

CZECH REPUBLIC

Financial Instruments

Location

Czech Republic

Programming period

2014 - 2020

Funding (EUR)

n/a

Duration

2014 – On-going

Implemented by

State Agricultural
Intervention Fund

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Website

n/a

The Czech Republic's RDP has introduced simplified administration systems that improve transparency and reduce risks of errors concerning eligibility.

The challenge

Simplification of RDP administrative systems can help provide new benefits for all stakeholders involved in the delivery chain. These include RDP beneficiaries, RDP administrators and the people who provide the RDP funding - EU taxpayers.

An important aspect of simplification, where more knowledge transfer can help improve good practice, is in the design of clearer RDP rules and procedures. Easier-to-follow rules and unequivocal procedures help provide beneficiaries and administrators with more stability and confidence.

Cutting ambiguity will translate into more efficient operations for everyone and this needs to be done in a transparent manner that still achieves a realistic balance between trust and control.

Main steps and features

The rationale behind these simplification improvements to the Czech Republic's RDP is to establish a List of eligible expenses for agricultural technology that is divided into categories. Before this list of agricultural machinery, there existed only a database with limits for construction prices and a few types of machinery.

The new list currently has 16 categories covering around 300 to 350 individual expenditure items. It is planned that the list will be expanded in the upcoming period. The list is public, nowadays as an attachment to RDP Rules, and in the future it is planned that it will be online.

There are established categories of machinery under code numbers, for example: code 001: Tillage machines, code 002: Machines for the establishment and maintenance of vegetation etc.

The individual categories are then subdivided into Classes, where the class sets the type of the agricultural machinery. For instance under code 002 – Machines for the establishment and maintenance of vegetation, we have the classes of Seeding machines, Spreaders, Weeders, etc. The individual class is then split according to broader technical specification, for which a financial limit is given:

Code 002 – Machines for the establishment and maintenance of vegetation

Class	Expenditure	Limit in CZK per machine
Seeding machines	Universal seeding machines up to 3m	250 000 CZK
	Universal seeding machines up to 3-6m	500 000 CZK
	Universal seeding machines above 6m	750 000 CZK
	Seeding machines for direct seeding up to 3 m	490 000 CZK

The item limit in CZK per machine, is the maximum ceiling price of eligible expenses (without tax), for which the purchased machinery by the beneficiary will be reimbursed. In the Czech RDP system, the authorities reimburse the actual price of eligible expenses of the purchased technology.

So for instance, if the beneficiary, with promised a subsidy of 50% towards purchase a Universal seeding machine above 6m (given limit of eligible expense 750 000 CZK), for the price of 500 000 CZK, the beneficiary will receive 250 000 CZK. If they purchased the machine for 800 000 CZK, the beneficiary will receive the ceiling price of 750 000 CZK, therefore 375 000 CZK. The ceiling prices were calculated according to average market prices by the institute of agricultural technology.

Results

This list was established mainly to overcome and limit the risk of over-charging tenders. Also since the ceiling is strictly set, we might overcome 'gold-plating' if the beneficiary wishes to buy extra un-necessary supplements to the purchased machinery – like a GPS system or air-conditioning for a harvester, these supplements won't be financed by the EU, but by the beneficiary.

Challenges and lessons

- ❑ From the administrative perspective, this system with ceilings and limits, eases the administrative burden for the control of reasonableness of prices. It is no longer necessary to inspect individual machinery and evaluate whether the price for its purchase was reasonable. From the other perspective, for the beneficiary this list could serve as a guide of prices of technology. The beneficiary will know exactly how much will be reimbursed and therefore overcomes potential financial corrections in cases where some machinery would be over-priced.