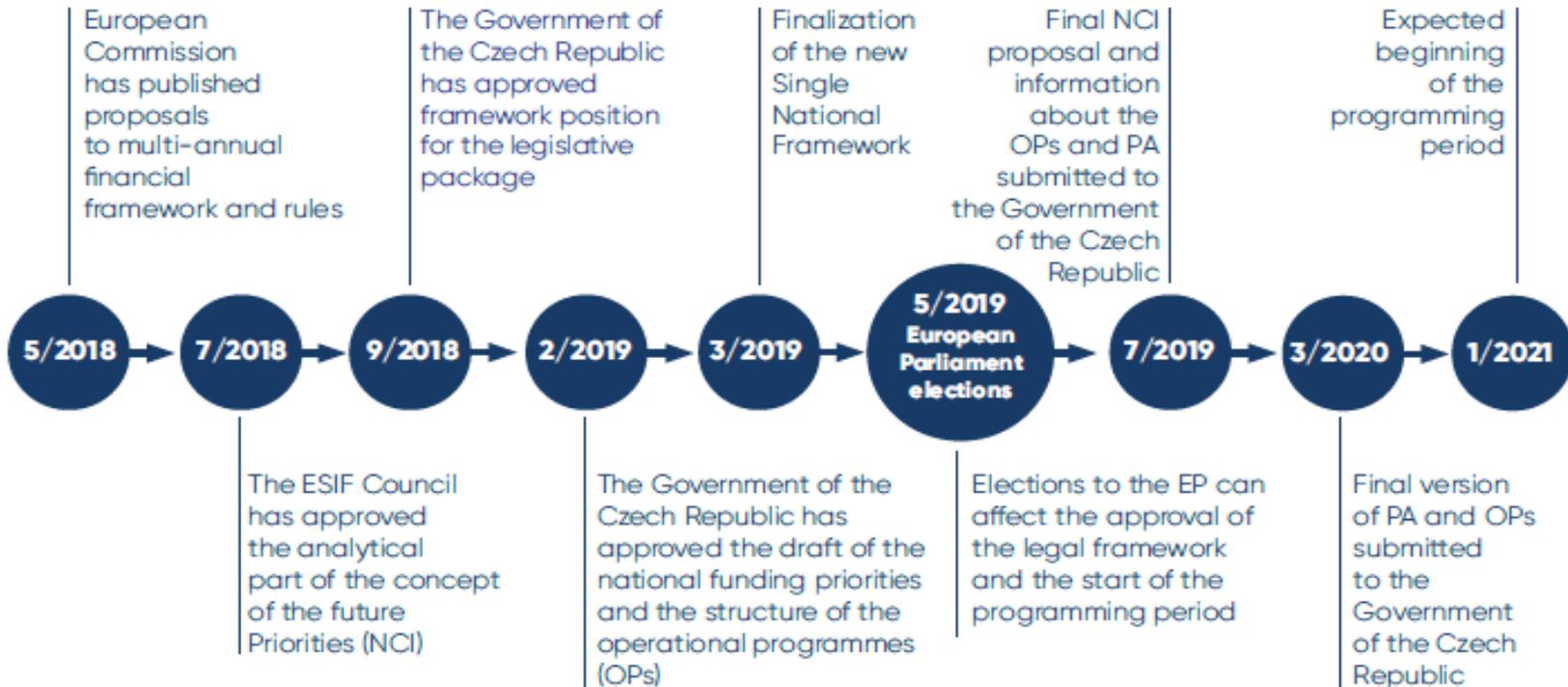
OP Fisheries

Managing Authority
Ministry of Agriculture

Coming to the conclusion

- Proposals and recommendation in Country Report and Annex D, we consider more or less as relevant.
- Those will be taken into account when formulating the Partnership Agreement and operational programmes.
- We have also identified other priorities that are not involved in Annex D – thematically or territorially oriented – and are important for development of sectors, business, regions as well.
- Moreover, full picture needs to be seen – incl. thematic concentration, enabling conditions, N+2, cofinancing etc.

Timetable of the ESI funds 2021-2027 preparation



Discussion



Conclusion



Thank you for your attention