

**Sustainability
principles implementation
in the Partnership
agreement implementing
European Structural and
Investment Funds
in the Czech Republic**

The ESIF, as a major source of public investment funding, often exceeding investments from the national budget itself, serves as a major leverage of development in many economic sectors. In this regard, it is necessary to ensure that these funds are invested in line with the principles of sustainable development as well as with the goals and targets of European environmental and climate strategies and regulations such as the Green Deal for Europe.

The proposal of the Partnership Agreement of the Czech Republic needs to be substantially improved in the following areas to ensure compliance with the sustainable development principles.

Thematic concentration to achieve the Green Deal for Europe objectives

- Use ESIF funding to increase the share of renewable energy above the 2030 target mentioned in the NCEP and align the Partnership Agreement with the EU 2030 and 2050 targets.
- Set energy efficiency both as a strategic priority of the Partnership Agreement as well as a horizontal principle bound to all relevant operations. Ensure that this priority and horizontal principle are reflected in the Operational Programmes and calls for projects.
- Provide sufficient financing and conditions in order to speed up the renovation rate of buildings from the current 0,6 – 0,8% annually to at least 1,8% annually.
- Distribute allocation in the area of mobility prioritizing walking and cycling, railways, intermodal terminals, public transport and infrastructure for renewable fuels.

Climate change mitigation and adaptation horizontal mainstreaming into all relevant programs and projects

- Specify strategic areas of research and innovation where the Czech research and industry sectors can approach excellence in the area of climate neutral, circular and sustainable production and consumption.
- Provide strategic guidance for R&D enabling mainstreaming climate and environmental sustainability into all relevant supported projects under all the policy objects.
- Include a horizontal principle of including pedestrian and cycling transport infrastructure into all relevant projects of transport and urban infrastructure.
- Nature based solutions and green infrastructure must be set as the primary goal of all relevant adaptation projects.

- Share of green infrastructure costs in urban rehabilitation projects must be set to a minimum of 30% to foster concentration on biodiversity and adaptation.

Biodiversity and ecosystem protection

- Establish two separate financial envelopes for air pollution reduction and nature protection to avoid underfinancing of nature protection.
- Include biodiversity enhancement and climate adaptation in the ENRAF and prioritise nature based, extensive and organic aquaculture operations.

Precautionary principle

- Avoid prioritizing biomass on the detriment of other renewable sources in the Partnership Agreement in order to avoid negative effects in land use change and impacts on food crops.

Polluter pays principle

- Eliminate support for fossil fuels and accompanying infrastructure, including use and transport of natural gas in any form, from the PA altogether.
- Set strict criteria to fund road projects with clear environmental benefits only.
- Exclude natural gas from the list of supported alternative fuels. Promote exclusively support of gas filling stations and infrastructure using biogas.

3E- effectiveness, efficiency and economics

- Focus support on renewable sources enjoying no or low operational support such as wind and solar energy in order to straighten distorted market conditions.

Evidence based policy making

- Include quantifiable indicators and targets in all specific objectives of the Partnership Agreement and assess the PA contribution towards the EU Green Deal objectives and national commitments according to these targets.
- Set a specific quantified target for energy savings and renewable energy installed capacity to be achieved through funding under the Partnership Agreement.
- Provide detailed guidance on what are the highest energy efficiency standards in various sectors, especially buildings, industry and transport vehicles and set eligibility of EU funding exclusively for investments in line with these standards.

Good governance

- Revise all methodologies and instructions regarding the administration of the EU funds and radically simplify the procedures, reducing the number of required documents.
- Set administrative simplification as an obligatory result and condition for all projects of digitalization in the public sector.
- Differentiate the instructions and methodologies of ESIF project administration according to the size of the project. Requirements for projects under €40 000 should in no way exceed required legal minimums.
- Simplify the MS2014+ system and allow project administrators to assist beneficiaries in editing their inputs.
- Enable the method of simplified cost for small projects especially in areas of renewable energy, nature protection and environmental education.
- Allow simplified cost option in nature protection projects.
- Ensure early calls for applications in energy efficiency to avoid a gap between the programming periods.
- Streamline various public programmes and subsidies for energy efficiency, simplify administration and improve communication, involving stakeholders in the process.
- Allow for a combination of various kinds of energy efficiency investments accompanied by installations of renewable sources, climate proofing and adaptation measures.
- Set a specific quantified target for energy savings and renewable energy installed capacity to be achieved through funding under the Partnership Agreement.

Transparency

- Ensure conflict of interests is avoided on all levels starting with the preparation of the Partnership Agreement.
- Provide clear criteria on project selection and avoid behind the scenes selection of projects without proper assessment.

Partnership principle

- Implement provisions of the European Code of Conduct on Partnership.
- Allow for early involvement of NGO representatives in all the preparatory and monitoring committees, including the Council for ESIF.
- Organize a fully transparent process of selection of NGO representatives.
- Allow sufficient time for comments and provide a transparent process of inclusion of comments of the civil society into the PA and operational programmes.

- Cover the costs and time of NGO representatives related to work in the committees.
- Ensure a sufficient part of allocation of the funds is reserved for SMEs, municipalities, NGOs and small projects, avoiding its overuse by large enterprises.