

**MINISTRY OF REGIONAL
DEVELOPMENT**

**PARTNERSHIP AGREEMENT
FOR THE PROGRAMMING PERIOD
2014–2020**

CZECH REPUBLIC

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Introduction

The Partnership Agreement for the 2014-2020 Programming Period (hereinafter referred to as the "Agreement" or "Partnership Agreement") is a document prepared by a European Union Member State **defining the objectives and priorities for efficient use of the European Structural and Investment Funds (ESI Funds) in order to achieve the Europe 2020 Strategy on the basis of defined national priorities**. ESIF includes the European Regional Development Fund (ERDF), European Social Fund (ESF), Cohesion Fund (CF), European Agricultural Fund for Rural Development (EAFRD) and European Maritime and Fisheries Fund (EMFF). The Agreement covers not only operational programmes (OPs) under the goals Investment for Growth and Jobs and European Territorial Cooperation as part of the EU cohesion policy, but also programmes falling under the second pillar of the Common Agricultural Policy and Common Fisheries Policy. The Partnership Agreement has been prepared in accordance with Article 15 of the draft Common Provisions Regulation¹ that determines its contents, and in accordance with the EC template (Draft Template and Guidelines on the Content of the Partnership Agreement, Version 5 as of 31 October 2013), detailing the contents. The Partnership Agreement was prepared in collaboration with partners in accordance with the multi-tier governance approach, i.e. by involving regional partners and other partners (social and business partners, academic sphere, non-profit and business spheres) in accordance with the European code of conduct on partnership in the framework of the European Structural and Investment Funds presented by the EC as draft delegated act on 10 January 2014.

The Agreement is a strategic document based on a thorough analysis of the current social and economic situation, economic trends and needs of the Czech Republic which serve as a basis for determining the priorities for financing in 2014-2020 whilst monitoring the progress in achieving common EU objectives. The emphasis is put on results that are monitored by means of indicators and financial indicators, and evaluated using the Evaluation Plan in accordance with the 3E principle.

¹ Regulation of the European Parliament and of the Council (EU) No1303/2013 on common provisions concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, on general provisions concerning the European Regional Development Fund, the European Social Fund and the European Maritime and Fisheries Fund and on cancellation of the Council Regulation (EC) No1083/2006.

1 Ensuring coherence with the Europe 2020 Strategy

1.1 Analysis of disparities, development needs and the growth potential

Macroeconomic situation in the Czech Republic

After the slight economic recovery in 2010 and 2011, following the economic recession, the GDP growth of the Czech Republic was again negative in 2012 and 2013 (-1.0% in 2012 and -0.9% in 2013). In the fourth quarter of 2013, there was an annual increase (compared to the 4th quarter of 2012) of + 1.2%, compared to the previous quarter the increase started already in the 2nd quarter of 2013.² Some partial indicators of the development of the Czech economy in the first months of 2014 confirm an accelerating positive trend. According to the forecasts of CZSO, GDP should be rising by 1.7% in 2014.

From the beginning of the economic recession in 2008, the Czech Republic has not managed to build on the previous successful period of a significant economic growth. Compared to 2008 the GDP of the Czech economy in 2012 was 1.2% lower; the GDP increase for the whole EU in the same period amounted to 3.4%. German economy, which is significantly interconnected with the Czech economy, increased its performance by 6.9%, Austrian economy by 10% and Slovak economy by nearly 11%.³

The decreasing household final consumption expenditure contributed most to the renewal of recession as the household expenditure decreased interannually by 3.6% in 2012. The long-term crisis of the construction industry continued. The value of construction work in the Czech Republic in 2012 was by 23% lower than in 2008 and since 2008 to 2013 it kept dropping every year. In 2012, the industrial production recorded a minor drop, however, from December 2012 on, the drop became significantly more prominent. In March 2013, the interannual drop in industrial production was 6%. In the 2nd quarter of 2013, the situation changed and industrial production started to grow; the year-on-year growth in the 4th quarter of 2013 reached 6%.

Despite the recovery of industrial production in 2013, but with an overall drop in economy in the respective year, the situation on the Czech labour market remains unfavourable. In 2008-2012 the employment in the Czech economy decreased by 112 thousand persons⁴ and in view of the continuing recession, we can expect that this decrease will continue. The former growth engines - mostly the processing industry and construction - contributed to the drop most. Compared to mid-2008 when the recession started, the number of the unemployed increased by more than quarter of a million (from 4.5% of the registered unemployment rate in 2008 to 7.4% in 2012, with a further increase to 8.2% in 2013⁵). The number of the long-term unemployed was nearing two hundred thousand. This increases the risk of social exclusion and poverty. Although the Czech Republic has the lowest proportion of the population threatened by poverty or social exclusion out of all EU countries (14.6 %), due to the impact of the economic recession on the labour market it can be assumed that the proportion will grow.

2 Data source: CZSO: Quarterly national accounts, Online at: <http://www.czso.cz/csu/csu.nsf/informace/ccnu010914.doc>

3 Data source: Eurostat: National Accounts. GDP and Main Components, 2013. Online at: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

4 Data source: CZSO: Time sequence of basic indicators of the Labour Force Sample Survey, 2013. Online at: http://www.czso.cz/csu/redakce.nsf/i/prumysl_energetika

5 http://vdb.czso.cz/vdbvo/tabparam.jsp?voa=tabulka&cislotab=PRA1020CU&&kapitola_id=3

However, some fields are still growing despite the uncertain economic situation of the Czech Republic. These are often industries with higher demands on the knowledge and skills of employees (architectural and engineering services, IT services and production of electronic and optical devices). It is very positive that the share of people employed in these industries within the Czech economy is on the increase, which demonstrates that qualification demands for the activities carried out there are also increasing. The transfer of employees into industries with higher productivity of work and the focus on improving the position of Czech employers in the global value chain represents a key factor when increasing the competitiveness of the country. The main precondition is increasing the quality of education, decreasing the discrepancy between supply and demand in the labour market, developing business culture and business acumen of people which results in the fact that more companies are set up and the innovation and export efficiency of the endogenous business sector is increased.

The energy intensity of the Czech economy is, compared to other EU Member States, still high despite the fact that the Czech Republic recorded a positive shift in this area (the energy intensity of GDP of the Czech Republic dropped by one third from 0.75 GJ/th.CZK in 1995-2011⁶ to less than 0.5 GJ/th.CZK). Higher energy costs during production processes automatically decrease the possibility of businesses to develop their activities, invest into research, development and innovation, and thus to increase their competitiveness. There is great potential with regard to energy savings, in addition to the efficient transformation of primary energy resources and to limiting losses during distribution, and also with regard to final consumption (improving energy performance of buildings, installation of energy saving technologies and appliances in businesses and households, transport). The Czech Republic determined an energy savings target of 47.94 PJ for final power consumption by 2020. Given the economy structure and the resulting structure of energy consumption in the sectors, the key share of energy savings will be generated in the business sector. The second area will be the housing sector and the last area is the public sector. Specific objectives in each area will be determined in the National Energy Efficiency Action Plan. Gross electricity production from renewable sources in 2012 contributed to the total gross electricity production with 9.2%. The share of energy produced from renewable sources in primary energy sources was 7.8 %. The share of renewable energy sources in the final energy consumption according to an international calculation methodology is around 10% and their share in the thermal energy production is around 8%. The Czech Republic must focus on systematic and widely implemented measures to increase energy efficiency and the use of renewable energy resources in order to increase economic competitiveness and take advantage of the innovation potential of the Czech economy, and also to increase energy security.

Completion and modernisation of good quality core infrastructure represents an essential condition for furthering the competitiveness of the Czech Republic as this enables an increase in the quality of the services provided through them both for the inhabitants and the business sector.

Another important factor that influences (and limits) the development of businesses and the Czech economy is the low quality of institutions. The ranking of the Czech Republic shown in the Global Competitiveness Report⁷ (86th place) does not speak highly of public administration and its functioning.

6 A unit refers to how much energy (GJ) was necessary to create GDP of 1000 CZK at constant 2005 prices.

7 Source: World Economic Forum: Global Competitiveness Report 2013-2014. Online at: <http://www.weforum.org/reports/global-competitiveness-report-2013-2014>

The Czech Republic scored low in the aforementioned areas and this is reflected in the overall position of the country in terms of global competitiveness. While in 2006 the Czech Republic was 29th, in 2013 it dropped to the 46th place while the worst deterioration occurred in the last three years⁸.

In its position, the European Commission too points out the insufficient quality of research, under-functioning education system, under-utilised potential in the labour market, ineffective use of resources, and inefficient public administration.

The global position of the Czech Republic is worsening and only by addressing the weak points we can ensure our long-term competitiveness. The successful implementation of measures focusing on the above stated problem areas will help to increase the prosperity and quality of life in the Czech Republic and to achieve our vision of future development, which is a country driven by educated people and innovations, a country creating better conditions for its inhabitants to live a happy life, and attracting talented people and investment from abroad.

In terms of economic efficiency, the bipolarity of the country has been evident in the long term (and during the economic drop it deepened), given by the dominant position of Prague as one of the poles of European development as opposed to the other parts of the country where economic efficiency shows less prominent inter-regional differences but is significantly below the EU average. However, differences among smaller territorial units, e.g. municipalities with extended powers, deepen.

The link between the sectoral and branch structure of the economy, and the spatial structure of the social and economic development of the Czech Republic, including its impacts on the environment, is very significant. Regions with a prominent presence of traditional industries (in particular heavy industry in the northwest Bohemia and Ostrava, agricultural and basic industries in the peripheral areas, or other traditional industries without the necessary modernisation) show a long-term low rate of economic growth, high unemployment and growing social problems connected to depopulation and growing social exclusion. On the other hand, areas that have dynamically changed and developed their economic basis (tertiary industry, modernisation of key industries) have increased their competitiveness nationally, and sometimes even internationally. These are mostly metropolitan areas and agglomerations, but such emerging development poles appear throughout the country on a local or regional scale.

Negative features, defining the development of spatial structure of the country in the past years, is not only the ongoing concentration of regional problems into the area of northwest Bohemia and northern Moravia (there is a risk that these problems might potentially deepen as a result of longer stagnation of the Czech economy that will affect the traditional industries that are still present in these regions) but also the growth of peripheral areas, in particular inland. The growing regional concentration of socially excluded locations might potentially become a major regional problem, if not sufficiently addressed.

Starting points for the analysis of disparities, development needs and the growth potential

The analysis of disparities, development needs and the growth potential (hereinafter the "Analysis") has been prepared for challenge areas, with identified national and regional problems, development needs and priorities that clearly predetermine the use of ESI Funds in 2014-2010 in the Czech Republic.

⁸ Ditto.

National development priorities (NDP) were used as a starting point for the analysis and identification of needs for 2014–2020⁹. The national development priorities were determined by the Czech Republic as a base for the entire programming process for 2014–2020. They are as follows:

- **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.**

After defining the NDP, the challenge areas and the overall programming logic, in consideration of the Partnership Agreement, were determined.

The challenge areas were determined in accordance with the NDP, however a separate challenge area of the **environment** was selected (in the NDP it is part of the development of core infrastructure and integrated regional development). The national development priority Integrated Regional Development is presented in a separate chapter, in accordance with the Partnership Agreement template.

In terms of contents, the challenge areas include both sector and regional/territorial approach, which will make it possible to respond mainly to development differences and specific needs arising out of different types of territories set out in the strategic development documents and to create preconditions for a balanced and integrated development (in connection with the competence of the individual actors). The combined approach mentioned above is also connected to the corresponding application of (integrated) tools that are linked to priorities and their solutions for which a sectoral approach is preferred in terms of nationwide efficiency. The support of **territorial dimension**, linking the sectorally and regionally orientated support instruments and activities, is reflected horizontally in the Partnership Agreement, in the manner stated above.

When the NDP were being defined, a great emphasis was put on **compliance with the Europe 2020 strategy objectives** which were defined in the document Strategy 2020, in the integrated guidelines and the particular EU flagship initiatives. Key importance was assigned to documents for implementing the Europe 2020 strategy at the national level, namely the regularly updated **National Reform Programme of the Czech Republic (NRP) and the Country-Specific Recommendations of the Council on the NRP** for individual years. The priorities defined in those documents became, in the follow-up process of defining the challenge areas, specific development needs and financing priorities, and together with the key national and territorial priorities of the particular policies, the basis for determining the particular areas of support and its concentration on the core themes. In terms of the position of the Czech Republic it can be stated that there is **compliance between the Partnership Agreement and the problem areas discussed therein, and the financing priorities of the EC** as defined in the EC Position Paper from November 2012 that can be considered as the most relevant document at the European level with regard to the specific situation and

⁹ The NDP were discussed by the government and taken cognizance of in Government Resolution No 650/2011.

problems in the Czech Republic. The barriers of further development of the Czech Republic¹⁰ identified in the EC Position Paper are in line with the analysis carried out and their removal belongs to the main objectives of the 2014-2020 programming period.

An increased use of financial instruments is planned for the 2014-2020 programming period in order to ensure higher effectiveness of the investments spent in the relevant areas (see below). Preliminary information on the extent and areas of use of the financial instruments is included in the relevant programmes. The precise decision will be made by mid 2015 and will depend on the conclusions of ex-ante analyses concerning the financial instruments use, which are carried out at the level of the relevant programmes.

10 The barriers are as follows: underperforming research and innovation system, underdeveloped transport infrastructure, underperforming education system, insufficiently utilised potential of the labour market, ineffective use of resources and ineffective public administration.

1.1.1 Competitiveness of the economy

This problem area arises out of the national development priority "*Increasing Economic Competitiveness*" and it is developed into the **four main pillars** mentioned above that have been identified to strengthen the competitiveness of the economy.

The main pillars of competitiveness of the Czech Republic:

- **functioning labour market,**
- **advanced and high-quality education system,**
- **functional research and innovative system, and**
- **competitive business.**

1.1.1.1 Functioning labour market

Background and Description

The quality of human resources and efficient labour market represent **the key features of non-price competitiveness**. In particular for a small and open economy as the Czech Republic is, **the flexibility of labour force and harmonizing the supply and demand in the labour market** represent important tools for dealing with the lost cost advantage which was such an important factor of growth before the start of the economic recession.

The **Czech labour market is affected by unfavourable economic development. Employment in the Czech economy dropped by 112 thousand jobs in 2008-2012.**¹¹ The biggest drop in employment (as absolute value) was suffered by the processing industry where in 2008-2012 the number of jobs decreased by nearly 80 thousand; construction lost further 56 thousand jobs and sales and transport lost 35 thousand jobs.¹² One of the factors of the growth of unemployment is also the regional economic structure and its economic performance.

The development stated above resulted **in a rapid growth of unemployment**. In September 2013, more than 550 thousand unemployed were registered; compared to June 2008 when the number of unemployed dropped below 300 thousand, this represents an increase by nearly 90%. The registered unemployment rate reached 9.4% at the end of 2012. More than **192 thousand unemployed have been registered for more than a year**; in 2008–2012 this number increased by more than 90%. There is a risk of an increasing **structural character of the unemployment**, which would require difficult and costly solutions.

Even though in the global context, the situation in the Czech labour market is still fairly good, the reality for some groups of the population is significantly worse. **Persons aged 50+, disabled people and ethnic minorities, in particular the Roma, face higher risks** of unemployment and loss of jobs. With regard to the **employment rate of older persons** (49 %¹³) the Czech Republic is at the EU average, however there is a significant difference between men (60%) and women (39%). **The level of employment of persons with primary school education and without education** is significantly below the EU average (in 2012 it was lower by 13.6 p. p.) and it is still decreasing. **The level of employment of young people** (20–29 year-olds) has also been showing a downward trend in the long term (in 2000 it was 66%, in 2012 only 57.8%) and their unemployment grows proportionally. **The proportion of young people outside the labour market or without education** is still below the EU average, however even this number is growing (8.9% in 2012). The Czech labour market is

11 Data source: CZSO: Time sequence of basic indicators of the Labour Force Sample Survey, 2013. Online at: http://www.czso.cz/csu/redakce.nsf/i/prumysl_energetika

12 Data source: CZSO: Labour Force Sample Survey, 2013. Own calculations.

13 Data sources in this part of the analysis: CZSO: Labour Force Sample Survey, 2013. Own calculations.

specific due to **the significant difference between the employment of men and women**. The gender employment gap, i.e. the difference between the employment of men and women is 17.5 % (as opposed to the EU average of 12.2 %). Women in the Czech Republic face the most severe drop in employment connected to motherhood and raising children in Europe, mainly due to the insufficient availability of child-care services linked to the low use of part-time employment (according to OECD data, the Czech Republic has the lowest employment of women with children up to 12 years of age out of all EU Member States, of that the minimum employment of women with children below 3 years of age).

Despite the complex development in the labour market in the Czech Republic there are still industries where the rate of employment is on the increase. These are often industries that are knowledge-based and high-tech (architectural and engineering services, IT services or production of electronic and optical devices), however their development is **slowed down by poor accessibility of qualified staff** and the level of discrepancies between the competencies of the workforce and employers' requirements. This issue must be addressed both at the national, regional and local levels of the labour market and also in terms of education, by utilising the potential of the workforce within the territory in relation to support of education in the relevant fields.

The Strategy for Inclusive, Smart and Sustainable Growth ("Europe 2020") pays a lot of attention to increasing the rate of employment. The National Reform Programme, following up Europe 2020, has determined several objectives for the Czech Republic for the area of employment. Despite the difficult situation in the labour market, the employment rate of women, older persons and the overall employment rate have increased since 2010. The biggest problem is the growing rate of unemployment of persons with low qualifications (see table at the end of the chapter).

Territorial differences

The labour market develops differently in each region. On one hand, there are "growth poles" in the Czech Republic – centres and regions where the employment rate is growing, and on the other hand, there are structurally and economically weak regions with growing unemployment. The potential for growth and improvement of the situation in the labour market at regional and local levels is mainly in the centres where there are high-tech and knowledge-based industries. Whilst Prague, South Moravian and Central Bohemian Regions have recorded an increase in employment since the recession, other regions have recorded a drop.¹⁴ The registered unemployment rate was kept below 5% only in Prague, while in 8 out of 14 Czech regions it exceeded 10% at the end of 2012. In those regions, the ratio of the number of the unemployed to job vacancies is very unfavourable. The registered unemployment rate of young people aged 15-24 was the highest in the Northwest region. In 2012, it reached 28.2%, which is roughly 9 p.p. above the Czech Republic average. What's more, the figures are growing. The share of employed people under 34 years of age and the share of employed people over 55 years of age shows only small differences in the territory. On the contrary, the share of people employed and unemployed "without education" shows significant inter-regional differences.

The development in Prague and South Moravian region (where the employment rate is driven mainly by Brno) but also in other regional centres demonstrates growing labour market differences between towns and rural areas. Job applicants in rural areas account for, approximately, one quarter of all applicants, while vacant job positions in rural areas represent only one sixth of all vacant job positions. There are less jobs created in rural areas

¹⁴ Data sources in this part of the analysis: CZSO: Labour Force Sample Survey, 2013. Own calculations.

due to several reasons - mainly lower-quality infrastructure for business and lower availability of capital. Due to the lower density of population (and facilities) in the rural areas, the starting and especially the operation of business activities are mostly associated with higher costs. In terms of active labour market policy (ALMP), the activities of the Labour Offices at the level of districts and regions show major territorial differences in terms of the volume of funds expended on ALMP and the volume of requalifications, determined by the level of the registered unemployment rate.

The lack of job opportunities in rural areas is one of the main reasons why young people, in particular, migrate to towns. To stabilize the rural population by securing job opportunities is one of the major challenges of the new programming period. It is of key importance to increase the competitiveness of enterprises in the rural areas, including the competitiveness of agricultural entrepreneurs who represent important employers in the areas. Other job opportunities can be created by diversification of their activities.

The support will be aimed at:

- territories with high unemployment,
- economically weak regions (according to the Regional Development Strategy of the Czech Republic for 2014-2020)
- NUTS II regions where the unemployment rate of persons aged 15-24 exceeded 25% in 2012
- territories with a need for a systemic solution to restructuring the traditional industrial regions.

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

With regard to the labour market the activities of the 2007-2013 programming period sought:

- to increase the skills of the workforce and enterprises to adapt to changes,
- to increase the flexibility of the labour market,
- to help persons at risk of social exclusion, to increase the quality and accessibility of social services and introducing measures increasing the employability of these persons,
- to promote equal opportunities for women and men in the labour market.

During the economic crisis, the trend in balancing differences in the regional employment rates in each region of the Czech Republic reversed, as the differences between them had risen again. Thus, the urgency of the need to support the labour market and employment persists, in fact its importance has even grown. Similarly, the importance of the territorial dimension is growing – the recession had a different impact on the regions of the Czech Republic and there are some significant structural regional differences which results in the concentration of labour market issues into some regions.

Despite the negative development of the Czech economy there has been an increase in the overall employment rate, and the employment rate of women and older persons also increased. The Czech Republic came closer to achieving some of the national targets in the area of employment in relation to the Europe 2020 strategy.

The experience from the current programming period have shown how important it is when all players in the labour market work together when trying to resolve employment issues, and that it is necessary to have a better link between ALMP and other instruments, in particular in the area of social inclusion. Another important finding has been the need to strengthen

analytical and monitoring tools that would enable better targeting of interventions and to improve their efficiency.

With regard to the impacts of the economic recession, the labour market interventions in the 2014-2020 period will mainly focus on improvement and modernisation of employment services and their interconnection with other services, in particular in the area of social inclusion. It is important to increase the number and share of job applicants supported as part of active labour market policy instruments, to increase the employment rate of supported persons with an emphasis on the groups of people that are at risk in the labour market, to increase the harmony between qualifications and skills of employees and employers' requirements, to increase the use of flexible forms of work and to help finding a good balance between private life and work. The experience from the current period has also shown that it is necessary to increase participation of adults in further education (FE) by focusing on the development of professional and key competencies. However, while doing so it is necessary to put greater emphasis on the quality of FE and the related career consultancy services without which the FE benefits would not be sufficient for the target groups.

Major identified challenges and development needs:

The aim of the Czech Republic in connection to Europe 2020 is to raise the employment rate in the economy to 75%. The problem of insufficient employment rate has several reasons which the Czech Republic intends to address with the use of the Structural Funds in 2014-2020. The reasons are described below. In order to improve the situation in the labour market it is important to create new jobs, which is conditioned by restarting the economic growth and by improving the competitiveness of Czech business entities in the international market. That is the focus of chapter Competitive Business.

1. Insufficient quality and capacity of employment-enhancing services

The expenditure on active labour market policy (ALMP), implemented by the Labour Office of the Czech Republic (LO) **is one of the lowest in the EU** (it amounted to only 0.07% of GDP in 2012). In 2012, the ALMP instruments supported only 7.6% of the total number of job applicants who registered at the LO in 2012, which represents a drop by full 40% against 2011.¹⁵

Moreover, the ALMP instruments no longer meet the needs of the job applicants (mainly in interlinking the different instruments so that their application leads to a gradual entry into the labour market) and they are not always targeted at those who need it most, which is caused by the absence of instruments for the applicants' profiling. **That concerns the specific groups of hard-to-employ persons** who also do not receive appropriate training and consultancy support.

The scope and quality of information on the labour market development and on the ALMP impacts is insufficient, the evaluation of the effectiveness of the particular instruments is not systematic. Moreover, the other actors in the labour market are not sufficiently involved in determining the employment policy objectives or in its implementation as such, which reduces the ALMP efficiency even further.

The deficiencies in the employment services were noted in the Country-Specific Recommendation on the NRP 2014 No 4. The development needs set out below reflect the above recommendation and direct the support towards areas that comply with it.

Development needs:

¹⁵ Source: Labour Office of the Czech Republic.

- **To introduce innovated ALMP instruments** with an emphasis on case-by-case approach and tailor-made services, focused on cooperation with social partners in creating new jobs, on preventing unemployment including relations to the school system, on activating persons on the edge of the labour market or outside it in line with their individual needs.
- **To develop regular monitoring of the targeting and evaluation of impacts of the ALMP instruments.**
- To support the development and capacities of labour market institutions (staffing, analytical, methodological and managerial) with regard to labour market needs.
- **To use targeted instruments to support employment of job applicants and seekers and inactive persons** and their return to the labour market, with a special focus on persons aged over 55 years, young people without work experience, persons with low qualification, minority members, the long-term unemployed, persons with health disadvantages and persons with caring responsibilities in the family.
- **To introduce measures for increasing employment of young people** in line with the Youth Guarantee programme, and to focus the support by means of those measures, namely on young people in the NUTS II Northwest.

2. Mismatches between qualifications and labour market requirements

Despite the recession, there are sectors in the Czech economy which increase their employment. Their growth potential is jeopardised, however, by **insufficient availability of qualified workers**. Even in sectors with decreasing employment, such as the processing industry, construction industry or agriculture, there is a long-term shortage in many professions.

The mismatch between the labour market offer and demand is caused also by **lower relevance of initial education** to the requirements of employers (see also section Education). This problem can be solved at the labour market level by supporting FE for adults. However, the efficiency of this instrument is still insufficient because individuals often **perceive the benefits of FE to be low for employability**, which weakens the demand for such education. In particular the **participation in FE of persons most threatened with low employability** (persons with lower qualification and of higher age) is **below average**¹⁶ in international comparison, which further worsens the prospect of this group in the labour market.

The target groups also **lack orientation in the offer of further education and an ability to identify the most suitable educational pathway** for increasing their employability. That is also related to the non-existence of instruments for analysing and anticipating the labour market development and needs.

An important role in educating adults is played by employers. An emphasis on providing further education to employees can be seen rather in large and medium-sized enterprises while small enterprises provide training to employees less often¹⁷. The main barriers in training development mainly in smaller employers include the insufficient quality of human resources management and development, the high cost and the necessity to release the employees for participation in the training.

Development needs:

16 Source: Adult Education Survey (Eurostat 2013). Online at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=trng_aes_102&lang=en

17 Source: Continuing Vocational Training (Eurostat 2013). Online at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=trng_cvts02&lang=en

- **To support further education** in professional, key and business **skills** in order to increase the employability of adults, including informal FE outside the school system, and to introduce elements of FE quality assessment which will help improve the benefits of FE for the target groups.
- To increase the participation in FE of adults **most at risk of unemployment** and loss of employment .
- **To expand the use of instruments for accreditation of prior learning**, including certification of gained skills in cooperation among employment services, public, private and non-profit educational entities.
- **Improving the career guidance** including the development of programmes that will help search for employment and choose one's occupation.
- **To develop the use of tools for labour market analysis and forecasts** and to use them to harmonize the educational offers with employers' needs.
- To support professional practice and traineeship in enterprises.
- To provide support and advisory services to employers when creating and implementing modern systems for managing and developing human resources.

3. Difficulties in reconciling personal and professional life and women's inequality in the labour market

Flexible forms of work, such as part time work, working from home, which would allow higher involvement of women with children in particular, but also of other persons who for some reason cannot work full time, **are still not commonly used in the Czech Republic**. Whilst in EU-27 approximately 32.6% women and 9.5% men were employed part time in 2012, in the Czech Republic the ratio was 9.6% for women and 2.9% for men.

Employment of people caring for children is further complicated by **poor availability of pre-school establishments**, which is mentioned in the Country-Specific Recommendation No 4. The availability of care for children under 3 years of age is insufficient due to a low offer of affordable facilities. Availability problems due to the insufficient capacity of the facilities are significant also in pre-school education. Whilst 6,810 applications for placing children in a pre-school establishment were turned down in school year 2005/06, in school year 2012/13 it was already 58,939 applications. The worst situation is in some large towns and on their peripheries. According to the MEYS statistics (school registers and demographic development analyses), the increase in the number of children aged 3-5 years is currently culminating and their numbers should start to diminish, but very gradually.

Difficulties in reconciling personal and professional life have a major impact, in particular, on the employability and remuneration of women. Long-term women's career interruptions, when looking after their small children, and the insufficient offer of relevant services lead to **major differences between men and women, both in terms of the employment rate and remuneration** - in both factors, the women's position in the Czech Republic is markedly falling behind the EU average.

The differences in remuneration are shown for women in their productive age, but consequently they also affect women's pensions. For example in 2012, the **average old-age pension was one quarter higher for men** than for women. Older women also much more face the risk of **discrimination in the labour market** as they can fall victims to discrimination not only on the basis of their gender but also age. The differences in remuneration of women and men are also caused, in addition to career interruptions, by horizontal and vertical segregation of the labour market by gender, and by direct and indirect discrimination.

Development needs:

- To create conditions for **higher use of flexible forms of work**.
- To enhance employment of women with children by **broadening the offer and by creating sufficient capacity of affordable child-care services** for children under 3, and by topping up the capacity of quality pre-school education to the level matching the demand. To improve the availability of education and career guidance for persons on maternity and parent leave, persons caring for dependent people, and for older women, focused on improving their access to the labour market, including the possibility of self-employment.
- To support measures to **remove discrimination in the labour market based on gender**, and to reduce the horizontal and vertical segregation of the labour market by gender and the differences in remuneration of women and men.
- To increase the participation of men in childcare and care for other dependent persons.
- To improve the coordination of local and national policies concerning equal opportunities of women and men, their implementation or adjustment.

4. Insufficient cooperation of key players, poor interconnection of different types of instruments when dealing with problems in the labour market

The involvement of local government (villages, towns) when dealing with the issue of employment is not sufficient. **Local governments are not sufficiently active when mobilising the internal potential of respective locations** and creating new types of job opportunities. Also the cooperation of relevant local players in the labour market (local governments, employment services, employers, educators, non-profit sector etc.) is insufficient.

The interconnectivity between employment services and social services, and social and health services and other related services is very limited. But the interconnectivity between the various instruments is essential for comprehensive solutions for employability of persons at risk of long-term unemployment and social exclusion.

Development needs:

- To support and **develop programmes of cooperation and partnership** when dealing with problems in the labour market at the national, but mostly at the regional and local levels, involving all relevant players in the labour market.
- To support interconnectivity between employment services and social services, but also social and health services and any other related services in order to ensure a comprehensive approach when increasing employability of target groups.

The specific needs and challenges of urban and rural areas and cross-border regions

- to adapt employment policy instruments to the specific conditions and requirements of urban and rural areas,
- to form the needed offer of labour force with the required structure and level of education and qualification (specific requirements for initial education in agriculture and related fields will be addressed similarly to other fields as part of the school system, see Chapter 1.1.1.2 Advanced and high-quality education system. Further vocational education in the fields of agriculture, food industry and forestry is described in a separate subchapter of chapter 1.1.1.2),
- to stabilize rural areas by enhancing the creation of job opportunities through:

- increased competitiveness of agricultural entrepreneurs, supporting the start and development of other business activities in the rural areas (further discussed in chapter 1.1.1.4 Competitive businesses),
- diversification of activities of the agricultural entrepreneurs (to ensure sufficient capital input for their non-agricultural activity),
- cooperation of labour market institutions on both sides of the border, in particular public administration authorities (labour offices) and frontier institutions that help to address unemployment and other issues (information exchange, enabling access to work across the border, commuting etc.)
- more flexible response of the education system on both sides of the border on the needs of the cross-border labour market - from adapting the fields of study to recognising qualifications, in order to increase the employability of applicants on both sides of the labour market.

Links to EU documents

Europe 2020 strategy	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 Guidelines 7 "Increasing the participation of women and men in the labour market, reducing the structural unemployment and promoting the quality of jobs", 8 "Developing skilled workforce that will be responsive to labour market needs, and promoting 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".
Common strategic framework	Annex 1, 5.5 Responding to the demographic change, measures to improve family conditions and the balance between work and family life, among other things.
Thematic objectives	8. Support for Employment and Mobility of Workforce.
Country-specific recommendations of the Council 2014	4. Strengthen the efficiency and effectiveness of the public employment service, in particular by setting up a performance measurement system Increase participation of unemployed youth in individualised services. Increase considerably the availability of affordable and quality childcare facilities and services, with a focus on children up to three years old. Partially 3. Promote the employability of older workers

Ties to Czech Republic documents

National Reform Programme 2014	Primary link: <ul style="list-style-type: none"> ▪ 4.3.1 The development of the labour market and active labour market policy; increasing labour productivity Partial link: <ul style="list-style-type: none"> ▪ 4.2.7 Agricultural policy ▪ 4.3.3 Social inclusion and combating poverty ▪ 4.3.4 The compatibility of work and family life and the issue of gender equality ▪ 4.3.5 High quality and inclusive education.
Strategy for international competitiveness of the Czech Republic	4. Strengthen the efficiency and effectiveness of the public employment service, in particular by setting up a performance measurement system Increase participation of unemployed youth in individualised services. Increase considerably the availability of affordable and quality childcare facilities and services, with a focus on children up to three years old

Regional Development Strategy of the Czech Republic 2014-2020	Priority 1 Use of Development Areas Potential (measure 1.5 Labour Market Adaptability). Priority 3 Improving 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 workforce).
Employment policy strategy	Priority 1 Supporting the access to employment, mainly for groups at risk in the labour market Priority 2 Promoting equality between women and men in the labour market Priority 3 Adapting the enterprises, employees and the unemployed to labour market changes and needs Priority 4 Development of employment services

The other key documents related to the problematic area include documents developed by the Czech Republic regions (regional development programmes, regional development strategies). Sectoral territorial documents (relationship between the labour market and education - Long-term plan for education and development of the educational system in the region) and e.g. Regional Innovation Strategies are also linked to the problem area of the labour market.

Europe 2020 strategy objectives and National Reform Programme objectives

Other objectives at the national level	Czech Republic target by 2020	Czech Republic achievement as of 2010	Czech Republic achievement as of 2013 ¹⁸
The employment rate of women (20-64 years)	65 %	60.9%	63.9 %
The employment rate of older people (55-64 years)	55 %	46.5%	51.4 %
The employment rate of young people (15-24 years)	Reduced by a third compared to 2010 (i.e. to 12.3%)	18.4%	17.4 %
The unemployment rate of people with low qualifications (ISCED 0-2)	Reduced by a quarter compared to 2010 (i.e. to 18.75%).	25 %	26.1 %
Total employment rate	75%	70.4%	72.7 %

1.1.1.2 Advanced and high-quality education system

Starting points and characteristics

The quality of human resources and their availability become key factors for the success and quality of life in individual countries. Qualified workforce is a source of competitive advantage of companies and attracts investment of transnational companies. At the same time, there is convincing evidence that education improves civic engagement, satisfaction with life and health.¹⁹ The social and economic development of the Czech Republic will increasingly depend on the level of education and hence the quality of the education system.

The study results of Czech students have been deteriorating in the long term. **The poor quality of initial education** undermines future economic competitiveness of the Czech

¹⁸ Data as of 1st October 2013, source: CZSO, MLSA

¹⁹ See e.g. OECD, PIAAC.

Republic. Should the country be able to compete abroad, it is necessary to reverse this trend and to ensure that graduates are able to flexibly respond to changes, to initiate and introduce innovations and to find employment.²⁰

The Czech Republic also experiences problems with quality of university education; in the last years there has been a major increase in the number of graduates. Compared to EU the share of people with university education is still lower (23.8% compared to 34.6% in the age group of 30-34)²¹, however nowadays nearly three quarters of the respective age group enrol in universities. Massification of university education was not accompanied by the necessary pressure to increase or maintain the quality of university education, or to diversify the education. **University education does not reach its potential for competitiveness of the country**, however in combination with the research and development system it could drive the economic and social growth as it is the case in developed countries.

Growth based on human capital and increased participation in the labour market is not only based on good quality education, matching the needs of the labour market, but also on equal access to this type of education. Compared to EU, the position of the Czech Republic is very good in terms of the level of early school leaving which is less than half compared to EU (5.5% compared to 13.5%)²². **However, there are groups at risk that are disadvantaged in their access to good quality education.** The Czech Republic has a relatively strong correlation between education results and family support and this correlation is being further strengthened²³. Ensuring an equal access to education helps to decrease social differences and leads to the efficient use of potential of all citizens, and represents an efficient measure to significantly decrease the cost of future social policies.

In the past approximately fifteen years, the management of the education system undergone radical changes. In particular, in the area of primary and secondary education there was a major decentralisation in accordance with the objectives of the White Book. **Decentralisation leads to problems with coordination of educational policies** at the national, regional, and municipal levels. The increased autonomy and responsibility of schools, and transfer of obligations to schools require that these facts are reflected in strengthening the strategic management in educational policies, and coordination and communication at various management levels in the system.²⁴

Regional differences

In many regions, there is a deepening discordance between the structure of the fields of studies at secondary schools and universities, and a mismatch between the structure of graduates and the requirements of the labour market. The poor condition of infrastructure - buildings and equipment - is also evident. In the last years, the number of students at secondary schools, including technical colleges, is dropping; this is caused by the demographic development which is similar in all regions. However, regions which are natural centres of migration within the Czech Republic, i.e. Prague, some areas of the Central Bohemian Region and South Moravian Region (in particular Brno and its surroundings) will deal with this situation better. On the other hand, the Moravian-Silesian Region will face a much bigger drop in this age category. As a result of the drop in the number of students and

20 International Competitiveness Strategy, project card Changes to the Educational Content.

21 Eurostat 2012.

22 Eurostat 2012.

23 This is confirmed by international surveys among students and adult population (OECD PSA, PIACC).

24 Information material for the preparation of the Educational Strategy Policy of the Czech Republic until 2020, Chapter 4. Responsible and efficient management of the decentralised education system, see reference 19.

the regions' attempts to save finances, the regions are trying to optimize secondary education (by merging schools and reducing the number of schools).

In the future, the inter-regional diversity will grow between villages in peripheries, in particular emigration peripheries, and villages in the immigration areas. It will be augmented by the demographic trend related to gradual progression of children born in strong birth-rate years from kindergartens to primary schools. The demand for a higher capacity of pre-school and primary education is unevenly spread over the Czech Republic and sufficient capacity must be ensured mainly on the periphery of large towns and in other places with growing population and economic growth. As a counter pressure it is important to maintain available good quality pre-school and primary education in rural areas and to increase the community role of the school as the centre for lifelong learning.

The mismatch between the structure of the fields of study and employers' requirements, in addition to the overall situation in the labour market, is reflected in the employment rate of graduates. This indicator shows significant differences among regions. In 2013, the registered employment rate of fresh secondary school leavers was from circa 7% in Prague (which also shows the lowest share of unemployed persons aged 15-64) to more than 20% in the Regions of Ústí nad Labem, Olomouc and Karlovy Vary. The overall situation is worse for school-leavers in specialised fields.

At the local level, the unpreparedness of local educational systems to respond adequately to the needs of children with special educational needs, in particular children at social disadvantage, namely Roma children, represents a major problem. When addressing the issue of available places at kindergartens and primary schools, it is essential to start preparing related measures for pre-school education, such as combined social and educational interventions in families with children at social disadvantage, this has to be done from an early age.

The support will be aimed at:

- functional regions - support will be targeted according to the priorities, needs, urgency and data of the specially delimited areas defined in the action plans on education development, prepared on a partnership basis among regional actors (mainly regional and local actions plans on education development).

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 the modernisation of the initial, tertiary and further education, integrating the systems into a comprehensive system of lifelong learning, and improving the conditions for research and development. Information stated in other parts of the subchapter concerning the problem area of Education shows that these targets were reached only partially. The main experience which should be a lesson learned can be summed up as follows:

- **Fragmented support** – there were many projects that certainly had a positive impact, however, no system changes were achieved on the whole. In 2014-2020 it is necessary to focus on larger projects with a clear aim and coordinated enforcement of changes (e.g. projects of individual departments vs. strategic projects of the whole university).
- Projects implemented via **simplified reporting** of expenditure have been evaluated positively - this type of support must be continued and extended.
- **Too many national projects** – the set up system did not enable efficient supervision of quality, it was cumbersome and it did not ensure acceptance and dissemination of the

achieved results in schools, see Chapter “Systemic experience from the programming period 2007-2013” for more.

The interventions in the 2014–2020 period will be closely linked to the outcomes of the projects financed from the OP Education for Competitiveness. This will cover, for example, using a lot of good quality methodology and piloted courses of further education for teachers, and their targeted distribution into practice at schools, in particular in the area of development of key competences of students and inclusive education

The created tools and the system of internal and external evaluation of the quality of initial education will be developed and used for strategic management of education in order to achieve better results at all levels (state/local education authority/headmaster/teacher/student); pilot-verified procedures will be disseminated and more emphasis will be newly put on supporting teachers directly at schools.

Concerning universities and the infrastructure investment from OP Research and Development for Innovations, that has greatly contributed to the improvement of university infrastructures for research purposes, this work will be continued. With regard to increasing students’ interests in technical fields of studies and natural sciences, it will be possible to capitalize on the investment put into the centres for popularisation of research. With regard to the education infrastructure, it is necessary to take into account interventions from regional operational programmes. It would be advisable to link infrastructure interventions with interventions from the ESF.

In the 2007-2013 programming period, the transfer of knowledge to farmers and non-agricultural businesses in the form of information events or an advisory system for farmers and foresters was supported within the Rural Development Programme (RDP). Although the set objectives in the number of participants in training events (especially for farmers) have been achieved, the feedback on the use of the acquired knowledge in practice is not sufficient. There are enough educational events, however, there is a lack of a systematic and targeted approach.

In order to implement educational interventions efficiently, functional coordination will be ensured among ESIF programme implementation entities. Mutual agreements (memoranda) among the managing authorities will define the key aspects of cooperation (e.g. in preparing calls for proposals and a joint working group will be set up to ensure overall coordination). A significant role is played by the Strategy for Educational Policy of the Czech Republic, and the regional and local action plans on education development (targeting of calls, territorial concentration of investment). For more on coordination see chapter 2.1.

Major identified challenges and development needs:

1. Insufficient quality of initial education

The results of pupils and students at primary and secondary schools have deteriorated in practically all monitored areas. Pupils do not reach the results achieved by their peers ten or fifteen years ago.²⁵ Although some research²⁶ shows that the trend of deterioration might stop, the level of basic knowledge of Czech pupils is not sufficient. The current unfavourable situation is a result of several factors that will have to be systematically addressed to change this trend.

25 Results of international comparisons - PISA, TIMSS.

26 TIMSS and PIAAC from 2011, PISA 2012.

- **The quality of headmasters and teachers** - the current position and role of teachers is not properly remunerated and does not carry the social prestige it deserves. The average age of teachers in the Czech Republic (international comparison) is high. The level of undergraduate preparation of teachers is low, there is not enough teaching practice and the preparation of teachers is not reflecting changes in the areas that bring social and technological development. There are no stimulation tools for professionals to become teachers. School management is efficient but it does not focus on students achieving better results, but on the economic and financial management of the schools. Most local education authorities cannot work with information on quality of schools.
- **Underinvestment into infrastructure** of kindergartens, primary and secondary schools and other educational organisations, which does not correspond to demographic trends at the local level and to the needs for high-quality development of transferable and professional competences relevant for the labour market. The differences in the material and technical equipment of individual schools and educational facilities. Digital and open educational resources and software for individualisation of learning are not used efficiently, which is down to poor competencies of teachers, poor technical equipment and an insufficient internal connectivity of schools and bad internet access in rural areas in general.
- **The insufficient level of strategic leadership in education** to achieve better results at all levels of initial education, connected with changes caused by decentralisation and an increased autonomy of schools, and a poor ability of the system to work on the principle of evidence-based policy. In the Czech Republic there is no developed monitoring of the quality of educational results²⁷.
- There is no **definition of the quality of work of teachers** and headmasters, quality of the work of schools and no regular feedback to all aforementioned entities with regard to the set quality criteria. Educational objectives for pupils are defined too generally, they are not prioritised, teachers have no duty to monitor individual progress of each pupil with regard to the objectives determined, and neither do they have the necessary guidance or suitable conditions.

The insufficient progress in some of the above areas of initial education is noted in the Country-Specific Recommendations of the Council on the NRP 2014. With regard to initial education they mention the completion and introduction of a system for evaluation of schools, and making the teaching profession more attractive (Country-Specific Recommendation No 5). The recommendations are reflected in the development needs below. In implementing the ESIF interventions, a strong emphasis will be put on the above themes which must be interlinked with support of other deficiencies identified.

Development needs:

- **Key competencies**²⁸ are the most important requirements of employers and also the base for lifelong learning, innovation and development of new technologies. With

²⁷ This situation is also highlighted in expert opinions of OECD and in Council Recommendations on the NRP from 2013.

²⁸ *Key competencies for lifelong learning - European Reference Framework* (1. Communication in the Mother Tongue, 2. Communication in Foreign Languages 3. Mathematical Competence and basic knowledge of sciences and technology, 4. Ability to Work with Digital Technologies, 5. Ability to Learn, 6. Social and Civic Skills, 7. Initiative and Business Acumen, 8. Cultural Awareness and Expression). Annexed to the recommendation of the European Parliament and Council dated 18 December 2008 on key competencies for lifelong learning published in the Official Journal of the European Union on 30 December 2006 L 394. <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:394:0010:0018:CS:PDF>.

regard to primary and secondary schools, and in accordance with the NRP, it is necessary to focus teaching on broader possibilities of application of the knowledge, and to improve the pupils' skills in these competencies. This will improve the ability of school-leavers to flexibly respond to changes and enhance their employability. In order to implement this change it is necessary to open schools for cooperation with external entities which provide informal education and special interest education, and to increase the understanding and encouragement of parents and the public for education focused on key competencies.

- **Development of human resources for initial education.** This concerns mainly improving the pre-graduate preparation of teaching staff and supporting their further professional growth including a systemic support for newly qualified teachers, developing the competences of the managing staff of schools and education authorities.
- **Ensuring an equal access to a good quality educational infrastructure.** Strategically targeted and justified investment into the educational infrastructure in order to develop competences of children and students at pre-primary, primary and secondary schools on the basis of local/regional action plans that are prepared in accordance with the educational policy of the Czech Republic and reflect the needs of local partners, the demographic development and labour market; the infrastructure needs are linked to the need to develop good quality education at specific places.
- **Creating a comprehensive system for national monitoring of the quality of educational results,** following recommendations of OECD in initial education, so that it provides essential information for system management at the level of the state, regions, schools and teachers, parents and students, and for continuous improvement of the work of all players, and so that the system enables identification of inequalities in the education system and their removal.
- **Improving pre-school education,** in particular by improving the competences of the teaching staff in the key areas (mathematic and reading literacy, polytechnic education, inclusion of children with special learning needs) and by means of investments in quality equipment (the insufficient capacity of pre-school education is addressed in chapter Labour Market, the increase in participation of socially disadvantaged children in pre-school education in the next sub-chapter).
- Ensuring conditions for efficient management of education at the national, regional, municipal and school levels.

3. Unequal approach and low ability to develop individual potential of pupils and students

The education system in the Czech Republic is not sufficiently able to level out the handicaps of disadvantaged pupils and students and to develop individual potential of each person:

- The insufficient focus on pupils' development and results by the school management, late or insufficiently identified educational needs (insufficient ability of teachers, unbalanced quality and capacity of the psycho-pedagogical counselling), insufficient follow-up development, support and catching-up measures for pupils, insufficient openness of schools (low cooperation with families, social services, low interconnectivity with out-of-school education) are the reasons leading to **low individualisation of the education of each child allowing it to reach his/her personal best.**
- This is shown in the **low participation of disadvantaged pupils, including those of Roma origin, in common pre-school education,** and throughout the entire educational path where pupils who are at a disadvantage do not achieve the same results as their classmates, they opt for studies not requiring the school-leaving exam to be passed (with a lower chance of finding employment) or they leave the education system early.

In many towns, a **significant share of children and pupils with a socio-cultural disadvantage (often Roma children and pupils) is educated according to the Framework Education Programme for Primary Education with an annex for educating pupils with a light mental disability**, or attends preparatory classes in practical schools. At the same time, primary schools within towns are gradually **differentiating in terms of the share of pupils from the majority and the minority population**. The above facts lead, inter alia, to a low share of pupils and students in the higher degrees of education (including tertiary education where only several dozens of Roma students are studying currently). The main obstacle for Roma pupils entering tertiary education is their low share among students studying and passing the secondary school-leaving exam.

- **The dependency of success in education** (and consequently in employment) **on the family and social origin persists** and the share of the impact of the socio-economic environment of the school on the success rate of students is also increasing. Problems continue in particular with regard to children from excluded or vulnerable groups and socially excluded localities, parents from the majority society and the public have mostly a negative attitude to inclusive education.
- The consequence of insufficient development of individual pupil needs is a **negative attitude towards school** (the index value, showing if pupils consider school to be a friendly environment, was the lowest in OECD countries in 2012), the increasing share of boys leaving school early (in 2020, it was more than 6% and the number is growing), the long term low and still decreasing number of pupils achieving best results, in particular in mathematics and natural sciences (PISA 2012).

The development needs below also directly reflect the Country-Specific Recommendation No 5 on education. As, in line with this recommendation on education, the relevant investment priority "Socio-economic integration of marginalised communities such as the Roma" will be included for ESF interventions, the relevant ex-ante conditionality 9.2 will be used for ESF too.

Development needs:

- **To support inclusive education in regional schools** and support individual approach at all levels of the education system, promoting work with the public in order to increase awareness and gain support for inclusive education, supporting openness of schools and infrastructure for this purpose.
- **Supporting the participation of children with special educational needs, including Roma children, in pre-school education.**
- **Comprehensive solutions for children from excluded or vulnerable groups**, in particular in socially excluded areas - the local education system must respond to the needs of children at social disadvantage in a comprehensive manner and along the entire educational path, or at least from pre-school to the completion of secondary education, and to support their education in mainstream education. It is necessary to interlink support in education (including informal and special interest education), social inclusion and employment.
- **To support motivation of pupils to learn** and to support measures that enable all pupils to **develop their individual talents** and achieve their personal best in terms of education, employment and personal development.

4. Mismatches between training and labour market requirements

Technical secondary education, and quite often even university education, does not match employers' needs. This leads to a paradox situation when the unemployment rate is growing

and yet companies have problems finding staff for many job positions. The challenges can be summed up as follows:

- An **unsuitable education structure** – this concerns apprenticeship and secondary vocational school-leavers, and university graduates. Insufficient availability of qualified **staff for knowledge intensive and high technology industries** represents a major problem for competitiveness of the economy. More than half of Czech companies struggle with a shortage of staff with technical education²⁹.
- **Narrow specialisations of the fields of study** (secondary schools) and missing key competencies of school-leavers, including language skills, business acumen and ability to gain new knowledge and skills.
- There is a **disconnection between professional preparation and work experience in companies** so that the professional preparation often does not correspond to the actual demand of the labour market. Only a half of domestic employers cooperate with educational institutions, mostly offering practical training experience³⁰.
- **The obsolete equipment at schools and outdated knowledge of teachers in vocational education** – this is a deepening problem, mostly in industries with fast technology development, it is essential to flexibly upgrade school equipment and to continuously increase the professional knowledge and skills of teachers.
- Insufficient **cooperation of schools with carrier advisors** and a limited access to information on trends and future development of qualification demand.
- The persisting **low coherence between initial and further education and the employment sphere**. This does not enable individuals to efficiently combine programmes of initial and further education in different phases of their educational paths or professional paths in order to gain knowledge and skills arising out of the actual demand of the labour market. There is a growing demand for university education among the middle aged generation with secondary school education, however, with much higher requirements on flexible forms of training. In many cases, schools do not have the capacity for adult education.

Development needs:

- **Strengthening the transferable competences necessary for long-term employment in secondary-education subjects at the expense of their excessive specialisation**, including entrepreneurship competences in line with the, the transferable competences will ensure that the school-leavers will be able to adapt to new technological requirements and to cope with a change of job.
- **Development of strategic cooperation of schools with labour market players** - cooperation in innovating the educational programmes and implementing vocational and practical training, introducing features of the cooperative model between schools and employers, and developing the model at the regional level.
- Development of the **career guidance system**.
- **Supporting the interest of children and young people in technical fields and knowledge-intensive fields** (offering polytechnic activities in nurseries and primary schools, popularisation of technical subjects and natural sciences at secondary schools and universities, cooperation with institutes offering out-of-school education in this area).

29 CzechInvest research concerning technical education, 2012; <http://www.czechinvest.org/ceske-firmy-trapi-needostatek-technicky-kvalifikovanych-pracovniku>.

30 Ditto.

- The possibility of **using capacities of secondary vocational schools and universities for training** of adults with secondary education in order to improve their employability. **To simplify permeability between the programmes of initial and further education and to increase their compatibility with and relevance to qualification requirements of the labour market.**

5. Quality of higher education and using the potential of higher education to increase competitiveness

Compared internationally, the quality of universities is very low compared to countries of a similar size (e.g. the Netherlands, Austria), and this situation is not visibly improving³¹. The **quality of university graduates** is perceived as a serious problem by employers³². It can be summed up that university education suffers from the following problems that are mutually interlinked:

- There is no **specialisation** according to the strengths of the different universities. The offer of study programmes, that would be **linked to the labour market**, is limited. This results in a higher number of graduates with a master's degree³³ and a small number of **graduates with a comprehensive bachelor's degree coming to the labour market.**
- **The long average time of university studies and a high level of premature termination of studies.**
- **Insufficient innovative methods of teaching** including interactive teaching. No **cooperation with specialists from the field** and no emphasis on related soft competencies.
- No **system of quality evaluation** has been introduced – closely connected with the issue of effective financing of universities that is pointed out by Country-Specific Recommendation 2014 No 5.
- Low level of **international cooperation and internationalisation of Czech universities** including insufficient use of the potential offered by cross-border cooperation between universities, and between universities and the application sphere.
- **Unsatisfactory school equipment** that does not meet the standards of modern research and educating trends. Unsatisfactory appliances and software equipment, and the premises for practical training. This situation is particularly serious at Prague universities.
- **Insufficiently developed top-class teaching combined with research** that would generate highly qualified human resources – the main driving force of knowledge-intensive fields and innovations. The problem is also a shortage of talented technically oriented individuals and individuals interested in natural sciences. This problem is further augmented by the construction of a number of new research centres and their need for top human resources (see the section on Research and Innovation System).

Development needs:

31 QS World university Ranking: <http://www.topuniversities.com/university-rankings/world-university-rankings/2012>; Times higher education; <http://www.timeshighereducation.co.uk/world-university-rankings/2012-13/world-ranking/range/301-350/order/country%7Casc>.

32 Eurobarometer Survey 2010 ranked the Czech Republic as one of the last among all European countries in terms of employers' satisfaction with graduates. The best evaluation of quality was awarded to university graduates by only 19% of employers in the Czech Republic; in Finland it was 27%, in Germany 35%, in Austria 45% and in Sweden even 52% of employers. Confirmed by outputs from the national-level single project "Support of Technical Fields and Natural Sciences", National Education Fund: Survey of employers' requirements for graduates of technical fields and natural sciences.

33 According to the Czech Statistical Office, among the population with tertiary education there were 73% of people with a master's degree, 17% with a bachelor's degree, 7% with higher vocational education and 3% with a PhD (Human Resource in Science and Technologies in the Czech Republic in 2012, [http://www.czso.cz/csu/redakce.nsf/i/a_lz_vt/\\$File/1_lzvt_13.pdf](http://www.czso.cz/csu/redakce.nsf/i/a_lz_vt/$File/1_lzvt_13.pdf)).

With regard to the significant increase in the number of university students, the investment into the quality of university education represents a significant growth potential. To exploit this potential it is necessary to:

- Support **specialisation of universities** in accordance with their individual identified strengths, including essential investment into infrastructure and equipment.
- Significantly extend the **segment of high-quality fields of study that correspond with the labour market needs**, show a large degree of cooperation with practise and are suitable for a wide group of people.
- In line with the Country-Specific Recommendation 2014 No 5 to **introduce a system of evaluating teaching quality** based on objective indicators and serving as a basis for evaluating the quality of the institution for the purposes of financing and accreditation.
- Introducing innovations in teaching, as well as close cooperation with employers and developing transferable **competences necessary for long-term employment**, including entrepreneurship competences in line with the Youth Guarantee programme.
- Develop **international environment at universities**, i.e. to open up to foreign students, teachers, research staff, and international cooperation.
- Adopt measures leading to **decreasing the level of premature termination of university studies** (guidance, dealing with individual problems of disadvantaged students etc.).
- Develop **excellence of university education in connection with excellence in research** and to develop research cooperation with the application sphere. In connection with the demand for highly qualified human resources in natural sciences and technical fields, to direct the interest of gifted children, pupils and students towards these fields. This measure has a strong link to the smart specialisation strategy (see chapter 1.1.1.3) at the national and regional levels.

6. Unsatisfactory qualification structure in agriculture, food industry and forestry

An insufficient inflow of skilled workers in agriculture, food industry and forestry and an unsatisfactory qualification structure of the existing staff do not allow adopting the latest findings, and to innovate production processes and technologies. A low number of employees in agricultural businesses participate in further vocational education.

Development needs:

- To increase the qualification of employees in agriculture, forestry and food industry; to increase the availability of vocational education.
- To strengthen the knowledge of employees in agriculture and forestry about the importance of sustainable management methods, efficient use of natural resources, adaptation to climate change and mitigating the change, ensuring food safety and improving occupational health and safety.
- To increase the availability of essential technical information in the field of agriculture and rural development.

The specific needs and challenges of urban and rural areas and cross-border regions:

- Ensuring sufficient capacities for education on the periphery of large towns and their vicinity.
- Language education as a means of broadening the opportunities of employment for inhabitants of border regions.
- Joint training programmes extending the standard education implemented on both sides.

- Exchanging experience and know-how within the education systems as a means of increasing the quality of education and the quality of the education system elements.

Links to EU documents

Europe 2020 strategy	<p>Objective Reduce the share of early school leavers from the current 15% to 10% and increase the share of population aged 30-34 with a completed tertiary education to the national target of 32%.</p> <p>Primarily the initiative "Youth on the Move" with close ties to the labour market initiative "An agenda for new skills and jobs", and close links to R&D&I and involvement of universities, and the initiative "Innovation Union".</p> <p>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 research, development and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy", 7 "Increase labour market participation and reducing structural unemployment".</p> <p>Strategic framework for European cooperation with regard to education and vocational training (ET 2020).</p>
Common strategic framework	<p>Annex 1, Erasmus+ - to be used for common tools and methods that are used and successfully tested under the "Erasmus+" 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>
Thematic objectives	<p>10. Investing in education, skills and lifelong learning.</p> <p>9. Promoting social inclusion and combating poverty.</p>
Country-specific recommendations of the Council 2014	<p>5. Ensure that the accreditation, governance and financing of higher education contribute to improving its quality and labour market relevance. Accelerate the development and introduction of a new methodology for evaluating research and allocating funding in view of increasing the share of performance-based funding of research institutions. In compulsory education, make the teaching profession more attractive, implement a comprehensive evaluation framework and support schools and pupils with poor outcomes. Increase the inclusiveness of education, in particular by promoting the participation of socially disadvantaged and Roma children in particular in early childhood education.</p>

Ties to Czech Republic documents

National Reform Programme 2014	<p>Primary link:</p> <ul style="list-style-type: none"> ▪ 4.3.5 High quality and inclusive education. <p>Partial link:</p> <ul style="list-style-type: none"> ▪ 4.3.1 The development of the active labour market policy; increasing labour productivity ▪ 4.4.1 Development of conditions for excellent research ▪ 4.4.2 Development of cooperation between the business sector and research organizations
Strategy for international competitiveness of the Czech Republic	<p>5 Education level - increase the availability and quality of pre-school education, establishment of standards of performance and monitoring their achievement in regional schools, improve the work of school management, improve career counselling, employer involvement in training pupils at vocational schools, support 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>

Regional Development Strategy 2014-2020	<p>Priority 1 Using the potential of developing areas (measure 1.2 Development of universities and research institutions, 1.5 Labour market adaptability).</p> <p>Priority 3 Improve the social environment in the developing 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>
Education policy strategy in the Czech Republic until 2020	<p>The links to the Partnership Agreement are apparent in all strategic priorities:</p> <ul style="list-style-type: none"> ▪ 3.1 Reducing disparities in education ▪ 3.2 Supporting quality teaching and teachers as its key assumption ▪ 3.3 Managing the educational system effectively and responsibly

Other key documents related to the problem area include Long-Term Objective for Education and Development of the Educational System of the Czech Republic (from 2015 replacing the Life-long Learning Strategy), Action Plan for Inclusive Education, following up the Plan of Measures for Executing the Judgement concerning D.H. (and other action plans for strategies in education), Long-Term Plan for Educational, Scientific, Research, Development and Innovation, Artistic and Other Creative Activities for universities (based on the Framework for the Development of Tertiary Education up to 2020). Other documents include strategic documents of regions, and other sectoral documents defined in individual operational programmes. Long-term objectives for education and development of the education systems in the regions and Regional Innovation Strategies are prepared by regions with regard to the problem area.

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 2013	Czech Republic target by 2020	Czech Republic achievement by 2010	Czech Republic achievement by 2013
The share of early school leavers (% of the population aged 18-24)	10	14	12	5.5	4.9	5.4
Completed tertiary education (% of the population aged 30-34)	40	33.5	36.9	32	20.4	26.7

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%”.

1.1.1.3 Functional research and innovative system

Starting points and characteristics

The Czech Republic is a small open economy with a significant focus on industry and export where the main factor for ensuring a competitive advantage is the ability of businesses to develop and introduce new products, technology procedures, changes in the organisation of work and new methods of selling products and services.³⁴ In terms of conditions for the

³⁴ See WEF (2012): The Global Competitiveness Report 2012–2013.

development of research and innovation activities it is positive that in the past years there was an improvement in the area of technology (in particular ICT) and scientific and research infrastructure.³⁵

Also thanks to the intensive research and development (R&D) that reached 1.89% in 2012 (% share of R&D in GDP), the Czech Republic is nearing the EU average³⁶, while this growth was largely due to the private foreign R&D resources invested into businesses under foreign control, and the public foreign resources invested from EU funds into the construction of new and modernisation of the existing research infrastructure, in particular in the public sector.

In terms of the quality of R&D outputs in the form of highly cited scientific publications, joint publications of public research institutes and the application sphere (businesses), the number of patents and revenue from licenses and contracted research, the Czech Republic is well below the EU average. Publications of Czech authors have been cited with a growing frequency and in 2013 the citing reached approximately 90% of average citing in the EU per 1,000 inhabitants, but the share in the top-10% of the most cited publications in the world is, in the Czech Republic, 51% below the EU average³⁷. In terms of patent applications at the EPO per million inhabitants, the Czech Republic reaches only one tenth of the EU average³⁸, the volume of revenue from licensing fees from abroad is in the Czech Republic 0.1% of the GDP³⁹ compared to the 1.1% GDP in the EU average⁴⁰. The level of awareness of the importance of protecting intellectual property rights (IPR) is very low, and the level of utilising the new knowledge in innovations and their commercialisation, in particular, in public research organisations is negligible. Despite the positive trend in the development of R& D expenditure, the Czech Republic markedly lags behind in using R& D results, innovations and the economic impact of R&D.

This situation is a result of problematic factors, among others, in the area of financing research and development, a shortage of good quality human resources, low quality and intensity of interaction (in particular efficient cooperation) between the public sector and practice (in particular businesses)⁴¹, who have an impact on the efficiency of the whole innovation system in the Czech Republic.

When comparing innovative performance, the Czech Republic has been classed among “moderate innovators” for several years.⁴² The key source of the current convergence of the Czech Republic to the economic standard of the EU has been the productivity growth that was not driven by knowledge factors but mostly by adopting external knowledge and technologies (despite the fact they might have been creatively adapted to local needs) and by increasing the efficiency of production (decreasing cost). The convergence trend has been stagnating for the last two years, just as the productivity growth, and the Czech Republic is again getting slightly further away from the EU average.

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 growing

35 See IMD World Competitiveness Yearbook 2013.

36 See R&I performance – CR country profile, 2013, European Commission.

37 See Innovation Union Scoreboard 2013, indicator *Scientific publications among the top-10% most cited publications worldwide as % of total scientific publications of the country*: CR = 5.51; EU-27 = 10.9, Denmark = 14.1.

38 Data from 2012.

39 It is imported to point out that more than half of the revenue from licensing comes from one research institute (UOCHB AVCR v.v.i.), the value has been rounded off from 0.069 %.

40 Data from 2011.

41 International audit of research and development in the Czech Republic, Technopolis Group 2010.

42 IUS 2013, European Commission.

share of research in high-tech fields, recorded in recent years, is influenced by the fact that there are businesses with low added value working exactly in these fields. Particularly in recent years, the research and development activities in the area known as “key enabling technologies” have been on the increase – in the Czech Republic it is the ICT and nanotechnology fields.

Regional differences

Although in the Czech Republic it is possible to identify clear regional differentiation of R&D factors, it must be said that in terms of the overall efficiency of the innovation system, system factors play a far more important role. The main aspect of territorial dimension is the concentration of capacities in the City of Prague and its closest surroundings (i.e. Central Bohemian Region). These are, in particular, public research capacities (educational and research institutes residing in Prague) and business capacities (some of the transnational businesses involved in research and development in the Czech Republic have their seats in Prague). In terms of the regional impact of research, development and innovations, many institutions residing in the City of Prague significantly influence the rest of the Czech Republic. In terms of the R&D expenditure, most funds are spent in Prague, followed by the Central Bohemian Region and the 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 public and private capacities in the main (metropolitan) regions of the Czech Republic. With regard to the functionality of the R&D&I systems, the worst values are recorded in the Regions of Ústí nad Labem and Karlovy Vary⁴³, which corresponds to their lowest economic performance derived from the economic structure and the related infrastructure in the area of education and R&D.

From a territorial perspective, there are two main trends in the area of R&D, similarly to Western Europe:

- High concentration of R&D in metropolitan regions (Prague, Brno) and highly industrial regions (Pilsen and Pardubice, and the regions of Moravia and Silesia).
- R&D development in the wider surroundings of the metropolitan cities (in particular the regions of Central Bohemia and South Moravia).

The concept of "smart specialisation" is the basic strategy for the concentration of R&D and Innovations resources into the development of activities with highest potential to increase the competitive advantage of the Czech Republic as a whole, as well as in the regions. Due to major differences between the individual regions in the development and potential of innovative systems, and being aware of the major differences in the approach the individual regions take to the preparation and implementation of regional innovation strategies, the National Strategy for Smart Specialisation (RIS3) shall include regional annexes RIS3 that reflect the specific features of individual regions with regard to the R&D and Innovations (the existence of RIS3 is an ex-ante conditionality). Currently, the application of this concept in practice differs from one region to another. Some regions have and implement a full-value regional strategy in accordance with the European concept, but in most regions the regional innovation system is only being formed, and that is reflected in the current level of preparation of the regional innovative strategies⁴⁴. The RIS3 is based on a process, known as an entrepreneurial discovery process, in which entrepreneurs lead the search for competitive

43 Regional Development Strategy 2014 - 2020

44 With regard to the current development of the innovation system at the national and regional levels, the measures are designed in two main dimensions. The first dimension covers horizontal priorities used to complete, or strengthen the innovation system as such, and the second dimension covers vertical priorities, i.e. identified domains of specialisation with good prospects.

advantages within their regions; this process has been running since the end of 2013 in individual regions and a regional innovation platform was established to bring together all key players from the business sector, universities, research organisations but also from the non-profit sector and state administration. At the national level, a conceptually identical process was started in January 2014 when the first round table discussion with entrepreneurs was organised. In addition, four innovation platforms will be established at the national level that will be linked to the 4 strongest national specialisation domains (known as the national vertical priorities). The innovation platforms – at the national and regional level – will be in operation both in the phase of defining the RIS3, and during its implementation and evaluation, i.e. during the whole programming period.

The support will be aimed at:

- developing areas as per the Regional Development Strategy 2014-2020.

The territorial dimension to address challenges in the research and innovation system will be defined in the regional annexes RIS3.

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

The support for the research and innovation system in the 2007-2013 programming period went primarily to R&D development to strengthen innovations 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 is directed towards building 8 centres of excellence (in the total value of 20.2 bil. CZK) and 40 regional R&D centres (in the total value of 20.5 bil. CZK). Through the gradual implementation of the supported centres and by reaching the target indicator values, we will achieve a significant modernisation of the research infrastructure in the Czech Republic. Despite this fact there is no systematic link between universities, academic institutes and businesses. It will be of key importance in the future to maximise the use of the created research infrastructure and R&D centres, and to concentrate further support on increasing the quality and relevance of the performed research, and to increase the linkage between training, research and practice, on the efficient use of the capacities and so increase the sustainability of the centres.

The objective of creating conditions for interlinking research and training is currently being implemented through 40 projects on development of infrastructures at universities in combination with research. In the coming up period it will be of key importance to efficiently link training with the application sphere and to involve postgraduate and doctorate students and university research teams in international cooperation.

Another important infrastructure for increasing the relevance of research for the society and for popularising R&D, that was supported in the 2007-2013 period, was the origin of centres for the transfer of technology, technological/scientific-technology parks, incubators and, for popularisation purposes, the four science learning centres and five visitor centres. In particular, the centres of technology transfer, scientific and technology parks and incubators play an important role for public research institutions in their contact with the application sphere and commercialisation of results, however, first they must earn their position within their own institution and in the innovation system. In the upcoming period it will be particularly important to enhance the quality of services.

As part of the support of business research capacities, there was a shift in the technology equipment of businesses for research and development, and awareness of IPR increased. Similarly to the investment support of research organisations and the investment support of

research and development activities of businesses, the cooperation between the public and private sector and the transfer of knowledge was one of the assessed and supported aspects. With regard to the insufficient improvement in this area, further support will be necessary. The support will follow up the results achieved, however, a change is planned in the approach and interventions at the level of the managing authorities in the next period.

Innovations in agriculture, fishery, food industry and forestry were only marginally supported in the previous programming periods. There is great potential for development, especially in the field of cooperation between research and practice.

Major identified problems and development needs:

On the basis of the analysis, and in connection with the EC Position Document and in accordance with national strategic documents, main problems were defined and the corresponding development needs were identified in the area. While in the 2007–2013 period, mostly new research infrastructure was built in the form of research centres, in 2014–2020 no new research centres will be built. Exception will be granted to Prague and the research and technology base for businesses (further specified in chapter 1.1.1.4 Competitive businesses), if RIS3 expressly prove that such need is justified. The support will mainly focus on the development of quality of the research teams, following the principles of concentration of resources, interdisciplinarity, internationalisation and relevant modernisation of existing research centres. In addition, an emphasis will be put on the development of research activities implemented in cooperation with research organisations and businesses, or the application sphere, whose results can be applied in the market or can address needs of the society. The priority will be a premium quality research and technology base for the Czech industry. Crucial attention shall be paid to mitigating the following main problems and to satisfying the related development needs of the research system:

1. Insufficient quality and global openness of the research

Czech research is characterised by a small number of internationally successful research teams able to produce fundamentally new findings with the potential for major innovations, and by a small focus on research-development activities in businesses in high-tech areas. This is reflected in the relatively low participation of Czech research teams in international research projects, in the limited number of R&D results applied in practice and a low number of research results applied in medium and high-tech fields. A limited number of high quality research teams in the Czech Republic and managers with experience of working abroad or practical experience make **Czech R&D institutes less attractive for top domestic and foreign researchers**, for talented beginners in the research field and high-tech companies, which makes the Czech research closed, and creates barriers for improving the quality of the research at an internationally comparable level, including the application of research results in ground breaking innovations.

Development needs:

- **To direct human and financial resources into the development of quality research that can compete globally** and that will be using modern research infrastructure to produce top results, both in terms of originality of the research and in terms of their use for innovations.
- To support more effective **integration of the Czech Republic into the European Research Area**. Research institutions and businesses will therefore face European competition, which will increase the excellence of results usable nationally, will enhance mobility of research staff and arrival of highly qualified professionals.

Emphasis on synergy and complementarity, in particular with the Horizon 2020 programme and other European and national programmes.

- Construction and modernisation of research capacities in Prague that is a natural research and university centre in the Czech Republic, concentrating key research organisations and linking the Czech Republic and the European Research Area.

2. Weak research orientation on contributing to society

The research system in the Czech Republic is fairly fragmented in terms of financial and personnel capacities. **Research teams do not reach the critical sizes or are not sufficiently inter-disciplinary to implement ambitious research topics responding to long-term society needs.** The problem also lies in the insufficient communication and multi-lateral cooperation of the public, academic and business sector when generating and addressing extensive research topics which reflect long-term economic and society needs of the Czech Republic or regions.

Development needs:

- **To reinforce the partnership of private and public sector at national and regional levels** in order to generate topics and implement interdisciplinary research focused on dealing with socio-economic needs including ground-breaking and key enabling technologies.
- **To strengthen innovation policy at regional level on the basis of implementation of the RIS3.** These will be implemented, among other things, on the basis of the cluster concept and cluster policies in connection with the regional economy structure and the planned international and inter-regional cooperation.⁴⁵

3. Low rate of R&D results applied in innovations

The interaction between public research organisations and companies, which is important for the application of R&D results in practice and a more efficient use of the knowledge potential of both parties for innovation, **is very limited in the Czech Republic.** Whilst in EU in 2010, private domestic resources financed 10.2% of the expenditure of the government sector, in the Czech Republic it was only 4.7%. Even more significant differences can be seen in the university sector (8.1% in EU compared to 1.1% in the Czech Republic).⁴⁶

The absence of efficient interaction between public research and the application sphere (in particular companies) creates a bottleneck in the overall efficiency of the national innovation system and transfer of knowledge and technology into practice. Consequences of low quality and intensity of interaction (in particular efficient cooperation) between public research and practice (in particular companies):

- Research organisations carrying out research and development without any further knowledge of suggestions made by people in the field.
- Companies prefer research and development, including innovation activities without any deeper use of the knowledge and institutional potential of the public research sector.
- R&D results are used for innovations suboptimally, although these innovations could help to strengthen the competitiveness of the Czech economy.

⁴⁵ Clusters represent "geographical formations" of companies, suppliers, service providers and related institutions in a specific field, connected to externalities and complementarity in different types.

⁴⁶ Analysis of research, development and innovations in the Czech Republic and their international comparison in 2011, Government Council for Research, Development and Innovation, October 2011.

This situation might deteriorate further if investment into research organisations and businesses continues to be incoherent. **Although there is an infrastructure focused on supporting the transfer of knowledge** and technology from public research into practice, **the problem lies in the shortage of good quality and competent staff** (managers and specialists) **and in a relative shortage of funds to ensure good quality services of this infrastructure.** At the same time, there is a limited number of companies in the Czech Republic that focus their research on high-tech areas, in particular using the capacities and results of research organisations.

To increase the competitiveness of industry it is important to introduce key enabling technologies – KET - into production processes and products. Three pillars of prerequisites were identified to ensure efficient development and application of key enabling technologies: (i) good quality technology research, (ii) development of products focused on functional verification and (iii) advanced modern production base. The identified development needs reflect, in particular, the first two pillars. The first and third pillars are largely reflected in the problem area Competitive Businesses.

Development needs:

- To find staff that would provide good **quality services as part of the infrastructure for transferring knowledge and R&D results into practice** and to create a system for the evaluation and financing of public research that would motivate production of results applicable in innovations.
- **To use research and development capacities of companies and research organisations** in order to introduce new applications in the market in high-tech areas.
- **To improve the quality and intensity of cooperation between the public and private sector** by supporting horizontal mobility, mutual involvement of research organisations and businesses in research and development projects, and involving the public sector in the initiation of innovations.

High quality research is a major precondition for the application of R&D results in innovations, in particular results with high added value. In this regard, development needs are connected to the support of excellent research (see item 1: 1. Insufficient quality and global openness of the research).

If the ex-ante evaluation under Article 37(2) of the Common Provisions Regulation shows it is suitable to use financial instruments in this area, selected identified needs in this area will be addressed using these types of support.

4. Shortage of good quality human resources for R&D

The availability of human resources for R&D is a problem that is evident at several levels:

- **A relatively low number of research staff** while the group showing the highest shortage are middle aged researchers with international experience.
- **A very low number of women** - the potential of qualified and educated women is not used efficiently in R&D.
- **A low number of doctorate study graduates** who represent the main source of researchers for R&D.
- **Low ability to attract foreign specialists** to join Czech research in high tech fields while, at the same time, top domestic researchers migrate abroad. Therefore, Czech research is becoming more enclosed and the barriers to improving the quality of the research at a globally comparable level (see above) are strengthening.

- **Low cross-sector mobility** – this is a limiting factor for the transfer of knowledge and experience between research and the application sphere.

Development needs:

- **Development of human resources in R&D** and of university education linked to research.
- **To increase the attractiveness of the research environment to attract top research and academic staff** from abroad and the private sector.
- **To popularise research** in order to increase the interest of children, young people and the public in research and its results, and to foster the interest of the professional public and business sphere.

5. Insufficient quality of research management at national and institutional levels

Shortcomings in the strategic management of research at the national level, and in individual R&D institutes, represent a factor limiting the implementation of good quality research in the Czech Republic.

- **The system of evaluation of research organisations in the Czech Republic is not optimal.**⁴⁷ After the original system of research plans, in 2010 an evaluation system of research organisations, known as Methodology⁴⁸, was applied and it was based on the combination of evaluation of R&D results, in particular in basic research (and for patents), and on the equivalent of the funds won for most of the applied research. Thanks to using the system, the quantity of some of the results improved in the past years (publications in impact magazines and patents mentioned above) however **now it is essential to set up the system to have an even higher emphasis on the quality of the results and their actual application in practice.** The evaluation system of research organisations is currently undergoing changes that reflect the efficiency of practical impact on the performed research and introduce peer review evaluation of selected results in the evaluated organisation.
- **No long-term applicable systems for the evaluation of instruments of the research and innovation policy**, for public-to-public cooperation in R&D, and other systems making the research environment more efficient and stable **have been implemented** nationally.
- In research organisations, there are still **shortcomings in the strategic and project management** that are showing in the insufficient strategic orientation of research activities, limited motivation for career growth of young talents and for ambitious research, and in underdeveloped support services for the implementation of high quality research and internationalisation of research activities.

Development needs:

- **To create and implement system tools for strategic management of research at the national level and in individual research organisations and so increase the share of funds allocated to research institutions according to their performance.** This need is in accordance with the Country-Specific Recommendations 2014 No 5.

⁴⁷ The international audit of research and development was implemented in the Czech Republic as part of a system project financed from the OP Education for Competitiveness (see Arnold E. et al. (2011): The Quality of Research, Institutional Funding and Research Evaluation in the Czech Republic and Abroad).

⁴⁸ Methodology for the evaluation of results of research organisations and evaluation of results of closed programmes (applicable for 2013 and 2015) approved by Government Resolution No 475 dated 19 June 2013.

6. Insufficient use of R&D results in agriculture

The general situation in R&D is fully reflected in the area of agriculture despite the fact that there is a specific, long-term research in the sector. A major problems of the existing systems of knowledge transfer is their fragmentation, inflexibility and also the unwillingness of the business sphere to share the cost associated with knowledge transfer. We view this area as an opportunity to apply the principles of European innovative partnership and to establish operational groups and develop their activities.

Development needs:

- **To support the adaptation of research results to specific needs through close cooperation of the practice 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 enable **provision of advisory services** utilising the R&D results in agriculture and forestry, covering topical issues.
- Setting up and developing the work of operational groups following the principles of European Innovative Partnership.

Specific needs and challenges of cross-border regions:

- There is high potential mainly in sharing research and innovation infrastructure which is usually very costly and its cross-border and transnational use/sharing brings significant savings and increases the potential for building up research and innovation capacities in border areas.
- Cooperation between individual specialisations and professional teams on both sides of the border offers high potential in the area of basic and applied research (increasing the participation of SMEs in research and innovation results, practical use, positive impacts on the labour market, supplier relationships etc.).

Links to EU documents

Identified development needs are in accordance with relevant EU documents. Increasing the efficiency of public investment into R&D, and supporting the cooperation between public research organisations and companies, will help to achieve targets of the Europe 2020 Strategy- it would not be possible to achieve the target of 3% GDP without an adequate increase of R&D expenditure in companies, considering the current state of public finances. At the same time in order to increase the innovation performance of the Czech Republic, it is essential that public research institutions work efficiently, R&D results are used in practice (in particular commercialisation) and that there is enhanced cooperation between the public and private sector.

Europe 2020 strategy	To 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.
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Common strategic framework	<p>Annex 1, 4.3 - Horizon 2020 and other centrally managed EU programmes in 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"> a. interconnection of new centres of excellence and innovative regions in less developed and in less performing Member States from the perspective of R&D with the top partners anywhere in Europe; b. establishing links with innovative clusters and appreciating excellence in less developed regions; c. establishing "ERA Chairs" to attract outstanding academics, especially in the less developed regions; d. promoting the access to international networks of researchers and innovators who are involved in ERA (European Research Area), or from the less developed regions; e. to contribute to European Innovation Partnerships, as possible; f. 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, and g. to organize international mobility programmes for top researchers, co-funded by "Marie Skłodowska-Curie Actions". <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 specialisation” - also as part of a national or regional strategic framework for research and innovation for “smart specialisation” (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>
Thematic objectives	<p>1. Enhancement of research, technological development and innovation;</p>
Country-specific recommendations of the Council 2014	<p>5. Accelerate the development and introduction of a new methodology for evaluating research and allocating funding in view of increasing the share of performance-based funding of research institutions.</p>

Ties to Czech Republic documents

The identified problems and development needs are reflected in all strategic national documents at different levels.

National Reform Programme 2014	<p>Primary link:</p> <ul style="list-style-type: none"> ▪ 4.4.1. Development of conditions for excellent research ▪ 4.4.2. Development of cooperation between the business sector and research organizations <p>Partial link:</p> <ul style="list-style-type: none"> ▪ 4.4.3. Innovation enterprises and business development for start-ups ▪ 4.3.6 Support for the arrival of skilled workers from abroad
Strategy for international competitiveness of the Czech Republic	<p>9. Innovation - increasing the innovative demand of companies, increasing the mutual awareness and cooperation between the business and academic sectors, developing excellent research, supporting 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.</p> <p>Innovation: Development of cooperation for the transfer of knowledge between businesses and the academic sector – pre-seed grant scheme, Knowledge Transfer Partnership programme, development of human capacities and services of the Centre for the Transfer</p>

	of Technologies; support for cooperation between enterprises – development and management of clusters.
Regional Development Strategy 2014-2020	Priority 1 Using the potential of developing areas (measure 1.1 Support for the transfer of knowledge between research and business, 1.2 Development of universities and research institutions).
National research, development and innovation policy (update with outlook to 2020)	Objective 1 "Quality and productive research system". Objective 2 "Efficient dissemination of knowledge and using knowledge for innovations". Objective 3 "Innovative businesses". Objective 4 "Stable, efficient and strategically managed Research, Development and Innovation system".
National Innovation Strategy 2012-2020	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 commercialisation 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 catalysts for changes".

Other key documents related to the problem area include the National smart specialisation strategies (RIS3), 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 universities, the Concept of agricultural applied research and development until 2015, the Concept of medical applied research and development until 2020, 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 2020, documents prepared by regions (regional development strategies, regional development programmes), and other sectoral documents defined in the sub-programmes. Regional Innovation Strategies (including regional annexes to the RIS3) are prepared in this regard at the regional level.

1.1.1.4 Competitive businesses

Starting points and characteristics

Czech economy is currently **at the threshold of transferring to competitiveness based on innovations**. The existing innovation performance of businesses is mainly based on new innovations for companies, not for the market⁴⁹. Impacts of these types of innovations are fundamental for productivity of businesses, however the impact on the labour market is ambivalent. **In new innovations for the market, in particular innovations of higher order** that represent, essentially, technology-based competitive advantages, **the local business**

⁴⁹ MIT (2010): National innovation strategy of the Czech Republic

sector is still significantly lagging behind.⁵⁰ A key precondition for a successful transfer to competitiveness based on innovation, which is the precondition for the creation of new, good quality jobs, is the development of business culture, entrepreneurship leading to the foundation of new companies and increasing the innovation and export performance of the endogenous business sector. **It is also essential to decrease energy and material intensity.**

In order to understand the nature of the current problems, challenges and opportunities, it is essential to view the entire Czech business sector from the perspective of evolution. The inclusion of the Czech economy in the world economy after 1989 rested on the following internal factors: favourable price and workforce qualification ratio, strong industrial heritage and relatively technically advanced, good quality infrastructure compared to the countries in Central Europe, and a weak domestic sector that was able to compete in a very limited scope. These conditions were made more attractive thanks to the closeness to developed European markets with a prospect of entering the EU. As a consequence, there was a high influx of direct foreign investment in the Czech Republic and a follow-up strong demand for subsuppliers from the Czech Republic, which was significantly exploited by local companies. Most of them connected directly, or via an intermediary, to foreign companies operating in the Czech Republic and surrounding countries. This development enhanced the economy on the whole, and helped local companies to access managerial and technical know-how, and indirectly to access foreign markets.

In addition to the indisputable positive side, the created **strong dependency of the performance of the local economy on foreign companies** has also its negatives that have been fully shown after the outbreak of serious problems in the world economy after 2008. The volume of production, investment and also employment greatly depends on the decisions made by foreign companies. **In particular, SMEs are not able to compensate for the decrease in demand of their main customers. Their ability to find and enter new markets (in terms of territory and products) is limited.** For these reasons, the Czech Republic needs to develop SMEs and also big companies as they have much higher capacity to systematically invest into R&D, including the development and use of KET, and to increase the innovation performance of the economy as a whole. Their success retrospectively influences the overall demand for SMEs production and innovations.

The **improvement of entrepreneurship environment in the Czech Republic** (to improve the performance of public administration in entrepreneurship development, targeted development of infrastructure focused on removing problems with transport accessibility, better cooperation of the research sector with companies and improving the match between workforce competencies and business requirements) represents unused potential that can help to increase competitiveness.

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

Investments in the current programming period focus on the increase in motivation for doing business by offering preferential financing and 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

⁵⁰ Analysis of material priorities and needs of individual areas within the competence of the Ministry of Industry and Trade at which the support from the EU's Structural Funds should be targeted during the next programming period (2014+).

are supported, such as the existing industrial parks, innovation centres, and regeneration of brown fields for business. Last but not least, also the quality consulting services are important that help businesses to make use of all market opportunities.

In the programming period 2014–2020, 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 to enable the development of interconnection between the private sector and academia in relation to the research institutions.

Requirements for the support of investment projects focusing on improving competitiveness in agriculture, food industry and forestry have been exceeded several times, which shows that there is still need for investment into agricultural and processing. 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.

Regional differences

The support of enterprising and innovations depends on the potential and socio-economic standard of different types of regions. In particular, there are differences between metropolitan and non-metropolitan regions, and there are economically troubled regions. There are also significant differences between individual towns and microregions. In individual territorial units there are significant differences between the ability of local players to mobilise internal and external resources and to implement a sophisticated development strategy in accordance with the concept of smart specialisation.

With regard to the location of the critical research and educational capacities, the main cities and the adjacent interlinked facilities are the driving force for the development of business and innovations. In particular Prague and Brno, in the recent years it is also Pilsen and Ostrava, despite the fact that the economy of the region of Moravia and Silesia has been affected and faces selective migration, above average rate of unemployment and a low level of entrepreneurship. In these metropolitan areas and other large towns, the absorption capacity is much higher with regard to supporting activities focused on higher order innovations. From the point of view of SMEs share, the capital city of Prague enjoys an above average position as nearly $\frac{3}{4}$ of total employment is down to SMEs. The regions of South Moravia and Zlín are in similar positions. On the other hand, the worst situation in terms of the SMEs share of total employment is in the region of Moravia and Silesia. As far as the actual support of SMEs is concerned and supporting people to start an enterprise, the need of support and the absorption capacity are more equally distributed among regions, with a need of special attention to the development of entrepreneurship in structurally affected regions.

The entrepreneurship in rural areas, in particular in the economically less exposed regions (i.e. Karlovy Vary Region, Vysočina Region, Olomouc Region and the periphery areas of other Regions) suffers from many negative features (for example migration of talented young people, low intensity of entrepreneurship, high unemployment etc.).

Tourism represent a specific part of regional economies. The importance of tourism where SMEs dominate is growing locally and in some areas it represents the main pillar of economic performance and employment.

Support will include both urban and rural areas and will be focused on:

- developing areas as per the Regional Development Strategy 2014-2020.
- territories with high unemployment,

- economically weak regions according to the Regional Development Strategy of the Czech Republic for 2014-2020.

Major identified problems and development needs:

1. Weak endogenous (domestic) business sector

The segment of domestic companies developed dynamically in the last decade. Still, **only a small number, which is however gradually growing, of companies is able to keep up with the pace of development in the world markets in terms of sales and technology**⁵¹. The imaginary driving engine of the productivity growth, export and the overall economic performance of the country is, and remains to be the segment of foreign companies. **Enhancing the endogenous segment of companies represents a key prerequisite for further approximation to the economic performance of leading OECD countries.**

Main issues:

A very low number of endogenous companies with a major position in the world market, either in terms of their market share or ability to move forward the technology limits in the field. The fact that the leading foreign companies operating in the Czech Republic mostly have their research and strategic functions outside the Czech Republic, results in a **weak innovation demand** in the segment of higher order innovations. This fact fundamentally influences the overall potential and the content of cooperation of the business sector with research institutions (in detail see chapter 1.1.1.3 Effective Research and Innovation System)⁵².

Most endogenous industrial companies (in particular those with 250+ employees who are formally classed as "large") arose from former state owned enterprises and from their post-privatisation successors. These enterprises share a common feature, internal debt in the form of obsolete manufacturing infrastructure, energy intensive buildings etc. Many of these enterprises are still fighting with this investment debt which also significantly **lowers the funds they can spend on innovations and related risk research and development activities**. The support of large enterprises is possible only in accordance with Article 3 of Regulation No 1301/2013 on the ERDF.

Most of the SMEs have fairly **limited non-technical competencies**, in particular in areas that are critical for searching for and using new business opportunities (strategic management, marketing, innovation management, foreign trade etc.). This barrier limits their ability to free themselves from their dependency on a limited number of large suppliers. It also **restricts their ambitions and ability in the field of innovation. Their experience with strategic company management is also limited**, in particular in terms of dynamic growth management and transferring from a small family business to a large international company.

Development needs:

- **To develop regional and sectoral innovation centres in accordance with RIS3, which offer specialised technical services** enabling an increase in the innovation performance in different fields and extending beyond the borders of their fields. New mechanisms are needed that will ensure that resources and professional knowledge will be put together, and there will be cooperation between businesses, public authorities and universities⁵³.

51 MIT (2010): National innovation strategy of the Czech Republic

52 MIT (2011) International Competitiveness Strategy CR 2012–2020.

53 COM(2010) 614 final wording

- **To extend capacities of the industrial research and development in businesses, to develop and introduce process and product innovations.**
- **To improve strategic management of SMEs**, to increase their aspiration with regard to innovations and foreign expansion, to improve innovation management and to use external sources of knowledge and technology far more, in accordance with the open innovation trend.
- **To improve SMEs' ability to assert themselves independently in demanding and remote international markets.**
- **To introduce eco-innovations** into production processes and products that will contribute to the optimum use of resources, or otherwise decrease the impact of production or products on the environment.
- To use the potential of mutual cooperation of companies with regard to innovations far more, including cooperation of SMEs with foreign companies (located not only in the Czech Republic).
- Development of infrastructure and services supporting the development needs of businesses.

In terms of business research and development, and the introduction of product and process innovations, the identified needs will be partly resolved through financial instruments, providing the preliminary evaluation under Article 37(2) of the Common Provisions Regulation demonstrates that this type of support is suitable.

2. Business culture, business intensity and business aspirations

Developed business culture and a high degree of entrepreneurship represent key prerequisites for the overall strengthening of the endogenous segment of companies and a higher innovation efficiency of the local economy. Four decades of central planning have practically destroyed entrepreneurship and the related specific knowledge and skills. The Czech Republic faces the following problems in this area:

There are not many new in particular technology companies founded. Insufficient motivation of people to set up their own companies. Setting up new companies, in particular technology oriented companies, is the main ingredient for long-term strengthening of the endogenous company sector⁵⁴.

Despite the differences between regions, there is a certain mindset and a set of values anchored in the society and these **do not favour development of entrepreneurship and add to low motivation to start one's own business**: Enterprise is usually perceived by the society as a way of enrichment intended for a small group of people (sometimes not always in a moral manner) and not as a source of the development of the society, technology and the overall prosperity. There is a widespread opinion that it is far easier to become successful through the right contacts than through your own vision and hard work on making the vision come true. Citizens of the Czech Republic are less willing to undergo risks and they prefer being employed to starting their own business. This is shown, among other things, by the fact that university graduates strive en masse to find employment in a branch of a reputable foreign company or public sector instead of aspiring to set up their own company.

The possibilities of external financing for setting up and developing SMEs are insufficient⁵⁵. Companies gain means to develop their business through bank loans and it is **more difficult for small and newly established companies to reach credit facilities**, in particular at the time of worsened risk sentiment of the banks. If risk capital is secured for the development of

⁵⁴ Global entrepreneurship monitor 2011

⁵⁵ MPO (2012): Concept of Support for Small and Medium-Sized Enterprises 2014–2020.

innovation companies, the Czech Republic market fails and according to Eurostat statistics there are no investments from private capital funds during the early stages of business enterprise.

Development needs:

- **To increase the share of inhabitants starting their business for the first time**, and people who have been repeatedly trying to set up their own business.
- **To increase the number of new companies in knowledge-intensive areas.**
- **To improve the image of entrepreneurship and entrepreneurs** and their contribution to the society.
- **To ensure availability of good quality services** for starting entrepreneurs.
- **To increase availability of external financing** for starting entrepreneurs and innovation companies, including risk capital.

The identified needs related to SMEs start-up and development will be resolved through financial instruments, in particular in the form of risk capital, but also loans and securities.

3. Business environment

Each company uses important inputs from its surroundings, and the quality and availability of the inputs fundamentally influences the competitiveness of the company. Regulations, both general (e.g. procedures necessary to start up a business or export goods abroad) and sector-specific (e.g. rules for handling radioactive materials), are part of the business environment. **The administrative demands for compliance with regulatory rules and related procedures are fairly high in the Czech Republic.** In many aspects (see the World Bank report Doing Business, 2013) the Czech Republic is far behind OECD countries in terms of the duration and costs of various procedures associated with starting and running a business. **Another problem is the instability of the tax and regulatory framework for businesses.** The constant partial changes made to tax laws and regulatory rules present an enormous burden with regard to company planning, and increase uncertainty and the risks taken. The fulfilment of tax obligations in the Czech Republic is connected to high costs and is not sufficient. The issue of high administrative and partly regulatory burden is discussed in detail in the problem area Public Administration. A stable and growth-oriented tax and regulatory environment cannot be ensured directly by the ESIF, it will be addressed by complementary national measures in accordance with the National Reform Programme 2014.

Another barrier to the development of competitive advantages of companies is the aforementioned insufficient cooperation of the public research sector and businesses. The availability of qualified workforce is unsatisfactory and it is connected to the decreasing quality of education at all levels, the situation in the market of technically qualified workforce is particularly problematic. The problems stated above, including the associated development needs, are described in detail in the chapter on Research and Innovation System and Education.

4. High energy and raw material intensity in economy and rising energy prices

The GDP generation in the Czech Republic has the sixth highest intensity of electricity consumption in EU (following BG, EST, FI, SI, S) which is approx. 25% above the EU average; in terms of electricity consumption per inhabitant it is within the EU average. It is a similar situation when it comes to energy intensity. In 2011, the final energy consumption in the Czech Republic was 25,964 thousand toe; of that in industry 7,763 thousand toe, in transport 5,947 thousand toe, in households (residential) 5,884 thousand toe and in services (public sector and

commercial services) 3,022 thousand toe⁵⁶. The GDP intensity is much higher for primary fuel consumption. **The reason is the high share of industry in the generation of GDP and the high share of industrial fields with high energy intensity and also the internal debt of companies, i.e. low energy efficiency of industrial processes and low energy performance of buildings.** The return on investment into energy efficiency is usually much longer than investment into production itself and the pace of increasing energy efficiency is slow considering the budget limitations of companies. Energy prices represent a critical factor for business competitiveness.

The price of electricity, burdened by the support of renewable resources and the demands on the renovation and development of obsolete networks, represents the biggest problem. Considering the fact that the price of electricity itself is, thanks to the interconnection of markets, the same as in the neighbouring countries where it is offered by the main competitors, the key elements to competitiveness are the regulated price components. The price covering extra costs related to the production of electricity from renewable energy resources (RES), combined heat and power generation (CHP) and secondary resources (SR) is CZK495/MWh. This price has been created over the last 12 years. The problem is both the absolute amount of cost (supporting renewable energy sources, renovation of networks) and allocation into tariffs for individual customer groups. The Czech Republic (in accordance with EU rules) did not apply any features in the tariffs that would favour companies with high consumption, contrary to some of its neighbouring countries.

When making decisions about the future development of many industrial companies, the prospects of development of the price of electricity, heat and the tariff policies take on an even more significant role.

Development needs:

- **Stimulating investment into energy and raw material efficiency of companies** (decreasing the energy and raw material intensity, or increasing the energy and raw material efficiency of production and technology processes in industry, agriculture, aquaculture, using waste energy and raw materials, in particular in industrial processes etc.).

Identified needs will also be resolved using financial instruments, in particular in the area of energy efficiency.

5. Competitiveness of farming, food processing and forestry enterprises

Czech agriculture lags behind the EU average in a number of indicators of competitiveness. Compared internationally, the efficiency of utilisation of inputs into the Czech agriculture is as follows: **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% (compared to EU), while more than half of the income from factors represents income support, which is almost twice the European average. **High negative balance of agricultural foreign trade** is influenced 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. Also the competitiveness of forestry management in the Czech Republic and food industry

56 <http://www.iea.org/statistics/statisticssearch/report/?country=CZECH&product=balances&year=2011> or http://www.czso.cz/csu/2012edicniplan.nsf/kapitola/8113-12-n_2012-03

expressed in productivity of labour is, compared to other EU states, low. The average productivity of work in forestry in 2008-2010 totals circa 24 thousand EUR /AWU which is half the value of, for example, Austria. With regard to food industry, productivity of work reaches only 46% of the average value reached in the EU.

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 utilises 29% of the land, while the remaining 13% of companies with predominantly rental workforce operates at 70% of the land). The share of rented land in agriculture is high (in 2011 it was 76%). **Compared to European farmers, there are lower overall capital resources.**

Considering the structure of agricultural businesses, it is desirable to support not only SME but also big businesses who deal with the same problems and that are of key importance for the competitiveness of the field. In the food sector, it is the big companies that have the fundamental potential to introduce innovations. The support of large food companies will exclusively target projects related to the development and introduction of innovations. The general support of processing and launching on the market will only be directed at SMEs.

One of the conditions for increasing competitiveness is a change in the development of the **unfavourable age structure of employees in agriculture**. There are growing requirements for qualifications and the quality of workforce in connection to technical and technological development in agriculture and aquaculture which requires young qualified staff joining the companies in managerial positions.

Development needs:

- In the area of land ownership, it is necessary to speed up its rectification **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.
- To increase the competitiveness of agricultural, food processing and forestry businesses by **supporting higher efficiency of manufacturing factors** (including saving energy costs by increasing the efficiency of production processes) and by improving management.
- To strengthen competitiveness of crop and animal production by **increasing the efficiency of operations** and concurrently improving animal welfare and maintaining the diversity of agricultural crop production, taking into account the protection of water and air.
- **To improve the organisation of the market** and to strengthen the orientation on quality, innovation, transfer of the latest findings into practice, sharing solutions to operational problems, and cooperation in innovative projects mostly at local and regional level.
- **Stimulating active entrepreneurship of young farmers** in agricultural businesses using investment support for the implementation of their business plan.
- To increase **competitiveness of forestry businesses** by supporting the improvement of infrastructure for forestry management.

6. Competitiveness of aquaculture businesses

Fishing in the Czech Republic builds on tradition, innovation, respect for the environment and the consumer. One of the weaknesses of Czech fisheries is the **lower willingness of businesses to invest into modernisation, innovations and pond revitalisation**, as the investment in this area shows low return on investment. The key problem of Czech aquaculture is ensuring that deliveries of freshwater fish to the domestic market are equally spread throughout the year, **fish consumption still remains very seasonal. The proportion**

of fish processed in domestic businesses **is also low**. 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. Furthermore, it is essential to take into consideration other non-production function of ponds (retaining water in the countryside, bio-diversity) and to improve the management and organisational competencies of businesses.

Development needs:

- To maintain and **modernise extensive and semi-intensive aquaculture** (ponds) – mainly carp produced in polyculture stocks.
- To use targeted marketing to **increase the consumption of freshwater fish throughout the year**.
- To build a modern recirculating facility for the production of high-quality fish, to **increase the fish production from recirculating systems**.
- To diversify the activities of fishing enterprises.
- To effectively **use the processing enterprises**.

The specific needs and challenges of urban and rural areas and cross-border regions:

- To support the development of local economy in rural areas by improving conditions for setting up and development of entrepreneurship.

Links to EU documents

Europe 2020 strategy	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%". A partial linking to target "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 of the Initiatives "Innovation Union" "Resource Efficient Europe". Integrated guidelines: 6. "To improve the business environment, to upgrade and develop the industrial base to secure a fully functional internal market", 4. "Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy", 5. "Make the use of resources more efficient and reduce greenhouse gas emissions", and partial link to 8 "Developing a skilled workforce responding to labour market needs and promoting lifelong learning".
Common strategic framework	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 specialisation" - also as part of a national or regional strategic framework for research and innovation for "smart specialisation" (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).
Thematic objectives	1. Enhancement of research, technological development and innovation; 3. Enhancing competitiveness of SMEs, the agricultural sector (for the EAFRD), and the fishery and aquaculture sector (for the EMFF); 4. Supporting the Shift to a Low-carbon Economy in All Sectors.
Country-specific recommendations of the Council 2014	6. Step up the efforts to improve energy efficiency in the economy.

Ties to Czech Republic documents

National Reform	Primary link:
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Programme 2014	<ul style="list-style-type: none"> ▪ 4.4.3. Innovation enterprises and business development for start-ups ▪ 4.2.2 Industrial policy <p>Partial link:</p> <ul style="list-style-type: none"> ▪ 4.4.2 Development of cooperation between the business sector and research organizations ▪ 4.2.1 Improving the business environment, the development of services for business ▪ 4.2.7 Agricultural policy ▪ 4.2.5 Energy sector and climate protection ▪ 4.2.6 Environmental policy
Strategy for international competitiveness of the Czech Republic	<p>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 – modernisation and development of the technological base of companies, development of non-technical competencies of companies.</p> <p>9. Innovation: Development of cooperation for the transfer of knowledge between businesses and academic sector – pre-seed grant scheme, Knowledge transfer partnership programme, development of human capacities and the Technology Transfer Centre services; support for cooperation between enterprises – development and management of clusters.</p>
Regional Development Strategy	<p>Priority 4 Balanced development of stabilised areas, measure 4.3 Support for innovation in business.</p> <p>Priority 5 Reviving the peripheral areas, measure 5.1 Support for the development of local economy.</p> <p>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.</p>
Concept of Support for Small and Medium-Sized Enterprises for the 2014-2020 period	<p>The Agreement is linked to all strategic priorities:</p> <ol style="list-style-type: none"> 1. Cultivating 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 the internationalisation of SMEs. 4. Sustainable energy management and development of innovation in the energy sector.
National innovation strategy	<p>Priority 4 “Development of cooperation for knowledge transfer between businesses and the academic sector”.</p> <p>Priority 6 “Innovative business" and partly also the priority "People”.</p>

Another key document concerning the issue of competitive businesses is the Concept of the State Tourism Policy in the Czech Republic for 2014–2020, National Strategy for Smart Specialisation (RIS3), strategic documents prepared by regions (regional development strategies, regional development programmes, tourism development programmes).

1.1.2 Infrastructure

Completion and upgrading of a high-quality core infrastructure is a necessary condition for strengthening the competitiveness of the Czech Republic, 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, and to improve the accessibility of services for people and businesses.

1.1.2.1 Transport infrastructure and accessibility/mobility

Starting points and characteristics

The area of transport infrastructure helps to create conditions for competitiveness of the Czech Republic, and ensure mobility of the workforce and improve international accessibility. In compliance with the European Commission requirements, the problems and needs in this area will be addressed by **directing investment** to improving the accessibility and sustainability of transport, in particular the progress in **building the TEN-T network**, mainly the so-called TEN-T main network (the aim is mainly to increase the capacity of transport infrastructure and the transport speed), **modernisation of rail transport, improving the regional accessibility** (the aim is to increase the capacity and safety of transport infrastructure) and **the development of environmentally friendly urban, suburban and regional transport** in relation to, in particular, improving conditions for entrepreneurship and the quality of life. A highly positive aspect of investment into transport infrastructure is its ability to enhance economic growth but with respect to budget impacts it requires good fiscal strategy (see CSR 2014 No 1).

Thanks to its location in the centre of Europe, the Czech Republic is a major transit country (20% of traffic on motorways in the Czech Republic is transit) **which puts high demands on the transport infrastructure** and on 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 logistics activities); **however, it has not been sufficiently utilised also due to deficiencies in the transport infrastructure**. We can see the formation of "development cores" that require a strong internal and functional interlinking between the different territories. These are mainly metropolitan areas and regional centres that significantly contribute both to the national and regional economy, and to the labour market, employment, quality of life, or opportunities for using the natural and cultural potential. The stagnation of transport accessibility of the centres mentioned above in connection to the bad technical condition and absence of a comprehensive backbone transport infrastructure, formed mostly by the TEN-T, may result in the fact that the Czech Republic might become a periphery in the middle of Europe with unused potential of its industrial zones, agricultural, forestry and natural and cultural values.

With regard to **rail transport**, the quality of the network should come significantly closer to the standards of old European countries. The density of Czech railway network (0.12 km/km²) is among the highest in Europe and in the world, the operational length of the tracks is approx. 9,500 km, of that only about one third is electrified and about one fifth are double-tracks or more (data from 2012). The **most significant problems of the Czech railway network** are the **low technical standard** (mainly the insufficient track speed and frequent drops in speed, low capacity, insufficient interoperability, insufficient parameters for freight transport), **bad condition and insufficient equipment of transport terminals, railway stations and stops, which results in low competitiveness against road transport**. The response to the bad situation is the gradual (started in the second half of 1990s) modernisation of four so-called transit railway corridors in the Czech Republic (at a total length of about 1,150 km), which has been completed on the first two corridors except for selected nodes. In compliance with the sectoral strategy and the National Plan for ERTMS, the modernisation of the above-mentioned and of other railway tracks includes introduction of TSI standards, including the ERTMS system in order to ensure interoperability of the system. The Czech Republic joins the European trend of construction of high-speed lines. Currently, work has been started on defining the form of the network of so-called fast connections in the Czech Republic (Opportunities Study, Technical Study and Planning and Technical Study). **In**

freight railway transport the priority is to shift a large part of the long-distance freight road transportation to the railway. From the viewpoint of the rail passenger transport, it is crucial to create conditions for fast long-distance transport and to ensure the function of the railway as the backbone in urban, suburban and regional transport.

With regard to **road transport**, the priority **completion of the main motorway skeleton and ensuring connections to the network of lower class roads** will increase the production function of the Czech Republic thanks to better interconnections with the TEN-T network, and to reducing the transport burden on inhabitants in problematic locations. The density of road network in the Czech Republic is relatively high (approx. 0.7 km/km²), the total length is approx. 55,700 km, of that motorways represent around 750 km, expressways around 450 km, class I roads (owned by the state) 5,800 km, and class II roads at the length of 14,500 km and class III roads at 34,200 km (both owned by regions) - data from 2012. The unsatisfactory technical condition affects the accident rate and fatality rate on the roads. In 2008, it was 104 persons per 1 million inhabitants who died on Czech roads, the EU average is 78 persons. The trend has been improving since 2008, however. In the Czech Republic, the long-distance road freight transportation is used abundantly (in 2010, it formed 78% of total transportation output of freight transport in the Czech Republic), which is not supported with a quality transportation alternative (e.g. as a service for road hauliers) by railway, or **by waterways** (the transportation output is very low compared to the other countries with inland waterways - 0.1 against 2.3 thousand tons/1000 inhabitants and 0.004 against 0.4 mil.tkm/1000 inhabitants - data from 2012). However, both rail and, in particular, waterway transport are much more environmentally friendly modes of transport and therefore it is desirable to support their further development.

The effort to decrease the consumption of resources in transport, both in the absolute numbers and in unit costs is related to the area of energy savings and competitiveness of businesses. This is reflected in the construction and **development of low carbon transport system that are environment 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 agglomerations, bicycle transportation. **The attempt to minimise negative impacts of transport on the quality of air, and therefore on human health**, in big towns, shows a strong link to the area of environment. It is envisaged that improvement will be seen thanks to the construction of bypasses, measures to ensure smooth traffic and by supporting alternative fuel resources such as electricity, CNG and others. These interventions are logically linked to projects focused on the construction and modernisation of the most significant road and railway sections (mentioned in the Transport Sector Strategies, 2nd phase for 2014–2020). The coordination of the issue of support of alternative fuel sources will be secured at the national level through the National Action Plan for Clean Mobility.

The starting point for selecting infrastructure projects is a document entitled Transport Sector Strategy, phase 2 (for 2014-2020) that prioritises the needs of transport infrastructure construction, arisen from an extensive multi-criteria analysis. This document also includes an analysis of measures for transport infrastructure, including shortcomings, and justifies the need for the development of regional infrastructure; the justification is supported by facts. Concurrently, work will commence to speed up the preparation of key transport constructions so that the document can be duly updated in the second half of the programming period. Along with infrastructure, **the other priorities of transport support** are set out in the **Transport Policy of the Czech Republic for 2014-2020, with an outlook up to 2050**, and in other follow-up strategic plans (e.g. the Public Transport Concept and transport service plans). All the above strategic documents include priorities pursued at the EU level (e.g. introducing the ETRMS, reducing energy consumption, safety).

Regional differences

In terms of transport infrastructure, the economic development in some parts of the country is seriously limited due to the insufficient and bad quality transport network. This is reflected, among other things, in the lower level of transport service, workforce mobility and influencing decisions of employers who are reconsidering whether to remain in remote areas that are hard to reach. This network faces fundamental shortcomings such as the incomplete interconnectivity of regional transport systems, in particular the interconnectivity of regional centres and the nationwide backbone network (in particular TEN-T), the interconnectivity of regional transport systems of lower level, linking smaller towns and rural villages with regional centres. The situation is serious mainly in the northern part of the country where the absence of motorway or dual carriageway roads is often apparent (entirely missing is the northern backbone road connecting the west and east of the country in the form of the incomplete R35 road which would be a direct and the shortest connection of two largest metropolitan areas in the Czech Republic - Prague and Ostrava - and, at the same time, a road transport axis of the northern half of the Czech Republic territory), which is demonstrated in the growing remoteness of not only the northern part of Moravia, but an unfavourable development trend begins to appear also in the north-east part of Bohemia. Another problem is the insufficient integration of transport systems in the more urbanised parts of the country. There is still an absence of adequate transport connections from the peripheral parts of the regions to regional centres or centres of subregional importance which makes these areas even more remote.

Regional roads (class II and III roads) form around 87% of all roads in the Czech Republic and so represent, next to the class I roads, a precondition for regional and local accessibility of territory to the TEN-T. Inter-regional comparisons show significant territorial differences between the density of class II and III roads, the differences are influenced, among other things, by the location potential and area of the regions, and the number of municipalities in the different size categories. The lowest density in km/10 thousand inhabitants (for 2012) is recorded in the City of Prague (0.2), followed by the region of Moravia and Silesia (22.0) and the region of Zlín (30.0). On the other hand, the highest density is recorded in the regions of Vysočina (89.1), South Bohemia (85.7) and Pilsen (80.4).

Experience from the 2007–2013 programming period and the state of achievement of the current objectives

Given the fact that the estimated costs for the construction and modernisation of all types of transport networks in the Czech Republic were far greater than the financial capacity/allocation for transport in the 2007-2013 programming period, it can be stated that no single transport sector has achieved a full or major saturation of its needs. For the programming period 2014–2020, it is necessary to strive to adhere to the prioritisation of plans and implement the most needed constructions arising from the Transport Sector Strategy, phase 2.

Major identified problems and development needs:

The most significant problems and the resulting development needs include completion of the backbone transport network formed by TEN-T in its majority, ensuring the necessary parameters of connection to the secondary and tertiary centres on the TEN-T and improving the transport systems in towns, agglomerations and regions with an absolute emphasis on public transport. With respect to the importance of railway transport, the issue of multi-modality and interoperability is discussed separately.

1. Unfinished backbone transport network

One fundamental problem with the transportation in the Czech Republic is the **incomplete backbone rail and road network**, both within the country (formed by links between major metropolitan areas within the Czech Republic, and links between regional cities and other major settlements, and especially their connections to the main centres of the country, i.e. Prague or Brno), as well as cross-border connections linking the Czech Republic and Europe. **This backbone network, consisting mostly of the TEN-T and some other links**, is represented by 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 motorways and expressways and selected existing class I roads. Concerning the above-mentioned four transit railway corridors, approx. 75% of their length have been modernised so far. In respect of the railway TEN-T including also the planned construction of high-speed tracks up to 2050, 38% of the total planned extent has been modernised, **out of the conventional tracks, 47% has been modernised on the TEN-T**. Out of the total planned network of motorways and expressways (backbone network) with length of approx. 2,200 km, only slightly more than 50% has been completed so far. From the viewpoint of the **road TEN-T, only less than 50% of the network has been constructed or modernised**. Inland water transport is highly environmentally friendly, it features high capacity transport route and efficiency during stable navigation conditions; its importance for ensuring multimodality cannot be disputed. The Czech Republic cannot adequately use the potential of existing waterways (the Labe - Vltava rivers waterway about 315 km long) due to unsatisfactory navigation conditions on a short, but absolutely crucial section of the Labe near the border with Germany, which conditions the use of the whole remaining part of the network.

The existing core infrastructure faces unsatisfactory technical conditions in some parts which must be immediately addressed in several cases. The unsatisfactory technical conditions are mostly caused by long-term low investment into maintenance and repairs.

Development needs:

- **Construction and modernisation of railway lines (including the main railway junctions) of the backbone network with an emphasis on the TEN-T network (main and global).** From a regional perspective, emphasis should be placed on the completion of four transit railway corridors, and other parts of the main TEN-T network (for example: Prague – Lysá n. L., Lysá n. L. – Litoměřice – Ústí n. L., Brno – Přerov), on upgrading the nodes, in particular in the I and II transit railway corridor, and on the preparation of the first sections of the high-speed line system.
- **Construction and modernisation of roads and highways (roads of the first category and expressways) of the backbone network with an emphasis on the TEN-T network (main and global).** From a regional perspective, emphasis should be placed on the modernisation of the D1 motorway in the Prague - Brno - Vyškov section, completion of the alternative northern motorway connecting the western and eastern parts 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 motorway junction in the Czech Republic, completion of the Czech part of the motorway route (Warszawa) - Ostrava - Brno - (Wien) as well as the infrastructure in other corridors.
- **Introduction of intelligent transport systems (ITS) and new technologies within the road system, preferably in the TEN-T road network.**
- **Investment into inland waterways and the TEN-T network**, which will be possible to implement only if a positive assessment is issued, confirming compliance of the

intended projects with the environmental legislation and with requirements on their economic efficiency, and if it demonstrates complex readiness for implementation. Support will be provided also to preparatory studies (feasibility study, environmental and technical study, cost-benefit analysis and other) which will also serve as a basis of the above assessment. Detailed conditions of support will be provided at the programme level.

2. Insufficient interconnectivity of some areas with the backbone infrastructure

The development and improved accessibility of regions, especially of the peripheral and of regions facing economic decline (problematic regions), and also some of the major industrial zones prevented by i.e. other shortcomings in other transport networks of national importance (outside core infrastructure, including the TEN-T network) and the transport networks of regional significance. These include, predominantly, **insufficient connections between secondary and especially tertiary centres and the regions, especially in peripheral positions, to the backbone/TEN-T network**, and 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 at both hierarchical levels, particularly of the regional rail lines and roads of II and III categories, resulting from the never implemented modernisation at the beginning of motorisation.

Development needs:

- **Construction and modernisation of railway lines of national importance outside the TEN-T network** (especially networks 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 places that are a major source or destination of freight transport). From a regional perspective, emphasis should be put on the upgrade of the Prague - Mladá Boleslav - Liberec corridor; addressing the issues of the urban, suburban and agglomeration links (for example the S-Bahn type) for the connections Prague – Beroun, Prague – Říčany, and similarly for other entries into Prague, Brno, Ostrava and other cities; linking the international Václav Havel Airport Prague, or other airports, with the backbone railway network of the Czech Republic so that there are direct train connections to the main economic centres.
- **Construction and modernization of regional railway lines.** With regard to the selected lines, emphasis should be put on dealing with agglomeration links and backbone regional transport in the 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.; linking the Ostrava-Mošnov airport or Brno airport with a railway network; satisfying the requirements for a railway network raised by the strategic industrial zones (Mladá Boleslav - Nymburk, Nošovice and Kvasiny).
- **Construction and modernisation of motorways, expressways and roads of I category outside the backbone network** in order to improve accessibility, in particular in peripheral areas (external and internal); construction of bypasses round towns on the basis of a multi-criteria analysis.
- **Construction and modernisation of selected (sections of) class II roads, very exceptionally also class III roads, linked to the TEN-T**, i.e. enabling the connection of secondary and tertiary centres (nodes) to the TEN-T. This will concern a priority/selected regional network of roads defined based on set criteria. These criteria and demarcation of the network will be specified at the programme level.

3. Multimodality

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 transport terminals** complemented with **public logistic centres**.

Development needs:

- **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 modernisation 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 sidings, development of the transport fleet for water transportation.
- From a regional perspective, emphasis should be put on trimodal road-rail-water transport line Děčín - Ústí nad Labem - Lovosice - Mělník - Prague - Pardubice and on the bimodal road-rail line between the regions of Plzeň, Brno, Přerov, Ostrava and České Budějovice.

4. Interoperability of Czech railways

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 entities involved in rail transport.

Development needs:

- **Ensuring interoperability and introduction of new technologies (ERMTS, ITS)** within the railway system, primarily in the four transit railway corridors, followed by the remaining TEN-T corridors and corridors defined by AGC and AGTC agreements, including the support of modernisation and development of the intermodal transport units fleet.

5. Insufficient infrastructure conditions for the development of towns and agglomerations

The development of some towns, agglomerations as well as regions is hindered by insufficient capacity of railway infrastructure, in particular at places of entry into towns, which forms the transport system backbone of densely populated areas, by **insufficiently developed integrated transport systems** (urban, suburban and regional) **including the fleet** and the tariff interconnection of the whole system. The **development** and interconnectivity of **intelligent transport systems (ITS) in towns and agglomerations is lagging behind**, as well as the **use of alternative energy in transport**, including the possible inclusion of transport into smart grids. The significant potential of **non-motor (cycling) transportation** in towns is not used. There are also evident shortcomings in the systems for **transport at rest** (P+R, K+R, B+R). All considered development needs (interventions) will have to be in compliance with relevant strategic documents (e.g. addressing sustainable mobility or clean air). An emphasis shall be put on projects implemented as part of the integrated strategies.

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. Most of the major regional centres face the same problem, and in some cases also lower-level centres.

Development needs:

- **Construction and modernisation of infrastructure for rail/trolley systems in urban and suburban transport** (tram systems, tram-train systems, trolleybus systems).
- Development of city-logistics systems.
- **Construction and modernisation of intermodal terminals for passenger transport** (interconnecting hubs for railway, bus, urban, individual and non-motorised transport including P+R, K+R and B+R), introduction of ITS and new technologies.
- Development of management systems of urban road traffic.
- Support for **modernisation of the public transport fleets**, with an emphasis on reducing emissions and reducing energy consumption.
- Promoting development of the network of alternative power charging stations in the road network.
- Introducing infrastructure for urban non-motorised (in particular cycling) transportation.
- From a regional perspective, the projects will focus on the developing areas and economically troubled regions in accordance with the typology of areas contained in the Regional Development Strategy of the Czech Republic 2014–2020.

6. Incomplete network of cycling corridors of the highest hierarchical level

Development needs:

- Development and construction of the backbone **network of Euro Velo international cycling corridors**.

The specific needs and challenges of urban and rural areas and cross-border regions

- In order to achieve the maximum possible effect of the construction and modernisation of the backbone transport network, it is essential to plan not only these interventions into the transport serviceability systems in peripheral areas, but also related interventions that will ensure that benefits arising from the completion of the backbone network can be enjoyed by all inhabitants of the Czech Republic, not only the inhabitants of regional centres and regions that are directly adjacent to the backbone transportation network.
- To speed up the development of integrated transport systems, including municipal public transport, in towns and their vicinities.

Tie to EU documents

Europe 2020 strategy	The area of transport infrastructure is not directly linked to the quantified objectives of the Europe 2020 strategy. 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%. The initiatives “Resource efficient Europe” and the “Industrial policy for the globalisation era”. Integrated Guideline 5 "Improving resources efficiency and reducing greenhouse gases emissions".
Common strategic framework	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 into connectivity of regional transport networks to the backbone transport 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 and with implementation plans of the backbone network corridors. Sustainable modes of transport and sustainable urban mobility will be addressed.
Thematic objectives	7. Promotion of sustainable transport and removing obstacles in the key network infrastructures. 4. Supporting the Shift to a Low-carbon Economy in All Sectors.
Country-specific recommendations of the Council 2014	Partial link to 1. To strengthen substantially the budget strategy in 2015 in order to achieve the mid-term objective and subsequently to keep it. To prefer growth-enhancing expenditure in order to foster revitalisation and to improve the growth prospects. Partial link to 6. Step up the efforts to improve energy efficiency in the economy.

Links to Czech Republic documents

National Reform Programme 2014	Primary link to measures: <ul style="list-style-type: none"> ▪ 4.2.3 Transport infrastructure
Strategy for international competitiveness of the Czech Republic	2.6 Road transport – the backbone network of motorways and expressways and the construction of bypasses of major settlements on the main class I roads. 2.7 Rail transport – modernising the main railway network for long-distance passenger and freight transport, urban and suburban transport in densely populated areas and optimisation 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 river sections navigable.
Regional Development Strategy	Priority 1 Using the potential of developing 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 inter-regional importance (measure 2.1 Modernisation of the road infrastructure, measure 2.2 Modernisation of the railway network). Priority 4 Balanced development of stabilised areas (measure 4.2 Improving the internal and external services in the region).
Transport policy of the Czech Republic for the period 2014–2020 with an outlook until 2050	4.4 2 Development of transport infrastructure - determining the main principles for developing the transport infrastructure by individual modes. The principles form a basis for elaboration in the Transport Sector Strategy. 4.2.5 Addressing problems with traffic situation in towns - Problems with traffic situation are largely demonstrated in larger towns and their suburbs, the negative effects of noise, emissions and traffic accidents in densely populated areas are becoming more apparent. Urban public transport and non-motorised transportation should play a more significant role. 4.5.1 Modern technologies, research, development and innovations – the issue of introducing ITS in transportation.
Transport sector strategies, phase 2	The most important links are to the following specific objectives: <ol style="list-style-type: none"> 1.1. Road network with a capacity matching the real needs of users 1.2: Connection to European transport infrastructure 1.3: Completion of a capacity backbone network of expressways 1.4: Quality and sufficient-capacity network of class I roads ensuring the interconnection of regions and their connection to motorways and expressways 1.8: Improving urban mobility 2.1: Modernisation and development of the railway transport route 2.3: Ensuring sufficient capacity and parameters for freight transport in space and time 3.1: Improving the reliability of navigation conditions 3.2: Extending the network of waterways 3.3: Improving the effectiveness of water transport by enabling the navigation of water

	<p>craft with higher parameters</p> <p>5.1: Development of freight multimodal transport</p> <p>6.1: Improving the traffic situation on roads and rail, in urban agglomerations and in public passenger transport</p>
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Other key documents related to the given area include the National Action Plan for Clean Mobility, National Road Safety Strategy 2011–2020, Strategy of Support for Logistics from Public Resources, Territorial Development Policy of the Czech Republic, the draft Mid-term Strategy (up to 2020) for Improving Air Quality and other sectoral documents defined in individual operational programs. Furthermore, regions have prepared regional strategic documents (Regional Development Strategy, Regional Development Programme, Territorial Development Principles) and sectoral documents with regard to the problem area - the Concept of Optimisation and Development of Road Network of class II and III until 2020, Planning Study for the Development of Cycling, Comprehensive Transport Plan, and the Concept for Developing Cycling in the Region.

1.1.2.2 ICT infrastructure

Starting points and characteristics

The development of ICT infrastructure represents a major **factor for the competitiveness of businesses and the development of innovation potential** in the Czech Republic in all areas, and also for the modern and efficient **functioning of public administration**. Correct and efficient use of ICT significantly contributes to the increase in gross domestic product and leads to the productivity growth of economy as a whole. A highly positive aspect of investment into ICT infrastructure is its ability to enhance economic growth but with respect to budget impacts it requires good fiscal strategy (see CSR 2014 No 1). In the future, the differences between the performance of countries and regions will be more given by the scope of investment into ICT, ICT research and using ICT products and services.

An essential prerequisite for using ICT and achieving results is the existence of a sufficiently developed and available technology base, i.e. in particular, an **adequate infrastructure enabling a broadband internet access**. The Czech Republic is not sufficiently covered and it lags behind in other parameters too, such as speed, capacity and safety. This limits citizens⁵⁷, businesses and government institutions as regards their access to information and mutual communication. ICT issues are significantly linked to the problem area of Research and Innovation System.

In the long run, **the Czech Republic is trying to come closer to the West European trend of the development of ICT services and sharing**. In addition to creating a system for sharing, a key part of the ICT infrastructure is also the creation of data storages, digitalisation of key processes and supporting agendas in state administrative activities. The issue of **digitalisation of public administration agenda** that enables access to public services via the internet is discussed in the problem area Public Administration.

Digital literacy of the population and the varying degree of literacy for different groups represents an essential precondition for using ICT in normal life, when looking for jobs, achieving innovations and a greater competitiveness. There is a strong link to the problem area Education, both with regard to initial education and with regard to the fast development in the area of ICT, in particular lifelong learning. ICT has also high potential to become an

⁵⁷According to the data stated in the strategy State Policy for Electronic Communications - Digital Czech, in 2010 inhabitants of 10.1% municipalities had no broadband internet access, inhabitants of 20.4% municipalities had access to the broadband internet through one provider only and the inhabitants of 69.5% municipalities had a broadband internet access provided by more than one provider.

efficient tool when fighting social exclusion. With regard to the age structure of the population, the older generation uses technology and information technology far less. On the whole, however, ICT has been growing steadily.

Regional differences

Rural areas and some of the urban agglomerations have been fighting with the need to upgrade the capacity of networks. In terms of households with internet connections, most such households are in Prague and in the region of Central Bohemia, and in regional towns, except for the Regions of Karlovy Vary and Ústí nad Labem. From a regional perspective, the use of information technology (internet at home) is balanced within the Czech Republic, but still below average when compared with the EU.

The support will be aimed at:

- white areas in the territory coverage with high-speed internet (without a provider), exceptionally grey areas (with 1 operator in the territory), the Czech Telecommunications Office - A Study Mapping the Infrastructure for providing high-speed internet access in the Czech Republic

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 modernisation of electronic communications networks for high-speed access to the Internet was not supported in the programming period 2007-2013 very much. 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 digital economy*, was approved by Government Resolution of 20 March 2013, under No 203, and it will 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. Nevertheless, with regard to the ICT sector as such, it was supported in the programming period 2007-2013 both in terms of supply (via programmes for supporting ICT and strategic services focusing on the support of development of new software solutions and new shared service centres), and in terms of demand (via ICT programmes in companies focused on improving equipment of enterprises with new ICT). In both of these support programmes, several thousand specialised jobs were created and unique IT solutions were reached.

Major identified problems and development needs:

1. Insufficient coverage of mainly rural areas by broadband internet.

Development need:

- **Development of infrastructure for broadband internet access enabling the minimum transmission speed of 30 Mbit/s**, while priority will be given to **areas with a missing provider** of network for broadband internet access providing the service at real speed of at least 30 Mbit/s and where it is not likely that any provider will build infrastructure for providing such service in the next three years (so-called white areas in the Czech Republic). Exceptionally and only in justified cases based on pre-defined criteria it will be possible to provide support also in areas where one operator of broadband network exists and provides the service at real speed of at least 30 Mbit/s and

it is not likely that another operator will build infrastructure for providing the service in the given area within the next three years (so-called grey areas of the Czech Republic).

2. Insufficient offer of ICT services

The ICT sector in the Czech Republic struggles with low growth and low competitiveness with regard to the offer of new information systems, ICT solutions, new software products, applications and services. Another problem are the underdeveloped shared services, closely connected to information and communication technology that should lead to a decrease in process costs and increased efficiency in business and in other sectors of human activities.

Development needs:

➤ **Strengthening the creation (development) and operation of ICT applications and services, including shared services which include construction and upgrading of data centres.**

The potential of „e-commerce, business-to-business (B2B) e-services“ will be enhanced with an emphasis on the partial aspects of the given areas e.g. by supporting the creation of new sophisticated ICT solutions, including the creation of modern and progressive digital services and applications, by supporting the provision of sophisticated shared services, including the construction and modernisation of data centres, by supporting the expansion, interconnection, consolidation of the data fund of public administration and its effective and safe use according to the different activities and on the "opendata" principle, by supporting modernisation of information and communication systems for specific needs of public administration bodies, by supporting the establishment and equipment of public bodies for ICT infrastructure protection and ensuring controlled and safe sharing of public administration data (here is a partial link to problem area Public Administration).

The specific needs and challenges of urban and rural areas and cross-border regions:

- Network capacity, including broadband, must be increased in towns and their vicinities.
- In rural areas, the access to broadband internet must be ensured, which refers to the above mentioned areas known as white and grey areas of the Czech Republic mentioned in the above development need.

Links to EU documents

Europe 2020 strategy	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: Digital Programme for Europe Initiative. Integrated guideline 4 “Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy”, partially 6 "Improving the business and consumer environment and modernising the industrial base in order to achieve a fully functional internal market".
Common strategic framework	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 (CEF, TEN-T, Horizon2020) for funding of broadband networks and digital service infrastructures.
Thematic objectives	2. Improvement of access to information and communication technologies (ICT), their use and quality
Country-specific recommendations	Partial link to 1. To strengthen substantially the budget strategy in 2015 in order to achieve the mid-term objective and subsequently to keep it. To prefer growth-enhancing

of the Council 2014	expenditure in order to foster revitalisation and to improve the growth prospects.
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Ties to Czech Republic documents

National Reform Programme 2014	Primary link to measures: <ul style="list-style-type: none"> ▪ 4.2.4 Digital infrastructure
Strategy for international competitiveness of the Czech Republic	1.3 Facilitating access to services of public administration – public administration information systems, unified collection point 2.10 Implementation of Digital Czech government policy - the development of broadband Internet, utilisation of a digital single market for households and businesses.
Regional Development Strategy	Priority 8 Improvement of the institutional framework for regional development, measure 8.3 Information and communication support for the operation of local public administration (digitisation of public administration).
State policy in electronic communications (Digital Czech)	Support for construction of Next Generation Access networks (use of public resources, simplification of the administration associated with the construction and decrease of the fees associated with easements). Utilization of new technologies in the field of ICT. Digital market. Enhancing digital literacy, skills and inclusion.

Other key documents related to the given problem area include Efficient public administration and friendly public services - Implementation strategy for Smart Administration, Strategic framework for the development of public administration of the Czech Republic for 2014-2020, National plan for the development of new generation networks, a document reflecting the pillars of the Digital Agenda, as well as other sectoral documents defined in partial operational programs. Regions are currently preparing a document entitled Strategy for the Development of Information and Communication Technologies (ICT) of Czech Republic regions in 2013-2020.

1.1.2.3 Energy infrastructure

Starting points and characteristics

According to the National Energy Policy of the Czech Republic, more than 50% of the current energy consumption in the Czech Republic is covered from primary energy resources. The indicator of dependence of the Czech Republic on energy import (including nuclear fuel) is less than 50% which is one of the lowest in the EU. This is, in relation to the worldwide emphasis on energy security, one of the strengths of the domestic energy sector. The Czech Republic is currently fully self-sufficient in energy and heat production and in 2012 it exported more than 20% of the electricity generated. However, this situation will be changing in the years before 2020 until we reach a situation where there is a nearly balanced export and import of electricity. In view of the drop in use of the most important domestic sources of energy (brown and black coal), it is important to count with an increased dependency on energy import, up to 65% by 2030 and 70% by 2040.

In order to ensure the maximum possible independence of the Czech Republic on foreign energy resources, it is necessary to promote the optimal use of conventional and renewable energy sources in the Czech Republic. The target value for EU, arising from the Europe 2020 Strategy, amounts to 20% of renewable energy in 2020. In view of the restricted possibilities of the Czech Republic due to its geographical conditions, the European Commission set a lower share of no less than **13% of renewable energy in the gross final energy**

consumption in 2020. The share of renewable energy resources had markedly grown from 2005, thanks to adopted support, until it reached 9.35% of the gross domestic final energy consumption in 2011 (10% in 2012). The objective of the Czech Republic is to further increase the renewable energy share, but to review the form of support in order to minimise the financial impacts of the renewable energy resources on the economy and inhabitants while using such forms of renewable sources which fit best the Czech Republic's (natural and technical) conditions.

A slow gradual increase in power consumption is visible in the entire Czech Republic which corresponds to the expected trend in all advanced countries. This results in the **increased need for transformation output of the transmission/distribution systems.** The requirement to increase the transformation output is caused not only by the increase in consumption, but it might also be caused by the loss of conventional sources, providing this loss is not replaced with a source with standard production characteristics, but is replaced with a source of distributed generation, including intermittent sources (RES) that are not applicable for 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 modernisation of the electricity system, it will not be possible to sufficiently satisfy the requirements of developing regions in the future.

Also the interlinking of the Czech energy networks with those of the neighbouring countries (mainly in the north - south direction) 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, it is necessary to strengthen the internal and cross-border transmission capacities of power lines. High-quality linkage of energy networks to European structures is significant in terms of energy security and ensuring the stability of supply when exporting and importing energy. It is expected that there will be an integration of new intelligent technology elements, such as remote control, voltage control, remote consumption control and intelligent measuring that are used as regulatory elements in **smart grids.** Further integration of renewable energy sources 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. The investment needs into energy infrastructure are defined in the National Energy Policy and they are regularly analysed by the provider of the transmission and distribution systems.

The production of electricity in the Czech Republic is associated with high losses of approximately 500 PJ energy per annum. These losses arise due to the physical nature of diverting low-capacity heat to the surrounding environment. The **potential of combined generation of heat and power (CGHP) is not used** in many locations where the demand for useful heat is covered by heating plants. **Heat distribution equipment (HDE),** enabling the existence and development of combined generation of heat and power, **is does not meet in some cases the current technical requirements for heat distribution, which results in increased energy losses.** In some cases, there will have to be a controlled replacement of some large systems with smaller systems using smaller cogeneration units.

The development of the electricity system (transmission and distribution) and removal of capacity constraints (known as bottlenecks), increased use of combined power and heat sources, and lower losses in heat distribution systems will help develop business activities in

the supply chain, covering development, production but also the installation of energy sources and generation of energy. Therefore, there is a strong link to the problem area Competitive Businesses and Research and Innovation System. There is a strong link to the problem area of Education, in particular with regard to support of technical fields. Energy savings will have a positive impact on the quality of air and decreased production of CO₂ (there is a clear link to the problem area of Environment and Adaptation to Climate Changes).

The problem area Energy Infrastructure is linked to the issue of energy efficiency that is discussed in the problem area Competitive Businesses (business sector) and Environment (public and housing sector).

A highly positive aspect of investment into energy infrastructure is its ability to enhance economic growth but with respect to budget impacts it requires good fiscal strategy (see CSR 2014 No 1).

Territorial dimension has not been identified in the energy infrastructure.

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.

Specific targets were set in the form of annual energy savings. Due to the continuing implementation it is not possible at present to assess the state of achievement of the pre-set target in terms of annual energy savings. According to prepared projects, however, it can be said that by the end of 2012, the value of about 6000 TJ was reached, which means that the achievement of the total indicator is at more than 60%. From the national perspective, this is one of the most important contributions in the area of subsidies aimed at reducing energy consumption.

Major identified problems and development needs:

The most significant problems and the resulting development needs include the strengthening of the transmission system and improving the efficiency of the systems for heat supply, including combined heat and power generation.

1. Dependency on non-renewable energy resources, low orientation on using renewable energy resources.

Development needs:

- **To increase the share of renewable energy resources** (in particular biomass, biogas, biomethanol, small water power plants) in consumption. In the case of biomass, the supported facilities will be those that meet the required standards in emissions and output.

2. Insufficient technical standard and capacity of the transmission system (TS) resulting in consumption increase; connection of new sources and transit requirements on the TS in the Czech Republic in the north - south direction, guaranteeing safety, resistance and reliable operation at the current standards. This development need will be addressed in TO 7.

Development need:

- **Strengthening and modernisation of the transmission system** (lines and transformers).

3. High share of heat losses in the heat distribution systems and the unused potential of combined generation of heat and power.

Development needs:

- **Construction and modernisation of heat supply systems and of sources of combined generation of heat and power.**

4. Insufficient technical standard and capacity of distribution systems in terms of connection of distributed energy sources (including intermittent sources), remote consumption, operation reliability and accumulation of energy. This development need will be addressed in TO 7.

Development need:

- **Modernisation of distribution networks with an emphasis on introducing smart grids elements** in order to minimise narrow profiles and to integrate decentralised energy sources and to improve reliability of power supply.

Links to EU documents

Europe 2020 strategy	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 Guideline 5 "Improving resources efficiency and reducing greenhouse gases emissions".
Common strategic framework	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 interventions 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. Only projects classed as Projects of Common Interest (PCI) may be financed from CEF. Other modernisation and development of transmission systems may not be financed from CEF.
Thematic objectives	4. Supporting the Shift to a Low-carbon Economy in All Sectors. 7. Promotion of sustainable transport and removing obstacles in the key network infrastructures.
Country-specific recommendations of the Council 2014	Partial link to 1. To strengthen substantially the budget strategy in 2015 in order to achieve the mid-term objective and subsequently to keep it. To prefer growth-enhancing expenditure in order to foster revitalisation and to improve the growth prospects. Partial link to 6. Step up the efforts to improve energy efficiency in the economy.

Ties to Czech Republic documents

National Reform Programme 2014	Primary link: <ul style="list-style-type: none"> ▪ 4.2.5 Energetics and climate protection ▪ 4.2.7 Agricultural policy
Strategy for international competitiveness of the Czech	2.9 National energy policy and strategic channelling - attain a balanced energy mix, higher usage of renewable resources, and the development of smart grids and reduced greenhouse gas emissions.

Republic	
Regional Development Strategy	Priority 2 Development of key infrastructure of national importance 2.3 Expansion and modernisation 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).
National Energy Policy	Linkage to the entire document, i.e. to 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 grid with plenty of reserves. Maintaining strategic reserves of available domestic energy forms. ⇒ Increasing energy efficiency and energy savings in the economy and households. ⇒ Development of Czech network infrastructure in the context of Central European countries, strengthening 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. ⇒ Support for research, development and innovation ensuring competitiveness of the Czech energy sector and support for education, with the objective of having generational renewal and improving the quality of technical intelligence in the energy sector. ⇒ Increasing energy security and resilience of the Czech Republic, enhancing the abilities to secure necessary supplies of energy in the event of multiple faults.

Other key documents related to the problem area are the National Action Plan of the Czech Republic for Renewable Energy, Energy Efficiency Action Plan of the Czech Republic, National Action Plan of Clean Mobility, Waste Management Plan, Biomass Action Plan of the Czech Republic for the period 2012–2020, State Environmental Policy, the draft Mid-term Strategy (up to 2020) for Improving Air Quality, Regional Development Policy of the Czech Republic, regional documents related to the given area (regional development strategies, regional development programmes, territorial development guidelines, territorial energy concepts) and other sectoral documents defined in individual 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
Decrease in greenhouse gas emissions compared to 1990 (%)	-20	-15.1	-17.6	in accordance with the EU climate and energy package (- 21% in EU ETS, +9% outside EU ETS) ⁵⁸	-30	-32
Share of renewable energy resources in gross final energy consumption (%)	20	12.1	13.0	13 ⁵⁹	8.4	9.4
Primary energy consumption (MToe)	1474, i.e. reduction by 20%	1647		Energy savings in final	-----	-----

58 Compared to 2005.

59 The Czech Republic National Action Plan for Renewable Energy sets a target of 13.5%.

				consumption by 2020 amounting to 47.84 PJ		
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The Czech Republic is above the EU average in terms of the Europe 2020 strategy targets in the area of greenhouse gas emissions. The progress in achieving the targets for renewable energy sources is in line with the National Action Plan of the Czech Republic for Energy from Renewable Sources. The National Action Plan is set in accordance with the conditions of the Czech Republic for the development of RES. The target for energy efficiency will be achieved between 2014-2020.

1.1.3 Public administration

Starting points and characteristics

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, National Economic Government Council, 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.

A well-functioning and transparent public administration⁶⁰ is the main prerequisite for achieving necessary changes in all other problem areas included in the Agreement. Public administration that is of a high quality has a positive impact on the competitiveness of the corporate sector, creation of jobs, accessibility of services for citizens (public services) and the course of processes during the construction of infrastructure. **During the performance of public administration tasks it is essential to put a constant emphasis on the 3E principle - economic, efficient and effective.** Only such public administration can provide good quality services and make economical use of the funds of Czech citizens. On the basis of the National Reform Programme and international studies, the main development needs of the Czech Republic in the area of public administration were identified that are essential to improve the efficiency and effectiveness of institutions including a more efficient justice system, and improving the interaction and confidence between the public administration and citizens, lowering administrative burdens, preventing corruption, and ensuring an adequate and transparent system for public finance administration.

The fight against corruption will be greatly emphasised as it will have to be addressed through several individual measures, such as (i) in the area of computerisation (accent in particular on sharing the already acquired data, which will prevent manipulation and distortion of the data); (ii) development, sharing and intelligent publication of data and public administration information on the principle of open data (for higher transparency of the public administration and its communication with the public - citizens gain an easier access to information, including information on public budgets), (iii) further introducing ethical and

⁶⁰ For the needs of the Agreement, public administration refers to the state administration (state organisation units) and self-government (municipalities, regions, City of Prague) and Justice. State administration also covers the Police of the Czech Republic and Fire Rescue Service of the Czech Republic (also serving as an Integrated Rescue System unit) and organisational units in the justice sector, such as the Justice Academy, Probation and Mediation Services and Prison Service. The reason being these units have their own administrative apparatus whose efficient operation is just as important as the efficient operation of, for example, central administrative authorities, municipal and regional authorities.

anti-corruption standards through training of public administration employees and education in preparing regulations; (iv) supporting tools such as CIA (corruption impact assessment) and RIA ex post, if these tools are well developed they will have a positive impact on making the whole process of law-making more transparent.

Computerisation of public procurement is implemented in the Czech Republic on the basis of European Directives 2004/17/EC and 2004/18/EC and based on the document Strategy for Computerisation of Public Procurement for 2011-2015, which will be updated for the subsequent period. The progress in implementing the Strategy is recorded in Annual Reports demonstrating that the Czech Republic is fully performing its obligations arising from the above Directives and will be ready from 2016 on to carry out public procurement electronically in accordance with Directives 2014/23/EC, 2014/24/EC and 2014/25/EC.

In this regard, it is also necessary to understand the specific position of public administration officials in regional and state authorities (service), their rights and duties, and in general the related **human resources management and development** which is still inadequate in particular in state administration. In order to improve the respective area, it will be necessary **to adopt legislation setting forth the status of state officials**, taking into account the ex-ante conditionalities determined in EU regulations applicable for 2014-2020, **and to ensure efficient implementation of such legislation**, or to adopt any other related legal standards that would create more favourable regulatory conditions in public administration and improve the institutional environment. The Civil Service Act is based on public law. A key aspect for the de-politicisation, transparency and professionalism of staff, offices, processes and outputs is to establish a Directorate General for Civil Service that would act as an inter-departmental conceptual, methodical, coordinating and verification authority, and to establish a position of a state secretary for civil service that would serve at individual ministries. The Directorate General for Civil Service will be in charge of setting up, implementing and verifying human resources processes (recruitment, selection processes, assessment, disciplinary actions), education (exams for civil servants and education that would have an impact on the entire state administration), remuneration, quality in the administration (service) offices (QMS) and last but not least, a systematic approach preventing tampering with posts and with organisational structure in the offices.

The Czech Republic will make an important step towards modernisation of state administration by introducing high-quality, stable, efficient, professional and transparent civil service, as defined in the Country-Specific Recommendations 2014 (No 7). The intention is to achieve professional and non-political approach to managing and personnel processes in state administration bodies.

As part of the running legislative process, while respecting the prerogatives of the Parliament of the Czech Republic and in accordance with the Czech legal framework, the Czech government undertakes to embody the following key elements into the Civil Service Act and the follow-up service regulations so that they comply with the country-specific recommendations and with ex-ante conditionalities of TO 11:

- Defining the principles and core values of civil service that the civil servants should pursue.
- Enhancing the stability of public administration - the functioning of state administration bodies should be based on a thorough analysis of the available sources and related policies, and should be supervised by a special body such as the Directorate General for Civil Service. The borderline and interaction between the political and the civil-servant level should be clearly defined.

- Recruitment and exam for civil servants - the Act should ensure the development of an employee recruitment system based on transparent testing of qualifications and conditions for performing civil service.
- Remuneration - the Act should ensure a true and just system of remuneration with a transparently defined performance component of the salary.

Apart from that, the government undertakes to ensure a comprehensive scope of application of the Act covering all entities performing state administration and all of their employees performing civil service, only with very limited and duly justified exceptions where necessary.

Finally, it undertakes to speed up the efficient implementation of the Act which will take effect on 1 January 2015 while all documents essential for its implementation will take effect and will be fully applied by the end of 2015. The Act must be therefore formally approved before the programmes of European Structural and Investment Funds are adopted.

The Czech Republic is fully aware of the importance of the change in the paradigm of the current state administration into modern civil service and so it has decided to proceed in this matter with the highest transparency and to involve all relevant stakeholders in order to achieve the highest possible social and political consensus.

The issue of **coordinating the development plans of the public and private sectors and their projection into the territory** continues to be a challenge for public administration in the Czech Republic. This coordination is carried out by means of instruments (documents) of territorial planning (planning background data and planning documentation). The documents serve the purpose of public administration (they enable and make it easier to decide on the territory issues) and at the same time the documents locate investment plans in coordination with the other interests in the territory (mainly with environmental protection, climate change adaptation etc.). The existence of those documents improves effectiveness and speed of the decision making process on the territory and it ensures overall territorial readiness for investment plans of European importance.

Regional differences

Relations between the state administration and local authorities are often very formal and it is difficult to find consensus on the solution to 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. The (mostly) insufficient methodical support of strategic planning and relatively high financial costs of the preparation of tools for territorial planning results in the limited application of the tools, in particular at the (above) municipal level. Many problems can only be resolved in a broader territorial context. Agglomerations or micro regions can serve as an example. Resolution of problems in the state-supported regions and peripheral areas requires efficient co-operation with the regional authorities and other players in the area as this is where most problems are cumulating. In terms of regional differences in the judiciary sector, it is also evident that the efficiency of courts of the same instance is different in different geographical areas⁶¹.

As it is necessary to ensure the same level of public administration performance throughout the Czech Republic territory, the support will be distributed according to the different levels, types or instruments of public administration rather than according to the different types of territory.

61 <http://cslav.justice.cz/InfoData/uvod.html>

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

Many of the problems defined in the previous chapter were partly resolved in the past programming period when a number of reform processes took place and represented a major shift forward in public administration and its efficiency.

Thanks to commencing the process of computerisation and sharing of data, exact and reliable data were made accessible, which enabled a far simpler and faster contact of citizens and businessmen with public administration, e.g. through creating an information network of data boxes which ensure reliable and safe e-submission and e-delivery of decisions. Creation of the network of contact places known as CzechPOINT enabled to search for and comfortably obtain verified outputs from the ever growing spectrum of services, in particular thanks to the project known as basic registers such as databases for public administration providing updated and legally binding data on the identity of natural persons and legal entities, authorities and real property. The commencement of the process modelling of the administration activities led to the creation of Methodology for process modelling on the basis of which the individual activities of public administration were described in order to standardise them and to perform follow-up optimisation measures. The area of human resources was not left behind; the qualifications of public administration officials were improved in many areas connected to the fight against corruption, project management, ICT use etc.

As part of territorial development support, the preparation of territorial analyses at the level of regions and municipalities with extended competences, and of territorial plans at the level of municipalities, while in the case of territorial analyses the absolute majority of this need has been covered, but in terms of the territorial plans only a small part of the real allocation capacity was covered, also with regard to the limited funding. With respect to the high effectiveness and benefits of such support for other areas of ESIF support and the continuing high absorption capacity, there is an apparent need to continue to support the territorial planning activities in the 2014-2020 programming period.

There were difficulties with the application of EU rules for public procurement at the level of beneficiaries as well as managing authorities in the programming period 2007-2013. In order to improve the situation, the Czech Republic has decided to implement preventative measures with regard to the legal, institutional and procedural set up of the system of management and monitoring of public procurement, and to increase the intensity of liaison between relevant national authorities.

Issues related to effective coordination of strategies and projects in public administration and eGovernment at the national level will be addressed by the relevant government council. The coordination mechanisms in this area will be described in the implementation plan of the draft Strategic Framework for Public Administration Development of the Czech Republic for 2014-2020. The substantial premise is that those mechanisms will be based on the above-mentioned Strategic Framework. Agreements and memoranda will be concluded between the key public authorities, specifying mutual cooperation and operational activity in ESIF implementation. The above agreements will be concluded on the basis of competences given to the relevant public authorities and will act as matter-of-fact guarantors.

A detailed description of the coordination mechanisms in public administration for the 2014-2020 programming period, also based on the above experience, is provided in chapter 2.1.2.

Major identified problems and development needs:

1. High administrative and regulatory burdens

The most striking is the poor position of the Czech Republic in terms of the degree of regulatory burden and the effectiveness of public administration including the judicial authorities.

In terms of legal regulations, all central state administration authorities monitor the efficiency of legislation within their entrusted scope of competence⁶².

A base for a systematic evaluation of the impacts of regulatory measures at the government level was put in place in 2007 when Regulatory Impact Assessment (**RIA**) became an obligatory part of a legislative process⁶³. Currently, there are discussions about introducing RIA for non-governmental initiatives (e.g. MPs' motions) in order to increase the efficiency and balance of the legislative process as a whole. It is also required that general RIA principles should be used for the preparation of non-legislative documents that have legislative impacts. In addition to procedural changes, it is important to emphasise a better quality of the presented RIAs. Despite the progress made in this respect in the last couple of years, there is still a prevailing trend that less than 30% of the presented RIAs are positive without comments⁶⁴. The Czech Republic does not sufficiently use RIA ex post as a tool to verify the actual impacts of the regulations after they are introduced. The evaluation of corruption risks is a part of government drafts; the duty to prepare a general evaluation of corruption risks for parliamentary drafts also applies. As this is a fairly new tool, it will be necessary to focus on the quality of its implementation.

The high regulatory and administrative burden is still considered a major obstacle to business development in the Czech Republic⁶⁵. Compared to 2012, the Czech Republic dropped by 6 places in the assessment of administrative burden on businesses, where starting the business in the Czech Republic takes 19.5 days and 9 requirements must be met, compared with the OECD average, where starting the business takes 11.1 days and 5 requirements. Establishing a company in the Czech Republic is also nearly three times more expensive than in OECD countries. Standardization of processes in the most common situations in life is missing, which leads to longer processing of applications and bureaucratic burdens to the process itself whether in relation to the citizens, the business sector, or within the public administration itself.

Development needs:

- **Reducing the regulatory burden** by setting the system tools for objective and independent assessment of the impact of legal regulation in order to improve the legislative environment, both ex ante and ex post, including the support for utilising the CIA tool.
- **Reducing the (net) administrative burden** (e.g. establishment of a uniform methodology for measuring the administrative burdens and its expansion and mandatory use across the public administration) for citizens, businesses and entrepreneurs (also making it faster and less expensive to start a business).

62 The assessment of the efficiency of regulations and the impacts of specific legal regulations form a part of explanatory reports for newly proposed legislation or amendment of valid legal regulations..

63 In order to ensure an institutional review of the quality of the presented RIA, a Committee for the Regulatory Impacts Assessment has been established by the Government Office to review the quality of RIA presented for the drafts of legal regulations at the government level (government's bills and government orders).

64 Annual report of the RIA Commission for 2013.

65 In 2009, an independent survey was taken, showing that the total time spent on administrative duties per year is 39 days, and most business owners stated that their administration activities have increased after the accession of the Czech Republic to the EU.

- **Developing the standards of public services** in order to reduce the bureaucratic burden on specific life situations of entrepreneurs and citizens in all activities of public administration.

2. Low efficiency and expertise of public administration

Many of the problems which the Government faces, are caused, inter alia by the narrow departmentalism, haphazard decisions of the public administration on territories, insufficient use of various evaluation and analysis instruments for the effective implementation of policies, but also by inefficient approach to the development and management of human resources, etc. (to a large extent, this sphere will be addressed specifically by the Civil Service Act). State administration also has no experience with the implementation of quality management methods (CAF, ISO 9001), while the self-administration has partial experience, but completely uncoordinated. However, public administration cannot rely solely on the **implementation of quality management methods**. All its activities should be guided by the **principle of 3E (economy, efficiency, effectiveness)**. This can be achieved by **setting suitable internal processes**.

At present, a **uniform education system for civil servants is completely absent**, which would contribute to establishing a uniform level of education. It is not only an issue of professional training, but also of the acquisition and improvement of civil servant professionalism. **The lack of effective management of human resources in public administration** is caused by the high staff turnover and indirectly affected by the reduced quality of work performed by the staff, lacking any continuity and experience, but also a sophisticated system of motivation and reward system for civil servants. The costs of the public sector in the Czech Republic are comparable to the average among the OECD countries, but the problem of the Czech public sector is the structure of expenditure - in terms of capital expenditure, the Czech Republic is absolutely the European leader (in 2007, 17.6% of all costs went into capital expenditure, apparently through public procurements). However, the actual expenditure on public sector employees is small, reaching even one-third compared with Sweden and New Zealand⁶⁶.

The territorial development documents are necessary for improving the efficiency and effectiveness of public administration concerning the territory. Without the planning instruments ready it is difficult (in some cases it is entirely impossible) to place any intents in the territory (structures and equipment), including the transport and technical infrastructure structures and equipment.

Development needs:

- **The introduction of modern methods and processes of management (QMS) and decision-making in public administration**, including the management of human resources (particularly education, developing and broadening the qualifications of the workforce in the public sector, together with the emphasis on the reward and motivation system, etc.).
- **Optimizing the processes in public administration** with an emphasis on stabilization of public budgets and the introduction of the 3E principle. Improving the quality, efficiency and transparency of public administration - to simplify and improve the delivery of public services and optimizing their availability.

66 Taken from the Analysis of Costs and the Quality of Civil Service up to 2030 (April 2013) by J. Chvalkovská et al.

- **Improving the decision-making of public administration on the territories** (e.g. implementing the strategic planning) and **improving the territorial preparation of investments** in relation to the planning activities of regions and municipalities by means of supporting the acquisition of territorial development instruments (documents). The aim is to increase development effectiveness of the exposed territories and to enable and speed up the implementation of European plans in the Czech Republic (ESIF supported projects).
- Promoting the use of analytical, methodical, evaluation and other capacities, which will lead to clear results and removing the duplicities.

3. Low transparency of public administration

Further weaknesses in public administration include the incomplete necessary reforms (e.g. a major reform of public administration in 1999), **insufficient legislative environment for the functioning of the public administration**, including the implementation of certain laws (such as the law governing the rights and status of civil servants in state administration) **and little emphasis on the observance of all principles of good governance**. There is insufficient use of analytical and evaluation capacities in order to increase transparency (e.g. in terms of audits, public procurements, etc.). The declining indicator of perception of corruption in the Czech Republic since 2008, which is published annually by the Transparency International, unambiguously confirms that corruption is a major social issue in the Czech Republic. In 2011, the CPI value dropped to 4.4 (on a scale of 0-10, the higher the value the better the results for the country) which placed the Czech Republic to the 24th position among the European countries.

Though the Czech Republic is involved in the Open Government Partnership in terms of publishing data on the principle of "open data," a number of shortcomings can be clearly identified. The data, if published, are not adapted to the needs and demands of citizens.

We can see large fluctuations in the use of eGovernment services by various users. Electronic registries were operated by 86 % of the state organisational units in 2011, which was an increase by 30 percentage points compared to 2005. As at 31 December 2011, 64 % of the state organisational units had at least one form to download on their websites, 32 % of the state organisational units offered forms for on-line filling-in, and 39 % of the state organisational units offered a complete electronic submission through their websites. Compared to 2007, the average increase in the provision of the above services was only 2 percentage points. By contrast, in relation to citizens the statistics are currently rather unfavourable: a service for official electronic delivery system (data boxes) has only not even 0.5 % of active users aged over 18 years, and in terms of sending on-line forms to public authorities, the Czech Republic ranks last in the European Union. In 2007, only 29 % of the population benefited from electronic services for citizens, which places the Czech Republic far below the European average. The increase in the use of eGovernment services to 40 % in 2011 was contributed to by a user-friendly environment of the offered services, as well as by the added value such as the time that is saved⁶⁷. Despite some partial success in the use of eGovernment services it is needed to continue to focus on promoting their use, including their further development and user simplicity.

Development needs:

⁶⁷ Adapted from the draft Strategic Framework for the Development of eGovernment 2014+

- Ensuring the adoption of the necessary legislative measures to streamline the functioning of public administration and set parameters for its performance with an emphasis on combating corruption.
- Increase in the use of eGovernment services by citizens and businesses / entrepreneurs.
- Streamlining the control of public administration (reduction of corruption environment) using modern approaches (human resources, computerization, QMS).
- Promoting the use of analytical and evaluation capacities, which will lead to clear and usable results.
- Strengthening the civil society (promoting civic participation and initiative, communication to the public), strengthening the principles of good and open governance, publication of data on the open data principle.

4. Low efficiency of justice

The current judiciary in the Czech Republic is generally not very efficient as a result of a combination of problems and disparities at the institutional, legislative and personnel level. And yet, functioning judiciary is an essential prerequisite for law application and enforcement which must be fast and efficient from the subject's point of view (natural persons and legal entities), and also economically viable for the state and considerate towards the basic rights of the persons against whom the law is enforced.

At the legislative level, ensuring a long term evaluation of experience gained from practice and judicature proves to be problematic. Currently, issues that should be subsequently addressed by legislation are not analysed on a regular basis as part of the legislative process.

At the institutional level, advanced information technologies, such as technologies transmitting images and sound, **are not used sufficiently.** In addition to the development of modern technologies, it is also necessary to use electronic tools for the efficient management of processes within the justice system, and for external communication, to a greater extent. In particular, the development of programmes aiming to make the transmission of data between the individual sections of the judiciary much easier.

At the personnel level, the professional and qualification standards of judiciary staff have not been developed sufficiently. The filing and clerical agenda presents a burden for the courts, and in order to make the agenda more efficient it is essential not only to introduce legislative amendments, but also to strengthen professional and administrative capacities. The efficiency of justice (particularly in terms of the duration of proceedings) in some types of proceedings lags behind the EU average and also the total cost of some types of proceedings is higher than in other EU countries.

Alternative ways of settling disputes (mediation, Alternative Dispute Resolution and others) are used to a lesser extent. In terms of criminal law, it is necessary to focus on increasing the quality and efficiency of the imposed alternative punishment and measures. From a long-term point of view, judiciary does not address the high level of recidivism of offenders, in particular in property crime, despite the fact that the causes have been known for a long time. The Czech Republic ranks 31st (out of 34 Member States) in the evaluation of the business environment among the OECD countries. The weakest aspect in the evaluation of institutions is especially the implementation of law by public institutions and courts, which lasts very long, is expensive and in many cases, the participants actively or passively encounter corruption.

Development needs:

- Accelerate the operation and improve the quality of justice, create and develop tools to improve law enforcement.
- Develop computerization of justice (so-called eJustice), in particular to develop electronic systems (for court proceedings and for the judiciary as a whole); to ensure their centralisation, compatibility and security.
- To improve professional and qualification standards of judiciary staff.
- To rationalise court proceedings using process standardisation.

5. An incomplete computerization of public administration (eGovernment)

There are still some reserves in the field of computerisation of public administration. The material resources for the functioning of public administration, including the area of ICT, is not keeping pace with the development of ICT in the private sector. The complicated structure of public administration can be described best as a multiply interconnected system of huge quantities of authorities that manage the data related to their activities (According to qualified estimate, approximately 10,000 offices manage about 350 agendas). Information Systems (IS) of public administration do not use a uniform data base and are independent of each other, due to which any changes in the data in one database are not reflected in the other information systems, and citizens are forced to report various changes to a large number of authorities. Conversely, a number of areas that could run on one information and communication system or its modernization in relation to the specific needs of the public administration do not so (e.g. IS for municipal waste management, IS having special requirements for security of data on citizens and other facts, radio communication systems of the IRS units etc.), although such an IS would mean a considerable saving in the cost of public administration.

Development needs:

- Further **expansion, interconnection and sharing of data resources of public administration** and the use of all available registers for this purpose, their interconnection and development, as well as a better quality and much faster access to statistical data (including for the purpose of eliminating duplication in the information duties for businesses and citizens), mainly through enabling a full electronic submission without the presence of an official (from home, other mobile devices, etc.) and further computerisation of the agendas (eProcurement, tax administration, eHealth, eJustice, eCulture etc.).
- Further development of the system for electronic identification and authorisation for citizens and the business sector, including their recognition abroad.
- Completion of construction of data networks for public administration and construction and modernization of secure data centres, including cloud solutions.
- Development, sharing and publication of public administration data on the principle of "open data".
- Development, integration and unification of information and communication systems (e.g. PEGAS) for specific needs of public administration.

6. Insufficient security of the information systems in public administration

A cross-sectional area of concern is the low security level of the public administration ICT systems so as to match the standards of cyber security and risk management, which are

the persistent problem in the Czech Republic. The level of security at public administration bodies varies, including in parts of the critical infrastructure⁶⁸ and awareness of cyber security and the ways to provide it efficiently. This increases the risk of cyber attacks and reduces the reliability and security of information exchange. This is related also to the insufficient conceptual and material resources for safe data storage.

Development needs:

- Support for the establishment and equipment of public authorities for the purposes of protection of the ICT infrastructure to ensure a controlled and secure data sharing within the public administration in accordance with the standards of cyber security.
- Promoting the awareness and preparedness of human resources, leading to increased cyber security and reduced risks associated with its decline.

The specific needs and challenges of border regions:

- Cooperation of public administration institutions (communication, coordination and search for common solutions in order to improve the administration performance and making the region more attractive for its residents and economic actors).

Links to EU documents

Europe 2020 strategy	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 the initiatives, where there is a close interconnection of public administration with education, ICT, institutional questions, such as "Youth on the Move", "Digital Agenda for Europe"). As regards the Integrated Guidelines, 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"
Common strategic framework	not listed
Thematic objectives	2. Improvement of access to information and communication technologies (ICT), their use and quality. 5. Promoting Climate Change Adaptation, Risk Prevention and Management 11. Enhancing institutional capacity and an efficient public administration
Country-specific recommendations of the Council 2014	Partial link to 7. In 2014, adopt and implement a Civil Service Act that will ensure a stable, efficient and professional state administration service. Speed up and substantially reinforce the fight against corruption by implementing the remaining legislative measures provided for in the anti-corruption strategy for 2013-2014 and by developing plans for the next period. Further improve the management of EU funds by simplifying implementing structures, improving capacity and tackling conflicts of interest. Increase transparency of public procurement and improve the implementation of public tenders by providing appropriate guidance and supervision.

Ties to Czech Republic documents

68 The completion of the cyber security system is based on analyses of digital environment security - Survey of the extent of cyber security in the state and public administration in the Czech Republic, the Issue of cyber threats in terms of security interests of the Czech Republic, and the Strategy for cyber security or the Law on cyber security.

National Reform Programme 2014	<p>Primary link to measure:</p> <ul style="list-style-type: none"> ▪ 4.1.2 Effective governance and quality legislative environment. <p>Partial link to measure:</p> <ul style="list-style-type: none"> ▪ 4.2.1 Improving the business environment, the development of services for business
Strategy for international competitiveness of the Czech Republic	<p>1.1 Efficient public administration - modification of the structure of public institutions, change of status and remuneration of civil servants.</p> <p>1.2 Streamlining the management of public assets and resources.</p> <p>1.3 Simplifying access to services of public administration – public administration information systems, unified collection point</p> <p>1.4 Improved quality and availability of regulation - computerization of the legislative process and electronic publication of the regulations</p> <p>1.5 Better law enforcement - computerization of justice.</p>
Regional Development Strategy 2014-2020	<p>Priority 5 Peripheral Area Revival (measure 5.3 Secure basic services and service availability).</p> <p>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).</p>
The strategic framework for the development of public administration of the Czech Republic 2014-2020	<p>Document in preparation, expected submission to the Government by September 2014, see Annex 5.2 Assessment of the fulfilment of ex ante conditionalities. The document includes the issue of eGovernment which was originally described in a separately prepared document Strategic Framework for eGovernment Development 2014+.</p>

Other key documents related to the problem area are the Strategy for Computerisation of Public Procurement for 2011-2015, State Policy in Electronic Communications - Digital Czech v. 2.0 - Journey to digital economy, and other sectoral and regional documents defined in the operational sub-programmes.

1.1.4 Social inclusion, combating poverty and health care system

Background and Description

Despite great efforts in the fight against poverty and social exclusion and to improve the quality of the related health care, the Czech Republic faces many challenges. The proportion of the population living below the poverty line and particularly at risk of poverty and social exclusion ranks among the lowest in the EU and rises only slowly (in 2013 – 14.6%, 2012 – 15.4%, 2011 – 15.3%, 2010 – 14.4% and 2009 – 14.0%)⁶⁹, however, the adverse economic development in the past period and the associated rise in the unemployment represent a considerable risk for the following years. The main goal for the Czech Republic is therefore **not to allow deterioration of this proportion, and in terms of the number of people at risk of poverty to achieve a return to the level before the economic recession.**

69 Source: People at risk of poverty and social exclusion (Eurostat, 2013). Online at: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_peps01&lang=en

Poverty and social inclusion ⁷⁰ i.e. a chronic unavailability of social resources (such as employment, education, housing, health care and the possibility to exercise one's rights) does not affect broad categories of the population, but **it is concentrated in some groups** – in particular the long-term or repeatedly unemployed, single-parent and large families, seniors ⁷¹, people leaving institutional facilities or prison, people living in socially excluded localities, homeless people, people with disabilities and others. Poverty and social exclusion also have a gender dimension - it specifically affects women rather than men from the above groups.

In addition, poverty and social exclusion have a **strong territorial dimension** due to their uneven distribution across the country. **Several regions report an increasing number of socially excluded localities, the numbers of people at risk of poverty are then increased especially in the economically troubled regions of the Czech Republic.** The process of social exclusion, however, affects the entire society, with one of the negative features being the ongoing escalation of social tension and disruption of social cohesion.

The inhabitants of excluded locations, usually affected by poverty, unemployment and material deprivation, **often include the Roma minority members.** Based on experience from 2007-2013, the approach chosen for social inclusion of this group of the population will be targeted at all citizens in a similar life situation or living in the given location regardless of their ethnicity (for more see sub-chapter Experience from the 2007-2013 programming period and the progress in achieving the current objectives). The impacts on the Roma population will be monitored and evaluated by means of qualitative studies of ESIF support impacts on the Roma community in excluded locations.

There is a very close **link of poverty and social exclusion to unemployment.** Almost half (44.3 %) of households with at least one unemployed person is at risk of poverty in the Czech Republic. Long-term unemployed people lose their work habits and their chances in the labour market thus decrease. At the same time, there is growing specific group of young people who do not continue their studies at secondary schools, become unemployed after leaving the compulsory schooling and do not acquire working habits at all. In addition, there is a growing number of people who have not completed even the primary education. The issue of inclusive education is discussed in more detail in the problem area „Advanced and Quality Educational System“.

In the Czech Republic, **institutional care is used to a great extent** to deal with issues of persons, children and families socially excluded or at risk of social exclusion; this does not help to integrate the supported people into the society, and what's more it **can lead to their isolation and segregation.** For these reasons, it is essential to **continue in extending the processes of transformation and humanisation of the provided residential services** in favour of providing community services. The unavailability and incoherence of adequate outpatient services, including services for families and children, leads to furthering social exclusion and it is closely connected with a long term, undesirable use of residential facilities.

70 Social exclusion is defined as a gradual and growing exclusion from full participation in social, material and symbolic resources produced, shared and consumed by the general society to ensure good living conditions, organisation of social life and participation in decision-making.

71 In the case of households of individuals over 65 years of age, the risk of poverty or social exclusion is over 24% (in 2005, it was only 13.7%). The threshold for risk of income poverty is 60% of the median of equivalised income - the data show that moving the threshold to 70% of the income median would put further 16.6% of people at risk of income poverty (including additional more than 200 thousands of non-working pensioners), which is 7 percentage points more compared to the 60% threshold.

Social exclusion, poverty, unstable and uninspiring environment in families, low skills and competencies necessary for success in the labour market, and in particular the accumulation of problems of those people, require the provision of comprehensive support. **Higher emphasis should be placed on preventing** the risk of social exclusion in the mobilization of all relevant actors.

Another fundamental factor affecting the social inclusion is health. **Health and sufficient access to healthcare is a prerequisite for preventing poverty and social exclusion** because it enables employment and also prevents discrimination based on health condition.

Czech health service is characterised by high cost of hospital care, unsuitable structure of beds (above-average number of acute beds) and regional disparities in access to healthcare.

In order to achieve the desired effectiveness and to reduce the cost of the system, it is necessary to complete the commenced process of concentrating the highly specialised care (by means of directing the support to newly established perinatal and oncological centres) and the follow-up care. The concentration in connection with a functioning network of health promotion and disease prevention services will further facilitate the restructuring of the bed fund because it will reduce the need for acute beds and release capacities for long-term care, community care and health-social care.

The highly specialised care provided in the centres of the national network of providers of such care is focused on treating diseases with the highest epidemiological occurrence. **With regard to the high morbidity and mortality and the socio-economic impacts of illness, this network needs to be expanded with centres of highly specialised care in perinatology and gynaecological oncology.**

Inhabitants of some regions currently do not have access to sufficient-quality care which prevents and follows up the highly specialised care. From the data available⁷² it is apparent that in some regions and in treating certain diagnoses, the **follow-up care** is in absolute majority the place of so-called first-line treatment, or the **place where patients receive most of the care**. In such cases, these facilities hold a key position in the region in terms of care availability. This type of care often decides on the speed and correctness of diagnosis definition, on the speed and quality of the patient's convalescence, their return to normal life in their original environment and on the total costs of the treatment. **The quality of follow-up care services is therefore an essential health, economic and social factor.** This importance is, however, often not reflected in the condition of their infrastructure be it in terms of equipment or buildings. The importance of follow-up care providers in the system is described in the analysis "Mapping the territorial disparities in access to follow-up care and highly specialised care".

The prevailing risk factors⁷³, which stem from the **insufficient emphasis on supporting healthy lifestyle and on disease prevention**, represent another source of strongly negative and long-term impact on the whole spectrum of the area. Apart from the growing cost of the system and the low effectiveness of the provided health services, this is a growing threat of poverty resulting from income interruption and lower number of years lived in health, and discrimination due to bad lifestyle. The need to reinforce disease prevention is confirmed in the "Review of Healthcare Quality in the Czech Republic 2014" - evaluation and recommendation issued by the OECD. (for example the document states that the Czech

72 A detailed description of the situation in each region depending on the epidemiological area forms a part of the document "Mapping the territorial disparities in access to follow-up care and highly specialised care".

73 The Czech Republic belongs to countries with the worst results in Europe: 3rd in smoking, 1st in alcohol consumption, 2nd to 4th in obesity.

Republic is the only county where the number of smokers is growing, it points out the growing occurrence of obesity and highly above-average mortality due to heart diseases or strokes.)

Certain groups of the population have a hindered access to the services of health promotion and prevention due to the already existing social exclusion (e.g. a communication barrier), which slows down the whole process of their inclusion.

Psychiatry and mental health issues are the area within which the link between health and social inclusion is the most apparent. Currently there are approximately three to five hundred thousand individuals living in the Czech Republic who suffer from serious psychiatric illnesses⁷⁴ and almost one-third of the entire population has suffered some type of mental illness at least once during their life. The number of individuals who seek professional help continues to grow (it is up by 60% since 2000)⁷⁵. **The socio-economic impacts of mental illnesses are confirmed by the fact that mental illness and behavioural disorders are the second most common reason for receiving a disability pension in the Czech Republic** (in the case of the third degree of disability, it is actually the most common reason) and the **rate of employment of people suffering from mental illness is half compared to people with a serious physical disability**.⁷⁶ The majority of persons with mental illness are interested in working, and upon applying the right tools they are able to find a competitive employment⁷⁷. **A diagnosis of a psychiatric illness brings a significant stigma that alienates the sufferer from society for the rest of his/her life** (as well as their families and close people). The disintegration of social ties, combined with poverty, may lead to homelessness (25-40% of the homeless population suffer from mental disorders⁷⁸).

However, a prerequisite for the integration of the mentally ill into the society and the labour market is setting a rationally balanced system of care with **special support for the deinstitutionalisation and the elements of community care**, while such system does not exist in the Czech Republic at the moment.

Regional differences

The level of risk of poverty or social exclusion is different among the regions of the Czech Republic. The particularly vulnerable regions are those where we identify high numbers of recipients of social transfers, in particular of material need benefits and/or high numbers of the long-term unemployed. The national average in the level of poverty or social exclusion risk (14.6 %) is exceeded primarily by the NUTS 2 Northwest with nearly 25% and Moravia-Silesia with 22%.⁷⁹ The growing differences at local and regional levels are alerting as well, causing disruption of social cohesion and creation of problematic areas beset by poverty, debt overhangs, low education, poor health of the population and increased crime rate. According to current estimates (2013) of the Agency for Social Inclusion there are approximately 400 socially excluded localities in the Czech Republic with approximately 100 thousand inhabitants, most of which are long-term unemployed, heavily in debt, badly educated and not

74 2-5% of persons suffer from a serious mental illness. Mapping out the state of psychiatric care and the direction it is taking in accordance with the strategic documents of the Czech Republic (and other countries). Expert project report, prepared by the Czech Psychiatric Association.

75 Source: Institute of Health Information and Statistics of the Czech Republic. Psychiatric Care 2012

76 Source: Psychiatric Society of the Czech Medical Society JEP and Psychiatric Society

77 Approximately 80% of persons with serious mental illness are interested in working, and upon applying the individual placement support instruments, 61% of people with serious mental illness will find a competitive employment. Bond, G.R., Drake, R.E., & Becker, D.R. An update on randomized controlled trials of evidence-based supported employment. *Psychiatric Rehabilitation Journal*, 31, 280-289, 2008.

78 Dragomirecká, E., Kubišová, D., Homelessness and Mental Health.

79 Source: SILC 2008–2011 and based on a method applied in an expert study of the World Bank.

qualified. Another at least 60,000 people live in substandard conditions in segregated hostels especially in medium-sized and large cities.

The numbers of socially excluded locations⁸⁰ and the share of socially excluded or potentially excluded people are higher in the economically troubled regions, especially in the Moravian-Silesian and Ústí nad Labem Regions and also in Olomouc, Liberec, Karlovy Vary Regions and in some parts of the Central Bohemian Region. The coverage with a network of appropriate services (especially the social services, as well as services for families and children or health care and follow-up services) is often insufficient, especially in the border areas and internal peripheries.

Major problems of excluded areas include also the frequent placement of pupils from socially excluded families in other than the usual mainstream elementary schools, to the segment of schools for mentally handicapped children, due to their more frequent problems with learning which arises from their social disadvantage. Schools are thus often the place of social differentiation and early determination of future success in the labour market and in life.

Especially in the economically affected regions and peripheral areas, the situation is complicated also by the insufficient access to quality health care and health services. This is the cause of further deepening of social differences and lower average life expectancy.

It is therefore necessary to ensure accessible quality services which will distribute efficiently the different type and levels of care in the region. In the case of newly established highly specialised centres, their balanced regional deployment and their quality standard are determined in the accreditation conditions for granting the status to the centre. On the contrary, the care following up the highly specialised care (provided to a large extent by smaller regional facilities) shows very unbalanced quality among the regions. The support towards concentration, suitable distribution and higher quality of the follow-up care will lead to levelling out the difference and to increasing the accessibility of the care at the regional level. The individual needs are further defined at the level of regional strategic documents.

In the case of psychiatric care, the network of quality services is insufficient in all regions and community services are provided to a limited extent only in large towns such as Prague, Brno and Ostrava.

The support will be aimed at:

- Socially excluded localities
- Healthcare facilities which will meet the set criteria at the programme level mainly with regard to ensuring accessibility of healthcare.

The attractiveness of rural life is determined among other things, by the extent and quality of access to the public infrastructure (clean water and environment, communications, services, leisure activities, maintained landscape, etc.). In the context of social inclusion there is a persistent problem in the rural areas with ensuring the accessible infrastructure. Especially the small villages with very low population density lack the amenities (e.g. water management infrastructure) and there are higher costs for the acquisition of technical infrastructure per capita. Community-led local development, or the LEADER method contributes to better targeting of the aid on local needs and the development of cooperation between local actors. (Water management infrastructure is addressed comprehensively in the problem area Environment).

⁸⁰ Chapter 1.3 shows the map of socially excluded localities.

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

In the programming period 2007-2013 the projects in the field of social inclusion and combating poverty focused primarily on supporting the integration of vulnerable people back into society and the labour market, on promoting and developing existing and new socially preventive programs and social services for the integration of people from Roma localities, comprehensive employment programs with supporting activities for socially excluded people, and removing the barriers to equal access to the labour market⁸¹. At the local level, implementation of the model of affordable (social) housing was tested. The experience with the implementation of these projects should be utilised in the new period.

No present experience or evaluation study suggests any substantial defect in the interventions chosen, and the absorption capacity in the given area is relatively sufficient. Insufficient links between individual projects and the small degree of sharing of information and experience were a certain problem for achieving the objectives of the interventions. Some projects focused only on partial aspects and did not address the situation of the target group comprehensively (the support for employment, education, social services, health care and prevention, and debt reduction were usually not addressed in a coordinated manner, the issue of affordable housing for disadvantaged groups was not addressed at all except in a few pilot projects). On the other hand, there is the risk of too broad and too general aid in respect of projects of social inclusion for socially excluded people or those at risk of social exclusion, where this aid would not fulfil the actual needs of target groups in the final.

The efficiency of social inclusion interventions can be 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. Partnerships and involvement of local communities in addressing local problems are important elements of the project, which ought to be further developed. The success of interventions is demonstrated also by maintaining a relatively low level of risk of poverty and social exclusion, despite the unfavourable economic development and the substantial increase in the unemployment rate. On the other hand, it was found that a narrow definition of the target group meant problems mainly due to the principle of providing social services to all disadvantaged people in a similar position without any distinction, and not on the basis of belonging to a specific age group, on the basis of ethnicity, or residence in a particular location. Therefore, it is apparent already now, e.g. in the case of Roma inclusion, that (as in 2007-2013) only narrowly defined zones of excluded localities cannot be selected for interventions, but the interventions must be directed into their surroundings as well, which helps the very process of integration of the population of excluded localities, but also increase social cohesion in the location and prevent social exclusion of people in the immediate vicinity of excluded sites who also face the burden resulting from life in the less economically developed areas. Based on the assessment of experience from the previous programming period (2007-2013) as well as from professional debates at European level⁸² the so-called "explicit but not exclusive approach" will be promoted in directing the interventions into improvement of the situation of the Roma ethnic group, which also includes, in relation to Roma inclusion, other groups that are in the same or

81 The pilot phase implemented six projects in the revitalization of excluded Roma settlements, which were supported by the so-called integrated urban development plans.

82 E.g. according to EURoma (European Network on Social Inclusion and Roma under the Structural Funds), this approach proved to be one of the best ways to integrate the Roma, which among other things allows the formulation of clear objectives, adequate forms of implementation as well as specific forms of monitoring and evaluation. The explicit, rather than exclusive approach is also emphasized by the EU initiative "For Diversity Against Discrimination" as one of the 10 Common Basic Principles on Roma Inclusion).

comparable socio-economic living conditions. When preparing and implementing the interventions in socially excluded locations, successful projects from 2007-2013 will be followed up. Such projects included e.g. projects of the Social Inclusion Agency supporting municipalities with excluded locations, pilot verifications of synergy in interventions by the ERDF and ESF under the IOP, and crime prevention projects in socially excluded locations, implemented under the OP Human Resource and Employment.

In terms of the health care system, the support was directed at the national level mainly to the acquisition of instrumentation and at the regional level also to construction and refurbishment of buildings. Given the fragmentation of this aid across regional operational programmes and in the Integrated Operational Programme, the approach to the use of funds lacked any profound strategy and policy and was different across regions without taking account of specific regional characteristics. The objective for the programming period 2014-2020 is to implement interventions in the health care system that would be coordinated at the national level and that would be based on the evaluation of needs, reflecting regional specific features and needs (including the needs of groups at risk).

Major identified problems and development needs:

With regard to the common objectives of the Europe 2020 Strategy, the Czech Republic has set a national target in the fight against poverty, that is to keep the threshold of people at risk of poverty, material deprivation, or living in households with very low work intensity by 2020 at the 2008 level, with efforts to reduce their number by about 30,000 people. Achievement of the objectives in the fight against poverty and social exclusion will require an integrated approach and close linkage among the measures particularly in the areas of education, labour market and employment, housing, social and health care services, and functioning of public administration and legislation. The Czech Republic needs to respond especially to these challenges:

1. Little employability and low employment of socially excluded people or at risk of social exclusion in the labour market

Long-term and repeated unemployment, which is one of the major causes of social exclusion and poverty in the Czech Republic, is associated here **primarily with low skills, health disadvantage, and discrimination by employers** - particularly against ethnic minorities (especially Roma), women with small children, and persons aged 50 +. This is caused also by lack of coherence of education with the needs of the labour market, lack of efficiency and capacity of public employment services, and inadequate support for professional mobility of the workforce that are addressed in the problem areas "education" and "labour market".

Another significant problem is the poor operational and financial literacy of the people socially excluded or at risk of social exclusion. The reason is often the **difficult access to education**, which implies low employment and employability and thus increasing the risk of poverty. Especially for pupils / students from socially excluded families **there is no system of services to keep them in the mainstream education stream**. There is a lack of the services to support education (interconnection between social services, municipal bodies providing social-law protection of children and educational institutions to improve the education in socially excluded localities) and employment.

Given that with the current low number of vacancies even the people without discrimination have trouble with finding a job, the **development of social entrepreneurship and social**

enterprises represents a significant opportunity for the integration of people at risk of social exclusion or socially excluded ones back into the labour market. The support of entrepreneurial skills also contains a significant potential in the multiplier creation of additional jobs in the newly formed (micro) enterprises. **However, the development of social entrepreneurship is still slow in the Czech Republic. This is caused to a high extent by the fact that the public has little awareness of the benefits and the form of social entrepreneurship and also by the lack of awareness of the principles and benefits of social entrepreneurship among the potential founders of social enterprises, and the non-existence of system tools for financial support of the potential and newly established businesses, including social enterprises.**

Development needs:

- **Enhancing the chances to find employment for socially excluded population**, population at risk of social exclusion and population at risk of poverty by delivering comprehensive employment programmes and by providing individualised employment services (in line with the Country-Specific Recommendations No 4 on employment services) targeted at the population at risk of social exclusion and poverty.
- The development of active assistance to the socially excluded people or people at risk of exclusion in finding a job - **ensuring interconnection of the social and the follow-up work integration.**
- Developing the preventive measures on the labour market, focusing on the issues of social exclusion.
- **Improving the availability of the motivation, counselling and support services (mechanisms) for the development and sustainability of social economy**, including the system for training not only of the business entities (i.e. increase in the awareness of social entrepreneurship, education in the field of social entrepreneurship, cooperation of actors, etc.).
- Creating the conditions to **ensure easier access to support for social enterprises.**

2. A growing number of excluded locations

The emergence of socially excluded localities is associated with the spatial segregation, the municipalities often cannot or are not able to prevent their emergence. Also the **municipal housing policy** and housing privatization **is often insufficient**. This could even deepen the issue of excluded localities, rather than addressing it.

The excluded locations also report a **worse availability of services** including health care (often combined with unwillingness to treat the socially excluded people who often include people who are physically handicapped or otherwise stigmatized) and an inadequate infrastructure. **The key problem remains in the lack of jobs**, often due to structural problems (the departure or reduction of activities of employers, who were key actors for the local labour market) and in the insufficient job creation.

The excluded locations have a growing problem in the **unsatisfactory quality of the mainstream primary schools**, while many municipalities **segregate the socially weak, specifically the Roma children, to the schools for mentally handicapped children or to the so-called ghetto schools** (schools with the outflow of children from the majority population and the growing number of children from the socially excluded backgrounds).

At the local level, there is still an **insufficient coordination in addressing social exclusion and the still low level of awareness** of this issue among all relevant stakeholders, including the public. Finally, social dialogue and awareness of social responsibility have little support.

Solution of issues of the excluded areas is also significantly associated with the prevention of their further emergence, which is largely caused by the lack of prevention (especially social) policies while it is strengthened by the deteriorating economic and social situation.

Development needs:

- **An inter-institutional and comprehensive approach to tackling these issues in the communities in question** that would include a pro-active approach of public administration and partnership coordination and enhancement in developing integration strategies. This approach will be promoted by creation of local strategic plans for social inclusion, in which the municipalities with excluded locations address in an integrated manner housing, employment, social services, education and health (see chapter 3.1.5 below), and which will be the precondition for support.
- Support for the creation of specific tools for solving the problems of socially excluded localities, including preventing their formation, and coordination of policies and individual activities to promote social inclusion.

3. Low availability of social housing⁸³

Social exclusion is related to a significant risk of loss of housing, mainly due to over-indebtedness. **Most of the socially excluded people live in substandard housing conditions**, at hostel-like facilities, or are affected by homelessness. In the Czech Republic, **there is no system of social (public) housing** and the housing issues in the individual municipalities are tackled in different ways, incl. displacement of poor people from municipalities.

The number of so-called social lodgings in the Czech Republic is very low. The proportion of rented dwellings decreases sharply as well though **owner-occupied housing is unaffordable for certain groups of people**. Unaffordable housing for persons or families is often associated with the need to repay debts, long-term unemployment, deteriorating health, discrimination in the housing market, etc. Another problem in social housing is the **lack of tools to prevent loss of housing** and the lack of legislation / tools for addressing social housing. Consequently, the costs are increasing not only in terms of social systems.

Development needs:

- Developing a system of accessible housing as a fundamental social need, including the mechanisms for emergency and subsidised housing for individuals and families with children.
- Within integration policies, it is thus essential especially to **interconnect the housing services and social work**, and/or also health care, along with the development of interconnection and throughput (enabling social mobility) of social services (e.g. social housing, social and community work) and community-led local development strategies.
- Development of models of support leading to housing, incl. the HousingFirst model.

83 In the forthcoming Concept of Social Housing of the Czech Republic - social housing is defined as a functional system of tools for social and housing policy to address the problems of disadvantaged persons in their access to housing. It is a comprehensive system of measures covered by various areas of law. The tools for the social and housing policy include: social services (including residential), social work, social benefits and investment support for social housing. Housing means the use of a dwelling, i.e. a space suitable for living. Dwelling means a room fit for habitation, i.e. which allows fulfilling the physical needs of the person and the members of his/her household, provides privacy and allows maintaining social relationships, and is inhabited on the basis of one of the legal institutes enabling legal use.

4. Setting and availability of social services does not match the needs of the target groups

The threat to the groups at risk of social exclusion and poverty is also exacerbated by a **shortage of some types of social services** (low-threshold, outreach and outpatient) and social and prevention programmes (integration activities for persons released from prison or serving an alternative sentence, services for families and children, psychological counsellors for the vulnerable groups, preventive activities for persons at high risk of crime, etc.).

This is related to the **high rate of use of institutional care** in addressing the problems of vulnerable children and families, and the insufficient measures for reconciling the work and family life. The fundamental problem lies also in **ensuring the quality, availability, throughput and comprehensiveness of the social services system and their interaction with other services**, particularly in the areas of employment, health care and housing.

The weakness of the social services lies also in the under-performed inspection of the quality of social services, and the absence of quality standards in the follow-up services. Also the education and professional competence of social workers are often not sufficient.

In the Czech Republic, there are also territories and regions with insufficient coverage of a network of social services that would reflect and respond to the demand.

Development needs:

- 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.
- **Improving the accessibility and efficiency** of outpatient and residential services and low-threshold and cultural community centres providing e.g. integration services, as well as ensuring such services for inhabitants of the excluded locations.
- **Developing informal and shared care**, awareness, **transforming and deinstitutionalising** services and training in the social sphere, and supporting volunteering.
- Developing new models of community social services of general interest.
- **Support for scarce social services**, social and preventive programs.
- **Advancing the cooperation** of social services providers (including cooperation with other actors) to promote social inclusion at local level.
- **Streamlining the processes in social services** and in services for families and children, development of strategic management and management in order to promote prevention and early intervention.
- **Strengthening the elements of quality, standardization of activities** in social services, services for families and children, social and legal protection of children, and in other related services and organizations promoting social inclusion.
- **Training of social workers** working in social services, services for families and children, and in health care and other related services.

5. Inadequate use of modern tools for addressing the issues of social exclusion

In the Czech Republic, there are persistent problems that cannot be addressed by the traditional instruments of social policy and labour market policy, whether it is the labour market, social inclusion, or public administration. Persistent and intractable problems are potentially suitable for solution with the use of social innovations, however, the **extent of using social innovations and newly developed tools in the Czech Republic is low** (in fact zero). In the Czech Republic, there is no infrastructure for developing and spreading the social innovations, there is no declared interest in creating new solutions and their further use (so-called innovation demand), the level of awareness of the (social) innovations and their contribution is low. The consequence of this situation lies in the minimum funding that is provided to support them, and the fragmentation of the innovative demand.

Development needs:

- **Improving the capacity and infrastructure** for the development and dissemination of social innovation.
- **Creation and development of capacities for the innovation supply and demand** (education of actors on the demand side and supply side, creation of the innovation platform - support for networking and cooperation between actors, etc.).

6. Deficiencies in the quality and availability of health care and the prevention of serious diseases

Health care is provided to all citizens by law in the Czech Republic. Still there are areas where **shortcomings in quality and accessibility** of health care persist.

In streamlining the health care it is **essential to put sufficient emphasis on disease prevention and support of healthy lifestyle**. Its neglect leads to a growing occurrence of the risk factors in the population and therefore to a higher cost of the system on the whole. As a result, the population loses the ability to work, which entails deteriorated quality of life, social exclusion and threat of poverty. Interventions to support health are aimed at **preventing diseases, or at their timely capture and reducing the financial cost of treatment**. The specific programmes in this area will be targeted at persons living in socially excluded locations (e.g. the Roma), persons with low education and the unemployed, for whom the programmes will help prevent poverty as well as reinforce the process of their social inclusion. More specific targeting of interventions will take into account the level of the health risk of the different phenomena and their socio-economic impacts, and will be defined at the programme level.

Another factor helping to streamline the health care is **concentration of the healthcare into regional centres providing care at the highest level, and improving the quality of such centres**. The aim, which complies with the ongoing process of concentration (that will not be supported as such) is to help **complete the network of highly specialised care centres and the follow-up care centres** through investments into higher quality of the defined types of health care centres. The aim for the highly specialised care is to **supplement the existing system with the missing types of centres** (perinatalogical and oncology-gynaecological). The care following up the highly specialised care needs to be concentrated on the one hand so that quality is preserved, but it needs to be evenly distributed in the regions on the other hand, so that some poorly accessible locations⁸⁴ are not excluded, and so **level out the regional**

84 The follow-up care is defined in the Follow-up Care Concept, approved by the Ministry of Health on 11 June 2014, which sets the rules and criteria for selecting the projects and the particular hospitals which will receive

disparities in the follow-up care level by means of targeted investment. Indiscriminate investment will not be implemented in this area but support will be provided to specific facilities of follow-up care selected on the basis of regional needs in areas reflecting the epidemiological situation. Such specific targeting of investment will be defined at the programmes level. The territorial delimitation of the support for the highly specialised centres will also be defined at the programme level.

The support defined that way will lead to further cost efficiency by concentrating the highly qualified staff and technology, to reducing the length of hospitalisation, and to releasing the bed capacities in the other hospitals for the long-term, community and social care.

In connection with supporting the inclusion of the socially excluded persons and with combating discrimination, it is necessary in the Czech Republic to **undergo necessary reform steps in psychiatric care.** At present, psychiatric care is strongly centralised, institutionalised and does not allow patients to receive treatment in their natural environment. **The functioning of the system of psychiatric care,** in particular the level of its institutionalisation (non-institutional forms of care are practically non-existent), **determines social exclusion of psychiatric patients from the society, their social stigmatisation and low employment.** Given the lack of community services and acute care, the majority of patients suffering from long-term psychiatric illnesses are forced to rely on the unsatisfactory psychiatric facilities where 80% of all in-patient care is concentrated. These facilities are not equally distributed throughout the Czech Republic and they sometimes provide coverage for up to hundreds of kilometres of territory. The individual approach to patients is lacking because psychotherapeutic services provided by qualified psychiatrists and clinical psychologists as well as socio-psychiatric services are insufficiently represented in the system. While needless or needlessly lengthy hospitalisation leads to social isolation, it deteriorates the course of the disease and causes a loss of social skills. **Interventions supporting the development of community services, deinstitutionalisation of care and destigmatisation of the society will enable and foster the transformation changes** in the psychiatric care system.

Development needs:

- **Implementing and making accessible health prevention and promotion services** targeted at early detection of diseases and changes in the lifestyle of the population, which should reduce the need for hospital care and financial costs of treatment and minimize risk factors and related poverty caused by the loss of income due to illness or disability. Specific attention shall be paid to **active engagement of the most endangered population groups**, where poor health hinders the social inclusion process.
- **Ensuring balanced and regionally accessible highly specialised and follow-up care at sufficient quality level**, based on national and regional epidemiologic situation, upon maintaining the principles of concentration and considering the regional dimension of needs through targeted investments into modernisation of equipment and technical condition of buildings.
- **Creating an environment for de-institutionalization of the psychiatric care** and transferring its focus into communities through newly created capacities for the provision of community and long-term alternative care; **educating psychiatric care workers and providers of psychiatric care**, creating programmes to support mental

ESIF support. While the Follow-up Care Concept defines the support framework, regional strategic documents specify the area of support according to local needs (except for the national level).

health and de-stigmatisation programmes aimed at the social inclusion of the mentally ill and their increased participation in the labour market.

- **Training of medical staff in relation to the growing importance of community care**, with an emphasis given to the population ageing. Acquired competences will reflect both the current requirements and the demands, which can be expected in relation to the demographic development.
- **Interconnecting health care and social care**

Specific needs and challenges of urban and rural areas and cross-border regions:

- in cities, is it about completing the process of concentration of highly specialized health care and creating networks services of psychiatric care on the basis of non-institutional care,
- in rural areas it is about ensuring availability of healthcare in adequate quality,
- verification of the social entrepreneurship model the sector of agriculture.

Links to EU documents

Europe 2020 strategy	The objective “To reduce the number of Europeans living below the national poverty line min. by 20 million”. The “European platform against poverty” initiative. Integrated Guideline 7: “Increasing the participation of women and men in the labour market, reducing structural unemployment, and promoting job quality” and 10: “Promoting social inclusion and combating poverty”.
Common strategic framework	Annex 1: 4.7 Programme for social change and innovation. 5.3 Promoting equality between men and women. 5.4 Needs of disadvantaged groups. 5.5 Response to demographic changes: Investments in the healthcare infrastructure. 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 of social protection systems.
Thematic objectives	9. Promoting social inclusion, combating poverty and any discrimination
Country-Specific Council Recommendations 2014	Partially 4: Strengthen the efficiency and effectiveness of the public employment service, in particular by setting up a performance measurement system. Increase participation of unemployed youth in individualised services. Partially 3: Adopt measures to significantly improve the cost-effectiveness and administration of health care, particularly hospital care. Partially 5: Increase the inclusiveness of education, in particular by promoting the participation of socially disadvantaged and Roma children, especially in early childhood education.

Links to Czech Republic documents

National Reform Programme 2014	Primary link to measure: <ul style="list-style-type: none"> ▪ 4.3.3 Social inclusion and combating poverty Partial link to measure: <ul style="list-style-type: none"> ▪ 4.2.2 Industrial policy ▪ 4.3.1 The development of the active labour market policy; increasing labour productivity ▪ 4.3.2 Top-quality and affordable health care ▪ 4.3.5 Top-quality and inclusive education
Strategy for international competitiveness of the Czech Republic	4. Healthcare – rationalising medical technology and medicine procurement; more effective funding of healthcare; more effective health insurance companies; restructuring ward care, patient's ties to health. 5. Education – ensuring 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.
Regional Development Strategy	<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; 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).</p> <p>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 workforce).</p>
Social Inclusion Strategy 2014–2020	The Social Inclusion Strategy 2014–2020 is a framework document of the Czech Republic for the sphere of social inclusion. It describes the priority areas and defines their goals, including an overview of measures affecting the social inclusion and combating poverty. Those areas are: Promoting the access of socially excluded people or people at risk of social exclusion to employment and job retention, social services, family support, support for equal access to education, access to housing, promoting the access to health care, ensuring decent living conditions and promoting further integrating public services.
Health 2020	<p>Prevention and health promotion – Priority Area 2: Dealing serious health issues related to non-infectious and infectious diseases; Priority Area 1: Implementing life-long investments in health and disease prevention, empowering the citizens and creating conditions for growth and full use of the citizens' health potential. More detailed measures will be specified in the Action plan for Health Protection and Promotion and Disease Prevention. (Disease and health promotion issues are marginally solved also by Priority Areas 3 and 4).</p> <p>Investments in infrastructure – Priority Area 3: Strengthening people-centred healthcare systems, ensuring the usability and accessibility of health services. More detailed actions shall be specified in the Action Plan to Improve the Availability and Quality of Aftercare, Long-term Care and within the scope of the Follow-up Care Concept (to be included into Health 2020).</p> <p>Training of medical staff – Priority Area 3. More specifically defined in the Action Plan for Lifelong Learning of Healthcare Professionals.</p>
Strategy for Reform of Psychiatric Care	<p>Creating conditions for de-institutionalization – strategic objective 1. Improve the quality of mental health care; strategic objective 7. Humanize the psychiatric care. Specified in more details within the pillar of “Mental Health Centre”.</p> <p>Education of psychiatric care workers and providers of psychiatric care – strategic objective 7. Humanize the psychiatric care.</p> <p>Programmes to support mental health and de-stigmatisation programmes – strategic objective 2. Reduce stigmatization of the mentally ill and the psychiatry in general; strategic objective 4. Increase the effectiveness of psychiatric care by early diagnoses.</p> <p>Increasing the participation in the labour market - strategic objective 5. Increase the success of a fully-fledged integration of the mentally ill in society.</p> <p>Interconnecting health care and social care – 6. Improve the coherence of the health, social and other related services.</p>

Other key documents related to the problem area are the Roma Integration Strategies until 2020, Strategy for Combating Social Exclusion and regional documents (regional development programmes and strategies).

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	EU achievement by 2010	EU achievement by 2012	Czech Republic target by	Czech Republic achievement	Czech Republic achievement
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	2020			2020	by 2010	by 2013
Number of persons at risk of poverty (1,000 inhabitants / as percentage)	At least by 20 mill.	116,206/ 23.6%	124,488/ 24.8%	1,566 (a reduction by 30 thousand).	1,495/ 14.4%	1,508/ 14.6%

Source: <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=t202050&tableSelection=1>

1.1.5 Environment

1.1.5.1 Environmental Protection

Background and Description

After 1989, the Czech Republic has been characterized by a significant reduction in the environmental burden, which was caused by structural changes in economy and by the implementation of the new legislation. Thanks to that the Czech Republic reported one of the most significant decline in the production of air and water pollutants within the EU. **Since 2000, the changes in the Czech Republic have been gradual, the production of pollution is more likely in the case of certain substances.**

The impact of environmental pollution on human health and ecosystems accumulate in the urban and industrial areas (air and water pollution, noise, environmental burden), where a significant share of the population lives. In contrast, rural areas, especially the peripheral areas and small municipalities, are typical rather by the lagging infrastructural environment.

Air Quality

Air quality belongs to the most serious environmental problems in the Czech Republic, even though the emissions of all pollutants decreased greatly in the 1990s primarily due to the reduction and restructuring of production and technical legislative measures. After 2000, however, emissions of major pollutants have been decreasing only slowly and the air quality has not improved, with a negative trend reflected in case of the most risky pollutants. The air quality with a decrease in emissions from industrial sources are increasingly affected by heating of households by solid fuels and road transport. **Primarily the limit concentrations of PM₁₀ (dust particles) and benzo(a)pyrene** represent a major problem, faced by a high proportion of the population. Environmental pollution caused by suspended particles result in an increase in the incidence of allergic, respiratory and cardiovascular diseases leading to premature deaths, especially of the elderly and chronically ill people. According to an estimate by the State Health Institute there were about 5,500 premature deaths in 2012, partially caused by the exposure to dust particles in the ambient air⁸⁵.

Water management

Water quality in rivers of the Czech Republic has been gradually improving mainly due to the reduction of discharges of pollutants from point sources. **An important factor is represented by the growing share of the population connected to the water supply and sewerage ending in a water treatment plant.** Thanks to that most of the water flows falls into the class of slightly polluted – polluted water. In 2012, Class IV. (heavily polluted water)

⁸⁵ Air pollution health consequences and risks, expert report 2012, National Institute of Public Health, (SZÚ). http://www.szu.cz/uploads/documents/chzp/odborne_zpravy/OZ_12/ovzdui_2012.pdf.

and V. contained about 12% of the water courses length managed by Povodí, s.p.⁸⁶ These are usually less aqueous and short courses, in which, however, a relatively higher pollution is discharged and thus their self-cleaning ability is limited. **A major problem remains in the global pollution of watercourses**, resulting in most cases from agricultural activity, which may cause the waterways to receive large quantities of nutrients (P, N), which are then causing the eutrophication of watercourses and reservoirs. Since 1990 there has been a significant reduction in the water consumption⁸⁷, both due to the structural changes in the industry, as well due to increasing the efficiency of manufacturing processes, possibly also due to lower water consumption by the population, given mainly by the rising prices for water and sewerage.

Waste management⁸⁸

Total production of all waste types in the Czech Republic significantly dropped in the period 2003–2012 (by 16,8%), in the last three years the trend has been stagnating or slightly decreasing, mostly due to changes in the structure of industrial production. Also the production of dangerous waste dropped in 2003–2012 (by 7,8%)⁸⁹. **During the last 10 years also the share of reused waste has been increasing continuously, as well as the share of reused waste compared to waste disposal in general. However, in the sphere of municipal waste management depositing onto or into land (landfills) remains to be the most frequently applied method**, being the least advisable waste management option. 56% (CZSO) or 53.7% (MEnv) of the total municipal waste amounting to 3.232 million t according to the methodology applied by CZSO or 5.192 million t according to the methodology applied by MEnv were disposed at landfills in 2012. On the other hand, only 24% (CZSO) or 30.3% (MEnv) of municipal waste and 20% (CZSO) or 11.8% (MEnv) of municipal waste were used for energy production⁹¹ in three facilities in 2012 (654 000 t). The share of material recycling of municipal waste in the total waste production has been slightly increasing since 2003. In response to the development of the total municipal waste production changes appear also in the trend of the municipal waste production per capita in the Czech Republic. Since 2009 the municipal waste production per capita has decreased⁹⁰.

One of the key objectives of Directive 1999/31/EC on the landfill of waste is to reduce the quantity of biodegradable municipal waste (BMW) going to landfills. The Czech Republic aims to reduce by 2020 the maximum amount of BMW going to landfills to 35% of the total amount (by weight) of biodegradable municipal waste produced in 1995.

The total waste production in 2012 in the Czech Republic amounted to 23.435 million t (CZSO) or 30.023 million t (MEnv). An analysis of the waste management in the Czech Republic implies particularly the following problem areas: insufficient prevention of waste production, inadequate material recycling of municipal waste, BMW landfilling and a generally high share of municipal waste going to landfills.

86 Annual classification according to ČSN 757221 technical standard.

87 Approx. by 43 % (source: Czech Statistical Office).

88 In addition to data provided by Eurostat by the Czech Statistical Office this subchapter includes also data based on the records of the Ministry of the Environment (MEnv), which have also been regularly and continuously reported in scope of the obligations of the Czech Republic resulting from the EU acquis. However, in some cases these data differ from the data for the same (similar) coefficients from Eurostat, resulting from statistic surveys by the Czech Statistical Office. The differences in the data result from the methodology and currently are being intensively solved at the national level

89 Data source: MEnv, CENIA.

90 Data source: MEnv, CENIA.

The Czech Republic will report to the European Commission through Eurostat according to a unified evaluation methodology for data on waste in compliance with the European legislation applicable to waste.

Landscape, ecosystems and biodiversity

Changes in the land use result in reduction of the resilience of ecosystems, or reduction of the function of ecosystem services, which is reflected mainly by the unfavourable condition of many wild plants and animals. In the absence of the formerly conventional farming methods, habitats and the species bound to them are ebbing. **The effects of climate change increase the number of invasive alien species.** These changes are caused also by the changes in the management of agricultural land (53.6% of the country) and forests (33.73% of the country) in the second half of the 20th century⁹¹. This period was characterized by the intensification of processes, change in the management structure and unification of composition of crops, which led to an increase in soil erosion (in particular concerning water and wind), increasing imperviousness of the landscape, reduction of its ecological stability and its retention capacity, or even to a direct destruction of multiple habitats or their degradation. Some farming methods pose a risk even today. An important aspect of sustainable land use lies in an effective application of the standards of Good Agricultural and Environmental Conditions, which will best take the possibilities of the farming entities into account, also will also lead to using the agricultural land in accordance with the requirements for **conservation of natural resources and biodiversity**. The positive fact is the expanding area of the land farmed in an environmentally friendly way and the area of extensively managed grassland. Areas with some type of natural handicaps make up about 50% of the utilized agricultural area⁹² of the Czech Republic. The farms operating here achieve lower production compared to the farmers operating in favourable conditions, and there is a real risk of abandonment of farming especially on grassland (86% of all grassland in the Czech Republic is located in areas with natural handicaps)⁹³. The land is used for implementing the agri-environmental measures aimed at preserving the biodiversity, improving water management, land management, preventing climate change and mitigating its impacts. For these reasons, continuing in the support within the Common Agricultural Policy of the EU for sustainment of this condition appears to be the key priority. There is also a positive aspect in the area of forest land, which amounts to about a third of the area of the Czech Republic, however, mainly **due to anthropogenic influences and a combination of inappropriate species, spatial and age structure, forests are susceptible to damage** and their ability to perform in particular their non-productive functions is limited. Unsound principles of forest management have caused a decline in the ameliorative and stabilizing tree species, including the reduction of environmental and genetic value of stand. Disproportionate pollution burden, precipitation and temperature extremes and plague of certain species of insects have completed the process of destabilization of forest ecosystems at numerous points by extensive decomposition of vegetation. At least a partial correction of inappropriate species composition in the modified forests will be a problem of the following decades depending on the relative longevity of tree species. Due to the relatively high traffic, in addition to the ecosystem and production functions of forests, it is necessary to direct and develop their recreational function.

Site and species protection is provided by species and territorial protection tools and partially by the Natura 2000 European network. Specially protected areas are the areas

91 Source: *Report on the Environment of the Czech Republic 2012*: Ministry of the Environment, Prague, 154 pp., ISBN 978-80-85087-17-8.

92 According to classification valid in 2013. Source: Land Register, LPIS

93 Source: Land Register, LPIS

with a unique or representative biodiversity at the level of species, populations and communities, as well as the areas with a unique geological structure, areas representing the characteristic features of the landscape of cultural land, and areas significant in terms of the scientific research. Sites of European importance are declared for important European species and types of habitats and for bird species and bird areas. The aim of the protection of protected areas according to the protection type, consists in sustainment or improvement of the area condition, or of the condition of the protection subject, or leaving the territory or its part to self-develop. Following the publication of a series of new specially protected areas in the 2007-2013 programming period, **it will be necessary to ensure full protection of the significant European bird areas**, even in relation to the prepared expert and conceptual documents for nature conservation, which propose the measures to maintain or improve the condition of the protection subject. It is also essential to ensure regular monitoring of populations and habitats of species that are the subject matter of the protection of protected areas. Suitable EU funds to be used to finance key activities upon protecting the Natura 2000 network have been identified in the context of the priority action framework for Natura 2000 in the Czech Republic.

Settlement green areas

The problem lies in the conversion of green areas and undeveloped areas within settlements to the buildable and paved areas. Existing vegetation gets damaged by unsuitable conditions in settlements and loses its ability to perform even the basic functions in the long term.

Geo-factors

Thank to the varied geological structure and dense population, the **Czech Republic** belongs to the countries with a high incidence and at risk of slope instabilities. In many places in the Czech Republic, due to the effects of historical mining and processing of mineral resources, mining waste is accumulated. These locations should be addressed in terms of risks that they may mean for their neighbourhood.

Old contaminated sites

Another problem area lies in the old contaminated sites – surfaces contaminated by former activities that pose a risk to the quality of ground and surface waters. In the built-up areas of settlements and in the countryside, there are many so-called brownfields, i.e. territories, the intensive use of which (industrial, manufacturing, mining) has already finished, their originator no longer exists or is not known, but they represent a significant potential in terms of protection of greenfield areas, which can be used meaningfully after environmental restoration and revitalization. Although the remediation actions have been carried out in the Czech Republic to clean-up the old environmental burdens continuously for several decades, there is still a large number of sites with persistently pollution that poses a risk to human health or the environment. An effective use of resources requires that these sites undergo a detailed survey of pollution and risk assessment.

Energy intensity of buildings and municipal infrastructures

The Czech Republic has reported a high energy intensity as compared to other EU Member States. **The main reasons for this include the increased energy demands of buildings** and public lighting and the generally slower development of energy-saving technologies (see Chapter 1.1 sec. Macroeconomic Analysis of the Czech Republic and Chapter 1.1.1.4 Competitive businesses, problem area 4).

Natural and cultural values

The Czech Republic has significant natural and cultural values, which represent the starting potential for the balanced development of tourism and entrepreneurial opportunities

in the regions. Tourism represents an important service sector with a share of 2.7% of 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.

Regional differences

Regional differences and dynamics of the individual components of the environment are mainly influenced by economic developments, the nature of settlements and natural conditions of the area.

Areas with some type of natural handicaps make up about half of the agricultural land resources, but without the continuation of farming the natural and semi-natural habitats on farmland are under threat of degradation.

Areas with exceeded air pollution limits, do not have a global, but rather a territorially bounded nature. These are the industry intensive regions, areas dominated by road transport, or regions with a prevalence of small settlements where air pollution comes primarily from domestic heating. In 2010, these densely populated regions, including in particular the Moravian-Silesian Region and then the Ústí nad Labem and Central Bohemian Regions, produced roughly a half the emissions of all pollutants⁹⁴. Conversely, the lowest proportion of areas with reduced air quality are characteristic for the South Bohemian Region and the Vysočina Region⁹⁵. In most of the regions, transport⁹⁶ is the most important source of emissions of nitrogen oxides, however, in 4 regions, large stationary sources of pollution have a major impact (Ústí nad Labem, Moravian-Silesian, Pardubice and Karlovy Vary Regions)⁹⁷. In recent monitored years, local heating played an increasingly important role, emitting almost 40% of the total emissions of suspended particulate matters PM, and nearly 80% of the total emissions of benzo(a)pyrene. In addition to nitric oxide, there are significant regional differences in the emissions of carbon dioxide - the source being mainly the brown coal power stations and local heating (particularly in the Ústí nad Labem Region, followed far behind by the Moravian-Silesian Region and Prague)⁹⁸. In the case of carbon monoxide, in comparison with other regions, the Moravian-Silesian Region shows substantial deviations, followed by Central Bohemia⁹⁹. Solid pollutants – significantly higher values in Central Bohemia¹⁰⁰.

Despite the growing proportion of the population connected to sewerage systems ending with water treatment plants, especially in the case of smaller courses, this fact remains a significant problem. The problem in the quality of water flows lies also in the increase in the proportion of the global and diffuse sources of pollution, caused particularly by agricultural production. This reason caused the lower quality mainly of small water courses, seen mainly in the typical agricultural regions, such as the Vysočina Region and the Southern Bohemia Region, while the Ústí Region is dominated by pollution from industrial production.

In waste management, there are large differences within the regions, especially in the networks for waste management, many regions lack the adequate facilities for the material recovery from waste (and possible other uses, including energy recovery). Among the regions, there are no significant differences in the overall production of waste or municipal

94 Source: Czech Hydrometeorological Institute (ČHMÚ): <http://portal.chmi.cz/files/portal/docs/uoco/oez/embil/10embil/10r14.html>

95 Source: ČHMÚ: <http://portal.chmi.cz/files/portal/docs/uoco/isko/grafroc/groc/gr12cz/tab/t24x31.html>

96 Source: ČHMÚ: http://portal.chmi.cz/files/portal/docs/uoco/oez/embil/12embil/rezzo4/rezzo4_CZ.html

97 Source: ČHMÚ: http://portal.chmi.cz/files/portal/docs/uoco/oez/embil/12embil/rezzo1/rezzo1_CZ.html

98 Source: ČHMÚ: http://portal.chmi.cz/files/portal/docs/uoco/oez/embil/12embil/rezzo1_3/rezzo1_3_CZ.html

99 Source: ČHMÚ: http://portal.chmi.cz/files/portal/docs/uoco/oez/embil/12embil/rezzo1_4/rezzo1_4_CZ.html

100 Source: ČHMÚ: http://portal.chmi.cz/files/portal/docs/uoco/oez/embil/12embil/rezzo1_4/rezzo1_4_CZ.html

waste production, however, large differences are recorded in the production of hazardous waste, which is mainly due to the specific nature of the industry, generating significant quantities of hazardous waste. There is a specific situation also in Prague, with the tallest construction waste production, thanks to the building of the road infrastructure.

After 1989, grassing and reforestation of land unsuitable as arable is most significant, mainly in the mountain and foothill areas. A positive trend is also the growing share of organic farming areas, which exist rather in the areas less suitable for intensive farming.

The support will be aimed at:

- areas subject to legislative nature protection (Territorial System of Ecological Stability, Special Protection Areas, Natura 2000),
- floodplains in protected areas according to Directive 2000/60/EC on water policy, in order to improve the condition of groundwater bodies,
- locations registered in the National Inventory of Contaminated Sites,
- areas with substantial occurrence of selected environmental threats according to the Regional Development Strategy 2014–2020,
- territories with identified cumulated phenomena and risks related to climatic, anthropogenic and technologic influences,

Experience from the programming period 2007–2013 and the state of achievement of current 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; to the contrary, the operational programme Infrastructure concentrated on projects which required less funds.

In the programming period 2007–2013 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.

Interventions of the Rural Development Programme were also an integral part of aid directed to protect the individual components of the environment and the landscape. Due to the area of agricultural and forest land and due to the need for long-term interventions to achieve the objectives of the environment, it is necessary to support environmentally friendly agricultural and forestry management also in the future, prevent the degradation of valuable land, conserve natural farming in naturally less favoured areas, and eliminate the causes of soil erosion hazard.

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, positive benefits are also apparent in other areas. In outlook, there is still a need (to meet the 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. This concerns particularly continuing in making the investments in water management infrastructure and risk of floods reduction while primarily focusing on small communities. What is also expected, is reduction of air pollution, better waste management, removing environmental load, nature and landscape protection, and a targeted aid to the measures for energy-saving measures.

Major identified problems and needs for development:

The most significant problems and resulting development needs include air quality improving, water quality improving, energy savings and waster management and nature and landscape protection.

1. Air pollution

The unsuitable quality of air is a major nationwide problem in the Czech Republic. **The emission limits are exceeded, and so are other limit values** determined by the national and European legislation with regard to the protection of human health and ecosystems, despite the fact that the regulated sources of pollution comply with the determined emission limits within the full extent and they are also in compliance with the technical requirements for operation. **Emission limits for suspended particles, fractions PM2.5 and PM10 and benzo(a)pyrene are exceeded¹⁰¹**. The emission limits for NO₂¹⁰² are repeatedly exceeded locally and so are the emission limits for tropospheric ozone¹⁰³. Locally, the emission limits for arsenic, nickel and benzene were also slightly exceeded locally¹⁰⁴. The limit values determined for exposing people to particles PM2.5 in towns of 100,000 inhabitants and more were also exceeded.

The nationwide exposure of the population to high concentration of pollutants, in particular particles PM10 and fine particles PM2.5, benzo(a)pyrene and tropospheric ozone represents major health risks. The Ministry of Health estimates that approximately 5,500 people (2012) die prematurely in the Czech Republic due to the effect of suspended particles, in combination with their health condition.

The campaign measurements of the National Institute of Public Health show that the limit for benzo(a)pyrene is exceeded in far more residential areas that shown in the spatial analysis of the stationary network. The reached concentration of pollutants is comparable to highly burdened industrial areas. The measured concentration has a clearly seasonal character, reaching maximum values during the heating season.

The extensive non-compliance with emission limits for suspended particles PM10 and PM2.5 and benzo(a)pyrene remains a major issue as since 2005 we can see a negative development. In 2012 the emission limits for these substances were exceeded across 27% of the area of the Czech Republic¹⁰⁵, which houses approximately 67% of the population¹⁰⁶.

In terms of air quality, the priority pollutants, for which measures will be proposed, are suspended fractions PM10 and PM2.5, precursors creating secondary particles (sulphur oxides, nitrogen oxides, ammonia, volatile organic compounds) and benzo(a)pyrene.

101 Source: ČHMÚ: <http://portal.chmi.cz/files/portal/docs/uoco/isko/grafroc/groc/gr12cz/tab/t24x31.html>

102 Source: ČHMÚ: <http://portal.chmi.cz/files/portal/docs/uoco/isko/grafroc/groc/gr12cz/tab/t24x31.html>

103 Source: ČHMÚ: <http://portal.chmi.cz/files/portal/docs/uoco/isko/grafroc/groc/gr12cz/tab/t24x32.html>

104 Source: ČHMÚ: <http://portal.chmi.cz/files/portal/docs/uoco/isko/grafroc/groc/gr12cz/tab/t24x31.html>

105 Source: ČHMÚ: <http://portal.chmi.cz/files/portal/docs/uoco/isko/grafroc/groc/gr12cz/tab/t24x31.html>

106 Source: ČHMÚ: <http://portal.chmi.cz/files/portal/docs/uoco/indikatory/indikatory.html>

Development needs:

- **Reducing emissions from local heating.**
- **Reducing emissions from energy and industrial sources.**
- **Reducing emissions from transport**, including the use of alternative fuels such as CNG and electricity, and the promotion of alternative types of transport including the pedestrian and cycling ones.
- Support for traffic calming, implementation of intelligent control systems.
- Support to urban greenery as a tool to improve air quality and a means to adapt urban environment to climate change.
- Improving the air quality monitoring.

2. Water quality

The priority task of CZ is to reach a good condition of surface and groundwater in accordance with the Directive of the European Parliament and Commission 2000/60/EC, determining the activities of the Community for water policy (hereinafter the Water Directive).

A major risk for the quality of surface and groundwater is, in addition to the discharge of pollution from individual sources, also the pollution from area sources (diffusion) and old environmental burdens (old waste landfills, contaminated areas). **Most agglomerations are already connected to a sewerage system ending in a water treatment plant in order to meet the requirements of the relevant European legislation. The connection of smaller settlements is still critical**, and Prague has still a persistent problem. **There are still problems in the extensive pollution of waterways and reservoirs from agricultural activities**, sedimentation in water reservoirs by washed topsoil and burdening of groundwater by nitrates, ammonium ions, and pesticides.

There are many unused research boreholes in the Czech Republic that are not secured against foreign substances penetrating the groundwater. Therefore, it is very desirable to professionally close off (liquidate) the boreholes in order to decrease the potential risk of polluting groundwater.

The number of people who have access to good quality drinking water is slowly growing in the Czech Republic, which is a positive trend in terms of health. Nowadays, 93% of the population is supplied with safe drinking water¹⁰⁷.

Water consumption for agricultural use, mostly for irrigation, has been gradually growing in the Czech Republic. Mostly surface water is used for these purposes, as well as groundwater (to a lesser extent). Comparisons of 2013 and 2007 show that the surface water consumption increased by 61%, while groundwater consumption by ca 23%¹⁰⁸.

Development needs:

- **Improving the quality and availability of drinking water.**
- Reducing the water consumption by limiting the leaks of water from the water supply network.
- **Reducing waterways pollution**: decreasing the burden on water caused by nutrients, pesticides and soil washed out from the fields by using suitable agro technical procedures reducing the impact of farming on the quality of water.
- **Streamlining wastewater treatment.**

107 Czech Statistical Office, 2012.

108 Source: Report on Water Management in the Czech Republic (yearbooks)

3. Waste management

The progress of total waste production is closely linked to economic activities and the structure of industrial activities. In accordance with the Commission Decision 2011/753/EU, introducing the rules and calculation methods to verify compliance with the objectives determined in the Directive of the European Parliament and the Council 2008/98/EC on waste, according to method 2 applied to calculation of meeting the objectives the Czech Republic achieved 2012 the 45.5% rate of paper, metal, plastic and glass recycling – for domestic and similar waste¹⁰⁹. The assumption is that in 2020 the objective of the Waste Directive will be reached (50%). The four commodities (paper, plastic, glass, metal) are collected, as requested by the Waste Directive, in approximately 1/4 of municipalities (70% of the population)¹¹⁰. In most municipalities waste is sorted using containers. Municipalities are getting better equipped which is demonstrated by a dense network of waste sorting containers that are within an easy reach. In terms of recycling and the use of construction and demolition waste, the Czech Republic has been reaching high values over long periods of time (in 2012 it was over 90%)¹¹¹ so it is already in compliance with the European objective for the use of construction and demolition waste. However, if the objective does not count with using the waste for landscaping (the EU is in favour of such motion), the Czech Republic reached only 59.5%¹¹² of the objective in 2012 and further measures will have to be adopted to reach the European goal by 2020 (70%). When taking into consideration the methodology for calculating the production of biodegradable waste in 1995 and comparing the highest admissible quantity of biodegradable waste that can be deposited in landfills in 2010, the Czech Republic complied with the objective of the Council Directive 1999/31/EC, concerning depositing of waste, in 2010. The Czech Republic is aware of the provisions of Directives on decreasing the amount of biodegradable waste deposited in landfills in the target years of 2013 and 2020. It is possible that these objectives might not be fulfilled, and therefore it is necessary to adopt certain measures; see the binding part of the new Waste Management Plan of the Czech Republic for 2015–2024. Energy utilisation of waste shall be conditioned by existence of a valid new Waste Management Plan of the Czech Republic for 2015–2024, compliant with Directive of the European Parliament and the Council 2008/98/EC on waste, and only for the waste from which no materials can be adequately recovered (e.g. due to the level of pollution and contamination thereof).

Development needs:

- Ensuring long term stability and sustainability of waste management in the regions outside the Czech Republic.
- Reducing waste and mitigating hazardous properties of waste
- Reusing products with expired service life
- Good quality recycling and maximum exploitation of suitable waste, particularly in connection with the industrial segments in the regions (agriculture, energy, construction).
- Optimum handling of BMW and other biodegradable waste in the Czech Republic
- Mandatory waste sorting using containers for: paper, metal, plastic, glass and biodegradable municipal waste.
- Major restrictions for landfills in the Czech Republic, a ban on landfills of not treated, mixed municipal waste by 2023–2025.

109 Data source: MEnv, CENIA.

110 Data source: MEnv, CENIA.

111 Data source: MEnv, CENIA.

112 Data source: MEnv, CENIA.

- Energy use of mixed municipal waste (after separation of recyclable and reusable elements) in dedicated facilities.

4. Energy intensity – Smart City concept

The Czech Republic is among the countries with an above-average energy intensity of the economy in the EU-27¹¹³. On the side of the energy consumption and the accompanying pollution, it is therefore useful to solve this issue conceptually through the concept of “**SmartCity**” (see the SET Plan of EC), interconnected energy saving measures at the municipal level. The urbanization rate in the Czech Republic is 73%¹¹⁴, so majority of people is negatively influenced.

Development needs:

- **Support for the measures leading to energy savings and use of renewable energy in buildings** (private, public and commercial).
- Support for energy-saving and environmentally friendly infrastructure managed or owned by municipalities, e.g. energy savings and utilization of waste heat and biogas from all municipal operations (e.g. wastewater treatment and waste management), construction of renewable energy sources and support to alternative types of transport in terms of reducing emissions in extremely polluted areas.
- Maintaining and enhancing the ecological functions of residential green.

5. Biodiversity, landscape, ecosystem services and geo-factors

Intensification of farming or, conversely, its absence have led to a direct destruction of many habitats or their degradation. Species diversity is showing a gradual decline in many indicators. Approximately 45% of embryophytes and 26% bryophytes are in some degree of threat. Approximately 30% of the observed animal species is in not in a good condition, it is usually a representative of invertebrates¹¹⁵. A major problem lies in the gradual disruption of ecosystems, which significantly increases the impermeability of the landscape. In 2010, the impenetrable (non-fragmented) landscape area decreased to 63%, while there are up to 6,000 cross barriers registered on watercourses, that may adversely affect the aquatic ecosystems¹¹⁶. The significant negative impact is caused by changes in the landscape structure (disappearance of landscape elements, improper treatment of the landscape water regime, water flow regulation). Due to its varied geological structure and dense population, the Czech Republic belongs to the countries with a high incidence and threats of slope instabilities, while mining wastes are accumulated in many places in the Czech Republic as the effects of historical mining and processing of mineral resources. Half of the Czech Republic is situated in naturally disadvantaged areas, where 86% of the area of grassland is located¹¹⁷. It is necessary to ensure the continuation of farming in these areas, as the natural and semi-natural habitats in agricultural land are threatened by the absence of management and subsequent succession. Further decline in the species richness should be prevented by increasing the

113 See the potential energy savings for each part of the economy of the Czech Republic in Sec. 1.1 The macroeconomic situation in the Czech Republic

114 CZSO:

115 Source: MIKO, Ladislav, HOŠEK Michael [eds.]. *Příroda a krajina České republiky – Zpráva o stavu 2009 (Report on the State of Nature and Landscape of the Czech Republic – 2009)*, 1st edition, Prague: Agentura ochrany přírody a krajiny ČR (*Nature Conservation Agency of the Czech Republic*), 2009. 102 pp. ISBN 978-80-87051-70-2.

116 Source: *Report on the Environment of the Czech Republic 2012*: Ministry of the Environment, Prague, 154 pp., ISBN 978-80-85087-17-8.

117 Source: Land Register, LPIS

ecological stability and variety of landscape and by implementation of management practices friendly to the environment. Protected areas are essential for biodiversity conservation. There are still areas with no special protection, and only declaring them as special protection areas can give them protection against the real threat of degradation or destruction. Within the network of small specially protected areas, it is necessary to ensure optimization. For areas of the Natura 2000 structure in the following period, it is necessary to complete the steps to ensure full protection.

There is also an unsatisfactory state of resistance and protection of forests. In the past, the conversion of deciduous or mixed forests to only purely coniferous forests had reduced not only the ecosystems biodiversity (including an insufficient share of regional populations of forest trees and lack of seeds), but also their resistance to extreme climatic situations. Changes in soil, manifesting themselves in the change of humus forms and depletion of edaphon, led to the degradation of forest soil, decreasing the stability of forest cover and in some cases they led to the disintegration of the forest cover across the area.

Development needs:

- Maintaining and restoring the connectivity and permeability of the landscape and waterways.
- Increasing the capacity of ecosystems to provide key services including the renewal of retention capacity of the landscape.
- Restoring the green infrastructure including the Territorial System of Ecological Stability.
- Maintaining and enhancing the aesthetic value of the landscape.
- Strengthening the health and resilience of forests by increasing the proportion of wood species supporting melioration and strengthening the ground, revitalising growth covers in the emission areas and improving the quality of seeds.
- Maintaining or improving the condition of populations of rare and endangered species of plants and animals.
- Ensuring the management of specific types of habitats of plants and animals.
- Improving the care for protected areas including the area of the Natura 2000 system.
- Preventing the abandonment of farming in areas with natural handicaps.
- Limiting the extent of invasion of the most problematic species.
- Creating semi-natural water elements.
- Maintaining and enhancing the ecological functions of residential green.
- Stabilization and remediation of the consequences of slope instability and objects of storage locations.

6. Soil quality

Due to the decline of agricultural activities, the amount of substances applied to the soil has been significantly reduced and **soil erosion is a worsening problem**, especially the water erosion (erosion threatens more than half of the agricultural land). Annual soil loss is estimated up to 21 million t (conservative estimates quantify the damage at CZK 4.3 billion per year)¹¹⁸. At present, however, the areas slightly threatened by erosion (MEO) and strongly threatened by erosion (SEO) protect 10.57% of arable land (0.43% of SEO and 10.14% of MEO)¹¹⁹. Soils are threatened by acidification, dehumification and compaction. The main causes lie mainly in the removal of landscape elements, inadequate organization and management methods and the choice of crops on arable land. In 2012, nearly 11.4% of the total agricultural land were farmed organically¹²⁰, but the potential that organic farming generally provides has not been utilised so far. A territorially bounded problem in many regions lies in the existence of old environmental burdens, with the number of 3,700 found occurrences in the Czech Republic due to the first stage of the National Inventory of Contaminated Sites. Many of them can represent a significant risk to human health.

Development needs:

- **Effective soil protection against erosion.**
- Enhancing the retention capacity of the landscape by suitable management of agricultural and forest land.
- Removing old environmental burdens.
- Support to brownfield regeneration.

7. Under-utilisation of the potential of cultural and natural heritage

Regions in the Czech Republic boast extensive cultural and natural heritage. The aim is to use this potential for a balanced development of the regions. The cultural and natural heritage represents one of the suitable resources for economically viable activities and represents an opportunity for regions with worsened economy conditions. A suitable protection and use of the local potential leads to increasing the regional competitiveness and employment, decreasing regional differences, and increasing social cohesion and inclusion. In order to maintain, make accessible and develop the cultural heritage, it is essential to improve the operation of memory institutions, to protect collections and make them accessible in order to meet the needs of the cultural and creative industry.

Development needs:

- **Revitalization, recovery and promotion of the cultural and natural heritage showing a strong potential for the economic development** (namely through a determined tourism development) consisting in positive impacts on the local or regional employment and competitiveness. The types of cultural and natural heritage, nationally most significant museums and other selection rules shall be defined by relevant programme documents.

118 Source: Výzkumný ústav meliorací a ochrany půdy (*Research Institute of Amelioration and Soil Protection*).

119 Source: Report on Agriculture in the Czech Republic, 2012.

120 Source: Eurostat – share of organically farmed land excl. land not registered in LPIS. According to Czech Office for Surveying, Mapping and Cadastre, which registers these areas, the share represents 12 % of agricultural land in the Czech Republic.

Specific needs and challenges of urban and rural areas and cross-border regions

- In large and medium-sized cities and their suburbanised surroundings, air pollution occurs mainly due to the transport and the especially large industrial polluters, with another problem associated with the transport being the increased noise level.
- In rural areas, the quality of the environment is affected by the large number of small sources of pollution.
- The common problem of urban and rural areas is the existence of brownfields and old environmental burdens.
- To look for cross-border solutions to problems occurring on both sides of the border (e.g. protection of the landscape and increase in the biodiversity) and exploit the potentials shared by the Czech Republic with its counterparts - such as common approaches to protect the natural and cultural heritage.

Links to EU documents

Europe 2020 strategy	3. 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. Initiative “Resource Efficient Europe” (and to some degree the initiatives “Industrial Policy for Globalised World” and “Innovation Union”). Integrated guideline 5 “Improving resources efficiency and reducing greenhouse gases”.
Common strategic framework	Annex 1: 4.8 Part devoted to 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.
Thematic objectives	4. Supporting the shift to a low-carbon economy in all sectors. 5. Promoting climate change adaptation, risk prevention and management 6. Preserving and protecting the environment and promoting resource efficiency.
Country-Specific Council Recommendations 2014	Partial link to 6. Accelerate the reform of regulated professions, focusing on the removal of unjustified and disproportionate requirements. Step up the efforts to improve energy efficiency in the economy.

Links to Czech Republic documents

National Reform Programme 2014	Primary link to measure: <ul style="list-style-type: none"> ▪ 4.2.6 Environmental policy Partial link to measure: <ul style="list-style-type: none"> ▪ 4.2.5 Power industry and climate protection ▪ 4.2.7 Agricultural policy
Strategy for international competitiveness of the Czech Republic	2.9 National energy policy and strategic directions - attain a balanced energy mix, higher usage of renewable resources, and reduced greenhouse gas emissions.
Regional Development Strategy	Priority 1 Use of development areas potential (measure: 1.4 Extend and improve infrastructure - deal with public space and greenery, revitalise neglected neighbourhoods). Priority 6 Protection and sustainable use of resources in regions (measure: 6.1 Remove old environmental loads, revitalise brownfields and areas of former mineral resources mining;

	<p>6.2 Reduce municipal 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> <p>Priority 7 Environmental and landscape protection; quality and safe living environment (measure: 7.1 Better environment in settlements, protection and development of landscape values).</p>
National environmental policy	<p>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).</p> <p>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 environmentally friendly use of renewable sources of energy).</p> <p>Thematic area 3 Environmental and Landscape Protection (priorities: Protect and enhance landscape's environmental functions; Conserve environmental and landscape values; Improve environment in settlements).</p>
Mid-term strategy (until 2020) for improving the quality of air	<p>A global (and strategic) objective of the Strategy consists in achieving a socially acceptable rate of risks resulting from the air pollution with respect to human health (namely reduction of the life expectancy due to exposure to PM2.5 particles, BaP concentrations, premature deaths due to ground-level ozone) and ecosystems (acidification, eutrophication, effects of ground-level ozone) across the territory of the Czech Republic.</p> <p>Specific objectives include fulfilment of the commitments to reduce emissions by 2020; reduction of the percentage of population exposed to over-limit concentrations of air pollutants; gradual creation of conditions for fulfilment of the national commitments to reduce emissions by 2025 and 2030.</p> <p>Hence the entire Strategy contains links to issues being treated by the Partnership Agreement, sphere of Environmental Protection (Chapter 1.1.5.1).</p>
Waste Management Plan	<p>The Waste Management Plan of the Czech Republic constitutes the basic document and tool of the waste management in the Czech Republic. It is a substantial national strategic document inevitable for compliance with the principles stated in the Partnership Agreement (Chapter 1.1.5.1 Environmental Protection, area 3. Waste Management). By means of the strategic framework set by the Waste Management Plan of the Czech Republic the primary source management could be improved on the basis of a well-set waste management system compliant with the principle of the waste management hierarchy. Combined with the environmental objectives of the Partnership Agreement the Waste Management Plan of the Czech Republic shall enable the state to achieve a waste use imposing minimum burdens on the environment, saving primary resources and increasing application of secondary raw materials (as stated in Chapter 3. 1. 1).</p>

Other key documents include the State Programme of Nature and Landscape of the Czech Republic, Plan of Main River Basins of the Czech Republic, Biodiversity Protection Strategy, Multi-year National Strategic Plan for Aquaculture, National Forest Programme, Biomass Action Plan in the Czech Republic for the period 2012–2020, Strategy for Adaptation to Climate Change in the Czech Republic, National Energy Policy, the Czech Republic National Action Plan for Renewable Energy, Concept of the State Tourism Policy for 2014–2020, regional strategy documents (regional development strategy, regional strategy programme, spatial development principles, Programme for Improvement of Air Quality and Reduction of Emissions, Waste Management Plan, Regional Water Supply and Sewer System Plan) and other documents defined in sectoral operational programmes.

1.1.5.2 Climate change and risk solutions

Background and Description

The climate protection policy focuses on how to reduce greenhouse gas emissions (mitigation) as well as on measures to help effectively adapt to the climate change (adaptation). **Mitigation measures can be achieved mainly by energy savings and by using renewable energy sources. Adaptation measures can be integrated into all relevant investment measures across all programmes, both in the urban environment and rural areas.**

Climate changes do not influence only the environment but also the population survival. Climate change phenomena show an impact on the general security and stability of the country. Therefore **it is also necessary to ensure an adequate preparedness of all the unites participating in the response to emergency situations caused by climate changes and anthropogenic occurrences** (e.g. accidents related to dangerous substance leakages), respecting the life-cycle for emergency management. The mentioned activities must be based on the prevention and environmental actions implemented in the sphere of the climate change.

Measures to reduce greenhouse emissions

The Czech Republic as a party to the UN Framework Convention on Climate Change acceded to the Kyoto Protocol on 15 November 2001. The Resolution of the Government of the Czech Republic No. 38/2001 established a national emission target for 2005 to reduce greenhouse gas emissions by 20% compared to the reference year 1990. The National Environmental Policy for the period 2012-2020 set out further emission reduction target to reduce specific greenhouse gas emissions per inhabitant by 2020, at least to the average EU in 2005 (10,5 t CO₂ eq. per inhabitant).

The common commitment of the EU (December 2008) is to reduce greenhouse gas emissions by 2020 by at least 20% compared to the year 1990, in case of reaching new international agreement the target will be increased to 30%. **For the Czech Republic the climate and energy package sets out the commitment to reduce emissions in the sectors covered by the EU ETS by 21% by 2020 and not to increase emissions by more than 9% in sectors outside the EU ETS during the same period.**

The energy intensity of the economy is decreasing due to the modernization of technology and energy savings. In an international comparison, however, the Czech Republic still belongs to the countries with high energy consumption per GDP unit. Despite the reduction in greenhouse gas emissions by 32% between 1990 and 2011¹²¹, the amount of emissions per capita is still high compared with the EU average. A partial aim of the Czech Republic is thus getting closer to the EU average in 2005, which was 10.5 t CO₂ eq., while in the Czech Republic it was 12.7 t CO₂ eq.¹²² in 2011.

Mitigation potential of the sectors is the highest in the energy and industry sectors, and then in transport and households.

In industry energy savings (30% of final energy consumption in 2011) are realized both in energy transformation and end-use e.g. in applications such as best available technologies, increasing the efficiency of energy cycles, the construction of energy efficient buildings, etc.

Transport accounted for 24.3% of the final energy consumption in 2011. In this sector, as a single, energy consumption grew in long term, but in recent years the trend is rather erratic.

121 National Inventory Report 1990–2011, ČHMÚ 2013

122 The partial objective is defined in the National Environmental Policy 2012–2020. Data source: EUROSTAT

Other significant sectors are households (23% of final energy consumption in 2011), where the major impact is represented by the heating source selection and implementation of energy saving insulation, including use of consistent energy management.

Mitigation potential of agriculture and forestry is relatively limited – moreover in the agricultural sector the emission balance may change due to energy use of biomass and the emissions of CO₂ may paradoxically increase due to changes in actual consumption of fuels and energy and fertilizer on biomass production. The agricultural sector contributes to climate change by the release of greenhouse gases, produced particularly by livestock production and organic mass decomposition from farmed arable land (emissions of CO₂, CH₄, NO_x, H₂S). Ammonia emissions have been decreasing continuously in the Czech Republic, depending on the reduction of livestock population. The current ammonia production amounts to 63.1 kt per annum (2011)¹²³. CO₂ is released also from fossil fuels used for heating purposes in buildings, fuel combustion in agricultural machinery and production of fertilizers and forage.

In comparison to other EU Member States, the Czech Republic ranks among the countries with a lower share of renewable energy in the total electricity consumption. The problem consists in the low exploitable potential of renewable energy sources in the Czech Republic, as there are not as great opportunities for water power, as in Norway and Austria, or wind power, as e.g. in Germany in the Czech Republic. However, in the biomass use the potential of the Czech Republic is comparable to other Central European countries. The estimated structure of electricity from renewable energy sources in 2012 was as follows: photovoltaics (26.7%), hydro power (26.4%), biomass (22.4%), biogas (18.3%), wind power (5.2%) and the energy produced by the municipal solid waste combustion (1.1%)¹²⁴.

Mitigation measures are addressed in detail in the problem areas: competitive businesses, transport infrastructure and accessibility/mobility, energy infrastructure and environmental protection.

Adaptation measures to cope the climate change and new risks

In the Czech Republic the climate change is attributed in particular to significant weather events seen as the frequent intense and torrential rain causing floods, longer droughts, heat waves, warmer and wetter winters with less snow, etc. A relatively new phenomenon is the loss of groundwater reserves and increasing risks associated with drought periods.

Adaptation to climate change in rural areas needs measures in the field of agriculture, forestry and water management (mostly enhancement of the landscape water retention ability), measures to increase the resistance / resilience of the landscape, and improving the ecosystem services, including those that combine adaptation and mitigation benefits. The negative impact on the climate change is reinforced by contribution of high share of arable land, drainage of soil, soil compaction, and thereby increasing fuel consumption during agricultural operations, heat loss in heated buildings, low use of renewable energy sources. The basic conditions for a successful adaptation include flexible and environmentally friendly land use, introduction of new technologies, diversification and in the case of forestry particularly a change in the species and spatial forest composition.

The climate change brings many challenges for the urban environment. Heat waves and increased dustiness represent health risks, increased runoff of water from solid surfaces in towns increases the risk of local flooding. The small proportion of green areas in towns and the lack of water surfaces do not allow natural cooling of urban space.

123 Data source: Eurostat

124 Renewable energy sources 2012, MIT.

Adaptation measures in the areas of industry and energy sectors include particularly ensuring the critical infrastructure functions and increasing the safety of industrial facilities against accidents caused by weather. The need for adaptation measures also exists in the areas of transport and healthcare and hygiene.

The novelty of risks resulting from climate changes, e.g. torrential rainfall, above-average snowfall, massive hoarfrost, long drought periods, storms, vast fires or anthropogenic emergencies, which have occurred recently in the territory of the Czech Republic, consist namely in their intensity, recurrent frequency and scope of impacts. Therefore, adaptation measures must provide not only for actions contributing to elimination of such risks and catastrophes, but also for actions to guarantee efficient treatment and management of climate change consequences and emerging risks.

Considering climate changes, risk prevention and management (mitigation of impacts of resulting emergencies) **it is necessary to increase the readiness of the Integrated Rescue System (IRS) units to deal with emergency occurrences** exceeding the scope of standard operations. This support must be comprehensive and must include adequate equipment, resilience, readiness and dislocation of IRS units. IRS also plays a major role in the protection of the inhabitants; this is an issue that will be paid an adequate attention to in the coming period.

Regional differences

There are also differences in terms of the readiness to handle new risks and impacts, caused in particular by climate changes in the areas which can have a negative impact on, for example, the protection of the environment, health, assets and quality of the environment.

The support will be aimed at:

- territories with identified cumulated phenomena and risks related to climatic, anthropogenic and technologic influences,
- territories with air quality improvement programmes, identified as priority areas

Experience from the 2007–2013 programming period and the state of achievement of 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. Interconnection of flood authorities (emergency committees) with the transmission system of flood forecasts and warnings shall be supported. A significant amount of funds was also devoted to the construction of flood control systems, attention has also been paid to increasing water retention in the landscape, mainly due to the semi-natural revitalization of watercourses, reducing the volume of sediments in reservoirs.

The Rural Development Programme in the previous programming periods followed the established measures within the standards of good agricultural and environmental condition (GAEC) and addressed the climate mainly in the areas of water retention in the landscape, preventing soil erosion, efficiency of energy from agricultural production, introduction of preventive flood protection measures (and the subsequent recovery after already existing states of calamity) and increase in the carbon sequestration in soils and biomass. In the future, it is appropriate to continue these interventions, or to introduce further adaptation and mitigation measures and target them appropriately.

A wide scale of project activities have also been implemented in order to increase safety and enhance risk prevention and management, contributing to a better preparedness and readiness

for emergency actions of IRS units, particularly of the Fire Rescue Service and the Police of the Czech Republic. The main target in the programming period 2007–2013 was to enhance the quality and effectiveness of their operations, especially by supporting their infrastructure and technical equipment.

Major identified problems and needs for development:

The most significant problems and resulting development needs include reducing flood risks by enhanced retention abilities of the landscape.

1. Insufficient response to climate change

Especially since 1990s, the Czech Republic has suffered from an **increased intensity of floods**, in the case of 1997, 2002 and 2013, a considerable portion of the Czech Republic was hit. The economic damage from floods resulted from landscape changes, which had been caused by intensive agriculture activities mainly in the second half of the 20th century, when a high proportion of arable land had been achieved. Another influence results from growing inappropriate crops, which cause an accelerated water runoff from the land. It is still **necessary to increase the landscape water retention capacity and slow the runoff** – implementation of semi-natural and technical measures to protect against floods, in accordance with Directive 2000/60/EC, Directive 2007/60/EC and the Plan of Main River Basins of the Czech Republic and each river basin district plans.

If this issue is not addressed, the impacts on the economy and human health are quite significant and easily quantifiable as over the last decade flood emergencies have been fairly regular. In accordance with Article 4 of Directive 2007/60/EC on the assessment and management of flood risks, 298 areas were identified in the Czech Republic that show major flood risks.

Development needs:

- **Adjustment of agricultural and forest management** (e.g. improved carbon sequestration, agricultural operation timing, seeding procedures diversification).
- **Implementation of specific semi-natural and technical measures supporting the landscape adaptation to the climate change (e.g. increased retention potential of the landscape).**
- The analysis, prevention, resolution and management of risks and impacts of natural disasters and natural disasters related in particular to climate change.
- Increasing the sequestration potential of agricultural soils.
- **Implementation of urban adaptation measures** in scope of other investments.
- Development of rain water disposal systems, in urban areas in particular.
- Development of flood protection and information system for the population.
- Expansion and revitalization of urban green spaces.
- Implementation of integrated projects, with local adaptation and mitigation benefits.

2. Insufficient readiness of regions (IRS) to adopt to the climate change, and to prevent and resolve risks

Despite the significant progress it cannot be argued that IRS units are sufficiently equipped and resilient in terms of their preparedness to deal with emergencies, particularly in areas with an increased or supposed occurrence of emergencies or cumulated emergencies and related risks resulting from the climate change (especially droughts, hurricanes and windstorms; snowfalls, massive hoarfrost), anthropogenic and technologic risks. **Substantial differences are found in terms of IRS units' readiness for action** (related to adequate resilience and

equipment of IRS units) **in such highly exposed areas compared to the remaining territory of the Czech Republic.**

The relevant training adequacy and quality are also seen as insufficient, in particular the lack of modern teaching simulation methods and equipment for professional training. Equipment, namely special-purpose equipment, and capacity of education and training centres are insufficient, which prevents adequate training and education of IRS units.

In relation to climate changes and the current risks, it is necessary to pay a long-term attention to protecting the population and to use IRS as an efficient tool to minimize negative impacts of extraordinary events on the living conditions of people in the Czech Republic, and use IRS within its full spectrum - from rescue work to emergency survival and recovery of the infrastructure.

Development needs:

- **To ensure adequate resilience of IRS units**, with an emphasis put on climate change adaptation and emerging risks. To enhance resilience of building in areas covered by IRS units and exposed to risks, in order to provide protection from adverse impacts of emergencies and to enable IRS units to operate in emergency situations. To build new IRS deployment sites in areas exposed to risks in order to provide for their adequate preparedness.
- **To enhance IRS units' equipment in areas exposed to risks** by technology and equipment items in order to ensure preparedness of IRS, with an emphasis put on climate change adaptation and emerging risks.
- **To modernize education and training centres for IRS units** (e.g. simulators, trainers, polygons and related equipment) focused on developing specific skills and cooperation of ITS units upon management of emergencies.

In case of the three development needs mentioned above the support shall not be general, territorial specifications thereof will be set by the relevant operational programme.

In the area of climate change and the transition to a less resource-intensive economy and in the area of the environment protection improvements require also to increase awareness and education of the population. This will be done through initial and continuing education (Chapters 1.1.1.2 and 1.1.1.1).

Specific needs and challenges of urban and rural areas and cross-border regions

- With regard to the cross-border dimension of some extreme weather occurrences, there is a need for closer cooperation of the crisis management and the integrated rescue system on both sides of the border.

Links to EU documents

Europe 2020 strategy	3. 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. Initiative “Resource Efficient Europe” (and to some degree the initiatives “Industrial Policy for Globalised World” and “Innovation Union”). Integrated guideline 5 “Improving resources efficiency and reducing greenhouse gases”.
Common strategic framework	Annex 1: 5.2 Sustainable development - the Member States should take account of the 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.
Thematic objectives	5. Promoting climate change adaptation, risk prevention and management 6. Preserving and protecting the environment and promoting resource efficiency
Country-Specific Council Recommendations 2014	Partial link to 6. Step up the efforts to improve energy efficiency in the economy.

Links to Czech Republic documents

National Reform Programme 2014	Primary link to measure: <ul style="list-style-type: none"> ▪ 4.2.6 Environmental policy Partial link to measure: <ul style="list-style-type: none"> ▪ 4.2.5 Power industry and climate protection ▪ 4.2.7 Agricultural policy
Strategy for international competitiveness of the Czech Republic	2.9 National energy policy and strategic directions - attain a balanced energy mix, higher usage of renewable resources, and reduced greenhouse gas emissions
Regional Development Strategy	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)
National environmental policy	Thematic area 2: Climate protection and improvement of air quality (priority: Reduce greenhouse gas emissions and cut negative climate change impacts) Thematic area 4: Safe environment (priorities: Risk prevention; Protection of the environment against negative impacts of emergencies caused by human or natural threats)
Strategy on Adaptation to Climate Change in the Czech Republic	Anticipated relations to support the measures in the spheres of: <p>3.1 Forestry (3.1.3.1 Utilization of natural processes and growing forests with varied spatial and species compositions)</p> <p>3.2 Agriculture (3.2.3.6 Reducing soil erosion and 3.2.3.7 Actions against agricultural droughts)</p> <p>3.3. Landscape water regime and water management (3.3.3.1 Measures to secure stable water regime in a landscape, 3.3.3.8 Recovering small water reservoirs and increasing their reliability, 3.3.3.9. Corrections of riverbeds and water meadows)</p> <p>3.4. Urbanized landscape (3.4.3.4. Measures to ensure a functioning and environmentally stable urban greenery system)</p> <p>3.5. Biodiversity and ecosystem services (3.5.3.1 Measures to protect and recover landscape interconnectedness and permeability, 3.5.3.2 Measures to protect and increase populations of rare and endangered species in key habitats, 3.5.3.4. Measures to protect, recover and improve ecosystems and natural and semi-natural areas and elements supporting climate change adaptation)</p>
The concept of protection of the population until 2020, with an outlook until 2030	Elaborating a threat analysis for the Czech Republic and reflecting its conclusions in the methodological and strategic materials in the field of national security. 3.2.5 Balanced and complex utilizable tasks and tools for protecting the population, enabling the effective prevention and preparation for emergencies and crisis situations and their resolution based on a clearly defined and enshrined system for the protection of the population

The main key documents, concerning problem areas, are the basin plans prepared in accordance with the Framework Water Directive (2000/60/EC), plans for managing flood risks in accordance with the Flood Directive (2007/60/EC), Climate Protection Policy, regional strategic documents in this area (regional development strategies and programmes,

zoning development guidelines, Programme to Reduce Emissions and Improve Air Quality in Regions) and other sectoral documents defined in operational 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
Reducing greenhouse gas emissions compared to 1990 (%)	-20	-15.1	-17.6	in accordance with the EU climate and energy package (- 21% in EU ETS, +9% outside EU ETS) ¹²⁵	-30	-32

Transfer of funds between categories of regions

In accordance with Article 93(2) of the Common Provisions Regulation, the Czech Republic will apply the option to transfer funds between regions under the objective “*Investments for Growth and Employment*”. Based on the criteria defined in Article 90(2) of the Common Provisions Regulation, the region of Prague ranks among the more developed regions whereas other regions in the Czech Republic are classified as less developed ones. With regard to the analyses done and the conclusions discussed and the definition of the allocation of the ESI Funds money reserved for region categories, funds will be transferred from the less developed regions to the more developed region - the capital city of Prague. The volume of transferred funds will respect the maximum possible amount of 3% determined by the aforementioned article of the Common Provision Regulation.

The transfer shall be applied to the below stated thematic objectives: 1, 2, 8, 9, 10 and 11, covering interventions where we can most likely expect benefits for the whole territory.

See also Chapter 1.7.

Reasoning for the application of Article 93(2) in the areas identified

- **High pressure on the capacities and limited spending on R & D and education, which has a direct impact on the quality of outputs**
Caused partly also by the regional catchment - NUTS level 2, or NUTS 3 of the Prague region is identical to the cadastral definition of Prague. This fact thus does not reflect, compared to other agglomerations of the Czech Republic in the same category of regions, the immediate catchment of agglomeration regions and municipalities in the metropolitan area, located in the NUTS 2 (3) of Central Bohemia in the category of less developed regions and the related needs of the population.
- **The high concentration of public and private organizations and activities in the area of R & D and education and thus the high potential of absorption**
- **Demonstrable spill-over and spread effect of activities in the areas of R & D and education for socio-economic development both in the vertical form (qualitative shift in the sectors), as well as the horizontal form (regional or national impact) -**

¹²⁵ Compared to 2005.

focus on those areas of support, which can provide the biggest impetus and the ability of multiplying the supported interventions for progressive socio-economic development

- In order to ensure the most effective impact of interventions, it is essential to implement **national policies** in the following areas: **active labour market policy, social services and services to promote social inclusion**, efficient public administration, social innovations from the central level, also with regard to the arrangement of institutional competencies in the Czech Republic. This approach also respects the fact that people, as a target group of the ESF, are not, compared to the material investment, tightly linked to a specific place which disables the possibility to evaluate the benefits of ESF interventions in specific areas.

The efficiency of using the transferred funds (according to the current knowledge) is likely to outweigh to a major degree the consequences of the related loss of funds for less developed regions, which are unable, as shown by experience from the current programming period, to offer projects with a comparable return on the invested funds. At the same time, the limited amount of the funds to be transferred will have no negative impacts in the less developed regions.

In addition to the below stated material needs, the reason for combining the categories within the regions for individual programmes, is also the aspect of implementation, namely simplified management, monitoring and control checks of how the structural funds are used in both respective categories within the regions for the same activities. A unified control structure can help to comply and check the principle of non-transferability of funds between different categories of regions, and to check efficient use of funds in both categories within the regions.

In addition to the funds used for the OP Prague - the Growth Pole of the Czech Republic – the funds of both categories within the regions will be combined for individual priority axis within the programmes. This approach will be easier for beneficiaries as, in particular in terms of national interventions, they enable to use one project for the whole of the Czech Republic without the necessity to present different, but similar projects for two OPs.

(i) Research, development and innovations (TO 1)

- The purpose of the Europe 2020 strategy in research, development and innovations is to achieve investments in research, development and innovations amounting to 3% of GDP (or 1% of HDP spent on R&D under the Czech Republic National Reform Programme). The below-mentioned concentration of institutions and spending in Prague shows that Prague will play a major role in fulfilling these objectives. In 2011 the total R&D spending in Prague amounted to 2.38% of GDP. R&D public spending was 1.4% of GDP.
- Prague has an **above-average concentration of organisations** and activities in the area of R & D and education (with two thirds of the public research institutions of the Czech Republic, the place of work for 42% of researchers, the seat of one third and one half of state-run and private higher education institutions, respectively, the place of study for 40% of higher education students, the place where three fourths of research and development expenditure is spent, and the place where about three fourth of R&D government expenditure and about one third of R&D higher education expenditure are spent.
- Over 200,000 specialists (CZ-ISCO-2) work in Prague, usually people with higher education, who contribute to the knowledge base and apply their knowledge in practice. This figure includes **about 35,000 persons commuting from other regions**

in the Czech Republic. The approximate share of specialists in employment in Prague is one fourth whereas 13% is the national average. This shows an extraordinary potential contributing to the development of the entire Czech Republic.

- **Disrupting the connections established between research institutions because of the two-speed R&D&I funding in the Czech Republic**, when institutes outside Prague receive generous aid from structural funds, while Prague-based institutes receive constants or even decreasing amounts from national sources. It is obvious, however, that Prague higher education and research institutions show better R&D performance and that the newly aided regional research centres will just get their activities under way. The basis for Czech research, development and innovations are the research activities allocated in Prague.
- Given the requirement in the TO 1 ex ante conditionalities that there be regional innovations strategies following the smart specialisation concept, it is highly desirable that there is available an amount of money adequate to secure sufficiently significant effects of implementing the said strategy, which is under preparation by Prague city authorities.
- **The need to stimulate business spending on R&D&I** by the public administration more evenly throughout the Czech Republic. The absorption capacity in 2007–2013 offering support outside of Prague demonstrates interest of the business sector. The share of expenditure on R&D in the business sector amounted to 0.9% of GDP in Prague in 2011 and is thus lower than the national average (1.1%). Stimulating demand of the application sector (business sector and public administration) will help to increase the effectiveness of support for public research sector. Achievement of a significant impact of aid will require a sufficient allocation for the implementation of appropriate activities in Prague, for example, activities such as innovative demand (PCP).
- **The main weakness of the R&D&I area in Prague is a high fragmentation** due to the large number and diverse structure of entities active in the field of R&D&I. This defines the need for stimulation and facilitation of cooperation and mutual relations, particularly across the sectors and disciplines, with the active participation of the local governments.
- Maintaining Prague's regional and international competitiveness in R&D&I. Consequently, Prague should be expected to report a high share of **projects with supraregional or national impacts**.

(ii) Employment (TO 8)

- TO 8 shall support **systemic interventions with an impact on the whole territory of the Czech Republic** (modernisation of labour market institutions), as well and **individually targeted interventions provided to target groups as national policies in a consistent manner across the Czech Republic using an established network of institutions** (active labour market policy through the Labour Office of the Czech Republic, regional offices and contact centres). These interventions are of key importance for the Czech Republic and for the implementation of objectives of Europe 2020 and Country-Specific Council Recommendations and they must be implemented in the whole territory of the Czech Republic, including the capital of Prague.
- In terms of needs of the target groups it can be stated that although the long-term level of unemployment in Prague is the lowest in the Czech Republic, in October 2013 the

number of job applicants registered in Prague was the 5th highest out of the 14 regions of the Czech Republic.

(iii) Social Inclusion and Combating Poverty (TO 9)

- **TO 9 shall support systemic interventions with an impact on the whole territory of the Czech Republic** (system of social services and services aimed at social inclusion, social innovations), **as well as individually targeted interventions provided to target groups as national policies in a consistent manner across the Czech Republic using an established network of institutions** (social services with substantial participation of regional administrations). These interventions are of key importance for the Czech Republic and for the implementation of objectives of Europe 2020 and they must be implemented in the whole territory of the Czech Republic, including the capital of Prague.
- Although Prague is the richest region in the Czech Republic, it also concentrates certain (negative) social phenomena, e.g. homelessness, drug addiction etc. and simultaneously it is more than other regions of the Czech Republic hit by a demographic problem – ageing of the population.

(iv) Support to education (TO 10)

- **Maintaining Prague's regional and international competitiveness in education and training.**
 - Higher education institutions and research institutions based in Prague are struggling with an obsolete R&D infrastructure, which hinders the usage of the existing capacities. Transfer in the newly developing non-Prague infrastructure is very unlikely given the circumstances in the Czech Republic and there is a risk of these capacities to be moved outside the Czech Republic and/or the R&D sector.
- **The need to ensure coherence of major interventions in preschool, elementary and secondary education between regions and Prague:**
 - Improving the quality of secondary education is the nationwide objective, and the synergy in the regions and Prague is especially crucial in promoting the cooperation between secondary schools, employers, or in promoting the quality in education in unique fields, or fields of education suitable for pupils with disabilities who are concentrated in Prague.
 - It is essential to maintain consistency between the regions and Prague in elementary education in the development of inclusive education and implementation of a comprehensive assessment and strategic management of schools for better results of the pupils in key competencies, and to provide targeted support to schools for development in these areas. In addressing the quality and availability of pre-school and primary education, it is necessary to act together in Prague and its suburban areas, from which the parents commute into Prague to work, and where the problem of the availability of preschool and primary education is highest in the Czech Republic. Transfer of funds for pre-school and primary education will support a comprehensive solution.

The capacities of kindergartens in Prague are completely exhausted, numbers of children per class in kindergarten in Prague are the highest of all regions (24.7 compared to the national average of 23.7 in 2011), Prague kindergartens

often apply an exception from the maximum number of children in classes (increasing the limit to 28 children), there is an increasing number of rejected applications (by more than 450% over the last 5 years). There is a totally inadequate offer of facilities for care of children under three years of age (crèches), which allow parents a quick return to the labour market and counteract the loss of employability.

The shift of children to the following levels of education puts pressure on the primary education system. Already at present, the average number of pupils per class in Prague is the largest of all regions (19.94 compared to the national average of 18.8 in 2011). This significantly reduces the quality of education in Prague with regard to much lower opportunity of the students to interact with their teachers.

(iii) Modernization of public administration (TO 2 and 11)

- TOs 2 11 will support **interventions to modernize the public administration, including ICT investments**. These will be exclusively **systemic interventions with an impact on the whole territory of the Czech Republic**. Many institutions providing services to all citizens in the Czech Republic are often based in Prague or located in various regions, and the interventions must ensure a unified level of services provided across the territory of the Czech Republic. It is not viable and desirable, considering the above stated, to exempt a single region from such interventions. These interventions are of key importance for the Czech Republic and for the implementation of Country-Specific Council Recommendations and they must be implemented in the whole territory of the Czech Republic, including the capital of Prague.

Systemic experience from the programming period 2007-2013

1. Difficult set up of the implementation system

Evaluation:

From the very beginning the programming period 2007–2013 had been negatively influenced by:

- robust set up of the implementation structure that was not sufficiently ready for the implementation of the programmes.
- missing early methodology support by the European Commission and national authorities with regard to the managing bodies of the operational programmes.
- Insufficient capacity of experienced human resources.

Late implementation of some of the programmes (such as the OP Research and Development for Innovation) in combination with some other factors, such as a high fluctuation of staff, administering European funds, in particular in the first three years of the programming period 2007-2013 that has not been fully resolved. In many cases these aspects were connected to the political instability and polarisation across public administration.

Lessons learnt:

Lessons learnt have been transferred into the concept of “Unified Methodological environment ” that was prepared by the Ministry of Regional Development from 2012 onwards. The unified methodological environment covers a whole range of topics, including administrative capacity. The experience from the programming period 2007–2013 has been reflected into the set-up of the operational programmes 2014–2020, in particular in terms of concentration of priorities, decreasing the number of operational programmes and a clear set-up of roles and control mechanisms in the implementation structure of the operational programmes.

2. Public procurement

Evaluation:

Public procurement represents a cross-sectional problem, both in terms of the quality of tenders and compliance with the rules by the beneficiaries, and the considerable number of appeals to the Office for the Protection of Competition. It can be assumed that this is linked to the increased competition among applicants when, due to the economic crisis and restriction of government institutions, the number of public tenders has significantly decreased. All these aspects significantly affect the implementation of programmes, in particular when large projects are delayed. It must be said that the issue of public procurement is the same for most EU member states.

Lessons learnt:

The acquired experience is regularly reflected in methodology instructions and legal amendments. The improvement of the process of awarding public tenders represents a continuous process of gradual changes. Monitoring and exchange of information among all parties involved in the process are crucial. A new team was established at the Ministry of Regional Development to deal with issues presented to the Office for the Protection of Competition; the results of the work will be translated into the programming period 2014-2020 and the end of the programming period 2007-2013.

3. Systemic educational projects

Evaluation:

The established system did not enable an efficient supervision of project quality, it was cumbersome and did not ensure acceptance and dissemination of the achieved results at the school level.

Lessons learnt:

Systemic projects will be implemented in a limited scope in the upcoming period. The set conditions will allow only top-quality systemic project to be implemented in accordance with the objectives of the Partnership Agreement, the programme and the relevant strategies. Submission of a systemic project will be conditioned by a factual link of the draft project to a relevant strategy, creation of a MA working team to assign a problem for solution and a partnership to elaborate a draft project and to implement and evaluate the project. Objectives of systemic projects will be included in the Long-Term Programme Objectives Implementation Plan to be approved by the Monitoring Committee. The Monitoring Committee will be presented not only with the draft project but also with output links to other calls of OP RDE. Also interim outputs of such projects will have to be submitted to the Monitoring Committee. If possible, foreign evaluators will be involved into the assessment of the draft project quality. Interim supervision and project evaluation will be provided by MEYS.

4. Management and control systems

Evaluation:

In some operational programmes 2007–2013 EC audits discovered serious (and also systemic) mistakes which resulted in the situation when the functioning and reliability of management and control systems in the Czech Republic were questioned and an Action Plan to improve the management and control system for structural funds in the Czech Republic was established. In some of the programmes, risks resulted from criminal activities of persons connected with the programme implementation. The main objectives towards the system were as follows:

- The position of the Authorised Audit Entities as part of the Czech management and control system in individual line ministries and regional councils that did not ensure that the Authorised Audit Entities were fully independent (AAE were incorporated into the structure of the Ministry of Finance, i.e. under the direct supervision of the Central Audit Authority),
- Functioning of the Audit Authority and provision of methodology support,
- Non-compliance system, deadlines for dealing with non-compliance,
- Control checks carried out by control authorities and intermediary parties,
- Administrative capacities – recruitment of employees and outsourcing.

Lessons learnt:

The action plan, that was implemented on the initiative of the European Commission in 2012, significantly contributed towards the improvement of the management and control systems. The acquired experience is a starting point for setting up a unified methodological environment (in particular with regard to announcing tenders, evaluation and selection of projects) and improving the work of control authorities when working with risks, i.e. better

risk management. The knowledge acquired when dealing with such situations is crucial, such as adaptation of action plans, response to warning and suspension letters sent by the European Commission. The efficient implementation of the Civil Service Act is a key priority with regard to preliminary conditions (the process of performance see Chapter 2.3 and Annex 5.2. herein).

5. Financial instruments

Implementation of financial instruments (FI) in the programming period 2007–2013 was adversely influenced by several factors, including in particular:

- procedures to select FI managers
- absorption capacity
- FI preparation and implementation timing

Procedures to select FI managers

Evaluation:

Efforts to implement a seed/venture capital fund represent a good example of pitfalls hidden in public procurement procedures aimed to select a FI manager. Upon selecting a FI manager the world of ESI funds and its specific rules faces the world of the commercial – mostly banking – sector, which is also limited by strict (but different) regulations.

Contract dossiers in FI manager selection procedures were often set inadequately and led to a low or even zero engagement of the banking sector. Banks criticized the contracting authorities for their insufficient awareness of the banking sector rules and for absence of any communication with the banking sector. Also the working of the Public Procurement Act contributed to cancellation of many procedures for selection of a FI manager had to be cancelled for legal reasons or were excessively delayed due to objections with respect to the course of procedures lodged with the Office for Competition Protection (the seed/venture fund case).

Lessons learnt:

During preparation of the programming period 2014–2020 an emphasis was put on the lessons learnt from the programming period 2007–2013 with respect to selection procedures for FI managers. MoRD is currently preparing a methodological recommendation for FI implementation, which shall include also correct settings for contract dossiers with respect to FI managers to be selected in compliance with the public procurement principles. The methodological recommendation is being prepared in co-operation with a wide range of key actors, including (inter alia) the Czech Banking Association and its members, Czech Private Equity and Venture Capital Association, representatives of EIB/EIF and other actors from the group of potential FI/FF managers (State Housing Development Fund, State Environmental Fund or specific developer companies aspiring for the role of urban development funds). Workshops with the mentioned key actors are planned, also with a focus on exchange of experience in the sphere of contract dossier settings. Regarding the legislative environment, also the Public Procurement Act has been changed since the programming period 2007–2013 in order to simplify the public procurement procedures.

Absorption capacity

Evaluation:

A financial instrument, for which a FI manager had been successfully selected in a selection procedure, sometimes faced an insufficiently or even undervalued absorption capacity and

absence of adequate publicity measures and measures to inform potential beneficiaries about FIs as a new repayable aid type.

Lessons learnt:

The absorption capacity shall be included in the ex ante evaluation of FIs according to CPR. MoRD coordinates elaboration of the ex ante assessments by individual MAs and supports exchange of experience not only in the sphere of absorption capacity building but also with respect to proper parameter settings of financial products provided by individual FIs. The absorption capacity (and building thereof) will also be included in the upcoming methodology recommendation and exchange of experience with key actors.

Timing

Evaluation:

In the programming period 2007–2013 preparations for FIs implementation commenced as late as in the end of the period (and were treated rather as pilot evaluations), which in combination with the delays connected with the problems upon selecting FI managers often prevented a real implementation of the FIs. For example in a later phase of the programming period it was not possible to wait for results of administrative proceedings before the Office for Competition Protection and MAs sometimes decided to transfer funds allocated initially to a FI to a traditional non-repayable aid in order to utilize the funds finally.

Lessons learnt:

Preparations for FIs implementation in the programming period 2014–2020 will concentrate on setting unified implementation rules in a single methodological environment since the very beginning of the preparation works.

Priorities of funding in the Czech Republic

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

- **Developing 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 Czech Republic for domestic and foreign investors.**
- **Providing of an inclusive society creating conditions for full assertion of all population groups, increasing the employment rate with an emphasis on reduction of the number of excluded population groups and supporting good living conditions for the population.**

On the basis of the identified developmental needs **and in line with the main strategic objectives, the following key priorities have been specified for the Czech Republic for the programming period 2014-2020, which reflect the needs at the national and regional level.:**

- **Efficient and effective employment services that will contribute to a higher employment rate, particularly of vulnerable groups.**

- **High-quality education system (lifelong learning) to produce a qualified and adaptable labour force.**
- **Research and innovation system based on a high-quality research interconnected with the application sphere and targeted at marketable results.**
- **Businesses that use R&D results, are competitive on the global market, and contribute to a low-carbon economy.**
- **Sustainable infrastructure facilitating economy competitiveness and adequate territorial serviceability.**
- **Transparent and effective public administration with low administrative and regulatory burdens and effectively responding to emergencies.**
- **Social system encouraging the inclusion of socially excluded groups and combating poverty.**
- **Environmental and landscape protection, climate change adaptation and risk management.**

Efficient and effective employment services that will contribute to a higher employment rate, particularly of vulnerable groups

The priority for funding is based on the problem area of Labour Market, or on the problems and development needs defined in this area. ESI Funds support will be directed primarily to increase the availability and quality of employment services with an emphasis on hard-to-employ groups of people to increase accordance of workforce competences with the requirements of the labour market (at national, regional and local level), particularly through further education and career counselling services and to improve the status of women in the labour market, inter alia, ensuring more favourable conditions for reconciliation of the work and private life. The focus of funding priorities corresponds to thematic objective 8.

High-quality educational system (for lifelong learning) to produce a qualified and adaptable labour force

Within this funding priority the support from ESI Funds will be aimed at addressing the major problems identified in Chapter “Education” and partly also “Employment”. The aim is to improve the quality of education and its compliance with the requirements of the labour market, to provide conditions for effective strategic management, improve education results at the national, regional and individual schools levels, to ensure an individual approach to pupils and students and equal access to education. The specific direction of investments will reflect the defined development needs in the stated chapter. The focus of the funding priority corresponds to thematic objectives 8, 9 and 10, which define the expected results below.

Research and innovation system based on a high-quality research interconnected with the application sphere and targeted at commercialisable results

The priority for funding builds on the problematic area Research and Innovation System. The aim of support within the priority is to improve the situation in the following areas based on the defined problems in that chapter: improve the quality and ensure a higher international openness of research including the provision of quality human resources and the introduction of strategic management in the R & D area based on the evaluation of the quality, strengthen the innovation policy in the regions in accordance with the concept of smart specialization, further enhance the relevance of research for practice, and in particular to ensure the application of the research results in innovations, and finally to strengthen the orientation of the research to address the societal challenges. Investments will be focused on meeting the specific development needs identified. The focus of funding corresponds to thematic objective 1.

Businesses that use R&D results, are competitive on the global market, and contribute to a low-carbon economy

Within this funding priority the ESI Funds support will be focused on the main deficiencies identified in Chapter “Competitive Businesses”. The focus of aid will reflect the identified needs of development. The aim is to strengthen the endogenous business sector by increasing the aspirations of companies in the implementation of technological and non-technological innovation and also to increase the incentives for business by improvement of the business culture and the overall business environment. Another goal is to reduce the high energy and material demands of enterprises and to contribute to reducing the impact of the economy on the environment and climate change. The focus of the funding priority corresponds to TO 1, 3, and 4.

Sustainable infrastructure facilitating economy competitiveness and adequate territorial serviceability

Within this funding priority, the support from ESI Funds will be focused on the main deficiencies identified in Chapters “Transport Infrastructure” and “Accessibility/Mobility”, “ICT Infrastructure” and “Energy Infrastructure”. The aim is to extend the core transport network (TEN-T in particular) including ITS for roads, improvements of connecting the regions and centres of lower levels to the backbone infrastructure, to increase the level of rail interoperability and multimodality of transport as a whole, improve the transport infrastructure conditions and increase the attractiveness of public transport and non-motorized transport in cities, agglomerations and regions; further to increase the coverage of broadband Internet especially in rural areas, and to increase the supply of ICT services and then to increase the share of renewable energy resources on the consumption, modernize and increase the capacity of the transmission and distribution of electricity, reduce the heat energy losses in the distribution systems, and exploit the potential of combined production of electricity and heat. The specific direction of investments will reflect the defined development needs in the stated chapters. The focus of the funding priority corresponding to thematic objectives 2, 4 (energy savings, mitigation measures related to the climate change) and 7, which specify the expected results below.

Transparent and effective public administration with low administrative and regulatory burdens

The priority for funding reflects the main identified problems of the public administration in the Czech Republic and is based on the problem area of public administration. These include the high administrative costs, especially in the business activities, and a non-transparent and unstable regulatory environment. Other problems of public administration include its low expertise and its lack of transparency. These shortcomings result in a reduced efficiency (effectiveness) of public administration. The priority for funding is also focused on the completion of e-governance, the full commissioning and mutual communication of information registers and the overall development of the information systems of public administration, leading also to the increased frequency of computerised processes and services in public administration. Through funding of this priority, ESI Funds will contribute also to the development of specialized information systems for the needs of central and local public administration. The focus of the funding priority corresponds to TOs 2 and 11.

Social system encouraging the inclusion of socially excluded groups and combating poverty

The priority for funding is based on the problem area “Social Inclusion, Combating Poverty and Health Care System” specified in Chapter 1.1. In terms of the social system, the priority reflects especially the need to address the risks and consequences of unemployment and poverty, as well as to provide access to social services and to assist in the integration into social relations. The priority thus focuses on increasing the employability of socially excluded persons and persons at risk of poverty and social exclusion in the labour market. The priority is also aimed to provide an effective, affordable, sustainable and high-quality social services system. A specific feature that addresses this priority, lies in the issue of existence of socially excluded localities, including the prevention of their formation. The priority also reflects the need to ensure a high-quality and affordable health care, to address the prevention and promotion of healthy lifestyles, which is one of the prerequisites for an active participation of the population in the labour market, quality of life and reduction of social exclusion. The focus of the funding priority corresponds with TO 9.

Environmental and landscape protection, climate change adaptation and risk management

Within this funding priority, the support from ESI Funds will be focused on the main deficiencies identified in Chapters “Environmental Protection” and “Climate Change and Risk Management”. In the environmental area, the objective is primarily to reduce air pollution, improve water quality and improve waste management, further to reduce the energy intensity of urban areas, increase biodiversity and protection of landscape and ecosystems, increase the protection and quality of soil. In the area of climate change, the objective is to increase the adaptation of countryside and towns to the manifestations of climate change (semi-natural and technical measures, changes in the agricultural and forest management, measures related to adaptation to climate change to be included as part of other investments), as well as to improve various warning and response systems related to various disasters and especially natural disasters related to climate change. An important objective is also to improve the preparedness of IRS units for management of emergencies, related especially with climate change, as well as with anthropogenic and technologic risks. The specific direction of investments will reflect the defined development needs in the stated chapters (including the use of integrated approaches). The focus of the funding priorities corresponding to thematic objectives 4 (energy savings, hence the mitigation measures binding on the climate change), 5 (adaptation measures related to climate change and risk management) and 6, which specify the expected results below.

Break-down of the funding priorities in the thematic objectives is further subject to section 1.3 of the Agreement.

1.2 Sum of ex ante programme evaluations, or key findings in Partnership Agreement ex ante evaluations

An ex ante evaluation has been carried out by a subcontractor under the contract on public procurement on an ongoing basis with the processing of the Agreement. It took place in connection with the ex ante evaluation of programmes for the use of ESI Funds in a way that ensures mutual coordination and awareness of the key steps of the ongoing evaluations and their results.

1.2.1 Assessment of the contribution to the EU 2020 strategy, evaluation of appropriateness of the thematic objective and funding priorities selection

The evaluator found that the defined results for each of the thematic objectives contribute to the Europe 2020 Strategy or NRP. For the results of thematic objective 11, it was stated that they have no direct relation to the objectives of the Europe 2020 Strategy, because the document does not address the objectives in terms of public administration, however the topic of an effective and efficient public administration can be seen as a cross-cutting theme that contributes significantly to the objectives. A reservation was raised with respect to the main results of TO 5, which lacked the results aimed at promoting the adaptation to climate change (originally these were aimed only at improving the prevention and reduced environmental risks). TO 5 has been adjusted/elaborated in response to the ex ante evaluation. Strengthened measures included prevention actions, namely anti-flood protection and increasing the landscape retention ability and adapting the agriculture and forestry to anticipated climatic phenomena. Objectives of the mentioned areas have been reflected in the key results of the Agreement.

All the thematic objectives have been selected for support in the Czech Republic. Based on the identified development needs and defined funding priorities, which are well described in the analytical part of the Agreement, the ex ante evaluator considers this selection as relevant. There are links between the needs of development, funding priorities and all thematic objectives, to which the evaluator had only partial objections (in case of TO 2, TO 3, TO 6, TO 8 and TO 9 just minor objections). The evaluator did not recommend a different selection of thematic objectives, and despite all the objectives have been selected, it can be said that through the results and financial allocations, the priorities have been determined to fulfil the objectives of the Agreement.

In the evaluation the ex ante evaluator found that the selected thematic objectives were appropriately linked to the defined funding priorities. Objections were made in relation to an inconsistent treatment of the issue of inclusive education, which is addressed in the Agreement in both TO 9 and TO 10. The issue of inclusive education has been discussed later with the ex ante evaluator and the inclusive education has been included into TO 10 (TO 9 covers only specific needs, e.g. education of health professionals). The requirement for supplementing the priority title “High-quality education system (lifelong learning) to produce a qualified and adaptable labour force” with the word “inclusive” has not been met (priority approved by the Government), however, all the follow-up documents have adopted the amended wording.

1.2.2 Internal consistency of programmes and their relationship to the relevant EU and national programmes

Along with the evaluation of other listed areas, work has been coordinated with the ex ante evaluators of the individual programmes in terms of internal cohesion and relations to relevant EU and national programmes.

In accordance with requirements of the Partnership Agreement template a review of main conclusions of ex ante evaluations of the programmes in key areas is stated below:

- The assessed outputs of the ex ante evaluations confirmed that in principle all draft programmes comply with the contents of the strategy Europe 2020 with respect to objectives, priorities and flagship initiatives and identified key linkages of the programmes.

- The programmes' internal coherence and their relations to relevant EU and national instruments reflect the particular programme preparation stage and ex ante evaluators mostly did not raise any objections thereto. An exception refers to the OP Environment, where a need to enhance the linkage between the analytical and project parts has been identified. In this respect numerous follow-up amendments have been made to eliminate the mentioned deficiencies gradually.
- The assessed outputs from ex ante evaluations of OPs evaluate also the adequacy of the financial allocation in relation to targets and anticipated results. In most cases this aspect has been assessed without any major reservations. Substantial reservations have been expressed only with respect to OP Env. The evaluation identified over- or undervaluation of allocations for certain specific targets. The issue of financial allocation adequacy has been solved during the follow-up negotiations and amendments made to OP Env. Minor reservations have also been made with respect to IROP. These referred to the necessity to specify the submitted draft, a relevant specification has been made subsequently.
- The assessed outputs from ex ante evaluations of OPs contain also evaluations of consistence of the thematic objectives with the Council Recommendations, NRP and the Partnership Agreement, without any substantial reservations Minor objections have been raised only with respect to IROP due to a relatively loose linkage of the supported activities to the Position Document. These problem issues have thus been excluded from IROP or the range of supported activity groups has been restricted.

1.2.3 Consistency between financial allocations and objectives set in the programmes

In the evaluation of the distribution of aid under the thematic objectives, adequacy of relative distribution of weights of allocations between the different thematic objectives was assessed. The adequacy for the needs assessment was seen as a coherence of the trend in the allocation for the thematic objective (topic) between the periods 2007–2013 and the proposed allocation in 2014-2020, with the EU priorities and development needs and potential of the Czech Republic. The appropriateness of allocation to each of the thematic objectives was also assessed, expressed in absolute terms against the expected results, i.e. the definition of change that is to be achieved through allocation.

The evaluator has identified an increase in the allocation weights for thematic objectives 1, 2, 4, 8, 9 and 10. For other thematic objectives, the allocation weights remained unchanged or decreased. A large decline occurred mainly in TO 3. In most thematic objectives, the change in their allocation, expressed by adjusting the relative proportion of financial allocation for the current priorities of the EU, responded adequately to the developments in the key priority areas. The evaluator only suggested to consider increasing the percentage of the total allocation for thematic objective 11, highly useful in the Czech Republic. The proposed allocation of support by thematic objectives, Union priorities and programmes, corresponds in principle to the importance of identified needs and the potential and strategy of the Agreement.

The assessment further involved adequacy of allocations to the individual thematic objectives, expressed in absolute terms against the anticipated results. In this regard, the evaluator assessed the planned allocation for TO 2 as adequate, the allocation would achieve the declared results, probably with a slight reserve. Allocation for TO 9 is adequate to the expected results, but only if the focus is put on the actually needed interventions. The need for an effective way of using the allocation has been emphasised. The sum for TO 10 can be considered adequate or slightly underestimated, due to its importance for the knowledge-

based economic growth. The proposed allocation for TO 11 may be rather insufficient with regards to the extent of problems and needs, but even the allocation in this amount, with a proper management should act as a key catalyst to achieve results (assuming a strict definition of the purpose and the objectives of these interventions, increasing the amount for TO 11 could be recommended).

With respect to TOs 4, 5, 6, 7, assessed by the European Commission as the most complicated ones, the ex ante evaluator submitted the following comments (simultaneously also the recommendations by EC were considered and needs were repeatedly discussed with sector representatives), to which the entity submitting the Agreement responded by adjustments to allocations:

- TO 4 – Measures aimed at energy efficiency, where the Czech Republic shows particularly strong needs. Therefore the ex ante evaluator recommended to increase the allocation. After adjustment the relative weighting of the allocation increased by 2.4 percentage points. In the evaluator's opinion this weighting is adequate.
- TO 5 – This area shows an increasing risk rate. Compared to the first evaluated draft Agreement an increase had been recommended and subsequently accepted. After adjustment the relative weighting of the allocation has substantially increased in comparison to the currently assessed version and the ex ante evaluator considers it adequate now.
- TO 6 – The ex ante evaluator emphasized that the theme of environmental protection in the Czech Republic had been acquiring regional and local dimensions and certain significant national objectives had already been accomplished. Consequently, he recommended to reduce the proposed allocation in comparison to the first assessed version. The relative weighting of the allocation has decreased in comparison to the currently assessed version and the ex ante evaluator considers it adequate now.
- TO 7 – The ex ante evaluator concluded that actions in the transport sector include national reference roads, as well as regional and local ones. In comparison of programming periods the proposed allocation shows a slight downward trend, however, TO 7 remains the objective with the highest relative weighting. The ex ante evaluator considers the reduction of the TO 7 weighting as adequate.

For other thematic objectives (TO 1, TO 3, TO 4 and TO 8) allocations expressed in absolute amounts were deemed adequate to the needs as stated in the Agreement.

The achievement of the expected results under each thematic objectives was considered realistic given the projected financial allocation. Allocations were assessed as justified.

1.2.4 The consistency of the selected thematic objectives and key results with the Regulations and CSF and the Council Recommendations

The evaluator stated that the problems and needs identified in the Agreement were consistent with the problems and needs identified in the Europe 2020 Strategy, national strategies, NRPs, sectoral strategies and Country-Specific Council Recommendations. Minor objections were raised to a problem in the labour market area, as well as to the sectoral priority in the field of education in agriculture (problem area Education). An objection was defined also for the Research and Innovation System, where the evaluator saw an inherent contradiction in the identification of problems and needs concerning the building of a new infrastructure in Prague, or modernization of the existing one. The unclear wording has been amended and made more transparent. In addition, the evaluator recommended to add the Country-Specific Council Recommendation No. 5 to this area because the problem was linked to the mentioned

recommendation. The recommendation has been added accordingly. In the area of Social Inclusion, Combating Poverty and Health Care System the evaluator referred to partial discrepancies regarding the insufficient highlighting of some key aspects (the issue of interconnection of the social and health services to the social-health interface and inconsistent approach to the area of inclusive education).

Despite the above identified minor objections it can be stated that the problems and needs have been well identified in the Agreement and were consistent with the mentioned documents. Since the ex ante evaluation did not identify a significant discrepancy in the relation of needs to the expected results, it can be stated that these results are in fact consistent with the mentioned documents as well.

1.2.5 Involvement of partners

The evaluator commented positively to the involvement of partners in the process of drafting the Agreement under Article 5 of the Common Provisions Regulation. In the opinion of the evaluator, tools and platforms for the cooperation with partners can be considered as adequate and sufficient given the wide involvement of partners and their ability to participate in the preparation of the Agreement, or actively influence its preparation. In the process of preparation of the Partnership Agreement, prerequisites and mechanisms have been created and set up for the involvement of partners in the preparation, implementation and evaluation phases; prerequisites have been met to maintain the established partnerships.

1.3 Selected thematic objectives and a summary of main results expected in each fund and thematic objective

On the basis of the identified developmental needs and the defined funding priorities and in relation to the Position Paper and the National Reform Programme, all of the thematic objectives were selected for funding in the Czech Republic. Each of the thematic objectives represents a key element required for achieving the competitiveness of the Czech Republic and realising the objectives defined in the Europe 2020 Strategy and thus none of them can be overlooked. At the same time, in order to ensure improved focus on results and attaining critical mass, it is necessary to concentrate on key issues, which are reflected within the individual thematic objectives at the level of the individual investment priorities.

Selection of the thematic objective results from the identified problems and needs in the analytical part and the resulting funding priorities of the Czech Republic, the relevant objectives of the Europe 2020 Strategy, the country-specific Council recommendations and the related measures of the National Reform Programme (see the table 1-1 below)

Table 1-1: Justification for selection of thematic objectives based on problem areas, NRP, Europe 2020, Country-Specific Council Recommendations and financing priorities of the Czech Republic

Problem areas of the Agreement	Development needs:	NRP 2013	Objectives of the Europe 2020 Strategy	Country-specific recommendations of the Council 2014 ¹²⁶	Funding priorities in the Czech Republic	Thematic objectives from the Common Provisions Regulation
1. Competitiveness of the economy	<p>Growing rate of structural unemployment;</p> <p>Low dynamics of the system of labour qualification supplementing, enhancing and changing in the course of employment and the entire working life in order to adapt the labour offer to the changing demand;</p> <p>Insufficient quality of the education system at all levels, in particular in</p>	<p>4.2. The attractive business environment and infrastructure development for the Czech industry</p> <p>4.3. Functioning labour market, education system, and social inclusion</p> <p>4.4. Growth based on research and innovations.</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 R&D in particular by improving the conditions for R&D investment by the private sector, and develop a new indicator to track innovation.</p> <p>3. Reduce greenhouse gas emissions by at least 20%</p>	<p>Country-Specific Council Recommendation No.: 4.</p> <p>Country-Specific Council Recommendation No.: 5.</p> <p><i>Partially:</i></p> <p>Country-Specific Council Recommendation No.: 3.</p> <p>Country-Specific Council Recommendation No.: 6.</p>	<p>1. Efficient and effective employment services that will contribute to a higher employment rate, particularly of vulnerable groups.</p> <p>2. High-quality education system (lifelong learning) to produce a qualified and adaptable labour force.</p> <p>3. Research and innovation system based on a high-quality research interconnected with the</p>	<p>1. Strengthening research, technological development and innovation;</p> <p>3. Enhancing the competitiveness of SMEs, of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF);</p> <p>4. Supporting the shift towards a low-carbon economy in all sectors;</p> <p>8. Promoting sustainable and quality employment</p>

126 Country-Specific Council Recommendations:

3. Ensure the long-term sustainability of the public pension scheme, in particular by accelerating the increase of the statutory retirement age and by linking it more clearly to changes in life expectancy. Promote the employability of older workers and review the pension indexation mechanism. Adopt measures to significantly improve the cost-effectiveness and administration of health care, particularly hospital care.

4. Strengthen the efficiency and effectiveness of the public employment service, in particular by setting up a performance measurement system Increase participation of unemployed youth in individualised services. Increase considerably the availability of affordable and quality childcare facilities and services, with a focus on children up to three years old.

5. Ensure that the accreditation, governance and financing of higher education contribute to improving its quality and labour market relevance. Accelerate the development and introduction of a new methodology for evaluating research and allocating funding in view of increasing the share of performance-based funding of research institutions. In compulsory education, make the teaching profession more attractive, implement a comprehensive evaluation framework and support schools and pupils with poor outcomes. Increase the inclusiveness of education, in particular by promoting the participation of socially disadvantaged and Roma children in particular in early childhood education.

6. Accelerate the reform of regulated professions, focusing on the removal of unjustified and disproportionate requirements. Step up the efforts to improve energy efficiency in the economy.

7. In 2014, adopt and implement a Civil Service Act that will ensure a stable, efficient and professional state administration service. Speed up and substantially reinforce the fight against corruption by implementing the remaining legislative measures provided for in the anti-corruption strategy for 2013-2014 and by developing plans for the next period. Further improve the management of EU funds by simplifying implementing structures, improving capacity and tackling conflicts of interest. Increase transparency of public procurement and improve the implementation of public tenders by providing appropriate guidance and supervision.

Problem areas of the Agreement	Development needs:	NRP 2013	Objectives of the Europe 2020 Strategy	Country-specific recommendations of the Council 2014¹²⁶	Funding priorities in the Czech Republic	Thematic objectives from the Common Provisions Regulation
	<p>relation to education workers;</p> <p>Low information and result permeability rate between R&D&I and the society, including businesses;</p> <p>Low endogenous growth of businesses in the Czech Republic.</p>		<p>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>4. Reduce the share of early school leavers to 10% from the current 15% and increase the share of the population aged 30-34 having completed tertiary education from 31% to at least 40%.</p>		<p>application sphere and targeted at commercialisable results.</p> <p>4. Businesses that use R&D results, are competitive on the global market, and contribute to a low-carbon economy.</p>	<p>and supporting labour mobility;</p> <p>9. Promoting social inclusion, combating poverty and any discrimination.</p> <p>10. Investing in education, training and vocational training for skills and lifelong learning.</p>
2. Infrastructure	<p>Missing connections to TEN-T;</p> <p>Regional disparities due to insufficient networks – transport, ICT, power supply network;</p> <p>Insufficient capacity of transport networks in growing agglomerations;</p> <p>High energy intensity of the economy.</p>	4.2. The attractive business environment and infrastructure development for the Czech industry	3. 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.	<i>Partially:</i> Country-Specific Council Recommendation No.: 6.	5. Sustainable infrastructure facilitating economy competitiveness and adequate territorial serviceability.	<p>2. Enhancing access to, and use and quality of, ICT;</p> <p>4. Supporting the shift towards a low-carbon economy in all sectors;</p> <p>7. Promoting sustainable transport and removing bottlenecks in key network infrastructures.</p>
3. Public administration	<p>Excessive red tape and inefficiency of the legal system;</p> <p>Low transparency and high corruption;</p> <p>Incomplete and insufficient</p>	<p>4.1. Transparent and efficient public finance institutions</p> <p>4.2. The attractive business environment and infrastructure development</p>		<i>Partially:</i> Country-Specific Council Recommendation No.: 7.	6. Transparent and effective public administration with low administrative and regulatory burdens.	<p>2. Enhancing access to, and use and quality of, ICT;</p> <p>11. Enhancing institutional capacity of public authorities and stakeholders and efficient public</p>

Problem areas of the Agreement	Development needs:	NRP 2013	Objectives of the Europe 2020 Strategy	Country-specific recommendations of the Council 2014 ¹²⁶	Funding priorities in the Czech Republic	Thematic objectives from the Common Provisions Regulation
	<p>opening of communication channels from the public administration to the public through eGovernment;</p> <p>Insufficient preparedness of the public administration for extreme weather occurrences.</p>	for the Czech industry				administration.
4. Social inclusion, combating poverty and health care system	<p>Gradually increasing marginalization of certain population groups outside the labour market and the society;</p> <p>Deepening isolation of excluded locations with ghettoisation risks;</p> <p>Inadequate institutional framework for solving problems related to treatment and inclusion of the mentally ill, supported by higher incidence of psychiatric diagnoses.</p>	<p>4.2. The attractive business environment and infrastructure development for the Czech industry</p> <p>4.3. Functioning labour market, education system, and social inclusion</p>	5. Reduce the number of Europeans living below national poverty lines by 25%, lifting 20 million people out of poverty.	<p><i>Partially:</i></p> <p>Country-Specific Council Recommendation No.: 3.</p> <p>Country-Specific Council Recommendation No.: 4.</p> <p>Country-Specific Council Recommendation No.: 5.</p>	7. Social system encouraging the inclusion of socially excluded groups and combating poverty.	9. Promoting social inclusion, combating poverty and any discrimination.
5. Environment	<p>Pollution of the environment elements – air, water, soil, biosphere;</p> <p>High natural resource intensity of the economy;</p> <p>Insufficient protection of natural resources – soil, water, biosphere, air;</p> <p>Low utilization of cultural</p>	4.2. An attractive business environment and infrastructure development for the Czech industry.	3. 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><i>Partially:</i></p> <p>Country-Specific Council Recommendation No.: 6.</p>	8. Environmental and landscape protection, climate change adaptation and risk management.	<p>4. Supporting the shift towards a low-carbon economy in all sectors;</p> <p>5. Promoting climate change adaptation, risk prevention and management;</p> <p>6. Preserving and protecting the environment and promoting resource</p>

Problem areas of the Agreement	Development needs:	NRP 2013	Objectives of the Europe 2020 Strategy	Country-specific recommendations of the Council 2014¹²⁶	Funding priorities in the Czech Republic	Thematic objectives from the Common Provisions Regulation
	<p>and natural heritage for sustainable development of regions;</p> <p>High carbon intensity of the economy and insufficient adaptation measures prepared.</p>					<p>efficiency.</p>

The main results that should be achieved with the help of funding from the ESI Funds are specified below for each of the thematic objectives. These results represent the main changes that should be implemented during the 2014-2020 programming period. The ESI Fund(s), which will be used to attain each of the co-financed results, is/are specified for each result. The level of change is qualitatively expressed through the specification of trends. This level will be quantified in the appropriate cases during the next phase of the preparations for the Partnership Agreement.

TO 1

Fund	Major results
ERDF	<ul style="list-style-type: none"> • Improved quality of research and its greater focus on the benefits for practice and for society, including increased international openness of public research <ul style="list-style-type: none"> ○ Increased number of professional publication outputs (with higher citation rate), patents granted, and the number of international patent applications (PCT). ○ Increased output of research oriented on solving socio-economic needs. ○ Enhanced internationalization of the academic sphere in the Czech Republic – increased participation in the international research teams, more foreign researchers, researchers with greater international experience, and senior researchers with experience from abroad. ○ Improved quality of research management at the national and institutional level in relation to the excellence and practical application of results in practice. • Increased contribution of research and development to competitiveness <ul style="list-style-type: none"> ○ Increased offer of high-quality R&D results with application potential and the number of results completed to the stage of application and innovation. ○ Introduction and improvement of the quality of services to support technology transfers and commercialization of research results. ○ Increase in demand for innovation in the public sector. ○ Increase in innovative performance in individual sectors by developing clusters and networks that can develop the process of intelligent specialisation. • Increased number of companies capable of an international technological competition in their field of business <ul style="list-style-type: none"> ○ Strengthened internal innovative capacities of companies (including companies with more than 250 employees through the development of industrial research). ○ Increased innovation activities of companies including innovation in low-tech fields, i.e. based on the application and adaptation of modern technologies (including KET) for use in traditional fields. ○ Increased investments of enterprises in eco-innovations. ○ Increased multilateral cooperation (business-to-business and business-to-academy) in research, development and

	<p>innovation, including the increased application of principles of open-innovation to the innovation management in companies.</p> <ul style="list-style-type: none"> ○ Increased demand for IPR protection and improvement of the competence of SMEs in this area. ○ Increased offer of venture capital investments.
EAFRD	<ul style="list-style-type: none"> • Strengthened links between agriculture, food production, forestry and research during the implementation and sharing of innovations through advisory services and various forms of cooperation • Higher number of different forms of cooperation (incl. EIP operational groups)

TO 2

Fund	Major results
ERDF	<ul style="list-style-type: none"> • Improved access to, use and quality of ICT technologies <ul style="list-style-type: none"> ○ Improved quality and infrastructure for high-speed internet access (allowing transmission speeds of 30 Mbit/s for all residents and 100 Mbit/s for at least half of the households by 2020). ○ Enhanced creation (development) and operation of ICT applications and services, including shared services, covering construction and upgrade of data centres. • Strengthened computerization of public administration <ul style="list-style-type: none"> ○ Completion of further expansion and interconnection of data fund of public administration and its use on the principle of sharing the once captured data (e.g. e-Procurement, tax administration, eHealth, eJustice, eCulture), by introduction of a so-called full electronic filing, creating a system of electronic identification and authentication. ○ Development, integration and unification of information and communication systems for the specific needs of public administration. ○ Creation of data centres and data networking infrastructure of public administration, including cloud solutions. ○ Implementation of tools that support intelligent publishing of data on the principle of “open data”, to simplify access of the citizens to the public administration information, conversion and long-term storage of documents. • Increased security of information systems in public administration <ul style="list-style-type: none"> ○ Providing the public authorities with the equipment for the purposes of protection of the ICT infrastructure to ensure a controlled and secured data sharing and storing within the public administration in accordance with the standards of cyber security.

TO 3

Fund	Major results
ERDF	<ul style="list-style-type: none"> • Increased number of new companies, especially in knowledge-

	<p>intensive areas</p> <ul style="list-style-type: none"> ○ Increased number of people starting their own business. ○ Substantial improvement in the quality and extending the range of specialized consulting services for both new entrepreneurs and existing businesses, thus supporting the transition of the existing companies to a more knowledge-intensive business. ○ Increased sustainability of support to SMEs by enhanced use of recoverable financial instruments, including venture capital and other sources of external funding for start-ups and growing businesses. Enhanced non-technical competencies of companies, especially higher quality of management and effectiveness of strategic processes (marketing, innovation management, knowledge of the international environment). ○ Increased availability of business infrastructure to enable the transition to an innovative production with a high added value. ○ Improved conditions for development of rural enterprises in accordance with the above stated (except for sectors covered by EAFRD and EMFF), provided that in rural areas the support shall not be primarily targeted at knowledge-intensive areas. ○ Improved image of entrepreneurship and entrepreneurs in the society.
EAFRD	<ul style="list-style-type: none"> ● Cooperation of parties involved in the research and development, non-governmental organisations and other parties active in agriculture, food processing and forestry, and entrepreneurs when implementing innovations – development of new products, processes and technologies and their application in practice ● Increased competitiveness of agricultural, food processing and forestry companies through the improvement of individual factors influencing competitiveness: <ul style="list-style-type: none"> ○ Consolidation of ownership of soil through the implementation of land consolidation ○ Increased performance of agriculture, food processing and forestry companies by investing into technology, machinery and construction ○ Increased added value of agricultural production by support to advanced technology ○ Enhanced provision of above-standard animal welfare and promoting production of such farms and higher awareness of possibilities and benefits of such production methods. ○ Improved use of resources by supporting good quality technology equipment (enabling energy savings etc.) ○ Improved market organisation and higher focus on quality, innovation, transfer of the latest knowledge into practice, better management of agricultural, food processing and forestry companies. ○ Improved forestry infrastructure (in particular the density of forest roads). ● Stopped unfavourable development of the age structure of people

	employed in agriculture by supporting young farmers.
EMFF	<ul style="list-style-type: none"> • Improved management and greater efficiency of strategic processes (management, marketing, innovation management) in the supported companies. • Higher competitiveness of aquaculture.

TO 4

Fund	Major results
ERDF	<ul style="list-style-type: none"> • The shift towards a low-carbon economy <ul style="list-style-type: none"> ○ Increased share of production / consumption of energy from renewable sources. ○ Reducing the energy intensity of buildings (including the sectors of housing, and public and commercial buildings). ○ Reducing energy intensity or increasing the energy efficiency of production and technological processes especially in industry or services. ○ Modernisation of energy distribution, emphasising power engineering and supporting the development of smart grids. ○ Modernization of centralized thermal energy supply systems, modernization and development of the resources of the combined production of electricity and heat.
CF	<ul style="list-style-type: none"> • Reduced energy intensity of buildings (including the sectors of housing, and public and commercial buildings).
EAFRD	<ul style="list-style-type: none"> • Increased share of production / consumption of energy from renewable sources. • Reduced energy intensity or increased energy efficiency of agricultural production and technology processes (a side effect of intervention TO 2 focused on increasing the competitiveness of enterprise). • Improved carbon capture in agriculture and forestry by using suitable methods of management, or by changing the landscape cover and soil and biomass carbon sequestration.

TO 5

Fund	Major results
ERDF	<ul style="list-style-type: none"> • Improved prevention and reduced environmental risks <ul style="list-style-type: none"> ○ Reduced environmental risks and development of risk management systems. ○ Increased adaptive capacity in urban areas. • Increased readiness and resilience of the territory in terms of climate change adaptation, risk prevention and management <ul style="list-style-type: none"> ○ Improved readiness (training) and ensured resilience and adequate deployment and corresponding facilities (IRS) across the territory.
CF	<ul style="list-style-type: none"> • Improved prevention and reduced environmental risks <ul style="list-style-type: none"> ○ Removing and inventory taking of environmental burdens. • Provided flood protection, based primarily on increasing the water retention capacity of the landscape and slowing down the natural

	<p>outflow rate of water, including in the agriculture and aquaculture sectors, as the main factor leading to flooding; and implemented additional anti-flood measures, including those of a technical nature.</p>
EAFRD	<ul style="list-style-type: none"> • Adaptation of agriculture and forestry to the expected climatic phenomena. • Increasing the potential of agricultural and forest ecosystems, minimizing adverse climatic change impacts by efficient use of water and retaining water in the landscape, preventing water and wind erosion and suitable grass management methods. • Anti-flood protection based, in particular, on increasing the retention ability of the landscape, slowing down natural draining of water by using suitable agri-environmental and climatic operations, and mitigation and adaptation measures in forests (prevention, renewal, strengthening health).

TO 6

Fund	Major results
ERDF	<ul style="list-style-type: none"> • Increased efficiency of environmental protection and efficient use of resources <ul style="list-style-type: none"> ○ Increasing nature and landscape protection through strengthening its ecological stability by increasing biodiversity, reducing landscape fragmentation and implementing appropriate measures for agriculture and aquaculture. • Improvement and modernisation of public infrastructure to make natural and cultural heritage accessible, streamlining the presentation of cultural values and natural heritage, and strengthening its protection and development through investments in appropriate use.
CF	<ul style="list-style-type: none"> • Higher protection of water sources, modernized water management systems, and provision of sufficient sources of drinking water for industry, power generation and farming. • Increased efficiency of wastewater management with emphasis on small settlements, and reduced agricultural water pollution. • Reduced air pollution by hazardous substances, mainly in the most affected regions. • Improved waste management in accordance with the waste management hierarchy as defined in the Framework Directive, with emphasis placed on intensity of use of waste landfills.
EAFRD	<ul style="list-style-type: none"> • Reduced agricultural water pollution caused by washed out nutrients, pesticides and arable soil. Application of suitable methods of management in the areas threatened by erosion, protected water sources and areas sensitive to nitrates. • Increased protection of the countryside and landscape, increasing permeability of the countryside, strengthening its ecological stability, maintaining biodiversity using suitable agri-environmental and climatic operations and environmental measures in forests. • Improved soil protection against erosion and degradation, primarily in the case of agricultural land by using sensitive management methods. Strengthened retention ability of the landscape/soil.

	<ul style="list-style-type: none"> • Enhanced health and resilience of forests achieved by revitalising growth covers in the emission areas and improving the quality of seeds. • Strengthened prevention of abandonment of land in areas with natural constraints, including the prevention of degradation of valuable habitats and increasing the aesthetic value of the landscape. • Support to environmentally friendly management systems.
EMFF	<ul style="list-style-type: none"> • Increased protection of nature and landscape by strengthening its ecological stability with enhanced biodiversity and appropriate measures in the field of aquaculture. • Reduced energy demands of technological processes in aquaculture.

TO 7

Fund	Major results
ERDF	<ul style="list-style-type: none"> • Extended and improved infrastructure outside the TEN-T and promoted development of sustainable transport <ul style="list-style-type: none"> ○ Development of road network of national importance in addition to TEN-T, including ITS. ○ Increased availability of lower-level settlements by improving their connections to TEN-T (regional road network). ○ Development of low-carbon integrated public transport systems at the level of towns and agglomerations, based on rail transport, including the modernisation of the public transport vehicle fleet with emphasis placed on reducing the volume of emissions and decreasing energy demands, development of leisure transport and bicycle transport. ○ Higher share of the use of alternative energy sources in transport. ○ Strengthened energy security of the energy transmission network
CF	<ul style="list-style-type: none"> • Extended and improved transport infrastructure outside the TEN-T and promoted development of sustainable transport <ul style="list-style-type: none"> ○ Development of TEN-T (railway, road and inland waterway networks) including ITS and infrastructure for alternative fuels. ○ Development of railway network outside TEN-T. ○ Appropriate conditions for the use of multimodal transport, with priority given to the TEN-T network, and ensuring the interoperability of the Czech rail system, also with priority given to the TEN-T network, increasing the safety of the rail transport outside the TEN-T network. ○ Development of low-carbon integrated public transport systems at the level of towns and agglomerations, which are founded on rail transport, including the modernisation of the public transport vehicle fleet with emphasis placed on reducing the volume of emissions and decreasing energy demands.

TO 8

Fund	Major results
ESF	<ul style="list-style-type: none"> • Increased employment of difficult-to-employ groups of people through greater efficiency of public employment services <ul style="list-style-type: none"> ○ Increased relevance of ALMP instruments for providing high-quality individual and comprehensive employment services. ○ Accessible and high-quality employment services of the Labour Office in the appropriate range, mainly for hard-to-employ groups of people. ○ Increased participation in FE of adults most at risk of unemployment and loss of employment. • Greater adaptability of employees and better employability of job seekers due to a better match between knowledge and skills of the workforce and the labour market requirements <ul style="list-style-type: none"> ○ Improved quality of further education (formal and informal) according to needs of the labour market, leading to a higher adaptability and better employability of participants in the labour market. ○ Increased participation of people in quality FE, which is in line with the labour market needs. ○ Improvement and effective implementation of career guidance (for adults), introduction of an instrument for labour market analysis and prediction and their effective use for matching the educational offer with the needs of employers. ○ Increased offer of work placements in companies. • Better conditions for reconciling private and professional life, and equality of women in the labour market <ul style="list-style-type: none"> ○ Increased offer and use of flexible forms of work. ○ Increased offer of affordable, quality facilities for pre-school childcare, especially for children under 3 years of age. ○ Increased number of employers practising the principles of equal opportunities for women and men in employment. ○ Increased participation of men in childcare and care for other dependent persons. • Increased cooperation among key actors in the labour market, implementation of synergistic measures increasing the employment
EAFRD	<ul style="list-style-type: none"> • Increased share of farms that diversified their activities by starting, or developing non-agricultural activities. <ul style="list-style-type: none"> ○ Ensured sufficient initial investments and operating capital for agri-tourism enterprises and the production of moulded biofuel. • Job creation in rural areas by supporting diversification of agricultural enterprises

TO 9

Fund	Major results
ESF	<ul style="list-style-type: none"> • Increased employability and employment of socially excluded people (at risk of social exclusion) on the market <ul style="list-style-type: none"> ○ Implemented and used comprehensive employment programmes targeting people at risk of poverty and social exclusion. ○ Created and applied employment services providing “tailored made services” to the socially excluded (vulnerable) groups of the population. ○ Mobilisation of persons at risk of poverty and social exclusion to enter the labour market. ○ Conditions have been created to create new jobs for people who are disadvantaged on the labour market. ○ Employment service staffs are better prepared to work with socially excluded groups of people/better links between social and employment integration. • Increased application of inclusive education to develop personal potential of children and students with special educational needs. • Reduced number of excluded locations and the number of people living in these locations <ul style="list-style-type: none"> ○ Implemented support tools for collaboration / partnerships of actors at the local level (regions, municipalities, social partners, etc.). ○ Better accessibility and more intensive use of specific instruments (including preventive ones) for integrated management of the problem of socially excluded locations, combining support to employment, education, housing and health, including preventive tools. ○ Available community social care. ○ Introduction of a comprehensive approach to support the socially disadvantaged families with the aim of integrating children into mainstream education. ○ Increased application of inclusive education to develop personal potential of children and students in municipalities with excluded locations. ○ Mobilisation of persons at risk of poverty and social exclusion to complete their education, enter the labour market and integrate into the society. • Improved availability of social housing <ul style="list-style-type: none"> ○ Higher connectivity and throughput of social housing and social services (including health care). • Improved availability and definition of social services for the target groups <ul style="list-style-type: none"> ○ Good quality and available programmes of social prevention and social services that are in shortage, social counselling and health care. ○ Social workers providing services (social and health) and working in public administration are better educated.

	<ul style="list-style-type: none"> ○ New models of community social services of general interest have been created. ○ Better cooperation of social service providers aimed at social inclusion at the local level. ○ Developed standardization of activities in social services (services for families and children, etc.). ● Better conditions and a developed system of social entrepreneurship <ul style="list-style-type: none"> ○ Improved accessibility of motivation, counselling and support services for the development and sustainability of social entrepreneurship. ○ Increased awareness, cooperation and education in the field of social entrepreneurship. ● Adopted measures to improve the health condition of the population <ul style="list-style-type: none"> ○ Reducing costs in the health care system by promoting healthy lifestyle options, targeted at key risk factors in the society. ○ Reducing the threat of poverty, discrimination and social exclusion due to poor health. ○ Support to social inclusion of the groups at risk, including the Roma population, by specific interventions to promote a healthy lifestyle of the population in excluded areas. ○ Implementing new community services in the sphere of mental health care. ○ Better education of health personnel in relation to the modernization of psychiatric care and taking into account the ageing of the population.
ERDF	<ul style="list-style-type: none"> ● Reduced number of excluded locations and the number of people living in these locations <ul style="list-style-type: none"> ○ Created facilities for new integration and community centres. ○ Emergence of new and development of existing business activities in the field of social entrepreneurship. ○ Optimizing the coverage of the territory by social services. ● Improved availability of social housing <ul style="list-style-type: none"> ○ Created social infrastructure, leading to the reduction of inequalities (e.g. facilities for crisis stays of socially excluded persons and families). ○ Better offer of social housing (with individually adjustable supplementary services and with possible support through the social work). ● Improved availability and definition of social services for the target groups <ul style="list-style-type: none"> ○ Increased capacity of the supported social services (including the follow-up ones) for the target population groups. ○ Increased availability and effectiveness of outpatient and residential services and low-threshold, cultural and community centres providing integration services. ○ Enhanced capacity of community-based social services to promote social inclusion. ○ Transformed and deinstitutionalized services in the social

	<p>field.</p> <ul style="list-style-type: none"> • Better conditions and a developed system of social entrepreneurship <ul style="list-style-type: none"> ○ Increased number of social enterprises and the jobs created by them. ○ Expanded and upgraded social enterprise facilities leading to the reduction of unemployment, and promoting social inclusion. • Adopted measures to improve the health condition of the population <ul style="list-style-type: none"> ○ Regionally more accessible and modernized infrastructure of providers of highly specialized and follow-up care through investments in defined health care centres according to specific needs in regions. ○ Created possibilities to release acute care capacities for the benefit of long-term care and for further increase in the system's efficiency. ○ Enhanced de-institutionalization of the psychiatric care and support for the mentally ill to return to the labour market.
EAFRD	<ul style="list-style-type: none"> • Strengthened local development in rural areas with the involvement of local communities. <ul style="list-style-type: none"> ○ Strengthened local development co-operation – activities of local action groups. • Verification and possible implementation of pilot social enterprises in agriculture

TO 10

Fund	Major results
ERDF	<ul style="list-style-type: none"> • Ensured sufficient capacities of affordable childcare facilities, especially for children up to 3 years of age, including a sufficient capacity of top-quality pre-school education. • Modern premises and equipment of schools (at all levels) and educational institutions to enable equal access to quality education; investments will be exclusively targeted at: <ul style="list-style-type: none"> ○ Modifications and provision of equipment into schools, to allow greater involvement of pupils and students with SEN. ○ Development of expert and transferable competences (adaptation of premises and provision of modern equipment, cooperation with employers etc.) ○ Ensuring an equal access to a good quality educational infrastructure.
ESF	<ul style="list-style-type: none"> • Improved quality of initial education with an impact on the higher employability of graduates on the labour market <ul style="list-style-type: none"> ○ Improved quality of school education staff through a better undergraduate training, methodological support for the development of key competences of pupils, and through the creation and implementation of a motivating career system. ○ Improved quality of senior staff managing schools. ○ Completed and effective use of a comprehensive system of

	<p>evaluation in the initial education.</p> <ul style="list-style-type: none"> ○ Improved skills of children and students in the field of key competencies, as shown by international comparisons, with the impact on higher employability and success in life. ○ Increased ability of schools to provide adult education. ○ Increased quality and sufficient openness of pre-primary education facilities. <ul style="list-style-type: none"> ● Development of inclusive education and individual approach <ul style="list-style-type: none"> ○ Improved openness of the educational system at all levels for children and students with disabilities and those who come from a handicapped socio-economic environment, including Roma children and students. ○ Increased ability of the education system to develop the individual potential of each child, pupil and student. ● Increased employability of graduates on the labour market <ul style="list-style-type: none"> ○ Increased relevance of programmes offered by secondary and secondary vocational education to meet employers' needs. ○ Strengthened long-term employability of graduates on the labour market through the development of their transferrable, professional and practical skills. ○ Increased interest of children and youth in the technical and scientific fields. ○ Improved quality and effective use of career guidance in schools. ● Improved quality of universities which will also improve their ranking in the international rankings <ul style="list-style-type: none"> ○ Universities are profiling themselves based on their strengths. ○ Improved quality of research at universities, including the strengthening of cooperation with the application industry. ○ Increased cooperation between universities and employers, including the inclusion of practical experience to the study. ○ Introduction of uniform standards for internal and external quality assessment of universities. ○ Increased number of foreign students, teachers and researchers in universities, increasing the share of domestic students with international experience. ○ Increased participation of disadvantaged students at universities. ○ Reduced rate of study failures at universities. ○ Increased range of skills, knowledge, and skills of human resources for research, development and innovation, including the management of research, development and innovation
EAFRD	<ul style="list-style-type: none"> ● Increased qualification of workers in agriculture, forestry and food industry ● Availability of professional information in particular with regard to the efficient use of natural resources, climate change adaptation and mitigation, food security, increasing productivity and the education of agricultural workers in these areas.

TO 11

Fund	Major results
ERDF	<ul style="list-style-type: none"> • Increased efficiency and effectiveness of public administration <ul style="list-style-type: none"> ○ Increasing the quality of territorial preparation of investments by supporting the acquisition and application of territorial development documents.
ESF	<ul style="list-style-type: none"> • Increased efficiency of public administration <ul style="list-style-type: none"> ○ Reduction in the net regulatory burden by setting the system tools for objective and independent ex ante and ex post assessment of impacts of legal regulation. ○ Reducing the net administrative burden for citizens and businesses in all agendas of public administration through the creation and development of public service standards or developing a methodology for measuring the administrative burdens. ○ Depoliticisation, professionalization of state administration through the implementation of the Civil Service Act. ○ Establishing the processes for quality management in public administration. ○ Optimizing the processes in public administration, including justice, with an emphasis on stabilization of public budgets or removal of duplicate agendas, setting effective control mechanisms. ○ More efficient judiciary through strengthening analytical and legislative activities, rationalisation of court proceedings, increasing the efficiency of alternative punishment and the efficiency of measures addressing the issue of recidivism. ○ Improving the conceptual and strategic management in public administration, including the introduction of modern analytical and evaluation tools in public administration. • Increased expertise of public administration <ul style="list-style-type: none"> ○ Introduction of modern management methods and the development of human resources in public administration (especially developing and improving the qualifications of the workforce in the public sector including justice, de-politicization of public administration, ensuring its stability and reducing the turnover, in accordance with the effective and implemented Civil Service Act). • Increased transparency of public administration <ul style="list-style-type: none"> ○ Reducing the opportunities for corruption in public administration through continuing education, promoting civic participation, introducing the CIA tool (corruption impact assessment). ○ Adoption and implementation of legislative provisions on transparency of public administration (e.g. public procurement) and official executive regulations of the Directorate General for Civil Service. ○ Strengthening the communication and increasing the transparency of public administration towards the public, e.g.

	<p>through reinforcing the principles of open government, and intelligent data publishing on the principle of "open data".</p> <ul style="list-style-type: none"> ○ Increase in the use of eGovernment services by citizens and businesses / entrepreneurs.
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The implementation of ESI Funds programmes will be directed to the achievement of the selected thematic objectives. The table below shows the respective programmes which contribute to respective thematic objectives.

TO	Funds	Programmes fulfilling the TOs
TO1	ERDF, EAFRD	OP Enterprise and Innovation for Competitiveness OP Research, Development and Education OP Prague - Growth Pole of the Czech Republic Rural Development Programme
TO2	ERDF	OP Enterprise and Innovation for Competitiveness Integrated Regional Operational Programme
TO3	ERDF, EMFF, EAFRD	OP Enterprise and Innovation for Competitiveness OP Fisheries Rural Development Programme
TO 4	ERDF, CF, EAFRD	OP Enterprise and Innovation for Competitiveness OP Environment Integrated Regional Operational Programme OP Prague - Growth Pole of the Czech Republic Rural Development Programme
TO 5	ERDF, CF, EAFRD	OP Environment Integrated Regional Operational Programme Rural Development Programme
TO 6	ERDF, CF, EMFF, EAFRD	OP Environment Integrated Regional Operational Programme OP Fisheries Rural Development Programme
TO 7	ERDF, Cohesion Fund	OP Transport OP Enterprise and Innovation for Competitiveness Integrated Regional Operational Programme
TO 8	ERDF, ESF, EAFRD	OP Employment OP Prague - Growth Pole of the Czech Republic Rural Development Programme
TO 9	ESF, ERDF, EAFRD	OP Employment OP Research, Development and Education Integrated Regional Operational Programme OP Prague - Growth Pole of the Czech Republic Rural Development Programme
TO 10	ESF, ERDF, EAFRD	OP Research, Development and Education Integrated Regional Operational Programme OP Prague - Growth Pole of the Czech Republic Rural Development Programme
TO 11	ERDF, ESF	OP Employment Integrated Regional Operational Programme

1.4 Indicative Union aid allocation by thematic objective at national level for each fund, and total indicative aid amount expected for the climate change related objectives

The indicative allocation is based on the national envelope and structures the funds according to the categories required. Experience with absorption capacity from the programming period 2007–2013 also played a role in allocating funds, and the minimum critical intervention volume was also taken into account. The urgency of solving the problem, the total costs necessary to eliminate it and the effectiveness of the spent funds was also taken into account.

1.4.1 Union aid indicative allocation by thematic objective for each ESI Fund

Table 1-2 shows that the Czech Republic fulfils the legally imposed requirements on the thematic concentration. ERDF allocation to thematic objectives 1-4 exceeds the required 50% by 2.38 percentage points, the allocation to thematic objective 4 exceeds the minimum value of 12% by 2.41 percentage points. The minimum requirement for the ESF allocation in thematic objective 9 is exceeded by 23.91 percentage points.

The values for Prague as a developed region arise from the internal arrangement of OP Prague - Growth Pole of the Czech Republic.

Table 1-2: Indicative distribution of the Union aid by thematic objective at national level for each ESI Fund (thousands of EUR)(The total aid from the Union including the performance reserve)

	ERDF	ESF	CF	EAFRD	EMFF	Total
1. Strengthening research, technological development and innovation;	2,421,050,980	0	0	85,568,023	0	2,506,619,003
2. Enhancing access to, and use and quality of ICT	1,025,806,133	0	0	0	0	1,025,806,133
3. Enhancing competitiveness of SMEs	892,130,143	0	0	428,544,298	21,198,975	1,341,873,416
4. Supporting the shift towards low-carbon economy in all sectors	1,720,569,475	0	509,626,952	17,037,110	0	2,247,233,537
5. Promoting climate change adaptation, risk prevention and management;	173,640,003	0	453,242,155	724,001,865	0	1,350,884,023
6. Preserving and protecting the environment and promoting resource efficiency.	777,013,397	0	1,205,075,137	724,001,865	8,201,740	2,714,292,139
7. Promotion of sustainable transport and removing of obstacles in the key network infrastructures.	2,519,745,264	0	3,723,015,754	0	0	6,242,761,018
8. Promoting sustainable and quality employment and supporting labour mobility	6,652,474	1,283,683,716	0	58,166,870	0	1,348,503,060
9. Promoting social inclusion and combating poverty.	1,037,378,062	1,512,161,471	0	108,516,702	0	2,658,056,235
10. Investing in education, training and vocational training for skills, and in lifelong learning.	899,317,340	428,757,043	0	1,997,263	0	1,330,071,646
11. Enhancing institutional capacity of public authorities and stakeholders and efficient public administration.	94,506,295	112,595,903	0	0	0	207,102,198

	ERDF	ESF	CF	EAFRD	EMFF	Total
Technical assistance.	372,880,065	92,805,105	367,965,724	22,500,000	1,707,300	857,858,194
TOTAL	11,940,689,631	3,430,003,238	6,258,925,722	2,170,333,996¹²⁷	31,108,015	23,831,060,602

127 Including the allocation for commitments from the 2007-2013 programming period for the RDP measure "Premature termination of farming" (code 113) at EUR 15 mil.

1.4.2 Information on the Youth Employment Initiative, which relates to thematic objective 8 "Promoting sustainable and quality employment and supporting labour mobility"

Pursuant to Article 18 of the ESF Regulation, the Youth Employment Initiative (YEI) is included in ESF programming. Therefore, funds that the Czech Republic will receive under the Youth Employment Initiative will be included in the OP Emp, under a separate investment priority. In line with the eligibility criterion, the YEI will be implemented in the Czech Republic in the NUTS 2 region Northwest where the unemployment rate of persons aged 15-24 reached 28.2% in 2012. The supported investment will contribute to reducing the high unemployment rate among young people in the said region, and to achieving the objective of reducing the unemployment rate of young people to the target value of 12.3% in the Czech Republic, laid down in the National Reform Programme.

The YEI target group includes people under 30 who are not employed or enrolled in training or vocational training (including the non-active and the long-term unemployed) regardless of whether they are registered in the Labour Office as job applicants or not. In accordance with the implementation plan for the Youth Guarantee programme, interventions will be directed towards a more focused targeting of the employment policy on young people, towards support for gaining practical experience and first job experience, to ensuring higher relevance of the school-leavers' competences to the needs of employers and to supporting the creation of jobs for young people.

The fact that the Youth Employment Initiative will be implemented under the OP Emp with the involvement of the same entities that will implement similar ESF interventions will fully ensure utilization of complementarity with ESF interventions to support youth employment in the Czech Republic's regions ineligible for support from the YEI (all but NUTS 2 Northwest).

The basic framework for YEI implementation in the Czech Republic is the Implementation Plan for the Youth Guarantee programme. Its current version dated April 2014 was prepared on the basis of European Commission observations which the Czech Republic received on the document. The current version is available at <http://portal.mpsv.cz/sz/politikazamest/zarpromla>.

Table 1-3: Information on the Youth Employment Initiative, which relates to thematic objective 8 "Promoting sustainable and quality employment and supporting labour mobility"

Specific allocation to the YEI	(in EUR) 13,599,984 (EUR)
Corresponding support from the ESF	(in EUR) 13,599 (EUR)

1.4.3 Share of ESF in structural funds (ERDF and ESF)

As shown in table 1-4 below, the Czech Republic fulfils the legislative requirement on the minimum share of ESF.

Table 1-4: Share of ESF in structural funds (ERDF and ESF) (Article 92 and Annex IX of the Common Provisions Regulation)

The share of ESF in the Structural Funds (ESF and ERDF) in the operational programmes for the region of objectives Convergence and Regional competitiveness and employment in the programming period 2007-2013	21.4 %
Corresponding support from the ESF	22.1 %

The share of ESF in the structural fund resources in the programming period 2014-2020	22.32 %
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1.4.4 Information about the allocation to technical assistance according to the Region category, where appropriate

As shown in table 1-5 below, the Czech Republic fulfils the legislative requirements on maximum representation of the Technical Assistance component.

Table 1-5: Information about the allocation to technical assistance according to the Region category, where appropriate

Fund	Region category, where appropriate	Allocation on technical assistance (EUR)	The share of technical assistance in the total allocation (by funds and by the Region category, where applicable)
ERDF	Less developed regions	365,187,036	3.13 %
	Transition regions	not relevant for the Czech Republic	not relevant for the Czech Republic
	More developed regions	7,693,029	2.86 %
ESF	Less developed regions	78,941,229	2.50 %
	Transition regions	not relevant for the Czech Republic	not relevant for the Czech Republic
	More developed regions	13,863,876	5.00 %
Cohesion Fund	non applicable	367,965,724	5.88 %
EAFRD	non applicable	22,500,000	1.04 %
EMFF	non applicable	1,707,300	5.49 %

1.4.5 Indicative contribution to the climate change objective (The total aid from the Union including the performance reserve)

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 %.

According to Article 8 of the Common Provisions Regulation, the interventions receiving aid from the ESI Funds should contribute to sustainable development. In terms of sustainable development, the cohesion policy support 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 to 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

Indicative contribution to the climate change objectives will be added after the discussion on allocations.

The total indicative amount of EU support for the objective Climate Change (EUR) (total aid from the Union including the performance reserve) is estimated as follows:

EUR 3 814 212 850 – only for ERDF, ESF and CF,

EUR 5,334,390,848 (24.31%) – ESI Funds

1.5 Application of horizontal principles and targets for implementing the funds

1.5.1 Securing the partnership principle

The preparation stage of the Partnership Agreement and the programmes for the 2014-2040 programming period

In setting the partnership principle, the Czech Republic relied on the experience gained in the preparation and implementation of the pre-accession instruments and programming periods 2004-2006 and 2007-2013.

The partners have been involved in the preparation of the programming period 2014 - 2020 from the start of the overall preparation when the NDP was defined, i.e. since 2010. The discussion on establishing the principles for the programming period 2014-2020 and defining the requirements on the content and the implementation system of ESI Funds made use of **the platforms designed for discussing the implementation of the programming period 2007–2013**, in particular the Coordination Committees of the National Strategic Reference Framework (NSRF). In order to facilitate communication with all of the partners during the entire preparation process for the 2014-2020 programming period, the **MoRD Ministerial Coordination Group for the EU** is also used. This committee serves for the purpose of reviewing the individual materials and informing the partners about the current events within the context of the preparations for the 2014-2020 programming period at the national and European levels. Since the end of 2012, the Working Group for Preparing the Partnership Agreement has been in operation, involving partners from all areas and levels of public administration to ensure transparency and discussion and debate among all.

The individual sections of the Agreement were prepared so as to include supporting materials received from the individual partners, namely the managing authorities in relation to the parallel preparation of the programming documents, the Ministry of Agriculture as the coordinator for Rural Development Policy and the Common Fisheries Policy in the Czech Republic, the Government Office of the Czech Republic as the coordinator for the National Reform Programme, the regional and local partners in relation to the definition of the territorial dimensions, and the ministries and other institutions who are the coordinators for the ex ante conditionalities within the context of the Action Plan for Managing and Coordinating the Ex Ante Conditionalities that was prepared as suggested by MoRD in Government Resolution No 809 dated 23 October 2013.

A number of partners from different spheres submitted their comments in the interdepartmental objections procedure at all stages of the preparation, in defining the draft national development priorities, completion of thematic scopes, setting the structure of

programmes, up to the different stages of the preparation of the Partnership Agreement. Submission of the document for comments to all ministries and other institutions is a compulsory part of preparation of materials before they are submitted to the Czech government. Although the commenting points are firmly established by the Rules of Procedure of the Czech Government, documents relating to the preparation of the Agreement are discussed by the Working group for the preparation of the Partnership Agreement. Comments submitted by all partners have been duly settled and the method of their settlement was sent to the partners, and, if necessary, also discussed personally in order to find consensus. Many suggestions also came at the meetings of different platforms and were subsequently reflected in the processed documents, or bilaterally communicated with the submitter.

The contributions of partners focused mainly on the analytical basis of the Agreement - from problem analysis, national development priorities, thematic scopes, through to the analytical part of the Agreement. In this respect, in the cooperation with partners, the analysis of the needs and the development potential of the Czech Republic has been amended in many ways. Thanks to the materials from the individual ministries, the analysis was complemented by numerous data documenting the identified needs. The document was significantly influenced also by the experience of the entire implementation structure across public authorities, but also other institutions. This experience is widely shared and transferred, and thus reflected in the experience and shifts in comparison with the 2007-2013 programming period. Based on the suggestions and experience of the participating parties, an alternative proposal for the definition of programs has been also prepared so that the final definition of programmes responds to the real needs. It is possible to see the essential added value of the partners also in the fulfilment and evaluation of the ex ante conditionalities. Based on discussions with the partners at the regional level, a chapter of the Agreement was prepared, relating to the territorial dimension (Chapter 3), but also the territorial dimension in the individual problem areas was identified.

The partnership principle is also successfully applied not only during the preparation of the material focus of the interventions using the ESI Funds during the 2014-2020 programming period, but also during the definition of the systems to be used for managing the Agreement and the individual programmes. MoRD, in close collaboration with all partners, has prepared the document "Recommendations for Simplifying the Administrative Burden for Applicants and Beneficiaries in using the EU Funds during the 2014-2020 Programming Period," whose preparation **involved not only the experts** and employees who are involved in the implementation of the European Funds, **but also the general public** by means of an electronic questionnaire, the conclusions of which were discussed with a broad range of partners at a conference in January 2012.

In order to ensure compliance with and properly define the partnership principle at all levels of the system and for all phases of preparations, new platforms were established on the basis of the material entitled "**Definition of the Platforms for the 2014-2020 Programming Period**", which the Government took into consideration on 20 February 2013 and which contains **a proposal for the platforms that should be established for preparing and implementing** the 2014-2020 programming period and also defines their basic characteristics, i.e. creation date, chairperson, membership, activities, and secretariat. The platforms are not only an essential element for setting and implementing the partnership principle, but also an important **instrument to ensure mutual consistency among the programmes and with the Agreement, and coordination** in their drafting.

Ensuring the fulfilment of the partnership principle during the preparation of the programmes co-financed from the ESI Funds during the 2014-2020 programming period is also coordinated by the MoRD. MoRD recommended that the managing authorities involve the relevant partners from all areas of operation of the programme, and it continuously monitors implementation of the partnership principle. Representatives of the MoRD also participate in the meetings of the platforms established by the managing authorities.

The selection of the relevant partners involved in the process of preparing the Agreement and the programmes for the 2014-2020 programming period was carried out in accordance with Article 5 of the draft Common Provisions Regulation and the EC Code of Conduct for Partnership. Attention was paid primarily to including all of the relevant partners in a way that ensures that the partnership principle and multi-level administration with an emphasis on effective representation from all areas of community life are applied through the entire process of the preparations for the 2014-2020 programming period. Account was also taken of experience with cooperation in preparing and implementing the 2007-2013 programming period. The broad representation of partners within the individual working groups thus ensures the transfer of information not only amongst the platforms at the programming and “umbrella” level, but also into the individual sectors of community life.

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-governmental non-profit organisations with knowledge of cross-sectional 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, trade unions, education and training associations, providers of social and health services, and other non-governmental organisations.

The preparation of the 2014-2020 programming period also involves **the contribution of representatives of NGOs**. The meetings of platforms are regularly attended by a representative of the Government Council for Non-governmental Non-profit Organizations that strives to create a suitable environment for the existence and activities of non-governmental non-profit organizations (NGOs). On the part of a wide network of NGOs representing the environmental, social, healthcare (including the organizations representing people with disabilities), educational and cultural sector, or the area of human rights and gender, the NGO Partnership Platform 2014+ has been also established, which sends representatives of NGOs from the relevant areas to the meetings of the relevant working groups established by the MoRD and the managing authorities, and shares information among a wide range of NGOs in the Czech Republic.

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, environmental 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. Partners for setting the **fisheries** area include, in addition to the representatives of state ministries, also the representatives of academia, NGOs, associations and unions in the area of aquaculture.

The MoRD ensures that **information on the preparations for the 2014-2020 programming period** is provided not only to the relevant partners but also **to the general public**. The MoRD shares all of the information and relevant documents associated with the preparation of the Agreement and the programmes for 2014-2020 through the website www.strukturalni-

fondy.cz and by means of other publication activities. A number of conferences and seminars have been organised on the horizontal issues associated with the preparations for the 2014-2020 programming period and on the specific thematic scopes included in the implementation of the Agreement and programmes in the coming years. The MoRD has also established an e-mail address "priprava2014@mmr.cz", to which interested parties from the ranks of the partners as well as the general public can send questions, suggestions, and their experience regarding the implementation of the ESI Funds.

Overall, it is possible to say that the partners were particularly interested in the debate on the analytical part of the Partnership Agreement, e.g.:

- the ministries have included in the Agreement the proposed texts concerning certain technical topics according to the strategic documents in the Czech Republic.
- The regional partners have enriched the partial needs and problems in the analytical part also with the regional level and added the regional differences elaborated in collaboration with the regional partners,
- the non-profit organizations have also added their text to the analytical part (e.g. in social exclusion or the environment).

In parallel, many discussions took place, regarding the choice of thematic objectives in the 2014 - 2020 programmes, and their focus. The partners have also contributed to the text of the Agreement, concerning the horizontal principles that are prepared in agreement with all partners. The regional partners held discussions regarding Chapter 3 of the Partnership Agreement, relating to the general concept of integrated approaches in the Czech Republic.

The Partnership Agreement is the result of several years of preparations and discussions with the partners, it is the final document that contains the suggestions and contributions of all partners.

Key partners were also engaged in the preparation of programmes for 2014 - 2020 programming period in compliance with Article 5 of the Common Provisions Regulation and the EC Code of Conduct. In all instances partners were involved through their presence in preparatory platforms of programmes, which were established by the respective Managing Authorities, and as members of ad hoc expert meetings and thematic round-tables. During these platform meetings, partners were continually updated about the running progress of preparations, and findings and recommendations of the partners were collected. The principal contribution of partners during the ESI Funds programmes preparation are their suggestions in preparing analyses of strengths and weaknesses, opportunities and threats, in identifying the needs and defining the activities, types of beneficiaries and target groups. But not all of the findings and recommendations provided by partners could be accepted as some of them were not in concert with the EC Position Paper or objectives of the EU.

Implementation Phase of ESI Funds in the 2014-2020 programming period

In accordance with Article 5 of the Common Provisions Regulation and the Code of Conduct of the European Commission for partnership, the relevant partners will be involved not only in the preparation, but also in the implementation of the 2014-2020 programming period. The above-mentioned material "**Definition of platforms for the 2014-2020 programming period**" includes also an overview of the platforms that will play a role during the implementation phase of the 2014-2020 programming periods at the national level. The partners will also have the opportunity to influence the process of implementation of the programmes through the monitoring committees. To ensure the partnership, a Standing Conference shall be established at national and regional level within the implementation of the territorial dimension.

During the preparation of the Progress Report it is necessary to ensure **cooperation primarily with the managing authorities** given that the achievement of the Agreement objectives is in direct proportion to the achievement of the programmes objectives, particularly in connection with data transfer and obtaining quality comments. In addition, **the coordinators responsible for fulfilling the individual ex ante conditionalities** will be involved in order to obtain updated information regarding the implementation of the measures in question. The **Office of the Government of the Czech Republic** will also be involved in the process of evaluating the contribution to the Europe 2020 Strategy. The Office, on an ongoing basis, monitors and evaluates the implementation of the National Reform Programme, which is the umbrella document at the national level for fulfilling the Europe 2020 Strategy objectives. Details regarding the structure of the Progress Report on the implementation of the Agreement and the process to be followed in its preparation with the involvement of the partners will be provided in the Programme Management Methodology.

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

The principle of equal treatment and non-discrimination is a fundamental principle of the Czech law, which is contained in the Constitution and in international conventions. Equal treatment and non-discrimination are governed by the anti-discrimination law in accord with the EU laws. The legislation also ensures accessibility for people with disabilities and their equal access to and participation in all important areas of social life. Ombudsman is the national authority for equal treatment within the meaning of EU law. The executive authorities for these topics are the Section of the Human Rights Office of the Czech Government reporting to the Minister for Human Rights, Equal Opportunities and Legislation (non-discrimination) and the Ministry of Labour and Social Affairs (equal opportunities for women and men). Both authorities cooperate in the area of the accessibility.

People at risk of social exclusion or otherwise disadvantaged or vulnerable are most at risk of discrimination as they cannot fight against discrimination in an effective manner. These are e.g. foreigners, people with disabilities, seniors, women, mothers with children, people with low qualifications, released prisoners or drug addicts. These people have difficulty in accessing the labour market, housing, education, health and social services, transport and other services and information about their rights. As a result of their disadvantage, the representation and promotion of the interests of these persons in public life are weakened. Roma are a particularly disadvantaged and marginalized group; they face discrimination based on race and ethnic origin and the accumulation of risks of social exclusion such as long-term unemployment, low skills and living in socially excluded areas.

The preparation and implementation of the programmes will take these problems into account at all stages so that the programmes comply with the prohibition of discrimination and promote equal approach for men and women. For this purpose, in pursuance of meeting the relevant pre-conditions, each MA has appointed a contact person or persons, who:

- systematically address the implementation and application of anti-discrimination law, including the issues of gender equality and accessibility for people with disabilities,
- are responsible for coordinating the activities in this field within the individual operational programmes, and
- work closely with the Human Rights Section of the Office of the Government and with the MLSA as the expert coordinators of the issues.

The Human Rights Section of the Office of the Government and the MLSA work closely with the Ombudsman as the national authority for combating discrimination, who provides expert

advice and guidance in line with its mandate, to ensure non-discrimination and equal opportunities in the implementation of ESI Funds. Representatives of both expert coordinators and the Ombudsman will also participate in the implementation and monitoring of the programmes. The contact persons at the MA and the coordinators will also consult the representatives of the groups concerned, in particular through the Government Committee for People with Disabilities, the Government Council for Roma Affairs, and the Government Council for Equal Opportunities for Women and Men. The staff involved in the implementation of programmes are trained in the application of anti-discrimination law and of equal opportunities for men and women and other groups.

The contribution to equality between men and women and non-discrimination will be monitored through MS2014+ from the project level. Each applicant will mark the contribution of the project to the horizontal principle in the project application, while it will not be possible to support a project with a negative impact on equality between men and women and non-discrimination and equal treatment.

1.5.3 Sustainable development

The concept of sustainable development in the Czech Republic lies on the balance of three pillars - economic (maintenance of high and stable levels of economic growth and employment), social (social development respecting the needs of all) and environmental (effective protection of the environment and prudent use of natural resources).

The basic national document in this area is the Strategic Framework for Sustainable Development (SFSD), which highlights the main priorities and objectives, including the linkages between them, in the area of sustainable development. SFSD addresses five priority axes - 1: Society, people and health; 2: Economy and innovation; 3: Regional development; 4: Landscape, ecosystems and biodiversity; and 5: A stable and secure society. At the same time, this document established the basic principles necessary for achieving sustainable development in the Czech Republic, which must be respected in the preparation of all related strategies and conceptual documents (the principle of balance between three pillars of sustainable development, the principle of cohesion and integration of policies and management, the precautionary principle, the principle of generational and intergenerational responsibility, the principle of equal opportunities, the partnership principle, and the principle of international responsibility). For the Partnership Agreement and the ESI Funds programmes, SFSD is one of the bases and a strategic tool for coordinating the activities in the field of sustainable development in the national policies. The main topics of sustainable development are not only the environmental issues, but also meeting the economic and social needs. The environmental aspect is, however, an important parameter for the adoption of policies, strategies and policies, or investment decisions, and this is seen as the process of programming and preparation of the entire strategy of the Partnership Agreement.

The implementation of the Partnership Agreement and programmes is based on some key principles of a sustainable development:

- "The polluter pays"

The "polluter pays" principle will continue to be applied, especially in the form of economic instruments, i.e. fees for environmental pollution. The fees paid under the laws on environmental protection are mandatory payments sanctioning the exploitation of natural resources, environmental pollution and endangering the health and life of humans, animals and vegetation due to human activities. Emissions Trading, which will continue to be applied, can also be included in the "polluter pays" principle.

- precaution, prevention

The elaborate system of EIA and SEA remains the main precautionary tool, which enables early involvement of all stakeholders, including the professional sphere in the assessment of potential environmental and health effects of the intentions, structures, policies and strategies. Similar functions will also be implemented in the framework of the IPPC permitting system. Elements of precaution are also applied in the context of the permitting and licensing system, and in the land-use planning.

- minimizing the emissions harmful to health

A system of various measures, restrictions or incentives will focus on the emissions harmful to health, notably the emissions of polycyclic aromatic hydrocarbons (PAH), as well as microparticles PM10, PM2.5, PM1, benzene, which are mutagenic and carcinogenic, and other hazardous substances such as CO, nitrogen oxides, aldehydes, volatile organic compounds, dust, ground-level ozone and noise. The greatest attention will be paid to reducing the emissions from transport and local heating, which have a large share in the production of substances that are risky to health. Emissions risky to health will be resolved also for other sources of pollution so as to eliminate in particular the main sources of harmful emissions in municipalities and towns/cities.

- effective management of resources

Attention will be paid to the energy intensity of buildings, thermal insulation and increasing the energy efficiency of buildings and production. The potential of energy savings is significant, affecting the saving of raw materials and materials. The New Green Savings Programme will be further developed. Another prerequisite for the effective management of resources lies also in the quality setting of the waste management system, in accordance with the principle of the waste management hierarchy. Increasing the material and energy utilisation of waste will be directed to the greatest possible extent of reuse, material recovery, energy recovery and another application of the generated waste. The aim will be to achieve the recovery of waste so that the load to the environment as a whole is minimized.

- climate protection (changes, adaptation)

The Czech Republic will proceed in accordance with the implementation tools to the Kyoto Convention and will fulfil its obligations within the EU. Further reductions of greenhouse gas emissions will continue to be important by means of reducing the energy intensity, improving thermal insulation, developing new technologies, and fostering innovation and research. Along with the reduction of greenhouse gas emissions, it will be effective to prioritize synergistic actions that simultaneously reduce the emissions of substances risky to health. The CO2MPARE instrument, developed for the assessment of interventions in terms of greenhouse gas emissions, is one of the tools available for implementation and evaluation of the impact of Partnership Agreement interventions on greenhouse gas emissions. Based on an analysis of the functionality of the tool, its use for mid-term and ex post evaluations of programmes, or selected interventions, appears as the most appropriate.

- biodiversity and ecosystem protection

Biodiversity strategy and the updated National Programme of Environmental and Countryside Protection, measures to protect ecosystems, habitats, and endangered species will be fulfilled. As part of EIA and SEA, the impacts of the measures on the Natura 2000 system localities will continue to be assessed. Attention will be paid to international biodiversity conservation within CITES and import.

- disaster resilience

Preventing the emergence or mitigating the consequences of emergency situations caused in particular by natural disasters, serious accidents, terrorist acts and failures of critical infrastructure will be the main objectives of environmental safety. The main task for maintaining the environmental safety will be to improve the system of specific legislative, technical, organizational and information measures to reduce the risk of crises and their negative effects. Emphasis will be placed in particular on a system of preventive mitigation and especially adaptation measures that are most effective and economically most efficient.

- sustainable development in land-use planning

In accordance with the wording of Act No 183/2006 Coll., on Town and Country Planning and the Building Code, as amended, the principle of sustainable development of the territory will be applied in the implementation of projects co-financed from the ESI Funds which are projected into the territory. Sustainable development of the area consists of balanced conditions for a favourable environment, for economic development, and for cohesion of people living in the territory, and is the fulfilment of the principle of sustainable development in the territorial planning. The aim of territorial planning is to create preconditions for construction and sustainable development of the territory, by a systematic and comprehensive resolution of the efficient use and spatial arrangement of the territory in order to achieve a generally beneficial coherence of public and private interests in the territory development.

- Reflecting the environmental aspects of public procurement

Taking account of the environmental aspects during the evaluation of bids presented in a public tender is covered in Directive 2014/24/EU of the European Parliament and of the Council dated 26 February 2014, on Public Procurement and repealing Directive 2004/18/EC. In order to reflect the contents of the three new directives of the European Parliament and the Council 2014/23/EU, 2014/24/EU and 2014/25/EU in the legal system of the Czech Republic, including the issue of environmental aspects, a brand new Public Procurement Act is prepared. The issue is also covered in the MoRD's Methodological Guideline on Public Procurement for the programming period 2014–2020 which refers to “the attributes of performance in terms of its impact on the environment” as one of the possible evaluation criteria.

Based on experience from the 2007–2013 period, a uniform method of monitoring the impact of interventions on the environment or public health has been set for the implementation of the Agreement Partnership (i.e. across the relevant programmes) and for the evaluation of results of the interventions. In cooperation with the SEA evaluators, investment priorities have been identified (specific objectives in the case of EMFF / priority areas for the EAFRD), which are relevant for monitoring and assessment of their environmental impact. These areas have environmental indicators for monitoring and assessment defined within the indicator system of the individual programmes. In connection to the selected environmental indicators for each programme, the relevant environmental criteria will be incorporated into the overall evaluation system and selection of projects, where applicable. The system of environmental evaluation does not replace legislative processes (EIA, zoning and building permit proceedings) but completes these processes.

Due to a consistent approach across the investment priorities / specific objectives / priority areas, a cross-cutting nature of monitoring is ensured, thus taking into account the sustainable development in those interventions that are not directly targeted on the environment. In particular, it is reducing energy intensity and implementing new and environment-friendly

technologies, etc. Assessment of the topic will be part of the evaluation plan of the Partnership Agreement and the relevant programmes.

1.5.4 Policy horizontal objectives (cross-sectoral strategies, concepts and policies)

In accordance with the Common Strategic Framework, Annex 1 of the Common Provisions Regulation, the other defined horizontal objectives are also taken into account:

- **Accessibility**
Steps to prevent any discrimination based on disability, are integral part of understanding the horizontal principle of equal opportunities and non-discrimination (see Ch. 1.5.2).
- **Resolution of demographic changes**
Problems arising from demographic changes, including in particular the problems associated with the decrease of the working population, the increasing number of retired citizens in the total population, and depopulation, are directly addressed by the problem areas of Labour Market and Social Inclusion, poverty alleviation and health care system, and are covered by the funding priorities Efficient and effective employment services that contribute to increasing the employment in particular of vulnerable groups and the Social system integrating the socially excluded groups and acting pre-emptively against poverty (see Ch. 1.1).
- **Adaptation to climate change and its mitigation**
Adaptation to climate change and its mitigation are directly addressed in the problem areas Environment, or its part Climate change and disaster and risk prevention. These issues are covered by the funding priority Environmental protection and landscape conservation and adaptation to climate change, aimed at increasing the adaptation of landscape to the effects of climate change (nature-close and technical measures, changes in the agricultural and forest management), and at improving the various warning and response systems related to various disasters and especially natural disasters related to climate change (see Chapter 1.1).

1.6 The list of the programmes under the ERDF, the ESF and the YEI, 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 ESI Fund and by year (total Union support, including the performance reserve).

On the basis of the Czech Republic Government Resolution (*its number was not known as of the date of this version; the source material No 181/14 was used*), the following amounts of indicative allocations were confirmed. However, these amounts can be changed in some cases on the basis of negotiations taking place between managing authorities. Another reason for potential changes could be the lasting ambiguity of the interpretation of Article 70 of the Common Provisions Regulation and Article 13.2. of the ESF Regulation. Therefore, it is not possible to determine the level of transfer between the categories of individual regions.

Table 1-6: List of programmes under ESI Funds with indicative allocations by fund and by year

Programme name	ESI Fund (ERDF, ESF, Cohesion Fund, EAFRD, EMFF or YEI)	Total	2014	2015	2016	2017	2018	2019	2020
<i>OP Enterprise and Innovation for Competitiveness</i>		4,331,062,617	582,551,862	594,214,666	606,109,305	618,239,525	630,612,137	643,231,951	656,103,171
	<i>ERDF</i>	4,331,062,617	582,551,862	594,214,666	606,109,305	618,239,525	630,612,137	643,231,951	656,103,171
<i>OP Research, Development and Education</i>		2,779,600,572	373,871,641	381,356,626	388,990,399	396,775,362	404,715,888	412,815,065	421,075,591
	<i>ERDF</i>	1,529,713,287	205,754,893	209,874,147	214,075,284	218,359,626	222,729,581	227,186,847	231,732,909

Programme name	ESI Fund (ERDF, ESF, Cohesion Fund, EAFRD, EMFF or YEI)	Total	2014	2015	2016	2017	2018	2019	2020
	<i>ESF</i>	1,249,887,285	168,116,748	171,482,479	174,915,115	178,415,736	181,986,307	185,628,218	189,342,682
<i>OP Environment</i>		2,636,592,864	352,433,733	360,772,130	369,161,267	377,069,268	384,539,106	392,752,492	399,864,868
	<i>ERDF</i>	394,824,020	53,106,013	54,169,206	55,253,533	56,359,336	57,487,236	58,637,672	59,811,024
	<i>CF</i>	2,241,768,844	299,327,720	306,602,924	313,907,734	320,709,932	327,051,870	334,114,820	340,053,844
<i>OP Transport</i>		4,695,769,435	627,879,804	642,620,467	657,459,524	671,497,159	684,806,453	699,387,324	712,118,704
	<i>ERDF</i>	902,317,139	121,366,643	123,796,427	126,274,511	128,801,675	131,379,338	134,008,502	136,690,043
	<i>CF</i>	3,793,452,296	506,513,161	518,824,040	531,185,013	542,695,484	553,427,115	565,378,822	575,428,661
<i>Integrated Regional OP</i>		4,629,160,909	622,647,729	635,113,261	647,826,586	660,791,703	674,015,897	687,504,307	701,261,426
	<i>ERDF</i>	4,629,160,909	622,647,729	635,113,261	647,826,586	660,791,703	674,015,897	687,504,307	701,261,426
<i>OP Technical Assistance</i>		223,704,582	29,869,709	30,595,696	31,324,638	32,003,425	32,636,283	33,341,090	33,933,741

Programme name	ESI Fund (ERDF, ESF, Cohesion Fund, EAFRD, EMFF or YEI)	Total	2014	2015	2016	2017	2018	2019	2020
	<i>CF</i>	223,704,582	29,869,709	30,595,696	31,324,638	32,003,425	32,636,283	33,341,090	33,933,741
OP Employment		2,145,737,492	294,424,721	298,485,302	298,381,367	304,352,948	310,443,859	316,656,463	322,992,832
	<i>ESF</i>	2,132,137,508	286,784,280	292,525,759	298,381,367	304,352,948	310,443,859	316,656,463	322,992,832
	<i>YEI</i>	13,599,984	7,640,441	5,959,543	0	0	0	0	0
OP Prague – Growth Pole of the Czech Republic		201,590,104	27,114,983	27,657,830	28,211,470	28,776,072	29,351,958	29,939,349	30,538,442
	<i>ERDF</i>	153,611,659	20,661,617	21,075,267	21,497,139	21,927,367	22,366,192	22,813,784	23,270,293
	<i>ESF</i>	47,978,445	6,453,366	6,582,563	6,714,331	6,848,705	6,985,766	7,125,565	7,268,149
Rural Development Programme		2,170,333,996	314,349,445	312,969,048	311,560,782	310,124,078	308,659,490	307,149,050	305,522,103
	EAFRD	2,170,333,996	314,349,445	312,969,048	311,560,782	310,124,078	308,659,490	307,149,050	305,522,103
Operational Programme Fisheries		31,108,015	4,263,975	4,318,446	4,357,922	4,428,555	4,531,602	4,562,588	4,644,927

Programme name	ESI Fund (ERDF, ESF, Cohesion Fund, EAFRD, EMFF or YEI)	Total	2014	2015	2016	2017	2018	2019	2020
	EMFF	31,108,015	4,263,975	4,318,446	4,357,922	4,428,555	4,531,602	4,562,588	4,644,927
Total		23,844,660,586	3,229,407,602	3,288,103,472	3,343,383,260	3,404,058,095	3,464,312,673	3,527,339,679	3,588,055,805

OP Enterprise and Innovation for Competitiveness

The objective of the Operational Programme Enterprise and Innovation for Competitiveness (OP EIC) is to achieve a competitive and sustainable economy based on knowledge and innovation.

The Operational Programme focuses on: (1) Raising the number of businesses capable of extending or at least reaching the technological boundaries of their industry, with emphasis put on the development and interconnection of corporate research, development and innovation capacities with their surroundings. (2) Development of entrepreneurship and innovation in fields with lower knowledge intensity, focusing especially on support for the implementation of new business plans, including the development of services resulting in an increase in businesses' competitive advantage in the international environment. (3) Shift towards an energy-efficient, low-carbon economy consisting mainly in improving the energy efficiency of the business sector, utilizing renewable energy sources, modernizing energy infrastructure and introducing new technologies in the management of energy and secondary raw materials. (4) Facilitating the development of entrepreneurship, services and access to government services by means of high-speed access to the internet and a wider choice of information and communications technology services, as the competitiveness of information society is based on the efficient use of advanced ICT services.

Based on the EU and national strategic documents and an analysis of the Czech Republic's needs for the future period of cohesion policy 2014–2020, four materially focused priority axes and one technical assistance priority axis were identified for the OP EIC:

- 1) Promotion of research and development for innovation;
- 2) Development of SMEs' entrepreneurship and competitiveness;
- 3) Efficient energy management, development of energy infrastructure and renewable energy sources, support for the introduction of new technologies in the management of energy and secondary raw materials;
- 4) Development of high-speed internet access networks and information and communications technologies;
- 5) Technical assistance.

The priority axes (PAs) will be financed from the European Regional Development Fund.

OP EIC contributes to five thematic objectives, namely TO 1 (PA 1), TO 2 (PA 4), 3 (PA 2), 4 (PA 3) and 7 (PA 3).

OP Research, Development and Education

The key principle of the Operational Programme Research, Development and Education (OP RDE) is development of human resources for knowledge-based economy and sustainable development in a socially cohesive society, and is supported by interventions under more priority axes. That is followed up by the support of quality research for which qualified workforce represents a key input factor. Interventions in education will also be supported by system changes aimed at improving the Czech Republic's education system.

Interventions in education will also be supported by system changes aimed at improving the Czech Republic's education system. The OP RDE's intervention areas include (1) promotion of equality and quality in education, (2) development of better competencies for the labour market, and (3) strengthening capacities for high-quality research and its benefit for society.

Support for beneficiaries at all levels of the education and research system will be divided into 3 priority axes complemented with the priority axis of Technical Assistance. Their list is as follows:

- 1) Strengthening capacities for high-quality research;
- 2) Development of universities and human resources for research and development;
- 3) Equal access to high-quality pre-school, primary and secondary education;
- 4) Technical assistance.

PA 1 and 4 will be financed from ERDF, PA 3 from ESF and PA partly from ERDF (improving the education infrastructure at universities) and partly from ESF.

OP RDE will contribute to three TOs, namely TO 1 (PA 1), 9 (PA 3) and 10 (PA 2).

OP Employment

The objective of the Operational Programme Employment (OP Emp) is to improve the human capital of Czech citizens and Czech public administration, i.e. the basic elements of competitiveness. The Czech Republic must pay considerable attention to these areas if it wants to succeed in today's complex world.

The OP Emp focuses on promoting employment, equal opportunities between men and women, employee and employer adaptability, further education, social inclusion and combating poverty, health services, on modernizing public administration and public services and on promoting international cooperation and social innovations in employment, social inclusion and public administration.

The OP Emp includes 5 priority axes that structure the operational programme into logical units. They are defined on the basis of key national and EU strategic documents, experience with previous programming periods and an analysis of needs for the programming period of 2014–2020. The priority axes of the OP Emp are:

- 1) Supporting employment and workforce adaptability;
- 2) Social inclusion and combating poverty;
- 3) Social innovation and international cooperation;
- 4) Efficient public administration;
- 5) Technical assistance.

All PAs will be financed from ESF, PA 1 also partly from the Youth Employment Initiative fund.

OP Emp contributes to three thematic objectives, namely TO 8 (PA 1, PA 3), TO 9 (PA 2, PA 3), TO 11 (PA 3, PA 4).

OP Transport

The main objective of the Operational Programme Transport (OP T) is to ensure high-quality transport infrastructure throughout the Czech Republic, including gradual alignment of the quality of the Czech Republic's transport system with the "old" EU countries. The transport sector is one of the most important areas of national economy, affecting virtually all areas of public and private life and business. High-quality transport infrastructure is a prerequisite for improving the competitiveness of the entire state and its regions. Its varying quality is also one of the causes of territorial differences.

The OP Transport is a follow-up to the OP of the same name from the programming period of 2007–2013. The OP Environment is a follow-up to the OP of the same name from the programming period of 2007–2013.

Support under this OP will focus mainly on the construction and modernization of railways, roads and motorways, inland waterways, multimodal transport, infrastructure for railway

systems of urban and suburban transport, introduction of ITSs, environmentally clean fleets or development of alternative-energy charging stations. The OP T consists of 4 priority axes:

- 1) Infrastructure for railway and other sustainable transport
- 2) Road infrastructure in the TEN-T network and public infrastructure for clean mobility
- 3) Road infrastructure outside the TEN-T network
- 4) Technical assistance.

The funding will come from CF (PA 1, PA 2 and PA 4), PA 3 will be financed from ERDF.

OP Transport implementation will contribute to TO 7 (all PAs).

OP Environment

The main objective of Operational Programme Environment (OP E) is to protect and ensure quality environment for the life of the Czech Republic inhabitants, to support efficient use of resources, to eliminate negative impacts of human activity on the environment and to mitigate climate change impacts.

The OP Environment is a follow-up to the OP of the same name from the programming period of 2007–2013. The OP Environment is a follow-up to the OP of the same name from the programming period of 2007–2013.

The OP E is divided into 5 thematic priority axes and the Technical Assistance priority axis:

- 1) Improvement of water quality and reduction of flood risks;
- 2) Improving the quality of air in towns and cities;
- 3) Wastes and material flows, environmental burdens and risks;
- 4) Protection and care of nature and landscape;
- 5) Energy savings;
- 6) Technical assistance.

OP E will be financed from CF (PA 1, PA 2, PA 6), from ERDF (PA 4) and PA 3 and PA 5 will be financed partly from CF and ERDF.

OP E contributes to thematic objectives TO 4 (PA 5), TO 5 (PA 1, PA 3) and TO 6 (PA 1, PA 2, PA 3, PA 4).

Integrated Regional Operational Programme

The Integrated Regional Operational Programme (IROP) is a follow-up to the seven regional operational programmes and partially to the Integrated Operational Programme of the programming period of 2007–2013. The IROP's priority is to enable balanced territorial development, improve public services and public administration and ensure sustainable development in villages, towns and regions.

The IROP will focus on reducing territorial disparities, improving infrastructure and strengthening competitiveness in regions, strengthening public services, supporting education as a pillar of improvement in the quality of citizens' life, and strengthening the institutional capacity of public administration.

It will be structured into the following priority axes:

- 1) Competitive, accessible and safe regions
- 2) Enhancing public services and living conditions for the inhabitants of regions
- 3) Good territorial administration and improvement in the effectiveness of public institutions
- 4) Technical assistance.

All financing will come from ERDF.

IROP implementation will contribute to TO 2 (PA 3), TO 4 (PA 2), TO 5 (PA 1), TO 6 (PA 3), TO 7 (PA 1), TO 9 (PA 2, PA 4), TO 10 (PA 2), TO 11 (PA 3).

OP Prague – Growth Pole

The main objective of Operational Programme Prague - Growth Pole of the Czech Republic (OP PGP) for the programming period is to contribute to Thematic Objectives. In doing that, it is necessary to ensure effective implementation of investments in Prague, which will help improve competitiveness of Prague as the growth pole of the Czech Republic and to ensure quality life of the inhabitants. The creation of favourable business environment and support for education and science must work towards fulfilling the role of Prague as the main innovation centre of the country. At the same time, it is necessary to ensure effective management of all forms of resources - land, real property and infrastructure, energy and funding within the meaning of sustainable development principles and balancing out their mutual links.

OP PGP will follow up operational programmes Prague Adaptability and Prague Competitiveness (from the 2007-2013 period). The OP represents a multi-fund system of EU assistance, oriented on supporting research and development, SMEs, low-carbon economy, support for social services and education. The programme will be financed both from the European Regional Development Fund and from the European Social Fund.

Interventions and areas that will be crucial for Prague in the next period and supported through the OP PGP will include utilization of quality human and innovation potential in research, development and innovation; support for small and medium-sized enterprises; energy savings and promotion of the shift towards low-carbon economy; promotion of education and equal opportunities.

It will be structured into the following priority axes:

- 1) Enhancement of research, technological development and innovation
- 2) Sustainable mobility and energy savings
- 3) Promoting social inclusion and combating poverty
- 4) Training and education level
- 5) Technical assistance.

As mentioned above, the programme will be financed from ERDF (PA 1, PA 2), ESF (PA 5) or their combination (PA 3, PA 4).

OP RDE contributes to thematic objectives TO 1 (PA 1), TO 4 (PA 2), TO 8 (PA 4), TO 9 (PA 3), TO 10 (PA 4).

OP Fisheries

The global objective of the Operational Programme Fisheries (OP Fisheries) is sustainable and competitive aquaculture based on innovation, competitiveness, knowledge and more efficient use of resources. The programme aims to develop sustainable fish farming in the Czech Republic and to ensure even distribution of fresh-water fish throughout the year to the domestic market in the demanded range, including the diversification of aquaculture (fish ponds) to ensure the production of carp and its supplies to the market, while it is necessary to support introduction of modern intensive fish-breeding systems to increase the fish production and to help eliminate negative environmental impacts; the systems will be acquired to produce salmonid and other kinds of fish to ensure all-year-round supplies to the market network.

Support under the OP Fisheries focuses on (1) maintaining sustainable production of market fish from the traditional aquaculture in the Czech Republic, (2) investing in recirculation equipment (to increase production), (3) investing in the competitiveness of the traditional aquaculture, (4) increasing the share of processed fish, promoting aquaculture and fish consumption, (5) supporting the scientific knowledge transfer to aquaculture enterprises (product and process innovations) and (6) supporting management forms that help conserve or improve the environment and biodiversity.

OP Fisheries has been divided in the Czech Republic into 3 Union Priorities (UP) and Technical Assistance:

- UP 2 Supporting environmentally sustainable, innovative and competitive knowledge-based resource-efficient aquaculture
- UP 3 Supporting the implementation of common fisheries policy
- UP 5 Supporting marketing and processing All financing in OP fisheries will be drawn from EAFRD.

OP Fisheries will contribute to thematic objectives TO 3 (UP 2, UP 5), TO 6 (UP 2, UP 3).

Rural Development Programme

The principal objective of the Rural Development Programme (RDP) is to rehabilitate, preserve and improve the ecosystems dependent on agriculture by means of agro-environmental measures, to invest into competitiveness of agricultural enterprises, to support entry of young people into farming, or landscape infrastructure.

The programme will also support diversification of rural economic activities with the aim of creating new jobs and improving economic development. It will support community-led local development and, more specifically, the LEADER method, which contributes to better targeting of support at the local needs of given rural areas and the development of cooperation between involved parties at the local level. Its horizontal priority is sharing knowledge and innovation in the form of educational activities and consulting and collaboration in agriculture and forestry.

RDP contributes to 2020 Strategy objectives by means of the following six Union priorities for rural development.

- 1) Fostering knowledge and innovation transfer in agriculture, forestry, and rural areas;
- 2) Increasing the viability of agricultural enterprises and the competitiveness of all kinds of agricultural activity in all regions, and support for innovative farming technologies and sustainable forest management;
- 3) Supporting food-chain organisations, including the processing of farming products and their marketing, good living conditions of animals and risk management in agriculture;
- 4) Rehabilitation, conservation and improvement of ecosystems related to agriculture and forestry;
- 5) Support to effective use of resources and transition to a climate resilient low-carbon economy in farming, food processing and forestry;
- 6) Promoting social inclusion, poverty reduction and economic development in rural areas.

RDP will be financially supported from EAFRD and the funding transferred from EAGF.

TO 1 (Priority 1), TO 3 (Priority 2), TO 4 (Priority 5), TO 5 (Priority 4), TO 6 (Priority 5), TO 8 (Priority 6), TO 9 (Priority 6), TO 10 (Priority 2, 3, 4, 5).

OP Technical Assistance

The purpose of the Operational Programme Technical Assistance (OP TA) is to finance administration and to support the absorption and administrative capacity and complementary activities needed for a successful operation of the entire system of ESI Funds in the programming period of 2014–2020. The OP TA will be crucial for ensuring successful activities of the National Coordination Authority and other bodies. The goal of the OP TA is to make sure that ESI Funds is used as much and as efficiently as possible.

The OP TA is a follow-up to the programme of the same name from the programming period of 2007–2013. It will focus on creating the conditions for achieving the objectives specified by the Partnership Agreement, including application of the partnership principle to partners outside public administration, preparing the 2021+ programming period, ensuring publicity and absorption capacity especially by providing information, promoting integrated approaches, providing a well-functioning single methodological environment and developing human resources at the Partnership Agreement level.

It will be structured into the following priority axes:

- 1) Supporting the management and coordination of the Partnership Agreement - to create conditions for achieving the Partnership Agreement objectives and management coordination; to ensure timely preparation of the new programming period 2021+; to ensure awareness of ESIF among the target groups; to support capacities for ESIF implementation at sub-national level;
- 2) Single monitoring system - ensuring a single monitoring system based on a high level of electronic data use.

All financing will come from CF.

Thematic objectives are not relevant for OP TA.

1.7 Request for transfer of Structural Funds' allocation between categories of regions, where applicable (Article 93 of the CPR)

With regard to Article 93 of the CPR, the Czech Republic will use the possibility to transfer funding between regions at 3% of the total allocation. Further information on the application of Article 70 of the CPR and Article 13.2 of the ESF Regulation and on the pro rata principle at the programme level will be provided in the relevant programmes.

Table 1-7: Transfer of allocation between categories of regions

Category of region	Financial allocation based on Commission Decision (...) (EUR)	Transfer to	Amount transferred (EUR)	Share in the allocation in the category of region from which funds are transferred (%)	Financial allocation after transfers (EUR)
Less developed regions	15,282,489,121	Transition regions	not relevant for the Czech Republic	3.00%	14,824,014,447
		More developed regions	458,474,674		

Transition regions	not relevant for the Czech Republic	Less developed regions	0	not relevant for the Czech Republic	not relevant for the Czech Republic
		More developed regions	0		
More developed regions	88,203,748	Less developed regions	0	0	546,678,422
		Transition regions	not relevant for the Czech Republic		

1.8 Transfer from the European Territorial Cooperation goal to the Investment for Growth and Jobs goal, where applicable (Article 94 of the CPR)

Transfer from the European Territorial Cooperation goal to the Investment for Growth and Jobs goal will not be applied in the Czech Republic.

1.9 Request for a transfer of technical assistance to the European Commission, where applicable (Article 25 of the CPR)

Transfer of technical assistance will not be applied in the Czech Republic.

1.10 Information on the allocation related to the performance reserve, broken down by ESI Fund and, where appropriate, by category of region, and on the amounts excluded for the purpose of calculating the performance reserve (Article 15(1)(a)(vii) of the CPR)

The special allocation for the Youth Employment Initiative is excluded from the calculation and the application of the performance reserve. For the remaining Funds, the amounts excluded for the purpose of calculating the performance reserve and the allocation related to the performance reserve is set out in table 1-8.

The Czech Republic has specified a uniform level of 6% for the performance reserve for Structural Funds and the Cohesion Fund across all operational programmes and priority axes.

Table 1-8: Allocation of the performance reserve by ESI Fund, category of regions and amount excluded for the performance reserve

1.	2.	3.	4.		5.	6.	7.	8.
			Amounts excluded for the purposes of the calculation of the performance reserve¹²⁸					
Fund	Category of region	Total Union support¹²⁹ (EUR)	Matching ESF support to YEI (EUR)	CAP transfers¹³⁰	Union support subject to the performance reserve (EUR)¹³¹	Performance reserve (EUR)	Performance reserve as a share of the Union support subject to the reserve¹³²	
ERDF	More developed regions	269,227,039			269,227,039	16,153,622	6.0%	
	Transition regions							

128 In accordance with Article 18 of the CPR.

129 Including the performance reserve, after transfers between categories of regions and goals, where applicable.

130 Resources transferred from Pillar 1 of the Common Agricultural Policy to the EAFRD under Articles 7(2) and 14(1) of the Direct Payment Regulation (2,013/...) and Transfers to the EAFRD in application of Articles 10b, 136 and Art 136b of Council Regulation (EC) No 73/2,009 in respect of calendar years 2,013 and 2,014 respectively.

131 Total Union support after transfers less the amounts excluded for the purposes of calculation the performance reserve.

132 The total for each ESI Fund, and for each category of region, should form 6% of the amounts set out in column 6.

	Less developed regions	11,671,462,592			11,671,462,592	700,287,756	6.0%
	Special allocation to outermost or sparsely populated regions						
TOTAL ERDF		11,940,689,631	0		11,940,689,631	716,441,378	6.0%
ESF ¹³³	More developed regions	277,451,383			277,451,383	16,647,083	6.0%
	Transition regions						
	Less developed regions	3,152,551,855	13,599,984		3,138,951,871	188,337,112	6.0%
TOTAL ESF		3,430,003,238	13,599,984		3,416,403,254	204,984,195	6.0%
EAFRD	NA ¹³⁴	2,170,333,996		0	2,170,333,996	130,220,040	6.0%
Cohesion Fund	NA	6,258,925,722			6,258,925,722	375,535,543	6.0%
EMFF	NA	31,108,015			31,108,015	1,866,481	6.0%
TOTAL (All Funds)		23,831,060,602	13,599,984	0	23,817,460,618	1,429,047,637	6.0%

133 ESF allocation, including the matching support for the YEI.

134 There is no breakdown by category of region for the financial allocation from the EAFRD, Cohesion Fund and the EMFF.

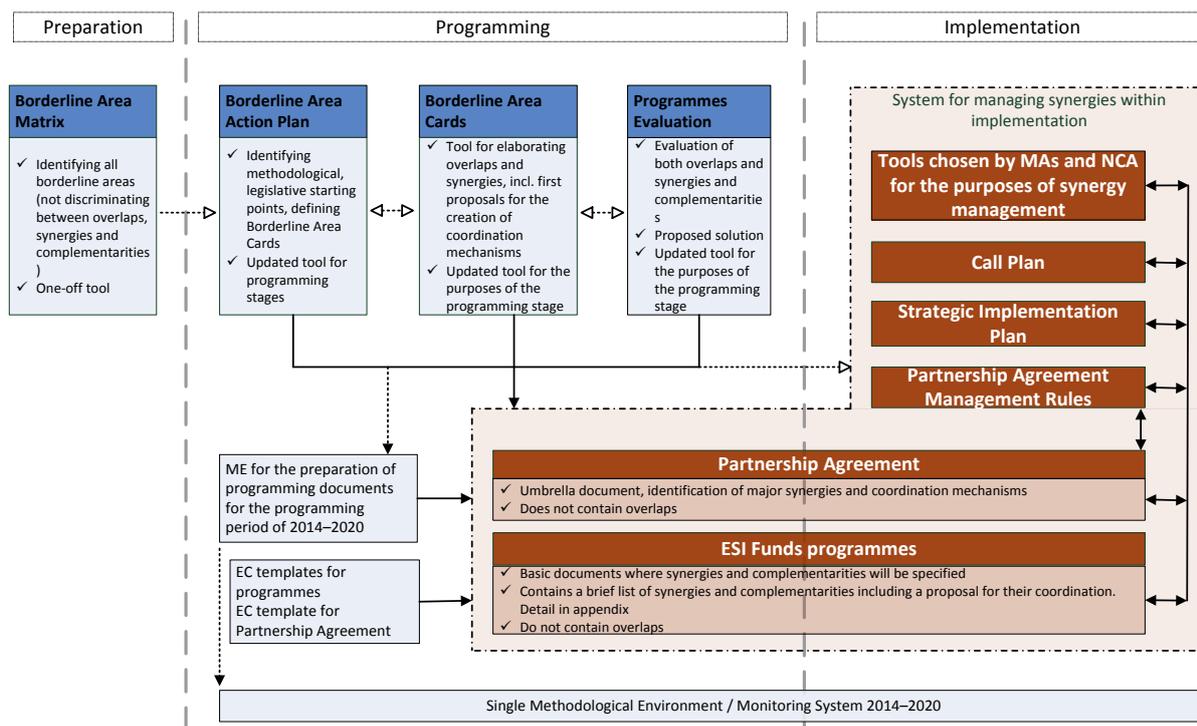
2 Arrangements to ensure effective implementation – Article 15(1)(B) CPR

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

2.1.1 Description of the arrangements to ensure coordination between ESI Funds and with other Union and national resources

The coordination setup is intended to aim at eliminating undesirable overlaps between programmes and priorities, achieving complementarities and synergies in suitably complementing interventions. Concentration of support within and between programmes requires focusing on crucial problems and interventions that may secure significant benefits even with a limited number of programmes and priorities, targeting the financial allocation at the main areas of synergy. Therefore, coordination between funds, programmes and other Union and national instruments is perceived as the key element of both programming and implementation at the level of the Partnership Agreement and of individual programmes, also with a view to optimally fulfilling the thematic objectives and objectives of the Europe 2020 Strategy.

The chart below describes the intervention logic of the setup and implementation of synergies and complementarities not only in terms of continuity in time but mainly in terms of the instruments used and the conceptual setup for the implementation stage. Overlaps between programmes have been gradually eliminated through negotiation and specification and are not present in the programme structure in the final drafts. Still, selected instruments (e.g. mutual cooperation in the wording of calls, participation in platforms) must be used continually to avoid duplicity that may occur during programme implementation in spite of the better specification of implemented interventions. Especially complementarities and synergic interventions will thus be essential for the implementation stage. The programming documents and the Partnership Agreement are the cornerstones for embedding/ programming synergies. To unambiguously articulate and set up such synergies for the implementation stage, it is necessary to set up the management system, processes and implementation structure. Flexible interaction occurs at the level of defining project outlines and activities for implementation under the programmes. The key element for defining synergistic interventions is the planning and description of calls, including coordination mechanisms that serve for setting and synchronising all implementation instruments according to the nature of the synergy in question (see the section concerning tools of coordination mechanisms for additional information).



2.1.2 Identification of areas of intervention that will be mutually coordinated

Mutual complementarities and synergies that will contribute to achieving the thematic objectives of ESI Funds and the objectives of the Europe 2020 Strategy can be identified between individual ESI Funds programmes/Funds (or within programmes), between ESI Funds programmes and Union programmes/instruments and, to some degree, between ESI Funds programmes and national programmes. Partial synergies or complementarities are identified also among programmes under goal 1 Investment for Growth and Jobs, and programmes under goal 2 European Territorial Cooperation (see Chapter 3.1.4 and the relevant ESI Funds programmes for more). The strongest synergies are perceived between ESI Funds programmes. Synergies at the level of a thematic objective are identified, in particular, for the purposes of fulfilling and monitoring those thematic objectives. Synergies at the level of priority axes, investment priorities or specific objectives serve to specifically set up complementary and synergic links that complement or strengthen one another in their effects and impacts. The lowest level consists of links between activities or specific projects, where specific synergies are realized in the implementation stage.

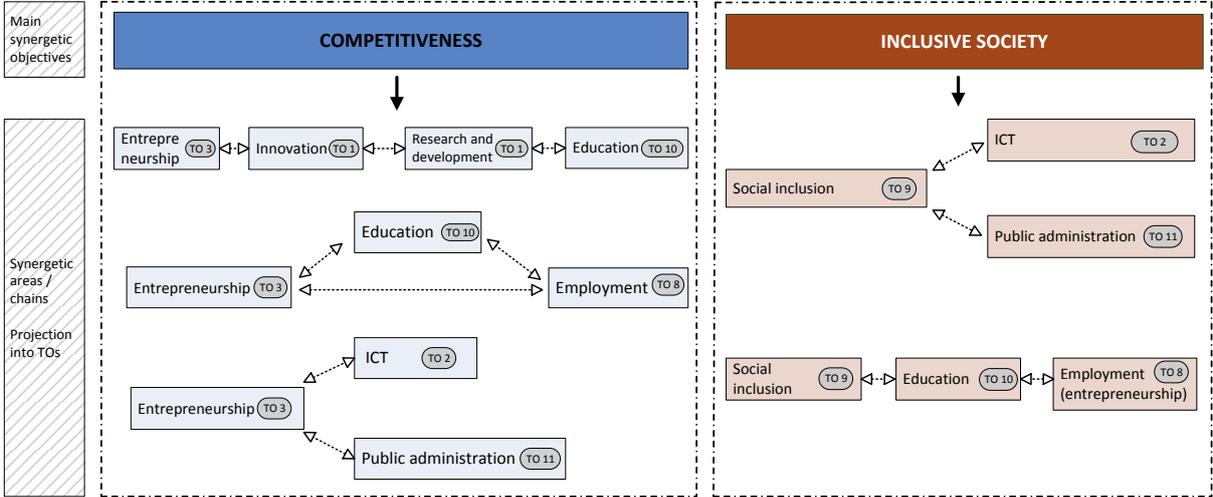
Links between ESI Funds programmes

Thematic objectives are usually fulfilled by several ESI Funds programmes, within which there will be complementary and synergic links. Such links are coordinated according to set instruments selected for the given segment. Apart from the fact that it is necessary to prevent duplicity among the involved MAs when setting up implemented interventions, mutual coordination will also bring added value for the thematic objective.

A crucial role is played by interventions that strengthen one another in their effects and impacts and that may be identified within one TO. These concern, for example, fulfilment of TO 1 in businesses' innovation activities, implementing the results of research and

development as innovations. Another example is fulfilment of TO 3 in promotion of entrepreneurship, especially that of SMEs, including agricultural and aquacultural enterprises. Another example is fulfilment of TO 4 in improving the energy performance of buildings, production and technology processes through the 5 programmes by sectors (OP E, OP EIC, IROP, OP PGP and RDP). Important synergies and complementarities can be seen in TO 10 with regard to education, covering not only furthering the quality of education but also employability, inclusive education or increasing the qualifications of employees (OP RDE, IROP OP PGP, RDP). TO 11 with regard to increasing the efficiency of public administration and modernisation and computerisation of public administration (eGovernment) through OP Employment and IROP can serve as another example. Strengthening of public administration (even under the presumption of computerisation) is essential for an environment which favours commerce, for decreasing administrative burden also on citizens, and stimulating services in the areas, such as employment and social inclusion.

In addition to synergic and complementary links between programmes under individual thematic objectives, there are close links defined between programmes of different thematic objectives. Functional interventions, which are a precondition for fulfilling the objectives of both the Partnership Agreement and the Europe 2020 Strategy, aim at two main synergetic objectives – competitiveness and inclusive society, while respecting protection of the environment and close linkage to rural development. Those synergetic objectives are based directly on the strategic objectives of the Partnership Agreement (see Chapter 1.1). The objectives are achieved by implementing crucial synergies, or synergetic and complementary chains, which are perceived as more coherent and mutually “dependent” synergies and complementarities, which provide greater effects in the short (immediate impacts) and long (delayed impacts) term when implemented together and immediately rather than separately. Five main chains have been identified: three for achieving the synergetic objective Competitiveness and two for achieving the synergetic objective Social Inclusion. Partial synergetic and complementary interventions occur inside the chains; on numerous occasions, there is also mutual functional or necessary dependence or conditionality (material, time, local, etc.) between some synergies in the implementation stage. If a portion of a chain cannot be executed, the originally intended effects will not be achieved to the full extent but even the implementation of partial synergies and complementarities will have an effect. Synergetic and complementary interventions are subsequently realized in individual programmes, and the results from the implementation will be reflected in the fulfilment of the TOs and the objectives of the Partnership Agreement.



Three crucial synergies and complementarities leading to business development can be identified within the Competitiveness synergetic objective. Concerning the synergy of promoting entrepreneurship (TO 3), including the agricultural sector and the fishery and aquaculture sector, research, development and innovation (TO 1) and education (TO 10), this is strengthening research and innovation infrastructure and promoting enterprises' investment in innovation. These links are based on the knowledge and innovation chain between research and development capacities and enterprises, with linkage to initiating support of research activities with the business sector's active participation as well as to quality and capacity in education. Besides this rather narrowly focused synergetic and complementary chain, it is necessary to monitor and evaluate wider mutual synergy and complementarity between promotion of employment (TO 8) interconnecting the supply and demand sides on the labour market on the one hand, and education (TO 10) allowing matching the offer of the education system with existing and expected labour market requirements on the other hand (including lifelong learning activities), with close relation to promotion of entrepreneurship (TO 3), including the agricultural sector and the fishery and aquaculture sector. Last but not least, there is significant synergy and complementarity arising from a close linkage between promotion of entrepreneurship (TO 3), public administration services (TO 11) and available ICT infrastructure (TO 2).

Within the Social Inclusion synergic objective, 2 crucial synergies or complementarities are identified. One is promoting social inclusion (TO 9) by developing ICT infrastructure (TO 2) and relevant services of public administration (TO 11). The other requires monitoring mutual synergies and complementarities between social inclusion (TO 9), education (TO 10) and employment (TO 8), with a close link to promotion of entrepreneurship (social entrepreneurship, etc.).

There is a partial link identified between TO 5 Promoting climate change adaptation, risk prevention and management (OP E, IROP) and TO 6 Preserving and protecting the environment and promoting resource efficiency in relation to infrastructure (OP E). This means ensuring synergies and complementarities in prevention, risk management and handling, information and warning systems, improving water quality and reducing the flood risk, addressing waste and material flows, environmental burdens and risks, handling emergencies arising from new threats caused by climate change, ensuring adequate resilience of buildings in which the IRS core units are dislocated, modernising the training and exercise centres for the IRS core units. Interventions that complement each other and are coordinated among the MAs have a positive impact also on the climate (efficient adaptation).

An important link is identified between TO 4 in the area of energy savings (OP E, OP EIC, IROP, OP PGP and RDP) and TO 6 in the area of efficient use of resources (OP E, RDP and OP Fisheries). There will be synergies and complementarities in the area of construction and use of heat from biogas stations, introducing low carbon technologies in transport, purchasing alternative fuel vehicles (e.g. electro-mobility and other sources), improving energy performance of buildings, production and technology processes and the development of heat supply networks. That contributes to the mitigation objective under the climate protection (see Chapter 1.1.5.2 for more).

Infrastructure, whether for transport (TO 7) or ICT (TO 2), energy (TO 4 and TO 7) or the environment (TO 5 and TO 6), is a crucial determining prerequisite for implementing most development interventions in entrepreneurship, research and development, education or the labour market. Achieving the expected results with the identified synergies and complementarities is thus conditional on successful, targeted and flexible construction and

modernization of transport infrastructure and systems, energy grids, ICT or environmental activities.

The overviews provide detailed material specifications of the synergetic and complementary chains, including institutional arrangements and instruments for coordination mechanisms. See section 2.1.4 for a broader description of the instruments used and the institutions that will be in charge of the synergies and complementarities.

Synergetic and complementary chain: Enterprise – research – development – innovation – education

Programme	OP RDE	OP EIC	OP Fisheries	RDP
Thematic objective	TO 1, TO 10	TO1, TO3	TO3	TO 1, TO 10
Priority axis	PA 1 Strengthening capacities for high-quality research (ERDF) PA 2 Development of universities and human resources for research and development (ESF)	PA 1 Promotion of research and development for innovation (ERDF) PA 2 Development of SMEs' entrepreneurship and competitiveness (ERDF)	UP: 2 Supporting environmentally sustainable, innovative and competitive knowledge-based resource-efficient aquaculture	RDP Priority 1 Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas.
Material specification	Strengthening research excellence; high-quality, oriented research. Improving the conditions for education associated with research	Promoting the innovation performance of enterprises, intensifying and using the results of applied research, collaboration in research between the business sector and public institutions.	Promoting product and process innovations	Promoting innovation and collaboration Supporting further professional training and information events in agriculture and forestry.
Institutional arrangements	<p><u>Managing authorities</u>: Memorandum on cooperation between OP EIC and OP RDE MAs. The agriculture sector will be covered by the RDP throughout the chain.</p> <p><u>NCA</u>: Facilitation and overall coordination under the Agreement, participation in the definition of contents and timing of annual strategic plans and calls, monitoring the fulfilment of arrangements within the chain.</p> <p><u>ESI Funds Council</u>: discusses the measures for higher complementary and synergetic efficiency of ESIF support; identifies important synergy interventions.</p> <p><u>Monitoring Committee</u>: Mutual representation of MAs in the monitoring committees (MC). Monitoring, regular evaluation and recommendations for modifications to plans, procedures, etc.</p>			
Instruments	<p>Joint preparation of Strategic Implementation Plans, ongoing verification of their performance, addressing obstacles, problems and barriers in implementation, membership in relevant platforms for preparation and implementation of programmes.</p> <p>Setting the call schedule, guaranteeing the material focus of the calls, participation in setting the technical parameters of calls, MAs' participation in project selection.</p> <p>Shared data and indicators, monthly monitoring, monitoring and evaluation of annual strategic plans, recommendation for the evaluation of causes in case of problems, etc.</p>			

Synergetic and complementary chain: Entrepreneurship – employment – education

Programme	OP Employment	OP EIC	OP RDE	IROP	OP Fisheries	RDP
Thematic objective	TO8	TO3	TO10	TO 10	TO3	TO8
Priority axis	PA 1 Supporting employment and workforce adaptability (ESF)	PA 2 Development of SMEs' entrepreneurship and competitiveness (ERDF)	PA 3 Equal access to high-quality pre-school, primary and secondary education (ESF) PA 2: Development of universities and human resources for research and development	PA 2 Improving public services and living conditions for the inhabitants of the regions (ERDF)	Union Priority 2: Supporting environmentally sustainable, innovative and competitive knowledge-based	RDP Priority 6 Promoting social inclusion, poverty reduction and economic development in rural areas

					resource-efficient aquaculture	
Material specification	Enhancing the expertise, skills and competences of employees and alignment between the workforce qualification level and labour market requirements.	Developing enterprises' training centres and providing a high-quality background for learning activities in enterprises.	Activities focusing on promoting higher quality of vocational training, motivation to study technical fields and natural sciences among children and students, improving school-leavers' professional and entrepreneurial competences and employability Advancing the qualification of staff who take part in the preparation and implementation of life-long learning courses.	Construction, refurbishment and equipment of buildings where pre-school, primary and secondary education takes place.	Support for aquaculture enterprises in the processing sector Fishing tourism.	Diversification of farmers' activities by taking up and developing non-agricultural activities.
Institutional arrangements	<p><u>Managing authorities</u>: Appointed a material sponsor for learning in the industrial sector in relation to entrepreneurship as well as a material sponsor for further education. Memorandum on cooperation between IROP and OP RDE in education sets out the key aspects of the cooperation (a similar memorandum is planned between MEYS and the City of Prague). A joint working group has been created for overall coordination and preparation of calls in education. Memorandum on cooperation between OP EIC and RDP MAs in entrepreneurship. Based on the Memorandum between MEYS and MLSA, a working group has been set up for further education to act as the material sponsor and to take part in coordinating the further education system.</p> <p><u>NCA</u>: Facilitation and overall coordination under the Agreement, participation in the definition of contents and timing of annual strategic plans and calls, monitoring the fulfilment of arrangements within the chain.</p> <p><u>ESI Funds Council</u>: discusses the measures for higher complementary and synergetic efficiency of ESIF support; identifies important synergy interventions.</p> <p><u>Monitoring Committee</u>: Mutual representation of MAs in the MC. Monitoring, regular evaluation and recommendations for modifications to plans, procedures, etc.</p>					
Instruments	<p>Joint preparation of Strategic Implementation Plans, regular checks of their fulfilment, addressing difficulties, problems and barriers to implementation. Application of coordination mechanisms through representatives of the individual MAs participating in working groups, platforms and monitoring committees, coordination of calls.</p> <p>Coordination mechanism (IROP, OP RDE) at the level of common underlying strategies (regional and local education development plans at the level of municipalities with extended powers for municipalities, and at the regional level for secondary schools).</p> <p>Setting the call schedule, guaranteeing the material focus of the calls, participation in setting the technical parameters of calls, MAs' participation in project selection.</p> <p>Shared data and indicators, monthly monitoring, monitoring and evaluation of annual strategic plans, recommendation for the evaluation of causes in case of problems, etc.</p>					

Synergetic and complementary chain: Entrepreneurship – public administration – ICT infrastructure

Programme	OP EIC	OP Employment	IROP
Thematic objective	TO2, TO3	TO11	TO2
Priority axis	PA 2 Development of SMEs' entrepreneurship and competitiveness (ERDF) PA 4 Development of high-speed internet access networks and information and	PA 4 Efficient public administration (ESF)	PA 3 Good territorial administration and improvement in the effectiveness of public institutions (ERDF)

	communication technologies (ERDF)		
Material specification	Implementing the business plans of start-ups (up to 5 years) and developing businesses. Creating new high-speed internet access networks and expanding existing internet access infrastructure.	Activities related to the next stage of modernization of public administration, to further development of the utilization of quality ICT systems, to promoting investments in the handling of special risks and development of crisis management systems.	Development of ICT systems for eGovernment, building secure data networks and centres of public administration for creating cloud solutions for state administration and self-administration; sharing; including publication of public administration data also on the "open data" principle for the needs of other users.
Institutional arrangements	<p><u>Managing authorities:</u> The Ministry of the Interior (MI) is the material sponsor of public administration for the relevant OPs, coordination is ensured at the top level by the Government Council for Public Administration and the Government Council for Information Society, including their committees. The process of defining the calls and of project appraisal will involve the Section of the Chief eGovernment Architect. Coordination is ensured through Memorandum on Cooperation and through agreement between MI and MLSA for public administration and eGovernment, similarly through agreement between MI and MoRD (the material sponsor role).</p> <p><u>NCA:</u> Facilitation and overall coordination under the Agreement, participation in the definition of contents and timing of annual strategic plans and calls, monitoring the fulfilment of arrangements within the chain.</p> <p><u>ESI Funds Council:</u> discusses the measures for higher complementary and synergetic efficiency of ESIF support; identifies important synergy interventions.</p> <p><u>Monitoring Committee:</u> Mutual representation of MAs in the MCs. Monitoring, regular evaluation and recommendations for modifications to plans, procedures, etc.</p>		
Instruments	<p>Joint preparation of Strategic Implementation Plans, regular checks of their fulfilment, addressing difficulties, problems and barriers to implementation.</p> <p>Common underlying strategy - Strategic Framework for Public Administration Development of the Czech Republic for 2014-2020.</p> <p>Setting the call schedule, guaranteeing the material focus of the calls, participation in setting the technical parameters of calls, MAs' participation in project selection.</p> <p>Shared data and indicators, monthly monitoring, monitoring and evaluation of annual strategic plans, recommendation for the evaluation of causes in case of problems, etc.</p>		

Synergetic and complementary chain: Social inclusion – ICT infrastructure – public administration

Programme	OP Employment	IROP
Thematic objective	TO9, TO11	TO2, TO9
Priority axis	PA 2 Social inclusion and combating poverty (ESF) PA 4 Efficient public administration (ESF)	PA 2 Improving public services and living conditions for the inhabitants of the regions (ERDF) PA 3 Good territorial administration and improvement in the effectiveness of public institutions (ERDF)
Material specification	Supporting the socially excluded through social services, family and children services, supporting services focusing on the prevention of social exclusion. Activities related to the next stage of modernising public administration, to further development of utilising quality ICT systems, to supporting investment into modernisation of information and communications systems for specific needs of public administration bodies and IRS units.	Establishing and expanding the capacity or scope of community-provided services, supporting field, outpatient and inpatient forms of social, health and follow-up services for the socially excluded and those at risk of social exclusion, Development of ICT systems for eGovernment, construction of secure data networks of public administration, data centres and their infrastructure for creating also cloud solutions for state administration and self-administration.
Institutional arrangements	<p><u>Managing authorities:</u> Establishing a coordination working group to prepare and execute follow-up calls – coordinating ESF and ERDF measures. The material sponsor of public administration for the relevant OPs is the Ministry of the Interior. Coordination is ensured at the top level by the Government Council for Public Administration and the Government Council for Information Society, including their committees. The process of defining the calls and of project appraisal will involve the Section of the Chief eGovernment Architect. Coordination is ensured through Memoranda or Agreements between the entities concerned and through mutual representation of MAs and material sponsors in the platforms for preparation of calls.</p>	

	<p><u>NCA</u>: Facilitation and overall coordination under the Agreement, participation in the definition of contents and timing of annual strategic plans and calls, monitoring the fulfilment of arrangements within the chain.</p> <p><u>ESI Funds Council</u>: discusses the measures for higher complementary and synergetic efficiency of ESIF support; identifies important synergy interventions.</p> <p><u>Monitoring Committee</u>: Mutual representation of MAs in the MCs. Monitoring, regular evaluation and recommendations for modifications to plans, procedures, etc.</p>
Instruments	<p>Joint preparation of Strategic Implementation Plans, regular checks of their fulfilment, resolving difficulties, problems and barriers to implementation.</p> <p>Common underlying strategy - Strategic Framework for Public Administration Development of the Czech Republic for 2014-2020.</p> <p>Setting the call schedule, guaranteeing the material focus of the calls, participation in setting the technical parameters of calls, MAs' participation in project selection.</p> <p>Shared data and indicators, monthly monitoring, monitoring and evaluation of annual strategic plans, recommendation for the evaluation of causes in case of problems, etc.</p>

Synergetic and complementary chain: Social inclusion – employment – education

Programme	OP Employment	OP RDE	IROP
Thematic objective	TO8, TO9	TO10	TO9, TO10
Priority axis	PA 1 Supporting employment and workforce adaptability (ESF) PA 2 Social inclusion and combating poverty (ESF)	PA 3 Equal access to high-quality pre-school, primary and secondary education (ESF)	PA 2 Improving public services and living conditions for the inhabitants of the regions (ERDF)
Material specification	<p>Counselling and information activities and programmes - support for counselling activities and programmes aimed at ensuring personal integrity and qualifications of persons for choosing their occupation, at mediating suitable employment; preparation of disabled persons for work and in selecting suitable active labour market policy instruments, supporting JOB clubs, controlled counselling on qualification change.</p> <p>Supporting the development and capacity of labour market institutions (analytical, methodological and managerial) with regard to labour market needs.</p> <p>Supporting the socially excluded through social services, family and children services, supporting services focusing on the prevention of social exclusion.</p>	<p>Activities focused on developing equal opportunities and conditions for inclusive education in standard mainstream schools with an emphasis on equal access to quality education in municipalities with socially excluded locations, and on reducing the dropping out of school; on improving pre-school education through higher quality qualification of the teaching staff and other educators to ensure inclusion; on development of key competences at schools for each pupil and on evaluation and strategic management of education towards quality education for every pupil etc.</p>	<p>Establishing and expanding the capacity or scope of community-provided services, supporting field, outpatient and inpatient forms of social, health and follow-up services for the socially excluded and those at risk of social exclusion, Adjustments and equipment for schools that enable a higher involvement of pupils and students with special educational needs.</p>
Institutional arrangements	<p><u>Managing authorities</u>: A working group has been created across 3 OPs (OP Emp, OP RDE, IROP) which will develop and set up coordination mechanisms, a link to the Office of the Government, coordination in preparing and implementing calls (coordination of ESF and ERDF measures), participation of MA representatives in committees and commissions of the relevant OPs, setting the system for project selection and appraisal, evaluation of activities and cooperation in preparing the possible forms of simplified reporting.</p> <p>Memoranda on cooperation have been concluded for implementation of OP Emp, OP RDE and IROP between MEYS/MLSA and MEYS/ MoRD (a similar memorandum is planned between MEYS and the City of Prague).</p> <p>Memorandum on mutual cooperation between OP Emp and OP PGP with regard to social inclusion.</p> <p><u>NCA</u>: Facilitation and overall coordination under the Agreement, participation in the definition of contents and timing of annual strategic plans and calls, monitoring the fulfilment of arrangements within the chain.</p> <p><u>ESI Funds Council</u>: discusses the measures for higher complementary and synergetic efficiency of ESIF support; identifies important synergy interventions.</p> <p><u>Monitoring Committee</u>: Mutual representation of MAs in the MCs. Monitoring, regular evaluation and recommendations for modifications to plans, procedures, etc.</p>		
Instruments	<p>Joint preparation of Strategic Implementation Plans, regular checks of their fulfilment, resolving difficulties, problems and barriers to implementation. A joint initial strategy for the socially excluded areas.</p>		

	<p>Setting the call schedule, guaranteeing the material focus of the calls, participation in setting the technical parameters of calls, MAs' participation in project selection.</p> <p>Shared data and indicators, monthly monitoring, monitoring and evaluation of annual strategic plans, recommendation for the evaluation of causes in case of problems, etc.</p>
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Some of the synergies are highly territorial in nature. Identifying and targeting the needs of a given area is a decisive factor for realizing synergies in the area in question. Practically all the set chains show synergy with OP PGP which has, however, more specific activities with regard to its supported territory (e.g. in PA 3).

A great potential for creating synergies and complementarities from the viewpoint of territorial targeting of the planned interventions can be found in integrated projects implemented by means of integrated instruments. Such interventions are identified already in the integrated strategy. An example of a significant synergy can be the combination of support from the areas of energy efficiency, ICT and transport (so called Smart Cities) or other interventions created on the basis of coherent targeting in the territory.

In regional education (TO 10 and TO 9), a large part of the interventions will be implemented with the help of collecting and evaluating the specific needs at the regional and local level. Such needs will be included, in cooperation with partners in the territory, in the regional and local actions plans for education development which will be used for coordination and targeting of calls under OP RDE (PA 3) and IROP (PA 2) and OP PGP (PA 4) and for enhancing the territorial concentration of investment. The action plans will be used to manage synergy among OP RDE, IROP and OP PGP. Coordination and overall management of the links including the process rules will be carried out on the basis of the Memorandum between MEYS and MoRD, and subsequently of the Cooperation Agreement for Implementing IROP and OP RDE, which will be signed after the programmes are approved. A memorandum between OP RDE and OP PGP will also be prepared. A joint working group of MEYS, MoRD and the City of Prague has been created for the preparation of calls and overall coordination, attended by external partners (local education authorities, NGOs etc.). Calls will reflect the needs of schools set out in the regional and local action plans.

In the area of public administration (TO 2 and TO 11), interventions will be implemented through OP Emp (PA 4) and IROP (PA 3). The common underlying strategy is the Strategic Framework for Public Administration Development of the Czech Republic for 2014-2020 and its implementation plans. Coordination will be carried out at two levels. The first level addresses the setting of the relationships among the different managing authorities (MLSA and MoRD) and the material sponsor (MI) - the output is the Memorandum on Cooperation in preparation and future implementation of OP Emp between MLSA and MI (which will be followed up, after the programmes are approved, with the Agreement on Cooperation in implementing OP Emp) and the Agreement between MI and MoRD on the scope of activity of the material sponsor in IROP implementation for the period 2014-2020. The second level is inter-ministerial and covers the preparation of bodies responsible for coordination of public administration and ICT - the Government Council for Information Society and the Government Council for Public Administration, including their committees. Both Councils will have one common secretariat at the MI. The specific activities and processes will be embedded in the statutes and rules of procedure of those Councils (discussing the schedules of calls, discussing the crucial projects co-financed from ESIF from the viewpoint of their benefit for public administration). Both Councils start from a common strategy (see above) as the main document of the Czech Republic for the area of public administration and, at the same time, they coordinate its implementation. The process of setting the calls and appraising

the projects under TO 2 will also involve the Section of the Chief eGovernment Architect who comments on the submitted projects.

A detailed description of the coordination mechanisms and links between the various ESIF programmes is provided in the relevant programming documents, i.e. OP RDE, IROP and OP PGP concerning regional schools, and OP Emp and IROP concerning public administration.

Links between ESI Funds programmes and Union programmes/instruments

Important links can be identified and then managed not only at the level of ESIF programmes but also between ESI Funds programmes and Union programmes.

Horizon 2020 – the EU Framework Programme for Research and Innovation

Complementarity with the Horizon 2020 programme is identified under thematic objectives 1, 2, 3 and 4 (OP RDE, OP EIC, OP PGP, RDP).

As for specific interventions, conducted activities include both activities to strengthen the absorption capacity for projects funded from Horizon 2020 and activities aimed at using, disseminating and applying the results of projects implemented with aid from Horizon 2020. In terms of specific interventions under OP RDE, the support is expected to enhance the capacities of research organisations with the potential to create internationally acknowledged results, to establish and develop strategic partnerships with globally prestigious research centres leading to implementation of joint research projects and to joint outputs. Support will be aimed at higher openness of the R&D infrastructures, interdisciplinarity of research and internationalisation of research teams. In accordance with CSF, the investment should prepare a so-called "Stairway to Excellence", i.e. to inclusion in the European Research Area and to the Horizon 2020 programme and other activities of international research cooperation. Support is also expected to be provided towards improving the conditions for concentrating and sustaining quality human resources in R&D by means of attracting and developing promising researchers. This concerns cooperation projects (of research organisations and enterprises) which address pre-commercial research that can bring breakthrough findings but is far from being applied in the market. Coordination is ensured through involving selected delegates of the programme committees under Horizon 2020 from the Czech Republic in the OP RDE Monitoring Committee.

Links between the OP EIC and Horizon 2020 can be seen especially in Priority Axes 1 and 2, with expected activities aimed at protecting intellectual property rights, enhancing enterprises' awareness of measures and projects to help protect industrial property, supporting the innovation and marketing of products and services, enhancing the services of supporting infrastructure and implementing business plans of new and developed SMEs. The OP EIC creates the material and personnel conditions for involving Czech entities in the Horizon 2020 programme, raising the success rate of Czech entities and teams as participation in national programmes improves their expertise and organisational skills. A partial link is also in the field of energy-efficient and low-carbon economy under Priority Axis 3 in relation to Priority 3 of Horizon 2020 and in the area of new networks for high-speed internet, new ICT solutions and providing sophisticated shared services under Priority Axis 4. The OP EIC also provides quality consulting services and information for potential participants in Horizon 2020.

In terms of the coordination mechanisms and structures, an important body is the Technological Centre of the Czech Academy of Sciences (TC CAS) which acts as the national information centre for European research, including the network of national contact persons for Horizon 2020. TC CAS provides consultations to potential applicants, enables the identification of suitable projects and channels them correctly to the appropriate activities,

including identification of a suitable combination of funding sources for the research projects. Another instrument will be the close cooperation with delegates of the configurations of the Horizon 2020 programme committees. Selected Czech delegates at Horizon 2020 programme committees are expected to be on the OP RDE and OP EIC Monitoring Committee in order to ensure close coordination and transfer of information between the two supporting instruments. TC CAS will take part in preparing the calls during the OP EIC and OP RDE implementation. The OP EIC is expected to prefer those applicants who had submitted projects under Horizon 2020 before and met all the requirements but were not supported because other excellent projects were selected. Co-financing of Horizon 2020 projects (while respecting the prohibited double financing of the same budget items) and financing of quality projects which passed successfully the appraisal under Horizon 2020 but due to limited funding were not financed from Horizon 2020 is planned also under OP RDE. Coordination of structures and activities intended to support the participation of applicants and beneficiaries will be addressed probably by means of the National Contact Point.

The Horizon 2020 programme section that is most relevant for the OP PGP is “Industrial Leadership” focusing on support for SMEs, among other things. Utilization of the programme by Prague-based entities must be perceived as a major complementarity to support under OP PGP priority axis 1. It is assumed that "downstream sequential financing" will be used. Another relevant priority is the “Societal Challenges” priority focusing on some areas (transport, energy, demographic changes) that are relevant for Prague’s urban environment. Coordination will be based on the specific focus of activities and on targeting of calls so that duplicities are avoided.

RDP and Horizon 2020 complement each other in providing opportunities for EIP operational groups. RDP will be applied within the Czech Republic while Horizon 2020 must go beyond that scope by co-financing innovation actions at the international level. For projects to be eligible for support under the research policy (Horizon 2020), they must include partners from at least 3 Member States. That eligibility condition represents the difference from RDP support. An important element in developing synergies and complementarities will be the common format for providing information and reporting on the operational groups because it can help interconnect the operational groups within rural development with research consortia of Horizon 2020 on specific themes. Thematic networks and a project involving more partners can provide innovative ideas for the operational groups.

LIFE (Programme for the Environment and Climate Action)

Complementarity with the LIFE programme is identified under thematic objectives 4, 5 and 6 (OP E, IROP, RDP, OP PGP).

The exact procedures for submitting and appraising integrated LIFE projects are part of the setup of the multiannual work programme period of the LIFE programme, which was prepared by the European Commission in cooperation with Member States (Regulation (EU) No 1293/2013). Individual procedures at the national level are elaborated on the basis of the approval of that document. The LIFE programme will complement well the various operational programmes and RDP with the type of its activities. The types of projects set out in Article 2 of Regulation No 1293/2013 will not be directly supported in the individual programmes but can be complementary. The coordination of harmonising the schedules of calls in programmes and identification of the thematic intersections and complementarities aimed at enabling the applicants to submit integrated LIFE projects will be ensured through cooperation of entities responsible for implementation of the programmes at the national level, or of the National Contact Points. The National Contact Point for the LIFE programme in the Czech Republic is Ministry of the Environment (MEnv).

Synergies of both LIFE sub-programmes are expected to be used across all priority axes of OP E. Apart from that, LIFE will provide financing for a number of objectives and activities complementary to goals set out among the specific objectives of OP E.

Since both the OP E and LIFE are coordinated by a single section of a single Ministry, coordination will be ensured within the MEnv's organisational and administrative structure. Coordination is performed by aligning the call schedules of the two programmes and by identifying specific thematic intersections and complementarities with the aim of providing applicants with information and counselling on the possibility to use the two programmes in a complementary manner when implementing NATURA 2000 action frameworks pursuant to the EU Biodiversity Strategy up to 2020, with special emphasis on efficient management and strengthening of the NATURA 2000 network established by Directive 92/43/EEC, as well as flood risk management plans pursuant to the Water Framework Directive and other relevant legislation, waste management plans pursuant to Waste Framework Directive No 2008/98, air quality plans and programmes pursuant to EP and Council Directive 2008/50/EC and implementation of climate change mitigation and adaptation strategies. Internal coordination and collaboration mechanisms have been set up to that end.

The link between the LIFE programme and the IROP is loose, with LIFE focusing on enhancing the institutional basis, education and sharing of information on climate change and environmental protection while the IROP supports investment activities in the area of solutions and risk management with respect to climate change and in the area of improving energy performance in the housing sector.

One of LIFE's general objectives is to contribute to the shift towards a resource-efficient, low-carbon and climate-resilient economy, to the protection and improvement of the environment. Similarly, thematic objective 4 of the OP PGP is aimed at supporting the shift towards a low-carbon economy in all sectors. The mutual complementarity of the LIFE programme (especially the Climate Change Mitigation priority area) and the OP PGP concerns PA 2 Sustainable mobility and energy savings, specific objective 2.1 "Energy savings in urban buildings achieved also with the use of suitable renewable energy sources, energy-efficient equipment and intelligent management systems". This concerns, in particular, activities that help demonstrate innovative systems for reducing greenhouse gas emissions which are suitable for mimicking, transfer or incorporation. Under the OP PGP, these are e.g. pilot projects for converting energy-intensive public buildings (owned by the city of Prague) into buildings with almost zero energy consumption (or buildings meeting the passive energy standard) with integrated smart systems. Priority axis 2 of the OP PGP focuses only on public buildings and facilities owned by the city of Prague or its organisations located in Prague.

COSME (Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises)

Complementarity with the COSME programme is identified under thematic objectives 1 and 3 (OP EIC, OP PGP).

COSME is also linked to priority axes 1 and 2 of OP EIC. In terms of detailed linkage inside the priority axes, complementarity between the OP EIC and COSME can be seen in interventions to improve businesses' access to EU and global markets and to improve access to finance for SMEs through equity and debt. Activities supported under OP EIC that have a link with the above-mentioned COSME interventions include especially the implementation of business plans of new and developed SMEs, development of SME internalization as well as support for SMEs in the area of intellectual property protection.

The COSME programme focuses, among other things, on stimulating entrepreneurship and improving enterprises' access to finance. In this sense, the supporting activities in OP PGP priority axis 1 are designed recognizing their complementarity to the COSME programme.

An important coordination body for COSME is the Technological Centre of the Czech Academy of Sciences (TC CAS) acting as the national information centre for European research. It provides consultancy to potential applicants, which allows the suitable projects to be identified and directed correctly to their corresponding COSME activities. TC CAS also acts as the coordinator of the Enterprise Europe Network consortium in the Czech Republic. TC CAS takes part in preparing the calls under the OP EIC in its implementation stage. Another coordination mechanism is information for potential applicants on the OP EIC MA website in the form of a hyperlink to TC CAS website. That mutual interconnection will help improve orientation in both programmes.

CEF (Connecting Europe Facility)

Complementarity with the CEF programme is identified under thematic objectives 2, 4 and 7 (OP EIC, OP T, IROP).

In the area of transport infrastructure under CEF, support is targeted mainly at interventions into important cross-border connections on the TEN-T network in the form of construction and modernisation of railway tracks - this is a mutual complementarity with OP T. Under OP T, support is envisaged for road infrastructure of the TEN-T and outside it through investment into networks of national importance. All investments in transport infrastructure of national importance fall under the Ministry of Transport regardless of the source of funding. The main coordination mechanism will be compliance with the plan of construction specified in the document Transport Section Strategies 2014–2020 (Phase 2). All projects will be approved at the Ministry of Transport (by the so-called Central Commission which also acts as a coordinator), which will be responsible for coordination.

ERDF support for the modernization and development of (high-voltage) transmission grids will be used to supplement CEF funding. It should be pointed out, however, that only projects included in the list of Projects of Common Interest (PCI) may apply to CEF. Concerning the EU list of Projects of Common Interest, the Czech Republic has included among them five projects in the electricity sector so far, for above-ground lines at 400 kV voltage level and the relevant switching stations. Those five projects are mutually interlinked and so create one corridor between the switching stations Verněřov and Čebín. The link between CEF and ERDF and CF is thus not only complementary, i.e. enabling support to such projects that are in the interest of supply security only for the Czech Republic and without major impacts on the EU, but also substitutive, enabling financial support for projects that are on the PCI list but may fall short of CEF funding. Coordination will be ensured through expert working groups on CEF, attended also by MIT representatives.

IROP-funded projects will enable a follow-up to ICT backbone projects financed from CEF at the EU level. These include, in particular, activities to support interconnection and interoperability of national public electronic services and access to such networks as well as protection of citizens and critical infrastructure against cyber-attacks and similar events. There is, therefore, complementarity between the programmes and mutual coordination is based mainly on the Strategic Framework for Public Administration Development of the Czech Republic for 2014-2020. A second aspect of mutual coordination is the role of Chief eGovernment Architect under the Ministry of the Interior, who gives opinions on all ICT projects in eGovernment.

Erasmus+

Complementarity with the programme Erasmus+ for all is identified under thematic objective 10 (OP RDE).

Mutual complementarity with OP RDE concerns especially PA 2 Development of universities and human resources for research and development and PA 3 Equal access to quality pre-school, primary and secondary education. This concerns mainly international mobility of students and academic/ teaching staff, development of partnership among universities, linkage to the labour market, popularisation of research and development, strategic partnerships between universities and the application sphere and between universities and research organisations, international cooperation at the system, territory and school level for obtaining experience to perform specific tasks, mobility schemes for mobility of students and employees of schools and universities preparing teachers. MEYS is envisaged as the entity coordinating the programme in the Czech Republic. The precise coordination mechanism will be defined based on EC instructions.

YEI (Youth Employment Initiative)

Complementarity with the programme is identified under thematic objective 8 (OP Emp).

Pursuant to Article 18 of the ESF Regulation, the Youth Employment Initiative is integrated into ESF programming and will be implemented through OP Emp, investment priority 1.5. At the same time, there is a strong link between YEI interventions and the remaining investment priorities in OP Emp priority axis 1 Supporting employment and workforce adaptability, especially investment priority 1.1. The fact that YEI is implemented under OP Emp with the involvement of the same entities that implement similar ESF interventions fully ensures utilization of complementarity with ESF interventions to support youth employment in the Czech Republic's regions ineligible for support from YEI, and utilization of complementarity with ESF interventions to support employment of people other than the youth in the NUTS 2 Northwest region.

Further information on YEI is provided in Chapter 1.4.2.

EaSI (EU Programme for Employment and Social Innovation)

Complementarity with the programme is identified under thematic objectives 3, 8 and 9 (OP Emp, OP EIC, IROP) and TO 2 (OP EIC).

The Programme for Employment and Social Innovation is managed directly by the European Commission and consists of three axes: the PROGRESS programme, the EURES network and Microfinance. Calls for proposals under the individual axes are announced directly by the EC and Member States submit projects as they need according to the call themes. The entity responsible for EaSI implementation in the Czech Republic is the MLSA. To take full advantage of the complementarity of EaSI and ESF (OP Emp) interventions, it is ensured that MLSA representatives responsible for EaSI implementation in the Czech Republic are represented in the platforms preparing calls under OP Emp in those areas that have potentially similar focus (creation of policies, social innovation, employment services and social economy). The purpose is to concentrate ESF finances on support for those areas and themes that will not be supported from EaSI. The PROGRESS programme should help develop, implement, monitor and evaluate policies on employment, social conditions, social protection and inclusion and legislation in those areas and support creation of policies and implementation of evidence-based innovations in collaboration with social partners, civil society organisations and other stakeholders. Therefore, the PROGRESS programme can potentially help enhance the efficiency of OP Emp interventions, in close cooperation with

OP Emp priority axis 3 Social innovation and international cooperation. Linkage to the EURES network, whose purpose is to promote exchange and dissemination of information and other forms of cooperation to support employees' geographic mobility, is significant in OP Emp priority axis 1, specifically within the investment priority that includes, among other things, an EURES network development activity. The reason is an intention to include expenditure on the EURES network ineligible for funding under EaSI in the relevant investment priorities of the OP Emp. The microfinance axis, which facilitates access to finance for entrepreneurs, in particular those most distant from the labour market, and for social enterprises, has the strongest link with OP Emp priority axis 2 Social inclusion and combating poverty, specifically the investment priority that also includes support for social entrepreneurship. It is ensured that entities receiving aid from the microfinance axis will also have access to ESF support provided as education and consulting so that there is greater probability of success of such supported entities in the market.

The component of the EU PROGRESS Microfinance instrument is also complementary to the IROP programme that focuses on promoting social entrepreneurship. There is no duplicity of the programmes since the form of implementation is different, with the IROP having the objective set as a subsidy and PROGRESS as a loan.

A certain link to the EaSI programme can be seen in the area of enhancing access to microfinancing, where the OP EIC will support the implementation of business plans of start-ups and developing enterprises, including micro-enterprises. However, OP EIC is not focused on social entrepreneurship as such but on enhancing the social dimension of entrepreneurship. Its principle is that any small or medium-sized enterprise which meets the given conditions of the programme and demonstrates that its project, if supported, will employ persons from disadvantaged groups of the population is given preference against other applicants who will not create this type of jobs in their projects. The concept of support for micro-enterprises under OP EIC therefore differs significantly from the microfinance axis in EaSI. Coordination is ensured through participation of MLSA representatives responsible for EaSI implementation in the Czech Republic in OP EIC working groups.

FEAD (Fund for European Aid to the Most Deprived)

Complementarity with the programme is identified under thematic objective 9 (OP Emp).

MLSA has prepared a separate operational programme for using FEAD. Because of the total FEAD allocation for the Czech Republic (EUR 20.7 million for the programming period of 2014–2020), this programme is only used to fund activities aimed at providing food and satisfying basic needs (including the accompanying measures) to the most deprived, that cannot be funded from the ESF. Accompanying measures (activities aimed at social inclusion) for the most deprived can be funded from ESF under OP Emp, specifically priority axis 2 Social inclusion and combating poverty. The activities from both operational programmes are coordinated through close cooperation of both managing authorities and through representation of OP FEAD MA in the OP Emp Monitoring Committee, or through OP Emp MA representation in the OP FEAD Monitoring Committee if such monitoring committee is established. The coordination is made easier thanks to the MAs of both OP Emp and OP FEAD being part of a single section of the MLSA (the EU Funds section).

AMIF (Asylum, Migration and Integration Fund)

Complementarity with the programme is identified under thematic objective 9 (OP Emp, OP PGP).

The general objective of AMIF is to contribute to an effective management of migration flows in the Union as part of the area of freedom, security and justice, in accordance with the common asylum policy, the subsidiary protection and temporary protection policy and the common immigration policy. The Czech Republic has EUR 26.4 million available for this purpose for 2014-2020. The entity responsible for AMIF implementation in the Czech Republic is the Ministry of the Interior (MI). A link between AMIF and OP Emp can be seen especially in OP Emp priority axis 2 Social inclusion and combating poverty, whose target group includes immigrants. To take full advantage of the complementarity of interventions of AMIF and ESF (OP Emp), it is ensured that representatives of the Czech Ministry of the Interior responsible for the AMIF agenda in the Czech Republic are represented in the working groups preparing calls under OP Emp priority axis 2 in those areas that have potentially similar focus. At the same time, a MLSA representative will be a member of the monitoring committee of the national AMIF programme, established in the MI, whose activities include assessment of and commenting on the framework plan of calls. The purpose is to concentrate ESF finances on support for those activities and target groups that are not supported from AMIF and at the same time to prevent potential double financing of similar activities.

In relation to the OP PGP, a link can be seen to priority axis 3 Promoting social inclusion and combating poverty, whose theme puts emphasis on promoting social services for inclusion and enhancement of social cohesion and on promoting social entrepreneurship as a socially innovative approach to employing hard-to-employ individuals, the chronically unemployed and groups of excluded, threatened and marginalized people, i.e. including migrants (foreigners). The purpose is to concentrate ESF and ERDF finances on support for those activities and target groups that are not supported from AMIF.

ISF (Internal Security Fund)

Complementarity with the programme is identified under thematic objectives 2 and 11 (OP Emp, IROP).

ISF provides financial support for police cooperation, preventing crime and combating serious cross-border crime and organised crime as well as crisis management and protection of EU critical infrastructure. Its contribution will consist in strengthening operative collaboration in law enforcement, e.g. by providing financial support to joint operations of law enforcement authorities, combining of resources, exchange of information and best practices or police training. Because of the Fund's focus, its link with ESI Funds programmes is very weak. A marginal link can be seen with OP Employment priority axis 4 Efficient public administration, namely with projects that will be aimed at the Czech Police. In such case, coordination of activities is ensured by involving staff from the Czech Ministry of the Interior (MI), which is both responsible for eGovernment strategies in the Czech Republic and is the material sponsor of OP Emp priority axis 4 Efficient public administration, and is also the entity responsible for ISF implementation in the Czech Republic.

The ISF complementarity will also be supervised by the monitoring committee of the national ISF programme under MI where both the Czech Police and MI are represented.

CE (Creative Europe)

Complementarity with the Creative Europe programme is identified under thematic objectives 3 and 6 (OP EIC, IROP).

The programme's complementary link with the OP EIC is perceived in activities aimed at strengthening the financial possibilities of SMEs, where beneficiaries under the OP EIC can also include applicants from cultural and creative sectors.

The programme's complementary link with the IROP is perceived in subsequent activities in revitalised and renewed historic monuments and thanks to digitalised and renovated museum collections and mobiliary and library funds which will be made accessible for the public and for the cultural and creative industry. As IROP is focused on investment support for cultural heritage and CE on non-investment activities such as education of professionals and artists in the cultural and creative industries, both programmes may complement each other well.

Coordination is ensured through the programme offices established at the Arts and Theatre Institute and the National Film Archive, which are organisations subsidized by the Ministry of Culture and are the seat of the Czech Office for this European programme. The Czech Office provides consultancy to Czech, mainly cultural organisations on the European programme and so encourages their interest in implementing cultural projects. As part of this activity, the Czech Office informs potential applicants of the options of implementing their projects through ESIF programmes.

Table 2-1 Links between ESIF Funds programmes and Union programmes and instruments

	Horizon 2020	CEF	Erasmus+	COSME	LIFE	YEI	FEAD	EaSI	AMIF	ISF	CE
OP Employment						PA1, TO8	PA2, TO9	PA1 TO8 PA2 TO9 PA3, TO9	PA2, TO9	PA4, TO11	
OP RDE	PA1, TO1 PA2, TO10		PA2, TO10 PA3, TO10								
OP EIC	PA1, TO1 PA2, TO3 PA3, TO4 PA4, TO2	PA3, TO4 and TO7		PA1, TO1 PA2, TO3				PA2, TO3			PA2, TO3
OP T		PA1, TO7 PA2, TO7 PA3 TO7									
OP E					PA1, TO4-6 PA2, TO4-6 PA3, TO4-6 PA4, TO4-6 PA5, TO4-6						
IROP		PA3, TO2			PA1, TO5 PA2, TO4			PA2, TO9		PA3, TO2	PA3, TO6
RDP	P1, TO1				P4, TO4-6 P5, TO4-6						
OP PGP	PA1, TO1			PA1, TO1	PA2, TO4				PA3, TO9		

Identification of complementarities and synergies between CAP Pillars I and II

Supports under CAP Pillar I, so-called direct payments, are aimed at ensuring stability in farmers' income and securing competitive farming. Complementarity with Pillar II can be perceived in defined Less Favoured Areas or in investment measures. These have been expanded to include the follow-up processing industry, forestry and rural areas development.

Detailed specification for investment support will be based on eligible expenditure or the definition of applicants in the programming document. Both pillars also complement each other in terms of non-production functions and sustainable development. Direct payments will support sustainable production on arable land thanks to “greening”. Beyond the scope of greening, Pillar II includes the Agri-Environment-Climate measure (AECM) and Environmentally Friendly Farming measures, where synergy is generally supported by the condition of setting the support under Pillar II above the basic environmental prerequisites for direct payments. Such extra requirements modify agricultural methods so that farming at valuable sites uses methods that take account of the needs of habitats and/or applies suitable agricultural procedures to prevent soil erosion especially in areas susceptible to erosion. Properly set rules for greening and AECM may motivate farmers to get involved more in environmentally friendly measures and thus provide more public goods. Farmers are not compensated for expenses on this method of management by means of support under Pillar I and the cost of public goods should be covered by CAP Pillar II. An integral part of synergy is coupled support of livestock production. Spatial complementarity can be perceived in particular in support outside farmland; from the point of view of Pillar II, this concerns forestry supports focusing on environmentally sustainable management of forest land, especially in sensitive areas and areas of natural value. One of the basic points of contact between the two pillars is promotion of education and consulting, focusing on compliance with EU standards, including the conditions of cross-compliance (C-C) that will have to be met by all entities receiving direct payments. Farmers’ awareness of the purpose and conditions of C-C and AECM titles should be ensured by arrangements for the transfer of knowledge under Pillar II.

Links between ESI Funds programmes and national programmes

National programmes complement ESI Funds programmes in areas that are not covered by ESI Funds programmes (white areas) or there is complementarity between ESI Funds and national programmes (in the case of territorially targeted interventions also with the regional or municipal programmes). National programmes are usually proposed and approved for a period of one year, i.e. they mostly have shorter-term objectives.

An example of complementarity between ESI Funds programmes and a national programme is the area of energy savings. Multiplied results are achieved in the area of energy savings through fulfilment of thematic objective 4, under which interventions are implemented in the OP EIC, IROP, OP E, OP PGP, and through fulfilment of objectives of the New Green Savings and the Panel 2013+ programmes (the coordination mechanism has also been set for this purpose). Similar links of ESI Funds programmes to national programmes can be identified e.g. in research and development (programmes of Technological Agency of the Czech Republic and of MEYS), in entrepreneurship (programmes of MIT and of the Czech-Moravian Guarantee and Development Bank), education (MEYS programmes), transport, labour market, tourism etc. If new programmes are created and implemented at the national level with a possible link to ESI Funds programmes, coordination will be ensured so that overlaps are avoided and complementarity to ESI Funds is supported.

Specific links between ESI Funds programmes and national programmes are part of the relevant ESI Funds programmes where the method of their coordination and management is also described.

Links between ESI Funds programmes and the EIB’s instruments

If financial instruments are used, the anticipated link to the EIB is relevant but individual interventions will be created according to individual projects prepared.

Under OP EIC, a link appears to the EIB financial instruments implemented under COSME and Horizon 2020 programmes. Based on the results of the ex-ante evaluation of financial instruments according to Article 37(2) of CPR, financial instruments might be implemented also in OP EIC or in other programmes.

A detailed overview of all synergetic links both among ESI Funds programmes and between ESI Funds and Union and national programmes, including specific coordination instruments, is included in the relevant ESI Funds programmes, in the control document of the MoRD NCA and in Strategic Implementation Plans.

2.1.3 Arrangements and structure to coordinate ESI Funds support

At the Partnership Agreement level, coordination between funds, programmes and other instruments is considered a key element of programming and subsequent implementation. The Partnership Agreement defines basic starting points that should be respected to achieve maximum complementarity and synergy (material, financial and time conformity) and, in particular, among ESI Funds programmes as well as between ESI Funds programmes and EU programmes/instruments. Ensuring linkage between interventions is often based on the competence of a given institution that manages both an ESI Funds and a national/EU programme, eliminating duplicities and setting complementary interventions adequately. For synergetic interventions, intended interventions will be continually planned (e.g. through cooperation in call planning) and then coordinated (e.g. through participation in managing platforms) and evaluated (e.g. joint evaluation activities). Mechanisms for coordinating ESI Funds and programmes at the national level will thus be interconnected. In some cases, it will be possible to use multiple resources for a single operation.

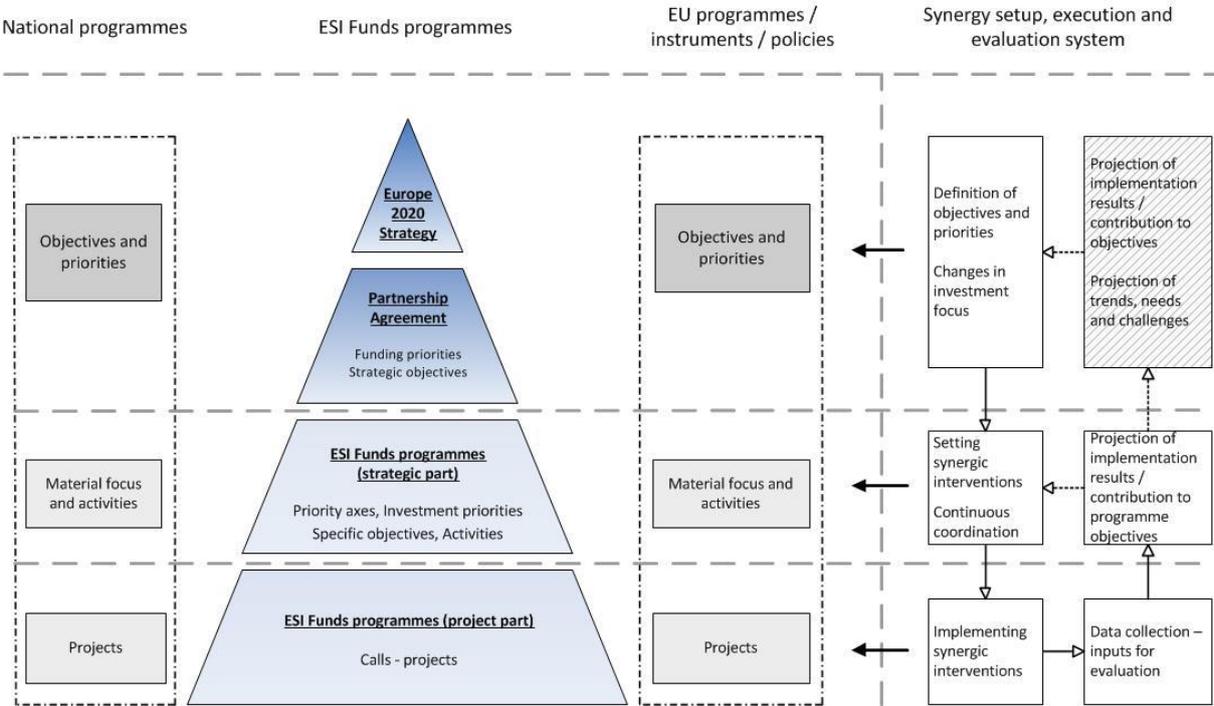
Partnership Agreement management rules specify key activities and roles for individual entities during implementation, with the aim of ensuring institutional and procedural management of all ESI Funds in order to fulfil the objectives of the Partnership Agreement, including those in the area of synergies and complementarities. Agreement management rules establish a basic framework of activities that are necessary to fulfil the objectives of the Partnership Agreement. Operational manuals and other management and coordination documents are created, among other things, for the purposes of defining specific activities and responsibilities at the programme level.

Methodological arrangements for the management of synergies and complementarities at the various stages of programming are specified in relevant guidelines, which are part of the single methodical environment.

Coordination will be applied at all levels of the implementation of ESI Funds programmes, including close interrelation with national programmes and EU instruments. As shown in the diagram below, the system of synergy and complementarity coordination will proceed from setting objectives to integrating them into programmes to evaluating them and proposing possible changes in the focus of implemented interventions. Feedback in the form of assessment of the results or impacts of implemented synergetic and complementary interventions is crucial for setting such interventions that will provide added value for both the use of ESI Funds itself and the Czech Republic's economy. Results obtained from the implementation of synergies present a tool for possible modification of the original strategy, especially at the level of programmes, exceptionally at the level of the Partnership Agreement.

The coordination of synergies and complementarities also means that there must be interactive dialogue, at each partial level, between entities involved in the implementation of synergies and complementarities, who not only define and set the actual synergies and

complementarities but also must have the decision-making authority to be able to incorporate the given interventions into programme implementation.



2.1.4 Coordination mechanisms between entities responsible for the implementation of synergies

The method of coordinating support from ESI Funds is divided into two pillars:

- Institutional arrangements
- Instruments

Institutional arrangements

Institutional backup for synergy and complementarities is a prerequisite for their efficient implementation. For interventions and projects to have additional effect during implementation, they must be defined precisely in advance; answers must be obtained to questions such as whether given synergies and complementarities can be realized, what effect this will have, whether the risks involved may outweigh the potential effect of a given synergy, etc. Planning, scenarios and system approach form the basis of the institutional level of coordination mechanisms.

Apart from the Funds implementation level, described below, selected sectoral issues (e.g. public administration, eGovernment) are coordinated also by advisory bodies of the government (e.g. Government Councils).

In the implementation stage, it is necessary to prevent programme overlaps that may occur during specification of the managing authorities’ intents or by extending the originally intended interventions. One of the most efficient instruments seems to be mutual participation of the MA representatives concerned at platforms (monitoring committees, expert platforms,

planning groups) already during the planning, creation and evaluation of strategic implementation plans and subsequent call coordination.

The key coordination entities and platforms participating in the realization of synergies and complementarities and in prevention of overlaps between ESI Funds programmes and between ESI Funds and national and EU programmes/instruments are:

The ESI Funds Council takes care of the material interface and links between the programmes co-financed from ESI Funds and discusses arrangements for higher complementary and synergic efficiency of the support provided by the ESI Funds. The Council is presided by the Czech Prime Minister; its members include ministers, representatives from the Association of Regions, Union of Towns and Municipalities, National Network of Local Action Groups, representatives from not-for-profit organisations, trade unions and a number of other professional associations.

The National Coordination Authority supervises the planning of synergy and complementary calls on an ongoing basis, proposes measures to ensure synergies and complementarities across programmes, ensures complementarities and synergies between interventions specified by the Partnership Agreement and other strategic documents, specifies suitable instruments for the management of complementarities and synergies and is responsible for additional activities specified in the Partnership Agreement Management Rules.

Managing authorities of programmes direct their activities especially towards ensuring that the priority axes and Union priorities covered by programmes will together contribute to thematic objectives and objectives set in strategic documents and will complement one another adequately, and also that they will be supported by projects implementing integrated solutions in the territory, in particular by setting mechanisms, internal structure and instruments used to that end. The MAs conclude more or less formal agreements to ensure mutual cooperation in the planning and coordination of calls (see also memoranda of cooperation below). Managing authorities will have specified coordinators that will monitor synergies and complementarities between ESI Funds as well as between ESI Funds and national and EU programmes. In addition, the coordinators will monitor and deal with any duplicities among programmes in order to prevent them from occurring during implementation; they will also generally coordinate synergetic and complementary activities in their programmes. Problematic synergies, complementarities and duplicities will be dealt with in collaboration with the NCA on an ongoing basis.

The MAs are responsible for additional activities specified in the Partnership Agreement Management Rules and the management documents of the respective programmes.

Intermediate bodies take care of any synergy- and complementarity-related activities delegated to them by MAs. In the management of complementarities and synergies, IBs play, i.a., the role of single points of contact such as joint IBs.

Monitoring committees of programmes are informed about call plans and, if necessary, propose and recommend to managing authorities measures to improve fund efficiency, including synergies. What is important in terms of complementarities and synergies is the mutual representation of MAs and other coordinating entities in the monitoring committees of those programmes that deal with mutual complementary/synergy links.

The material sponsor is a public administration institution that has the material competence and expertise for sectoral interventions, including those that carry the implemented synergies and complementarities. The material sponsor, in cooperation with the managing authority, participates in identifying synergic and complementary interventions, coordinating them with calls, and in other specified activities including the field of synergies. The specific role of

material sponsors is always defined in selected programmes as agreed between the managing authorities concerned.

Expert platforms and working groups are established in order to deal with specific synergic and/or complementary links between programmes. They participate in the setting of a call schedule (call timing) or, e.g., in the setting of the technical parameters of calls. Platforms are established with experts in the field; task forces may be established to deal with synergetic and complementary sub-projects. Joint bodies may be formed to secure crucial synergies.

Instruments

A key element of smooth implementation and management of synergies and complementarities is the careful setting of programme elements before the actual calls are published. From the purely technical point of view, this means close collaboration of the entities involved in creation of programming documents, guides, manuals and other methodological and programming documents that create the environment (and limits) for subsequent implementation.

To fulfil the thematic objectives and even achieve synergic effects between interventions, coordination between funds must be set up not only in terms of individual implementation entities that participate in their management but also using a selected set of instruments, including:

Coordination in the area of calls

To ensure maximum efficiency of individual interventions and secure synergic and complementary links between the programmes in question, the call preparation process is coordinated within the relevant platforms (timing, material contents, technical parameters, etc.). A coordinated process of call setup and assessment will help implement such projects that will ensure as much linkage as possible between interventions across relevant programmes and allow achieving programme objectives and thus the Partnership Agreement. Call coordination thus helps achieve synergies and complementarities between activities that may be supported under different programmes but complement each other and their interrelation is objective and needed, while emphasis is put on removing any duplicities.

Strategic Implementation Plans (SIPs)

The SIP, which is prepared by the MA annually, includes precise planning of synergic and complementary calls including their contents and focus. Since they are updated regularly, possible trends and needs are taken into account, and any limits and barriers to absorption in the synergic and complementary interventions can be dealt with as required by the current situation. The synergic and complementary calls can be subsequently evaluated in the SIPs.

Memoranda, inter-institutional agreements between programme managing authorities

When setting and managing specific synergies and complementarities, the managing authorities and/or other coordination entities make agreements (memoranda) that specify the forms of mandatory procedures, negotiations and responsibilities among the entities involved in synergy and complementarity management. Such agreements allow close cooperation between MAs, ensured by the participation of a representative of one managing authority in the activities of authorities/committees created for another programme, and vice versa.

Project selection and evaluation

Managing authorities and/or other coordination entities may agree to mutually approve selection criteria, establish a joint appraisal commission, keep a shared database of external evaluators etc.

Shared data and indicators

Relevant indicators and/or contributions to achievement of TO indicators are specified for monitoring and evaluation. Another important element is approval of indicators by the monitoring committee, sharing applicant and project data for synergic projects and their joint monitoring and evaluation.

Integrated instruments for the purposes of synergy and complementarity targeting in the territory

By their very nature, integrated approaches should contribute to achieving the required synergic effects. From the point of view of managing authorities and carriers of integrated approaches that make interventions in their territory, integrated strategies are the most important instrument for setting key synergies. The achievement of synergies and complementarities will be highly conditional on the economic, transport, environmental or e.g. social situation in the various types of territory, especially in agglomerations and other types of integrated areas. The specific realization of synergies and complementarities will depend on the settings of each programme and the ability to interconnect interventions in content and in time, and with respect to the administration and rules of given programmes.

Other instruments that can be used in programmes depending on the nature of the given synergy and complementarity are:

- Setting absorption capacity to fulfil a given strategy.
- Setting and managing risks when setting and realizing synergies, e.g. for projects conditional on time, content and financing.
- Using the possibility of cross-financing, ensuring alignment of synergic and complementary interventions.
- Forming a common information and communication strategy, creating shared contact points.
- Other specific instruments used by MAs.

A detailed specification of the coordination mechanisms used and their instruments for specific synergies and complementarities are included in the individual programmes, depending on the nature of the synergy or complementarity in question, which always requires a specific approach.

The chapter does not include mechanisms for coordinating ESI Funds programmes with ETC programmes and the macro-regional strategies; that is included in Chapter 3.1.4.

2.1.5 Mechanism to help applicants use the funds in a complementary way

The MoRD prepares a set of information tools for the upcoming programming period that should help applicants and beneficiaries use the ESI Funds appropriately.

The basis of communication is the ESI Funds website, which offers to users easily comprehensible information on the regional policy and individual ESI Funds programmes as well as on-line contact with the ESI Funds info line staff. Another web tool is the Mapaprojektů.cz portal, which allows users to get a quick overview of projects that have been implemented using the ESI Funds in the Czech Republic. This allows users to obtain basic

information about projects implemented anywhere in the Czech Republic and get links to additional sources of information.

Consulting on the ESI Funds is provided at the central level through Eurocentre contact points in thirteen regional capitals and through an information line, Europhone, which is provided free for the public at the telephone number 800 200 200. Information services are provided in parallel at the level of individual programmes and their information tools (contact points, websites, info lines). The information services of individual MAs provide information on the ESI Funds to all target groups. Their staff provide support to applicants and beneficiaries and provide necessary information upon request or advise where to find answers to questions.

More detailed information is contained in the Methodological Guideline on Publicity and the Joint Communication Strategy of European Structural and Investment Funds in the Czech Republic in the Programming Period of 2014–2020.

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

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 relevant variables until 2016, 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 the national rather than regional level. This results from the fact that population in less developed regions exceeds 65% of the total population in the Czech Republic. 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 is 11.8 % of the Czech Republic's total population, which is 10,505,400.

Using these underlying data, **3.3 %** has been calculated as the average value of the GSGFCF/GDP indicator according to annual data in 2014–2020 in order to determine the base value of the 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 Czech Republic additionality limit for 2014–2020 and the derived annual GSGFCF increments have been given a clear tie to the GDP development estimated for 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 32 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 Common Provisions Regulation as the additionality is to have immediate links to real economic development on the basis of GDP development. This allows fully reflecting the performance development throughout the period of 2014–2020 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. This approach based on investment increments according to GDP

development should also allow pursuing wider economic objectives, including a continuous and stable development of public investment.

The value of the reference additionality limit follows from the calculations as per the data in the following table 2-2:

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
GSGFCF/GDP (%) (ESA code P.51)	3.3							
GSGFCF in CZK billion	130.0	134.6	139.5	144.8	150.3	156.1	162.0	145.3
Annual GDP growth (%)	+2.1	+3.6	+3.7	+3.8	+3.8	+3.8	+3.8	+3.5

Source: GSGFCF/GDP indicators and GDP growth rate year-on-year for 2014–2016 according to the Convergence Programme 04/2013; data for 2017–2020 are an estimate of the Ministry of Finance.

2.3 Assessment of the fulfilment of ex ante conditionalities

The Czech Republic aims at ensuring the fulfilment of ex ante conditionalities to the extent necessary for the efficient and effective absorption of ESI Funds. The Czech Republic chooses those ex ante conditionalities that have a direct link with a significant impact on the implementation of specific objectives or investment priorities or Union priorities within individual ESI Funds programs.

Ex ante conditionalities (EAC) are based on Annex XI to the Common Provisions Regulation, regulations on individual ESI Funds and the European Commission document Guidance on Ex Ante Conditionalities (for ERDF, ESF, CF and EMFF). At the national level, ex ante conditionalities for the ESI Funds preparation phase are anchored in the MoRD's Methodological Guideline for the Preparation of Programming Documents for the 2014-2020 programming period and in other methodological guidelines. For the implementation phase, key documents include, apart from the Partnership Agreement, also the Partnership Agreement Management and Coordination Rules and the Action Plan for Managing and Coordinating Ex Ante Conditionalities (hereinafter referred to as the Action Plan).

The Action Plan is established for the purpose of setting up the management and coordination system for ex ante conditionalities, including their assessment, identification of problematic ex ante conditionalities together with proposed measures and a fulfilment schedule. The Action Plan is binding for all entities of the 2014-2020 programming period implementation and other entities defined in the Action Plan, and it takes into account the specific features of individual ESI Funds. The Action Plan, as a systemic document, is maintained for the purposes of national needs, for the level of individual ESI Funds programmes and, as a follow-up, individual action plans are subsequently prepared by the EAC supervisors for partially fulfilled or unfulfilled ex ante conditionalities.

The Partnership Agreement provides an overview of all applicable ex ante conditionalities in the Czech Republic, including a brief summary of the intended measures how to meet the ex ante conditionalities that have not been complied with as yet at the programme level. It also contains a detailed description of fulfilling the general ex ante conditionalities while the specific fulfilment at the programme level is described in the individual ESI Funds programmes by their managing authorities (and the programmes do not describe the specific central-level features which are provided in the Partnership Agreement). ESI Funds

programmes are key documents, on the level of which the ex ante conditionalities are applied and elaborated in relation to both the content and technical aspects, including detailed information on the ex ante conditionalities that have not been met, i.e. description of measures, time schedules, and the parties responsible to comply with the general ex ante conditionalities with regard to programme specifics.

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 programming period as well as during the implementation phase. The MoRD therefore establishes the system of management and coordination of ex ante conditionalities.

Managing authorities play a crucial role in the actual implementation of the ex ante conditionalities. They identify and determine the ex ante conditionalities for a given programme and for a priority axis or a priority of the Union, within the individual ESI Funds programmes. The fulfilment of ex ante conditionalities is under the primary responsibility of their sponsors and co-sponsors but also other entities may bear the responsibility according to the current version of the Action Plan. Managing authorities indicate the fulfilment of ex ante conditionalities as well as the temporal and material scope for the given ex ante conditionality, i.e. measures and schedule for fulfilling the unfulfilled or partially fulfilled ex ante conditionalities.

Managing authorities and other bodies involved in the implementation of ESI Funds in all phases of preparation and subsequent implementation must observe the Action Plan prepared at the national level and administered by the MoRD.

Summary of the assessment of the fulfilment of ex ante conditionalities

For the purposes of the Partnership Agreement, the fulfilment of ex ante conditionalities at the national level is based on individual programs of ESI Funds.

Overview of applicable ex ante conditionalities, i.e. fully fulfilled, partially fulfilled and unfulfilled, including proposed measures and schedule for their fulfilment is given in Annex 5.1 to the Partnership Agreement. Apart from EAC 8.4 Active healthy ageing, and some specific EACs for EMFF, the Czech Republic applies all thematic and general ex ante conditionalities. The overview of EAC fulfilment, set out in the Annex, may be further specified in the individual ESI Funds programmes. The programs contain also a justification for the inapplicability of selected ex ante conditionalities, identification of risks or other context related to the fulfilment of ex ante conditionalities.

In relation to partially fulfilled or unfulfilled ex ante conditionalities sponsors, co-sponsors in cooperation with managing authorities and other entities, create action plans for the partially fulfilled or unfulfilled ex ante conditionalities based on the EC templates. They are used for a more detailed argumentation and reasoning related to the unfulfilled ex ante conditionalities, including detailed measures declaring future fulfilment, schedule and entities responsible for the fulfilment of ex ante conditionalities.

These action plans are updated on an ongoing basis according to the state of fulfilment; the ultimate fulfilment will be based on an agreement between the sponsors of ex ante conditionalities, managing authorities, MoRD and the European Commission.

Action plans for the general ex ante conditionalities that have not been fulfilled – SEA/EIA, public procurement, state aid and others - will be coordinated with special attention at the

level of the Partnership Agreement. The list of action plans is registered and regularly updated as part of the Action Plan for Management and Coordination of Ex Ante Conditionalities.

The latest deadline for fulfilment ex ante conditionalities is determined by the Common Provisions Regulation, i.e. within two years of adopting the Partnership Agreement or by 31 December 2016.

Based on a requirement of the European Commission, the Annex to the Partnership Agreement does not include thematic ex ante conditionalities for EMFF, i.e. those applicable to EMFF. The OP Fisheries MA applies ex ante conditionalities concerning "The establishment of a multiannual national strategic plan on aquaculture as referred to in Article 34 of Regulation (EU) No 1380/2013 by 2014" and "Administration capacity: administrative capacity is available to comply with the implementation of a Union control inspection and enforcement system as stipulated in Article 36 of Regulation (EU) No 1380/2013, and further specified in Regulation (EC) No 1224/2009". Both EACs have been fulfilled, the manner of their fulfilment including the relevant information is part of OP Fisheries.

Additional Relevant Information

The Czech Republic perceives the creation of the concept of ex ante conditionalities as a step towards achieving greater effectiveness of interventions carried out using ESI Funds, as it strengthens the link between the financing of interventions under the cohesion policy and the implementation of reforms, legislative changes or adoption of strategic documents. These requirements of the Commission's not always simply correspond to the institutional arrangements, legislative environment or processes that require interdepartmental coordination in the Czech Republic. Therefore, the fulfilment of selected ex ante conditionalities is awaited in varying time frames. Also for these reasons, some ex ante conditionalities are perceived by the Czech Republic as risky.

The Action Plan for Management and Coordination of Ex Ante Conditionalities includes, among other things, monitoring of the most risky ex ante conditionalities, including an analysis of problems in the fulfilment of ex ante conditionalities, overview of risks and barriers preventing their fulfilment, defining the responsibilities of individual sponsors, etc. The risky ex ante conditionalities are continuously addressed and discussed at regular intervals, which results in the subsequent fulfilment of ex ante conditionalities or update of measures for their fulfilment. Risky ex ante conditionalities are also submitted at regular intervals to the government and to the ESI Funds Council.

In addition to the risks associated with the changes in legislation or in the reforms, the ongoing transposition and implementation process for some of the directives can be generally considered as a significant risk. The majority of the ex ante conditionalities are also focused on the existence of strategic documents. The risk concerning strategic documents lies in the timing of their approval, in their sufficient content coverage of the requirements arising from the ex ante conditionalities, their application for the whole 2014-2020 period etc. All risks are addressed through measures proposed in the action plans for partially fulfilled or unfulfilled EACs.

2.4 The methodology and mechanism to ensure consistency in the functioning of the performance framework in accordance with Article 21 of the CPR

The performance framework is a new element with regard to the definition of the intervention programmes from ESI 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 ESI Funds and the implementation of the Europe 2020 Strategy and their focus on results. The coordination mechanism for setting milestones and ensuring consistency in the functioning of the performance framework in accordance with Article 21 of the Common Provisions Regulation is described in the MoRD's Methodological Guideline for the Preparation of Programming Documents for the 2014–2020 programming period. Methodical recommendations for setting the performance framework at the national level reflect the EC legislation¹³⁵.

Tools to establish milestones and objectives in the form of financial indicators

When establishing milestones and objectives in the form of financial indicators, the allocations for each year of implementation (taking into account the amount of performance reserve), the n+3 rule and advance payments, from which the absorption limit for the given implementation year is derived, are an essential starting point. Based on this absorption limit, the minimum amount of funds that must be submitted by the managing authorities to the Paying and Certifying Authority before the last quarter of the given year is subsequently defined, in order to ensure a sufficient time for the process of certification, preparing and sending the request for payment to the EC. In determining the expected contribution for a priority axis / priorities of the Union to meet the n+3 rule at the programme level, account will be taken particularly of the nature and types of operations, form of support (e.g. ex post, ex ante or combined funding), demands of the administration of individual operations, including related processes and deadlines.

Tools to establish milestones and objectives in the form of output and result indicators

In addition to the financial indicators, at least one output indicator will be selected for each priority axis/ Union priority. It is possible for the milestone for 2018 to be defined as a key implementation step which will be subsequently supplemented with an output indicator in the form of targets for 2023. These indicators must reflect with their material focus the intervention logic / theory of programme changes and most of the activities of the given priority axis / priority of the Union. If needed, also result indicators may be established in relevant cases but their inclusion in the performance framework is not mandatory. The number of result or output indicators for each priority axis / priority of the Union depends on the extent or amount of the planned activities. The indicator systems and milestones follow guidelines defined by the EC and binding methodological guidelines by the MoRD-NCA. The main tool for the coordination of material monitoring will be the National codebook of indicators for the 2014–2020 programming period that describes a uniform and binding methodical construction of all indicators used within the 2014–2020 programming period across the programs of ESI Funds, in order to ensure methodological consistency of monitoring and evaluating the results of interventions at the national level. As part of the preparation of programs, an indicator system complying with the rules of the unified methodological environment is proposed for each specific objective based on the theory of

135 Implementing Regulation (EU) No 215/2014 of 7 March 2014: Guidance fiche – Performance framework review and reserve in 2014–2020 (final version 3 – 14 May 2014)

change. The actual target values of indicators and milestones will be set primarily on the basis of experience from the 2007–2013 period.

Establishing milestones and objectives in the form of key implementation steps

In the case of those activities for which the initial implementation phases will proceed slowly (e.g. the area of major projects), key implementation steps that will monitor, for the year 2018, the proper direction and progress in achieving the objectives will be used instead of milestones in the form of indicators.

Monitoring and evaluation of the fulfilment of milestones and targets

Managing authorities and NCA will regularly monitor the fulfilment of milestones and targets based on the comparison of actual status and progress in spending in relation to the values of milestones and targets. In case of financial indicators, the so-called controlling limits for spending will be set at the national level for the state of funds submitted by the managing authority to the Paying and Certifying Authority for certain periods of time as target values, the achievement of which is desirable to comply with the n+3 rule or to achieve the milestones and objectives. Moreover, forecasts of spending will be regularly elaborated and their setting and fulfilment will be evaluated in relation to the controlling limits of spending, milestones and objectives. The NCA will monitor the state of fulfilment of milestones on a quarterly basis, in the event of non-fulfilment of controlling limits, the MA in cooperation with the NCA will establish corrective action as part of the risk management process. In the case of indicators, the fulfilment of substantive objectives will be monitored regularly as part of the annual reports and forecasts concerning the expected fulfilment of substantive objectives will be developed from detailed plans of calls.

In the case of the EAFRD, the selection of indicators and setting of milestones will be based on a common system for monitoring and evaluation of the EAFRD provided for in specific legislation, including the relevant monitoring mechanism. Objectives will be determined on the basis of analysis and intervention logic of the Rural Development Programme.

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 system of implementation, in other words the architecture of programmes in the programming period 2014-2020 must be set up to enable efficient management, reaching of objectives, and due compliance with the duties determined by Regulations, and it must be understood by the applicants, beneficiaries, entities within the implementation structure and authorities performing control checks or audits. Human resources, their optimum distribution, quality, structure and flexibility represent one of the most important preconditions for setting up an efficient and effective control system for using ESI Funds within their full extent.

Structure and optimisation of administrative capacities

The main identified factors that had an impact on capacities administering the funds in the past programming period are as follows:

- A complicated system of fund management and coordination, delegated positions had very low enforcement capabilities;
- A significant impact of political changes on the institutional framework of the implementation of funds;

- Different administrative procedures with different deadlines in, and between operational programmes, non-compliance with deadlines;
- High risk of non-transparency in the implementation environment;
- Too broadly defined priorities and a limited possibility to evaluate the success and benefits of the implemented interventions well;
- Insufficient integrity of information systems among the implementation bodies and also in relation to applicants and beneficiaries;
- Insufficient personnel capacities, fluctuation of employees caused by low motivation of these capacities and insufficient experience.

In view of these main factors affecting administrative capacities in the programming period 2007-2013 and in view of the fact that in order to ensure efficient and effective implementation of ESI Funds and compliance with new features arising out of legislation that aim to increase requirements for the management, control and coordination, the following decisions were made:

- Not to introduce new institutions and new elements that have no or just minimal experience with the implementation of European funds in the implementation of the 2014-2020 programming period, unless it is a strategic decision. This decision was made with regard to the fact that the two programming periods overlap and run parallel.
- To decrease the number of programmes, in particular with regard to regional operational programmes.
- To decrease the number of entities involved in the implementation of programmes, which has demonstrated in decreasing the number of intermediate bodies.
- To increase the central coordination of implementation of ESI Funds in order to comply with the objectives of the Agreement.
- To determine clear roles and competencies of the entities involved in the implementation so that there are no conflicts of interest, overlaps, so that all processes are covered and clear forms of delegating and checking roles are determined.
- To stabilise and use the available capacities from implementation, that are now free due to the decision not to continue with regional operational programmes, to the maximum.
- To determine a basic unified framework of rules and processes for management, administration, evaluation and verification (further specified in the Concept for Single Methodological Environment as Part of Achieving the Partnership Agreement Objectives, approved under No 345 dated 15 May 2013, and in chapter 2.6).
- To reduce administrative burden imposed by the implementation bodies on beneficiaries and applicants (see chapter 2.6).
- To create a unified monitoring system in order to manage and coordinate the Agreement and to ensure compliance with e-cohesion policy requirements with regard to applicants and beneficiaries (see chapter 4.1).
- To use support instruments leading to the stabilisation of human resources (see below), computerization of processes (see chapters 2.6 and 4.1), unification of requirements and increasing the transparency of the system (see chapter 2.6).

Anti-corruption measures

Verifications and audits in the 2007-2013 programming period detected cases of fraud and corruption when funds were misused and the state budget was affected; these cases occurred mainly for the following reasons:

- Non-conceptual approach to the fight against corruption in funds,
- Introducing corrective measures ex-post,

- Fragmented rules and procedures.

The aim for the 2014-2020 programming period is to minimise the risk of occurrence of fraud and corruption behaviour by establishing suitable preventative measures, mechanisms for detecting fraud and preventing its recurrence. For these purposes a Strategy for Fight against Fraud and Corruption was prepared for ESI Funds for 2014-2020 (Strategy) that is linked to the Government's Strategy for the Fight against Fraud and Corruption for 2013-2014, and the implementation of which is associated with the preparation of the unified methodological environment. The following were identified as main problem areas: selection and evaluation of projects, awarding public tenders, carrying out control activities and setting up management processes for individual parties involved in the implementation. The instruments that will be utilised to fight against corruption are as follows:

- Unified monitoring system¹³⁶ and computerization of processes,
- Unification of rules and procedures,
- Code of Ethics for employees,
- System of education and transfer of information on corruption risks,
- Specification of fraud indicators and their application during control activities,
- Determining unified rules and deadlines for the evaluation and selection of projects,
- Regular monitoring and evaluation of the importance of fraud risks during the implementation of ESI Funds, sharing of information.

The achievement of the Strategy objectives will be evaluated by the MoRD-NCA during the evaluation of the Partnership Agreement when evaluating the functionality and efficiency of the ESI Funds implementation system.

With respect to the transparency principle and to prevent potential conflict of interests, applicants will be obliged to disclose their ownership structure based on the proportionality principle according to the methodological guideline specifying the area of financial flows when submitting their grant applications or during the project selection process. Applicants at risk of conflict of interests or who will not be able to prove their ownership structure will be excluded.

Public procurement

The Czech Republic is aware of the fact that in the past programming period there were difficulties with the application of EU rules for awarding public contracts, both at the beneficiaries and managing authorities levels, either due to the inexperience of contracting authorities with procurement process and complex procedures, due to the different interpretation of legislation at the European and national level, or due to long deadlines for decision making when reviewing actions. In order to improve the situation of the past programming period, the Czech Republic decided to implement preventative measures, concerning the legal, institutional and implementation set-up of the management and monitoring of the system of public procurement, in addition to intensive liaison between relevant national authorities.

The aim is to simplify and unify rules in this area, to ensure sufficient training, to share information on the most frequent errors and to strengthen the role of managing authorities when dealing with non-compliance in this area. In order to do so:

- Relevant legislation at the national level shall be amended;

¹³⁶ The use of the ARACHNE instrument, which is being prepared by the EC, is being considered.

- The Methodological Guideline on Public Procurement in the programming period 2014-2020 (approved by Government Decree No 44 dated 15 January 2014) will introduce model documents and simplified procedures, for example, for the evaluation and assessment of bids;
- Emphasis will be put on furthering knowledge as part of the training system in order to increase professional standards of capacities for the implementation and verification of public contracts;
- There will be much closer cooperation between individual institutions;
- A system of regular monitoring and sharing of information on possible difficulties during the application of legal regulations with regard to public procurement has been introduced.

Human resources

Most institutions implementing EU Funds in the 2007-2013 programming period in the Czech Republic managed to nurture qualified and experienced staff who have had extensive experience with using EU Funds and their involvement is desirable in order to maintain continuity and professional knowledge. This will ensure a smooth follow-up of the 2007-2013 programming period and create a basis for future administrative capacity of entities ensuring spending of ESI Funds.

Another important feature that proved to be of key importance in the programming period 2007-2013 is the necessity to have stable teams, to transfer experience and motivate good quality managers to work in public administration. For these reasons it is essential to anchor suitable **instruments** for managing human resources, to regularly evaluate their efficiency and to restrict risks connected to ensuring stable administrative capacities, such as:

- High fluctuation, in particular at the beginning of the programming period 2007-2013, the risk of the impact of personnel changes connected to political changes, and furthermore, the risk connected to higher motivation of employees to leave their posts in the programming period 2014-2020,
- Insufficient coverage of processes with type positions, as a result of which outsourcing was used for activities that should have been carried out by core type positions; excessive workload (high demands in terms of qualifications for the task performed),
- Missing single methodological environment with regard to administrative capacities that would address the complex issue how individual processes, concerning the management and development of human resources, are linked together.

In order to restrict these risks, tested measures introduced in the programming period 2007-2013 will be implemented in order to ensure suitable and stable personnel resources in the programming period 2014-2020. Many new features have been prepared for the area of administrative capacity:

- Personnel planning for the implementation entities based on the prepared needs analysis of administrative capacities.
- Training system enabling a centralised training for EU fund staff in all main cross-sectional areas. At the horizontal level, the system will provide in particular specialised training but also training on ex ante conditionalities.
- Recruitment system with emphasis on transparency and non-discrimination when determining unified minimum requirements and standards for the entire process.
- Financial motivation, or compensation for complex and intensive work in ESI Funds.
- Unified system and remuneration limits; regular assessment of staff performance will be carried out by managers as part of the remuneration system.

- System of type positions, including basic job descriptions concerning the implementation process, and requirements on knowledge/education and competences.
- Restricting outsourcing – implementation objectives should be achieved using, primarily, internal administrative capacities of the implementation entities.
- Centralised, regular monitoring of administrative capacities – using the monitoring system MS2014+.

The above stated measures are discussed in detail in the Methodological Guideline for Human Resources Development of in the programming period 2014-2020 and 2007-2013 (hereinafter the MG Human Resources).

Administrative capacities at the horizontal level of ESI Funds implementation shall be strengthened from the horizontal level (Operational Programme Technical Assistance), i.e. in particular the National Coordination Authority, the Paying and Certifying Authority, Audit Authority and the implementation of the above stated measures, in particular ensuring a detailed monitoring of administrative capacities (MS2014+), professional education, adequate financial remuneration and evaluation of measures adopted with regard to the system of management and development of human resources. In terms of education, topics that are common for all programmes will be trained centrally. Persons, implementing respective programmes, and topics specific for the respective programmes will be financed from the technical assistance for individual programmes.

Link to the Civil Service Act

The system of management and development of human resources in ESI Funds for the 2014–2020 period implemented via MG Human Resources has been prepared with the aim to establish comprehensively uniform requirements for ensuring good quality, stable and competent administrative capacity. It reflects the prepared Civil Service Act. The updated Civil Service Act will primarily be an act with public law features. The aim of the amendment is to thoroughly separate political and non-political positions. The guarantor of transparent processes in terms of methodology, implementation and control checks of service regulations, including education, clerical exams and remuneration, will be the newly set up Directorate General for Civil Service. The post of state secretary will be newly established who will have personnel competencies with regard to officials from individual line ministries who will be now reporting to the state secretary; this is one of the most fundamental features ensuring the restriction of political influences when finding staff for state administration posts. The set-up of the administration for the programming period 2014–2020 will be coordinated in accordance with the Civil Service Act whose main purpose is to ensure depoliticisation, efficiency and stability of public administration.

Strengthening of administrative absorb capacity on the level of beneficiaries

Strengthening the administrative and absorption capacity of beneficiaries will be supported, on the basis of experience from 2007–2013, from technical assistance of individual programmes by providing information to applicants and beneficiaries, providing methodical help and advisory services for potential applicants, training applicants in the preparation and implementation of projects. The absorption capacity cannot be efficiently build up without the link to a specific programme or call. Special attention will be paid to building up capacities of beneficiaries from state organisational units where in 2007-2013 numerous problems were identified, and of beneficiaries ensuring the implementation of local development strategies led by the Community.

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

In the preparation of the future 2014–2020 programming period, a great emphasis is placed on strengthening strategic planning, improving the efficiency of the management system and reinforcing the importance of achieving the objectives and planned results. Due to strengthening the role of planning, and to increasing the focus on results and meeting the objectives, the resulting system of management and coordination will be effective and efficient. It is possible to derive from the experience from the 2007/2013 programming period that the achievement of this objective can be positively influenced by establishing a basic set of rules for all entities involved in the implementation of the Partnership Agreement and the programs. Such rules must be uniform and take into account the specific features of the individual EU funds. This will ensure a uniform interpretation of such rules and a uniform setup of key processes throughout the implementation system, and so a simplification and transparency of processes will be achieved. Single methodological environment is built in a way that will lead to elimination of problematic areas in the implementation system, which were identified within the 2007–2013 programming period. The single methodological environment aims at achieving efficiency and effectiveness in the management of ESI Funds, transparency of processes and clarity of rules on the provision of aid, through the standardization of procedures and rules, all at a low administrative burden for implementation structure entities and in particular for the applicants and beneficiaries. The single methodological environment will ensure uniform standards, which will create an effective, efficient, transparent and enforceable system of support from European funds, provided a correct implementation and a clear definition of roles and responsibilities at all levels of management of ESI Funds are ensured. The process of uniform standardization includes a wide range of practices, from the unification of terms used (technical terminology), through tie-in processes and selected deadlines up to the area of verification procedures.

Reduction of the administrative burden on beneficiaries of ESI Funds is one of the priorities for the system setup for the 2014–2020 programming period. Emphasis is placed on the simplification of administrative processes in the disbursement of ESI Funds and the simplification of requirements that the current system puts on applicants and beneficiaries.

The experience from two programming periods (2004–2006 and 2007–2013) have been allowed for in reducing the administrative load. Important findings and ideas in respect of reducing administrative load have been identified in the NSRF Mid-term Evaluation of Programming Period 2007–2013; the specific evaluation of each programme; and the questionnaire survey done among managing authorities, intermediate bodies and beneficiaries in 2011 and during partner discussions and the public debate on the proposal to secure an effective system to implement programming period 2014–2020.

Reducing administrative load on beneficiaries of aid from the ESI Funds is one of the goals of the Partnership Agreement implementation system as it is set. There is no single straightforward way leading to this goal; it is rather a set of measures incorporated in the processes affecting the implementation system preparations. At the most general level the implementation system preparation process can be divided into several basic areas:

1. Alleviation of legal barriers and obstacles to implementation.
2. Defining programmes and their material focus (centralisation and thematic concentration) and establishing the management system's architecture.

3. Unification and harmonization of rules (single methodological environment) incl. computerization of project administration
4. Ensuring adequate administrative capacity (see section 2.5).

In respect of removing legal barriers to implementation, as early as in 2010, the MoRD as the National Coordination Authority submitted to the Czech government for approval five packages proposing legislative and non-legislative measures that would simplify the system of administering structural funds and the Cohesion Fund, and another one is currently under preparations. In relation to the preparation of the new programming period 2014–2020, Government Resolution No 610 of 22 August 2012 approved the measure to reduce legal barriers to the implementation of the Structural Funds and the Cohesion Fund in the 2014–2020 programming period. Activities in this area also build on the findings of the Czech and European bodies exercising control or audit and are related to five areas of concern in the functioning of the management and control systems, highlighted by the European Commission in its message to the Czech Republic. The resulting recommendations are primarily aimed at the simplification of the administrative procedures, and financial management and control. These recommendations are gradually being reflected in the amendments being prepared for the relevant legal regulations and methodological documents.

Reduction in the number of programs based on Government Decision No 867 of 28 November 2012, as well as the resulting reduction in the number of MAs and intermediate bodies, incl. clearly defined linkages between these entities, will increase the clarity of the whole system of subsidies in the Czech Republic and will eliminate some duplicities in the performance of administrative activities.

The setting of implementation structure has also a good deal to do with how the rules and procedures for using the ESI Funds will be set. Based on the results of the evaluations and recommendations from the 2007–2013 programming period, the Concept of Single Methodological Environment for Achieving the Partnership Agreement Objectives was centrally developed (the Single Methodological Environment Concept, approved by Government Resolution No 345 of 15 May 2013) as well as a related set of guidance documents which are binding for all actors involved in fulfilling the Partnership Agreement objectives, i.e. also for the managing authorities. These guidance documents also take into account the specifics of each fund.

This Concept also includes evaluable indicators (including target values), based on which the achievement of individual objectives of the single methodological environment will be assessed. Those indicators include:

- reducing the error rate in the verification reports,
- achieving the indicators in calls, maximum possible computerisation,
- introduced strategies for human resources development,
- procedural plan and a system of ongoing evaluation,
- reducing the number of corrections in the methodical documents,
- or an established success rate in meeting the formal requirements and eligibility requirements in submitted grant applications.

Meeting the specific indicators of the Concept of the Single Methodological Environment will be evaluated by the MoRD as part of evaluating the system of implementation. The first evaluation is planned for the end of the first half of the programming period while the results will be used for further modifications of the implementation system. The NCA will monitor the requirement of reducing administrative burden on beneficiaries also under the measures

adopted by the individual managing authorities. The management documentation of those entities will be subject to ongoing verification by the NCA, aimed at verifying the compliance with the binding methodical rules of Single Methodological Environment as well as at evaluating the impact of the various measures on the administrative burden. Apart from that, indicators will be monitored as part of OP TA evaluating the satisfaction rate of the relevant actors with the conditions for work on the Partnership Agreement/ OP management, and the satisfaction rate of the implementation structure employees and of beneficiaries and applicants with the information system which represents the key instrument for simplifying the implementation. Surveys on the satisfaction of applicants and beneficiaries with the implementation system in the previous programming periods formed the basis for the MoRD activities in reducing the administrative burden. In the 2014-2020 programming period too, the MoRD will monitor and evaluate continuously the satisfaction of applicants and beneficiaries by means of activities to be defined in the Partnership Agreement evaluation plan.

The setting of the Single Methodological Environment was consulted from the start with representatives of grant applicants and beneficiaries (in the Opposition Group for Creating Single Methodological Environment) while their suggestions and proposals contribute to reducing the administrative burden. The activity of the Opposition Group for Single Methodological Environment is not limited to the phase of Single Methodological Environment preparation. In the course of the implementation, its member will meet and discuss further proposals for reducing the administrative burden.

Based on the results of evaluations, especially of the mid-term evaluation of physical and financial implementation of the National Strategic Reference Framework - Programming period 2007-2013, interim evaluation of the Rural Development Programme 2007-2013 - Mid-term Evaluation Report, mid-term evaluation of the Operational Programme Fisheries 2007-2013, Evaluation and optimization of the setup of the project assessment system in operational programs in the 2007-2013 period, Ex post evaluations of the Community Support Framework and of single programming documents of the 2004-2006 programming period (2012), which were carried out in the 2007-2013 programming period, a number of problematic aspects was identified that influenced negatively the quality of the EU funds absorption system, and that led to an increase in the administrative load. In the area of Structural Funds and the Cohesion Fund, the issues included the extensive and complicated setup of the implementation structure (the relations of superiority and inferiority were not arranged, there was a large number of intermediate bodies), which led to inconsistencies in the manner of awarding grants and dealing with irregularities, to reducing the efficiency of management of operational programmes because of poor enforcement of delegated functions, unjustifiably different administrative procedures with different deadlines for standard projects under an operational programme, frequent changes in documentation, manuals and guidance documents. In the case of EMFF, they included particularly the high administrative requirements for applicants related to the receipt of the grant application and complicated administrative inspections. In the area of EAFRD, there were high administrative requirements for applicants related to the receipt of the grant application, especially in relation to applicants with small acreages or low amount of subsidy, inconsistent interpretation of certain rules at central and regional level and between individual regional levels, frequent changes in the rules for support during the implementation phase or a high staff turnover in some units of the programme management.

In 2012, an independent comprehensive document "Recommendations to simplify the administrative burden on applicants and beneficiaries in absorbing EU funds in the 2014-2020 programming period" (hereinafter referred to as the "Recommendation"), was prepared

and then approved by the government in March 2012 under Government Resolution No 184. This document examines the administrative processes and their complexity from the viewpoint of applicants and beneficiaries and it provides a comprehensive overview of the administrative burden issue. It contains proposed recommendations on simplifying the administrative burden for applicants and beneficiaries as part of the preparations of the 2014-2020 programming period. The document was created in close collaboration with all partners, much attention was paid to the applicants and beneficiaries. The document was also discussed with other experts and professionals who deal with the implementation of Structural Funds. The document was also discussed with other experts and professionals who deal with the implementation of European funds. The development of the document was preceded by a questionnaire survey and workshops, on the basis of which the basic problem areas were analysed and further elaborated. The “Comparative study of the project selection process applied in cohesion policy programmes 2007–2013 in a number of Member States” was also taken into account in setting the framework for the simplification measures. Findings from this study are consistent with some recommendations, which are listed below.

For the purpose of simplifying the processes for applicants and beneficiaries in the implementation of European funds in the 2014–2020 programming period, four basic stages were identified that characterize the project cycle in the implementation system and that have a significant impact on the comfort of the applicant and the beneficiary. During these implementation stages, the following measures will be implemented to help to simplify the implementation system and to decrease the administrative burden for applicants. It is valid that the proposed measures will only be implemented if not prevented by the specifics of individual funds:

I. Calls for submitting project applications – access to notices and call management.

- Single web portal of ESI Funds with information on the programmes and the possibilities of their utilization – a single place, from which any applicant can obtain current information.
- Mandatory preparation of schedules for announcing calls in a common format for one year ahead and their publication or update - sufficient time for applicants to prepare quality projects.
- Mandatory minimum content of calls common to all programs - transparency towards all potential applicants/beneficiaries.
- Use of uniform terminology in the preparation of documentation for applicants and beneficiaries across programs – greater clarity and intelligibility of documents.

II. Submission of project applications – options available when submitting a project application;

- Restrictions concerning data entered directly by the applicant, use of automation in working with data and with registers for automatic data acquisition.
- Electronic submission of requests for aid.

III. Project selection and assessment – the process for assessing a project and the associated rules.

- More emphasis is placed on two-round appraisal (the aim is to achieve savings in the costs incurred by the applicants on preparing their applications, the option of completing large and complex projects in the second phase of the appraisal) and on the process of negotiation, where possible.

- Greater utilization of tools for evaluating investments and efficiency of costs through the eCBA tool that is available across programmes for certain types of projects and is available for both the applicants and beneficiaries.
- A uniform maximum period for the duration of the process of assessment and selection of projects across programs was set up.

IV. Project implementation; requests for payment and the reimbursement process, and checks – implementing a project and its reimbursement.

- Emphasis is placed on e-communication using MS 2014+ – especially in the context of the ERDF, ESF and CF funds, or using the Portal for Farmers for EAFRD and EMFF.
- Electronic transmission of messages from the beneficiary using the electronic signature and electronic document circulation.
- Processing of templates for the use in the field of public procurement.
- Expansion of the use of modified ex ante payments and reduction in the financial burden on beneficiaries – shortening of the deadline for the transfer of funds between the provider of the grant and the beneficiary.
- Introduction of central planning of financial controls to minimize duplication of financial controls and to avoid excessive burden to the recipient in the case of several parallel controls.

A wider use of simplified reporting methods within the framework of the implementation of projects is also planned, particularly in relation to projects funded by the ESF. Mainly the experience from the 2007–2013 programming period will be used in the new programming period. Experience with using flat rates for indirect costs is mostly positive and so it is expected that the flat rates will be applied also to other types of expenditure. The use of unit costs can be expected, same as in the 2007–2013 programming period, in the area of education at nursery, primary and secondary schools, or of schemes dealing with the promotion of mobility (e.g., the support for intersectoral and international mobility, e.g. of students, academics and researchers). With regard to the use of the simplified reporting methods in projects financed by the ERDF, the potential for their use is seen e.g. in interventions aimed at landscape and nature protection and management.

Indicative time framework for the implementation of measures to reduce administrative load:

- During the 1st half of 2013, a set of guidance documents was prepared in cooperation with the managing authorities at the national level. In the second half of 2013, this set of guidance documents was consulted with representatives of the economic and social partners, representatives of the non-profit sector and government organizations and municipalities, i.e. the potential applicants and beneficiaries of ESI Funds.
- By the end of 2013, the Czech Government approved the set of guidance documents defining measures to reduce the load in the area of announcing calls, selection and assessment of projects.
- Since 2013, the MS2014+ monitoring system has been under preparation and the simplification elements have been implemented in the area of announcing calls and submission of grant applications. The full completion of the computerization process is expected in the second half of 2014.
- By the end of the first half of 2014, we expect the approval of the remaining set of guidance documents by the Government and their subsequent reflection, during the second half of 2014, in the operational documentation of programmes.

As has been mentioned above, the measures to reduce administrative burden on beneficiaries rely to a large degree on the computerisation of processes and practices. For this purpose, supporting tools will be used in the form of information systems.

The Czech government approved the basic concept for a monitoring system for the EU structural funds and the Cohesion Fund for programming period 2014-2020 (the MS2014+ system) through its Resolution 664 of 8 September 2011. The government also approved a general schedule for additional steps in MS2014+ preparation. The comprehensive design of MS2014+ consists of the following basic pillars:

- Acquisition of the MS2014+ application
- Acquisition of hardware and software infrastructures and operating services for MS2014+ in order to secure testing, pilot and routine operation.
- Services associated with operating the MS2014+ server room infrastructure
- Arrangement of Security Supervision service

The first implementation step is to ensure the technical and methodological training and implementation of the MS2014+ system before 1 January 2014, based on the general schedule for the next steps as shown in point II/2 of Government Resolution No 664/2013. This implementation step is set out at the level of the Partnership Agreement for the whole implementation structure of the Czech Republic for the 2014–2020 programming period. The contractual obligation with the winning bidder was signed on 6 June 2013, steps of organizational and procedural nature were subsequently initiated. These steps will lead to the fulfilment of the needs of a proper implementation according to project management rules. A schedule has been prepared to secure the needs defined in the contract documents and the needs included in regulations. This schedule takes a full account of the needs of the national sponsor for the preparation of the Partnership Agreement and the needs of all managing authorities of the individual programmes.

A platform will be prepared in the application part of MS2014+ to plan, manage and check the fulfilment of Partnership Agreement objectives. In this platform it will be possible to make data entries using inputs (open format of structured data) from the programmes co-funded by the EMFF and the EAFRD in order to produce aggregate overviews of ESI Funds money and assess them at the level of the Partnership Agreement as a whole. The platform will also allow assessing each thematic objective and strategic objective and each funding priority of the Agreement and forward these outputs to the European Commission's system.

The first of January 2014 has become the key milestone in respect of phasing the activities to acquire MS2014+. 1. 2014. It is for this date that the MoRD has been preparing, for the purpose of the Partnership Agreement approval, the instruments designed for the preparation of inputs for the whole Agreement process as well as for the follow-up processes at programme level and the whole hierarchical and thematic structure.

The tool for those applicants/beneficiaries who will be able, according to the inputs and parameters defined by the respective MA, to begin preparations for their grant application will be ready by 1 January 2014 according to the defined schedule. All implementation activities are fully based on the requirements as to the reduction of administrative burden on applicants/beneficiaries.

The first of September 2014 is another key milestone. By this date, the whole adjusted implementation process at the level of the needs of applicants/beneficiaries and those of managing authorities and the national coordinator for planning, managing and assessing the fulfilment of the Partnership Agreement should be ready. An implementation activity that

goes without saying is the fulfilment of the requirements as to transmitting structured data between the Member State and the EC.

During the implementation of the new system MS2014+, adjustments were required to be made to the key functionalities and processes, which must meet the requirements under fiche No 6 (electronic exchange of information with applicants) on e-Cohesion, and fiche No 7 (exchange of information between Member States and the Commission) on SFC2014, that is requirements as to computerisation of implementation processes, paper-free communication, use of electronic signature, avoiding entering the same data several times, sharing information and data sources across the entire implementation structure, and arrangements for long-term reliable archives.

All these requirements are also the basic input for the adjustments to procedural steps for the implementation structure, applicants/beneficiaries, planning, verification and audit over the single data basis and with key validation processes with the use of the tools currently provided by the Czech Republic eGovernment by means of the Basic Registers and also the State Treasury information. Another tool, which might contribute to process simplification, is the idea to change internal implementation practices using the Data Inbox, a government-guaranteed instrument of information exchange.

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 15 (2)(A) CPR)

The basis for the application of regional policy priorities and for specification of regional dimension in the Czech Republic is the Strategy for Regional Development of the Czech Republic 2014–2020 (SRD).¹³⁷ Territorial dimension is viewed as a possibility to concentrate resources from ESI Funds in specific types of the territory, supporting not only competitiveness (depending on the development potential) of the Czech Republic, but also reflecting the requirement of levelling off territorial disparities (with regard to the internal differentiation of territories and concentration of economic, social and environmental issues). Territorial focus of interventions in the programmes financed from ESI Funds shall reflect specific aspects¹³⁸

Territorial development strategy contained in the approved SRD (and based on the analytical conclusions and development trends in the field of regional development) sets out the basic objectives and priorities of the regional policy of the Czech Republic.

- Priority area of **regional competitiveness** is focused on areas with sufficient potential for the achievement of the defined objectives and includes key topics of innovation, cooperation of the business sector with research and development centres, enhancing the quality of higher education, flexibility of the labour market responsive to local needs, and last but not least, the topic of sufficient and quality transport and technical infrastructure – the competitiveness of the given territory.
- The second priority area, **territorial cohesion**, is aimed at **reducing disparities** in the territory. Its main topics include public services infrastructure, support for the integration of the socially excluded and of vulnerable groups threatened with social exclusion, partly also culture, tourism and housing; support for the local economy in peripheral areas.
- Priority area **environmental sustainability** represents, in the broader context, the issues that contribute to improving the environment and the life of people in it and it focuses primarily on removing environmental burdens, reducing the impact of transport on landscape, better management of natural resources and the use of modern technologies in water and waste management. It also includes, as part of the territorial development, safety issues related to the prevention and liquidation of damages and risks resulting from natural disasters and anthropogenic disasters.
- The fourth priority area, **public administration**, must create a legislative and administrative basis and provide support for the implementation of the above-mentioned topics.

137SRD was approved by Government Resolution No 344 of 15 May 2013. This Strategy (the SRD) is a strategic concept document covering the area of regional development. According to Act No 248/2000 Coll., on regional development support, this document articulates the approach of the state towards regional development support, provides the necessary background and sets development goals and principles for the preparation of regional development programs and other measures of regional policy.

138 The specific aspects are reflected in the National Document on Territorial Dimension, which contains a territorial projection of the identified needs and based on that it defines the territorial focus in the relevant 2014-2020 programmes.

The territorial projection of the implementation of the above priority areas results from the typology of the territory of the Czech Republic, which divides the territory of the Czech Republic in SRD based on a multi-criteria analysis to (i) development areas (ii) stabilized areas and (iii) peripheral areas. For the purposes of implementing territorial dimension in the ESI Funds programmes, this typology has been elaborated and specified in the National Document on Territorial Dimension to the following types of territory:

<i>Territorial dimension</i>	<i>Type of territory</i>
Territorial dimension for addressing social inclusion	Social excluded localities
Territorial dimension for addressing problems in the labour market and entrepreneurship	Economically troubled regions and territories with high unemployment rate
Territorial dimension in the social and education sphere	Functional regions defined for the purpose, which address the topic in the social and education sphere
Territorial dimension addressing transport accessibility	Transport lines and corridors
Territorial dimension focused on the environment	Specific territories in terms of the environment
Territorial dimension for the development of towns and their hinterland	Developing and urban territories
Territorial dimension for rural development	Territories covered by LAGs
Other territorial dimension	The other specific territories

This typology was taken into account in defining the problem areas in Chapter 1.1.

The character of regional and settlement structure in the Czech Republic is suitable for the wide application of integrated approaches particularly in the territorial dimension. High fragmentation of the settlement structure (6 250 municipalities, of which around 80% have fewer than 1 000 inhabitants) leads to very intense bonds between towns and between towns and rural areas, which form a natural hinterland of regional centres (see the analytical section of the draft Agreement). The need for a higher degree of inter-municipal and regional cooperation to improve living conditions and synergistic utilization of the locally restricted potential, can be documented by the existence of about 180 local action groups (LAGs)¹³⁹ and around 500 microregions, which, with the exception of the largest cities, cover virtually the entire territory of the Czech Republic. Analysis of the SRD also documents the need for greater territorial integration of the core areas of the most important metropolitan areas and agglomerations with their wider hinterland in order to efficiently use their economic and human potential.

The regional dimension will be implemented with following methods:

1. Projects (via calls aimed at concrete types of territory)
2. Integrated instruments

¹³⁹ LAGs form an extensive network covering 90% of the Czech Republic territory.

The set-up of integrated approaches reflects the experience from the 2007–2013 programming period¹⁴⁰. The application of the integrated approach to territorial development occurred in the 2007-2013 programming period in particular through the implementation of the so-called **Integrated Urban Development Plans (IUDP)** funded by the regional operational programs (ROPs) and the Integrated Operational Programme (IOP).

The current evaluation of the integrated approaches shows that they contributed to the improvement of strategic planning, finding of suitable synergies, the possibility of using larger financial volumes to address the issue of the necessary infrastructure, strengthening partnerships in the cities, etc. The negative aspects of their pilot application in the Czech Republic include mainly the fact that the strategies focused only on a problem addressed in the cadastral area of the town itself or within a defined area, or that the ROPs and IOP were insufficiently interlinked with other operational programs. The non-effective favouring of IUDP projects in these other OP also proved to have negative consequences, unclear obligations and insufficient effectiveness of the contract concluded by the promoter of the IUDP and the managing authority.

Experience with the use of the LEADER method show that the majority of LAGs in the Czech Republic was able to meet the defined objectives. Integration at the project level in preparation of the LEADER Strategic Plans was carried out as part of measures under priority axes I to III of the Rural Development Programme. With regard to the set option to combine activities within axes, these strategies cannot be considered integrated in the true sense, since they had to be focused on a narrower content of the Rural Development Programme. The quality of management of the these LAGS is also not at the same level for all of them. The overall development in time, personnel changes and other factors may have significantly positive effect on some LAGs, but also a negative effect on their overall quality.

The basic principle for the application of integrated approaches will be the **material** (properly and logically coherent and necessary thematic/sectoral interventions), **spatial** (implementation of interventions in a suitable, geographically and economically linked area) and **temporal** (realistically defined schedule and temporal and material alignment of anticipated interventions), **coherence** of interventions implemented on the basis of a quality integrated **strategy** of territorial development.

The instruments for the application of integrated approaches in the Czech context through ESI Funds are as follows: Integrated Territorial Investments (ITI), Integrated Development Plans of Areas (IDPA) and Community Led Local Development (CLLD).

A Permanent Conference platform will be used to set up and implement the principle of multilevel partnership in order to ensure interconnection and coordination between the state and regions during the application of territorial dimensions in the programmes co-financed from ESI Funds. The Permanent Conference Platform will be created at the national and regional level:

- At the **national level**, the Permanent Conference will help to coordinate the implementation of regional dimensions by involving managing authorities, regional and other partners, and by discussing integrated strategies.
- At the **regional level**, it will help to harmonise investment intentions in the regions and it will give recommendations on focusing and harmonizing calls for proposals under specific territory-focused calls, also in connection with the set up and implementation of approved integrated instruments of territorial dimensions. The Permanent Conference at

140 Part of the interim evaluation of the Strategy of Regional Development 2007–2013 and the Medium-term evaluation of the NSRF

the regional level will be established in every region; the City of Prague will share the platform with the Central Bohemian Region.

The methodology for the use of integrated instruments is described in the MoRD's "Methodological Guideline for Using Integrated Instruments in the 2014–2020 programming period" anchoring the main principles for fulfilling the territorial dimension of interventions, describing the individual integrated instruments (including their creation, implementation and evaluation, establishing the cooperation and procedures for the application of an integrated approach) and stipulating the roles and responsibilities of the players involved.

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 15 (2)(ii) CPR)

3.1.1 Community-led Local Development (Articles 32–35 CPR, Article 10 ETC, and the EAFRD, ESF, and ERDF Regulations)

The Czech Republic has a positive experience with the application of community-led local development (CLLD) since the pre-accession instruments. The CLLD principles were used by the SAPARD pre-accession instrument within the LEADER Czech Republic 2004–2008 national programme, they were used in the OP Agriculture (programming period 2004–2006) and the Rural Development Programme (2007–2013 programming period).

CLLD or the LEADER method contributes in the Czech Republic to a better targeting of support to the local needs of rural areas and to the development of cooperation among stakeholders at the local level. Through the **Strategy of Community-led Local Development (SCLLD)**, the projects will have added value comprising mainly of their mutual cohesion, synergy and avoidance of duplicities, as opposed to individual projects prepared in isolation. Deeper knowledge of local issues, skills needed for targeting specific problems in the place of activities of the LAGs are the benefits of implementation of projects through community-led local development that strengthens the principles of cooperation, motivation and confidence.

The coordinating role of the local action groups (LAGs) in the implementation of interventions in favour of rural development based on detailed knowledge of local conditions and broad cooperation with local actors. Cooperation between the individual LAGs with each other contributes to the transfer of experience and good practice and the development of integrated projects with broad impact. It is appropriate to strengthen the coordination activities properly carried out in the place of action of the LAG. 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.

CLLD will be realized not only through the Common Agricultural Policy, but also through other operational programs under the ERDF and ESF. The CLLD integrated instrument will be used, apart from the Rural Development Programme, also in OP Employment, OP Environment and in the Integrated Regional Operational Programme. At least 5 % will be allocated from the EAFRD in the Rural Development Programme. From the ERDF, indicatively 4.95% will be used for CLLD and indicatively 2.17% from the ESF.

The main fund for reimbursing the operational and animation costs of LAGs will be ERDF. It is expected that up to 170 LAGs will be supported (depending on the result of LAG

standardisation and on assessment of the CLLD strategies) with an average allocation for the CLLD strategy at CZK 120 million (EUR 4.8 million).

Coordination among the funds in the case of CLLD will be carried out by the National Permanent Conference (NPC).

NPC will consist of two chambers:

- Integrated Instruments Chamber (ITI, IDPA, CLLD),
- Regional Chamber.

The CLLD holders will be represented in the Integrated Instruments Chamber.

Both Chambers will include representatives of:

- MoRD (Department of Regional Policy Development and Strategy, and NCA),
- Managing authorities of programmes (implemented from various ESI Funds),
- Material sponsors of priority axes in programmes,
- Social Inclusion Agency,
- Umbrella organisations of territorial partners (Association of Regions, Union of Municipalities and National Network of LAGs).

Main tasks of NPC in relation to CLLD:

- it discusses the strategies of the integrated instruments (as part of their evaluation and approval for implementation)
- it monitors the absorption of funding from various priority axes/ Union priorities in various programmes for the implementation of integrated instruments (ITI, IDPA, CLLD)
- it prepares recommendations for defining the schedule of specific calls and their coordination on the basis of background information from the integrated instrument holders and their discussion with managing authorities
- it coordinates the implementation of territorial dimension at the national level
- on an ongoing basis it monitors and evaluates the results of fulfilling the territorial dimension in connection to the Partnership Agreement
- it discusses the Report on Progress in Territorial Dimension (including progress achieved in the integrated instruments)

In relation to CLLD, details will be defined in the Methodological Guideline for Using Integrated Instruments, in the Statute and Rules of Procedure of the National Permanent Conference.

Integrated CLLD instruments will be used in rural areas, specifically in the 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.

CLLD will be used primarily for the implementation of thematic objective 9 Promoting social inclusion and combating poverty, in integration with thematic objectives 1 Strengthening research, technological development and innovation, 3 Improving the competitiveness of small and medium-sized enterprises, 6 Protecting the environment and promoting efficient use of resources, 7 Promoting sustainable transport and removing bottlenecks in key network infrastructures, 8 Promoting employment and supporting labour mobility, and 10 Investing in education, skills and lifelong learning. More than five thematic objectives will be implemented under one CLLD Strategy. The target group consists of rural residents, the general objective is to improve the quality of rural life.

The main aim of the use of CLLD 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.

Main themes addressed through CLLD

- To address high unemployment in rural areas and raise the chances of employment for job seekers by increasing the number of jobs in rural areas, reducing the internal differentiation of the labour market within local action groups between urban and rural areas by increasing the share of rural jobs
- To stabilize the population by increasing and changing their skills and by providing job opportunities in rural areas
- To promote business opportunities, support start-ups in cooperation of local actors. To stop the outflow of skilled and young workforce to more lucrative non-agricultural business outside rural areas.
- To exploit the development potential of rural areas (e.g. human potential, attractive environment, alternative services, the ability of people to cooperate, rehabilitation of cultural heritage and cultural life revival).
- To create conditions for cooperation between primary and secondary schools in rural areas.
- To increase the functional facilities of rural areas, to create conditions for cooperation in order to improve the quality and accessibility of service networks (e.g. social, health and follow-up).
- To support the development of the local economy (including social enterprises) in rural areas, promote the development of mutual cooperation of companies, cooperation between companies and schools and other relevant stakeholders, support and development of services in the implementation of technical and non-technical innovations.
- To implement land consolidation and measures improving biodiversity.
- To promote brownfield regeneration, increase the share of waste reuse, recycling and promote the replacement of primary resources with secondary raw materials.
- To preserve and renew the interconnectedness and permeability of landscape, to coordinate agri-environmental measures for improving the landscape appearance.

SCLLD may, among other things, also help to solve problems of the population of sites at risk of social exclusion, but primarily they should represent development strategies, as their name suggests.

The process of CLLD assessment runs in two phases (i) verifying the eligibility criteria for LAGs (standardisation of LAGs), (ii) quality assessment of the integrated strategy for development of the territory.

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

The Ministry of Agriculture will, based on criteria reflecting the quality of the organization and management of processes of LAGs, select a group of LAGs that will meet the basic eligibility criteria for further action and the possibility of preparing SCLLD. LAGs can develop a wider integrated strategy of a wider focus that can be financed from multiple ESI Funds, and they may also implement it using other means than only the European funds. These SCLLD will be assessed and evaluated by the MoRD and the managing authorities of programmes using a similar process as for the strategies of other integrated instruments.

(Implementation details are described in the Methodical Guideline for using integrated instruments in the 2014-2020 programming period).

Tasks of the Local Action Groups:

- to improve the skills of local actors to design and implement projects, including their project management abilities;
- to prepare a non-discriminatory and transparent selection procedure and objective criteria for project selection, which will prevent conflict of interests, and to ensure that at least 50% of votes in decision-making on project selection belong to partners who are not public authorities;
- to define the method of project selection with regard to the strategy fulfilment, and to describe the manner of recording the project selection in writing;
- to prepare and publish calls for proposals, including the definition of selection criteria;
- to receive and appraise grant applications;
- to select projects for implementation so that their compliance with the Community-led Local Development Strategy is ensured by determining their sequence according to the contribution of the projects to the strategy intentions and objectives;
- to submit the lists of selected projects to the managing authority responsible for the final verification of eligibility before the projects are approved for implementation;
- to monitor the progress in implementing the Community-led Local Development Strategy;
- to monitor the implementation and sustainability of the supported projects;
- to carry out evaluations related to the CLLD strategy.

Despite the good setup of the system of functioning of the LEADER method even in the current programming period and with regard to the fact that the funding of the 2007–2013 programming period is no longer available, the Czech Republic plans to utilize the institute of preparatory support used to support operational and animation costs for all LAGs that prepare the next planning period.

3.1.2 Integrated territorial investments (ITI)

Integrated territorial investments will be used in the Czech Republic in the largest metropolitan areas of national importance, in accordance with Article 36 of the Common Provisions Regulation and on the basis of their definition in the SRD. Cores of metropolitan areas (areas with concentrations above 300 thousand Inhabitants) are the largest cities in the Czech Republic (Prague, Brno, Ostrava, Pilsen), including their functional hinterland. Due to the population concentration and partly common problems, the Ústí nad Labem-Chomutov, Olomouc and Hradec Králové-Pardubice agglomerations are also added to these centres.

Specifically, the following it is are concerned:

- (i) metropolitan areas functionally defined for the City of Prague (and Central Bohemian Region), Brno, Ostrava, Pilsen and
- (ii) Hradec-Pardubice, Olomouc and Ústí nad Labem - Chomutov agglomerations.

By the implementation of the ITI, the Czech Republic will also fulfil the dimension of urban policy characterized by proportional representation of economic, social and environmental components, which is in line with Article 7 of the ERDF Regulation for the sustainable urban development.

ITI are implemented through **integrated strategies**. The above-defined metropolitan area / agglomeration will submit one integrated territorial strategy, prepared on the basis of partnership approach in the territory, for approval and implementation.

Integrated territorial strategies will focus in its analysis and subsequent setup and hierarchy setting of priorities on key thematic areas of development specific to the metropolitan area in accordance with the objectives and priorities of the EU. The main themes linking the core cities of agglomerations with their functional hinterland include transportation, education and the labour market, interconnection of research capacities and utilization of their outputs in practice, innovation and entrepreneurship, and the environment, including technical infrastructure. Further the field of public services could be solved (mainly social, health and education services). Integrated territorial investments will be mainly focused on the implementation of larger, strategic projects that have a significant impact to the respective territory. Smaller projects will be supported by as well, if they properly complement the larger projects to achieve the desired synergy effects.

The MoRD will assess the compliance between the submitted integrated strategies and the requirements set out in the Methodology Instruction for using integrated instruments in the programming period 2014-2020. After that, the submitted strategies will be assessed by the managing authorities of the OPs concerned, mainly in terms of the strategies' compliance with the OP objectives, supported activities, planned results and the allocation possibilities of the OPs concerned. Based on approval of the managing authorities concerned, a legal act will be concluded with the relevant holders of integrated instruments on the instruments' implementation. (Implementation details are described in the Methodical Guideline for using integrated instruments in the 2014-2020 programming period). The approved integrated strategies will be implemented through specific calls announced by the managing authorities of the OPs in accordance with the approved schedule for strategies and their physical performance.

The projects presented as part of the integrated strategies under specific calls of ESI Funds programmes must comply with the conditions determined by the relevant programme and must contribute to the pre-determined binding indicators, and ensure monitoring and evaluation. The decision/funding contract are signed by the MA of the relevant OP.

The integrated strategies under ITI will be supported from ERDF through IROP, OP RDE, OP EIC and OP PGP, in line with Article 7(4) of the ERDF Regulation. It is expected that the Cohesion Fund could also be involved (OP E, OP T) and ESF too (OP RDE and OP Emp).

Coordination among the funds in the case of ITI will be carried out by the NPC.

NPC will consist of two chambers:

- Integrated Instruments Chamber (ITI, IDPA, CLLD),
- Regional Chamber.

The ITI holders will be represented in the Integrated Instruments Chamber.

Both Chambers will include representatives of:

- MoRD (Department of Regional Policy Development and Strategy, and NCA),
- Managing authorities of programmes (implemented from various ESI Funds),
- Material sponsors of priority axes in programmes,
- Social Inclusion Agency,
- Umbrella organisations of territorial partners (Association of Regions, Union of Municipalities and National Network of LAGs).

Main tasks of NPC in relation to ITI:

- it discusses the strategies of the integrated instruments (as part of their evaluation and approval for implementation)
- it monitors the absorption of funding from various priority axes/ Union priorities in various programmes for the implementation of integrated instruments (ITI, IDPA, CLLD)
- it prepares recommendations for defining the schedule of specific calls and their coordination on the basis of background information from the integrated instrument holders and their discussion with managing authorities
- it coordinates the implementation of territorial dimension at the national level
- on an ongoing basis it monitors and evaluates the results of fulfilling the territorial dimension in connection to the Partnership Agreement
- it discusses the Report on Progress in Territorial Dimension (including progress achieved in the integrated instruments)

In relation to ITI, details will be defined in the Methodical Guideline for Using Integrated Instruments, in the Statute and Rules of Procedure of the National Permanent Conference.

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)

In the Czech Republic, sustainable urban development is determined by three dimensions – economic prosperity, favourable environment and social cohesion. The main principles for the definition of urban areas to meet the sustainable urban development are:

- Cities represent natural environment for research and innovation and the related business** – cities influence the development of neighbouring rural areas and are recognized as an important factor in the competitiveness of the entire region. Interventions aimed at strengthening cities and their clusters as engines of regional development will promote the creation of urban networks capable of transferring development and innovation impulses to the regions.
- Infrastructure and accessibility of services** – transport and technical infrastructure represents an important material condition for development and quality of sustainable urban development (particularly water-supply, energy and other networks). A key task is to support the development of transport networks and to ensure coherence (integration) of regional transport systems.
- Social inclusion** – one part of urban problems is related to the issue of security, crime prevention and social cohesion. Increase in social disparities in some local areas is becoming a problem of primarily large-sized cities. The biggest problems include high unemployment and social exclusion, which is often localized in certain neighbourhoods or locations with often devastated housing stock and disturbed environment.
- Environment** – cumulatively acting negative impacts on the urban environment require an integrated approach to the care of the individual components of environment and mutual interconnection with other urban development policies. A fundamental challenge is to reduce the negative impacts of transport and industry (causing air pollution, emissions of harmful gases and noise) on the environment and

health of the population, and to tackle the conservation and sustainable use of resources and safety.

- (v) **Strategic planning and development of urban-rural relations** – coordination and organizational measures play an important role in strengthening the urban-rural linkages, especially in transport, technical and civil infrastructure and tourism. In the area of public transport (provision of transport services), integrated transport systems are developed in linkage to major cities. They help connecting the city and its surroundings, which allow people to travel for work, education and services. The urban-rural linkage is further reflected in the construction of technical infrastructure, especially in the area of waste management, water supply and wastewater treatment, in the field of civic amenities, in the provision of social services, health care or education, especially of the higher level. Micro-regional centres offering a wide range of services to its surroundings are important for the development of relations between cities and rural areas. By their support, territorial cohesion will strengthen and a functional integration of the territory of the micro-region will occur.

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 of the allocation of at least 5% of the ERDF will be achieved through:

- (i) **Combination of interventions under OP Prague – Growth Pole**, which itself meets the defining conditions for a possible contribution to the fulfilment of the given objective,
- (ii) **Implementation of activities within 7 ITI** listed in section 3.1.2.

These metropolitan areas generate more than 55% of the country's GDP, they contain more than 45% of the population, and the agglomerations are of key importance for the Czech Republic in terms of economic growth and international competitiveness. The highest order functions are concentrated here (e.g. administration, financial sector, science, research and development, higher education, infrastructure, culture and management structures). 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* directly affects a substantial part of the country (its inhabitants). The spatial impact of the *Brno, Ostrava and Pilsen* metropolitan areas is limited to those parts of the country in which they are located. Three agglomerations, specifically *Ústí nad Labem-Chomutov, Pardubice-Hradec-Králové and Olomouc*, 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 occurrence of 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 most aspects, this description applies to the *Ostrava region* as well, with the difference that instead of electricity production it is dominated by heavy industry, mainly metallurgy.

With regard to the *agglomeration Hradec Králové – Pardubice*, this is an area with two dominant centres; the agglomerations are mostly involved in the chemical industry and provision of services, however these areas have been affected by the extinction of a large part

of the industry. The Olomouc agglomeration consists of a major centre – the town of Olomouc – and two smaller centres – Přerov and Prostějov that are focusing mostly on engineering, chemical and food industries. The Olomouc and Hradec Králové – Pardubice agglomerations have three universities with a major research and development potential. In these agglomerations there are big businesses that are competitive on the international market. Both territories have very good transport accessibility which is an important factor for their development, however, there is an urgent need to resolve the transport situation inside the towns in these agglomerations.

The Integrated Development Plans of Areas (IDPAs) are a specific feature designed for sustainable development of towns in the Czech Republic. The plans can be implemented (but they are not mandatory) in České Budějovice, Jihlava, Karlovy Vary, Liberec, Mladá Boleslav and Zlín, and their functional hinterland. Mladá Boleslav is an important industrial centre and a major source of growth of the Czech Republic's economy. The other 5 towns¹⁴¹ are important regional agglomerations that are characterised as regional growth poles and a natural catchment area. In these areas it is essential to focus on interventions completing the necessary infrastructure that is essential for the subsequent development and without which there is a threat that the actual regional centre, but also the surrounding region, would lag behind.

IDPA is an integrated development strategy describing the problems and needs of a defined territory, objectives and priorities resulting from them (including investment and non-investment plans). IDPA are systemically linked to the IUDP (implemented in the 2007–2013 programming period); they are, however, modified for the needs of a wider area and complemented by the manner of implementation (allocations within ESI Funds programmes and specific calls for projects from these IDPA, including contractual arrangements).

Fund	Indicative allocation of resources at the national level on integrated activities for sustainable urban development (EUR)	The share of the total allocation for the fund (%)
ERDF	1.482 billion EUR	12.4%
(ESF)	0.148 billion EUR	4.3 %

Note: Indicative allocation of resources at the national level on integrated activities for sustainable urban development from the Cohesion Fund is EUR 0.778 billion. The distribution of funding to ITIs will be specified according to the National Document Defining Territorial Dimension in the 2014-2020 Programming Period.

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

Main priority areas of ETC and their links to programmes of the Investment for growth and jobs goal

Under the European Territorial Cooperation (ETC) objective, the Czech Republic will participate in the 2014–2020 programming period in cross-border co-operation of the Czech Republic-Poland, Slovakia-Czech Republic, Austria-Czech Republic, Free State of Bavaria-Czech Republic and the Free State of Saxony - Czech Republic, and in the transnational cooperation programmes Central Europe 2020 and the Danube programme, in inter-regional

¹⁴¹ České Budějovice – the seat of the self-administration of South Bohemian Region, Jihlava – the seat of the self-administration of Vysočina Region, Karlovy Vary – the seat of the self-administration of Karlovy Vary Region, Liberec – the seat of the self-administration of Liberec Region and Zlín – the seat of the self-administration of Zlín Region) and the statutory town of Mladá Boleslav.

cooperation programmes INTERREG EUROPE, ESPON 2020, INTERACT III and URBACT III.

Main priority areas of ETC

Within the framework of the European Territorial Cooperation, the Czech Republic plans to focus on cooperation with foreign partners in the following priority areas:

Research, development, and innovation

In the area of research, development and innovation, the support will be directed at developing mutual cooperation between research institutions, and at the creation and strengthening of linkages between research and development on the one hand and the private sector (especially SMEs) and the public sector on the other hand (facilitation of access of public administration and SMEs to the results of activities in the field of development and innovation, both direct and indirect involvement of SMEs in innovation processes, developing networks for the support of collaboration of SMEs and research institutions, development of clusters, etc.).

Prevention, monitoring and management of risks

Support will focus on the creation of joint systems of prevention, monitoring and management of risks, sharing information about potential threats, increasing the compatibility and connectivity of the integrated rescue systems and strengthening cooperation between the various components of the integrated rescue system across the border in order to increase the efficiency and effectiveness of measures to protect the population, material and cultural values.

Environment and resource efficiency

In this area, the cooperation will focus on activities in the joint protection of surface water and groundwater, soil protection and conservation and restoration of biodiversity, air pollution control, increasing energy efficiency and the share of renewable sources in the public sector and housing, introduction of low-carbon strategies in cities, regions and functional urban areas by introducing innovation, transferring know-how and building capacities in the field of environmental protection and efficient use of resources.

Cultural and natural heritage

In this priority area, support will be directed to the conservation and restoration of cultural and natural heritage, facilitating its accessibility and proximity to citizens and visitors of the regions concerned by building the necessary infrastructure, creating strategies, building capacities and incorporating it into the concepts of sustainable economic development of the areas concerned.

Transport

In this priority area, support will be dedicated to the planning of transport infrastructure development, development of transport systems friendly to the environment, both in the passenger transport (public transport systems) and in the freight transport (instruments, networks and services in logistics), development of multimodal transportation hubs, etc.

Employment

In this priority area, support will be directed to improving employment conditions by activating and using the internal potential of border territories.

Education, skills and lifelong learning

Support under this priority area will focus on the development and implementation of joint concepts and programmes for general education and professional training, exchange of experience and know-how, etc. Cooperation among the educational institutions themselves as well as between educational institutions and labour market institutions, public sector, etc., will be supported.

Legal and administrative cooperation and cooperation between citizens and institutions

In this priority area, cooperation of institutions of public administration, professional bodies, non-profit sector and local initiatives will be promoted in order to deepen the integration of regions and to build administrative capacity for further development of cross-border and transnational cooperation in various areas.

Entrepreneurship support

This priority area is focused on supporting SMEs with a view to fostering their growth and utilising innovations in all stages of their life cycle, mainly by involving them in interregional networks, know-how transfer etc.

Links to programs of the Investment for growth and jobs objective

The focus on the above priority areas creates links in the form of possible synergies or complementarities with operational programmes of the Investment for growth and jobs goal. By its content, however, ETC is focused on addressing common challenges of specific cross-border and trans-national regions. The aim will be especially to activate the potential offered by cooperation in dealing with common problems.

It will be possible to build on the outputs and results of the OPs of the Investment for growth and jobs goal, which can be further developed in the context of territorial cooperation, resulting in an added value arising from cooperation.

As an example for the area of research and development, we can mention the national-level sharing of research capacities built in collaboration with foreign research bodies, in the field of education, the example may be the use of acquired educational infrastructure for the implementation of joint cross-border education programmes, or in the area of risks, the sharing of infrastructure and its integration into joint cross-border plans and systems of risk management.

In addition, ETC programmes can become a catalyst for innovation in dealing with specific problems and challenges at the national level, by the implementation of pilot projects using the transfer of know-how and good practices implemented in partner countries, which can then be developed on a larger scale in the OPs under the Investment for Growth and Jobs goal.

The table below provides an overview of which OPs under the Investment for Growth and Jobs goal and which main priority areas of ETC have a potential for synergies and complementarities.

Main priority areas of the ETC	OP for the Investment for growth and jobs objective
Research, development, and innovation	<ul style="list-style-type: none"> • OP Research, Development and Education • OP Enterprise and Innovation for Competitiveness
Prevention, monitoring and management of risks	<ul style="list-style-type: none"> • OP Environment • Integrated Regional Operational Programme

Main priority areas of the ETC	OP for the Investment for growth and jobs objective
Environment and resource efficiency	<ul style="list-style-type: none"> • OP Environment • Integrated Regional Operational Programme
Cultural and natural heritage	<ul style="list-style-type: none"> • Integrated Regional Operational Programme • Rural Development Programme
Transport	<ul style="list-style-type: none"> • Integrated Regional Operational Programme • OP Transport
Employment	<ul style="list-style-type: none"> • Integrated Regional Operational Programme
Education, skills and lifelong learning	<ul style="list-style-type: none"> • Research, Development and Education • Integrated Regional Operational Programme
Legal and administrative cooperation and cooperation between citizens and institutions	<ul style="list-style-type: none"> • OP Employment • Integrated Regional Operational Programme
Entrepreneurship support	<ul style="list-style-type: none"> • Enterprise and Innovation for Competitiveness

Taking macro-regional strategies into account

Out of the existing macro-regional strategies, the Czech Republic participates in the EU Strategy for the Danube Region. The basic document for its implementation is the Communication of the European Commission¹⁴² and especially the accompanying Action Plan, which defines the thematic areas in which the Strategy should be implemented. The implementation of this Action Plan is at the macro-level ensured by the so-called steering committees that are established for each of the eleven priority areas of the EU Strategy for the Danube Region. For the Czech Republic, representatives of relevant ministries (Ministry of Transport, MoRD, Ministry of Culture, MIT, MEnv, MI, MEYS) participate in meetings of these steering committees as coordinators or co-coordinators. At the same time, they are mutually informed thanks to the Ministerial Coordination Group of the Central Committee for macro-regional strategies, in which the representatives of the ministries participate as members, and which is chaired by the national contact point for the EU Strategy for the Danube Region in the Czech Republic (see below). This ministerial coordination group meets as needed, usually four times a year.

The Czech Republic sees a significant added value in the possibility to identify common objectives at the macro-regional level, because thanks to that possibility the Czech Republic can address those of its own needs which can be better satisfied at the macro-regional level and in this respect it is essential to ensure the functional connection between the Danube Strategy and the preparation and implementation of the programme. Ministries in charge of the coordination of the steering committees at the national level are also managing authorities of the programmes, which ensures suitable conditions for linkage between the EU Strategy for the Danube Region, namely the implementation of the Action Plan on the macro-regional level, and of the programmes at the national level. Members of steering committees were asked to cooperate in the preparation of programmes by the managing authorities of those programmes that have been evaluated as relevant for the given programme on the basis of documents prepared by the Ministerial Coordination Group for macro-regional strategies.

142 COM (2010) 715: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - An EU Strategy for the Danube Region.

Members of the steering committees will, in the implementation phase, perform consultations and provide assistance in monitoring committees of the respective programmes. This link is usable in both directions, as it allows to take into account the priorities of the EU Strategy for the Danube Region in programming and announcing of calls at the national level, and also it takes into account the priorities of the Czech Republic in the common definition of specific objectives of the macro-region through the activities of such representatives in the steering committees.

At the horizontal level, the coherence between the objectives of the Strategy and the programme is ensured by the national contact point that coordinates activities performed under the Strategy for the Danube Region at the level of the Czech Republic. This is primarily a political role, whose aim is to ensure the enforcement of the macro-regional approach to dealing with problems where relevant. The national contact point for the EU Strategy for the Danube Region in the Czech Republic is the State Secretary for European Affairs of the Central Committee. For the purposes of coordination, the Secretary has established and chairs the aforementioned ministerial coordination group. The State Secretary for European Affairs has the right to participate in government meetings, in meetings of the relevant working groups for the preparation and implementation of the future programming period, especially the Steering Committee of the Working Group for the preparation of the Partnership Agreement 2014–2020, the negotiating team for the Partnership Agreement or monitoring committees of the individual OPs, thus ensuring a connection at the horizontal level both in the preparation and in the implementation phases.

Specific situation exists in Priority Area 2 “Encouraging more sustainable energy sector” of the EU Strategy for the Danube Region, where the Czech Republic plays the coordinator role together with Hungary. The national contact point usually participates in meetings of the steering committee of this group, while the Czech Republic has hosted and will host some of these meetings. The coordination role of the Czech Republic is carried out by the MIT, but based on its request, this role will go to the Central Committee. This will place a greater political weight on the role of coordinator of the priority area and will also allow adequate investments in human resources. At the same time, by connecting the two roles within one institution, a coordination between them will be facilitated.

The Czech Republic sees an opportunity for enhanced coordination in those OPs for cross-border, transnational and interregional cooperation, which do not exceed the territory of the Danube macro-region. Specifically, there is a newly established OP for transnational cooperation Danube, whose territory is identical with the macro-region. When thinking about these options, however, it is also necessary to take into account the volume of available resources for this OP.

Incorporation of specific priorities will be specified in the draft programmes.

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

It is possible to identify certain areas and target groups in the Czech Republic that have a higher occurrence or are more at risk with regard to social exclusion and which, in a number of cases, are associated with poverty and the existence of socially pathological phenomena. **Socially excluded localities show the highest risk of discrimination and social exclusion in the Czech Republic.**

In these localities, several factors come together which significantly influence the opportunity to **(1) access open labour market, (2) access public services**, including social services and

education, (3) **have contact with the social environment**, (4) **deal with personal crisis (debts, illnesses etc.)**, and (5) **political participation** or limit the abilities and skills to use the opportunity. **Ethnicity** plays a specific role in social exclusion in the Czech context.

Addressing the specific needs of these areas is very difficult not only from the perspective of the causes of these problems and it is impossible to do without the broader coordinated cooperation of multiple entities, including active assistance provided by the state. This brings with it a differentiated application of the territorial dimension, i.e. preferential needs in specific areas, the concentration and use of all available funding (European and national), and the determination of a comprehensive/integrated approach for defining the aid with the objective of preventing an increase in the threat of social exclusion, responding in an appropriate manner to increasing socio-economic inequality, and reducing the risk of poverty. The state policies in this area are guided by the Roma Integration Strategy and the Strategy for Combating Social Exclusion, which complement each other in objectives and measures addressing the situation of the Roma in the Czech Republic and the cumulating poverty in the excluded locations.

Geographic Identification

The demarcation of socially excluded localities is based on the study prepared for the Ministry of Labour and Social Affairs¹⁴³ that was subsequently updated on the basis of analysis prepared in 2010–2013 in 11 regions of the Czech Republic¹⁴⁴. For the other three regions, where no updated data is available, the map below comprises the data stated in the aforementioned study of the Ministry of Labour and Social Affairs covering the whole of the Czech Republic and carried out in 2006. ***In 2014-2015, the general overview of socially excluded localities in the Czech Republic, and localities that are at a threat of being socially excluded, will be updated; the development of the localities and the outputs (localities) will be relevant during the application of integrated solutions for socially excluded localities.***

143 GAC spol. s r.o.: „Analysis of socially excluded Roma localities and communities and the absorption capacities of entities working in the area “. Prague 2006.

144 Královéhradecký Region – Source: Survey of needs in socially excluded locations of Královéhradecký Region, Ethnological Institute of the Czech Academy of Sciences, (2010), Liberecký Region – Source: Analysis of socially excluded locations and accessibility of social services of prevention in such locations in the Liberecký Region, Socio Faktor s.r.o. (2013), Plzeňský Region – Source: Monitoring the current situation in socially excluded locations of Plzeňský Region, Člověk v tísni (People in Need) (2013), Moravskoslezský Region – Source: Interim report - analysis of socially excluded locations, AUGUR Consulting s.r.o (2013), Ústecký Region – Source: Analysis of funding and of capacity resources for social prevention services in Ústecký Region, Barbora Šolková, Petra Lelovičová (2012), Karlovarský Region – Source: Analysis of socially excluded locations in Karlovarský Region, Mgr. Tereza Dvořáková et al., TD kontext (2013), Jihočeský Region – Source: Analysis of socially excluded Roma locations and communities and of absorption capacity of entities working in this area, Ivan Gabal, GaC (2006), updated on the basis of: Mapping the current situation in socially excluded locations in Jihočeský Region in 2010, Michaela Nováková, Regional Authority of Jihočeský Region (2010), Středočeský Region – Source: Gabal (2006) updated on the basis of: Mapping the groups at immediate threat of social exclusion in four selected regions with regard to inaccessibility of housing, Martin Lux et al. (2010), Olomoucký Region – Source: Gabal (2006) updated on the basis of: Description of excluded locations involved in the project: Background analysis for the project "Ensuring the integration of Roma community members in Olomoucký Region II", Olomoucký Region (2013), Zlínský Region – Source: Report on the situation of the Roma minority in the Region for 2012, (2013), Vysočina Region – Source: Strategy for integration of socially excluded locations in Vysočina Region for the period 2012–2017, Vysočina Region (2011), City of Prague – Source: Gabal (2006), Jihomoravský Region – Source: Gabal (2006), Pardubický Region – Source: Gabal (2006).

- The development of an active labour market policy for the most threatened categories (e.g. long term unemployed, unqualified, handicapped, socially excluded, ethnic minorities, in particular the Roma, and people threatened with multi discrimination), including the support for social enterprises,
- Support for education, an expanded offer of requalification opportunities, and specific activities for increasing the quality of skills and knowledge;
- Support for inclusive education;
- Support for better quality and flexibility in the provision of social services, utilization of preventive programs in vulnerable areas and strategic planning, availability of rental housing;
- Support for small and medium-sized enterprises, support for self-employment and start-up enterprises; and the active involvement of local authorities in resolving the problematic issues in question.

The main needs of the identified target groups consist primarily of increasing their employability in the labour market, and improving the quality of their lives and health. It is also necessary to increase the participation of the local authorities in the prevention and resolution of issues associated with social inclusion through creating and implementing local development strategies, and improving the quality and accessibility of the social and healthcare services that are provided.

ESI Funds and Integrated Instruments

Problems in identified areas and for the given target groups will be tackled using a combination of appropriate integrated instruments and coherence/complementarity (when coordinating the calls) between the activities of relevant programs financed by the ESF, ERDF (e.g. the issue of employment, social and health services, education, business development and the availability of housing for the target group) and marginally from the EAFRD (targeted interventions to create jobs in areas of high unemployment, the LEADER method – local development). Examples may include strategic plans for social inclusion, on the basis of which the Agency for Social Inclusion is already working. This approach will continue to be supported and local plans of social inclusion which address housing, employment, social services, education and health in an integrated way will be a precondition for support. Functionally defined territories for the socially excluded locations and for the prevention of their formation include mainly micro-regions, municipalities, associations of municipalities, regional centres and their hinterlands (at the level of MEPs), etc.

Table 3-1: Indicative overview summarising the integrated approach to addressing specific needs in socially excluded areas/localities and of the identified target groups

Specific target groups/ geographical area	Brief description of their needs	ESI Funds to be used	Main types of actions planned that use the integrated approach	Programme
<i>Socially disadvantaged areas:</i> Social excluded localities	<ul style="list-style-type: none"> - Support for (inclusive) education, an expanded offer of reskilling opportunities, and specific activities for increasing the quality of skills and knowledge; - Support for higher quality and flexibility in the provision of social services, - Support for small and 	ERDF	<ul style="list-style-type: none"> - establishment and expansion of the capacity of services provided in the community (outreach, outpatient and residential forms of social, health and related services, - support for facilities for the development of integration centres, 	IROP

Specific target groups/ geographical area	Brief description of their needs	ESI Funds to be used	Main types of actions planned that use the integrated approach	Programme
	<p>medium-sized enterprises, support for self-employment and business start-ups,</p> <ul style="list-style-type: none"> - Increasing the active involvement of local administration in dealing with the issues in question. - Increasing employability, - Improve the quality of life and health, - Increasing the participation of local governments in prevention of and dealing with problems in the field of social inclusion through the creation and implementation of local development strategies, - Increase in quality and availability of social and health services. 		<p>community centres, capacity building for social housing (i.e. apartments and residential facilities providing social services) creation of new and development of existing business activities in the field of social entrepreneurship,</p>	
		ESF	<ul style="list-style-type: none"> - support for the creation of new jobs at the local level, - development of cooperation of actors at the local level with an emphasis on dealing with unemployment, - creation and development of specific instruments to prevent and resolve problems, - support for community social work, - support for the process of medium-term planning of services, - education in the social area, education of social workers in services and in public administration. 	OP Employment
			<ul style="list-style-type: none"> - development of inclusive education, - increase in the number of pro-inclusively set up common schools and educational institutions, with a view towards higher levels of social inclusion - increase in the number of children participating in preschool education (PE) with regard to children with special educational needs (SEN) and development of the system of timely care for vulnerable children, - remove barriers to access to quality 	OP RDE

Specific target groups/ geographical area	Brief description of their needs	ESI Funds to be used	Main types of actions planned that use the integrated approach	Programme
			education, - improving the system of pedagogical-psychological counselling, - higher degree of integration of children and pupils with SEN into existing hobby groups and leisure activities.	
		EAFRD	- supporting entrepreneurship and facilitating diversification, creation of new businesses and jobs, - Investments in non-agricultural activities and promotion of tourism, - Increase in cooperation and integration in rural development.	RDP

3.1.6 Integrated approach, to address demographic challenges of regions or specific needs of geographical areas which suffer with 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.

4 Arrangements to ensure efficient implementation of the Partnership Agreement and programmes – Article 15 (2)(B) CPR

4.1 Electronic data exchange

One of the principles of preparing the single methodological environment is also the area of computerization of the administration processes. In connection with the requirements of simplification and reduction of administrative burden, the MoRD-NCA will ensure a maximum appropriate level of electronic exchange of information between different entities participating in the management and administration of programmes. This measure will have a positive effect especially at the level of applicants/beneficiaries and at the level of managing authorities.

The existing system of electronic data interchange already includes some elements of e-Cohesion policy and therefore there is certain experience with the application of this policy that can be further built on. Electronic services that are already currently available, cover some key areas, such as the communication of applicants/beneficiaries with the MA where electronic submission of grant applications is possible, but it is mostly used without the qualified electronic signature (applicant/beneficiary submits grant applications in paper form as well). Within the implementation of the project, electronic registration of progress reports (monitoring reports) is possible, it is, however, not fully utilized by the MA. It is also possible to submit electronic requests for payment (it is, however, necessary to submit the request for payment and the required attachments in paper form as well). However, there are many other areas not fully covered by the electronic exchange of data (e.g., the verification and audit), where the computerization is planned within the 2014–2020 programming period. Furthermore, there is another bottleneck in the existing systems that rather complicates the implementation, namely the fragmentation and duplicate storage of electronic data. As a rule, it is not possible to work with a single specific set of data throughout the implementation process, including verifications.

A new unified uniform monitoring system MS2014+ is being developed to ensure the needs throughout the implementation structure.

The crucial part of the MS2014+ application is the web portal for applicants/beneficiaries to obtain information about the current announced calls, it allows them to submit applications for a grant or repayable financial assistance and it enables monitoring of project administration and approval.

The application also includes a portal for the administration of programmes/projects (MSSF2014+) that will record, process and store data about all operations, that are necessary for the monitoring, evaluation, financial control, audit and other needs of the programme management.

The back office functionalities of MS2014+ are used to store data on all operations in a structured and non-structured format in an electronic form and to communicate with external systems (including the Structural Funds common database).

MS2014+ has a uniform management system for users - Service Desk.

MS2014+ will allow the applicants/beneficiaries to further manage their project information, to communicate effectively with the managing authority / intermediate body and to administer any necessary steps during the project implementation phase, such as regular submission of

reports and project status updates, administration, change management, and requests for payments related to the project implementation. Data exchange with the applicant/beneficiary will be carried out only in electronic form.

Full computerisation of processes brings benefits as the previously input data are automatically pre-filled, which simplifies the work for applicants/ beneficiaries.

MS2014+ will provide for the necessary monitoring and evaluation mechanisms helpful for the selection and verification of the submitted grant applications. MS2014+ also includes forms and basic templates related to the administration aspects of grant provision such as application forms, monitoring report forms, templates of the legal act of provision of support, etc.

The system for acquisition and storing of data complies with all requirements stipulated by e-Cohesion policy. MS2014+ will ensure mutual communication between the implementation structure entities involved in the preparation, administration, evaluation and verification of the provided funds, and communication with applicants and beneficiaries of ESI Funds. In addition, the system implements a set of roles and competencies that are required for the performance of specialised activities and responsibilities of relevant entities.

All data entered into the system are stored in a central database and can be immediately used and processed for the purposes of monitoring, financial management, evaluation, verification and audit. Applicants/ beneficiaries will be able to enter their data in a structured or non-structured form only once.

The interoperability between the relevant authorities will be fully electronic. This includes also e-government elements (e.g. national registers). All implementation structure actors are involved in the preparation of methodical documents, and their activities and responsibilities are defined in those documents. MS2014+ projects those activities and responsibilities into roles and competences which are required for operations in specific activities.

If required in accordance with Annex 1 to the ESF Regulation, the data on indicators will be specified by gender. For programmes co-financed from the European Agricultural Fund for Rural Development and the European Maritime Fisheries Fund, only the data needed for the monitoring and evaluation of the performance of the Partnership Agreement will be stored in MS2014+ and not all e-Cohesion policy features will be applied to them. The data on all operations necessary for the monitoring, evaluation, financial control, audit and other needs of these programmes will be primarily recorded, processed and stored in the information system of the State Agricultural Intervention Fund.

Planned measures (development needs) for 2014–2020

- The single central database comprising data for the evaluation of the implementation of the Partnership Agreement.
- Possibility of fully electronic exchange of data between the applicant/beneficiary and the MA, including the use of electronic signatures, reduction of administrative burden on beneficiaries (e.g. effective access to the system, automated verification, verified communication line between the applicant/beneficiary and the MA), strengthening the principle of “only once encoding” (acquisition of data only once) through the use of a centralized database.
- Strengthening the possibility of sharing data between the other actors within the implementation structure and the use of link to e-government databases of the Czech Republic (basic registers, register of de minimis aid, treasury).
- Digitization of documents and their storage (e-storage), trusted long-term archive.

- Enhancing the e-audit trail (a form of electronic “audit trail” particularly for use in verifying the legality and correctness).
- More effective instruments to support the processes and management (e.g., workflow, built-in instruments for communication, reporting, and data acquisition).

These principles and measures will be reflected in the guidance documents governing the implementation of programmes and will be incorporated into the relevant software application. Basic functions of the monitoring system required for the beneficiary and the implementing structure to enable the receipt and administration of grant applications have been incorporated in the MS2014+ system since January 2014. Additional functionalities needed for a comprehensive provision of processes carried out in the programmes and projects, including their linkage to external systems within the implementation structure will be gradually incorporated in the MS2014+ system after appropriate testing in April, June and September 2014, when the application MS2014+ as a whole is tested in the complete process cycle and finalized. Subsequently, the development of the MS2014+ application will be carried out according to the procedures set out in the design documentation for the individual types and sorts of requirements/functionalities.

5 Appendices

5.1 Assessment of the fulfilment of ex ante conditionalities

Separate annex

List of Abbreviations

AECM	Agri-Environment-Climate measure
ALMP	Active Labour Market 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
AMIF	Asylum, Migration and Integration Fund
BMW	Biodegradable municipal waste
CAP	Common Agricultural Policy
CE	Creative Europe
CEF	Connecting Europe Facility
CF	Cohesion Fund
CHMI	Czech Hydro-Meteorological Institute
CLLD	Community Led Local Development
COSME	Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises
CPR	Common Provisions Regulation
CSF	Common Strategic Framework
CZSO	Czech Statistical Office
CSR	Country-Specific Recommendation
CZK	Czech crown, Czech monetary unit
EAC	Ex Ante Conditionality
EAFRD	European Agricultural Fund for Rural Development
EaSI	EU programme for employment and social innovations
EC	European Commission; European Communities
EGNOS	European Geostationary Navigation Overlay Service
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIP	European Innovation Partnership

EMFF	European Maritime and Fisheries Fund
EP	European Parliament
EQAVET	European Quality Assurance Reference Framework for Vocational Education and Training
ERA	European Research Area
ERDF	European Regional Development Fund
ERTMS	European Rail Traffic Management System
ESF	European Social Fund
ESI Funds	European Structural and Investment Funds
ESPON	Operational programme (European Spatial Planning Observation Network)
ETC	European Territorial Cooperation
EU	European Union
EUR	Euro
FE	Further education
FEAD	Fund for European Aid to the Most Deprived
FIFG	Financial Instrument for Fisheries Guidance
FP	Funding priority
GDP	Gross Domestic Product
GFCFG	Gross fixed capital formation by the government
IB	Intermediate body
ICT	Information and Communications Technologies
IDPA	Integrated Development Plan of Area
INTERACT	Name of an operational programme
INTERREG	Interregional Cooperation Programme
IOP	Integrated Operational Programme
IROP	Integrated Regional Operational Programme
IRS	Integrated Rescue System
ISF	Internal Security Fund
IT	Information technology
ITI	Integrated Territorial Investments
ITS	Intelligent Transportation Systems
IUDP	Integrated Urban Development Plan
LAG	Local Action Group

LEADER	A programme focused on the support of rural areas
LIFE Action	Programme for the Environment and Climate
LO	Labour Office
MA	Managing authority
MAg	Ministry of Agriculture
MEYS	Ministry of Education, Youth, and Sports of the Czech Republic
MEP	Municipality with Extended Powers
MG	Methodological Guideline of a ministry
MIT	Ministry of Industry and Trade of the Czech Republic
MLSA	Ministry of Labour and Social Affairs of the Czech Republic
MEnv	Ministry of Environment of the Czech Republic
MI	Ministry of the Interior of the Czech Republic
MoRD	Ministry of Regional Development of the Czech Republic
NATURA 2000	System of protected areas, formed by all EU states in their territories under uniform principles
NCA	National Coordination Authority
NCP	National Contact Point
NDP	National development priorities
NGO	Non-governmental non-profit organisation
NRP	National Reform Programme of the Czech Republic
NSRF	National Strategic Reference Framework
OECD	Organisation for Economic Cooperation and Development
OP	Operational programme
OP EIC	Operational Programme Enterprise and Innovation for Competitiveness
OP Emp	Operational programme Employment
OP E	Operational programme Environment
OP PGP	Operational programme Prague– Growth Pole of the Czech Republic
OP RDE	Operational programme Research, Development, and Education

OP T	Operational programme Transport
OP TA	Operational programme Technical Assistance
PA	Priority axis
Partnership Agreement	Partnership Agreement for the 2014-2020 programming period
PP	Position Paper (Opinion of the Commission departments to the preparation of the Partnership Agreement and programmes in the Czech Republic for the period 2014-2020)
R&D	Research and development
R&D&I	Research, development and innovation
RDP	Rural Development Programme
RIA	Regulatory Impact Assessment
SRD	Strategy for Regional Development of the Czech Republic 2014–2020
RES	Renewable Energy Sources
RIS3	National Smart Specialization Strategy
ROP	Regional operational programme
SAPARD	Special Accession Programme for Agriculture and Rural Development
SCLLD	Strategy of Community-led Local Development
SEA	Strategic Environmental Assessment (process of assessing the impact of concepts and territorial planning documents on the environment)
SFSD	Strategic Framework for Sustainable Development of the Czech Republic
SIP	Strategic implementation plan
SME	Small and medium-sized enterprise
TC CAS	Technological Centre of the Czech Academy of Sciences
TEN-T	Trans-European Transport Network
TO	Thematic objective
TOP	Thematic operational programme
UP	Union priority
URBACT	Name of the operational programme
WG	Working group
WMP	Waste Management Plan
YEI	Youth Employment Initiative