Financial instruments and their role in the EU cohesion policy

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Definition and description of profitable instruments

Profitable financial instruments are a new method of more effective use of the limited resources of the EU Cohesion Policy, which ensure greater use of these resources in a more effective, beneficial and sustainable manner. Profitable financial instruments are a strengthened expression of a shift of the focus of the future cohesion policy towards ensuring socioeconomic and in some cases also direct financial returns (which the new financial instruments will guarantee) in accordance with the contents and aims of the Europe 2020 Strategy.

Profitable financial instruments are focused on economically justifiable projects with a real ability to achieve required returns (in other words, they will not become instruments with general to mass usability, but rather selective instruments), in relation to which a set of specific instruments such as loans, guarantees, direct capital entry or project bonds and other related risk management mechanisms are used enabling achievement of returns; the option of a complementary approach and purposeful connection with grant tools within the cohesion policy or with profitable financial instruments used outside of the cohesion policy also exists.

A characteristic trait of profitable financial instruments is the fulfillment of three basic requirements:

- **effectiveness** (based on the performance of the function of the manager responsible for the administration of these resources, which fulfil public interest qualitatively in a completely different way compared to grants),
- **purposefulness** (based on the legitimacy of the existence of each operational program and/or its parts allocated for the purpose of profitable financial instruments) and;
- **sustainability** (which is based on and supported by the definition of the principle of returns from revolving instruments).

Profitable financial instruments from the point of view of their existence within the EU Cohesion Policy are not entirely new, since the ability to use them has existed since the 1994-1999 program period. However, the real fulfilment of this option in this and the next period is significantly low.

In view of the EU enlargement process in 2004 and 2007, their relative weight increased in the current 2007-2013 program period thanks to the creation of joint initiatives of the European Commission, the European Investment Bank and the European Investment Fund (JESSICA, JEREMIE, JASPERS, JASMINE).

Nonetheless, their potential (which is far from used to its full extent, since the easiness and availability of grants represents a logical preference for beneficiaries) represents a nearly 3% volume of cohesion policy resources for this period (from the sum of €347 billion for all EU member states and approximately 5% of the resources from the European Regional Development Fund (ERDF) with its total allocation of €201 billion. The current contents of the discussion (also in reaction to the current economic situation and the implemented stabilization and even restrictive measures in relation to fiscal policy and handling of public resources) anticipates for the 2014-2020 program period strengthening of the role of profitable financial instruments to 10% of the allocation volume (within the EU as a whole this represents on average a more than triple increase of room for these instruments; in the Czech Republic the increase of this room is even more significant – the level of its use ranges in the low tenths of a percent of allocation).

The purpose of more widespread use of profitable financial instruments is to expand the positive experience from the current and previous periods by making better use of cohesion financial resources as more effective and sustainable alternatives to the traditional grant method of support.

JASPERS, JEREMIE, JESSICA, JASMINE

JASPERS (Joint Assistance in Supporting Projects in European Regions), **JEREMIE** (Joint European Resources for Micro-to-Medium Enterprises) and **JESSICA** (Joint European Support for Sustainable Investment in City Areas).

The strategic mid-term priorities not for the future, but for the current program period of 2007-2013 include besides effective tapping of resources through the standard amount of EU structural funds and operational programs re-dividing them also the ability of countries and their regions to use the joint initiatives of the European Commission and the European Investment Bank effectively, specifically JASPERS, JEREMIE and JESSICA. JASMINE was also added during the program period.

In the context of the EU structural and cohesive policy, strengthened cooperation between the European Commission and the European Investment Bank and with other international financial institutions related to financial innovations has several dimensions:

- It ensures additional credit resources for business entities and the development of regions in the EU;
- It contributes to financial and managerial expertise provided by specialized institutions such as the European Investment Bank and other international financial institutions;
- It creates strong incentives for successful implementation on the side of recipients through combining of grants and lines of credit;
- It ensures long-term sustainability through a revolving type of contribution from the European Regional Development Fund (ERDF) for activities based on financial innovations.

JASPERS: a new partnership in the area of technical assistance

JASPERS is an effort to bring about cooperation involving the combination of expertise and resources with their much more systematic organization with the aim of helping member states during the implementation of the EU's structural and cohesion policies. The purpose of JASPERS is to offer services to member states focused on regions covered by the convergence aim for 2007-2013. It is intended to help regional and local authorities and institutions with the preparation of main projects and project documents submitted to the European Commission and to help increase the number of projects submitted for approval as well as increase the quality and speed of their processing. JASPERS offers technical assistance, for which recipients in individual member states will not be required to pay any fees.

The technical assistance will be offered from the early phases of project development. JASPERS is intended to ensure comprehensive targeted assistance for all phases of the project cycle, from the initial identification of the project to the final decision about granting assistance.

The key areas for the JASPERS initiative are technical support related to Trans-European transport Networks (TENs), the transport sector outside of TENS, including rail, river and marine transport, the development of transport systems and their mutual operability, management of road and air traffic and pure urban and public transport. In relation to environmental projects, the JASPERS initiative is focused on projects related to energy efficiency and renewable energy.

JEREMIE: improved access to financing for micro enterprises and SMEs in EU regions

The purpose of this initiative is to support increased access to financing for the development of micro enterprises and SME's in EU regions. If the management authorities (bodies) wish to use JEREMIE, they should decide to allocate resources from the program to a holding fund. This holding fund should be a sufficiently qualified financial institution at a national level.

The holding fund's responsibility would also be organizing calls for expression of interest, addressed to all involved financial mediators (development capital funds, seed-capital start-up funds, funds focused on technologies or the transfer of technologies, guaranteed funds, micro loan providers, etc.). Based on its specific expertise, the holding fund in close cooperation with the management body will evaluate, select and accredit financial mediators. It will be capable of ensuring them with products related to investments into their equity, loans and guarantees, including technical assistance (if appropriate).

The final result will be that the management body will have access to a key system, which should dramatically facilitate the completion of an otherwise entirely complex task. Contributions from the programs paid to the holding fund will then be considered corresponding financial flow related to the use of ERDF resources.

JESSICA: sustainable development for urban areas

The purpose of this initiative is to support sustainable levels of investments, growth and jobs in the EU's urban areas. JESSICA offers the management bodies of programs financed from EU structural funds the opportunity to use the advantages of external expertise and enables greater access to loan capital for the purpose of supporting urban development, including loans for social housing if this type of support is advantageous and appropriate.

Where the management body wants to participate in cooperation within the JESSICA initiative, it would contribute resources from this program, which the EIB, other international financial institutions, private banks and investors could contribute additional loans or equity capital, depending on the suitability of such contributions. If projects are not supported through grants, then program contributions benefiting urban development funds will be revolving and will help to strengthen the sustainability of such investment efforts.

Contributions from the program will be used to finance lines of credit provided by urban development funds to end recipients, secured through guarantees arranged by the funds themselves and involved banks. No state guarantee for these loans will be part of the initiative, as a result of which public finances will not be burdened and the public debt will not increase.

JASMINE: support for development of micro loans

The purpose of JASMINE (Joint Action to Support Micro-finance institutions in Europe) is to provide technical assistance to micro-finance institutions, so that they can become trustworthy financial mediators and more easily obtain capital. The JASMINE cell within the scope of the European Investment Fund has been assigned the task of evaluating business projects submitted by applicants for financing from a number of micro-finance institutions and will help them achieve a certain quality level in relation to management, financial administration and business strategies.

The purpose is to convince these micro-finance institutions to adopt certified methods and become a symbol of quality. JASMINE also participates in the organization of training and promotional events related to European initiatives for micro loans. These events are intended for member states, regions, banks and micro-finance institutions. They also involve financing of operations of the best non-banking institutions, so that they can provide even more loans. The JASMINE cell examines the potential of submitted applications and proposes solutions with the aim of ensuring their co-financing from EIB resources and private partners. One benefit of the JASMINE initiative is that it joins together several EU institutions (the European Commission, the EIB, the European Parliament), public and private banks, the EUROFI network (a group of experts involved in financing and banking services in Europe and donors. The project was commenced at the beginning of 2009, and the first three years of it are its pilot phase. The initial capital for the project is approximately €50 million.

The European Commission and the European Investment Fund will provide resources for this initiative from the Cohesion Policy. Additional resources will be provided by the EIB and other financial partners. JASMINE can be perceived as a complement to the JEREMIE initiative. According to data from Eurostat, the potential demand for micro loans in the EU will reach up to 700,000 new loans, which correspond to financial resources totalling €6.3 billion over the short term. Interest in micro loans has mainly been expressed by people who do not have the opportunity to use traditional financial services. These people can receive assistance from micro-finance institutions, but these institutions lack sufficient capital.

The following are expected by the next program period of 2014-2020 in connection with the increased use of profitable financial instruments within the scope of the Cohesion Policy:

- Greater flexibility for member states and EU regions with consideration for target sectors and implementing structures (a condition is precise definition of the support areas for which these financial instruments are beneficial and appropriate and a convincing implementation structure that will ensure their use);
- A stable implementation framework based on clear and detailed rules implemented for local needs and experience;
- Narrow complementary cooperation of profitable financial instruments with other forms of support, mainly grants;
- Ensuring compatibility with financial instruments set up and used at the EU level in accordance with the rules for direct support and management.

The general management proposal for the EU Cohesion Policy in the program period of 2014-2020 ((http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/pdf/2014/proposals/regulation/general/general_proposal_cs.pdf) is devoted to profitable financial instruments in a separate section (Heading IV, articles 32-40; in it, specifics and regulatory requirements related to these instruments are clearly formulated, although currently very generally. These relate to all future Joint Strategic Framework Funds (JSF, ERDF, ESF, Cohesion Fund, EAFRD, EMFF); so far the financial tools had been applied only under the ERDF. The specifics and requirements for

the functioning of these instruments have also been formulated. Through secondary legal regulations (acts in transferred powers and implementation acts) these principles will be outlined in detail for implementation purposes.

For simplicity and transparency, a single set of rules for using profitable financial instruments for all five JSF funds will be defined in the next program period, which should ensure complete consistency with legislative provisions.

Description

The role of the new innovative profitable financial instruments in the next period (2014-2020) should be significantly expanded in terms of the volume of resources allocated through them, the extent of areas within which these powers will be applied and a more flexible and effectiveness-supporting environment enabling their smooth inclusion into implementation systems. The aim of this support is their use of the most efficient possible alternatives and a complement to the traditional tool for grants. In line with the proposal, it should then become possible to combine grants with new financial instruments.

Depending on feasibility, these financial instruments could be implemented for all aims of the Cohesion Policy specified in future programs with the aim of supporting projects that report a sufficient level of return yielding.

Opinion

The proposed regulation defines financial instruments and their implementation in general and specific provisions for implementation of only certain financial instruments, provisions for applicants for payments, including payments covering expenditures and financial instruments, eligible expenditures, interest and other returns generated by support of financial instruments provided from JSF funds, repeated use of resources intended for support from JSF funds until the conclusion of the program, use of older resources following the conclusion of the program or the contents of the report about implementation of financial instruments.

The European Commission's efforts following detailed clarification of implementation of financial instruments can generally be welcomed, but a series of issues will be addressed only later through acts in transferred authority and/or implementation acts. The idea of leaving decisions about the method and configuration of the financial instrument mechanism and their focus up to the member state makes sense to support. It also makes sense to support continuous harmonization of the conditions for all types of proposed structures for implementation of financial instruments. However, there is a reason to reject the demand for use of financial resources for the same purpose for a period of at least 10 years after the operational program ends, since it is at variance with strategic planning, the length of which is clearly defined based on the length of the program period; the reason for this demand is not explained at all.

What will change in the 2014-2020 program period compared to the current period?

Scope

- Member states and OP management bodies can use profitable financial instruments for all topical objectives contained in the operational programs and for all funds, if their effectiveness, purposefulness and sustainability are confirmed; the rules for the next period (compared to the current one) have not been proposed as prescriptive like a lens of supported sectors, end recipients or types of projects and activities;
- The new framework contains clear rules, which enable better combination of financial instruments with other types of support, mainly grants; this can be a strong motivation for quality preparation of support plans, which fulfil the specific needs of member states and their regions;
- Profitable financial instruments should be proposed based on ex-ante evaluation, which will help identify gaps on the market and/or allocations of investments carried out in a non-optimum manner as well as investment needs and combination with the private sector and achieve resulting added value of the particular profitable financial instrument; ex-ante evaluation should also prevent duplicity and inconsistencies among financial instruments applied at various topical or organizational levels; this instrument has been proposed because profitable financial instruments represent a special category of expenditures, the success (and profitability) of which depends on correct and realistic evaluation of the gaps on the market and market needs.

New options for their use and environments for the functioning and implementation of profitable financial instruments, their administrative and absorption capacity and the level of technical and expert knowledge for their successful use differ in individual member states and their regions, and this is another reason why the proposed regulation represents various possibilities and variants for using profitable financial instruments, from which member states and management bodies can be flexible and select the best solutions based on their needs. The variants are:

a) **Financial instruments implemented at the EU level and managed by the European Commission** in accordance with financial regulations (direct management); within the scope of this possibility, contributions from operational programs benefiting profitable financial instruments will be reserved for investments or interventions into respective regions and areas, which fall under a particular operational program from which resources were provided; in relation to management and control, the same rules apply as for financial instruments used within the scope of direct management;

b) **Financial instruments implemented at the national or regional level**; management in accordance with joint provisions in the proposed regulation and related secondary legal regulations (shared management); for instruments of this type, management bodies can contribute resources for:
   - already existing or newly created instruments adapted to specific conditions and needs
   - standardized tools (regularly available) for which conditions will be preliminarily defend and set by an implementation act of the Commission. These instruments should be prepared for use and immediate implementation.

c) **Financial instruments represented exclusively by loans or guarantees**; these can be implemented directly by management bodies; in the particular case, the amount is paid to the management bodies based on the actual number of provided loans or guarantees blocked for new loans, without the ability to demand reimbursement of the costs or fees for management from Joint Strategic Framework funds.

Greater flexibility for co-financing and other financial incentives

- For contributions related to profitable financial instruments at the EU level managed by the Commission (see option a. above), a separate priority axis will be anticipated in the particular operational program; the co-financing rate for this priority axis may reach up to 100%;
- For contributions for national and/or regional profitable financial instruments with shared management (see option b. above), management bodies will have to use time scheduled contributions and will also be able to include in their payment declaration anticipated national contributions, which need to be mobilized at the level of profitable financial instruments for the particular two-year period (such as in the form of joint investments at the level of end recipients). For the calculation of the time scheduled contributions, applications for payments should also take into consideration both the capital requirements of profitable financial instruments within a maximum period of two years (in accordance with the business plan) and the remaining balance of previously paid, but unused support from the OP, which is available at the level of the profitable financial instrument, including respective national contributions;
- In the event of financial incentives, the share of co-financing from the EU will increase by 10 percentage points in the situations when the priority axis is created exclusively through profitable financial instruments.

Transparency of financial management rules

The Commission's proposal for rules of the EU Cohesion Policy for 2014-2020 is based on instructions that were recently issued for member states by the Committee for Coordination of Funds; it offers continuity and certainty of financial management of contributions to profitable financial instruments from the EU. The new framework contains clear rules regarding the qualification of financial flows at various levels of profitable financial instruments and corresponding requirements for eligibility or references. The following provisions have been proposed:

- EU contributions to profitable financial instruments need to be sent to interest-bearing accounts in member states or temporarily invested in accordance with the specific financial management rules;
- Interest or other profits generated at the level of profitable financial instruments before their provision to end recipients will be used for the same purpose as the original EU contribution;
- The share of EU capital resources paid from investments will be used again for additional investments in the same or a different financial instrument, in line with the OP objectives;
- The EU's share of profit, earnings or returns from generated investments will be used for:
  - costs and fees for management;
  - preferential evaluation of investors who adhere to the principles of investments in a market economy and provide joint investments at the level of profitable financial instruments and/or final recipients;
  - other investments in the same or a different profitable financial instrument in accordance with the OP;
- Capital resources, profits and other earnings and returns to which EU contributions to profitable financial instruments can be allocated will be used in accordance with the OP objectives for at least 10 years following its conclusion.

Simplified reporting

In view of the specific approaches and structures for provision of financial instruments, the availability and reporting of data regarding the use of budget resources from JSF funds is very important for all involved parties within the scope of the EU Cohesion Policy. They make it possible to form an impression of the actual performance of supported instruments and to make adaptations necessary to ensure effectiveness. This is another reason why the new scope of rules requires that management bodies send the Commission a progress report containing a description of the profitable financial instrument as an annex to the annual report regarding fulfilment.

Description of the market of profitable instruments and its potential

For the 2014-2020 program period, within the EU Cohesion Policy, approximately CZK 500 billion is expected to be allocated in the Czech Republic through structural operations (a very rough estimate corresponding to the perception of the current status of the discussions; in an optimistic situation, it would be possible to consider a higher amount; repeating the current allocation amount is realistically possible to rule out). These resources should represent the most important source of financial expansion for the Czech Republic from the point of view of investments, interventions and support, giving a boost to greater competitiveness and better quality of life. For the period of expected national and regional fiscal moderation or restrictions, it is very likely that EU resources will represent one of the few if not the only source of fiscal expansion for future sensible development projects. However, it will represent a rare resource, since its amount will probably be limited by an amount 2.5% equivalent to the national GDP.

Aid from structural funds will be distributed not only in a traditional non-returnable form of grants, but also in returnable and revolving forms. The result should be substantially greater effectiveness of investments (the incentive and/or grant effect will be reduced and along with it also the easy availability of these resources for “everyone”), and to a much greater extent, the sustainability of investments will be guaranteed (the project holder will be motivated to sustain the result due to the need to pay structural aid resources in installments); new knowledge and competences of private entities should be included in the system, and there should be greater leverage (private resources should also be included in investments in the public interest and sharing of investment risks).

Strengthening of the share of profitable instruments during the distribution of resources from the EU Cohesion Policy is entirely complementary with its current trend of strengthening the qualitative aspects of its use, not mere quantitative exhausting of the available financial framework in an individual member state’s conditions. This concept is logically related to the proposed new elements of the EU Cohesion Policy, such as integrated territorial access, conditionality, topical concentration or a greater stress on evaluation of achieved results in the sense of greater effectiveness, sustainability and profitability.

Moreover, in the conditions that exist in the Czech Republic, a healthy start of these instruments is very interesting also in the future. Unlike in the other Visegrad Four countries and other Central and Eastern European countries, the achieved economic level of regions in the Czech Republic is relatively high, and the overwhelming majority of them (if not all) during subsequent years exceeded the decisive amount of GDP per inhabitant in comparison with the EU average at the level of 75% (for 2009 three cohesion regions of seven relevant – Prague is in an entirely different position on this ladder – ranged between 71% and 75%, and the remaining four ranged between 66% and 68%, which in the range of maturity of

the entire EU, ranging between 27% and 32% in comparison with the EU average, is a completely insignificant disparity), and their ability to use financial resources within the scope of the Cohesion Policy after 2020 (if there is any) will be significantly limited. The establishment of a healthy and reliable range of financially profitable instruments and accompanying institutions may help fundamentally overcome this permanent lack of European financial resources in the conditions faced by Czech regions.

Although financing yielding returns (see above) has also been provided in the 2007-2013 program period (and even sooner), this is not a similar situation. Expected significant growth of the share of resources yielding returns compared with grant resources is expected, and this could lead to an increased flow of these investments (which should involve not only or mainly SMEs, but the private sector and large corporations as well). Within the integrated territorial approach, it will also be possible to include forms of financing from the EU Cohesion Fund that yield returns and that do not yield them.

Assistance that yields returns will be provided either directly from operational programs (probably in the form of simple or in terms of volume insignificant objectives) or through profitable financial instruments and specific entities for the administration and management of assistance yielding returns.

- It can be expected that in the next period resources yielding returns will finance the following areas of support and others:
- The development of cities and agglomerations, integrated territorial development, effective
- administration and institutions (acquisition of new or transformation of existing city services, development of real estate, regeneration of brownfields, etc.);
- Increasing of the energy efficiency of residential and public buildings;
- Support for social housing and combating poverty;
- Support for the results of demographic development and population aging (health and social comprehensive care for seniors);
- Support for SMEs, innovation;
- An effective labor market;
- Mobility, network availability;
- Environmental projects.

The first three points represent a target market with a potential value of around CZK 200-250 billion, if we consider that the local and regional dimension of intervention corresponds to 40% to 50% of resources from the Cohesion Policy. If we also consider that the share of returnable resources is 6%, we can operate with the amount of CZK 15 billion. This sum, under the sum of the leverage effect of 1.5, could be doubled and reach around CZK 30 billion; it is possible to calculate with similar sums also in the area of support for business activity and mobility, and lower sums can be calculated with in relation to other areas. A variant of the cross-border nature of projects with the use of instruments yielding returns can also be considered (for example in large urban cross-border agglomerations such as Ostrava and North Bohemia) mainly in network areas (particularly mobility) and/or business or environmental projects, with now difficult to calculate additional financial allocation.

The market with return-yielding resources from structural funds in the Czech Republic practically does not exist today. There are only individual cases; therefore this is not a functioning market segment. However, it is very likely if not certain that this market will include the following actors in 2013 and 2014: ministries, management bodies (they need to incorporate return-yielding resources and financial instruments into their OP and into the logic of interventions, set up appropriate indicators of results and output and prepare an implementing framework); the operator of the holding fund (need to set up the fund and its rules, professional assistance to management bodies during the preparation of investment strategies, evaluation of absorption capacities, organization of public contracts for administrators, implementation of financial operations, monitoring; operators of financial instruments (identification of appropriate projects ex-ante, creation of a project portfolio, preparation of the offer for administrators, preparation of projects for financing, financing of projects, financial operations, risk management, monitoring, reporting); statutory cities and regions; mid-sized and smaller towns; businesses and business associations.

Benefits of profitable instruments compared to non-profitable grants

A visible advantage of the use of profitable instruments is the ability (unlike grant support) for long-term recycling of financial resources; if these returns are connected with the mobilization of other financial resources of a private nature, these instruments will make it possible to allocate capital into perspective development areas both in the business sector and in the private sector. Since the management of the process of return yielding is carried out in a transparent and market-conforming manner by competent institutions, these instruments contribute to the achievement of the sustainability and return-yielding capability of invested resources.

The Commission's proposal brings member states and management bodies a great extent of flexibility when proposing programs: they have the option of selecting whether investments or interventions will be provided through grants that do not yield returns or in a return-yielding manner through financial instruments in a more representative and more significant form than what currently exists.

This will also make it possible for them to choose the best financial instrument. Therefore, the proposed regulation (which, however, requires subsequent clarification through secondary legislation) brings greater clarity and certainty into the legal framework for profitable financial instruments.

From the point of view of the perspective of budget and financial policy it enables strengthening of profitable financial instruments from the point of view of catalyzers of public and private resources provided to member states and their regions in order to achieve a strategic level of investments and interventions in accordance with the fulfilment of the Europe 2020 Strategy objectives.

If profitable financial instruments continue to be applied in the broader context and they are better adapted to the specific needs of member states and regions and their end recipients, then it will be possible to expand significantly access to financial resources for the benefit of the whole scale of local socioeconomic entities. They should serve, for example, businesses investing into innovations, households that prefer to save energy, individual entrepreneurs during realization of their business ideas and strategy and last but not least public infrastructure and improvement of its effective functioning in the areas of transport, community economics, municipal fund management and the effectiveness of their routine activities, if they are in accordance with the strategic aims of the EU Cohesion Policy and satisfy the achievement of anticipated output within the operational program.

Implementation matters and connections

As is apparent from section 2, basic implementation consists of the following system:

EU (Cohesion policy) → the operational program and its management body → the holding fund (holding funds; their number can be a subject of discussion) → Funds for regional, urban, innovation etc. development → Individual projects. From the point of view of the characteristics of the funds, maintaining the position of market neutrality is key (for entities that do not ruin market behaviour, but on the contrary contribute to correction of market failures)!!!

Diagram of proposed areas for the use of revolving (non-grant) profitable financial instruments, related to the topical areas of the priority focus of the Cohesion Policy in the Czech Republic in the program period of 2014-2020:

Original prerequisites:

- Primary need for connection with conditionalities as a complementary tool for strengthening the sustainability and effectiveness of the cohesion policy;
- Elimination of the types of projects that are capable of generating only indirect socioeconomic returns; direct financial returns from them are unlikely, if not excluded;
- Elimination of the types of projects that are capable of generating direct financial returns and are highly effective, sustainable and profitable over the long term, but are capable of financing themselves without serious problems;
- Application of revolving instruments, conditionalities, topical concentrations, adequate levels of co-financing and optimum implementation structures and implementation management are perceived as parallel, but complementary methods of boosting the sustainability and effectiveness of the Cohesion Policy;
- Opening the possibility of combining grants and profitable instruments for sharing synergies.

Proposal of potential examples of realization:

Topical area	Revolving instrument and its type	Adequate and acceptable conditionality
1.Effective labor market	Loans: re-qualification courses for public entities; Equity: direct entry to private educational agencies Guarantees: systems and models of work from home; creation of networks for minority sensitive groups from the point of view of application on the market (women with children, seniors)	- Processing of a strategy of life-long education; - Equal coverage of educational agencies in regions of the Czech Republic; - Creation of a method of evaluating the success
2. Functional research and innovation system	Loans: development of technological clusters between the business sphere and educational and research institutions Equity: creation and development of technological and innovation centers of a private nature based on positive evaluation of a business plan	- The existence of national and regional innovation strategies and expert counter arguments with a special emphasis on technological centers and clusters
3. Competitive businesses	Loans: projects for reducing energy demands Equity: boosting of the internationalization of SMEs; strengthening of the independence of SMEs with consideration for the development and production of new innovative products; Guarantees: support for expansion to "new" markets	- A strategy of international competitiveness in the form of topical cards with deadlines and personal responsibility
4. Mobility, availability, networks, energy	Loans: production and implementation of new technological systems in transport; Logistics centers of a multi-modal nature; Diversification of energy resources; Equity: smart transport systems; functioning of entities such as Austrian ASFINAG	General development of transport adopted at the highest level of public hierarchy, stabilized for the duration of the program period; State energy strategy
5. Effective management and institutions	Guarantees: projects for electrification of public administration; Savings in public service activities	Study of feasibility of effectiveness of public administration through electronic and ICD media; Process audit of public services
6. Integrated development of territory	- use of local potential; - brownfields; - overall support for tourism; - support for development of industrial and business zones	-Strategy for development of regions and statutory cities; -Benchmarking for cities and municipalities
7. Fight against poverty, inclusion, health	- social housing; - preventive health systems based on co-participation of patients and recreants; - spa activities	
8. Environment	- support of systems for handling of waste as a source of other industrial processing; - support for the use of renewable resources based on economically long-term sustainable rules; - energy savings based on a simple model such as Green Savings; - prevention and environmental education	