Standard Summary Project Fiche

Basic Information

Desiree Number: CZ00 – 10-02
Title: Investment in Target Region NUTS II North-West Bohemia
Sector: Economic and Social Cohesion
Location: NUTS II North-West Bohemia

2. Objectives

Wider Objectives
To promote economic and social cohesion, in accordance with Resolution 714/99, in particular focused on the regeneration of an Objective 1/NUTS II region;
To ensure that suitable structures for the operation of SF/CF (e.g. programming/planning, monitoring, evaluation, financial control, SOPs/ROPs etc.) are in place (tried and tested) by the date of accession.

Immediate Objectives
Deliver co-financing Investment for the promotion of ESC in pilot Objective 1/NUTS II region by strengthening/diversifying the economy of the region and ensuring a high and stable employment level;
Test and enhance/adapt structures, measures and delivery mechanisms that have been developed over recent years for the implementation of ESC on the basis of SF methods/principles;
Strengthen planning and absorption capacities for regional development by promoting best practice investment projects and by validating the regional development expertise learned;
Gain experience with co-ordination of sectoral and regional programmes and priorities and transfer the experience thus gained to other NUTS II regions.

Accession Partnership and NPAA Priority
Short- and medium-term priorities for the industrial sector include the implementation of the promotion of intangible factors of competitiveness, ending the decline in industrial production, stabilisation of the business environment and initiation of long-term business growth trends in manufacturing. Apart from further developing programming documentation, which remain AP and NPAA priorities, other medium-term priorities are to further develop the ESC and Employment & Social Affairs national strategies, for later participation in the European Employment Strategy, building on the Employment Policy Review (Joint Assessment Paper); improve administrative structures, ensure budgetary appraisal and evaluation procedures are in line with SF/CF standards; reinforce staff & subsequent training at central and regional levels; strengthen inter-ministerial competencies to implement structural policy and complete the legal framework through the operation of the Support to Regional Development and VÚSC (kraje) acts, and related legislation.

A further medium-term priority for ESC in the NPAA includes implementation of pilot projects and projects related to the preparations for the full launch of the Structural Funds. The aim is the continuation of pilot programmes and the extension of EU assistance to cover other areas of sectoral and regional support that will simulate the functioning of ERDF and ESF in particular (as these receive no similar support as SAPARD and ISPA).

Contribution to National Development Plan
A draft of sectoral and regional NDP priority axes and priorities for 2000 – 2006 was noted in 07/1999 by government Resolution 714/1999. The draft NDP has been submitted to Brussels. It covers 6 SOPs and 8 ROPs. The NDP now requires adjustment to include an ex ante evaluation, strategic environmental assessment and updating to take account of EC comments. The target for
the new fully completed version is now 30/09/2000. The NDP defines the following strategic objective for 2000–2006:

to raise the level of GDP in the Czech Republic by 2006 to a level in the vicinity of 75% of the average GDP in EU member states, to prevent a deepening of regional disparities, and to markedly improve the environmental situation. In accomplishing this strategic objective, the Czech Republic will conduct pro-active regional policies and will concentrate its efforts on improving the economy’s technological level and competitiveness, and improving the skills and flexibility of its workforce.

Phare 2000 - ESC part contributes to activities aimed at achieving this objective through implementation of limited number of investment projects within the three specific spheres of support (productive investment, human resource development and business related infrastructure) co-financed from EU and Czech sources. The additionality principle is respected in designing the whole project (i.e. below outlined Funds/Grant Schemes). The EU support will definitely not result in reduction of the amount of the Czech resources allocated for support of the region.

**The Fund for promotion of intangible factors of competitiveness in SMEs** proposed as support to the productive sector addresses 2 measures (out of 5) of one of 6 sub-programmes of a pilot sectoral operational programme “Competitiveness” called **Sub-programme for promotion of intangible factors of competitiveness in SMEs:**

**Measure 1:** Support to research and development, business environment development and introduction of new technologies in SMEs

**Measure 2:** Support to the introduction of certified systems of quality control in SME in manufacturing industry

The Grant Scheme for support of business related infrastructure **addresses two priorities and 6 measures of the pilot ROP NWB:**

**Priority 1: Productive Environment and Services**

**Measure 1.1. Development of SMEs**

**Measure 1.3. Direct Investment into the Region**

**Measure 1.4. Development of Tourism Infrastructure and Services**

**Measure 1.5. Development of Spa Industry**

**Priority 4: Regional Integrity and Image**

**Measure 4.2. Improvement of technical infrastructure**

The Grant Scheme „HRD Fund“ for investment to human resources addresses 3 priorities (out of 3) and 3 measures (out of 7) of pilot SOP HRD as indicated below:

**Measure 1: Sustainable Employment and Adaptability of Human Resources** corresponds to the following **Priority/Measure of pilot SOP:**

**Priority 1:** Solving the problem of unemployment and the adaptability of human resources

**Measure 1.1:** Improvement in the adaptability of employers and employees to changes in economic and technological conditions, education and training; creation of new jobs.

**Measure 2: Social Inclusion and Equal Opportunities** corresponds to the following **Priority/Measure of pilot SOP:**

**Priority 2:** Social integration and equal opportunities

**Measure 2.1:** Integration of specific population groups endangered by social exclusion

**Measure 3: Development of life-long learning** corresponds to the following **Priority/Measure of pilot SOP:**

**Priority 3:** Development of systems of life-long learning

**Measure 3.1:** Development of a system of life-long learning
In addition, based on the agreement with the MIT, the proposed grant scheme under Measure 4: Human resource development in industry) also addresses 2 measures of Sub-programme Human resource development in industry of Pilot SOP Competitiveness:

Measure 3: Management and human resource development
Measure 5: In-company training programmes

3. Description

3.1. Background and Justification

Background

On Accession the institutional, budgetary and administrative capacity must be in place in the Czech Republic to participate in EU structural and cohesion policy. Government Resolution No. 714/1999 acknowledged a proposal of priority assistance for 2000 for EU pre-accession programmes in target regions.

Based on discussions with the EC, North-West Bohemia and Ostrava were agreed to be the NUTS II regions to where Phare 2000 investment support would be targeted. A dual and complementary approach to delivery, based on corresponding national (i.e. sectoral) and regional priorities, has been agreed upon. Through this approach, it will be possible that within the framework of one regional development plan for each region, MRD, MIT and MoLSA will assume responsibility for a limited number of investment projects and will implement them through their own individual delivery structures under the overall coordination of the MRD.

The most important programming and framework documents outlining the Czech Republic’s policies and strategies will be the subject of extensive review, refinement and transformation during the pre-accession period, including preparations for their implementation. The HRD SOP is based on the HRD Consultation Document, the MoLSA/MoEYS concept paper up to 2002, the National Employment Plan (NEP) and the priorities defined in the NDP. The HRD SOP constitutes the basis on which Phare and Structural Funds assistance to the Czech Republic will be implemented in the HRD sector for the 2000-2006 period. The Competitiveness SOP ensues from the corresponding part of the Industry Consultation Document and builds on two major documents already drafted — the ‘Economic Strategy of the CR for Accession to the EU’ and the ‘Concept of Industrial Policy’, including the corresponding Action Programme for strengthening the competitiveness of Czech industry. The regional operational programmes are based on the respective Regional Consultation Documents and the ‘Strategy of the Regional Development of the CR’.

The main strategic objective of the pilot Regional operational programme for NUTS II North-West Bohemia is to strengthen and diversify the economic base and to solve the unemployment in the region. Primarily it aims at the creation of job opportunities and increasing prosperity of the North-west Bohemia, so that people can continue to live and work in the region. Under this proposal certain, approved measures from the pilot HRD and Competitiveness SOPs and the NUTS II ROP will be implemented in the Northwest Bohemia region. This will allow for the administrative, management and monitoring structures to be tested through practical, hands-on experience with implementing the fund mechanisms proposed, and, moreover, it paves the way for having a working capacity at NUTS II level for the implementation of Objective 1 programmes on Accession.

Justification

The NUTS II Northwest Bohemia region (NW) comprises the Karlovy Vary and Usti nad Labem NUTS III regions, which incorporate 10 districts. NW belongs among one of the regions most affected by the transformation process. The region currently faces accumulated, mutually inter-
linked socio-economic problems, particularly unemployment (in some districts now over 20%), caused primarily by restructuring of coal mining and other traditional industries (energy generation, heavy machinery and chemical industry), where a high proportion of the unemployed will be long-term and face great difficulties in re-qualifying. GDP per capita is 60.8% of the EU average, and the environment in some districts is heavily damaged. Transport access is poor, although in spite of the problems described, the region possesses considerable economic potential. Besides EU financing, substantial volumes of Czech funding is flowing into the region to support entrepreneurship, housing, active employment policies and other sectoral development programmes.

The proposed programme is tailored to the most urgent needs of the region, aimed at modernising the regional economy and strengthening the technical infrastructure for business development, business and tourist information systems, improving regional marketing. The intention is to create new services and infrastructure for business and tourism activities and thus improve the competitiveness of local SMEs, increasing job supply and improving the structure of job offer.

3.2. Linked Activities

Phare COP 1997: ESC support for preparing SF-type programmes through establishment of three pilot secretariats (Micro-regions Hana and Jeseniky and NUTS II North-West Bohemia) assisting their respective Management and Monitoring Committees and for providing policy and advisory support to the MRD; assistance to the MoLSA in preparing the pilot HRD SOP, ‘HRD Strategy for the Czech Republic’ and the SPP 97 ESF project (the main objective of which was to enhance understanding of SFs administration and policies and to provide training on the design/implementation requirements of a national programme supported by the ESF) and to other 97 SPP projects (Business Support, Environment).

Phare NOP 98 and 99: (1) CZ9807.01 Establishment of National Development Strategy & Support Structure for SFs & CF. (2) CZ9807.02 Training Programmes: Training needs to be followed up in: general ESC; implementation procedures for SFs/CF; SAPARD; ISPA; pilot projects. (3) CZ9807.03 Preparation for ISPA & SAPARD: Proposed project will continue overall developments and progress to operate as pre-structural funds programmes. (4) CZ 9807.04 Investment support to micro-regions: Relevant TA experience to people implementing projects will be provided; ex-post findings made of 98 projects to best assist in implementing 2000 projects. (5) CZ9902.01. SME/Business support policy: The development of mechanisms for increasing absorption capacity will follow a coordinated approach to involve RDAs, BDAs & RPICs/BICs as well as other relevant key business support institutions in given region. (6) CZ9902.02 Promoting Employability/Employment Measures.

Czech Programme “Support to Regional Development”, covering all aspects of SF/CF preparations, and national and regional development strategies identified in the AP, NPAA, and providing the background work for all future Czech and Phare funded projects.

3.3. Results/ Outputs

On the „institutional“ level the following results are expected: administrative, management and monitoring structures at all levels practically verified, practical experience with the management, implementation and evaluation of SF-type programmes improved existing strategies and policies refined based on evaluation results of investment projects under Phare 2000
The sub-projects implemented under this project, which is outlined in the next Section, are expected to bring the following results:

(a) **Productive sector: Fund for promotion of intangible factors of competitiveness in SMEs**
Sub-projects under the measures supported through the proposed Fund will be evaluated according to the following summary parameters (indicators):
Increase in production volume in the companies that co-operate in this sub-programme.
Increase of added value in the production of the companies that co-operate in this sub-programme.
Increase in number of jobs in the companies that co-operate in this sub-programme.
Furthermore, the results of the sub-projects implemented under the individual measures will be assessed according to specific parameters (indicators) as described in the Pilot SOP Competitiveness, e.g.:

* Increase in the number of companies in the region that deal with the research and development
* Increase in the number of research and development units in the region
* Increase in the number of employees in the region that deal with the research and development
* Increase in the number of research tasks at universities or professional schools in the region, that are being dealt with in co-operation with SMEs, expressed in the increase of respective costs
* Increase in the number of companies in the region with certified system of management

All parameters for assessment will be discussed and approved by SMMC.

(b) **Business related infrastructure: Grant Scheme for support of business related infrastructure**
The sub-projects implemented under the Grant Scheme are expected to bring the following results:
min. 2 industrial zones created
min. 2 existing industrial zones enlarged
6 buildings and/or sites for business readjusted
regional information infrastructure for entrepreneurs upgraded
joint information system for tourist and spa services created
increased number of SMEs’, especially start-ups
number of new jobs created
number of tourist visitors of the region increased

**Expected impacts**
Possibilities and conditions for business in the region improved
Attraction of investors into region
New SMEs established and standing of SMEs strengthened
Creation of new job opportunities
Accessibility of business and tourist information improved
Competitiveness of existing entrepreneurs strengthened
Regional partnership strengthened
Increase of tourism visit rate of the region
Co-operation among SMEs in the region improved

(c) **Human Resources Development: HRD Fund**
The implementation of measures to be financed by the HRD Fund (Grant Scheme), which is outlined in the following Section, are expected to bring the following results and outputs:

**Measure 1: Sustainable Employment and Adaptability of Human Resources**

*Expected results*
Numbers of new and sustainable jobs created
Employers and employees provided with skills and competencies necessary for adapting to professional, structural and technological changes


Expected outputs
Training numbers of persons in the identified skills shortage areas
Numbers of SMEs assisted
Special programmes for enterprises under restructuring developed

Measure 2: Social Inclusion and Equal Opportunities

Expected results
Improved access to training and employment
Numbers of new and sustainable jobs for people at risk of social exclusion created
Numbers of existing jobs for people at risk of social exclusion safeguarded
Social services in the region enhanced

Expected outputs
Training numbers of counsellors from state, public and voluntary sector
Numbers of people at risk of social exclusion provided with counselling and training
Placement of numbers of people at risk of social exclusion
Special programme for Romanys developed
Numbers of new jobs in social services sector
Information, guidance, education and training services targeted specifically to the needs of groups at risk of social exclusion developed
New jobs and specific programmes accessible to the disadvantaged groups

Measure 3: Development of life-long learning

Expected results
Increased participation of adults in continuing education and training
Increased involvement of schools in continuing education and training

Expected outputs
Numbers of education and training programmes, modules and materials developed
Numbers of teachers/trainers and school managers trained
Key competencies, certification, co-operation with social partners, monitoring and evaluation of education system developed

Measure 4: Increasing competitiveness through human resource development in industry

Expected results
Increased competitiveness of enterprises
Improved pro-innovative behaviour of enterprises
School curricula better responding to the needs of enterprises

Expected outputs
Numbers of trained managers
Numbers of companies assisted with implementation of more effective management and HRD system

3.4. Activities/ Inputs
Consistent with the priorities and measures identified in the respective regional and sectoral operational plans and within the specific spheres for investment support to ESC indicated in the Guidance Note for Programming Phare 2000 a limited number of projects is being proposed for the NUTS II North-West Bohemia as described below.
Basically Funds/Grant Schemes are proposed under this project (with the exception of one individual project) The conditions of access to the Funds/Grant Schemes are outlined below whereas the management of the Funds/Grant Schemes is briefly described in Annexes 5 -7 to this
fiche. A detailed description of the management mechanisms including maximum/minimum Phare contribution, indications as to the level of beneficiaries co-financing, apriori provision of a bank loan etc. will be given in the respective operational guidelines which will be submitted along with all required documents for the approval of grant scheme to the European Commission by the end of June.

Maximum Phare contribution per Grant Agreement will be 300,000 EUR. Phare contribution to the capital of each fund will be 50%, the other 50% to be provided by local co-financing. The level of co-financing provided by funds to particular sub-projects/beneficiaries, which is expected to be at least 25% of total eligible costs, is to be identified in the above mentioned operational guidelines which will be submitted to the European Commission for approval.

(a) Productive sector
A Fund for promotion of intangible factors of competitiveness in SMEs is proposed as a sectoral intervention under the responsibility of MIT targeted to the region.

Objectives
Wider objective of this Fund is achievement of such a share of SMEs performance in the economy of the region, which would be comparable to similar regions in developed countries with market economy.

The Fund aims specifically at development of enterprises which introduce into their production the results of research and development, new technologies, new materials and new products, development of enterprises which implement or introduce own research and development, development of enterprises which assist in solving regional problems, development of enterprises which help in solving environmental problems, ensuring the accessibility of educational programmes focused on improvement of qualification of businessmen and employees.

The fund will be opened to all SMEs according to the EU definition. The selected sub-projects under this Fund have to be in compliance with following core criteria and with relevant specific criteria of measures specified below. and must contribute to achievement of results as set out above.

Core criteria (applicable to all sub-projects):
- technical and financial feasibility of the project
- strategic importance of the company for the respective region
- settled and transparent ownership of the company
- relevance for one of the measures proposed
- additionality
- evidence of availability of the co-financing funds
- readiness for implementation
- sustainability
- project management (i.e. realism of targets, capacity to deliver)
- consideration of environmental impacts

Measure 1: Support to research and development, business environment development and introduction of new technologies in SMEs
The objective of the measure is to support the participation of educational and research organisations and small innovative companies in the industrial development, to facilitate practical introduction of results of research and development into the production and to shorten the innovation cycles.

Specific selection criteria:
- report on the research and development carried out in the company until now, capability to utilise commercially the results of research and development,
extent of the implementation of research, development and processing activity in the respective region.

**Measure 2: Support to the introduction of certified systems of quality control in SME in manufacturing industry**

The objective of the measure is to introduce systems of quality control and thus to increase competitiveness of enterprises, to improve production quality and system of management. At the end this should facilitate the access of SME of the selected regions to new markets.

*Specific selection criteria:*

- report on the export of the respective company, for which the certified system of quality will improve the competitiveness on the market, especially in abroad
- capability to utilise implementation of the certified system of quality commercially

**(b) Business related infrastructure**

A Grant Scheme for support of business related infrastructure is proposed. It is identical to that run under the SF-pilot programmes in Jeseniky and Hana micro-regions (CZ 9807-01-04-0001 and 0002) and it is modelled on the approaches of the CBC Small Project Fund. The sub-projects eligible under this Grant Scheme have to be in compliance with the criteria specified below and must contribute to the achievement of objectives as set out below.

**Wider objectives of the proposed Grant Scheme are:**

- To support preparation of the region for structural fund utilisation by developing the capability of already existing structures including potential project promoters
- To check and strengthen structures of the region for implementation, management and evaluation of programmes of SF type
- To intensify process of establishing economic partnership among bodies and institutions at local and regional level.

*Specific objectives:*

- Diversifying and modernising the regional economy
- Increasing the supply of jobs improving the structure of jobs on offer in the region
- Strengthening of the technical infrastructure for business development
- Promotion of internationalisation of regional economy
- Stabilising and strengthening the competitiveness and sustainability of SMEs
- Improving the business and entrepreneurial environment generally
- Stimulating the start-up of new businesses
- Creating new jobs

*Core criteria (applicable to all sub-projects):*

- Compliance with the relevant Community legislation and relevant Czech legislation
- Compliance with relevant environmental legislation
- Relevance to the measure
- Evidence of availability of the co-financing funds
- Contribution to the improvement of the regional business environment
- Readiness for immediate realisation
- Addonality
- Sustainability
- Utilisation of local resources
- Technical and financial viability, Cost effectiveness

*Specific criteria:*

- Contribution to economic growth (expressed by other investment projections or profitability forecast)
Contribution to employment
Promotion or realization of business co-operation through project
Contribution to provision of business services
Other contributions to improvement of infrastructure in order to support SMEs
Partnership in the project
Across-region impact
Attracting of number tourists (for tourist projects only)

**Eligible operations and activities:**
creation of new industrial zones
preparation and development of new sites for business, including the access to them,
modernisation, restoration and refurbishment of buildings and structures for agricultural, industrial
and tradable activities
redevelopment and improvement of existing industrial sites
Institutional strengthening (e.g. chamber of commerce)SC????
Creation of common business information system
Provision of information for SMEs, large companies, foreign investor and exporters
Extended supply of business premises – business incubators, business centres
Co-operation in the field of business opportunities marketing and promotion
Development and renewal of tourist information system
Collection of information of available premises and its targeted assignments to entrepreneurs
Follow up support services for investors
Support of creation of new services and infrastructure for tourism activities
Support towards the professionalisation of new enterprises locating in the industrial sites supported
under this project

**Eligible Beneficiaries**
Public/ semi-public (SC???) administration bodies (municipalities, associations of municipalities),
NGOs and other public institutions

**Target Groups**
The target groups include locating investors and private companies in the region, in particular
SMEs.

(c) **Human Resources Development**
A Grant Scheme – „HRD Fund“ for investment to human resources is proposed for the region under
Phare 2000. This Grant Scheme will be based on the already existing PALMIF (Pro-active Labour
Market Intervention Fund) mechanism using the existing institutions for implementation. PALMIF
has been successfully operated under Phare programme since 1992. For detailed information on the
operation of the HRD Fund see Annex 7: Implementation Mechanism of the HRD Fund.

The sub-projects eligible under the HRD Fund must be in compliance with the core criteria
and with at least one of the measures specified below and must contribute to the achievement
of objectives as set out below.

**Core criteria (applicable to all sub-projects):**
Compliance with the eligibility criteria
Relevance for the Measure
Evidence of demand
Integration with other regional development priorities and measures
Additionality
Evidence of availability of the co-financing funds
Readiness for implementation
Sustainability
Innovation (new to the region or an innovative approach to management and/or funding)
Project management (i.e. realism of targets, capacity to deliver)
Consideration of environmental impacts

Measure 1: Sustainable Employment and Adaptability of Human Resources
The measure aims at increasing the adaptability of employers and employees in the region to changes in economic and technological conditions, improving the response and flexibility of vocational education and training in the region and establishing closer links between the education and enterprise sector

Eligible activities:
Training, counselling and job creation schemes to support:
Development of vocational education and training programmes according to labour market needs
Creation of new jobs incl. appropriate training
Application of new forms of working contract

Specific criteria:
Creation and or safeguarding of employment
Increase in number and range of employment opportunities
Outcomes (e.g. number and level of qualifications/skills anticipated, expected -employment outcomes, increase in training standards, numbers into further training, business/education links established)
Value for money (e.g. cost per beneficiary/unit costs)
Scale (e.g. numbers of individual/business trained, retrained, recruited and or assisted/supported, or received guidance/counselling)
Ability to address identified skills needs and shortages and gaps in training provision, particularly in relation to business development activities)

Beneficiaries
Redundant employees, unemployed, employers, small and medium-sized enterprises, schools and training institutions

Measure 2: Social Inclusion and Equal Opportunities
The measure aims at integration of specific groups at risk of social exclusion, increasing employability of people at risk of social exclusion and integrated approach and partner co-operation in support of social inclusion

Eligible activities:
Development of specific programmes and support of new jobs - actions to motivate, re-socialise, re-train and place to a job of long term unemployed, particularly Roma population
Counselling and motivation programmes leading to self-employment
A complex approach to disabled
Development of co-operation of special schools with employers to solve future professional career of its graduates
Development of social services

Specific criteria:
- Creation and/or safeguarding of employment
- Increase in number and range of employment opportunities
Outcomes (e.g. number and level of qualifications/skills anticipated, expected - employment outcomes, numbers into further training)
- Complex approach to help beneficiaries
- Value for money (e.g. cost per beneficiary/unit costs)
- Scale (e.g. numbers of individual trained, retrained, recruited and or assisted/supported, or received guidance/counselling)

**Beneficiaries:**
Long term unemployed, young unemployed, women re-entering labour market, low qualified workers, Roma minorities, disabled, counsellors, NGO’s in social services sector

Measure 3: Development of life-long learning

**The measure aims at improvement in access to and quality of education and training and increased flexibility of school leavers**

**Eligible activities:**
- Modularisation of programmes of vocational education in connection to a system of qualifications recognised by social partners, and developing a certification system
- Enhance quality of continuing education and training according to labour market requirements
- Training of teachers, trainers, managers and administrators in education and training

**Specific criteria:**
- Outcomes (e.g. number and level of qualifications/skills anticipated, expected - employment outcomes, increase in training standards, numbers into further training, business/education links established)
- Value for money (e.g. cost per beneficiary/unit costs)
- Scale (e.g. numbers of individual trained)
- Ability to address identified skills needs and shortages and gaps in training provision, particularly in relation to business development activities
- Increase in number, range and locations of training facilities

**Beneficiaries:**
Schools and training institutions, participants in continuing education and training programmes, employers and other social partners, school leavers

Measure 4: Human resource development in industry

**The measure aims at increasing competitiveness of the industry in the region**

**Eligible activities:**
- Management and human resource development
- In-company training programmes

**Specific criteria:**
- Readiness for support
- Outcomes e.g. number and level of qualifications/skills anticipated, expected productivity outcomes,
- Value for money (e.g. cost per beneficiary/unit costs)
- Scale (e.g. numbers of individual/business trained, and or assisted/supported, or received guidance/counselling)
- Ability to address identified skills needs and shortages and gaps in training provision, particularly in relation to business development activities
- Growth potential of the company
Beneficiaries:
Employers, employees, enterprises.

4. Institutional Framework
Within the institutional framework of Phare 2000 investment support the following principles will be followed:
the approach of a single regional programme for the target region will be applied embracing both selected sectoral and regional priorities and applying two “types” of monitoring – parallel monitoring within the individual delivery structures of the involved ministries and, at the same time regional programme monitoring of all activities under all priorities carried out by the Regional Executive Unit (Seretariat) for their RMMC to ensure good co-ordination of the whole programme investment monies should use the implementing framework agreed for the pre-accession stage, adopting as much as possible a methodology imitative of structural funds practice monies should support cost effective and value for money investments which promote economic and social cohesion: they must also allow for a meaningful experimentation with programme delivery and project development methods that are essential to the planning and implementation of structural funds programmes.

The below described institutional framework includes relevant technical institutions involved in the implementation of Phare 2000 investment support:

Joint Monitoring Committee (JMC), Monitoring Sub-committee (MSC), National Programming Committee for Economic and Social Cohesion (NPC-ESC), Monitoring Committee for Economic and Social Cohesion (MC-ESC)
In keeping with EC programmes co-financed under the Structural and Cohesion Funds regulations, the preparation of programming documentation and co-ordination of SPP activities is overseen by the NPC (ESC) and the implementation is monitored by the MC (ESC). At a higher level (entire EU assistance), all the activities are monitored by the JMC and MSC.

Ministry of Finance (MF)
The MF is a central office of state administration responsible for the country’s budget, state final account, state treasury, financial market, taxes, etc. The MF co-ordinates the receipt of foreign assistance.

Ministry for Regional Development (MRD)
The MRD was entrusted with the horizontal co-ordination in the sphere of economic and social cohesion, and the overall co-ordination of the Structural Funds. The MRD provides information and methodical assistance to the self-governing NUTS III regions (kraje), municipalities and their associations, and ensures activities connected with the process of including the NUTS III regions into the European regional structures at NUTS II level.

Ministry of Industry and Trade (MIT)
The Ministry of Industry and Trade is a central body of national administration for state industrial policy, trade and international trade policies, energy industry, branches of industry, small and medium enterprises, industrial research and development etc.

Ministry of Labour and Social Affairs (MoLSA)
The Ministry of Labour and Social Affairs is a central ministry and is responsible for labour relations, occupational safety, employment and training, social policy etc. The MoLSA, namely its Employment Services Administration section, is responsible for designing and implementing
employment policy and managing the Employment Services Network consisting of 77 District Labour Offices and their local branches which will be playing the role of the decentralised executive bodies in the target regions.

Ministry of Education, Youth and Sport (MoEYS)
The Ministry of Education, Youth and Sports is a central body of national administration for pre-school facilities; basic schools, secondary schools and higher schools; for science research and development policies, including international co-operation in these areas; national policies and services for children, youth, physical training, sports, tourism and national representation in sports.

Regional Managing and Monitoring Committees (RMMCs)
The RMMC will steer and monitor the investment projects implemented under the responsibility of the MRD. Furthermore it will play an overall supervisory role with regard to the development outcomes of the whole programme in the region. The main function of the RMMCs is an overall supervisory role with regard to the outcomes of the development programme, setting and agreeing the general development aims and priorities of the respective NUTS II region. The composition of the RMMC is based on the principle of partnership. The sectoral points of view will be transferred into the RMMC by the participation of members of the respective SMMCs.

1 Government Resolution 159/1998

regard to the outcomes of the development programme, setting and agreeing the general development aims and priorities of the respective NUTS II region. The composition of the RMMC is based on the principle of partnership. The sectoral points of view will be transferred into the RMMC by the participation of members of the respective SMMCs.

Sectoral Management and Monitoring Committees (SMMCs)
The SMMCs are responsible for the management and monitoring of the sub-projects prioritised within the SOPs and implemented under the responsibility of the respective ministries. The SMMC Industry consists of specialised subcommittees and working groups and is chaired by the MIT and all relevant ministries incl. the MRD, the MoLSA and the MoEYS participate through their representatives. The HRD Programme Monitoring Committee (PMC), a sub-committee of the NPC- ESC, is chaired by the MoLSA, with representatives from the MoEYS, the MIT and the MRD, regional authorities, other ministries and economic and social partners. The PMC supervises and co-ordinates all activities related to the preparation of the EU policies in Employment and HRD field in the Czech Republic and future use of ESF.

Secretariats/Regional Executive Units
Through Phare COP 97 three pilot secretariats to the respective Management and Monitoring Committees have been established in NUTS II North-West Bohemia and in Micro-Regions Jeseniky and Hana with main responsibility to assist in the process of implementation of investment projects co-financed by Phare and Czech sources. The financing of the pilot secretariats from Phare will be ended by November 2000. By this time these secretariats will be transformed into regional executive units which will act as regional offices of the CRD (in decentralised location) for Phare 2000.

In addition to their role of the main decentralised operational/executive mechanism at a regional level for the project component managed through MRD, these units will in support of its Regional Management and Monitoring Committee carry out monitoring and programme promotion role for all activities under all priorities in each of the target regions to ensure good co-ordination on the ground.

Budget
### Project Components

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<tr>
<th>Project Components</th>
<th>Investment Support</th>
<th>Institution Building</th>
<th>Total Phare (= I + IB)</th>
<th>National Co-financing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Productive sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund for promotion of intangible factors – innovation support (MIT)</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td></td>
<td></td>
<td>4.00</td>
</tr>
<tr>
<td>(b) Business related infrastructure</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>GS for support of business infrastructure (MRD)</td>
<td>4.00</td>
<td>4.00</td>
<td>4.00</td>
<td></td>
<td></td>
<td>8.00</td>
</tr>
<tr>
<td>(c) Human Resources Development</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>HRD Fund (MoLSA)</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
<td></td>
<td></td>
<td>4.00</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td><strong>8.00</strong></td>
<td><strong>8.00</strong></td>
<td></td>
<td></td>
<td><strong>16.00</strong></td>
</tr>
</tbody>
</table>

### 6. Implementation Arrangements

6.1. Implementing Agency (IA)

All funds transferred from Brussels are sent directly to the National Fund (NF), based in the Ministry of Finance, whose responsibility for financial accountability in accordance with the Financing Memorandum rests with the National Aid Co-ordinator (NAC), and finally, the National Authorising Officer (NAO).

**Centre for Regional Development (CRD)**

The CRD is proposed as the Implementing Agency for the project. CRD is a legal person, established by the MRD. In its role as IA, the CRD will assume the **overall responsibility** for administrative, financial and technical management of EU assistance to this project. The designated Programme Authorizing Officer (PAO) is responsible for the operations of the IA. The PAO is responsible for the overall co-ordination of both investment support projects in ESC in the two target regions. The PAO - Mr. Josef Postránecký, the Ministry of Regional Development, Staroměstské náměstí 6, 110 15 Praha 1, phone: 00-420-2-2486 1126, fax: 00-420-2 2486 1451 - will be nominated by the NAO on the proposal of the Ministry of Regional Development.

**Operational responsibility** (subject matter, financial, technical) **for the individual components** of each project (business infrastructure, productive sector, human resources) will rest in full with the individual ministries (MIT, MoLSA, MRD) and “their” agencies (see below).

The implementation of Phare programme will be carried out on the basis of Financing Agreement between the NF and the IA. At the same time, the CRD as an IA will - delegate responsibility to two “horizontal “agencies for administrative, financial and technical management of the sectoral components of the project – the National Training Fund (NTF) for HRD component and the Business Development Agency for Innovation Fund, whereas the management of the business...
A suitable contract will detail the management of the business infrastructure component which will rest with the CRD. The contract between the IA and the two horizontal agencies shall stipulate in detail the responsibilities of the sub-contractors as well as the conditions of implementation of the respective project components. The details on the contracts will be set out in the operational guidelines.

**National Training Fund (NTF)**

The NTF will be responsible for the administrative, financial and technical management of sub-projects under the HRD Fund. The NTF is a non-profit institution (public beneficial organisation) established in 1994, initially within the framework of Phare, with the objective to support human resource development especially in the area of management training and human resource development in enterprises. It works in close co-operation with the key ministries and the economic and social partners. The NTF operates under the supervision of its Board of Directors, chaired by the MoLSA, which provides all necessary strategic guidance and ensures accountability to all donors. The NTF has also operated as the Programme Management Unit or strategic implementation unit for a number of Phare financed programmes and projects in the fields of employment, education, social protection and public administration. NTF has also provided technical assistance to MoLSA and SMMC in preparation for the ESF.

**Business Development Agency (BDA)**

The BDA will be responsible for the administrative, financial and technical management of sub-projects under the Innovation Fund. The operational management will be carried out by the BDA’s branch offices operating directly in the regions.

The respective RMMCs and SMMCs will steer and monitor the implementation of investment projects under the responsibility of their ministries. The regional/sectoral points of view will be transferred into the SMMCs by the participation of members of Regional Managing and Monitoring Committees (RMMCs) in the SMMCs and vice versa. Each priority will be articulated through a fund or facility with its own implementing and project selection procedures. The conditions of access and management principles will be prepared, defined and announced. The instructions for the preparation of applications will be included in the above-mentioned conditions, as well as the description of the rules for providing the support. The long lists and short lists will be prepared by the respective executives and approved by the appropriate MMC and passed for further and final approval. The Secretariats / Regional Executive Units will, in addition to their role of the main decentralised operational/executive mechanism at a regional level for the project component managed through MRD, in support of its Regional Management and Monitoring Committee carry out monitoring and programme promotion role for all activities under all priorities in the target region to ensure good co-ordination on the ground.

**Specific requirements**

In order to support the co-ordinated approach and avoid financing of activities which may not be in line with national strategies the following arrangements are requested:

- projects for the support of development of business infrastructure, co-financed by the Business Related Infrastructure Fund will be conditional to the approval of the national committee which is selecting the projects to be supported by the state funds channelled through the Ministry of Industry and Trade.
- the regional management committee will include, whenever appropriate, relevant representative of national authorities in order to ensure that selected projects are in compliance with national strategies (e.g. Ministry for Regional Development, tourism section in case of projects for support of tourism). The support to tourism will be conditional to adoption of relevant regional tourism...
development strategy and to clarification concerning compliance of information system with the national strategy in this issue.

**Regional Development Agencies (RDAs)**

In addition to structures for formal programme implementation and delivery, it is expected that the supporting role of development agents will be required both by the project promoters and the executive agencies and bodies operating in the region to ensure a high quality development process that merits EU support for economic and social cohesion. In this respect, it will be important to use the development expertise of appropriate public or public interest bodies active in the target region, particularly the respective regional development agencies which have already gained a unique and substantial know-how through implementation of past Phare programmes.

The Regional Development Agencies have been established in each NUTS III region in order to support the process of regional development. Both the RDA in Most (North-West Bohemia) and the RDA in Ostrava (Ostrava Region) are agencies with high levels of know-how and the largest experience in the country gained from administration of other Phare programmes. They can (on a contractual basis) offer technical assistance and support to the regional actors.

**Regional Co-ordination**

Nevertheless, the monitoring and programme promotion role for all activities under all priorities in the target region will be undertaken by the regional executive unit in support of its Regional Management and Monitoring Committee to ensure good co-ordination on the ground. Actions under each priority will additionally be monitored at a higher, national level by the appropriate SMMC and the ‘Management Authority’ and ultimately by the NPC-ESC. In this manner the institutional infrastructure will pilot the mechanisms and processes typical of both national/sectoral and regional structural funds approaches and for co-ordination between them.

The approach of a single regional programme for the target region will be applied embracing both selected sectoral and regional priorities and applying two “types” of monitoring – parallel monitoring within the individual delivery structures of the involved ministries (MPSV, MPO and MRD) and, at the same time regional programme monitoring of all activities under all priorities carried out by the regional executive unit for their RMMC to ensure good co-ordination of the whole programme.

6.2. Non-standard aspects

Phare 2000 investment into ESC will be managed in accordance with the Phare Decentralised Implementation (DIS) procedures adopting as much as possible a methodology imitative of structural funds practice.

Based on the agreed approach (one target region – one programme including both selected regional and sectoral priorities) the institutional framework for implementation of investment projects under Phare 2000 will include three delivery components as they have been proposed by the “lead” ministries for implementation of projects within the scope of their responsibilities. For this target region it will be:

- Ministry of Regional Development – ‘Grant Scheme for support of business related infrastructure 4MEUR, plus the overall co-ordination of the project. This component of the project will be delivered in as decentralised manner as possible and will build on the experience of the existing SF pilot programmes in Jeseniky and Hana (Phare NOP 98 Special Preparatory Programme CZ 9807-04).
- Ministry of Labour and Social Affairs in close co-operation with the Ministry of Education, Youth and Sport – ‘HRD fund’ – 2 MEUR.
- Ministry of Industry and Trade – ‘Fund for promotion of intangible factors of competitiveness in SMEs – innovation support’ – 2 MEUR.
Thus, while it is expected that all priorities for Human Resources and some priorities for Productive Investment, will in large measure be planned and implemented in the target region through national bodies, the Business Infrastructure priorities will be mainly regionally planned and delivered. The implementation arrangements, however, are governed by the same principles. The conditions of access to the Funds/Grant Schemes are outlined in Section 3.4 of this fiche whereas the management of the Funds/Grant Schemes is briefly described in Annexes 5-7 to this fiche. A detailed description of the management mechanisms will be given in the respective operational guidelines which will be submitted along with all required documents for the approval of grant scheme to the European Commission by the end of June.

6.3. Contracts

- Grant Scheme for support of business related infrastructure: 4MEUR
- HRD fund: 2 MEUR
- Fund for promotion of intangible factors of competitiveness in SMEs – innovation support: 2 MEUR

7. Implementation Schedule

Starting Date: 3Q/2000
Start of Tendering: 4Q/2000
Start of Project Activity: 1Q/2001
Project Completion: 3Q/2002

All contracts need to be completed by 31/10/2002. The deadline for final payments is 31/10/2003. The detailed implementation schedule is described in Annex 2.

8. Equal Opportunity

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

9. Environment

For each works project an environmental impact assessment study will be worked out showing the impact of the project both during the construction and operation.

10. Rates of Return

For each major investments (Works) project a feasibility study will be worked out which also includes calculation of the rate of return showing the impact of the project both during the construction and in operation.

11. Investment Criteria

Each investment (Works) sub-project will be accompanied by a feasibility study in which particularly the following criteria will be specified (This Section is closely related to the Section 3.4 – Activities, particularly to the description of Core criteria for selection of projects under the proposed Grant Schemes):

Additionality - all investment sub-projects will respect the additionality principle showing that the EU support will only supplement other sources and will on no account replace investments of local sources allocated for support of the region.

Sustainability – the investment sub-projects implemented under the proposed Grant Schemes as well as the proposed individual sub-project -STP Ostrava, will be sustainable in the long term. They
will prove - if applicable - the compliance with EU norms and standards, the financial sustainability and no negative effect on the environment.

**Cofinancing** - Maximum Phare contribution per Grant Agreement will be 300,000 EUR. The three proposed Contracts under this project (see Section 5 – Budget) keep the co-financing rate EU/CR at 50/50. To this effect, the ministries will provide adequate budget resources to implement the project. The level of co-financing provided by funds to particular sub-projects/beneficiaries, which is expected to be at least 25% of total eligible costs, is to be identified in the above mentioned operational guidelines which will be submitted to the European Commission for approval.

**State Aids** - all assistance proposed under this programme will be consistent with EU State Aids Rules as they would apply to an EU Objective 1 consistent with Treaty Articles 87 (a) and European Commission guidelines on regional aid published in the Official Journal of the European Communities on 10 March 1998.

**Project readiness** – all required technical documentation will be completed for the investment sub-projects to be ready for contracting in time.

### 12. Conditionality and Sequencing

Phare financing will be conditional upon the successful completion of the following steps:

- End of June 2000 – draft operational guidelines to the Grant Schemes along with all required documents submitted for approval to EC
- End of August 2000 – first call for proposals launched
- October/ November 2000 – evaluation of projects submitted under the first call for proposals, approval of a project short-list and signing of Financing Agreements for approved investment sub-projects
- 1st quarter 2001 – tendering and contracting for the first round of approved investment sub-projects completed, start of sub-projects implementation

### Annexes to Project Fiche

- Logframe Matrix
- Detailed Implementation Chart
- Cumulative Contracting and Disbursement Schedule for the Project (MEUR)
- Grant Scheme for business related infrastructure - Indicative list of sub-projects with reference to Feasibility/Pre-Feasibility Studies (Investment Projects)
- Implementation mechanism of the Fund for promotion of intangible factors of competitiveness in SMEs
- Implementation mechanism of the Grant Scheme for support of business related infrastructure
- Implementation mechanism of the HRD Fund
- Diagram: Target region Programme Scenario
<table>
<thead>
<tr>
<th>Logframe Matrix</th>
<th>Annex 1</th>
</tr>
</thead>
</table>

**Project Title**  
Investment in Target Region NUTS II North-West Bohemia  

**Project Number:** CZ00-10.02  
**Date of Drafting:** 25 February 2000  

<table>
<thead>
<tr>
<th>Contracting Period Expires: 31/10/02</th>
<th>Disbursement Period Expires: 31/10/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Budget: 16.00 MEUR</td>
<td>Phare Contribution: 8.00 MEUR</td>
</tr>
</tbody>
</table>

**Wider Objective**  
To ensure that suitable structures for the operation of SF/CF (e.g. programming/planning, monitoring, evaluation, financial control, SOPs/ROPs etc.) are in place (tried and tested) by the date of accession;  
To promote economic and social cohesion, in accordance with Resolution 714/99, in particular focused on the regeneration of an Objective 1/NUTS II region.  

**Indicators of Achievement**  
Improved position of the Czech Republic’s preparations for accession in terms of enhancement of economic and social cohesion, according to the Regular Report, Screening Negotiations and AP priorities.  

**Sources of Information**  
EC Regular Report on Progress in Accession  
MRD and other ministries involved  
NPC/MC (ESC)  
Statistical yearbooks  
International, national regional development studies and surveys  

**Assumptions and Risks**  
Assumptions:  
Continued commitment of the Czech Republic towards the EU accession  
Continued commitment of the Government towards the priorities of the RDP, ROP, NPAA  

**Immediate Objectives**  
Test and enhance/adapt structures, measures and delivery mechanisms that have been developed over recent years for the implementation of ESC on the basis of SF methods/principles;  
Strengthen planning and absorption capacities for regional development by promoting best practice investment projects and by validating the regional development expertise learned;  
Gain experience with co-ordination of sectoral and regional programmes and priorities and transfer the experience thus gained to other NUTS II regions;  
Gain experience with co-ordination of the three pre-accession tools (Phare/ISPA/ SAPARD) in  

**Indicators of Achievement**  
Increased effectiveness of the administrative, management and monitoring structures  
Increased absorption capacity of the region  
Improved co-operation between the MRD and the line ministries in implementation of sectoral and regional programmes and the regional administrative structures  
Functioning EU/CR co-financing mechanism  
Improved socio-economic situation of the region  
Publicity  

**Sources of Information**  
Reports and analyses of MRD and other ministries involved  
NUTS II RMMC/ pilot SOPs’ SMMCs  
Executive bodies/agencies in the region  
RDAs, BICs, RPICs, Labour Offices, Secretariats  
Evaluation reports  

**Assumptions and Risks**  
Assumptions:  
Functioning implementation structures  
Efficient programme management at all levels  
Availability of well trained staff of regional executives and adequate institutional support  
Availability of Czech financial sources  
Risks:  
Delayed establishment of higher self-governing
**project funding process;**
Deliver co-financing Investment for the promotion of ESC in pilot Objective I/NUTS II region via strengthening/diversifying the economy of the region and ensuring a high and stable employment level.

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased activity of the productive sector by Increased number of companies in the region that deal with the research and development. Increased number of research and development units in the region. Increased number of employees in the region that deal with the research and development. Increased number of research tasks at universities or professional schools in the region, that are being dealt with in co-operation with SMEs, expressed in the increase of respective costs. Increased number of companies in the region with certified system of management.</td>
<td>Productive sector Increase in production volume in the companies that co-operate in this sub-programme. Increase of added value in the production of the companies that co-operate in this sub-programme. Increase in number of jobs in the companies that co-operate in this sub-programme. Increase in the number of companies in the region that deal with the research and development. Increase in the number of research and development units in the region. Increase in the number of employees in the region that deal with the research and development. Increase in the number of research tasks at universities or professional schools in the region, that are being dealt with in co-operation with SMEs, expressed in the increase of respective costs.</td>
<td>RDA, Chambers of Commerce, BICs, RPICs, Labour Offices, Secretariats statistical bulletins and yearbooks project reports and evaluation universities, specialised schools independent research</td>
<td>Assumptions: Availability of good quality projects Availability of financial sources for finalizing the preparation of projects efficient companies management Risks: conservative approach to innovations lack of qualified labour force due to their low mobility insufficient investment sources problems with privatisation low interest of companies to participate in the project</td>
</tr>
<tr>
<td>Improved business infrastructure by Possibilities and conditions for business in the region improved</td>
<td>Increase in the number of companies in the region with certified system of management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attraction of investors into region new SMEs established and standing of SMEs strengthened</td>
<td>Business infrastructure min. 2 industrial zones created</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creation of new job opportunities</td>
<td>min. 2 existing industrial zones enlarged</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessibility of business and tourist information improved</td>
<td>6 buildings and/or sites for business readjusted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness of existing entrepreneurs strengthened</td>
<td>regional information infrastructure for entrepreneurs in the North-West Bohemia region upgraded</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional partnership strengthened</td>
<td>joint information system for tourist and spa services created</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of tourism visit rate of the region</td>
<td>increased number of SMEs’ start-ups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-operation among SMEs in the region improved</td>
<td>number of new job created</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased number of SMEs´ start-ups</td>
<td>number of tourist visitors of the region increased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strengthened capacity of human resources by Employers and employees provided with skills and competencies necessary for adapting to professional, structural and technological changes Special programmes for enterprises under restructuring developed Improved access to training and employment Social services in the region enhanced</td>
<td>Human resources development Numbers of new and sustainable jobs created</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training numbers of persons in the identified skills shortage areas Numbers of SMEs assisted Numbers of new and sustainable jobs for people at risk of social exclusion created Numbers of existing jobs for people at</td>
<td>project reporting and evaluation business registers, trade registers statistics hotels and other accommodation facilities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| | project reporting and evaluation business registers
<table>
<thead>
<tr>
<th><strong>Special programme for Romanys developed</strong></th>
<th><strong>risk of social exclusion safeguarded</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Information, guidance, education and training services targeted specifically to the needs of groups at risk of social exclusion developed</td>
<td>Training numbers of counsellors from state, public and voluntary sector</td>
</tr>
<tr>
<td>New jobs and specific programmes accessible to the disadvantaged groups</td>
<td>Numbers of people at risk of social exclusion provided with counselling and training</td>
</tr>
<tr>
<td>Increased participation of adults in continuing education and training</td>
<td>Placement of numbers of people at risk of social exclusion</td>
</tr>
<tr>
<td>Increased involvement of schools in continuing education and training</td>
<td>Numbers of new jobs in social services sector</td>
</tr>
<tr>
<td>Key competencies, certification, co-operation with social partners, monitoring and evaluation of education system developed</td>
<td>Numbers of education and training programmes, modules and materials developed</td>
</tr>
<tr>
<td>Increased competitiveness of enterprises</td>
<td>Numbers of teachers/trainers and school managers trained</td>
</tr>
<tr>
<td>Improved pro-innovative behaviour of enterprises</td>
<td>Numbers of trained managers</td>
</tr>
<tr>
<td>School curricula better responding to the needs of enterprises</td>
<td>Numbers of companies assisted with implementation of more effective management and HRD system</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Administrative, management and monitoring structures at all levels tested</strong></th>
<th><strong>Available funds contracted to beneficiaries</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Practical experience with the management, implementation and evaluation of SF-type programmes improved</td>
<td>ROP updated</td>
</tr>
<tr>
<td>Refined existing strategies and policies based on evaluation results of investment projects</td>
<td>national/ regional policies amended reflecting the experience from the programme implementation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Inputs</strong></th>
<th><strong>project reporting</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>financial support to approved projects</td>
<td>MRD, MIT</td>
</tr>
</tbody>
</table>
# Detailed Implementation Chart for the Project

**Annex 2**

<table>
<thead>
<tr>
<th>Year Detailed Project Implementation</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
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<tbody>
<tr>
<td>Start: Signing of Financing Agreement for individual investment project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Productive investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tendering</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Contracting</td>
<td></td>
<td></td>
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<td>---------------------</td>
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<tr>
<td>Monitoring</td>
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</tr>
<tr>
<td>Handing-over</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>b) Business related</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>infrastructure</td>
<td></td>
<td></td>
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<tr>
<td>Tendering</td>
<td>x x x x x x x x x x x x x x x x x x x x x</td>
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<td>-----------</td>
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<tr>
<td>Contracting</td>
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<tr>
<td>Monitoring</td>
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<tr>
<td>Handing-over</td>
<td>x x x x x x x x x x x x x x x x x x x x x</td>
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<td></td>
<td>Tendering</td>
<td>Contracting</td>
<td>Monitoring</td>
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<td></td>
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<tr>
<td><strong>c) HRD</strong></td>
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<td>x</td>
<td>x</td>
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Cumulative Contracting and Disbursement Schedule for the Project (MEUR)  

Annex 3

Cumulative Quarterly Contracting Schedule (MEUR)

<table>
<thead>
<tr>
<th>Project</th>
<th>4Q/00</th>
<th>1Q/01</th>
<th>2Q/01</th>
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<th>4Q/01</th>
<th>1Q/02</th>
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<th>1Q/03</th>
<th>2Q/03</th>
<th>3Q/03</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Investment in Target Region NUTS II North-</td>
<td>4.00</td>
<td>8.00</td>
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<td></td>
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<td></td>
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<td>8.00</td>
</tr>
<tr>
<td>West Bohemia</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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</tbody>
</table>

Cumulative Quarterly Disbursement Schedule (MEUR)

<table>
<thead>
<tr>
<th>Project</th>
<th>4Q/00</th>
<th>1Q/01</th>
<th>2Q/01</th>
<th>3Q/01</th>
<th>4Q/01</th>
<th>1Q/02</th>
<th>2Q/02</th>
<th>3Q/02</th>
<th>4Q/02</th>
<th>1Q/03</th>
<th>2Q/03</th>
<th>3Q/03</th>
<th>4Q/03</th>
<th>1Q/04</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Target Region NUTS II North-</td>
<td>0.50</td>
<td>1.00</td>
<td>1.50</td>
<td>2.00</td>
<td>2.50</td>
<td>3.50</td>
<td>4.50</td>
<td>5.50</td>
<td>6.00</td>
<td>6.50</td>
<td>8.00</td>
<td>0</td>
<td>0</td>
<td>8.00</td>
<td></td>
</tr>
<tr>
<td>West Bohemia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 4
Grant Scheme for support of business related infrastructure

**Indicative list of sub-projects**

<table>
<thead>
<tr>
<th>No</th>
<th>Project title</th>
<th>Beneficiary</th>
<th>Total budget (MEUR)</th>
<th>Activity description</th>
<th>Phase of Feasibility study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Industrial park Cheb</td>
<td>Municipality of Cheb</td>
<td>3,3</td>
<td>Infrastructure for industrial park of town Cheb construction with dimension of 37 ha.</td>
<td>Completed</td>
</tr>
<tr>
<td>2.</td>
<td>Transportation and wares center (industrial zone) of town Lovosice</td>
<td>Municipality of Lovosice</td>
<td>4,1</td>
<td>Industrial zone with dimension of 27 ha. Construction of infrastructure, incl. water waste treatment</td>
<td>Completed</td>
</tr>
<tr>
<td>3.</td>
<td>Industrial zone of the town of Ostrov</td>
<td>Municipality of Ostrov</td>
<td>1,7</td>
<td>Construction of industrial zone infrastructure with dimension of 10 ha.</td>
<td>Under preparation</td>
</tr>
<tr>
<td>4.</td>
<td>Industrial zone (2nd stage-part c,d)</td>
<td>Municipality of Klášterec nad Ohôf</td>
<td>1,5</td>
<td>Industrial zone technical infrastructure (communications and engineering network). Part “a” is under construction.</td>
<td>Under preparation</td>
</tr>
<tr>
<td>5.</td>
<td>Production plant Tøebenice</td>
<td>Municipalities association (from districts: Litomšice, Louny, Teplice)</td>
<td>3,6</td>
<td>Readjustment of unused production plant for processing of fruit and vegetables</td>
<td>Before completing</td>
</tr>
<tr>
<td>6.</td>
<td>Industrial zone Chomutov</td>
<td>Municipality of Chomutov</td>
<td>0,5</td>
<td>Enlargement of existing industrial zone including new access in Chomutov</td>
<td>Under preparation</td>
</tr>
<tr>
<td>7.</td>
<td>Trade and business center Modlany</td>
<td>Municipality of Modlany</td>
<td>1,1</td>
<td>Center for business use construction</td>
<td>Completed</td>
</tr>
<tr>
<td>8.</td>
<td>Industrial zone Krásná Lípa</td>
<td>Municipality of Krásná Lípa</td>
<td>0,3</td>
<td>Side of 10 ha preparation for an industrial production and warehousing</td>
<td>Under preparation</td>
</tr>
<tr>
<td>9.</td>
<td>Innovation center Rumburk</td>
<td>Municipality of Rumburk</td>
<td>2,2</td>
<td>Rebuilding of army barracks for business use</td>
<td>Under preparation</td>
</tr>
<tr>
<td>10.</td>
<td>Technological progress of crucial water treatment</td>
<td>Severoøëská vodárenská společnost, a.s.</td>
<td>3,7</td>
<td>Reconstruction of water treatment plants for drinking water</td>
<td>Completed</td>
</tr>
<tr>
<td></td>
<td>plants</td>
<td>quality improving in NWB region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Information system for businesses</td>
<td>Information system for businesses creation</td>
<td>Under preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Sheltered workshops for handicapped people</td>
<td>Providing jobs and services for handicapped people</td>
<td>Under preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Development of small and medium traffic enterprises</td>
<td>Professional training programme for managers</td>
<td>Under preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Business incubator</td>
<td>Providing services center and place for starting businesses creation</td>
<td>Under preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Tourist-information center Nová Role (1st stage)</td>
<td>Support of new tourist services creation</td>
<td>Under preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Recreation area – Mikulov – Boušošák 1st stage</td>
<td>Ski center engineering network for tourist services improving and enlargement</td>
<td>Completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Information system of spa and tourism</td>
<td>Creation of IS providing information for visitors about all regional tourist and spa services</td>
<td>Completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Czech-Saxony highland tourist trails</td>
<td>Reconstruction an building up communications for tourist</td>
<td>Completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Visitor centre of National park “Czech Switzerland”</td>
<td>The building restoration into tourist information centre of the national park and infrastructure</td>
<td>Under preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Reconstruction of community house in Františkovy Lázně</td>
<td>Reconstruction of a dominant house of the town for the cultural centre for spa visitors and inhabitants</td>
<td>Under preparation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Backbone communication – Vtelenské sady</td>
<td>Construction of road and engineering networks</td>
<td>Under preparation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
23. Territory sanitation into recreation complex  | Municipality of Most  | 0,8  | Sanitation of an area into recreational complex for tourists  | Under preparation

Note:
. The above list represents projects which are in advanced stage of preparation and which may apply, following the launch of the programme, for financing.
Annex 5
Implementation mechanism of the Fund for promotion of intangible factors of competitiveness in SMEs

For Measure 1 programme TRANSFER is being prepared and for Measure 2 programme JAKOST (QUALITY) is being prepared. The selection procedure will be carried out by the Implementing Agency under the supervision of the SMMC.

The responsible authority of this project component will be the MIT, which is responsible for the state industrial policy, trade and international trade policies, raw materials, energy industry, mining and extraction, branches of industry, small and medium enterprises, technical standards, metrology and testing, industrial research and development (see Czech Law No. 2/1969). The MIT as a central body of national administration is then responsible for the overall management of the industrial sector. The MIT also supervises the Czech Energy Inspection, Czech Trade Inspection, Hallmark Office and Licence Office. In its managing activity will the MIT closely co-operate with the Sectoral Monitoring and Managing Committee “Industry” and relevant Regional Monitoring and Managing Committee.

Operational Procedures
The Business Development Agency Prague will be subcontracted by the IA (the CRD) for this project for management of its productive sector component. The BDA will prepare a full package of operational guidelines for the promotion of the intangible factors of competitiveness in SMEs incl. detailed selection criteria and procedures, an application form, instructions for applicants, draft agreements on award of grants, provision of payments, description of monitoring and evaluation mechanisms and financial monitoring/control. Draft Operational Procedures will be submitted to the already existing Sectoral Monitoring and Management Committee “Industry” (SMMC-Industry). Following the SMMC-Industry approval it will be submitted for the Commission approval prior to the issue of a call for proposals.

The SMMC-Industry will include representation by members of the respective RMMC to ensure that the RMMC has a complete overview of funds and activities flowing into the region.

Call for Proposals
The implementing structures (BDA Prague) on behalf of the Ministry, will issue a call for proposals. The call will be publicised widely – announced in various commonly used media available for public (press, web-sides and others). Application forms will be available at the Prague BDA and its regional contact points (especially RPICs and BICs) , as well as all MIT agencies in the target regions. Advice and guidance to potential applicants will be provided by appointed regional bodies.. The programmed support will be open for all legal entities - SMEs resident in the respective region, on condition that the money will be used for the benefit of the region, according to the set criteria.

Submission of Applications
Applications will be submitted to the appointed regional bodies by the required deadline. The process will be supervised by the Prague BDA in the regions. The applications will consist of a duly filled application form and supporting documentation as indicated in the call for proposal.

Selection of Applications
Establishment of Short-list
The appointed regional body will carry out an assessment of the applications submitted on the basis of core criteria, assessing especially regional development aspects of the project...The final evaluation and A Short-list resulting from this assessment will be prepared by the Prague BDA This list will then go to the SMMC–Industry for its approval, and decision on the grant award. The final list of projects will be forwarded via the Prague BDA to the MIT, for their overall approval of the package, with respect to the formal compliance of the companies shortlisted with publicly available information. A final shortlist of approved projects will then be submitted to the European Commission for information. The authorisation of the projects selected will be provided by the Deputy-PAO of MIT Mr. Jaroslav Konečný (General Director of the European Integration Section and minister’s authorised representative for the EU).

Grant Award
On the basis of the final list of projects grants will be awarded through the conclusion of a Grant Agreement between the BDA, Deputy-PAO and a successful project promoter. Maximum Phare contribution per Grant Agreement will be 300,000 EUR. The minimum co-financing contribution per project is expected 25 % of the total eligible costs. Public co-financing sources will be provided by the MIT for all measures.

Financial management
The financial management of the Fund for the promotion of intangible factors of competitiveness will follow the standard rules and principles of Phare financial management. The BDA (Prague) will be responsible for the distribution of the funds allocated to this Fund to project promoters. Payments will be based on claims certified by the respective regional BDA branch and will be made by the IA (the CRD) upon authorization or based on request by the MIT Deputy-PAO.

Monitoring and Evaluation
The SMMC-Industry will ensure the strategic monitoring of the entire scheme, i.e. review of progress, assessment of achievements with respect to the strategic objectives, analysis of problems and recommendations for further action. The Prague BDA together with its regional branch will carry out the operational monitoring and inspection of individual projects. The BDA will prepare and submit regular technical and financial monitoring reports to the SMMC-Industry and to the IA. The BDA will also report formerly to the RMMC which will have an overview of the overall co-ordination of all activities to be implemented under Phare 2000 investment in ESC in the respective region. The final assessment of projects will be done according to the criteria indicated in the Pilot SOP Competitiveness.

Financial Control and Audit
Regular financial control and monitoring will be carried out by the regional branch and the BDA through certification and checking of financial claims. On-the-spot visits will be carried out by the BDA and the Inspection Department and/or Budget and Finance Department of the MIT. Financial inspection and audit may also be carried out by the EC and the European CoA

Annex 6
Implementation mechanism of the Grant Scheme for support of business and tourism infrastructure
The Grant Scheme is identical to that run under the SF-pilot programme in Jeseníky micro-region (CZ 9807-01-04-0002) and it is modelled on the approaches of the CBC Small Project Fund.

**Operational Procedures**
The IA (the CRD) will be responsible for the overall supervision of the Grant Scheme in accordance with the rules and criteria laid in detail in the operational guideline for the Grant Scheme which will be worked out by end of June. The RMMC will be responsible in the region for the implementation of the Scheme in line with the objectives and rules set out in the guideline. The day-to-day management of the Grant Scheme will be carried out by the Secretariat/Regional Executive Unit. The Grant Scheme’s financial management will follow the rules and principles of Phare financial management.

**Call for Proposals**
The secretariat on behalf of the RMMC, will issue the calls for proposals. Wide distribution within the region must be ensured.

**Submission of Applications**
Applications must be submitted to the secretariat by the required date. The applications will consist of the documentation indicated in the call for proposal (e.g. description of the investment sub-project, budget, proven applicant’s co-financing, proven technical preparedness of the project etc.)

**Selection of Applications**
In compliance with the measures identified for support under this Grant Scheme the Selection Committee will carry out the assessment of applications. The RMMC will oversee the whole selection process, refine and further specify selection criteria where required.

**Establishment of Long-list**
The applications submitted will be assessed on the basis of the general/formal selection criteria, and a draft Long-list will be submitted by the secretariat to the RMMC for approval.

**Establishment of Short-list**
The Selection Committee will carry out a detailed assessment of the applications retained on the approved Long-list on the basis of the general quality and specific (i.e. measure-related) criteria.

A Short-list resulting from such assessment will be submitted to the RMMC for approval and subsequently, through the IA to the European Commission for final endorsement. Specific requirements will be applied to ensure the compliance of selected projects with national policies (see Project Fiche, Article 6, implementation arrangements). The endorsement note will be sent to the IA, with copy to the secretariat.

**Grant Award**
On the basis of the finally endorsed Short-list Grants will be awarded through the conclusion of a Grant Agreement between the secretariat under the direction of the IA and the successful project promoter (beneficiary). Maximum Phare contribution per Grant Agreement will 300,000 EUR.

**Financial management**
The Grant Scheme’s financial management will follow the usual rules and principles of Phare financial management. The secretariat under the direction of the IA will be responsible for the complete financial management of the funds allocated to this project. It will open a special account for the operations of the Grant Scheme. From this account Phare contributions to the sub-projects will be paid. Funds will be transferred from the IA to the special account on the basis of secretariat’s financial reports.

**Monitoring and Control**
The secretariat will carry out the operational monitoring and control of individual sub-projects. The RMMC will ensure the strategic monitoring of the entire Scheme, i.e. review of progress, assessment of achievements with respect to the strategic objectives, analysis of problems and recommendations for further action.

**Audit**
During the implementation of the Grant Scheme and after its ending audits will be carried out by an independent auditor. Financial control and audit may also be carried out by the Commission and the European Court of Auditors.
Implementation Mechanism of the HRD Fund

Operational Procedures
The National Training Fund (NTF) will be subcontracted by the IA for this project (the CRD) for management of its HRD component (HRD Fund). The NTF will prepare a full package of operational procedures for HRD Fund incl. detailed selection criteria and procedures, an application form, instructions for applicants, draft agreements on award of grants, provision of payments, description of monitoring and evaluation mechanisms and financial control and audit. Draft Operational Procedures will be submitted to the already existing Sector Monitoring and Management Committee for HRD (SMMC-HRD). Following the SMMC-HRD approval it will be submitted for the Commission approval prior to the issue of a call for proposals.

Call for Proposals
The NTF on behalf of the Ministry of Labour and Social Affairs will issue the calls for proposals. Wide distribution within the region must be ensured. Publication will be made in regional press, www pages of central and regional bodies involved and other media. Application forms will be available at all district Labour Offices and their branches and also at the Regional Labour Office (they are currently being established at NUTS II level). Advise and guidance to applicants will be provided by labour office staff. Any physical or legal entity resident in the /respective region or Czech Republic/ can apply for a grant.

Submission of Applications
Applications will be submitted to the Regional Labour Office by the required date. The applications will consist of a duly filled application form and supporting documentation as indicated in the call for proposal.

Selection of Applications
Establishment of Long-list
The the NTF will assess the applications submitted on the basis of the core selection criteria, prepare a Long-list and submit it to the Regional Selection Committee for technical appraisal. Members of the Regional Selection Committee will be recruited from experts in HRD field and appointed by SMMC-HRD.

Establishment of Short-list
The Regional Selection Committee will carry out a detailed assessment of the applications retained on the approved Long-list on the basis of specific selection criteria. A Short-list resulting from this assessment will be submitted by the NTF to the SMMC-HRD for approval. A final list of approved projects will then be submitted to the European Commission for information.

Grant Award
On the basis of the final list of projects grants will be awarded through the conclusion of a Grant Agreement between the NTF, Deputy-PAO and a successful project promoter. Maximum Phare contribution per Grant Agreement will be 300,000 EUR. The minimum national co-financing contribution will be 25 % of the total public expenditure. Public co-financing sources will be provided by MoLSA for all proposed measures.

Financial management
The HRD Fund’s financial management will follow the standard rules and principles of Phare financial management. The NTF as an agency subcontracted by the IA for the management of the HRD Fund will be responsible for the distribution of the funds allocated to the Fund to project sponsors. Payments will be based on claims certified by the respective labour offices and will be made by the IA (the CRD) upon MoLSA may stop co-financing.

**Monitoring and Evaluation**
The SMMC-HRD will ensure the strategic monitoring of the entire scheme, i.e. review of progress, assessment of achievements with respect to the strategic objectives, analysis of problems and recommendations for further action. The NTF together with labour offices will carry out the operational monitoring and control of individual projects. The NTF will prepare and submit regular technical and financial monitoring reports to the SMMC-HRD and to the IA. The NTF will also report to the RMMC which will be responsible for the overall co-ordination of all activities to be implemented under Phare 2000 investment in ESC in the /respective region/.

**Financial Control and Audit**
Regular financial control will be carried out by labour offices and the NTF through certification and checking of financial claims. On the spot visits will be carried out by labour offices, the NTF and the MoLSA’s Financial Control Unit. Financial control and audit may also be carried out by the Commission and the European Court of Auditors.
Annex 8
Diagram: Target region Programme Scenario

Under this scenario, secretariat is sub-payments/implementation agency for business development grant scheme ?????MH
Though single MIT and MoLSa effectively use their own delivery mechanisms: these strands are effectively “sectoral”
Secretariat and RMMC ensure operational and entire programme monitoring at regional level. Delivery mechanisms of MIT and MoLSa will also forward monitoring data to their own ministries.

This scheme integrates:
Phare and Structural Funds methodologies
Reserves the integrity of a single regional programme (at least for purposes of monitoring)
Extends experience of current pilot programme (at least for business development, i.e. decentralised approach)
Effectively recognises a “sectoral/regional” division based on current distribution of legal and financial competencies in CR