STANDARD SUMMARY PROJECT FICHE

1. Basic Information
   1.1 Désirée Number: CZ01-10-02
   1.2 Title: Brownfield Regeneration Strategy
   1.3 Sector: Economic and Social Cohesion
   1.4 Location: Czech Republic - Ministry of Industry and Trade

2. Objectives
   2.1 Overall Objective:
      • To approach ESC criteria in line with the national Pre-Accession plan.

   2.2 Project purpose:
      • To map the brownfield and regeneration opportunities in two regions and prepare five sites for further funding under Phare 2002/3.
      • To kick start the regeneration of derelict brownfield sites in the Czech Republic through a combination of public & private investment, & to use these sites to host job-creating businesses & act as foci for value-added activities.

   2.3 Accession Partnership and NPAA priority

      Accession Partnership: Medium-term priorities
      Economic Criteria:
      - To promote the competitiveness of the private sector, including SMEs.
      Economic and social cohesion
      - To help reduce the GDP per capita gap with EU member states.

      NPAA: Medium-term priorities
      Industry/Economic Policy:

      The NPAA cites the need to complete key structural changes in industry stemming from the transformation process including the need to substantially increase work productivity in industry and the quality and efficiency of production in order to bring performance indicators closer to the EU average.

      Clearly this goal would be effectively enhanced by increasing the ability of foreign manufacturing and service firms to set and expand in the Czech Republic and thus to link with Czech suppliers.
2.4 Contribution to National Development Plan (RDP)

The national priorities under the RDP specifically target the increase in industrial investment, particularly direct foreign investment & structural investment;

Listed in the sectoral and regional priorities of the RDP under Priority axis #1 (Support to develop an economic base and strengthen its competitiveness) are the goals of:

- Increasing competitiveness through the improving the quality of the business environment and stimulation of enterprises’ development.
- Creating favourable conditions for investment … and increasing efficiency.
- Development of commercial and industrial co-operation.

The Ministry of Industry and Trade lists among its priorities the need for industrial policy & attraction of foreign investment in structurally affected regions. The Competitiveness SOP for PHARE 2000 cites improving the business environment and stimulating business development, all of which goals benefit from a wider and more effective property offer.

3. Description

3.1 Background and justification:

The Czech Republic is just a few years away from EU entry and its economy is changing rapidly. Manufacturing industry is developing service functions, the service sector is fast growing, and strategic services are an increasingly important segment of overall FDI inflow. At the same time, strong local disparities exist and many problems – particularly environmental ones – hamper the development of entire regions like North Bohemia & North Moravia.

The Czech government is beginning to recognise the opportunity it faces when it has simultaneously to deal with derelict land remediation, the assembly and development of greenfield sites for new manufacturing & service sector clients, and necessary infrastructure improvements.

It anticipates that foreign direct investment (FDI) will continue to be the most important driver to transform the Czech economy and recognises that the catalytic effectiveness of the ‘multiplier’ role of new foreign investment -- the main engine of growth & technology upgrading driver of the Czech economy – can be part of a wider strategy to support SMEs, domestic companies and the development of Czech R&D.

The designated host of the regeneration programme is CzechInvest, the FDI promotion agency, which has the strongest track record of designing and implementing public sector property initiatives in the Czech Republic.

This project focuses on a crucial property market failure in the Czech Republic, in particular outside the capital Prague, that allows strategically important but currently either contaminated or derelict brownfield sites to remain unused. The proposal seeks to address this problem by developing government-led gap funding as a mechanism to leverage private sector investment to address this failure.
It has been decided that the North Moravia region will be one of the target regions as this project is a follow up to the 2000 PPF Vitkovice Regeneration Demonstration Project in Ostrava. The region was originally selected because of the concentration of derelict sites, high unemployment, the lack of good quality sites for incoming firms and the poor image of the area. As well as being a target area for the current round of EU funds, valuable preparatory work has already been undertaken by the city hall, universities and private firms involved. In addition to North Moravia, North Bohemia, that suffers many of the same problems of a similar magnitude, is also included.

The central goal of the project is to set up a process, based upon a strategy, to select, document, regenerate, market and re-use brownfield land that is currently derelict and of little economic value.

Each regenerated site will need a business plan that will chart its development path. CzechInvest expects that some sites would be suitable for developing or hosting high value-added activities that it is promoting to foreign investors such as strategic services, or small science parks, business incubators or Centres of Excellence. In each case the aim would be to support a mix of foreign-backed and local firms.

It is anticipated that the database will eventually have several hundred sites logged but that the demonstration phase will be limited to five sites.

3.2 Linked activities:

3.2.1 Projects completed or nearly completed before the end of this project:

CzechInvest has received extensive Phare funds since 1993, principally to help with the development of regional partner network, property services, international marketing and a supplier development programme. Most recently Phare has funded studies into the creation of compulsory purchase legislation (to help greenfield site assembly) and the identification of a strategic national greenfield site.

The availability of suitable sites in a good environment has been the leading area of innovation and success for CzechInvest during the past five years. Many of the agency’s property activities have been co-funded by the Czech government including a multi-million industrial site development initiative in 2000 (CZK 400 million in 2000, CZK 500 million in 2001 and CZK 600 million in 2002) that has created a number of mid-size greenfield sites across the country. CzechInvest has built up a deep knowledge of property issues relating to greenfield sites and industrial park development using public/private funds. The regeneration of brownfield sites and the organisation of a programme and unit to deliver these goals is an important milestone in CzechInvest’s development of a full set of property skills relating to FDI & regional economic development.

The current project is a direct follow up from the country’s largest brownfield project, the 200 ha Vitkovice Regeneration Programme in Ostrava (for which funds under PPF 2000 have been applied for). At the close of the project an outline form for the national Brownfield Regeneration Unit (BRU) under CzechInvest will be defined, and it is this unit and its staff, operating from its Ostrava headquarters, that will lead the current project.

One of the key drivers of the current programme is the need to strive for a more integrated policy approach towards regeneration and its role, with greenfield, in site assembly and regional economic development. The systematic redevelopment of
brownfield sites and derelict land was not an economic development priority for the Czech government in the past, and the current project is designed to remove this obstacle to effective regional development.

While the Vitkovice site was conceived to be solely publicly-funded, public/private partnerships will become of increasing importance to Czech policymakers in the regeneration process. The current project is designed to demonstrate the general market failure in the case of regeneration over an area of the two regions of North Moravia and North Bohemia, and to chart a long-term transition plan to meet the country’s need for land remediation.

CzechInvest has an application under Phare 2001 to prepare a regional greenfield strategy in the North Moravia region and views this and the current project as entirely complementary.

3.2.2 Co-financing by the Czech state:

CZK 600 million is set aside for the PARK programme run by CzechInvest in 2002 to support property development and site creation across the entire republic. Brownfield sites in the two regions will be eligible for funding from this programme after a small adjustment by CzechInvest to the programme’s rules.

Further funding will be required either from the Czech government to fund the Brownfield Regeneration Unit as a separate entity, or an expansion of CzechInvest’s budget if it is to remain a part of that agency.

The core criteria for investment funding will be based on results of “BRS”.

The Agency CzechInvest will pay for MS experts the provision of office space, the provision of equipment (including access to computer, telephone, fax…) and the professional use of equipment

3.3 Results:

The key results of the programme will be:

3.3.1 The implementation of the activities of the Brownfield Regeneration Unit that was outlined as an output of the Vitkovice Regeneration Programme (PPF 2000)

3.3.2 A spatial database of brownfield sites in the two regions

3.3.3 Detailed information on the scope of the market failure that prevents regeneration work from getting underway in the two regions, with a justification for spending state money on stimulating it in accordance with EU state aid and competition rules.

3.3.4 The integration of brownfield and greenfield strategies into an overall regional property strategy for the major cities in each region on behalf the region.

3.3.5 Five demonstration brownfield sites with full documentation prepared ready to apply for further development funding, including a business plan for their end use.

3.4 Activities:

3.4.1 The Brownfield Regeneration Unit will require a set of Operational Guidelines in the form of a manual covering:

- the creation of a system for a centralised database of damaged sites;
• a system for the technical vetting and prioritisation of proposed sites (including the early identification of sites bringing quick returns);
• programme funding and oversight mechanisms;
• project monitoring, and
• European networking.

3.4.2 Documentation for five demonstration sites and for each demonstration site the following will be delivered:

• a Site Review or assessment of the site in terms of its dereliction, contamination, ecology, industrial archaeology, geo-technical quality, flood and drainage assessment, and its infrastructure needs and contribution it can make to enhancing existing infrastructure;
• a Scoping Study to review of current aspirations for re-use of the site, coupled with new ideas to generate proposals for eventual use, ownership & management of the site; and
• a comprehensive proposal for site re-use taking account of the urban planning, consequences of contamination and commercial needs that sub-divide it into zones for different ultimate uses;
• an outline framework for the reclamation, remediation, preservation, infrastructuring and landscaping of the whole site;
• a phased, costed programme for implementation of the detailed investigation, design and works for the regeneration of the site and those sub-areas;
• a phased and costed programme for re-use and redevelopment of the site;
• a composite works, development and cashflow programme of the regeneration of the site including ongoing maintenance and management;
• an economic impact assessment building upon the original prioritisation process (which may then need to be modified).

Assistance will also be sought to help the Czech counterparts to prepare all the required planning and land use documentation to apply for further development funding.

It is envisaged that full-time legal advice will need to be available in order to ensure that Czech law is modified in line with EU state aid and competition laws.

These activities will be provided within one Service Contract:

• 2 LT TAs, innovation specialists preferably with a development agency-type background and 2 qualified personal assistants for 18 months. The LT TAs will guide and define the project and its activities, ensuring that European best practice absorbed and the programme meets its milestones.

• 36 man-months in short-term foreign expertise plus 36 man-months in short-term local expertise. The ST TA will provide detailed specialist inputs required to set
up and co-ordinate local inputs and agencies thus ensuring efficient networking and co-operation. Some may ‘shadow’ local players during crucial phases of the start-up process. A full-time legal advisor will be required to ensure that Czech law in this area approximates to EU regulations on state aid and competition rules.

Part of the total allocation would be used to cover relevant associated costs such as DSA’s, housing allowances, air-tickets etc.

4. Institutional Framework

The lead organisation for this programme is CzechInvest, the national foreign investment promotion agency. It will take overall responsibility for hosting the TAs and co-ordinating the national/regional aspects of the programme.

The TAs will act as advisors both to the Programme Head in CzechInvest

The principal local bodies that will need to work with the programme team are:

- The local RDAs
- RPICs in the region
- Local Labour Offices
- The City authorities including the Planning Office
- Universities & Czech Academy of Sciences

5. Detailed Budget in MEUR (M€)

<table>
<thead>
<tr>
<th>Project</th>
<th>Phare Support</th>
<th>National co-financing *</th>
<th>IFI</th>
<th>TOTAL</th>
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* Note: CZK 600 million (approx. MEUR 17) is reserved within the Czech state budget to support CzechInvest to pay for activities related to this project. This would cover:
  All costs of surveying or preparing the land for inclusion in the regional land bank process.
  Other infrastructural investment that may be required to secure the land.
  Sites identified under this programme would qualify for state & municipal joint funding under the above scheme
  The core criteria for investment funding will be based on results of “BRS”.
  The Agency CzechInvest will pay for MS experts the provision of office space, the provision of equipment (including access to computer, telephone, fax….) and the professional use of equipment.
6. Implementation Arrangements

6.1 Implementing Agency

The CFCU will be Implementing Agency responsible for tendering, contracting and accounting. Responsibility for technical aspects related to preparation, implementation and control will rest with the Ministry of Industry and Trade (working closely with CzechIndustry and CzechInvest).

6.2 Co-ordination

The 2 long-term TAs will be located in CzechInvest. The contact people will be:

- **Mr Jaroslav Konecný**, General Director of the European Integration Section, MIT, Na Františku 32, Prague 1, tel: 420 2 2485 4114; fax: 420 2 2485 2287;
- **Mr Martin Jahn**, CEO – CzechInvest, Štefánská 15, 120 00 Prague 2, tel.: +420-2-963 42 500; fax: +420-2-963 42 502; e-mail: jahn@czechinvest.org;
- **Mr Petr Bucina**, Director of Industrial Policy Department, MIT, Na Frantisku 32, 110 15 Prague 1, tel: 420 2 2485 3343; email: bucina@mpo.cz;

6.3 Non-standard Aspects

The "Practical Guide to Phare, Ispa & Sapard contract procedures" shall be followed.

6.4 Contract:

(1) TA contract: € 1.5 million (Phare)

7. Implementation Schedule

7.1 Start of tendering/call for proposals: 3Q/2001
7.2 Start of project activity: 1Q/2002
7.3 Project Completion: 3Q/2003

8. Equal Opportunity

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

9. Environment N/A

10. Rates of Return N/A

11. Investment Criteria N/A

12. Conditionality and Sequencing N/A
Annexes to Project Fiche

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme, including disbursement period
# LOGFRAME PLANNING MATRIX FOR:

## Brownfield Regeneration Strategy

**Programme name and number:** CZ01-10-02  
**Contracting period expires:** 31/10/2003  
**Disbursement period expires:** 31/10/2004  
**Total Budget:** 1.5 MEUR  
**Phare contribution:** €1.5

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| To approach ESC criteria in line with national pre-accession plan | Improvements in ESC indicators  
5,000 direct jobs created in target regions, at all skill levels (2002-2005) | EC regular reports  
National statistics | |  
**Assumed Work Start Date:** 1Q 2002

<table>
<thead>
<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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</table>
| To kick start the regeneration of derelict brownfield sites in the Czech Republic through a combination of public & private investment, & to use these sites to host job-creating businesses & act as foci for value-added activities | Selection of five demonstration sites for regeneration totalling a minimum of 100 ha. | Report on the selection process showing objective selection criteria | Continuation of the Commission’s *vade mecum* allowing public/private partnerships to leverage the combined development benefits created using public sector seed/risk capital.  
Public/private partnerships & development plans are successfully set up in the Czech context as a pre-accession CE country. |

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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</table>
| 1. Implementation of the Brownfield Regeneration Unit  
2. Spatial database of brownfield sites  
3. Data on the market failure the regeneration programme addresses  
4. Integration of brownfield & greenfield strategies in the 2 regions  
5. Five demonstration projects with documentation for further funding applications | 1. Publication of the BRU business plan/website  
2. Release of brownfield database for the two regions  
3. Publication of report for discussion within government on market failure & public sector intervention  
4. Publication of business property strategy  
5. Delivery of 5 applications for Phare funding | 1. Publication/Website  
2. Publication/Website  
3. Publication  
4. Publication  
5. Applications | Combination of national government and regional funding for the BRU is made available, based upon the decision whether in the long-term the BRU is independent or part of CzechInvest  
Regions are able to act as cohesive units and cities to co-finance works.  
CzechInvest funding of construction on regenerated brownfield sites is made more detailed reflecting this program’s outputs. |
## Activities

- Use TA support to CzechInvest to create:
  - **Operational Guidelines** for the Brownfield Regeneration Unit will require a set of Operational Guidelines in the form of a manual.
  - **Documentation for the five demonstration sites** to help the Czech counterparts to prepare all the required planning and land use documentation to apply for further development funding.
  - It is envisaged that full-time legal advice will need to be available in order to ensure that Czech law is modified in line with EU state aid and competition laws.

## Means

*Following TA to be provided within one Service Contract:*

- **2 LT TAs**, innovation specialists preferably with a development agency-type background and 2 qualified personal assistants for 18 months. The LT TAs will guide and define the project and its activities, ensuring that European best practice absorbed and the programme meets its milestones.*

- **36 man-months in short-term foreign expertise** plus **36 man-months in short-term local expertise**. The ST TA will provide detailed specialist inputs required to set up and co-ordinate local inputs and agencies thus ensuring efficient networking and co-operation. Some may ‘shadow’ local players during crucial phases of the start-up process. A full-time legal advisor will be required to ensure that Czech law in this area approximates to EU regulations on state aid and competition rules.

Part of the total allocation would be used to cover relevant associated costs such as DSA’s, housing allowances, air-tickets etc.

## Assumptions

- Potential links with the Industrial Zones Development Strategy (CZ-2001) & Vitkovice Regeneration Programme (CZ PPF 1999) are fully exploited.
- Cites and regions collaborate fully with the programme and accept the assessments of the economic impact of individual sites in order to generate regional priorities.
Preconditions

- CzechInvest backs the setting up of the BRU and wins ministry support for it (including staffing and financing).
- Cities commit to co-financing regeneration works.
- Vitkovice Regeneration Programme wins EU funding (CZ PPF 1999)
- Senior CzechInvest executive is appointed to head up the BRU in Ostrava.
Annex 2

Detailed Implementation Chart for the Project Brownfield Regeneration Strategy

<table>
<thead>
<tr>
<th>Year Detailed Project Implementation</th>
<th>2000</th>
<th>2001</th>
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<td>Signing of Financing Agreement</td>
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<td>a) Programme</td>
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### Cumulative Contracting and Disbursement Schedule for the Project (M€)

#### Annex 3

#### Cumulative Quarterly Contracting Schedule (M€)

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#### Cumulative Quarterly Disbursement Schedule (M€)

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