

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

The Czech Republic (CZ) promotes **stable and strong** cohesion policy **supported by all** Member States (MS) of the European Union (EU). It should focus on **balancing disparities** among the EU regions and simultaneously should allow for a **flexible** response to unforeseen global and EU challenges.



Cohesion policy as key EU policy

- CZ considers cohesion policy the **most efficient instrument** of the EU **supporting** regional **development** in the MS, and through that the EU as a whole. Cohesion policy should therefore remain **one of the main expenditure policies** of the future EU Multiannual Financial Framework post 2020. Cohesion policy is an EU policy from which **all EU regions** should benefit.
- CZ is convinced that in cohesion policy stronger emphasis must be placed on **long-term objectives**. An EU-wide umbrella **strategic document** (post EU 2020 Strategy) should be the core for drafting clear **development priorities** for European structural and investment funds (ESI Funds) in the MS.
- The fundamental principles of cohesion policy, such as **subsidiarity and proportionality**, must be fully respected also in the next programming period. Emphasis should be put on **simplifying and easing** over-administration and controlling while pursuing **legal certainty** of the decision-making based on trust.
- CZ will continue to support implementation of cohesion policy through **shared management**, as it is an element with high added value which functions on the principle of a **joint political commitment** between the Commission and MS and helps boost EU integration.



Effective administration

- **Single set of rules** for all ESI Funds will contribute to their **more efficient** use. Concerning the alignment among various EU policies and ESI funds, CZ is of the opinion that the rules including horizontal ones should be **harmonized**.
- Future architecture of cohesion policy should be based on **well-proven elements** and revision of the drawbacks of the current system.
- CZ will promote substantial **simplification of the methodology for calculating** cohesion policy allocations. Ensuring sufficient **flexibility** of MS when using their funds in various categories of regions is of key importance for CZ. MS should have the opportunity to influence the shares between funds so that they reflect current conditions and future potential socio-economic conditions of the MS and their regions.
- CZ is not in favour of **shortening of the programming period** and supports the current application of the automatic decommitment rule (i.e. **n+3**).



Goals fulfilling

- In the next programming period, **allocations** in cohesion policy should be distributed based on **thematic concentration** while ensuring balance between the themes and specific needs of the MS and their regions. CZ defends certain **flexibility** which would provide for an opportunity to respond, in the course of the programming period, to specific (national and regional) challenges that may to come.
- Continuation of a **performance framework** which allows better planning and management of funds focusing on results is acceptable for CZ. However, performance framework settings and its conditions should be well-defined in time, should focus on **outputs and finances**, which can be affected and properly managed. Performance framework settings has to allow better targeting of support to achieve objectives and not only reaching indicator values in particular periods.
- CZ supports preserving the **ex ante conditionalities** also in the next programming period provided that the drawbacks of their current application are revised. CZ favours a **limited number** of specific

ex ante conditionalities focusing on key areas that may influence successful implementation of cohesion policy. CZ also views as helpful the proposal to introduce **positive incentives** for the fulfilment of ex ante conditionalities, not only the existence of a sanction mechanism in the form of suspension of payments which the current system is built on.



Macroeconomic aspects

- CZ does not favour but is ready to discuss a further closer **linkage of the European Semester with the ESI Funds. Country-specific recommendations** should play a **strategic role** in drafting the Partnership Agreements and operational programmes. However, if the further linkage is established, it will be necessary to clarify and clearly specify how cohesion policy and the European Semester would be linked, e.g. better coordination mechanisms between the two processes should be introduced.
- In general, CZ supports active and unbiased use of **macroeconomic conditionalities**. Nevertheless, **preventive measures** should be primarily applied over the suspension of payments.



Territorial focus

- In order to target the ESI Funds better, **territorial dimension** in the post 2020 programming period is crucial. CZ supports preservation and further extension of urban integrated tools affecting functional units within a territory. CZ supports **multifund financing** of the integrated territorial investments (ITI) and use of ITI for various types of territories.
- The legislative framework of cohesion policy should better reflect on specificities of the **European Territorial cooperation** programmes. All future thematic objectives under cohesion policy should support activities typical for **cross-border cooperation**.



Financial dimension

- **Complementarity** between the ESI funds and other EU and national sources can be supported under the condition that **rules** among programmes with shared management and with direct management by the Commission are **harmonized**. Simultaneously it must be supported that individual programmes shall not be **fragmented** to the various programmes supporting similar/same interventions and thus **do not compete** with each other. Complementarity should be pursued only in those areas where it is purposeful and effective so that the system does not impose unnecessary administrative burden.
- CZ perceives using the **financial instruments** in the post-2020 programming period positively. However, they should be used where there is a **niche on the market** (e.g. in supporting small and medium-sized enterprises /SMEs/ or in the area of energy efficiency). In the post-2020 period there will still be areas that should be funded through **non-repayable forms**.
- Identifying areas to be supported through financial instruments only (e.g. support of SMEs) and achieving the right **balance** between the use of financial instruments and grants will be the key.

Simplification, accessibility and transparency of the system as well as preserving **well-proven elements** will be crucial for the future architecture of cohesion policy. It is also important to adopt the new **legislation on time** in order to start **implementation** of the operational programmes from the very **beginning** of the new programming period.