Standard Summary Project Fiche

Project Number CZ 9807

Title
Preparation for Structural Policies

Sub-Programme
Economic and Social Cohesion

Geographical Location
Ministry for Regional Development and other Ministries represented on Working Group 10
Investment: micro-regions centred on the districts of Jeseník and Olomouc

Objectives
There are four general objectives:

- establishing and supporting the creation of a national development strategy and institutional framework for the programming and administration of Czech structural and regional policy, which is fully in compliance with the requirements arising from the EC Structural and Cohesion Funds, particularly regarding EC legislation on competition, co-financing, financial control, environment etc.;

- developing a wider range of EC-compliant instruments supporting the delivery of regional and cohesion policies;

- developing human resources relevant to the promotion of regional and cohesion policies;

- to gain experience of Structural Funds’ programming and instruments via implementation of projects in selected micro-regions.

Institutional Framework
An inter-ministerial steering committee - Working Group 10 - was established in early 1997 to provide overall strategy to and to co-ordinate and supervise regional policy activities, including those financed under the Phare Programme. This committee is chaired by the Ministry for Regional Development and includes, amongst others, representatives from the Ministries for Agriculture, Environment, Finance, Industry and Trade, Labour and Social Affairs, Transport. The Ministry for Regional Development provides the secretariat to Working Group 10.

The Czech Government declaration No. 159 of 4 March 1998, recorded agreement that the Ministry for Regional Development is the overall co-ordinator for the Structural Funds and also appointed lead ministries responsible for the individual funds, while emphasising the need for close co-operation between relevant technical ministries: for ERDF, the Ministry for Regional Development, for ESF the Ministry for Labour and Social Affairs and for EAGGF, the Ministry for Agriculture.
The Cabinet also agreed on the guiding principles of Czech regional policy, which it considers are fully in accordance with the principles of the EU: to contribute to harmonious and balanced development both according to the requirements of individual regions, while also ensuring economic and social cohesion between regions.

In keeping with EC programmes co-financed under the Structural and Cohesion Funds regulations, a Monitoring Committee will also oversee the implementation of this Project. This committee, chaired by the Ministry for Regional Development, will include the members of Working Group 10, the services of the National Co-ordinator and representatives of the Commission services. Sub-Committees of the Monitoring Committee will be established to follow-up on specific actions including preparation for ISPA and SAPARD, chaired by the relevant Ministries.

Component actions in particular areas will be approved by the relevant line Ministries in consultation with the Commission services. Each line Ministry will report to the Monitoring Committee at six-monthly intervals on actions approved and on those actions being undertaken.

**Description**

This 7 MECU Project consists of 4 Sub-Projects for: (1) The Establishment of a National Development Strategy and Support Structure for the Structural and Cohesion Funds; (2) Training Programmes; (3) Preparation for Participation in ISPA and SAPARD; (4) Investment Support for Micro-Region Projects.

1. **The Establishment of a National Development Strategy and Support Structure for the Structural and Cohesion Funds**

This 2 MECU Sub-Project will build on actions started in 1997 to develop a multi-sectoral, integrated approach to regional development and which is also partially supported under the 1997 Phare Programme. It will focus on creating an institutional and administrative capacity to establish a National Development Strategy (i.e. the Regional Development Plan (RDP) with the meaning of the SF implementation Regulation no. 2082/93) and to promote balanced regional development through the operation of Structural Funds-type programmes.

Phare support for this Sub-Project, is expected to be delivered primarily through twinning (including at least one long-term secondment – PAA) and Technical Assistance with limited equipment supply in the context of institution building). It will have three objectives whose activities will receive approximately equal support:

- **policy support** - focused on strengthening the Ministries’ understanding of the key Structural and Cohesion Funds’ concepts and mechanisms and thus their ability to formulate policy;
- **programming support** - focused on the preparation of strategic documents (Regional Development Plan - RDP - Regional Operational Programmes - ROP);
- **institutional support** - focused on the establishment of permanent co-ordination, implementation and monitoring structures, at both national and regional level.

**Policy Support**

Support to Working Group 10 and each individual Ministry to enhance their knowledge concerning the principles, operation and requirements of Structural and Cohesion Funds and of the wider aspects of the guiding objective of Economic and Social Cohesion. This will involve a series of short-term supports to individual Ministries: information provision and analysis, laying the basis for the adaptation and elaboration of EC-compliant mechanisms suited to the promotion of balanced regional development and cohesion within the Czech environment.
This support will be given in particular to the Ministries responsible for the three Structural Funds (Agriculture, Labour and Social Affairs and Regional Development), but will also be available on demand to other sectoral Ministries, especially those concerned by Community sectoral initiatives (e.g. the Ministry of Industry and Trade in the case of restructuring of the steel industry) and those responsible for closely linked EC legislation (e.g. competition rules, procurement procedures, environment).

**Programming Support**

Support to Working Group 10 with the continuing process of analysis and consultation leading to the elaboration of the RDP, integrating multi-sectoral, regional strategies for all NUTS II regions, combining the use of national resources with those of the Community (Phare, ISPA, SAPARD, Structural and Cohesion Funds) and IFIs, as the basis for preliminary discussions on the CSF with the Commission.

The first stage of this process, core regional and sectoral analysis covering the whole national territory, was presented in draft form in April 1998 (partially Phare financed, see CZ 9405-01-01-03). This detailed analytical document forms the basis for the identification of key priorities and the present on-going preparation of what will become the Structural Funds’ Objective 1 programme consultation document. The consultation exercise, at national, regional and local levels, is planned to start in late summer 1998, with programming the full RDP started in early 1999. In addition, preparation of the specific ROP for the pilot-NUTS II territory of north Bohemia will be undertaken in late 1998.

This will involve specialist analytical, methodological and programming advice and support to Working Group 10 and other key national, regional and local bodies aiding the elaboration of programming strategy.

**Institutional Support**

Support to establish necessary programming, co-ordination, implementation and information/monitoring structures and administrative mechanisms, at both national and regional (north Bohemia) level based on the basic EC requirements and relevant EU Member States’ models: e.g. CSF/Regional Monitoring Committees/Managing Authorities, co-financing system.

This will involve high-level institutional and administrative policy advice and support linked to the legal establishment and evolution of the assorted institutions, including advice relating to competencies and means to ensuring effective co-operation between different tiers of public administration and with the private and non-profit sectors.

2. **Training Programmes**

This 1 MECU Sub-Project will build on a range of specialised training actions started over the past years aimed at developing the personnel capacity to programme and manage local/regional economic and social development (Phare support to date has been provided under a range of Programmes: e.g. CzechInvest’s city certification programme; support to enhance general and specific management skills under the National Training Fund; support to the Foundation for Assistance to Local Administration). It will aim to provide a strategic focus for and the creation of a comprehensive and sustainable training programme and delivery capacity, within the context of Structural and Cohesion Funds.

Phare support for this Sub-Project is expected to be delivered through a management contract with the National Training Fund, who will implement this Sub-Project in agreement with Working Group 10, with activities covering the following two areas which will receive approximately equal support:

- development of training programmes;
• development of Czech training institutes and delivery of training.

Development of Training Programmes

This will build on steps started under the 1997 Programme and based on the assorted partial training materials which already exist. It will provide support to assess and develop a comprehensive series of modular courses (core and specialised modules) suited to the varying needs of national/regional/local administrators and social and economic partners, in the area of programming and managing regional/local economic and social development.

Training modules will need to address a range of issues, including: general understanding as to the principles of European Structural and Cohesion policies, strategic planning/RDP/ROP preparation, consultation and negotiation skills, co-operation techniques between different tiers of public administration and with the social and economic partners, legal requirements of the Structural and Cohesion Funds, publicity, project appraisal, project management, financial planning and management, monitoring, evaluation, independent control and audit, productive investment, development of human resources, infrastructure, agriculture and rural areas etc.

This will involve advice and support regarding the elaboration/adaptation of training materials and methodologies suitable to the Czech environment, plus their publication.

Development of Czech Training Institutes and Delivery of Training

The development of local training capacities, via the training of trainers and institutional support to a network of institutes across the national territory responsible for the delivery of training.

While over the medium-term it will be essential to ensure a network of training institutes across the whole national territory, the immediate needs will be greatest in Prague (central state administration), and in the regions/micro-regions where pilot Structural Funds-type programmes are being programmed and implemented: north Bohemia, Jesenik, Olomouc and Znojmo.

This will involve support for the training of trainers and institutional support (possibly including limited supply of training equipment) to the selected training institutes in order to ensure the delivery of quality training. Support will also be provided for the initial stages of the delivery of training.

3. Preparation for Participation in ISPA and SAPARD

ISPA and SAPARD will be launched in the year 2000. The aim of this 1 MECU Sub-Project is to provide specific support to the Ministries for Agriculture, Environment, Regional Development and Transport to develop their institutional capacity to operate these new instruments. This Sub-Project should contribute to the preparation of a portfolio of projects for ISPA, which will have a project-based Cohesion Fund-type approach. A similar portfolio of projects will be prepared for SAPARD, taking a Structural Funds-type approach to eligibility and implementation.

The end goal is largely common for all four ministries: supporting the development of administrative capacities to assess and catalogue needs, select, manage, monitor and evaluate projects and financial flows (where relevant, use of the Large Scale Infrastructure Facility and IFI co-financing) in line with national and EC budget and procurement requirements and the specific demands of ISPA and SAPARD.

Phare support for this Sub-Project is planned to be delivered via two service contracts, one for ISPA and one for SAPARD, of approximate values of two-thirds and one-third respectively. The contracts will include provision for twinning, technical expertise-transfer, seminars and training and best-practice exchanges.

Ministries for Agriculture and Regional Development - SAPARD
In addition to the common objectives above, the specific needs for the Ministries are:

- to prepare a national rural programme, including appropriate mechanisms;
- to develop the responsible implementing body.
- to support, amongst others, two programmes which will prepare for SAPARD – Programme of diversification of complementary activities (agricultural and non-agricultural); Programme for the development of multiple farming in chosen Less Favoured Areas.

**Ministry for Environment - ISPA**

In addition to the common objectives above, the specific needs for the Ministry are:

- assistance to the State Environment Fund with the introduction of ISPA and the preparation of strategy, plus familiarisation with IFI co-financing procedures.

**Ministry for Transport - ISPA**

In addition to the common objectives above, the specific needs for the Ministry are:

- general plan for TENs development and co-financing schemes, in close co-operation with EC TINA activities, plus familiarisation with IFI co-financing procedures.

4. **Investment Support for Micro-Region Projects**

This 3 MECU Sub-Project for investment project actions will be implemented in two micro-regions (the agricultural area centred on Jeseník and the growth-pole area centred on Olomouc) for which needs analysis and programmes are presently being prepared, supported by the 1997 Programme. Since the analysis and consultation process is still underway (to be concluded by late summer 1998), specific details of the investment actions will be provided later. The detailed micro-programmes will adopt an Objective 1 approach and be discussed and agreed with the European Commission before the selection and subsequent tendering of suitable investment projects is made in late 1998/early 1999. The corresponding Management and Monitoring Committees will be established.

*(In addition, Structural Funds-type investment programmes are also proposed for consideration in two CBC regions: the Znojmo micro-region and the north Bohemia NUTS II region).*

**Jeseník-Šumperk-Bruntál Micro-Region**

The following instruments will be covered:

- business development;
- human resource development;
- infrastructure development;
- rural development.

**Olomouc-?????€?????¤ ???????????????**

The following instruments will be covered:

- business development;
- human resource development;
- infrastructure development;
- rural development.
**Budget**

<table>
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<tr>
<th>Sub-Project</th>
<th>Inst. Build. (IB)</th>
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**Implementation Arrangements**

Responsibility for the administration related to the procedural aspects of procurement, contracting and accountancy will rest upon the CFCU. Responsibility for the administration related to the preparation, technical control and implementation will rest with the Ministry of Regional Development (following agreement of Working Group 10).

The Ministry for Regional Development in conjunction with the Centre for Regional Development could be nominated by the National Aid Co-ordinator as Implementing Agency for the Sub-Project Investment Support for Micro-Region Projects, after approval by the European Commission. This approval will be made conditional on the Ministry for Regional Development having demonstrated that it is capable of carrying out this task.

**Implementation Schedule**

- Start of tendering: 3Q/98
- Start of project activity: 1Q/99
- Completion: 4Q/00

**Equal Opportunity**

Equal opportunity principles and practices in ensuring equitable gender participation in the Project will be guaranteed.

**Environment**
Since the detailed investment needs and programmes are presently under preparation, it is not yet possible to provide information on environmental impacts. This information, however, will form an integral component of the programming materials being prepared and to be discussed with the European Commission in late 1998.

Rates of Return

Since the detailed investment needs and programmes are presently under preparation, it is not yet possible to provide information on rates of return. This information, however, will form an integral component of the programming materials being prepared and to be discussed with the European Commission in late 1998.

Investment Criteria

Since the detailed investment needs and programmes are presently under preparation, it is not yet possible to provide information on investment criteria. This information, however, will form an integral component of the programming materials being prepared and to be discussed with the European Commission in late 1998.

Conditionality and Sequencing

The investment component of this Project is conditional on the successful completion of the micro-regions’ programming documentation and consultations, which will be completed in late summer 1998. The programming materials will be subject to discussion with and approval of the European Commission before the investment component can proceed.

Annexes to Project Fiche

1. Logframe Matrix
2. Detailed Cost Breakdown for Sub-Projects
3. Detailed Implementation Chart
4. Contracting and Disbursement Schedule for the Project
5. Relation of Project with Previous Phare Activities and On-Going Projects Financed from Other Sources
## Preparation for Structural Policies

<table>
<thead>
<tr>
<th>Wider Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
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<tbody>
<tr>
<td>To support the enhancement of economic and social cohesion and competitiveness of the Czech economy, via • the completion of systematic transformation in the sphere of economic and social resources development • the necessary transition to and adaptation of an integrated Structural Funds type approach to economic and social cohesion. • continuing in COP 97 SF and CF strategy.</td>
<td>global state of the Czech Republic preparation for EU accession and readiness for enlargement; ability to define the Czech Republic specific position in the Community and improvement of real convergence; international co-operation.</td>
<td>WG 10 (CSF MC); Task Force; MRD and other involved ministries; EUROSTAT European Commission evaluations (opinions); special evaluation materials and independent assessments.</td>
<td>weak regional partners and lack of decentralisation (delayed „krajs“ establishment); unstable permanent co-ordination structure; political involvement</td>
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### Immediate Objectives

- to prepare and to implement SF strategy; to improve national, regional and local actors knowledge on SF and train new technics (financial instruments, financial channels etc.); to prepare Czech subjects for utilisation of ISPA and SAPARD financial sources, disseminate knowledge of appropriate strategies; to implement pilot projects to examine chosen strategies.

- improved knowledge of Czech „target audience“ on EU legislation and standard processes; new financial and other technics transferred from EU and fully used in CR; increased absorption capacity of selected micro-regions and later Northern Bohemia; increased competitiveness of Czech regions; strengthened Partnership of private and public sector..

- WG 10 (CSF MC); Task Force; MRD and other involved ministries; Czech Statistics Authority; regional partners sources; EUROSTAT.

- ability to quickly implement new ideas, technics, know-how and expert experience; insufficient level of co-ordination; lack of communication.

### Results of Projects

- regional Acquis study, translation and dissemination, expert comments; manual for ROP and ROP Northern Bohemia; financial instruments, financial channel prepared, ISPA and SAPARD project and strategies prepared training programmes, micro-region programmes and projects; establishment of co-ordination and supervision mechanisms and bodies.

- number of EU laws and procedures transferred to the Czech Republic, number of trained bodies, number of common and specific training programmes designed; number of guides, forms and other materials prepared; number of investment projects in Jeseník and Olomouc; number of management and monitoring bodies established.

- WG 10 (CSF MC); Task Force; MRD and other involved ministries; Czech Statistics Authority; regional and local partners (particularly municipalities and Regional Information Centres) sources; RDA assessments; EUROSTAT.

- lack of communication between national and foreign bodies; slow implementation process, unexpected natural disaster (in mountainous Jesenik); slow knowledge and pilot experience dissemination process.

**Inputs:** expert capacities, twinning, know-how transfer, expert links inter CR, within CEEC and EU, financial support for micro-regions, involvement of Czech bodies in EU programmes.
### Annex 2

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<th>Sub-Project</th>
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**Programme Title:** Special Preparatory Programme for the Structural Funds and Cohesion Fund in the Czech Republic

**Date of Drafting:** 04/98

**Planning Period:** 07/98-12/01

**Legend:**
- Tendering
- Project activities
- Completion

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**Annex 3**
### Cumulative Quarterly Contracting Schedule (MECU)

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### Cumulative Quarterly Disbursement Schedule (MECU)

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Annex 5

1997 Programme

Under the 1997 Programme an allocation for Economic and Social Cohesion in the area of regional development was made, building on the goals of earlier Phare Programme allocations (19.2 MECU), seeking to support the development and programming of economic and social cohesion instruments modelled on Structural Funds’ methodology and mechanisms.

An allocation of 2 MECU was made via the Ministry for Regional Development, for which activities started in spring 1998, to support the preparation of three micro-regional Structural Funds-type programmes (an industrial decline area, a rural area and a ‘growth-pole’ area) and to provide policy and advisory support to the Ministry.

An allocation of 2 MECU was made via the Ministry for Labour and Social Affairs, for which activities started in spring 1998, supporting the further development of the Pro-Active Labour Market Intervention Fund (PALMIF). While earlier allocations (4.4 MECU, under the 1991, 1993 and 1994 Programmes) established the PALMIF mechanism, the 1997 allocation is specifically focused on developing PALMIF as a European Social Fund-type mechanism.

In addition, the 1997 Programme included allocations for Business Support (3 MECU), Human Resource Development (2 MECU) and Environment (2 MECU). These all partially relate to regional development and preparation for structural policies, particularly where they will support activities in the three micro-regions.