



EU News

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Dear readers,

The school bell on the first day of September did not ring only to announce the return of pupils to school desks and the end of summer holidays. After the August vacations, most of the crucial bodies of the European Union return to their normal tracks as well. Nevertheless, there were lots of interesting and remarkable events.

The silly season in August was sharply upset by our eastern neighbours. Although the negative outcome of the vote of the Slovak lawmakers to help Greece could have been expected after the disapproving position voiced by the Slovak government, it stirred again the waves of European policy. Slovak opposition against the help to indebted Greece has its own logic. Why should the poorest nation of the euro area pull the mess of a richer member of the club who, in addition, got into the unflattering situation only and solely through its own fault? On the other hand, international politics have stricter rules of the game than the home politics. When former Prime Minister Robert Fico approved the Slovak loan to Greece this spring, the new Cabinet of Iveta Radičová should have honoured the commitment of their predecessors. Although there is no threat of any sanctions against Slovakia, all sorts of speculation immediately appeared. However, Slovakia's reputation, its good name suffered. It will take years to get rid of the label of an unreliable unprincipled partner.

The August boredom was partly disrupted by the press release of the Ministry of Finance according to which we had received in the first half of the year 22.7 billion crowns more from the common European budget than we had paid into it. Every one extra billion from Brussels is fine, but don't let us succumb to the narrow-minded credit/debit approach. The main benefits of our membership in the EU lie elsewhere than in the volume of various grants that we were able to exploit. Opening to the world, access to barrier-free internal market, the cultivation of our laws by the standard (West-)European legislation or the increase in our country's attractiveness to foreign investors is of greater value than a couple or tens of billions of crowns. On the other hand, EU membership also brings disadvantages, which cannot be mixed up with contributions to the common budget: increased bureaucracy and paperwork, the obligation to take over some silly regulations or the loss of national sovereignty in certain areas, etc.

The area of subsidies is closely related to our current main topic. There was a debate in our country between the years 2005 and 2006 over whether the replacement of the Joint Regional Operational Programme with seven Regional Operational Programmes (ROPs), which are controlled directly from the level of regional self-governments, would end in fiasco. The almost four years of their successful operation have proved the contrary. On average, the ROPs are utilised better than other operational programmes. All available resources have been exhausted in some priority areas and the European Commission now has a request on the table to reallocate the money to these most desired areas.

Dear readers, we wish you a successful entry into the post-holiday period!

Petr Zahradník



The latest Eurobarometer poll indicates that Europeans are slightly losing faith in the European Union institutions as well as the national authorities. The Slovak Parliament followed the decision of the Slovak government and rejected the loan to Greece. However, Slovakia's participation in the European financial rescue mechanism was approved. Greece started well the needed reforms and therefore it will receive in September the next tranche of the loan amounting to 9 billion euros.

POLITICS

The Government wants to end unreadable behaviour in the EU

According to the information contained in its approved policy statement, the Cabinet of Prime Minister Petr Nečas clearly intends to take lessons from the mistakes that **have made the Czech Republic an unreadable partner in Brussels**. According to the document, the positions on the legislation being adopted by the Union should be taken faster and should be based on an early assessment of the impacts on the CR.

"The Czech Republic will promote a self-confident, active, realistic and sensitive policy within the European Union," reads the chapter on foreign policy and the EU. The Government wants to "speed up procedures for negotiating and adopting Czech positions" including greater involvement of the **European committees of both Chambers of Parliament** in the discussion about the Union's proposals.

Moreover, the Government wants already in the initial phase to make systematic assessment of the impact of nascent European legislation on the domestic economy. **Such analyses should then be used to formulate positions for the negotiations in the EU Council**. The Cabinet puts emphasis on "thorough internal coordination" in the area of strategic goals and preparation for meetings of the European Council. The coordination should be provided by a special department, which was previously subordinated to the Minister for European Affairs, and now will be directly in the purview of Prime Minister Nečas.

The interests that the Government intends to promote in the Union should be more transparent. **"The Czech Republic's priorities must be comprehensible not only to our own citizens, but also to our European partners,"** reads the statement. To this end, a strategic document "Concept for the Czech Republic's Work in the EU" should be developed to define the medium- and long-term priorities of the Czech Republic in Europe.

Some of the basic priorities are outlined already in the existing text of the Government announcement. They include, in particular, **further EU expansion, securing the energy requirements of the EU**, negotiations to form the future EU budget after 2013, increasing the EU competitiveness linked to breaking down administrative and legislative barriers on the internal market and the liberalisation of the external trade policy and the issue of coordination of fiscal policies. As regards the future seven-year EU budget, the Cabinet will promote its retention at the

current level of 1% of EU GDP. The Government will support a reduction in expenditure on the Common Agricultural Policy.

<http://www.vlada.cz/cz/media-centrum/tiskove-zpravy/vlada-schvalila-programove-prohlaseni-74860/>

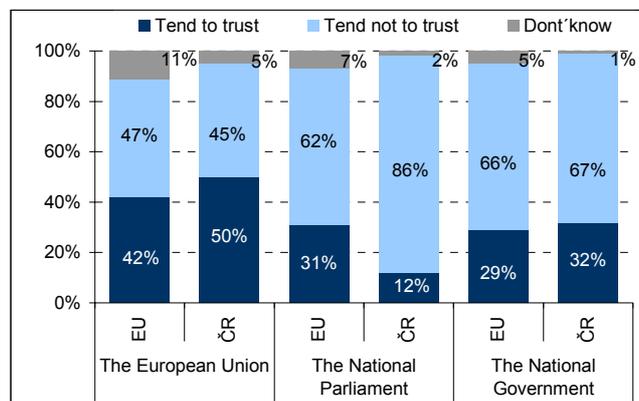
EU loses popularity among citizens

According to the latest Eurobarometer opinion poll conducted in May this year, **just 42% of Europeans say they trust the EU project**. The support to the idea of deepening European integration has fallen by six percentage points during the last six months. In the Czech Republic, it was even by nine percentage points with the overall level remaining at 50%.

The popularity of the European Union among its citizens is declining steadily. **Of the nearly 27 thousand respondents**, almost half view membership in the Union as a good thing (49%) and only 42% of them trust the EU idea.

The values are similar in the Czech Republic. Since last autumn, Brussels popularity among Czechs fell by 9% – less than a third of the respondents now admitted a positive attitude to the European Union.

How much trust do citizens have in these institutions



Source: Spring 2010 Eurobarometer

The survey has also shown that 75% of Europeans are convinced that **closer coordination of economic and financial policies between the member states** is exactly what will put the Union back on its feet in difficult times. The greatest confidence in this remedy for the economic crisis of all the 27 member countries was expressed by the Slovaks.

For the first time in its history, **the opinion poll was participated by Iceland**, which is currently a candidate for full membership in the EU. Iceland's results, however, were a startling surprise.

It is no secret that despite their ambition to become EU members, **the Icelanders are by tradition not looking**

with favour on the thought of European integration. The latest poll has shown that 35% of the respondents said they trusted the Union, while only 29% thought that Iceland would benefit from becoming a member.

Prospects for a better future are slim according to the Europeans. The majority of respondents (55%) believe the economic crisis has not really struck so far and **the worst is yet to come.**

The greatest concern among respondents is caused by rising prices and their ability of paying bills.

It seems that after the largest enlargement in the years 2004 and 2007 the European Union has still not “settled down”. The divergent interests of member countries, conflicts between newcomers and the original EU-15 or between the superpowers and smaller players **recently multiplied by the economic and financial crises** are necessarily reflected in the perception of the EU by its citizens.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/10/1071>

ECONOMY AND EURO

Slovakia refused aid to Greece but joins the rescue fund

Members of the Slovak National Council **refused to lend money to the overindebted Greece** and as the only member state of the euro area contribute to the 110 billion euro rescue package. Slovakia will not send Greece its contribution of 817 billion euros, which was approved in spring by the former Government of Robert Fico in Brussels.

On the other hand, the Parliament **approved by overwhelming majority the agreement on the contribution to the European Financial Stability Facility (EFSF)**, which in the future should grant loans to countries that would happen to get into similar trouble as the overindebted Greece. The package totalling 750 billion euros should be contributed by the EU member states with 440 billion euros. The contribution of each country is calculated based on its capital interest in the European Central Bank. Slovakia's share is 4.37 billion euros.

Both financial contributions were negotiated in Brussels by the Cabinet of former Prime Minister Fico, but he refused to sign the relevant framework agreements because they had to be approved by the Parliament. However, the Parliament did not manage to do so before the elections and this **task has passed to the new Government of Iveta Radičová.**

Slovak Finance Minister Ivan Mikloš justified the refusal of the Slovak contribution to Greece by the disproportion to its

gross domestic product. **Solidarity cannot be called solidarity if it is solidarity of the poor with the rich,** of the responsible with the irresponsible or of the citizens with bank managers, said the minister.

We understand the Slovak objections that are justified from a certain point of view, and comply with both common sense and the principles of fair play. It is truly bizarre when the poorest member of the eurozone has to support a richer member country. On the other hand, international politics is governed by its own rules and one of the key ones is the **consistent position of the state regardless of the current political representation in the country.** If Slovakia has negotiated such a crucial agreement under the previous government, the new government should adhere to it. The negative decision of the Slovak Parliament on the aid to Greece will present our eastern neighbour as an unreliable partner and weaken its position both in the international arena and in the key EU decision-making bodies.

<http://www.rokovania.sk/Rokovanie.aspx/GetUznesenia/?idRokovanie=535>

Inspectors praise the Greek government: Deficit reduction started well

In conclusion of its two-week mission, the team of inspectors of the International Monetary Fund, the European Commission and the European Central Bank praised the strong start of the reforms that should help the Greek government to tame the budget deficit. Therefore, Greece deserves the second instalment of the rescue loan package amounting to 110 billion euros, the inspectors announced. After the initial instalment of 20 billion euros in May, **Greece's account will be credited with additional 9 billion euros in September.**

The progress in adopting substantial structural reforms is “impressive” and in some areas even ahead of schedule. These include, in particular, the reform of the pension system, which was launched by the Greek government three months earlier than originally scheduled.

The experts also praised the government for reforms in the labour market and appreciated that when enforcing them, it **was not intimidated by the protests and strikes** that in recent weeks and months had paralysed the country's operation in certain areas.

At the same time, the inspectors expressed warnings that crucial challenges and risks to the Greek government are still ahead. **Saving measures must be taken not only by the central government but also by regional self-governments.** There is also large indebtedness in hospitals



Events

The Czech Republic remained in the position of net recipient in relation to the European common budget also in the first half of 2010. The trade surplus against the EU budget amounted to 22.7 billion crowns. Brussels is considering introducing a new pan-European tax, which would create a significant source of financing the EU budget.

and public transport. The debt of the Greek national railway company OSE is growing every year approximately by one billion euros representing today 10 billion euros. Greece also suffers from extensive tax evasion.

The question is how the Greek government, despite the measures taken, will manage to fill the state treasury. **Greece is hit by recession** and according to the EU and IMF estimates, its economy will drop this year by 4% and by 2% next year. Consequently, tax revenues are not as high as the government imagined.

However, Greek Finance Minister Jorgos Papakonstantinu believes that despite these difficulties, Greece will manage this year to **reduce the deficit from last year's 13.6% to projected 8.1%**.

We agree with the IMF, EC and ECB mission. **Greece has started in the right direction, but the hardest part is still ahead.** The question of whether it successfully reaches the finish (= whether it will reform its public finances in such a way so as to regain confidence of private investors) or gets off course (= bankruptcy of state finances or financial restructuring of public debt) is still open.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/10/1059>

BUDGET

CR's net position to the EU budget amounted to CZK 22.7 billion

The net position of the Czech Republic in the first half of 2010 is significantly positive when we **received 22.7 billion crowns more than we paid to the European budget.** The Czech Republic received CZK 41.4 billion from the EU budget and paid to it CZK 18.7 billion. These data come from a press release of the Ministry of Finance.

In year-on-year comparison, the positive aspect is especially the structure of the drawn funds. This half year, **the CR was drawing just the current payments**, by which the EU reimburses the costs already expended by the beneficiaries, while in the first half of last year the CR was drawing only advance payments. Moreover, the volume of current payments for the first half of 2010 was higher (CZK 19.2 billion) than the amount of current payments for the entire year 2009 (CZK 17.8 billion).

The positive balance of the CR relative to the EU budget results **primarily from the revenues from structural funds and the Cohesion Fund as well as the funds of the EU Common Agricultural Policy.** For the first half of this year, the CR received CZK 19.2 billion for the cohesion

policy while the revenues from the Common Agricultural Policy amounted to CZK 21.7 billion. The key item consisted of direct payments (CZK 14 billion).

From 1 May 2004 to 30 June 2010, the Czech Republic paid to the EU budget CZK 201.1 billion and received CZK 321.3 billion. From our entry into the EU until mid-2010, the net position positive **balance reached a total of CZK 120.2 billion.**

Net Position of the CR towards the EU in 1H 2010

	mil CZK
Structural Actions	19 242.78
<i>Structural Funds</i>	15 159.96
<i>Cohesion Fund</i>	4 082.82
Agriculture	21 660.40
<i>Direct Payments and Market Op.</i>	14 180.98
<i>Rural Development</i>	7 479.42
Pre-accession Instruments	482.83
Total Income from the EU	41 386.01
Total Contribution to the EU	18 679.12
Net Position towards the EU	22 706.88

Source: Czech Ministry of Finance

It could be assumed that in the context of increasing direct payments to farmers and other reimbursement of realised projects from EU funds, our positive balance will further increase relative to the common EU budget.

The positive difference between our income from the EU budget and the contributions to it is a nice bonus to our EU membership. However, it cannot be considered the main advantage (and in the opposite case, which will occur in the medium term, the main disadvantage) of our membership in the Union. The key benefits are rather our opening to the world, access to barrier-free internal market, the cultivation of our laws by the standard (West-) European legislation, increased attractiveness of our country to foreign investors, etc.

http://www.mfcr.cz/cps/rde/xchg/mfcr/xsl/tiskove_zpravy_56909.html

CR wants revision of EU rules due to pension reform

The call for revision of the Union method of calculating budget deficits and government debts, which would **lead to reflecting the implemented pension reforms** and which was signed by nine EU member states including the Czech Republic, is legitimate according to the Commission and deserves wider discussion.



Take into account the costs of pension reform when calculating budget deficits and government debts. This is the essence of the letter sent to Brussels by nine member countries mostly from Central and Eastern Europe, including Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Sweden.

The reason why within this initiative the nine countries appealed to Commissioner for Economic and Monetary Affairs Olli Rehn and European Council President Herman Van Rompuy is the belief that the current method of calculating the budget deficit and public debt under the so-called Stability and Growth Pact is not fair, especially to those states which had made pension system reforms in the past. Although the Czech Republic has not undertaken its pension reform so far, **it is scheduled on the agenda of the government coalition of Prime Minister Petr Nečas.**

Under the current calculation practice, the initial costs of the reforms result in increased deficits and debts.

According to Amadeu Altafaj, spokesperson for the EU executive, Commissioner **Rehn has already started to deal with the proposals of the member states.** "Answers will be drafted over the next few days, before the next meeting of the task force," Altafaj told EU journalists.

The meeting of this task force consisting of finance ministers from member countries, **chaired by the "European President" Van Rompuy,** takes place on 6 September and its main task is a discussion about amending the Union's budget rules so as to avoid recurrence in the future of the Greek scenario.

The Commission promised through the spokesperson that the call of the nine member states would not be omitted. We can expect even now that the discussion around it will be pretty hot because Germany, the driver of the Union's economy, has indicated that it **does not believe in the success of the initiative of the Central and Eastern European countries.**

<http://www.eupensiondebate.eu>

<http://www.euractiv.cz/ekonomika-a-euro/clanek/pri-vypoctu-rozpocetovych-deficitu-zohlednete-duchodove-reformy-pozaduji-clenske-staty-007812>

TAXATION AND CUSTOMS UNION

Brussels considers new EU tax

The share of financial contributions paid by member countries of the European Union to the common EU budget could be reduced in the future if **the states agree to establish a new EU-wide tax.**

According to the European Commission, **now is a good time to start the debate** on changing the proportion between the so-called own resources of the EU budget and the contributions paid to it by the member states. Under the direction of Commissioner for Budget Janusz Lewandowski, the European Commission is completing a draft of a future seven-year EU budget with the aim of presenting it in the second half of September.

The EU budget is financed from own resources (customs duties, sugar levies), contributions based on VAT and, in particular, **the contributions of member states based on their GDP.** And they have grown significantly over the past twenty years. While in 1988 the member states participated in the funding of the budget with 11%, today the contributions from national budgets constitute approximately 76% of its revenue.

The Commissioner is therefore going to present a proposal which provides for new own resources. One possibility is to impose a **new direct tax on the citizens of Europe,** while other alternatives suppose taxation of financial transactions, air travel or the proceeds from the sale of emission permits.

However, regardless of how the new tax might be constructed, it is more than likely that **the Commissioner will get into hot water with the member states.** Similar attempts to create a new own source of funding have met with resistance in the past, because the taxes for them represent a symbol of national sovereignty and any transfer of powers to Brussels would be perceived by many of them as a step toward undesired federalisation.

The efforts of the European Commission to find one's own source of funding of the budget – a new EU tax – is legitimate. Now the vast majority of the budget is funded by direct contributions from member states and many politicians still vividly remember the **endless wrangling over the EU budget** (and membership fees) in 2005 and 2006. Nevertheless, we believe that the time for the introduction of a new pan-European tax has not come yet, even though with a certain degree of probability this concept will become reality in the future.

http://ec.europa.eu/budget/budget_glance/where_from_en.htm

FINANCE

EU is considering the establishment of a centralised database of listed companies

Regulatory authorities of the European Union want to make it **much easier for the investors to search for**

Events

75 watt light bulbs will gradually start to disappear from the stores since September when the regulation designed to improve energy efficiency in the EU becomes effective. There are considerations about the expansion of the activities of the European Social Fund within the forthcoming reform of the EU financial framework for the years 2014-2020. There is an opposition against this consisting of the four Visegrad countries, including the CR.

information on about 8,000 companies whose shares are quoted on European stock exchanges.

The Committee of European Securities Regulators (CESR) also examines whether the companies **could provide information to the markets through the XBRL electronic language** (eXtensible Business Reporting Language), which serves the electronic communication of business and financial data. Currently, the United States and some Asian countries are switching to this method of providing information.

CESR consultation offers **two alternatives of how a centralised database could look like in the future**. The first option is to create a search engine, which would browse through all the national databases. The second option supposes the creation of a centralised European database.

The regulators want to submit the result of the consultation to the European Commission in the fourth quarter of this year.

XBRL could give investors, regulators, journalists and other actors new possibilities of how to gain the maximum amount of information from **complex business data as fast as possible**. Thanks to the system, they could get to some figures and information about business plans easier than ever before.

The results of the consultation on XBRL should serve as a basis for the consultation document planned for 2011.

The regulatory authorities in Australia, China and Japan are passing to the XBRL format as well and it is therefore possible that in the future, it will allow getting information on any company worldwide.

http://www.cesr.eu.org/index.php?page=home_details&id=501

TRANSPORT AND ENERGY

More incandescent bulbs will disappear from the shelves in September

Exactly one year **after the conventional 100 watt light bulbs ceased to be supplied to the market** due to the new European legislation, 75 watt light bulbs will suffer the same fate. Since September, the packaging with energy-saving light bulbs must indicate certain additional mandatory information to facilitate consumer choice.

The phasing-out of the traditional (and less energy efficient) light bulbs from the market started exactly a year ago. Based on the EU regulation, initially the 100 watt light bulbs ceased to be marketed in Europe and the sale of the **75 watt ones ends on 1 September**. Nevertheless, they will

not disappear from the shelves immediately because the merchants will still sell their stocks.

All traditional bulbs will be **gradually replaced by more economical**, but also more expensive alternatives in the form of either compact fluorescent or halogen lamps.

According to the European Commission estimates, due to the replacement of incandescent light bulbs by energy saving ones, **an average European household can save 625 to 1,250 crowns a year**. This applies even if the cost of their purchase is deducted from the saved energy.

Since September, manufacturers **will have to indicate certain mandatory information on the packaging**, such as lifetime in hours, the number of switching cycles or warm-up time.



Mercury in fluorescent lamps or, more precisely, its larger content compared to incandescent bulbs, is one of the most common arguments against the phase-out of traditional light bulbs. Some studies indicate that in the case of energy-efficient lamps, net emissions of mercury are in fact lower than in traditional bulbs because due to lower consumption, there is allegedly less demand for electricity generated in coal-fired power plants (**where mercury is released during coal combustion**).

The decision to end the sale of light bulbs is part of the efforts **to increase energy efficiency** and ultimately reduce our dependence on fossil fuels. The European Commission has promised that by the year 2020 the measures will save energy equivalent to the consumption of 11 million European households. It is questionable whether these

effects will come true or whether the savings will be comparable with the imaginary drop in the ocean.

http://ec.europa.eu/energy/lumen/index_cs.htm

<http://www.euractiv.cz/energetika/clanek/v-zari-zacnou-z-pultu-mizet-dalsi-klasicke-zarovky-007830>

REGIONAL POLICY

CR is against the separation of ESF from future cohesion policy

The Czech Republic and its partners from the Visegrad countries oppose the proposals, which, according to some sources, could lead in the next programming period to **partial “renationalisation” of funding** from the European Social Fund.

Although the debates about the form of regional policy (cohesion policy) after 2013 have not yet fully started, some (especially large) member states reportedly propose to use the European Social Fund (ESF) **to finance the new European employment strategies**, which would lead de facto to renationalisation of the funds paid through the ESF by the Union to underdeveloped and disadvantaged regions.

European Commission spokesperson Olivier Bailly said that the executive was not preparing any proposal, which would mean separation of the ESF from cohesion policy but he admitted that **“there are reflections about the structure of the budget for 2013 and beyond”**.

However, new member states, which currently belong to the largest recipients of the subsidies from European funds, do not like such changes. Therefore, the Czech Republic, Slovakia, Poland and Hungary **sent the European Commission President Jose Manuel Barroso a letter** last week requesting that the ESF would remain part of the European cohesion policy even after 2013.

The Assembly of European Regions (AER) representing regions from 33 European countries made a statement in a similar vein. The changes were opposed also by the former **Commissioner for Regional Development and current MEP and Chair of the Parliament Committee on Regional Development Danuta Hübner**, who said that the fund would lose added value as a result of such a step.

Reflections on the transformation of the ESF and its use are part of a broader debate on the future of European regional policy. From the perspective of the Czech Republic as a country with under-developed regions in Europe-wide context, it would be preferable if the **status quo were maintained with possible modifications by some parametric changes**.

http://danuta-hubner.pl/en/news_content-30-regi-chair-danuta-hubner-warns-about-separation-of-european-social-fund-from-cohesion-policy--01.07.2010.html

ROP Southeast put a stop to accepting applications for EU subsidies

The Regional Operational Programme (ROP) Southeast, from which the European projects in the Regions of South Moravia and Vysočina are financed, **has suspended the acceptance of new applications and the signing of contracts with successful applicants**. It responded in this way to the proposal by the government, which announced its intention to cancel the co-financing of regional programmes from the state budget.

The Government Office spokesperson Martin Kupka explained to EurActiv that the Ministry of Finance, which had prepared the proposal, under which the co-financing of all seven regional operational programmes from the state budget should be cancelled since 2011, pursued the logic that austerity measures should not involve only the state budget, **but also budgets at lower levels of state administration**.

The Government does not anticipate cuts to the state co-financing of the sectoral operational programmes (such as OP Human Resources and Employment) that are directly attached to the state budget. However, the ministries responsible for these programmes save money elsewhere.

In the current programming period 2007-2013, **85% of the budget of the operational programmes is formed by subsidies from European funds and 15% by domestic public resources**. This amount is evenly distributed between the state budget and other public budgets. Thus, if the proposal to cancel the co-financing from the state budget is passed, it will be necessary since 2011 to substitute the state budget shortfall in ROPs of 7.5% with other public funds – regional, urban and municipal.

The stoppage of co-funding in the ROP Southeast publicised in the media is part of the effort to shift the needed public budget savings to other areas than the regional self-governments. On the other hand, **it is very unwise to try to make economies in the co-financing of projects from the EU**, because it is an investment with a high multiplication effect. Thanks to the co-financing ratio of 85% from the EU vs. 15% from national co-financing, 1 crown invested in co-financing from national budgets brings investments worth 5.70 crowns from EU funds.

<http://www.ijhovychod.cz/cs/aktuality/vybor-regionalni-rady-ijhovychod-pozastavil-prijem-projektu-a-podepisovani-smluv>



The estimates of the Commission and Eurostat indicate that despite the extreme weather this summer average agricultural yields are expected in the European Union. For the first time in EU history, member states are using the procedure of enhanced cooperation to enforce rules that make it possible for spouses coming from different countries to choose the national law based on which their divorce will be conducted. 19 August is celebrated all over the world as the International Day of Humanitarian Assistance.

AUGUST 2

EIB provides EUR 150 million innovative recovery support loan to SMEs in Turkey: <http://europa.eu/rapid/pressReleasesAction.do?reference=BEI/10/130>

AUGUST 3

Commission allocates € 15 million to bring relief to world's biggest refugee camps: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1020>

AUGUST 4

Research – Study finds alarming breaches in criminal defence in Europe: http://ec.europa.eu/research/headlines/news/article_10_08_04_en.html

Home Affairs – EU's biometric database continues to ensure effective management of the Common European Asylum System: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1023>

AUGUST 5

Self-employed workers to gain maternity and pension benefits under new EU law: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1029>

European Commission forecasts average crop production for 2010 in the EU despite extreme weather: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1027>

Forecasts average crop production for 2010 in the EU

Tonnes per hectare	2009	2010	5year Ø
Cereals	5.1	5.1	4.9
wheat	5.4	5.3	5.2
barley	4.5	4.4	4.2
grain maize	6.9	7.2	6.7
other cereals	3.7	3.7	3.3
Sunflower	1.7	1.8	1.7
Rapeseed	3.3	3.0	3.1
Potato	30.0	30.1	28.2
Sugar Beet	71.0	65.6	64.2

Source: European Commission

AUGUST 6

Enhanced cooperation to help international couples is in force: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1035>

AUGUST 9

EC invites US partners to join space research projects: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1033>

AUGUST 10

Commission approves aid to compensate damages caused in Poland by floods: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1039>

AUGUST 11

Justice, Fundamental Rights and Citizenship – New Justice website online: http://ec.europa.eu/dgs/justice/index_en.htm

AUGUST 12

Policy Review shows need to address the challenge of resource efficiency: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1047>

AUGUST 18

The intermediary banks and financing institutions for credit lines: <http://www.eib.org/about/news/the-intermediary-banks-and-financing-institutions-for-credit-lines.htm?lang=en>

AUGUST 19

Report confirms new procedures make EU funding in education, youth and culture more efficient: http://ec.europa.eu/culture/news/news2784_en.htm

First review of the Economic Adjustment Programme for Greece – Summer 2010: http://ec.europa.eu/economy_finance/articles/eu_economic_situation/2010-08-20-eap-review-greece_en.htm

AUGUST 24

European Globalisation Fund set to help workers in clothing industries in Spain: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1062>

AUGUST 25

Car versus plane – travel and the climate change debate: http://ec.europa.eu/research/headlines/news/article_10_08_25_en.html

AUGUST 30

European Aviation Safety Agency publishes rules for harmonised pilot licensing: <http://easa.europa.eu/communications/press-releases/PRen27082010.html>

AUGUST 31

Eu in the World – EU-Australia wine trade agreement enters into force: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1078>



The key event of September will be the informal meeting of heads of states and governments at the European Council in mid-September. Its official agenda includes, in particular, discussions between the EU and its strategic partners. The EU Council meeting on economic and financial issues in early September will focus on the coordination of national economic policies of member states, the regulation of financial services, the issue of the euro and the preparation of the common EU budget for 2011.

Meeting of the key EU institutions

6. 9. 2010	Brussels, Belgium
- Informal Energy Council	
6. – 9. 9. 2010	Strasbourg, France
- EP Plenary Session	
7. – 9. 9. 2010	Liège, Belgium
- Employment, Social Policy, Health and Consumer Affairs Council	
10. - 11. 9. 2010	Brussels, Belgium
- Informal Meeting of Foreign Affairs Ministers	
13. 9. 2010	Brussels, Belgium
- General Affairs Council	
13. 9. 2010	Brussels, Belgium
- Foreign Affairs Council	
15. 9. 2010	Brussels, Belgium
- Informal Council Transport	
16. 9. 2010	Brussels, Belgium
- Informal European Council	
20. - 21. 9. 2010	Brussels, Belgium
- Informal meeting of the Agriculture Council	
23. - 24. 9. 2010	Gent, Belgium
- Informal meeting of the Ministers of Defence	
27. 9. 2010	Brussels, Belgium
- Agriculture and Fisheries	
30. 9. 2010	Brussels, Belgium
- Informal Internal Market Council	
30. 9. - 1. 10. 2010	Brussels, Belgium
- Informal Economic and Financial Affairs Council	

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
The future of electronic commerce in the internal market	DG MARKT	15.10.2010
EU strategy to conserve biodiversity and ecosystem services	DG ENVI	22.10.2010
Taxation of cross border interest and royalty payments	DG TAXUD	31.10.2010



Since the start of the programming period 2007-2013, a significant innovation took place in the domestic implementation of financial instruments of EU regional policy. The former Joint Regional Operational Programme, administered centrally, has been replaced by seven individual Regional Operational Programmes, which are controlled by regional governments. Was this decision a step in the right direction? And how successful is the use of the funds from the respective ROPs? Answers can be found in our main topic.

A COMPARATIVE OVERVIEW OF REGIONAL OPERATIONAL PROGRAMMES

INTRODUCTION

The start of the new 2007 – 2013 programming period brought about significant innovation in the domestic implementation of EU regional policy financial instruments. The former Joint Regional Operational Programme (JROP), administered centrally, has been replaced by seven individual Regional Operational Programmes (ROPs), which are controlled by the local authorities of individual regions or entire cohesion regions.

The main reason for this change was to transfer – in line with the subsidiarity principle – decision-making on the allocation of EU funds to the level where the individual projects are directly addressed. In other words: projects of regional importance should be decided at the regional level. Within the regional operational programmes, the regions have more space to set their own development priorities in order to meet their specific individual needs and conditions.

Another benefit of ROPs as compared to the previous JROP is the possibility of local actors, in accordance with the principles of partnership, getting more involved in influencing the future economic and social development of their own region and building the necessary administrative capacity for real effective regional policy. As a result, the whole programming system is no longer a necessary medium, dictated from Brussels, for the distribution and redistribution of “EU subsidies”, but has become a genuine instrument of conducting regional policy, which has ambitions to be functional even after the drying up of EU funds.

The downside of the Regional Operational Programmes is the increased cost of administration. This is because the management of seven Regional Operational Programmes by seven Regional Councils is more expensive than one Joint Regional Operational Programme. Initial fears of how successfully the individual regions or cohesion regions would manage the frequently complex administration of operational programmes have fortunately not become a reality.

1.1 ROPs versus TOPs

Regional Operational Programmes cover several thematic areas falling within the authority of municipalities or regions, with the aim of increasing regional competitiveness, accelerating their development and increasing the attractiveness of the regions for investors. Each ROP is managed separately by the Regional Council (RC) of the

respective cohesion region. The sum allocated from the EU funds to the Regional Operational Programmes aimed at convergence amounts to EUR 4.659 billion. All supported activities within the ROPs are co-financed by the European Regional Development Fund (ERDF), so that they represent capital investment (infrastructure) projects.

Regional Operational Programmes - Overview

OP of NUTS II Reg.	Region (NUTS III)
Central Bohemia	Central Bohemia region
Southwest	Plzen reg. & Southern Bohemia reg.
Northwest	Usti reg. & Karlovy Vary region
Northeast	Liberec reg. & Hradec Kralove region & Pardubice region
Southeast	Vysocina reg. & Southern Moravia
Central Moravia	Olomouc reg. & Zlinsky region
Moravia-Silesia	Moravia-Silesia region

In addition to ROPs, there are subsidies from the so-called TOPs – Thematic Operational Programmes available for the domestic entities under the Convergence Objective. Eight such programmes were negotiated in the current programming period. Each of them has a specific thematic focus and is designed for the entire territory of the Czech Republic with the exception of the Capital of Prague:

- OP Enterprise and Innovation
- OP Environment
- OP Transport
- OP Education for Competitiveness
- OP Research and Development for Innovation
- OP Human Resources and Employment
- Integrated Operational Programme
- OP Technical Assistance

INFOBOX: Objectives of European regional cooperation

In the period of 2007-2013, 24 operational programmes will be used in the CR, which are divided into three objectives of the Structural and Cohesion Policy of the EU:

I. Convergence Objective

It consists in promoting growth and job creation in the least developed member states and regions. Included are the regions with GDP per capita of less than 75% of the EU average and temporary aid (until 2013) will be provided to



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the so-called phasing-out regions where GDP per capita was less than 75% of the EU-15 level (the per capita GDP indicator relative to the average has increased due to the statistical effect of EU enlargement).

This objective will be implemented through eight Thematic Operational Programmes and seven Regional Operational Programmes.

II. Regional Competitiveness and Employment Objective

It is designed for cohesion promotion outside the least developed regions (as defined by the indicator of GDP per capita of less than 75% of EU average) and is aimed at helping them to cope with the rapid economic and social changes, globalisation and the transition to a knowledge society. It also includes support for the so-called phasing-in regions, which are regions of the former No. 1 objective that due to their economic progress cannot be included in the current Convergence Objective.

This objective will be implemented through these two programmes:

OP Prague Competitiveness

OP Prague Adaptability

Part of the allocation of the Regional Competitiveness and Employment Objective will be also used by means of the OP Human Resources and Employment, Education for Competitiveness, Integrated Operational Programme, and Technical Assistance in support of national systemic interventions.

III. European Territorial Cooperation Objective

This is about stimulating regional cooperation on cross-border, international and supranational levels aimed at finding common solutions to problems, such as development of cities, rural and coastal areas, development of economic relations and networking of SMEs.

The objective will be implemented through seven OPs:

a) Cross-border cooperation:

OP Cross-border Cooperation CR – Bavaria

OP Cross-border Cooperation CR – Poland

OP Cross-border Cooperation CR – Austria

OP Cross-border Cooperation CR – Saxony

OP Cross-border Cooperation CR – Slovakia

b) International cooperation:

OP Interregional cooperation – for subjects from all EU countries, Norway and Switzerland

c) Supranational cooperation:

OP Supranational Cooperation – for subjects from the CR, Austria, Poland, part of Germany, Hungary, Slovenia, Slovakia, part of Italy and from the non-member countries and part of the Ukraine

ALLOCATION OF INDIVIDUAL ROPS

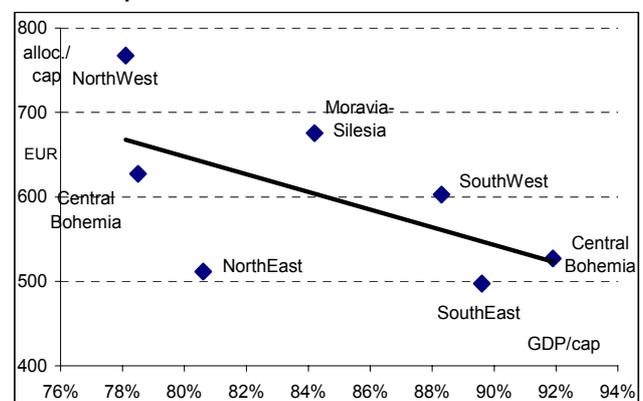
For the current programming period 2007-2013, a total allocation of 4.659 billion euros was negotiated from EU funds for all seven regional operational programmes, representing 18% of the allocation of all operational programmes under the Convergence Objective. From the total of all the resources allocated to the Czech Republic from the structural and cohesion funds for 2007-2013, amounting to 26.692 billion euros, the share of ROPs represents 17.5%.

The largest budget amounting to 877.54 million euros belongs to the ROP of the Northwest cohesion region, which comprises of the regions of Karlovy Vary and Ústí nad Labem. Its share in the total budget of all the regional operational programmes is 16%.

The smallest amount, including both the allocation from structural funds and the mandatory national co-financing (always 15% of the total allocation of the OP), belongs to the ROP of the cohesion region Central Bohemia, (657.74 million € in absolute and 12% in relative terms).

A more objective comparison is obtained, when the ROP allocations are seen from the perspective of the population of the respective regions. To this end, it is better to use the indicator of the operational programme overall allocation converted to per capita figures.

Economic performance and ROPs' allocation



Source: own calculation based on CSU's a MMR's data, Economic performance expressed by GDP per capita In 2008 where 100% is average of the whole Czech Republic



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Allocation (budget) of ROPs for 2007-2013 programming period

ROP	EU contribution (mil. €)	National cofinancing (mil. €)	Total budget (mil. €)	Share	Total budget per capita (€)
Central Bohemia	559.08	98.66	657.74	12.0%	527.2
SouthWest	619.65	109.35	729.00	13.3%	602.7
NorthWest	745.91	131.63	877.54	16.0%	767.2
NorthEast	656.46	115.85	772.31	14.1%	511.5
SouthEast	704.45	124.31	828.76	15.1%	497.2
Central Moravia	657.39	116.01	773.40	14.1%	627.2
Moravia-Silesia	716.09	126.37	842.46	15.4%	675.4
Total	4659.03	822.18	5481.21	100.0%	592.1

Source: www.strukturalni-fondy.cz a ČSÚ; number of citizens as of 1st January 2010

From this point of view, the largest amount from the regional operational programmes goes to an average inhabitant of the Northwest cohesion region – 767.2 euros over the whole period of 2007-2013. On the other hand, the lowest per capita amount of 497.2 euros goes to the regions of Vysočina and South Moravia.

If operational programmes are as instruments of regional policy, which promotes balanced development of the respective regions across the EU, then the least developed regions should operate with the highest amounts from the EU funds and vice versa. The diagram to the right shows the relationship between the allocations to the individual cohesion regions (as measured by the particular ROP budget per capita) and the level of their economic development (as measured by the indicator of gross domestic product per capita in relation to the average of the entire CR).

In general, the overall distribution of the respective ROPs is in line with the basic principle – the cohesion regions with higher per capita GDP have ROPs with lower per capita allocations. The cohesion regions above the trend line are subsidised more generously through their ROPs than they should be based on their economic performance. On the other hand, the cohesion regions under the trend line receive fewer EU subsidies through the ROPs than they would deserve in view of the level of their economic development.

From this perspective, again the ROP Northwest belongs to the “richest” operational programmes having larger subsidies from EU funds than it should according to its economic maturity. Based on this methodology, the Northeast cohesion region and its ROP would deserve a higher allocation than it currently received for the period of 2007-2013. The region of Central Bohemia appears to be a region, whose ROP operates with an allocation exactly corresponding to its economic performance.

DISTRIBUTION OF ROPS TO AREAS

One of the arguments for changing the concept from JROPs to individual ROPs was that there are different regional conditions or problems and resulting needs, which could not have been effectively covered by a joint operational programme common to all. Are the regional needs of the respective regional operational programmes so markedly different?

Overview of the priorities of individual ROPs

In the individual ROPs, we have identified the needs reflected in the respective priority areas, which correspond roughly to the priorities specified below. Although they are called differently in almost every ROP, they can be classified into one of the following five groups.

a) Development of Cities and Municipalities

This priority focuses on regeneration, revitalisation and increasing the attractiveness of urban and rural areas. Its aim is to revitalise brownfields, support quality, modern and well-equipped infrastructure for education of regional importance (kindergartens, elementary, secondary, vocational schools), social care, regional healthcare, leisure activities, etc. The interventions include support to the construction of infrastructure and broadband data services or equipment for the club and leisure activities in the country.

Examples of the types of supported projects:

- Revitalisation, modernisation, increasing the attractiveness and enhancing the technical and civic infrastructure of cities and urban areas, restoration of historic and cultural monuments.
- Construction and equipment of libraries as information centres for human resource development.

- Modernisation and physical renewal of schools and their equipment (e.g. workshops, laboratories and computer classrooms).
 - Construction, modernisation and reconstruction of infrastructure for providing social services (e.g. day service centres, daily and weekly care centres, sheltered housing, homes for persons with disabilities) and regional health facilities.
 - Reconstruction, modernisation and construction of playgrounds, public sports fields and spaces for leisure activities.
 - Construction of local data networks used for public access to broadband services.
 - Increasing the attractiveness of rural municipalities, preservation and development of the identity of rural areas and rural heritage.
 - Stimulating the activities of local entities leading to the establishment of local partnerships in order to assess local needs and develop a local action plan.
- Modernisation and development of regional and international airports (e.g. Karlovy Vary, Ostrava) and related transport infrastructure, etc.
 - Implementation of comprehensive integrated projects for the development of transport services aimed at both the necessary infrastructure (reconstruction and construction of transport terminals, construction of car parks within the Park & Ride system, etc.) and related services (development of information and clearance systems, advertising and media promotion of public transport, etc.).
 - Fleet modernisation (road and rail vehicles) by purchasing environmentally friendly vehicles or those increasing the attractiveness of public transport.
 - Developing and building regional cycle paths, including their connection to the backbone network of the cycle paths in neighbouring regions.

b) Transport Services

The interventions given by this priority are focused on promoting quality and efficient internal connection of the centres of the region in the backbone transport axes, connecting the region to the superior road network, or the rehabilitation and improvement of the technical state of communications within the class II and III roads network. In addition to road transport, support is also given to the enhancement of the quality of air transport through the development of the relevant infrastructure or increased utilisation of the potential of waterways in regions where there are suitable natural conditions. This priority area also includes increasing the attractiveness of public transport in the region, e.g. by introducing integrated transport systems or modernisation of public transport vehicles with special emphasis on specific and environmentally friendly fleet. Finally, the objective here also is to develop a network infrastructure for cyclists and pedestrians.

Examples of the types of supported projects:

- Preparation of projects and related project documents for projects connecting the region to the TEN-T network or a backbone regional class I road.
- Reconstruction, modernisation and construction class II and III roads, including the removal of local “bottlenecks” (bridges, roundabouts, intersections, crash barrier safety devices, etc.).

c) Tourism

The purpose of the priority area is to build and develop tourism infrastructure in the regions, for instance by improving quality and offering accommodation and catering facilities, building the supporting infrastructure for accommodation facilities to enable year-round use, support for marketing and the creation and development of tourist products, or the revitalisation of monuments and wider utilisation of cultural heritage.

Examples of the types of supported projects:

- Construction, renovation, development, reconstruction and adaptation of basic and supporting infrastructure for travelling and tourism (e.g. information centres, hiking trails, nature trails, horse riding routes, sports and wellness centres and resorts, ski trails).
- Revitalisation and opening to the public of cultural, technical and industrial monuments, cultural heritage and other major sights in the CR (e.g. observation towers, museums, exhibitions, art galleries, information centres).
- Construction and reconstruction of the necessary transport infrastructure, ensuring the availability and quality access to sites with attractions and sights in the CR (roads, parking lots, sidewalks, walking trails, marking systems, etc.).
- Construction or modernisation of light seasonal accommodation facilities including related complementary infrastructure (e.g. public campgrounds, camping sites, holiday house and cottage areas).



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- Construction, reconstruction and modernisation of facilities suitable for year-round accommodation facilities or construction, reconstruction and modernisation of hotel-type accommodation facilities, including supporting infrastructure and the necessary background facilities.
- Support for the implementation of marketing events to promote the development of tourism and spas (support for monitoring stays, satisfaction surveys, processing of analytical studies and strategy documents, product development and marketing, introduction of the system of equipment and services certification in the CR, etc.).

d) Other

This priority includes other supported areas that did not fit into the above three categories in our analysis. They deal with improving the quality of the infrastructure of regional emergency management (including the Integrated Rescue System), building the region's image in relation to the four relevant areas (the best place to live, study, business and leisure), regenerating brownfields for business (the above-mentioned regeneration of brownfields in the "Development of Cities and Municipalities" priority supports only projects of a public nature) or improving the cooperation of regional actors in creating favourable conditions for the successful placement of graduates in the labour market and creating a favourable environment for the development of innovative activities.

Examples of the types of supported projects:

- Ensure effective operational management of emergency units in the region by building regional emergency call centres.
- Improve the technological equipment of the emergency units and complete the network of these centres.
- Develop a single visual style and provide a uniform presentation of the region's brand across all communication activities – both of the region and of the institutions that use the region's brand in their activities (updated Corporate Design Manual).
- Regeneration and revitalisation of brownfields located inside urban areas determined by development plans of cities and municipalities for the development of entrepreneurial activities.
- Support to investments improving the material and technical equipment and conditions of schools and training institutions for training of graduates and acquiring practical skills.
- Support to the preparation and implementation of regional innovation strategies and innovative pilot projects.

e) Technical Assistance

Each operational programme, including all regional operational programmes, contains a priority area called Technical Assistance. Its aim is to promote the implementation of the given (regional) operational programme and contribute to the development of absorptive capacity and publicity.

Examples of the types of supported projects:

- Activities related to ensuring the implementation of the ROP (Committee of the Regional Council, Committee, working groups within the ROP, Evaluation Committee, etc.) and promoting methodological support, programme management, monitoring and evaluation, implementation, control, auditing, financial department, etc.
- Activities related to the process of evaluating and selecting projects (expert opinions, purchase or payment of services related to evaluation, activities of the Evaluation Committee of the Board of the Regional Committee, etc.).
- Support for assistance and consultancy for applicants in connection with the experience of existing activities aimed at promoting the absorption capacity, such as the system of development centres implemented by the respective regions. Establishment of information systems, databases and networks of certified consultants trained in SF issues, ROP strategy and approach and the preparation and implementation of projects.
- Education activities for applicants and the public, especially organisation of courses, workshops, seminars and conferences, exchange of experience and development of partnerships.
- Publicity of operational programmes involving different types of events to inform the public (multimedia, video, advertising campaign), presentations on websites, information campaigns, presentations in the media, spots and commercials, publishing, advertising.

Comparison of allocation to priorities of individual ROPs

The share of the above-mentioned five priority areas is not very different in the respective ROPs. The most significant item of the budgets in most of the programmes is the development of cities and municipalities, as well as the transport services in some of the ROPs. The aggregate share of these two priorities in the overall budget of the operational programme oscillates between 73% and 85%.

The development of cities and municipalities is supported most of all in the following Regional Operational Programmes:

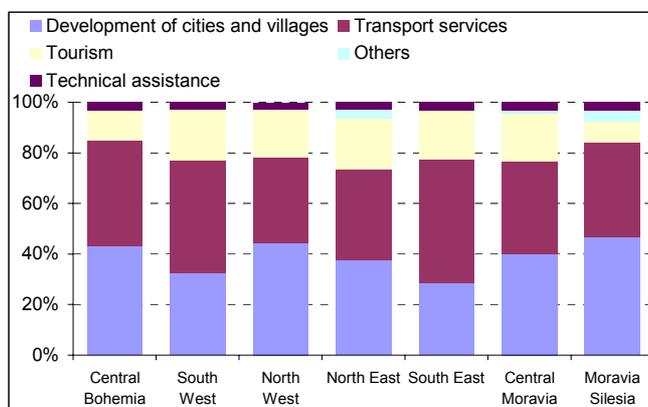
- Central Bohemia
- Northwest
- Northeast
- Central Moravia
- Moravia-Silesia

The development of transport services has been allocated the highest amounts of funds in the ROPs of the following regions:

- Southwest
- Southeast

The third largest proportion of ROP funds is allocated in all the regions to support the development of tourism with a share in the programme budget from 8.5% in the case of Moravia-Silesia to 20.3% in the Northeast region of coherence.

Priorities of individual ROPs in % of total allocation



Source: www.strukturalni-fondy.cz, for 2007-2013 period

In some of the operational programmes, we have identified interventions not included in other priorities, and these are presented in the “Other” priority. This priority applies to the regions of Silesia-Moravia and Northeast with a share in the total allocation of 3% to 4%. Each operational programme has a special chapter called Technical Assistance, which is the smallest budget item in all the monitored cases. Its share in the programme’s total allocation is usually around 3%.

Generally, we can conclude that the individual regional operational programmes do not differ radically in their priorities and the follow-up areas of intervention. This is due to the relative homogeneity of the regions of the Czech Republic, which is not so surprising even with respect to the national geographical location, natural conditions or urban development.

SUCCESSFUL UTILISATION OF ROPS

The success of the operational programmes can be monitored from several points of view. Probably the most comprehensive view is the analysis of the final effects of the individual projects supported by subsidies which, however, includes several pitfalls – see the box.

INFOBOX: Evaluation of the final effects of projects supported from the EU

The most comprehensive method of evaluating the effectiveness of the operational programmes is the analysis of the effects or impact of the individual projects supported by subsidies, i.e. how the individual projects or, more precisely, the whole financing operational programme contributed to the economic, social and environmental development of the region. It is rather a theoretical reflection since it is associated with a major pitfall – how to separate the impact of a single particular project from the effects of other projects, activities, processes, events, etc. To what extent, for instance, a project of reconstruction of a secondary school in the city of Zlín and its equipment with modern teaching aids has contributed or will contribute to the growth in competitiveness of the entire economy of the Zlín region and/or the entire Central Moravian region of cohesion? Another drawback suggested by the example above is the effect of time delay. Investments in human resources at the level of secondary education (and with more reason in primary education) will bear fruit with a delay of several years.

Success in drawing funds for the entire ROP

The comparison of the success of the operational programmes based on their actual utilisation or, more precisely, interest in them of the participants and providers of projects is a simple and transparent method with a fair information value. Ideally, this aspect would be applied at the end of the programming period in 2013 or due to the “N+2” rule (the funds from OPs may be used within two years following the year to which they were allocated) no sooner than in 2015. However, even the interim results at the beginning of August 2010 will give us relevant results.

a) The most desired ROPs

We understand the criterion of “desirability” of regional operational programmes to be the degree of interest in a project measured by the number of submitted applications for a grant in relation to the total allocation of the operational programme.



Main topic

Submitted Applications for Support in ROPs

Operational Programme	Submitted Applications	
	CZK mil	%of allocation
ROP Southwest	41 372.10	228.7%
ROP Northeast	35 017.40	181.0%
ROP Northwest	31 368.20	144.0%
ROP Southeast	29 725.30	143.4%
ROP Central Bohemia	21 915.00	134.0%
ROP Central Moravia	23 665.00	122.1%
ROP Moravia-Silesia	22 510.60	107.4%

Source: www.strukturalni-fondy.cz; data as of 4th August

The highest number of grant applications – in both absolute and relative terms – was filed in the ROP Southwest. On the contrary, the lowest number of grant applications in relation to the allocation was filed in the ROP Moravia-Silesia. The positive news is that in all regional operational programmes, grant applications were filed with a greater aggregate amount than the total allocation of the operational programmes for the years 2007-2013.

b) ROPs with the highest volume of approved grants

A good measure of success is the percentage of approved grants for projects in relation to the allocation. As a criterion of approval, we conservatively consider a situation where everything is “black on white” – the approved grants therefore include only those, for which a positive decision on grant allocation was already issued, or for which a grant contract or a similar official document was signed.

Approved grants in ROPs

Operational Programme	Approved grants	
	CZK mil	%of allocation
ROP Southeast	14 146.80	68.2%
ROP Northwest	14 809.20	68.0%
ROP Northeast	11 093.40	57.3%
ROP Southwest	8 154.10	45.1%
ROP Central Moravia	8 681.60	44.8%
ROP Central Bohemia	6 816.10	41.7%
ROP Moravia-Silesia	7 765.20	37.0%

Source: www.strukturalni-fondy.cz; data as of 4th August

The highest number of approved grants for operational programmes are almost identically the regions of Southeast and Northwest. On the other hand, the largest reserves in the process are in the Moravia-Silesia cohesion region, in which the approved grants exceed only slightly one third of the programme total allocation.

c) ROPs with most of the paid out grants

The final stage of the grant cycle is the very payment of the grant. The system is set up so that in most cases, the projects are first implemented by their participants using their own or external sources, and only then the grants are paid to them in arrears. Due to the pressing demands on time in a number of projects, it is not surprising that the volumes of grants paid to the accounts of the project participants are relatively low.

Paid out grants in ROPs

Operational Programme	Paid out grants	
	CZK mil	%of allocation
ROP Southeast	7 145.60	34.5%
ROP Central Moravia	6 288.30	32.4%
ROP Northeast	5 827.00	30.1%
ROP Central Bohemia	3 465.80	21.2%
ROP Southwest	3 503.20	19.4%
ROP Northwest	3 479.00	16.0%
ROP Moravia-Silesia	2 904.40	13.9%

Source: www.strukturalni-fondy.cz; data as of 4th August

The greatest number of grants (more than a third of the allocation) was paid by the ROP Southeast, closely followed by Central Moravia and the Northeast. At the other end of the ranking is the Moravia-Silesia cohesion region, whose ROP has paid so far only about 14% of all subsidies available for the period 2007 to 2013.

Successful drawing for individual areas of support

A similar analysis, as at the level of the entire regional operational programmes, can be conducted at the level of the respective areas of support. It allows a more detailed insight in the individual ROPs, which will make it possible for us to choose the most successful area of support across all regional operational programmes.

a) The most desired areas of support among ROPs

Also for areas of support, we consider the criterion of “desirability” to be the interest of project participants measured by the volume of applications submitted in a given area in relation to its overall allocation.

Submitted Applications for Support

ROP	Area of support	Submitted Applications	
		mil. CZK	% alloc.
Central Bohemia	2.1 Business Infrastructure and Tourism Services	2 456.80	620.7 %

North-West	2.2 Investments for improving physical infrastructure	5 063.20	588.5 %
South-West	2.3 Revitalization of Town and Municipality Sections	3 552.10	582.1 %
South-West	2.4 Development of the Infrastructure of Elementary, Secondary, and Higher Vocational Education	5 432.80	568.3 %
South-East	3.3 Development and stabilization of rural area	4 729.90	420.0 %
South-West	1.5 Development of Local Roads	4 656.80	411.0 %
South-West	2.5 Development of Infrastructure for Social Integration	2 932.20	395.0 %
North-West	1.2 Support of revitalization and regeneration of medium-sized and small towns	8 225.10	364.0 %
South-West	3.1 Development of CR Infrastructure	8 705.00	352.9 %
North-East	2.3 Rural Development	5 394.50	332.9 %

Source: www.strukturalni-fondy.cz; data as of 4th August

The greatest interest expressed by the ratio of grant applications relative to the allocation was recorded in the monitored period in the ROP Central Bohemia in the area 2.1 Business Infrastructure and Tourism Services, where the interest of investors is more than six times higher than the allocation.

Otherwise, among the ten most requested areas of support, the Southwest cohesion region is the most frequently represented – in five cases. In terms of priority areas, the most requested areas of support included projects in the priority of development of cities and municipalities.

b) Areas of support with the highest number of approved grants

We also monitor the largest financial volume of approved grants for projects, which we consider to be approved at the time when a decision on grant allocation is issued or a grant contract or a similar official document is signed.

The greatest number of approved projects was in the area of 3.4 Public Services of Regional Importance in the ROP Southeast. Here, there were even 50% more approved grants for projects than the overall allocation to the given

area of support. Part of the subsidies will therefore have to be re-allocated from other areas of support within the same priority, or even from other priority areas.

Approved grants

ROP	Area of support	Approved grants	
		mil. CZK	% alloc.
South-East	3.4 Public services of regional significance	1 436.30	152.6 %
South-East	3.2 Development of regional centres	1 691.60	114.6 %
Moravia-Silesia	1.4 Infrastructure of the Integrated Rescue System and Crisis Management	690.1	103.6 %
North-East	2.3 Rural Development	1 636.00	101.0 %
North-East	2.2 Urban Development	3 252.20	99.4 %
South-East	4.2 Support to absorption capacity	171.6	97.6 %
South-East	4.1 Activities connected with the realization and management of ROP	498.8	94.4 %
South-East	1.3 Public transport rail rolling stock renovation	1 010.80	91.2 %
North-West	1.3 Infrastructure in the area of human resources development	2 338.10	87.0 %
North-East	5.2 Support for Absorption Capacity of the Northeast Cohesion Region	56.2	84.9 %

Source: www.strukturalni-fondy.cz; data as of 4th August

One half of the ten most approved grants in the areas of support come from the ROP Southeast. As regards factual purpose, the most frequently approved grants also pertained to the areas focusing on the development of cities and municipalities.

c) Areas of support with most of the grants paid

The aspect of grants paid – as with the above-mentioned level of ROPs as a whole – compares the grants actually paid to the accounts to the project performers in the individual areas of support with their allocation.

The area of support with the most utilised subsidies – i.e. already paid to the accounts of their beneficiaries – in relation to its allocation is 3.4 Public Services of Regional Importance in the ROP Southeast.



Main topic

Paid out grants

ROP	Area of support	Paid out grants	
		mil. CZK	% alloc.
South-East	3.4 Public services of regional significance	629.3	66.9 %
North-west	5.1 Support of implementation of the ROP Northwest	290.5	63.0 %
Central Bohemia	4.3 Increasing of Absorption Capacity	31.7	61.0 %
South-East	1.3 Public transport rail rolling stock renovation	667.7	60.2 %
South-East	3.2 Development of regional centres	846.3	57.3 %
Central Moravia	2.3 Development of rural areas	1 571.50	55.1 %
Central Moravia	1.3 Non-motorized transport	401.5	53.7 %
Central Bohemia	4.1 Programme Management. Control. Monitoring and Evaluation	236.3	52.9 %
South-East	3.3 Development and stabilization of rural area	560.1	49.7 %
Moravia-Silesia	5.1 Implementation of the Operational Programme	333.3	49.5 %

Source: www.strukturalni-fondy.cz; data as of 4th August

The Southeast region of cohesion (NUTS II classification) is most frequently represented among the most utilised areas of support of individual ROPs. In terms of priority areas, the greatest amount drawn was in those areas of support across all ROPs that deal with the development of cities and municipalities, together with technical assistance.

FINAL SUMMARY

Overall, we can conclude that the distribution of subsidies from EU funds through the Regional Operational Programmes works in an effective and functional way. The fear of poorly managed administration after the transfer of powers to regional level and the replacement of the single Joint Regional Operational Programme has not become a reality.

In absolute comparison, the ROP Northwest, bringing together the regions of Karlovy Vary and Ústí nad Labem, has at its disposal the largest budget, even including the amount of national co-financing. A fairer comparison is

obtained based on the overall allocation of a ROP per capita in the given region. From this perspective, most subsidies per capita are allocated also in the ROP Northwest.

Assuming that subsidies for regional development should enhance the economic development of regions, it is useful to compare the volume of allocated subsidies to the region's economic advancement provided by the indicator of GDP per capita. Here we can conclude that the basic direction is kept – the regions with lower per capita GDP have a larger allocation of grants per person. There is also a slightly higher allocation than that based on this rule in the aforementioned ROP Northwest.

While the individual ROPs do not significantly differ from each other, there are minor differences in their structure, reflecting the different problems and needs of individual regions. Most of the ROPs are concentrated mainly on the priority of developing their cities and municipalities, while in two ROPs the most generously subsidised priority is that aimed at fostering transport services of the regions. The third most important budget item are subsidies intended to promote tourism in the regions.

The success of the respective regional operational programmes in the Czech Republic can be viewed using at least three types of optics. The most desired programme, which is characterised by the ratio of submitted grant applications to the total allocation of the programme, is the ROP Southwest. The first places in the next two monitored categories are identically occupied by the ROP Southeast. This is the most successful regional programme in both the indicator of approved subsidies relative to allocation and the indicator of actually paid subsidies relative to allocation. Also a look into the structure of the operational programme indicates that the ROP Southeast has the greatest number of areas of intervention among the top ten approved and used subsidies.

Overall, however, we can say that as compared to other operational programmes in the Czech Republic, regional operational programmes belong to those with above average success. It is also from this perspective that it would be counterproductive if the current proposals for savings and other austerity measures in the system of public finance and budgets affected the amounts of national co-financing for the ROPs, which might disrupt the entire successful system.



Statistical window

The statistical window in a tabular form shows important macroeconomic indicators from all member states and the EU as a whole. It includes economic performance indicators (per capita GDP as compared to the EU average, GDP growth, unemployment rate), external economic stability indicators (current account to GDP), fiscal stability indicators (public budget to GDP, public debt to GDP), and pricing indicators (annual inflation based on HICP, base price level).

Key macroeconomic indicators

in %	GDP growth y-on-y			Current account to GDP*			Unemployment rate			Inflation y-on-y average		
	2007	2008	2009	2007	2008	2009	V-10	VI-10	VII-10	V-10	VI-10	VII-10
Belgium	2.9	1.0	-3.1	2.2	-2.9	0.5	8.7	8.8	8.9	2.5	2.7	2.4
Bulgaria	6.2	6.0	-5.0	-26.8	-24.0	-9.4	9.7	9.7	9.7	3.0	2.5	3.2
CR	6.1	2.5	-4.8	-3.2	-0.7	-1.1	7.5	7.4	7.3	1.0	1.0	1.6
Denmark	1.7	-0.9	-4.9	1.5	2.2	4.0	7.3	7.3	6.9	1.9	1.7	2.1
Germany	2.5	1.3	-5.0	7.6	6.7	4.9	7.0	6.9	6.9	1.2	0.8	1.2
Estonia	7.2	-3.6	-14.1	-17.8	-9.4	4.6	18.6	18.6	na	2.8	3.4	2.8
Ireland	6.0	-3.0	-7.5	-5.3	-5.2	-2.9	13.2	13.3	13.6	-1.9	-2.0	-1.2
Greece	4.5	2.0	-2.0	-14.4	-14.6	-11.2	na	na	na	5.3	5.2	5.5
Spain	3.6	0.9	-3.6	-10.0	-9.7	-5.4	20.0	20.2	20.3	1.8	1.5	1.9
France	2.3	0.4	-2.2	-1.0	-2.3	-2.2	9.9	10.0	10.0	1.9	1.7	1.9
Italy	1.5	-1.3	-5.0	-2.4	-3.4	-3.2	8.6	8.5	8.4	1.6	1.5	1.8
Cyprus	5.1	3.6	-1.7	-11.7	-17.5	-8.3	7.1	7.2	7.1	1.8	2.1	2.7
Latvia	10.0	-4.6	-18.0	-22.3	-13.0	9.4	na	na	na	-2.4	-1.6	-0.7
Lithuania	9.8	2.8	-15.0	-14.5	-11.9	3.8	na	na	na	0.5	0.9	1.7
Luxembourg	6.5	0.0	-3.6	9.7	5.3	5.6	5.2	5.3	5.3	3.1	2.3	2.9
Hungary	1.0	0.6	-6.3	-6.6	-7.0	0.2	10.4	10.4	10.3	4.9	5.0	3.6
Malta	3.8	2.1	-1.9	-6.1	-5.6	-3.9	6.7	6.5	6.5	1.8	1.8	2.5
Netherlands	3.6	2.0	-4.0	8.7	4.8	5.4	4.3	4.4	na	0.4	0.2	1.3
Austria	3.5	2.0	-3.6	3.6	n/a	n/a	4.0	3.9	3.8	1.7	1.8	1.7
Poland	6.8	5.0	1.7	-4.7	-5.1	-1.6	9.7	9.6	9.4	2.3	2.4	1.9
Portugal	1.9	0.0	-2.7	-9.4	-12.0	-10.3	11.0	11.0	10.8	1.1	1.1	1.9
Romania	6.3	7.3	-7.1	-13.4	-11.6	-4.5	na	na	na	4.4	4.3	7.1
Slovenia	6.8	3.5	-7.8	-4.8	-6.2	-1.0	7.0	7.0	6.8	2.4	2.1	2.3
Slovakia	10.6	6.2	-4.7	-5.7	-6.6	-3.2	14.8	14.9	15.0	0.7	0.7	1.0
Finland	4.9	1.2	-7.8	4.3	3.1	1.3	8.6	8.5	8.5	1.4	1.3	1.3
Sweden	2.5	-0.2	-4.9	8.4	9.5	7.3	8.7	8.1	8.5	1.9	1.6	1.4
UK	2.6	0.5	-4.9	-2.7	-1.5	-1.3	7.8	na	na	3.4	3.2	na
EU	2.9	0.8	-4.2	-1.0	-1.9	-1.1	9.6	9.6	9.6	2.0	1.9	2.1

in %	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Belgium	-0.2	-1.2	-6.0	84.2	89.8	96.7	116.0	115.0	115.0	108.3	111.1	113.9
Bulgaria	0.1	1.8	-3.9	18.2	14.1	14.8	38.0	41.0	na	46.2	50.2	52.7
CR	-0.7	-2.7	-5.9	29.0	30.0	35.4	80.0	80.0	80.0	62.4	72.8	70.6
Denmark	4.8	3.4	-2.7	27.4	34.2	41.6	121.0	120.0	117.0	137.4	141.2	144.6
Germany	0.2	0.0	-3.3	65.0	66.0	73.2	116.0	116.0	116.0	101.9	103.8	106.4
Estonia	2.6	-2.7	-1.7	3.8	4.6	7.2	69.0	67.0	62.0	73.1	78.0	75.1
Ireland	0.1	-7.3	-14.3	25.0	43.9	64.0	148.0	135.0	131.0	124.5	127.6	125.0
Greece	-5.1	-7.7	-13.6	95.7	99.2	115.1	93.0	94.0	95.0	90.7	94.0	97.4
Spain	1.9	-4.1	-11.2	36.2	39.7	53.2	105.0	103.0	104.0	92.8	95.4	97.4
France	-2.7	-3.3	-7.5	63.8	67.5	77.6	108.0	108.0	107.0	108.1	110.8	114.3
Italy	-1.5	-2.7	-5.3	103.5	106.1	115.8	103.0	102.0	102.0	102.9	105.6	106.5
Cyprus	3.4	0.9	-6.1	58.3	48.4	56.2	94.0	96.0	98.0	88.1	90.5	91.2
Latvia	-0.3	-4.1	-9.0	9.0	19.5	36.1	56.0	57.0	49.0	66.6	72.6	74.8
Lithuania	-1.0	-3.3	-8.9	16.9	15.6	29.3	59.0	62.0	53.0	60.0	64.7	67.8
Luxembourg	3.6	2.9	-0.7	6.7	13.7	14.5	275.0	276.0	268.0	115.3	119.1	121.3
Hungary	-5.0	-3.8	-4.0	65.9	72.9	78.3	63.0	64.0	63.0	66.7	68.1	65.5
Malta	-2.2	-4.5	-3.8	61.9	63.7	69.1	77.0	76.0	78.0	75.5	78.8	81.4
Netherlands	0.2	0.7	-5.3	45.5	58.2	60.9	132.0	134.0	130.0	101.9	104.0	108.5
Austria	-0.4	-0.4	-3.4	59.5	62.6	66.5	123.0	123.0	123.0	102.2	105.1	107.9
Poland	-1.9	-3.7	-7.1	45.0	47.2	51.0	54.0	56.0	na	62.0	69.1	58.6
Portugal	-2.6	-2.8	-9.4	63.6	66.3	76.8	78.0	78.0	78.0	85.7	87.0	89.3
Romania	-2.5	-5.4	-8.3	12.6	13.3	23.7	42.0	na	na	63.8	60.9	57.5
Slovenia	0.0	-1.7	-5.5	23.4	22.6	35.9	89.0	91.0	86.0	79.0	82.3	85.5
Slovakia	-1.9	-2.3	-6.8	29.3	27.7	35.7	68.0	72.0	72.0	63.2	70.2	73.7
Finland	5.2	4.2	-2.2	35.2	34.2	44.0	118.0	117.0	110.0	119.9	124.3	126.4
Sweden	3.8	2.5	-0.5	40.8	38.3	42.3	125.0	122.0	120.0	115.7	114.5	107.0
UK	-2.8	-4.9	-11.5	44.7	52.0	68.1	117.0	116.0	116.0	112.6	100.1	92.7
EU	-0.8	-2.3	-6.8	58.8	61.6	73.6	100.0	100.0	100.0	100.0	100.0	100.0

Source: Eurostat, *) net balance, GDP per capita according to PPP

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