

European Cohesion Policy in the Czech Republic

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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

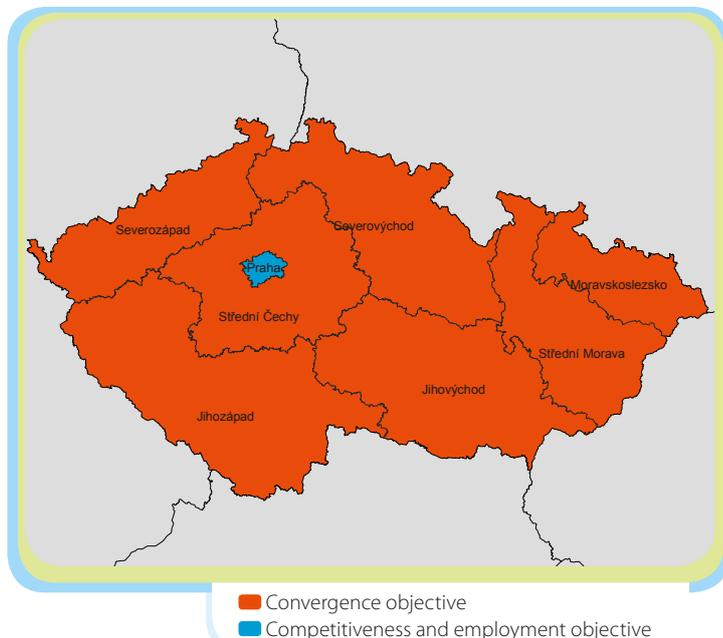
However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

IMPACT AND RESULTS OF COHESION POLICY IN THE CZECH REPUBLIC

From 2004–06, the allocated Cohesion Policy investment of €2.6 billion focused on helping to improve the business environment, increasing labour market flexibility and upgrading the transport infrastructure.

The European Regional Development Fund (ERDF) financed improvements in transport and broadband infrastructure, and helped develop industrial zones, science and technology parks and innovation hubs – developments which created a more attractive business environment to facilitate the installation of large foreign companies in the Czech regions.

Cohesion Policy 2007–13



EU investment helped to create over 30 000 new jobs and provided support to almost 3 000 small and medium-sized enterprises (SMEs). It supported over 300 information and communication technologies (ICT) projects – improving broadband connections, public internet access points and regional and local communications networks.

The EU also funded environmental projects, with notable achievements including the construction of 370 km of new sewage systems.

A SNAPSHOT OF ACHIEVEMENTS

2.6 billion invested from 2004–06:

- over 30 000 new jobs created
- 370 km new sewerage infrastructure built
- 3 000 SMEs supported.



European Union
Cohesion Policy

EUROPEAN INVESTMENT IN THE CZECH REPUBLIC – 2007–13

For the period 2007–13, the Czech Republic has been allocated **€26.7 billion** in total: €25.9 billion under the Convergence¹ Objective, €0.4 billion under the Regional Competitiveness and Employment Objective, and €0.4 billion under the European Territorial Cooperation Objective. To complement the EU investment, the Czech Republic's national contribution will be €4.6 billion over seven years.

The Central Bohemia, Central Moravia, Moravi Silesia, South-West, South-East, North-West and North-East regions fall under the Convergence Objective, while the Prague region is the only region to fall under the Regional Competitiveness and Employment Objective.

The Czech Republic's strategic planning for the 2007–13 period will be implemented through 17 programmes, including 14 financed from the ERDF.

FUNDS FOR THE CZECH REPUBLIC IN BILLION € 2007–13

Objective	Fund	EU	National Public	Total
Convergence	CF	8.8	1.5	10.3
	ERDF	13.4	2.3	15.8
	ESF	3.6	0.6	4.2
Total Convergence		25.8		
Regional Competitiveness and Employment	ERDF	0.3	0.04	0.3
	ESF	0.2	0.02	0.2
Total Regional Competitiveness and Employment		0.5		
Total European Territorial Cooperation*	ERDF	0.4	-	0.4
TOTAL		26.7	4.6	31.3

Figures have been rounded up

* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

DELIVERING THE LISBON STRATEGY

The relaunch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

It is estimated that 58% of the allocation in the Czech Convergence regions will be invested in Lisbon priorities. For the region of Prague, the share will be 79%, including 35% on research & development (R&D).

MAIN PRIORITIES OF COHESION POLICY IN THE CZECH REPUBLIC, 2007–13

Nearly 40% of the total allocation, €10 billion, will be devoted to improving the environment. Almost half of this amount will be invested in direct measures such as waste water treatment, nature and air protection and risk prevention. Support for energy efficiency and renewable energy will account for over €1 billion.

Support for transport also ranks high with investment amounting to some €7.7 billion. This will support key trans-European transport networks (TEN-T) projects.

European funding will contribute a total of around €5 billion to investment in R&D and innovation. Some €1.5 billion will be invested to support entrepreneurship, especially small and medium-sized enterprises (SMEs).

Support for employee skills and training amounts to €1 billion. It is expected that 160 000 workers will be supported within European Social Fund activities.

Investment in continuous training to improve skills and knowledge will amount to almost €1.5 billion, aiming notably to increase the number of students in tertiary education by 10%.

€1 billion has been allocated to measures supporting social inclusion and increasing labour market participation.

THE ESSENTIALS 2007–13

- €10 billion to improve the environment
- €7.7 billion for transport
- €5 billion to invest in R&D and innovation
- €1.5 billion to support entrepreneurship, particularly SMEs

¹ The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. The Regional Competitiveness and Employment Objective is applicable to the rest of the EU, or to 172 regions, representing 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as boost their employment levels. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.

● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes

to encourage regions and cities across the EU and further afield to work together and learn from each other.

For the European Territorial Cooperation Objective in the Czech Republic the allocation (ERDF) amounts to €400 million.

The Czech Republic is involved in ten cooperation programmes:

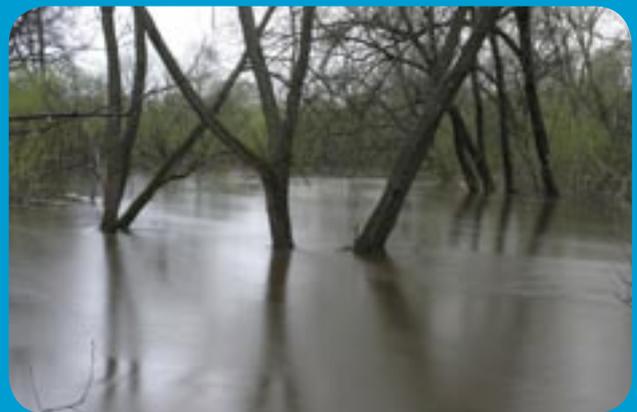
- five cross-border cooperation programmes with Poland, Saxony (Germany), Austria, Slovakia and Bavaria (Germany);
- the 'Central Europe' transnational cooperation programme;
- four interregional cooperation programmes²: INTERREG IVC, URBACT II, INTERACT II and ESPON.

² INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

● THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

The Czech Republic was among its first beneficiaries, with a grant of €129 million to alleviate damage caused by the heavy floods in the summer of 2002.



The Solidarity Fund helped the Czechs rebuild after flooding in 2002

Czech Republic

€26.7 billion for 2007–13

Boosting growth, jobs and competitiveness



Regional Policy on the ground

OSTRAVA TECHNOLOGY PAVILION

**Total cost: CZK 218 million /
eligible costs CZK 189 million
EU contribution: CZK 106 million**

In the years 2004–06, the EU supported the construction of 'The Technological Centre CPIT-TL2' – the centre for advanced innovative technologies – in the Moravia-Silesia region.

The main aim of the project was to build the three-floor property and further support the innovative processes and improve production capacity to increase competitiveness, production and sales.



Creating a centre for innovation and growth

CPIT-TL2 supports the establishment and development of start-up companies with innovative potential in entrepreneurial incubators. It offers first-rate services, including the Technology Transfers Regional Centre's linkages to the High School Banská-Technical University Ostrava and CPIT-TL1, facilitating collaboration with university laboratories and nearby centres of targeted applied research. Through the project cooperation with the Technical University has increased. The client offer also includes tailored consultancy services, which are provided by experienced consultants from the Technology Transfers Regional Centre or by external consultants. Three working stations have been newly created.

For more information: Ministry of Industry and Trade of the Czech Republic, Structural Funds Section, Prague, Czech Republic

ENJOY THE ENJOYABLE TOWN – A GARDEN WITH TWO SHORES

**INTERREG IIIA Czech Republic – Poland
EU contribution (to date): PLN 0.14 million and CZK 1.4 million**

The project is inspired by the Franco-German cooperation between the cities of Strasbourg and Kehl. The aim of the project is to interconnect two towns on the Czech and Polish border (Cieszyn and Těšín) which used to be multicultural and joined as one town in the period between the two European wars. The idea is to create another centre around the river Olza (Olše) that separates the two towns and creates the national border.

The project is structured into two phases. The preparatory phase (creation of the joint development strategies for the two towns, survey among the inhabitants of the towns to establish what they would wish to have on the two shores of the river, etc.) was financed from the EU's INTERREG IIIA programme. The development phase is under preparation (to include three modern footbridges, parks, playgrounds, skate routes etc.), and will be submitted in the new round of the EU-funded Czech-Polish programme.

The project uses the principles of active participation by the community, and is carried out by the City of Těšín, in cooperation with the Euroregion 'Těšínské Slezsko'. It has been conducted jointly with the Polish partners from the Euroregion from the outset.

More information about the project (in Czech and Polish): <http://www.tesin.cz/files/03629003.ppt>



More information

EU Regional Policy

http://ec.europa.eu/regional_policy/

Cohesion Policy in the Czech Republic

http://ec.europa.eu/regional_policy/atlas2007/czech/index_en.htm

National website

<http://www.strukturalni-fondy.cz/>

European Social Fund

<http://ec.europa.eu/social/>