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**Study on the contribution of local
development in delivering interventions
co-financed by the European Regional
Development Fund (ERDF) in
the periods 2000-06 and 2007-13.**

Third Interim Report

Regional Case Study:

Northwest Cohesion Region The Czech Republic

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Acronyms

ERDF	European Regional Development Fund
ESF	European Social Fund
EU	European Union
EC	European Commission
GDP	Gross Domestic Product
IOP	Integrated Operational Programme
IUDP	Integrated Urban Development Plan
LAG	Local Action Group
LDA	Local Development Approach
MA	Managing Authority
MoE	Ministry of Environment
MoEYS	Ministry of Education, Youth and Sports
MoF	Ministry of Finance
MoI	Ministry of Industry
MoLSA	Ministry of Labour and Social Affairs
MoRD	Ministry for Regional Development
NGO	Non-Governmental Organisation
OP	Operational Programme
ROP NW	Regional Operational Programme Northwest

Table of contents

Foreword	4
1 Executive summary	6
2 Context related features	9
2.1 Socio- Economic development	10
2.2 Institutional and political characteristics	13
3 The use of LDA in the region. Telling the story	14
4 Main interventions using LDA	19
4.1 Regional strategy: analyzing objectives	19
4.2 Mapping ERDF interventions using LDA	22
5 Effectiveness of the interventions co-financed by ERDF	27
5.1 Outputs and results	27
5.2 Sustainability of ERDF interventions using LDA	31
6 Analysis of the actors involved and Process design features of the main LDA interventions	32
6.1 Analysis of the actors	32
6.2 Process design features of the main LDA interventions	34
6.3 Process of creation and administration of IUDP under ROP Northwest	35
6.4 Process of creation and administration of IUDP under Integrated Operational Programme	39
6.5 Process of experience sharing	42
7 What works and what do not work	43

Foreword

The European Commission, Directorate-General for Regional Policy, is undertaking an analysis of the role of local development approaches in ERDF co-financed interventions. One aspect of the exercise is a series of five case-study analyses of NUTS2 regions covering interventions co-financed by ERDF across the 2000-06 and 2007-13 programming periods.

The case-studies are intended to describe the institutional and policy context of local development approaches in each area, the development strategies and rationale for such interventions, the basis of any spatial selection, actions undertaken, Operative structures and procedures, capacity building and the nature of any change between the programming periods.

This report provides the case study review of ERDF local development approaches (LDA) pursued in the Joint Regional Operational Programme involving all Czech Republic Cohesion Regions across the last two years (2004-2006) of the 2000-2006 programming period and the ERDF Operational Programme North West Region of Czech Republic in the 2007-2013 programming period.

The case study has been drawn-up by a process that includes:

- desk-based analysis of relevant statistical and socio-economic data sourced from Eurostat and the Czech Statistical Office;
- desk-based analysis of documents relating to each period and covering items such as Operational Programme (OP) materials, evaluation reports, Annual Implementation Reports (AIRs);
- semi-structured (face-to-face) interviews with more than fifteen actors including the managing authority, municipalities, local actors and external experts; and
- a stakeholder workshop to outline, validate and discuss emerging findings from the case-study exercise.

Defining a local development approach is not straightforward. The study operates on the basis that such an approach requires the existence of a clear territorial focus, an element of policy integration and the fact that partnership is expected to play a role - whether as a tool within the process or as a goal in its own right.

In terms of territorial focus, the Joint Regional Operational Programme during the last two years of the 2000-2006 programming period had a wide territorial focus (regional) with experimentations of smaller focus through the use of other Structural Funds that ERDF (Local Action Groups – LAGs - were established, in rural areas of the region, as a result of the LEADER initiative, typically operating in micro-regions established through specific legislation on regional development). In the new programming period, the ERDF Northwest Region Programme had a smaller focus (with respect to the previous period, but not in absolute terms) programming and implementing LDA in cities with more than 20,000 and 50,000 inhabitants.

As far as policy integration is concerned, LDA activities (implemented via IUDPs) can be either thematic or zone. At the moment only the zone approach is implemented on the ground, although some thematic calls and IUDPs have been – according to information received during case study preparation – submitted for evaluation. However integration can be seen in the possibility of implementing, within IUDPs, associated sub-projects using other financial source than ROP NW, Area of Support 1.1 or IOP, Area of Support 5.2.

As for the final element, the purpose of the zone- based IUDP is to concentrate financial resources on a limited number of pre-selected zones of a city and to tackle all existing problems (deprived area) or to support potential growth (a growth pole) in a complex way (i.e. by developing partnerships with other stakeholders important for territorial development).

More details on each of these elements, the nature of their origins, the rationale for their construction and stakeholder perspectives on their role and value, is contained in the following sections of the case study.

1 Executive summary

The concept of a Local Development Approach (LDA) within ERDF implementation is new in the Czech Republic. The last Structural Funds (SF) programming period was limited to 2004-2006 with the Ministry for Regional Development (MoRD) operating as the Managing Authority of the Joint Regional Operational Programme (JROP), implementing the programme across all Cohesion Regions. Within JROP, county authorities (self-governing units at NUTS 3 level) developed their skills (as intermediary bodies of JROP) via implementation of small grant schemes and specifically through JROP measure 3.3 (financed from ESF), focusing on increasing the capacity of regional actors to develop strategies and projects. County authorities, as intermediary bodies, were not in position to change/remodel the system designed and established by the central ministry (Managing Authority). As such, a local development approach to project development was not explicitly evident within the 2004-2006 JROP programming period. Nevertheless, Local Action Groups (LAGs) were established, in rural areas of the region, as a result of the LEADER initiative and are currently sustained through LEADER +. LAGs typically operate in micro-regions established through specific legislation on regional development. Although both micro-regions and LAGs have commonly agreed plans for territorial development, such plans are not created in line with defined MoRD methodology on “integrated development”. The plans, for example, cover social development, waste treatment and/or general development and are developed according to LEADER methodologies. The aforementioned bodies operated successfully within the last programming period and now not only access ERDF funding opportunities across the whole spectrum of OPs but also target other funding such as LEADER 2010¹, ESF, etc.

The new programming period represents (in terms of support for regional development) a qualitative change as the Regional Councils of Cohesion Regions are sanctioned to operate as the Managing Authority of their own Regional Operational Programmes (ROPs), implemented in parallel with thematic Operational Programmes managed by various ministries. The Northwest ROP focuses on strengthening the quality of life in the Northwest Cohesion Region and incorporates Integrated Urban Development Planning under Priority 1, Area of Support “*Support of the regional development poles*” as an obligatory planning tool for cities with more than 50.000 inhabitants. To make the issue more complex, an Integrated Operational

¹ LEADER 2010 is supported from the European Agricultural Fund for Rural Development in Axis IV of the Programme for Rural Development. The main objective of Axis IV is to implement local development strategies (the Leader Strategic Plan) and the cooperation of local partnerships. The axis is divided into three measures:

IV.1.1. Local Action Group - 112 LAGs across whole the Czech Republic met the eligibility criteria based on their Leader Strategic Plan. Those MAS receive subsidy for its activities related to the implementation of Leader Strategic Plan.

IV.1.2. Implementation of local development strategies via supporting projects that are in accordance with the approved LSP and relevant conditions of the Programme for Rural Development. Projects for subsidy are selected through LAG via selection committee.

IV.2.1. Implementation of projects promoting cooperation between territories at the national level or international cooperation towards to encourage cooperation between LAGs within Member States and the territory of third countries.

Programme (IOP) (investment in areas of common interest at national level such as “socialist” housing estates, national tourism incentives, crisis management) has chosen the same approach for rehabilitation of socialist housing estates. Support is limited to residential housing areas in cities with more than 20,000 inhabitants and with beneficiaries in Priority 5, Area of Support 5.2 *Improving the environment in problematic housing estates*. This has led to a situation where a city, seeking to access ERDF funding, has had to develop two or three IUDPs under two Operational Programmes (reflecting needs and the budget available) addressing different requirements of the respective Managing Authorities. Although the basic framework of an IUDP is in line with the requirements of SF regulations, implementation requirements in terms of size, eligible applicants, the implementation model, as well as activities and eligible territory, differ in the two programmes. The general methodology and guidelines as to how to develop IUDPs represents a “top-down” approach².

The methodology guidance prepared by MoRD states that IUDPs as a place based development strategy can be either thematic or zonal. In both cases the guidelines are strict and explicit as to the definition of an area in terms of its socio-economic parameters. This case study focuses primarily on the zone approach since this is the only approach implemented on the ground, to date, although some thematic calls and IUDPs have been – according to information received during case study preparation – submitted for evaluation. The purpose of the zone-based IUDP is to concentrate financial resources on a limited number of pre-selected zones of a city and to tackle all existing problems (deprived area) or to support potential growth (a growth pole) in a complex way (i.e. by developing partnerships with other stakeholders important for territorial development). All eligible cities in the Northwest Cohesion region, pre-selected prior to launch of the call, were obliged to develop an IUDP in order to access ERDF funding. In total, the Northwest Cohesion Region has 4 zone-based IUDPs, 2 thematic IUDPs and 8 IUDPs under the IOP, focusing on improvement of housing.

The various IUDPs, implemented in individual cities, contain a broad range of sub-projects reflecting the different approach of cities to defining their own development needs and areas where sub-projects will be implemented. Until the end of 2010, a total of 25 sub-projects had been approved by Managing Authorities across various IUDPs within the context of Priority Axis 1, Area of Support 1.1, with a total contribution of 100.087.554,37 EUR or 63.62% of the allocation for this area of support³. The vast majority of sub-projects implemented in the zonal IUDPs include reconstruction of existing, or construction of new, facilities for the leisure activities of city residents or visitors, though the future sustainability of such interventions remain problematic.

According to information from the IOP Managing Authority, IUDPs implemented by cities in the problematic housing areas of the Northwest Cohesion Region⁴ had spent about 177,331 mil.

² MoRD developed the “Guidelines for the preparation, evaluation and approval of the Integrated Urban Development Plan” valid for IUDPs under both programmes. However, the detailed implementation system, system of calls, project evaluation and the interest of stakeholders to participate in IUDP activity, differs widely.

³ Situation 01/05/2011, Annual Implementation Report of Regional Operational programme Northwest Cohesion Region for year 2010, p. 38.

⁴ D••ín, Cheb, Chomutov, Jirkov, Litvínov, Karlovy Vary, Most, Usti nad Labem.

€in total by the end of July 2011 (25.571 mil. €of ERDF, 2.573 mil. €of state budget, with the remainder taking the form of matching funds.

In accordance with the prevailing opinion from interviews, the idea of an IUDP should become a standard regional development tool in municipal practice, even though it is viewed as having many “teething problems”. Firstly, the system is seen as far too “fund driven”. The cities consider the creation of IUDPs as being enforced by the EC (via MAs). An IUDP is perceived as a means to access funding for their own investments priorities and which – as many think – might be addressed in a more simple manner without an IUDP. It should be noted that all the cities that prepared an IUDP had already prepared a strategic development plan as required by legislation. Although the quality of such plans differ from city to city, and as far as we can observe none use zonal or thematic approaches, they exist and were approved by city council deputies and thus represent a key planning document for municipal investment and development. A key-motivating factor for the cooperation of stakeholders is thus a potential subsidy. Moreover, according to Czech legislation, the position of a city is very strong in the process of IUDP preparation and implementation since it is the city that is responsible for development of its territory (by law), a feature that sometimes discourages the participation and cooperation of other potential stakeholders.. As our interviews revealed some, and especially businesses, consider it “a waste of time”. The situation is more straightforward in the case of the IOP, than the NW ROP, because there exists a wider range of eligible beneficiaries. IUDP administration is very complicated, the division of sub-projects for ROP/IOP frameworks and the existence of subprojects from other sources (associated projects) makes the system less transparent and very difficult to understand for those not familiar with the detail of administrative structures and procedures.

IUDPs do, however, introduce some positive effects into the planning arena – a more serious approach to long-term planning which upgrades the skills of both politicians and public servants. The duration of IUDP implementation extends beyond the election period for local assemblies and forces city leaders to respect the decision of their predecessors in office, even though they might belong to a different political party and have a different set of priorities. The cities also gain experience as they seek to integrate relevant subjects and the public into IUDP frameworks, and vice versa. Huge investments in relatively small areas are visible and the public is more interested in urban planning.

2 Context related features

The Northwest Cohesion Region is situated in the northern part of the Czech Republic, bordering the Free State of Saxony in the Federal Republic of Germany. The territory of the NUTS2 Region covers two of the Czech Republic's NUTS 3 counties⁵: Karlovy Vary County and Usti nad Labem County. It is further divided into 10 districts (NUTS 4) and 486 municipalities (NUTS 5), and has an overall area of 8,649 km² with 1,143,310 residents (31.3.2011). On the territory of cohesion region there are more than 50 active microregions, which are voluntary associations of municipalities and other key development actors (as further described in Chapter 3) The location of the Northwest Cohesion Region is shown on the following chart:

Figure 1: NUTS II Regions in the Czech Republic Sources: MoRD



Historic economic performance was significantly above average. The area belonged to a group of highly industrial regions with a large mining industry, energy, engineering and chemical industry enterprises and, to some degree, an agricultural production industry. Sector activities have contributed to considerable damage of the environment and landscape as the change from underground lignite mining to open-cast mining (which started during second world war) continued during the communist period and remains today. It has devastated large areas of the region and, despite efforts to recultivate and revitalise areas after mining, the industry still occupies large areas in the central parts of the Northwest Cohesion Region. The majority of the territory is currently defined as requiring concentrated state support. This support framework is divided into 3 sub-streams according to the nature of disparity (structurally handicapped, economically weak, and with unemployment above average). Districts eligible for concentrated state support are defined by Government Resolution No. 560, of 17.5.2006, for the period 2007 – 2013, and the system of ranking allows regions to utilise additional support to boost development. Despite its great industrial history, due to structural change in local and

⁵ In Czech terminology for NUTS 3 level self-governing units the word „region“ is used. To distinguish between „cohesion region“ we use in text for the afore mentioned NUTS 3 unit word „county“.

international economies, the downturn of traditional industrial sectors (such as mining or textiles) the Northwest Cohesion Region is currently one of the least developed areas in the Czech Republic with a lower educated workforce, high unemployment, low GDP per capita and unclear future.

2.1 Socio- Economic development

The economy of the Northwest Cohesion Region developed very rapidly through two waves. The first started at the end of 19th century and lasted until the 1930s while the second extended from the late 1940s until the late 1980s. The first development wave was linked to the expansion of lignite mining - the lignite was used in steel and energy power production and was of particular value following the occupation of this part of Czechoslovakia during the second world war as lignite was used for synthetic fuel production in chemical enterprises. In addition, growing demand for coal resulted in an adjustment from deep mining to surface mining. After the end of second world war, and the forced transfer of Germans residing on Czechoslovak territory, the government initiated a replacement scheme by recruiting inland residents and moving them to the region. Reflecting the heavy industry profile of the region, most of new workforce did not have/need higher education qualifications. The second development wave is linked to the communist takeover and subsequent nationalisation of industry and even greater focus on large-scale mass production in both heavy industry and in other sectors of the economy (e.g. pottery or textiles).

After 1989, production in large industrial and processing companies gradually decreased and large numbers of employees were made redundant. At present, the region lags behind the Czech Republic average and some indicators lie at the bottom of EU rankings (*the share of higher education in employment*- 8%⁶). Statistical data confirm that although the region has managed to initiate positive change, it still falls behind the rest of the Czech Republic in a number of economic parameters as well as in workforce skills and qualifications. Despite a moderate increase in population (from 1.125 million in 2003 to 1.143 million in 2011⁷) a major problem that remains is the gradual aging of the population (the *dependency ratio* has increased from 86.5 to 91.6⁸ between 2007 and 2009 and the *proportion of people aged 65 or more* will be expected to increase from the current 13.2% to 22.3% in 2030⁹) and the general structure of the educated population. The heritage of former regional focus on mining and heavy industry is reflected in low educational levels and affects several generations of people. Only 7.6% of residents have a university degree in Usti nad Labem County and 7.4% in Karlovy Vary County while 21.6% and 21.5% have a *primary* level qualifications. The Czech Republic average is 12.7% for a university degree and 17.0 for primary level education. Regional *change in GDP per inhabitant* between 2000 and 2007 was considerably lower (0.17) than that for the Czech Republic (3.8). Likewise, whereas Czech Republic GDP per inhabitant is 80.1% of that for the

⁶ Eurostat Regional Yearbook 2010.

⁷ Czech Statistical Office.

⁸ Czech Statistical Office.

⁹ Eurostat Regional Yearbook 2010.

EU 27, the Northwest Cohesion Region is only 61.7%.¹⁰ In the period to 2009, *regional GDP per capita* decreased to 61.4% of EU GDP and 76.5% of Czech Republic GDP (from 77.1% in 2007). Low levels of education and limited job opportunities in the region are reflected in a high *rate of unemployment*. Whereas the current unemployment rate in EU countries is calculated at 8.3%, and that for the Czech Republic is 8.1%, the region's unemployment rate is 12.3%¹¹. Unfortunately this reflects a persistent trend over recent years, (2007 – 9.93%, 2008 – 9.51%, 2009 – 12.89)¹².

¹⁰ Eurostat Regional Yearbook 2010.

¹¹ 36/06/2011, Czech Statistical Office.

¹² Czech Statistical Office.

Figure 2: Main figures of Northwest Cohesion Region

	Northwest average			Czech Republic average			EU average		
	2000	2006	2010	2000	2006	2010	2000	2006	2010
Total Population	1,131,413	1,127,867	1,143,489	10,266,546	10,251,079	10,522,770	482,767,512	493,210,397	501,105,661
Populat. over 65	12.11%	12.92%	14.10%	13.9%	14.4%	15.53%	15.6%	16.8%	17.4%
GDP per capita	10,700	14,400	14,502 (2009)	13,000	18,300	19,516	19,100	23,700	25,100 (2008)
Activity rate	62.8%	61.0%	59.6%	60.4%	59.4%	58.4%			
Employment rate	-	55.0%	53.0% (2009)	55.1%	55.0%	54.2%	62.2%	64.5%	64.2%
Unemployment rate	16.5%	13.77%	13,9%	8.78%	7.67%	7.3%	8.7%	8.2%	9.6%
Net migration (000)	-	-	-	+6.539	+34.720	+15.648	+1,858	+1,604	+854

Sources: EUROSTAT, Czech Statistical Office

2.2 Institutional and political characteristics

Since the outset of the 1989 “velvet revolution”, and over the last 20 years, the system of state administration has changed in several ways. One major change, ensuring improved governance and subsidiarity, took place in 2000 when self-governing counties (NUTS 3 level) were established. From this point, the Czech Republic had 14 new self governing counties which differed in terms of size and numbers of inhabitants (from 307,000 to 1,264m inhabitants). “Cohesion Regions” at NUTS 2 level were also established by typically merging one to three NUT3 counties. The representative body of “Cohesion Regions” is the “Regional Council of Cohesion Regions”. Each Regional Council consists of a Chairman of the Regional Council, a Committee of the Regional Council as a political element to ensure consensus of the self-governed territories and a Bureau of the Regional Council for ROP management and administration. Consensus at political and strategic level within the Regional Council of the Cohesion Region is ensured by the afore-mentioned Committee of the Regional Council, which consists of 8 representatives of Usti County (NUTS 3) and 8 representatives of Karlovy Vary County (NUTS 3). In the Northwest Cohesion Region “the Committee acts and is accountable for the following:

- implementing and controlling documents of the Regional Operational Programme;
- implementing measures pertaining to publicity and information on the Regional Operational Programme;
- selecting projects for which subsidy provided by the Regional Council;
- elaborating annual and final implementation reports, eventually other reports and documents connected with ROP implementation; and
- organising the structure, number of employees and the budget of the Bureau of the Regional Council.¹³

The establishment of Regional Councils in the current programming period, and implementation of individual regional Operational Programmes, represents a major change compared to the 2004-2006 period. In the latter, ERDF was implemented and administrated through one Joint Regional Operational Programme, managed centrally by the Ministry for Regional Development (MoRD), as Managing Authority. Implementation rules and procedures were common across all seven Cohesion regions. Some JROP measures, however, were implemented via grant schemes administrated by county authorities acting as intermediary bodies. The JROP was not the only Operational Programme disbursing ERDF funding in the Northwest Cohesion Region - a number of projects were also supported from other “sectoral” Operational Programmes and other EU funding sources – schemes for Infrastructure and Industry and Enterprise support as well as LEADER+ or INTERREG III.

It should be mentioned that URBAN initiatives in the 2004-2006 programming period were not accessible for Czech municipalities. That said, learning still took place through URBACT.

¹³ <http://www.nuts2severozapad.cz/en/ropsz/the-regional-council>.

3 The use of LDA in the region. Telling the story

A variety of features have contributed to the quality and scope of the local development initiatives in place currently and it is important to understand their role in conditioning the evolution of LDA in the region. In the first instance, before 1989 citizens were not allowed to associate. Bottom-up initiatives, according to the doctrine at that time, could result in subversive activity and thus was not permitted. All interventions to alleviate the social and economic environment, or to improve policy issues, were strictly controlled by central government and had a strong ideological steer from the central communist party. After 1989 a new piece of legislation was adopted allowing citizens to associate in so called “civic associations” (an entity with legal personality). Hundreds of local associations were created as a reaction to the new right to associate. The vast majority focussed on provision of social support and a number commenced delivering services to specified target groups (services which the statutory sector did not offer at that point or where quality was very low). In recent years the government has recognised – at least in the social sphere –the value of such local knowledge and has started a programme leading to professionalising and standardising services offered across the country. It is this context which makes “community development planning” (supported by ESF) interesting when both municipal and NGO based providers meet and develop a joint strategic plan to tackle emerging social issues in a city.

Secondly, there is the legislative environment related to municipalities. Although there is a legal obligation to consult with the public regarding (spatial) development plans and an obligation to develop a municipal strategy, there is no unified methodology for doing this. Thus, different municipalities use different tools to gain public opinion and to consult on plans. Involving NGO representatives does not happen often since as they are usually critical of the political leadership. Additionally the NGO sector does not have sufficient financial resources to invest in infrastructure –NGOs are usually dependent on grants from municipalities for even operational costs. Moreover, in social services, many NGOs have started competing in order to access funds from central government.

Thirdly a number of municipal associations have emerged since the 1990s. These originate from municipalities in border areas coming together to tackle common problems and (in later phases) discuss cooperation with German counterparts. As such, three “**euro-regions**” (Egrensis, Krušnohoří/Erzgebirge, Labe/Elbe) have been established, targeting common problems (the lack of border crossings at the outset, the preparation of local development strategies in tourism, transport and environment, with activities later geared towards preparation of common projects). Municipalities initially drove the initiative, but additional regional actors such as the business sector, NGOs and educational and cultural institutions gradually joined. By way of example, the Krušnohoří/Erzgebirge Euro-region contains 79 municipalities from 5 Czech districts and 44 non-municipality subjects (entrepreneurs, trade-unions, schools, charities, culture bodies, research institution, foundations and so on - see www.euroreg.cz). Additionally, in order to coordinate development activities at regional level, regional development agencies were established to assist regional actors in designing strategic development documents. The

Regional Development Agency in the city of Most was established in 1994 as a Public Limited Corporation (a form of public company) by organisations from the region's public (municipalities) and business sector (large enterprises, Chamber of Commerce, trade unions). After establishment of the Usti County (2001) the ownership structure was adapted to balance the participation of municipalities, the County, Chambers of Commerce, Chambers of Agriculture, Trade Unions and the university.

The fourth feature, directly addressing the issue of regional planning through hand-in-hand working with local actors and adopting the LDA principle, was the emergence of the 2004-2006 Joint Regional Operational Programme (JROP), Measure 3.3 - Reinforcement of the capacity of local and regional bodies to plan and implement programmes - focused on strengthening regional cooperation through the creation of regional/local development strategies and training/coaching regional stakeholders in the territory (financed by ESF). This measure has been used extensively at the level of small municipalities and micro-regions.

As already mentioned, another local development approach milestone involving municipalities was “community development planning for social services” initiated by the Ministry of Social Affairs and Labour and supported from ESF (current OP Human Resources and Employment). Although this initiative involved a number of social service stakeholders exercising common planning, and was supported by ESF, the plans prepared within various working groups also frequently identified “physical investment” needs and resulted in applications for ERDF funding.

A particular feature of rural areas was the existence of pre-accession funds (SAPARD) which established local partnerships to support local development and called Local Action Groups (LAGs). LAGs were subsequently supported by the LEADER initiative and now by LEADER 2010. In the current programming period, primary focus is given to the implementation of previously elaborated strategies at local level, including updating integrated local development strategies.

LAGs are usually closely linked to micro-regions¹⁴ - the smallest territorial range against which we can map the local development approach principle. Micro-regions were introduced by national legislation in the 1990s though their creation was, for individual members (municipalities), voluntary. The initial impetus for the establishment of micro-regions was to address a series of common issues (e.g., municipal waste management, joint tourism strategy) and shared investments (sewage treatment plants, bicycle path, etc.). The majority of micro-regions, and LAGs, have prepared development strategies with long-term objectives, priorities, actions and sometimes even specific development projects in the medium term (3-7 years), corresponding to the EU 2007 – 2013 programming period. A 2008 Ministry of Interior survey reported that 7 – 16 municipalities created a micro-region and that most of the micro-regions cut across up to 10 municipalities. Micro-regions are typically created around a natural central point/problem and, in many cases, do not respect the administrative boundaries of regions.

¹⁴ Actually more than 50 micro-regions operate in Northwest Cohesion Region (35 in County of Usti nad Labem and 19 in County of Karlovy Vary) with various focus of activity.

Strategic plans are generally drafted by external consultants. It is rare for LAGs to have the internal capacity and skills to create such strategies.¹⁵

At present, there are 13 active LAGs within the Cohesion Region¹⁶, each with various numbers of members. All LAGs are linked by a common development strategy, or development LEADER plan, covering the 2007-2013 period. This strategy serves as a base document for financing projects from the European Agriculture Fund for Rural Development (EAFRD) within the frame of the Programme of Rural Development, axis IV: Leader in micro-regions. Apart from implementing LEADER and EAFRD projects, LAGs coordinate and manage/administer all other development strands such as supporting tourism potential and regional promotion, supporting multifunctional agriculture and environmental protection, cooperation with foreign organisations that have links to the territory, education and training activities and human resource development in rural areas. Within those activities some of LAGs prepared projects with ERDF support under ROP NW in the field of tourism development. ROP NW Regional Council approved 5 projects so far with total ERDF subsidy of 508,544 EUR focused on tourism development and tourism marketing¹⁷. Usually LAG's project preparation is managed by staff of member municipality, the project costs are funded by related municipalities. The decision on project preparation and funding arrangements is done by LAG Managing Board¹⁸.

As mentioned above, during the 2004 – 2006 period ERDF funding was provided through the Joint Regional Operational Programme and covered the entire area of the Czech Republic. Thus objectives and indicators were established and monitored at national level, as were evaluation exercises, examining the results and impacts achieved by funded projects. However, there were grant schemes implemented at regional level within JROP with Regional Authorities as intermediate bodies under MoRD leadership. Although a number of such initiatives existed, the level of LDA was very low as MoRD, the Managing Authority, built all aspects of the implementation structure from the top. The relationship between the JROP Managing Authority and regions, as Implementing bodies, was characterized by a permanent state of tension mainly due to a number of bottlenecks in programme implementation. Despite the existence of thematic working groups bringing together both regional and central stakeholders to discuss and steer various measures under JROP, the Managing Authority – according to stakeholder interviews – did not fully recognise and embrace the potential of such cooperation.

¹⁵ “Engaging the public in the process of creating a formal strategy is often genuinely formal. The largest group - the general public - participates at least paradoxically. The closest core consists of the participating mayors of associated communities, they often join other community leaders (representatives). Another group, but it is not always present, are entrepreneurs, farmers and NGO representatives.” - project Benchmarking venkova - Zkvalitování managementu mikroregionů jako nástroje pro řešení regionálních disparit, <http://www.cpkp.cz/projekty-benchmarkingvenkova>.

¹⁶ MAS CÍNOVECKO o.p.s., MAS Labské skály, MAS Naděje pro Mostecko, o.s., MAS Sdružení Západní Krušnohoří, MAS Šluknovsko, Občanské sdružení "Místní akční skupina eské stědohoří", Rozvojové centrum eskokamenicka, o. p. s., SERVISO, o.p.s., MAS Sokolovsko o.p.s., MAS Vlada o.p.s., MAS 21, o.p.s., Náš region, Občanské sdružení "Místní akční skupiny Krušné hory západ".

¹⁷ MAS Sokolovsko o.p.s. (3 projects), MAS 21, o.p.s. (1 project) and MAS Sdružení Krušné hory – západ (1 project). All of them were established as public benefit company and this type of subject is on the list of ROP NW eligible applicants.

¹⁸ Cases of projects of LAG financed from ROP NW are exceptional. Usually all activities of LAGs aim at Leader programme.

The situation is significantly different in the 2007-13 period. Each of the cohesion regions has formed ROP objectives completely independently of the state level, except for the methodological input of MoRD and the responsibility of the Ministry of Finance in terms of financial control. But even now, the use of local development platforms to help design development strategies is rather untypical for municipalities.

For the current programming period, the European Commission (based on experience gained through the URBAN initiative) recommended that Member States adopt a new instrument for intervention in urban areas – Integrated Urban Development Planning (IUDP). In accordance with the requirements and methodology for the construction of IUDP determined by MoRD (based upon the Leipzig Charter¹⁹ and other key guidelines), an IUDP approach has been incorporated into 2 types of Operational Programmes, the Integrated Operational Programme (IOP) and Regional Operational Programmes (ROPs). IUDPs in the IOP are directed at renewal of housing estates in cities with over 20,000 inhabitants and on a strictly zone-based approach.

IUDPs in ROPs and the IOP include a set of projects using:

(a) a zone approach in both ROPs and the IOP - a selected zone of a municipality with specific characteristics (growth potential, social indicators, education level, unemployment and others) that is focused on regeneration and revitalisation of brownfield sites, revitalisation of specific municipal zones or development of education and health care infrastructure

or

(b) in ROPs only - through a thematic integrated approach (e.g. urban public transport, greenery) covering the whole municipality.

The purpose of the zone-based IUDP is to concentrate financial resources on a limited number of pre-selected zones of a city and either to tackle all existing problems (a deprived area) or to support potential growth (a growth pole). Within the Northwest ROP, all six cities over 50,000 inhabitants prepared IUDPs. Four zone-based IUDPs were approved in the first call,²⁰ two thematic IUDPs were approved within second call²¹. Another 8 IUDPs, focusing on improvement of housing estates, have been prepared for the Integrated Operational Programme by cities which meet the eligibility criteria (more than 20,000 inhabitants)²². Following figure shows total number of city inhabitants and ERDF allocation approved by Managing Authorities within individual IUDPs.

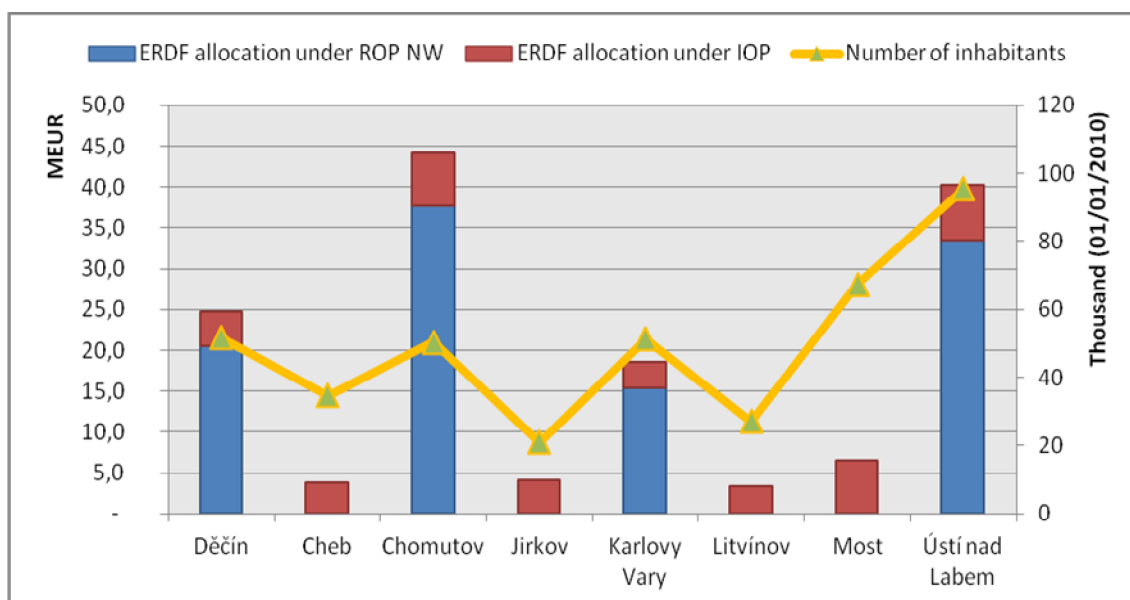
¹⁹ www.urbact.eu.

²⁰ D••ín, Chomutov, Karlovy Vary, Ústí nad Labem.

²¹ Most, Ústí nad Labem. Both IUDPs enhance urban public transport in the city. Relating to very starting stage of implementation those IUDPs are not included into figures of case study.

²² D••ín, Cheb, Chomutov, Jirkov, Karlovy Vary, Litvínov, Most, Ústí nad Labem.

Figure 3: Cities using IUDP in Northwest Cohesion Region



Source: Czech Statistical Office, Bureau of Regional Council ROP NW, MoRD

Financial size of IUDP doesn't reflect number of inhabitants, ERDF allocation is the total sum of all priority sub-projects implemented under the IUDP²³. Greatest part in terms of size of IUDP are represented by sub-projects for the reconstruction of buildings.²⁴ Differences in the size IUDP under IOP are significantly smaller due to the limited range of eligible activities.

The methodology guidelines were produced by MoRD after a long and confusing negotiation which limited time for conceptual and technical development of the IUDP, further constrained the scale of potential beneficiaries and introduced a very complicated system of implementation. Originally, Czech NSRF did not anticipate "integrated urban development plans" and it was only through discussions and negotiation with the European Commission that the NSFR (and subsequently OPs) accepted this approach. Due to lack of experience with integrated planning, the methodology was mainly developed by MoRD within a specifically established working group (using guidelines provided by the EC and other sources) but with limited Municipality consultation. Finally, the obligatory methodology to be adopted by all Regional Cohesion Councils (as Managing Authorities of ROPs) was released only in 2008.

²³ Within 1st call under ROP NW 4 maximum scoring IUDPs spent all call allocation, 2 IUDPs (Most, Teplice) did not get ERDF support.

²⁴ value of indicator 65/11/10 Total surface of regenerated and revitalised structures in municipalities - D••ín – 500 m², Chomutov – 14,200 m², Karlovy Vary – 0 m², Ústí nad Labem – 10,300 m²; see Annual Implementation Report of Regional Operational programme Northwest Cohesion Region for year 2010, p. 38.

4 Main interventions using LDA

This chapter describes the 2004-2006 and 2007-2013 ERDF regional strategy and analyses how it has promoted/is promoting a local development approach

4.1 Regional strategy: analyzing objectives

The territorial development strategy (regional) active in the 2004-06 programming period was set in place by MoRD. The role of regional authorities was limited to consultation on strategy and to acting as an intermediate body for the following measures under the JROP:

- 1.1 Support for business activities in selected regions;
- 2.1 Development of transport in regions;
- 3.2 Support for social integration in regions;
- 4.1 Development of services for tourism; and
- 4.2 Development of tourism infrastructure;

The measures were implemented through a grant scheme at regional level, which enabled regional authorities to gain important skills related to programme management. Nevertheless, all JROP implementation during the programming period was tightly directed by MoRD.

The same situation can be seen in the current programming period whereby relevant departments of MoRD lead quite “mixed” nationwide programmes within the Integrated Operational Programme. One part of the IOP is linked to an LDA approach - Area of Support 5.2 *Improving the environment in problematic housing estates* - which supports regeneration of apartments on housing estates, regardless of the owner of the house and the nature of public space revitalisation within the defined territory. Because of the nationwide approach of IOP, and this particular priority axis, there is no regional targeted strategy within the programme itself and IUDPs have had to compete with each other through national calls for proposals. The ERDF regional strategy at NUTS 2 level has been prepared in the context of the Northwest Regional Operational Programme and is fully consistent with individual NUTS 3 level strategies (Ústí County, Karlovy Vary County). This is a result of the public administrative system in the Czech Republic²⁵ which implies that while various development strategies and development plans are set for individual counties²⁶ (Usti County and Karlovy Vary County), they are limited to the territory of individual NUTS 3 level.

²⁵ Self-government levels with political representative body with responsibility for strategic planning – municipality, county, state.

²⁶ Usti County – The Sustainable Development Strategy of Usti County 2006–2020, The Development Plan of Usti County for 2008 – 2013, The Strategy for Tourism Development of Usti County, The Innovation Strategy of Usti County The Development Strategy of Industry and SME in Usti County, The Strategy of Development of Culture and Heritage Protection in the Usti County, The Strategy of

The Northwest Cohesion Region strategy was prepared via close co-operation of county authorities, supplemented by suggestions submitted by individual working groups of key stakeholders from both counties. As outlined in the ROP “...strategy starts from general principles of focusing on better use of innovation processes, support for progressive technologies, and strengthening inner cohesion of the region along with its cohesion in relation to other CR regions and neighbouring regions in Germany – all this while respecting principles of sustainable development.” The article relating to ERDF intervention via the Northwest ROP Northwest says refers to – **“Enhancing the quality of the physical environment and transformation of the economic and social structure of the region as the prerequisite for enhancing the attractiveness of the region for investments, entrepreneurship and life of the population. Through the region attractiveness quality enhancement, the region will converge to the average level of the CR/EU socio-economic development.”**

The activities targeted are contained within 4 priority axis (with a 5th axis relating to Technical assistance for ROP administrative support). Projects implemented within the priorities - *P1 Urban Regeneration and Development, P2 Integrated Support of Local Development, P3 Accessibility and Transport Serviceability and P4 Sustainable Development of Tourism* - are intended to achieve the specified objectives of the Northwest ROP : *Objective I – Modern and attractive towns representing the principal driving force of the region’s development; Specific Objective II – Rural areas utilising the local and regional potentials for ensuring full-fledged life of the population; Specific Objective III – Accessible region allowing the effective mobility of its population.*

The structure and objectives of the ROP are based on thematic development strategies of both the underlying counties, Usti County and Karlovy Vary County.²⁷

The division of total ROP MW allocation is as follows:

1.	P1 – Urban regeneration and development	39.86%
2.	P2 – Integrated support of local development	4.36%
3.	P3 – Accessibility and transport serviceability	33.96%
4.	P4 – Sustainable development of tourism	19.12%
5.	P5 – Technical assistance	2.70%

Development of Rural Parts of Usti County, The Concept of Social Services Development in Usti County, The Concept of Healthcare of Usti County etc.

Karlovy Vary County – The Competitiveness Development Strategy of Karlovy Vary County, The principles of development of social services in Karlovy Vary County, The Regional Concept of Agricultural Development, The Human Resources Development Strategy of Karlovy Vary County, The Programme of Development of Tourism in Karlovy Vary County 2007-2013, The Strategy of Cycling Development, The Development Programme of Karlovy Vary County 2007-2013, Mid-term Plan for the Development of Social Services in the Karlovy Vary County etc.

²⁷ Remember that in the Czech Republic the strategic planning is under responsibility of NUTS 3 County and it is implemented separately in both counties. ROP NW objectives reflect only those parts of the regional strategies that meets their match of the ROP Northwest, much of the regional strategies are implemented through other Thematic OPs (eg Innovation Strategy of Usti County is fulfilled complementary by projects in the ROP Northwest, OP Research and Development for Innovations and OP Enterprise and Innovation).

This profile shows that the ROP concentrates on the most visible aspects of the region – large cities and transport.

It is envisaged that the “*Modern and attractive towns*” objective will be “*the principal driving force of the region’s development*” and will be achieved via a series of specific objectives within Priority Axis 1, namely “*1.1. Revitalization and regeneration of neighbourhoods and unused objects (individual object or site) aimed at increase of their attractiveness and reuse*” and “*1.2. Increase the offer and quality of infrastructure for human resources development*”.

Priority Axe 2, *Integrated support of local development*, has the general objective “*Stimulation and balanced development of rural areas and their communities by implementing targeted integrated projects based on local demand*“ which is to be achieved by two specific measures – “*2.1. Strengthening the local development capacity for the preparation and implementation of integrated projects*“ and “*2.2. Development and improvement of the infrastructure and physical and cultural environment*“.

The NW ROP rigorously adheres to LDA principles in implementing Priority Axis 1, Area of Support 1.1 *Support of the regional development poles* where ERDF support is conditional upon by the existence of IUDP. Eligible applicants are cities of 50,000 of inhabitants or more (i.e. 6 cities only).

Within Priority Axis 2 *Integrated Support of Local Development* ERDF support is provided to individual or integrated projects from municipalities of less than 20,000 inhabitants. An integrated project under this priority is defined as “*... a project targeting several interdependent or related investments (e.g. modernization of local roads, public lighting and renovation of adjoining public spaces)*“. Accordingly, the Priority Axis 2 does not support integrated urban projects (social, economic, environmental) and focuses on the integration of various inputs within single projects. As a result, this Priority will not be described hereafter.

LDA principles are also present in the development of the Northwest Cohesion Region via implementation of other OPs as:

- the community planning of social services supported by OP Human Resources and Employment funded by ESF. Community planning of social services represents a tool to bring various service providers and cities to one table and discuss and agree a common plan with respect to the range of social services and its financing on city/county level. First pilot project led by Ministry of Social Affairs and Labour started back in 2003 and results of this pilot were incorporated into the OP Human Resource Development 2004-2006. Currently, community development plans of social services are supported through OP Human Resources and Employment.
- IUDP preparation and implementation within Integrated OP funded by ERDF or integrated projects of rural micro-regions in the frame of Programme for Rural Development.

4.2 Mapping ERDF interventions using LDA

The following table shows LDA typology and financial allocation for respective areas of support which utilise LDA in IOP and OP ROP NW. All data are assorted to represent NUTS 2 level.

Figure 4: Allocation for LDA in Northwest Cohesion

Operational Programme (2)	Territorial / other interventions (3)	Typology (4)	Priority (5)	ERDF for LDA (6)	Total Amount for LDA (7)	% ERDF for LDA / Total OP's ERDF (8)
Integrated Operational Programme	Territorial	Urban and rural regeneration	National support for territorial development	38,312,830 €	75,099,723€	2.44% ²⁸
Integrated Operational Programme Total				38,312,830 €	75,099,723 €	2.44%
Regional OP NUTS II Northwest	Territorial	Urban and rural regeneration	Integrated support of local development	28,899,999 €	34,000,000 €	3.9%
			Urban regeneration and development	127,500,000 €	150,000,000 €	17.1%
Regional OP NUTS II Northwest Total				156,399,999 €	184,000,000 €	21.0%

Sources: IOP, IOP MA monthly monitoring tables, ROP NW

An LDA approach is very evident in Northwest ROP through Areas of support: 1.1 *Support of the regional development poles* and in the IOP; 5.2: *Improving the environment in problematic housing estates*²⁹; and in the OP Human Resource Development and Employment (Community Planning of Social Services, financed from ESF).

Within the context of the ROP, Priority Axis 1, Area of Support 1.1 *Support of the regional development poles* fully exploits the IUDP model as eligible applicants (cities over 50,000 inhabitants – D••ín, Chomutov, Karlovy Vary, Most, Teplice, Usti nad Labem) have either to identify a suitable area of the city in cooperation with other key stakeholders³⁰ or a weak component in the city environment, and to develop an integrated plan to enhance the potential of problem city areas or eliminate bottlenecks. IUDPs can contain the following activities:

²⁸ This figure shows the total ERDF allocation for LDA in NW Cohesion Region as percentage of total IOP ERDF allocation.

²⁹ Especially Area of Support 5.2 Improving the environment in problematic housing the ERDF investments in IUDP are complemented by numerous other activities implemented by various bodies within the local LDA and paid from other sources.

³⁰ Deprived areas (zones) with a concentration of negative phenomena, such as high unemployment, criminality, social exclusion, etc. or Growth areas; there, the leverage effect of structural funds may be used to enhance the competitiveness of the zone - Regional Operational Programme NUTS II Northwest For Period 2007 – 2013, p. 161.

- *Revitalising and increasing the attractiveness of neighbourhoods.*³¹
- *Regeneration of brownfields sites.*³²
- *Programmes focused on regeneration and revitalization of urbanized areas, individual cities or their parts including the process of their development by employing suitable participative methods;*
- *Modernization of the infrastructure for human resources development.*³³
- *Modernisation of urban public transport.*³⁴
- *Related project preliminary, project documentation, architectonic competition, project cooperation between the public and the private sector (PPP). and*
- *Increasing the know-how in the area of regeneration and revitalization of cities including sharing “good practice” in the other EU member-states.*

The breakdown of financial allocations into particular areas of intervention and priority themes within Priority Axis 1, Area of Support 1.1 is indicated in the following table:

Figure 5: Allocation for Priority themes in Priority Axis 1

Code	Priority themes	% of allocation	Orientation amount of allocation
11	Information and communication technologies (access, security, interoperability, risk-prevention, research, innovation, e-content, etc.)	2.89 %	3,684,253
52	Promotion of clean urban transport	15.85%	20,241,234
61	Integrated projects for urban and rural regeneration	81.26%	103,773,510
Total		100%	127,698,997

Source: ROP NW

The NW ROP defines eligible beneficiaries very strictly. While it is the case that only Municipalities (cities) with populations over 50,000 persons are eligible to submit a IUDP for financing, individual projects (so called sub-projects) can be developed by (a) Counties, (b) organisations established or founded by municipalities with a population over 50,000 or by regions and/or voluntary unions of municipalities with at least one municipality with a population over 50,000 as a member of the union, (c) NGOs and schools and educational facilities with the status of legal entities, listed in the Schools Register. The financial allocation

³¹ I.e. constructional renovation or completion of buildings including the related transport and technical infrastructure, public lighting, green areas and facilities for leisure time activities.

³²For their further public use including decontamination of affected areas and related transport and technical infrastructure as a part of a broader concept of regeneration of a certain area.

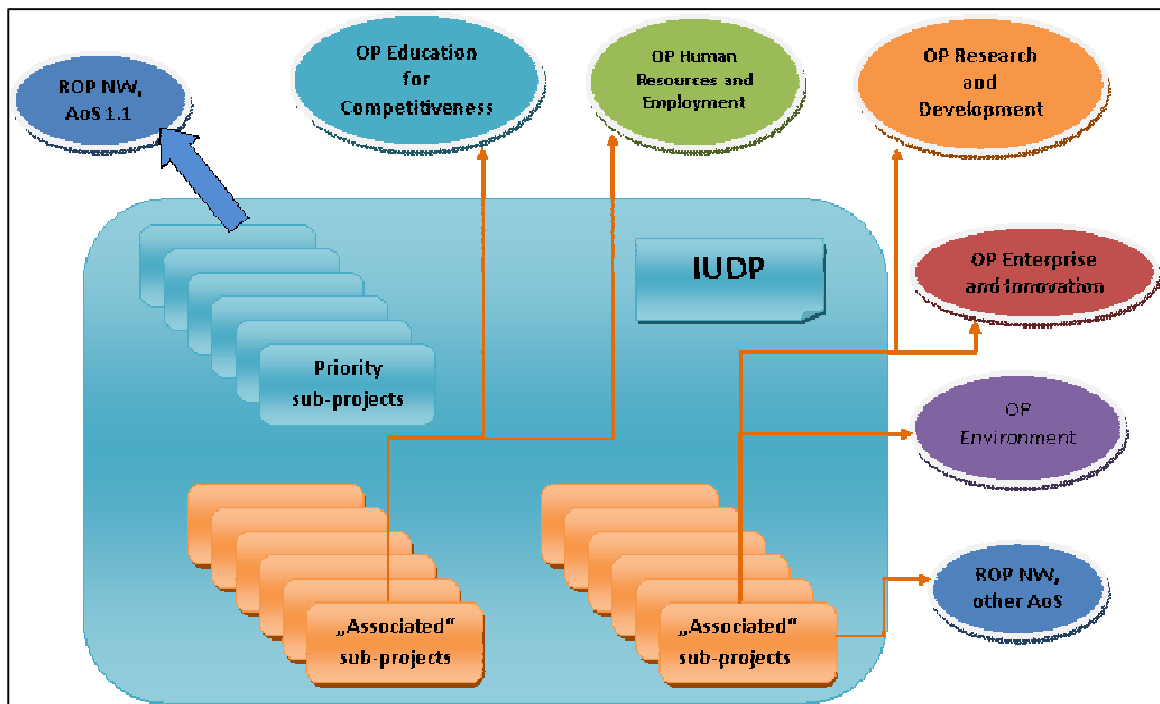
³³ Construction and modernization of libraries, modernization and adjustments of the educational infrastructure to meet the requirements of further education – e.g. poly-functional equipment of schoolrooms with regard to their combined use for the purposes of the current types of schools and for further education within the framework of community schools, modernization and renovation of the infrastructure for provision of social care – e.g. day-care centres, day and week hospitals, sheltered housing, homes for persons suffering from health problems, and the modernization and renovation of health care institutions.

³⁴ Purchasing trams and trolleybuses, including accompanying infrastructure such as converter stations for trolleybuses, and more, enhancing the accessibility of public transport to specific groups of population – seniors and handicapped people, enhancing the attractiveness and safety of public transport – e.g. stops.

volume for the NW ROP IUDP is EUR 15 mil with rates of subsidy dependent on type of beneficiary (85% of eligible costs in the case of municipalities).

Both programmes enable applicants to add projects to the IUDP that are not eligible under ROP/IOP programme requirements but which may be financed from other sources or other Operational Programmes as described below. Such sub-projects get a 10% special bonus in the evaluation process of respective programmes for being integrated into a IUDP.

Figure 6: IUDP under ROP and funding sources



Sources: ROP NW, ROP MA, IUDP managers interview

Subprojects included in the IUDP differ extensively from city to city, depending on their development needs and priorities.

For example, the City of D••ín IUDP defines a priority city centre area. Seven sub-projects are focused on the reconstruction of the castle, swimming pool, parks and other public spaces with some activity for strengthening human resources (via new building for municipal libraries and modernising school rooms and equipment), all located in the city centre. Eligible costs³⁵ amount to EUR 25,790,795 in total with an ERDF contribution of EUR 20,460,873.³⁶

The City of Chomutov aims to revitalise brownfield former army barracks and convert into a sports and recreational centre. The IUDP contains 9 sub-projects focusing on new buildings including a hall for winter sports, a soccer and athletic complex with related parking and green

³⁵ The following financial figures are based on individual IUDPs supplemented by data from Annual Implementation Reports and final report of study Evaluation of IUDP in ROP NW. Unless noted otherwise calculations of rate EU /CZK 25.24 has been used.

³⁶ See in Integrovaný plán rozvoje m•sta D••ín, <http://iprm.mmdecin.cz>.

spaces. Eligible costs amount to EUR 25,790,795 in total with an ERDF contribution of EUR 20,460,873.³⁷

The City of Karlovy Vary has prepared its IUDP to focus on a deprived area with high development potential. Here, 5 sub-projects aim at delivery of sports and leisure time facilities (a swimming pool, hall for ball sports, cycling and in-line skating trails, multi-functional paths and revitalisation of green spaces), accompanied by educational infrastructure ("Centre of health and safety"). Eligible costs amount to EUR 58,794,426 in total with an ERDF contribution of EUR 38,669,906.³⁸

The IUDP CENTRE in Usti nad Labem contains the most diverse set of activities. Thirteen sub-projects contain a range of construction activities (reconstruction of the house of culture, construction works in part of City Hall, demolition of unused buildings and replacement by a sports centre, reconstruction of the senior house), accompanied by expansion of a camera system in the zone to enhance safety in the city centre. Eligible costs amount to EUR 47,074,202 in total with an ERDF contribution of EUR 33,230,902.³⁹

The last two IUDPs submitted within the Northwest ROP attempt to improve transport and mobility in two cities - Most and Usti nad Labem. Activity is primarily concentrated on the purchase of vehicles for public transport and on improvement of related infrastructure (stops, traction, etc.).⁴⁰ These IUDPs were submitted to the Managing Authority but have not yet been implemented.

The Integrated Operational Programme is the second ERDF Operational Programme strengthening an LDA approach and uses the IUDP model within Area of Support 5.2: Improving the environment in problematic housing estates. The IUDP must be zone targeted and its activities have to fulfil the objective "*Balanced Development of Territory*" through revitalising public areas and regeneration of apartment houses (building repairs or modernisation). While the IOP UIDP zone, can be identical with or overlap the zone defined under ROP, criteria for selection of the respective zones differ. While the IOP aims only at reducing social deprivation on housing estates (former socialist housing estates - "panelaky"⁴¹), the ROP concentrates on areas with development potential or areas that are generally deprived due to location, physical structures etc, but not housing estates. In both cases it is the municipality that is responsible for preparation and submission of the IUDP, with sub-projects

³⁷ See in Integrovaný plán rozvoje města "Areál bývalých kasáren a přilehlého okolí", <http://www.chomutov-projekty.eu/iprm-rop/cil-rop>.

³⁸ See in Integrovaný plán rozvoje města Karlovy Vary, http://qede.kvprojekty.eu/files/documents/Dokument_IPRM.pdf.

³⁹ See in Integrovaný plán rozvoje města Usti nad Labem – Centrum, <http://www.usti-nad-labem.cz/cz/zivot-mesta/integrovaný-plan-rozvoje-mesta/iprm-centrum/integrovaný-plan-rozvoje-mesta-usti-nad-labem-centrum.html>.

⁴⁰ See in Integrovaný plán rozvoje města – Mobilita, <http://www.usti-nad-labem.cz/cz/zivot-mesta/integrovaný-plan-rozvoje-mesta/>, Integrovaný plán rozvoje města – Doprava, http://www.mesto-most.cz/vismo/zobraz_dok.asp?id_org=9959&id_ktg=2561&p1=1182.

⁴¹ Colloquial term in Czech for a panel building constructed of pre-fabricated, pre-stressed concrete, such as those extant in the Czech Republic and elsewhere in the former Eastern bloc.

for financing. Breakdown of financial allocations into particular areas of interventions within Area of Support 5.2 is as follows:⁴²

Figure 7: The division of ERDF allocation within IOP, Area of Support 5.2 (€)

Intervention area	Activity	Name of activity	Total IOP AoS 5.2 ERDF allocation⁴³	ERDF allocation for IOP IUDPs in Northwest⁴⁴
5.2	5.2a	Revitalisation of public areas	115,543,993	17,963,919
5.2	5.2b	Regeneration of apartment houses	63,549,196	20,348,911

Sources: IOP, MoRD

The eligible beneficiaries of ERDF assistance under the IOP are residential or non-residential building owners and municipalities (for revitalisation of public spaces on housing estates). The IUDP financial allocation is EUR 2 mil with the rate of subsidy dependent on type of beneficiary and the agreed ceiling of support for housing renovation sub-projects – a figure of 40% of eligible costs was eventually agreed with housing owners. In the case of the municipality and public space revitalisation, support is structured at 85% of eligible costs.

⁴² IOP calculates ERDF allocation only to NUTS 1 level , p. 171.

⁴³ IOP, p. 167.

⁴⁴ the sum of ERDF allocation to activity in individual IUDPs.

5 Effectiveness of the interventions co-financed by ERDF

5.1 Outputs and results

In preparing IUDPs, municipalities had to comply with requirements related to system of indicators established in relevant programme documentation (ROP NW/IOP). Output and results indicators for the NW ROP and the IOP are reported in the following table even if, generally speaking, it might be argued that existing monitoring frameworks and indicators struggle to reflect the ‘essence’ of LDA strategies and that further refinement is required before they are suited to the task.

Figure 8: Indicators related to IUDP

ROP NW			IOP ⁴⁵		
Result indicators	Planned	Achieved ⁴⁶	Result indicators ⁴⁷	Planned	Achieved
Number of partners engaged	50	193	Number of regenerated flats	20,000	10,126.48
Surface of the regenerated and revitalised area in municipalities - ha	25	36.76	Surface of the regenerated and revitalised area – m ²	4,000,000	381,848.42
Total surface of regenerated and revitalised structures in municipalities – m ²	25,000	25,536	Saving energy of regenerated flats - %	20	23.63
Number of newly acquired lowfloor vehicles in public mass transportation	30	0			
Output indicators			Output indicators		
Number of enterprises / service organisations established or maintained in the revitalised part of the municipality	10	7	Number of projects enhancing the attractiveness of housing in area	40	33
Number of supported projects focused on sustainable development and enhancing the attractiveness of municipalities and metropolitan cities in general	50	28	Number of projects focusing on better conditions of apartment houses	750	192

Sources: Annual Implementation Report ROP NW, IOP MA monthly monitoring tables

In addition to the above OP indicators, IUDPs might have additional indicators relevant to the territory in question but such indicators are typically reported to the municipality rather than the Managing Authority.

The indicator “number of partners” is made up of the cumulative number of partners indicated in individual “priority” sub-projects submitted to the NW ROP, Area of Support 1.1. In some

⁴⁵ IOP indicators for NUTS I level only. There is no data collection for NUTS 2 NorthWest.

⁴⁶ ROP NW Annual Implementation Report 2010, p. 82.

⁴⁷ NUTS I level , IOP Annual Implementation Report 2010, p. 111.

cases, therefore, partners taking part in several “priority” sub-projects are counted repeatedly. Partners of sub-projects that are not priority sub-projects (associated sub-projects in IUDP) are not counted at all. In practice, partnership impact on the IUDP is marginal, e.g. any institution that promotes IUDP in the territory has the right to be added as partner of an IUDP sub-project.

Figure 9: Main figures of IUDPs under ROP NW

City	Territory of IUDP	Sub-projects			Fund	Expected costs (€)		% of total ROP NW, Area of Support 1.1 allocation ⁴⁸
		Number of priority sub-projects	Type of sub-projects	“Associated” sub-projects		Total costs of priority sub-projects	ERDF allocation of priority sub-projects	
D••ín	City centre	7	Municipal infrastructure	YES	ROP NW, AoS 1.1	25,790,795	20,460,873	16.02
Chomutov	Brownfield	9	Municipal infrastructure	NO	ROP NW, AoS 1.1	59,785,683	37,687,000	29.51
Karlovy Vary	Development area	5	Municipal infrastructure	NO	ROP NW, AoS 1.1	58,794,426	15,291,044	11.97
Ústí nad Labem	City centre	13	Municipal infrastructure	YES	ROP NW, AoS 1.1	47,074,202	33,399,098	26.15

Source: Annual Implementation Report of Regional Operational programme Northwest Cohesion Region for year 2010

As at the end of 2010, from 34 planned “priority” sub-projects under 4 IUDPs so far 25 “priority” sub-projects had been approved by the NW ROP Managing Authority within the Priority Axis 1, Area of Support 1.1 with a total contribution of €100,087,554.37 representing 63.62% of the allocation for this area of support. Four of them had been completed with eligible costs of EUR 9,526,647 and an ERDF contribution of EUR 8,097,333.⁴⁹ Remaining 9 “priority” sub-projects were not submitted yet.⁵⁰

According to the IOP Managing Authority, information on IUDPs implemented by cities on problematic housing estates in the Northwest Cohesion Region⁵¹ suggests expenditure of about 177,331 million EUR in total by the end of July 2011 (25.571 mil. € of ERDF and 2.573 mil. € of state budget, with the rest paid by applicants) from a total allocation of EUR 226,556,849 for Area of Support 5.2⁵².

⁴⁸ Total ERDF support for Area of Support 1.1 amounts EUR 127,698,997.

⁴⁹ Situation 01/05/2011, Annual Implementation Report of Regional Operational programme Northwest Cohesion Region for year 2010, p. 38.

⁵⁰ The implementation system of IUDP allows phasing submission of sub-projects within a continuous call launched by the ROP NW Managing Authority, according to time schedule of individual IUDPs all remaining priority sub-projects will be submitted until the end of June 2013. IUDP implementation system under ROP NW is described further under Chapter 7.1.

⁵¹ D••ín, Cheb, Chomutov, Jirkov, Litvínov, Karlovy Vary, Most, Usti nad Labem.

⁵² Allocation for the Czech Republic.

Although counties, as well as other regional actors, may apply for support under the IUDP, currently all subprojects primarily take the form of municipal investment or investment of organisations established and financed from municipal budget.

The general opinion among interviewees is that the IUDP is regarded primarily as a tool through which to access ERDF funding and to match municipal funding which can be then used for other development priorities. Even though implementation of IUDPs under both ROP and IOP is demanding in terms of administrative rules and requirements, as interviewees confirm, it is worth doing and complicated administration is accepted vis-à-vis value of the subsidy that may be received.

Results

Evaluating socioeconomic effects of implemented IUDPs for territorial development will have a number of challenges. Firstly, in case of ROP NW, there are no base-line socio-economic indicators relevant to urban agglomerations allowing comparing attained results to. Although the priority aims at “increasing the attractiveness of cities”⁵³, such “attractiveness” is no further captured in terms of indicators so only outputs are measured. Similarly the on-going evaluation of IUDPs in ROP NW implemented in December 2010 focuses on physical and financial progress only. According to last Annual Implementation Report⁵⁴ of ROP NW 36.76 ha of public spaces were revitalized, 25,536.59 sq. meters reconstructed in various buildings and in selected localities 7 new businesses were established, all through a number of project partnerships (193).

In case of IOP the territories were selected according to indicator framework of the European Commission⁵⁵ proving that selected territories face deprivation by comparing various socio-economic indicators of the territory compared to overall situation in the Czech Republic. The programme is set on national level and does not indicate values for individual NUTS 2. According to information received during case-study elaboration Managing Authorities do not plan to evaluate socio-economic effects of IUDPs on territories in question, however, according to existing Evaluation Plan of the National Coordination Unit⁵⁶ such evaluation will be done on national level in future.

From the viewpoint of a local development approach, the results of IUDP interventions can be seen on various levels. At a “macro” level, IUDPs introduced a new planning tool involving various stakeholders in the planning efforts of municipalities to develop their areas. Although interviews show that partnerships are, in many cases, formal and somewhat driven by

⁵³ indicator «Number of supported projects focused on sustainable development and enhancing the attractiveness of municipalities and metropolitan cities in general”.

⁵⁴ Annual Implementation Report of Regional Operational programme Northwest Cohesion Region for year 2010, p. 82.

⁵⁵ COMMISSION REGULATION (EC) No 1828/2006, Article 47 Interventions in the field of housing – (a) a high level of poverty and exclusion; (b) a high level of long-term unemployment; (c) precarious demographic trends; (d) a low level of education, significant skills deficiencies and high dropout rates from school; (e) a high level of criminality and delinquency; (f) a particularly rundown environment; (g) a low level of economic activity; (h) a high number of immigrants, ethnic and minority groups, or refugees; (i) a comparatively low level of housing value; (j) a low level of energy performance in buildings.

⁵⁶ [www..strukturalni-fondy.cz](http://www.strukturalni-fondy.cz).

implementation requirements, such an approach has already been tested in other sectors (social) with very positive outcomes.

At a micro level, within the whole system of IUDPs, the complexity of relations among various subjects creates a new dynamic. Rules and procedures related to preparation and implementation of IUDPs (both ROP and IOP) are defined from above. The methodology given by MoRD sets up the structure and detail required for preparatory and implementation phases. The guidance document generally identifies potential partners and groups who should be approached by the city with the practical nomination of partner organisations left to the city itself. Cities therefore nominate members of Steering Committees and working groups as are suited to the type and content of IUDPs. The result is where a city implements 3 IUDPs, there are three different structures with a number of management committees and working groups. Selection of members for management committees and working groups is typically a combination of two approaches. The main partners in all cases are organisations of the city itself (established/founded by city). Where possible, the city takes advantage of previous relations and mutual collaboration with other organisations. For new activities (such as refurbishment of residential buildings), the town has had to establish cooperation with new stakeholders in areas. Common partnerships under IUDP comprise, in addition to politicians and officials of municipal organisations, Chambers of Commerce, school/university, social service providers and other NGOs. In the case of IUDPs in IOP, housing associations are included alongside private owners of housing, and sometimes the police. With the exception of housing associations and owners of residential houses, all entities involved are financed from public funds.

The most extensive involvement of potential partners took place in the initial phase of IUDP preparation. At that time methodological guidelines for IUDP development were not formulated but municipalities and various stakeholders considered it as an opportunity to access finance for their plans within the city. Gradual restrictions on financial options and the narrow range of eligible beneficiaries under IUDP reduced interest in participation. Thus, currently, activities of various stakeholders and partners are visible mainly in IUDPs under IOP – compared to ROP – also because the challenges to be solved in housing settlements are more complex and there is an higher chance to attract financial support from ESF for various associated sub-projects under the umbrella of an IUDP in IOP. In such cases there is visible closer cooperation between applicants of subprojects (mostly NGOs) and the city as the lead.

The Current system of IUDP implementation confirms the position of the city as the main partner/promoter. Although an IUDP is formally represented by a Steering Committee involving stakeholders, implementation is governed by municipal officials. Partners participate in the IUDP process by on-going monitoring of sub-projects and scrutiny within Management Committee Annual Implementation Reports. Their role and decision power could be increased if there were to be changes in IUDP protocols, however, according to information from interviews, no such changes are envisaged in either of the IUDPs in the region. It appears that substantial change is very difficult within the IUDPs.

The outcome of the whole system is a functioning partnership structure to support the development strategy for a specific area of the city. Administrative and decision-making systems, including stakeholders, have been established to achieve such a strategy but the structure of partners is limited

mainly to the public sphere only. Representation from the business sector is very low and the most prominent representatives of the private sector are owners of residential buildings under the IUDP IOP.

5.2 Sustainability of ERDF interventions using LDA

Sustainability of IUDP interventions is dependent, on the one hand, upon the ability of organisations involved to sustain the functionality of newly developed infrastructure without additional funding from ERDF and, on the other hand, the ability of partnership structures to ensure financing of subsequent activities for territorial development.

Since IUDP priority projects are mainly municipal investments – focusing on building infrastructure for municipal citizens – future running costs will be covered by municipal budget. According to interviews, representatives of municipalities are aware of this and have allowed for required running costs in budget forecasts. Municipal representatives are also aware that additional costs may generate strong pressures on future municipal budget.

The selection of projects to be implemented depends both on the funding available and the requirements established by various funding opportunities. Funding schemes do not necessarily reflect the priorities of municipalities but enable municipalities to finance refurbishment of (for example) neglected infrastructure.

IUDP investment in municipal infrastructure is undertaken because the relevant projects are accessible, focus partly on actions that were already planned and focus on actions that would not be otherwise be implemented without the 85% ERDF contribution. Similar situations are evident within a group of “associated” projects where promoters must ensure repairs and operation and in IUDP projects financed from ESF where funding of sub-projects (post completion) will have to be sustained from other financial sources, generating additional pressure on public budgets.

Circumstances are much the same within IUDP under the IOP. The only beneficiary is the municipality and it will be the municipality that will ensure operation and repairs through its own technical service organisation. In terms of residential housing, future investments are the soleright of housing owners who will be required to ensure sustainability of activities.

It is difficult to assess institutional sustainability. According to some interviews, use of IUDP is strongly prescribed by the implementation system adopted. This system prescribes the way in which “zones” are defined, mechanisms of implementation but focuses, to a lesser degree, on the on the real needs of a supported territory. Thus IUDP strategy is primarily determined by the range of eligible activities under the ROP NW/IOP, both in terms of specifying a territory and the content of the IUDP. For this very reason, it is questionable whether partnerships established under IUDPs can contribute to the development of other projects in areas not supported by the ROP NW/IOP. Municipalities have to utilise other financial instruments of other OPs and/or national subsidy schemes not requesting a LD approach.

6 Analysis of the actors involved and Process design features of the main LDA interventions

6.1 Analysis of the actors

The structure of stakeholders differs between the preparatory or implementation phases of IUDP programming.

In the preparatory phase, the following stakeholders are involved: European Commission, namely DG Regio in approving the OP and allocations for individual priorities and areas of support⁵⁷, relevant ministries in the Czech Republic, mainly MoRD as provider of methodological guidance and support and the Managing Authority of IOP and the Ministry of Finance as the paying and certifying authority of both programmes. The Government of the Czech Republic also played an important role in the preparatory phase, defining the quantum of national co-financing contribution for IUDP from the state budget. A important role was also played by Union of Towns and Municipalities, providing a platform for the Association of Counties to negotiate the IUDP methodology with MoRD and DG Regio, and focusing on the ROP and its associated allocations. At regional level, a substantive role was played by the Regional Council of Cohesion Region as the NW ROP Managing Authority. Preparation of the NW ROP including Area of Support 1.1. included both counties (Usti County and Karlovarsky County) administrations and politicians the in drafting and approval of the final version. Additional bodies contributing to preparatory work included the North Bohemian Association of Municipalities, the Association of Usti County NGOs, the Regional Chamber of Commerce, Economic and Social Council of Mining Area, Regional Agricultural Chamber, J.E. Purkyn• University and regional branches of state level organizations (Czech Forreests, Basin of Elbe, Basin of Ohre.....) Another important role was played by consulting companies in since they have been drafting the NW ROP.

There are differences at the local level, in the of case of the IUDP in the NW ROP where, apart from individual municipalities and politicians, partnership was extended to Regional Chambers of Commerce, Regional Employment Offices as well as representatives of various organizations established by the municipality (social services, municipal transport, cultural and educational organisations).

As far as IUDP implementation is concerned, the structure of stakeholders is different in both the NE ROP IUDP and the IOP. At a supra-regional level, apart from the already mentioned role of the European Commission as a monitoring partner for both programmes, the European Investment Bank became a stakeholder since it having given loans to some municipalities for

⁵⁷ On the initiative of DG Regio, integrated urban development planning has been incorporated into the OP.

sub-projects under the IUDP. At national level, the number of stakeholders grew tremendously. Apart from the Ministry of Finance as the paying and certifying authority of both programmes, and MoRD as the Managing Authority and provider of methodological support to IUDPs, Managing Authorities of other ministries for associated projects became stakeholders of IUDPs. The Union of Towns and Municipalities operates to transfer good practice through an established expert group of IUDP managers. Another stakeholder involved indirectly in IUDP implementation have been financial institutions, providing financial resources to ensure the financing of various municipality and housing owner IUDP investments. Technical appraisal of IOP projects and the administration of priority sub-projects is undertaken by the Centre for Regional Development as an Intermediary Body of the Programme. A Regional level of IUDP implementation exists only under the NW ROP. In this case, the principal stakeholder is the Regional Council of Cohesion Region as Managing Authority of NW ROP.. It is responsible for the implementation of the entire programme, its monitoring and control, including Area of Support 1.1. implemented through IUDP. Apart from the Regional Council, an important role is also given to county political representation (NUTS 3) since it is these ultimately these politicians, that approve the main aspects of NW ROP implementation through Steering Committee representatives of central ministries and others. At local level, IUDP implementation stakeholders differ according to the focus of the NW ROP and IOP.

In the NW ROP IUDP, the principal stakeholders are the municipality and its organisations / (departments of City Hall, cultural and educational institutions, technical service organization etc.) which either directly implement or cooperate on implementation of “priority” sub-projects submitted under IUDP to the NW ROP. A number of other organisations are involved in preparation and implementation of “associated” projects (NGOs, university, social services providers, municipal and state police, business sector etc.). These organisations are also frequently represented in the IUDP implementation structure. In the IOP IUDP, principal stakeholder also include the municipality as IUDP author. The municipality is the only eligible applicant to receive financial support for renewal of public spaces. In such cases main partner of the municipality is its own technical service organisation, financed directly from the municipal budget. In terms of refurbishing residential housing, the principal stakeholders are housing owners which, beyond municipalities, also include housing associations or commercial enterprises. Such organisations usually participate in IUDP steering committees. For associated projects, as in case of the NW ROP, the range of partner organisations is much wider ranging from NGOs, the social sector and education providers and the private businesses. Another stakeholder, represented in a number of IUDP structures, are representatives of inhabitants living in the relevant area (local committees) if the city council approved such committees to be established, as legislation requires. There are other important actors in the region that have a considerable influence on its implementation even though they are not directly integrated into the IUDP implementation system. Consultancy companies cooperating on ROP Northwest or individual IUDPs form one group of these actors - a large number of IUDP sub-projects are managed with close co-operation between with city project managers and consultancy companies. The second type of stakeholders are the financial institutions providing loans to cities and needed to frontload individual sub-projects. However, their role is limited to provision of credits.

6.2 Process design features of the main LDA interventions

Based on analyses of the IUDP system, and discussions with the representatives of key stakeholders, it should be noted that implementation of IUDP is a mix between a grant scheme and an individual project. The call for IUDPs, launched by the NW IOP/ROP Managing Authority operates as a grant scheme, while at a lower level, calls for sub-projects launched by Regional Council (NW ROP) or city (IOP) in the context of IUDP, operates as a "classic" individual projects. Such system allows the city to have sufficient time for subsequent sub-project preparation as the first round of selection (via a grant scheme) mainly focuses on the overall need of the IUDP in a given municipality/zone. Firstly, the city defines its zone according to the prescribed methodology give by MoRD (as explained elsewhere), and maps out the variety of needs inside the zone and defines sub-project outlines and broad budget calculations. Sub-project outlines and budget estimates are approved and subsidy for projects under the NW ROP, Area of Support 1.1 (or under IOP, Area of Support 5.2) is confirmed by agreement with the Managing Authority (support for "associated" sub-projects is not guaranteed by this agreement and the city may not receive approval even though sub-projects to are included in the IUDP). All sub-projects included in IUDP pass through evaluation using the same criteria as for other projects in the NW ROP (or IOP). The advantage, from the sub-project perspective, is that projects intended to be supported from the areas of support mentioned above do not face competition with the projects of other applicants as their funding has been pre-approved and finances earmarked. The city is thus certain that well-prepared sub-projects developed under the IUDP will be approved by the Managing Authority and will not compete with projects of other applicants across the Area of support. This situation is confirmed by the evaluation study from December 2010.

In terms of the IUPD implementation system under the NW ROP and IOP, representatives of stakeholders assess it as being too complex. Some of them mean that the whole system is clearly "fund driven" and that the key motivating factor for cooperation of stakeholders is the potential subsidy available. A serious problem is hidden in the lack of willingness of the business sector to participate in the IUDP process. Some businesses who have experience in working groups or steering committees within IUDP consider this activity as "a waste of time". However it should be noted that neither businesses nor Chambers of Commerce are eligible beneficiaries in the NW ROP IUDP and thus their opinion is more consultative - IUDPs are primarily driven by municipalities. The situation in the IOP is different, private owners of residential houses can be active participants in preparation and receive funds under IUDP. Accordingly, their activity is greater in various working groups or steering committees.⁵⁸

The whole administrative process of intervention using IUDP is, de facto, two-tier. The first tier is the preparation and evaluation of individual IUDPs; in the second tier concrete projects fulfilling the objectives of IUDPs are prepared and implemented. There are some differences in

⁵⁸ Within IUDP (IOP) in Litvínov - Janov the director of private company- owner of several hundred of flats in defined territory – was active as a member of Steering Committee in the preparatory phase and his company prepared several sub-projects focused on regeneration of apartment houses with relatively high costs. Nevertheless during implementation period that company has changed an owner and new leaders of company are not willing to continue in this activity. Sub-projects are withdrawn with serious impacts to absorption capacity of whole IUDP.

the process of creation and administration of IUDP in the ROP and NW IUDP in IOP, including their sub-projects.

Representatives of stakeholders evaluate IUPD under the ROP more critically IUPD than IUPD under IOP. In their view, the position of the municipality in all processes related to preparation and implementation of IUDP is far too strong and reflects the base position of municipality - “we pay – we decide”. This situation leads to a rather formal partnership with other stakeholders under the IUDP of the NW ROP. It should be noted that this is predetermined by conditions of Area of Support 1.1 where only a municipality is allowed to prepare IUDPs. Although the list of eligible beneficiaries covers other possible applicants,, the city and its organisations are, to date, the only beneficiaries to implement a sub-project under Area of Support 1.1. The IUDP in IOP involves more stakeholders, the range of eligible beneficiaries is wider which means that more stakeholders are interested in activity and funding.

A crucial “bottleneck” of the IUDP implementation system is its “fragmentation” into several OPs and a complicated system of administration for “associated” projects.

IUDP management reflects the phasing of IUDP elaboration. In the preparatory phase, a municipality closely cooperates with external consultancy companies selected via competitive tender and this implies a mixed model of management. During the implementation period, it is the municipality and its clerks that undertake the majority of management and administrative tasks related to IUDP activities.

6.3 Process of creation and administration of IUDP under ROP Northwest

IUDP as a tool of regional development (or better the development of a city) can be employed under Priority 1 Area of Support 1.1 Support of the regional development poles. All activity implemented within IUDPs have to be concentrated in the selected zone of a municipality or relative to a selected issue (e.g. urban public transport, greenery) in the whole municipality. The basic methodological framework is given by MoRD and the process consists of following steps:

1. A Call for IUDP⁵⁹ is announced, by the ROP Managing Authority, and the criteria for proposal assessment are published (such as an assessment of formal requirements, acceptability and quality of the proposal of IUDP). Together with the presentation of all information and necessary guidelines for processing the IUDP on a Managing Authority website, a number of other tools are used to enhance IUDP quality - presentations, workshops, as well as personal consultations to the municipal authority.

⁵⁹ According to ROP NW this call is addressed to cities over 50 thousand of inhabitants in Northwest Cohesion Region (cities D••in, Chomutov, Karlovy Vary, Most, Teplice, Usti nad Labem).

2. Cities prepare IUDP drafts, including the definition of zones⁶⁰ or topics, objectives and an indicative list of proposed sub-projects. The entire process takes place within the framework of Working groups⁶¹ and Steering Committees⁶² together with key stakeholders. The sum of sub-project estimated costs forms the main part of the total IUDP cost. Collation of proposed sub-projects was initially done by collecting project ideas by municipality, through an open call covering entire municipality territories. However, as IUDP rules became more and more clear, many of the project ideas proved ineligible and had to be rejected. Those which fulfilled eligibility the criteria set by the Managing Authority were discussed and evaluated in relevant working groups. The final list of sub-projects was approved by the IUDP Steering Committee and City Assembly. The process of sub-projects selection varied from case to case, especially in relation to the NW ROP sub-project within Area of Support 1.1. In practice, the proposals for these sub-projects were generated by public, experts, stakeholders, municipal staff etc.. After collation, the proposals were evaluated in the working groups and selected by the Steering Committee⁶³ - the whole process was accompanied by intensive negotiations and pressure from municipal

⁶⁰ Criteria for zone definition: **Deprived zone** – high poverty and social exclusion rate: high level of long term unemployment: negative trends in demographic development: particularly rundown environment; low level of economic activity, a significant number of immigrants, ethnic groups, minorities and refugees, low level of education, significant skills deficiencies and the large number of pupils leaving school early, high crime and delinquency, relatively low real estate values, high energy performance of buildings, low public service facilities, the incidence of neglected and abandoned sites, low levels of service and administrative functions.

Growth pole - high concentration of economic activities, a high potential to stimulate business and development services; high concentration of educational activities; importance of the transport system, which allows mobility of the population has a contribution to the development of the city; high importance for ensuring the health, social, cultural and educational needs of residents - improving the quality of life in cities, extensive use of administrative and service functions, high innovation potential, especially in relation to the development of the business sector and educational institutions, aimed at reaching synergies.

⁶¹ MoRD methodology does not specify exactly who and how to participate in the Steering Committee and working groups, it refers only.

"The city will set up for preparation, processing and implementation of IUDP the Steering Committee for IUDP respecting the principle of partnership. City of may also establish working groups. As partners may be included the regional government authorities, state authorities, representatives of businesses, non-profit organizations, universities and significant institutions, etc. Potential partners will be addressed by public call, through information campaigns or by other effective and transparent manner."

In practice, especially the membership of working groups is very variable depending on the topic, WG members are appointed by Chairmen of Steering Committee. Within IUDP CENTRE in Usti nad Labem during the preparatory phase 4 working groups were active (WG Centrum, WG Environmental Efficiency, WG Priority projects and WG Tourism) with various number of members (from 5 in WG Environmental Efficiency to 19 in WG Centrum). In WG Tourism took a part except municipal clerks these stakeholders University, City Services, Club of Czech tourists, NorthBohemian Theatre of Ballet and Opera, Deliteus - tourism association, Municipal museum, White Light I. – social services, County Authority of Usti County, Zoo of Usti nad Labem, Euroregion Labe/Elbe. By contrast, in Chomutov in the IUDP implementation phase the only one working group has 11 members - 2 consultants and 9 municipal office staff. This is due to the fact that in this IUDP contains only the municipal sub-projects.

⁶² The composition of Steering Committees is less variable, such in Karlovy Vary is the Steering Committee composed of 11 municipal politicians, 2 NGO representatives, accompanied by IUDP manager (city clerk) and 1 staff Bureau of Regional Council.

⁶³ For example, in IUDP Centre Steering Committee selected the sub-project into final list that each committee member had 5 votes allocated to individual sub projects. projects with the highest number of votes to get the final list.

politicians so as to define a list of sub-projects that met the interests of city leaders. This approach is understandable in terms of achieving the required financial size of IUDP since only municipalities had such large investments in their plans. Although a wide range of actors submitted their proposals for sub-projects, only sub-projects of the city or its organisations had a chance to be on the list⁶⁴. Thus some IUDPs (IUDP CENTER in Usti nad Labem, D••ín) contain so-called „associated projects“, e.g. sub-projects with possible financing from OPs other than the NW ROP/IOP, which can enhance their assessment and thus raise the possibility of selection.

3. IUDPs prepared by cities are evaluated by the ROP Managing Authority⁶⁵, IUDP quality is assessed according to following criteria set by the Ministerial methodology⁶⁶:
 - defined target, selected strategy, indicative list of actions/projects to achieve the chosen target, budget and time schedule, expected results, respect of the partnership principle, impact on horizontal themes, administrative capacity, management of the IUDP, indicators etc.

The process of evaluation is divided to two parts – the first is a 15 minutes public hearing for presentation of each of IUDP, the second is focused on scoring of individual IUDP according to an evaluation matrix. Only the best IUDPs, within the context of competition from all submitted IUDPs, are supported⁶⁷. The agreement on IUDP implementation between a city and Regional Council is signed, identifying the total amount of ROP NW contribution, time schedule with draw-down.

4. Sub-projects included in IUDPs and eligible for financing from the NW ROP, Area of Support 1.1 are submitted by a city to a continuous call launched by the ROP Managing Authority and are evaluated according to criteria specified in the call. The evaluation process follows the rules of other NW ROP calls. The sub-project is evaluated in terms of acceptability and formal requirements by officials from Bureau of the Regional Council, the next step is the evaluation of the applicant's ability and sub-project quality by external evaluators and the final stage is to assess need and sub-project relevance by members of the evaluation commission - composed of members of the Regional Council and experts. If the sub-project receives at least 65 points, and fits into the allocation of an IUDP agreed within step 3, the Regional Council decides on its financing. Due to the fact that individual IUDPs have approved the level of their own financial support from the NWROP, the sub-projects

⁶⁴ this state corresponds to a very limited range of eligible beneficiaries in the ROP NW, Area of Support 1.1. On the contrary, spectrum of owners of associated sub-projects is very colourful.

⁶⁵ IUDP is assessed by Regional Council officials (formal requirements) and the Evaluation Commission (acceptability and quality of the proposal). The members of commission are nominated by Committee of the Regional Council and appointed by Chairman of the Regional Council.

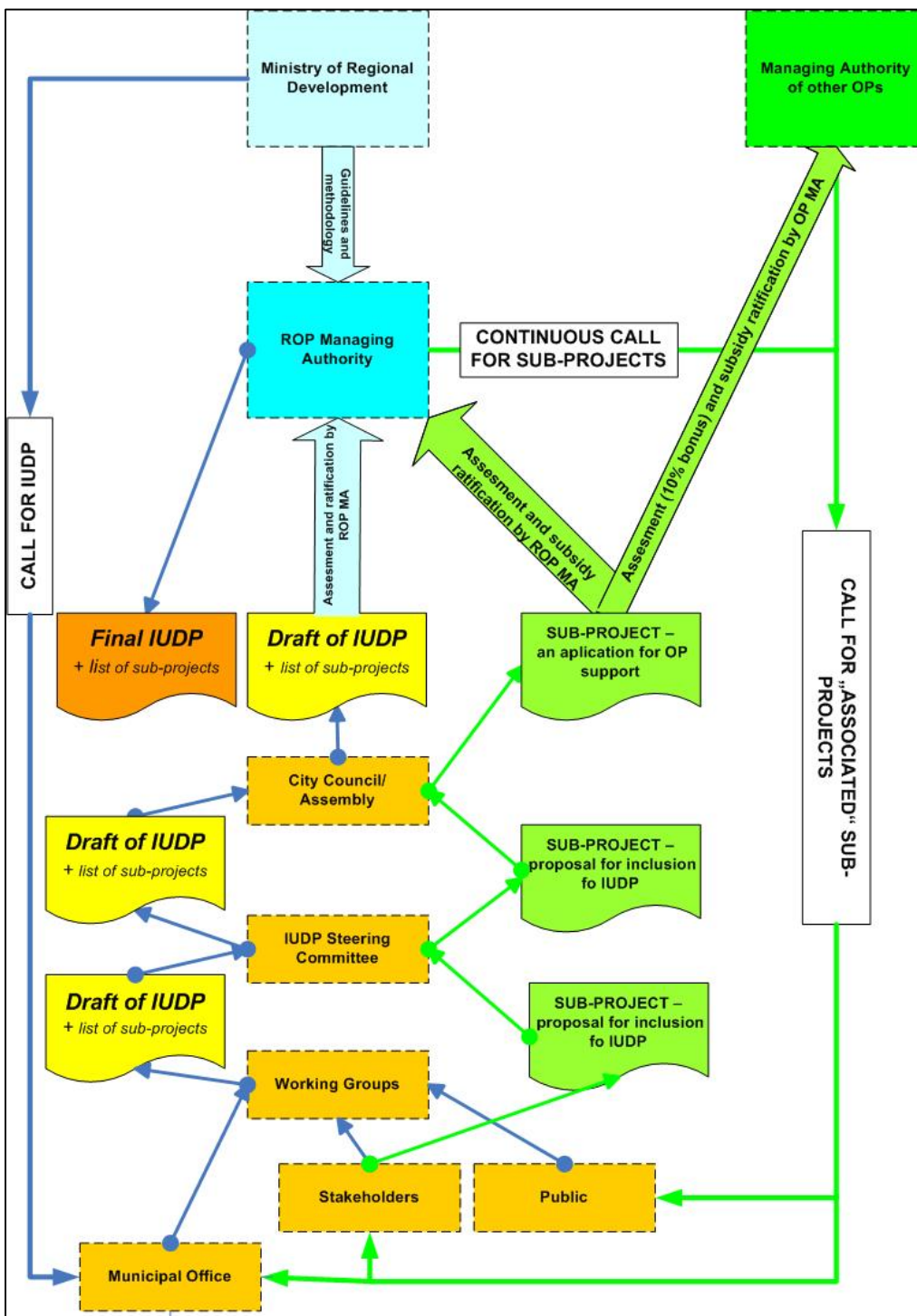
⁶⁶ Methodological instruction of the Ministry of Local Development -Guidelines for the preparation, evaluation and approval of the Integrated Urban Development Plan, p. 10, those general criteria are transform to matrix with point assessment for each of them.

⁶⁷ All 6 cities over 50,000 inhabitants have submitted their IUDP under announced call (164,424,305 EUR), finally only 4 integrated plans (cities of Decin, Chomutov, Karlovy Vary and Usti nad Labem) were supported with total amount of 101,262,363 EUR. Within next call in 2011 next 2 thematic IUDP (transport and mobility) were added on list of ROP support.

submitted in these calls do not compete with each other, but the evaluation is intended to ensure sufficient quality of the sub-project.

5. “Associated” sub-projects on the list are submitted by applicants into calls announced by the managing authorities of individual OPs and are evaluated according to criteria applying to that OP, in a competition with projects from the whole country. The fact of being included into a IUDP gives them a 10% bonus in the evaluation process.
6. Additional projects can be added to the list of sub-projects but approval is required from the Steering Committee and/or the city council or city assembly.

Figure 10: Administration system of IUDP under ROP NW



6.4 Process of creation and administration of IUDP under Integrated Operational Programme

MoRD, as Managing Authority of the Integrated Operational Programme is involved in the IUDP for Area of Support 5.2: Improving the environment in problematic housing estates. Support is focused on the regeneration of apartment houses in the housing estate, regardless of the owner of the house, and the renewal of public spaces owned by the municipalities within the defined territory. Due to identical methodological guidelines, written by MoRD, the system used in the preparation and implementation of IUDPs under the IOP is very similar to the NW ROP.

1. A Call for an IUDP⁶⁸ is announced, by MoRD, and the criteria for proposal assessment are published (such as an assessment of formal requirements, acceptability and quality of the proposal of IUDP). Together with all information and necessary guidelines for processing of the integrated plan, - presentations, workshops, as well as personal consultations given to cities.
2. Cities prepare IUDP drafts including the definition of zones⁶⁹, objectives and an indicative list of proposed sub-projects. The entire process takes place within the framework of Working groups and Steering Committees together with key stakeholders (which are different from those created under ROP IUDPs). Also represented, in both of these bodies and in addition to cities, are home owners' associations, housing cooperatives, NGOs focused on young people, schools, police, etc. The sum of sub-project estimated costs forms the main part of total IUDP cost. The system of “associated” sub-projects is used more intensely than in the NW ROP, especially for soft activities focusing on work with young people and the unemployed in the area. Politically, as the reconstruction of panel houses or work with unemployed people in deprived parts of the city is not so attractive, pressures on sub-projects are less visible compared to the NW ROP.
3. IUDPs prepared by cities are evaluated by MoRD, as the IOP Managing Authority, IUDP quality is assessed according to criteria set by the Ministerial methodology and outlined above. A public hearing is not part of the assessment and only scoring of individual IUDP according to an evaluation matrix is undertaken. The selection of IUDPs, based on numbers of accumulated points, is the responsibility of the evaluation commission composed of MoRD staff and experts and the final decision on subsidy is made by a minister. The agreement on IUDP implementation between a city and MoRD is signed detailing the total amount of IOP subsidy into the reconstruction of houses and public spaces, time schedule and subsidy draw-down.

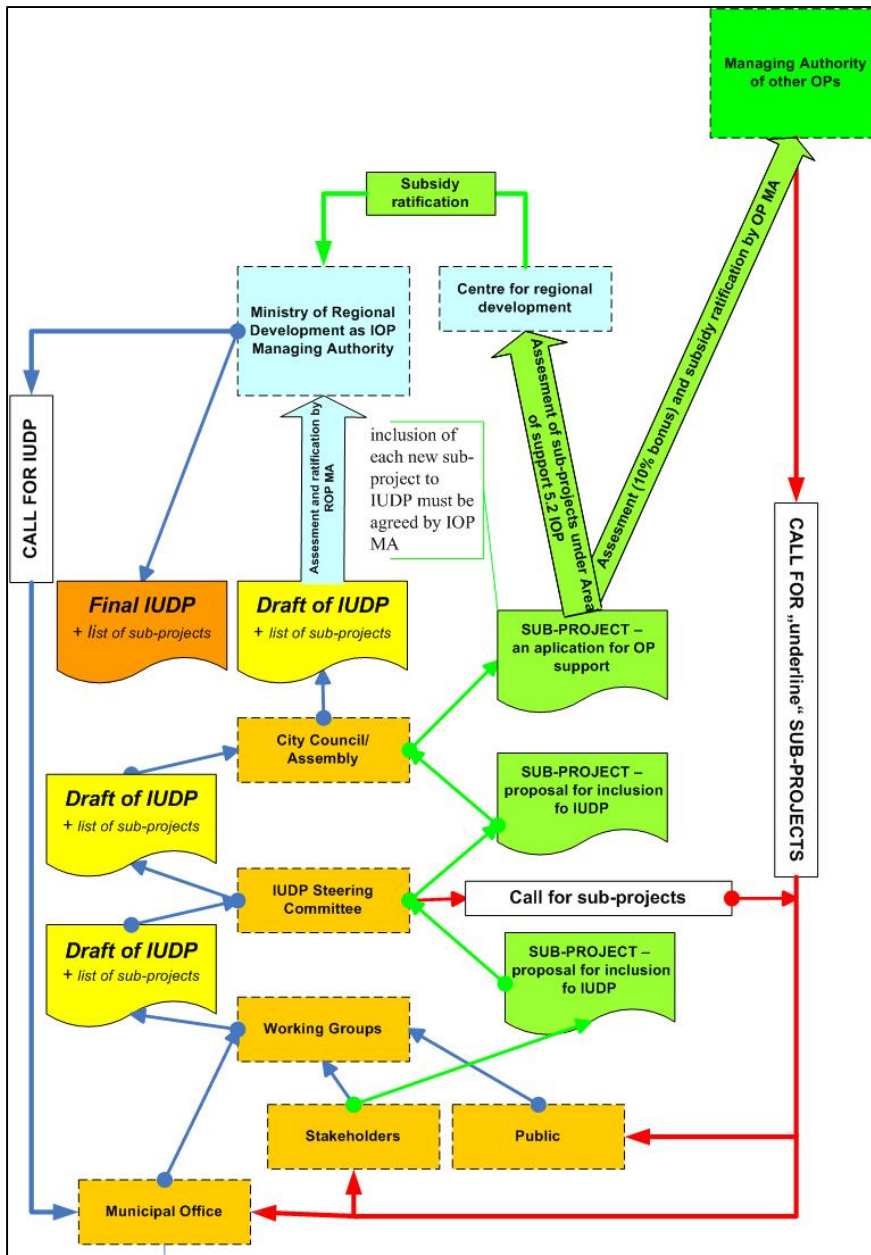
⁶⁸ According to ROP NW this call is addressed to cities over 50 thousand of inhabitants in Northwest Cohesion Region (cities D•••n, Chomutov, Karlovy Vary, Most, Teplice, Usti nad Labem).

⁶⁹ Criteria for selection of zones for the Area of Support 5.2 IOP: a high level of poverty and exclusion, high levels of long-term unemployment, precarious demographic trends, particularly rundown environment; low level of economic activity, a significant number of immigrants, ethnic groups, minorities and refugees, low level of education, significant skills deficiencies and the large number of pupils leaving school early, high crime and delinquency, relatively low property values, high energy performance of buildings.

4. Sub-projects included in IUDPs, and consistent with IOP, Area of Support 5.2: are submitted by stakeholders via 2 calls announced by a city. The first call targets potential sub-projects related to reconstruction of residential living houses and the second focuses on renewal of public space.⁷⁰. Proposals under both calls are evaluated according to criteria specified in the call. The process of sub-project application during this call follows the rules created by the city and approved by the Ministry. This first level of assessment operates in the city when the sub-project is evaluated in terms of acceptability and formal requirements, usually by bodies within the IUDP administration system. If the sub-project meets all the criteria of the call, and the Steering Committee approves its quality, the final step follows - the City Council/City Assembly confirms the selection of the sub-project for subsidy. After this decision the applicant submits his sub-project to a special body under MoRD, namely the Centre for Regional Development. There, the application is assessed once more in terms of IOP requirements IOP and eligibility of activities, applicant and technical appraisal. The final decision about subsidy must be approved (according to Czech legislation on subsidies) by the Minister. Due to the fact that the overall amount of individual IUDPs is approved by MA IOP, the sub-projects submitted in calls within IOP 5.2 do not compete with sub-projects of other IUDPs.
5. “Associated” sub-projects on the list of IUDP, and other which might be added, are submitted by sub-project promoters into calls launched by various managing authorities of individual OPs and they are evaluated according to criteria applicable to that OP in competition with projects from the whole country. The fact of being included into a IUDP gives them a 10% bonus in the evaluation process.
6. “Associated” sub-projects can be added to the list. This addition must be approved by the Steering Committee and by City Council or City Assembly. Moreover, MoRD has to confirm the addition of new “associated” sub-project on the list.

⁷⁰ In part aimed at revitalizing public spaces the city is the only eligible recipient, therefore the city is launching a call for proposals for its own sake.

Figure 11: Administration system of IUDP under IOP



Sources: ROP, IUDP manager interviews

The method of LDA employed under IUDP is an example of a "top - down" approach where MoRD sets up the methodology prescribing integration of other entities in preparation and approval of an IUDP, including its sub-projects. Application of a balanced partnership principle seems to be difficult in Czech conditions. By law, a city is responsible for the development of its territory, it is financially the strongest partner and it is the only eligible IUDP promoter. Accordingly, the position of a city, with regard to the contractual process of IUDP implementation, is divided to two very different parts. The first includes contracts on the implementation of IUPD, or about future implementation of sub-projects in IUPDs, and by the Managing Authority and a city. These contracts include precise definition of implementation conditions, including deadlines and possible sanctions in the event of failure. The second group of contractual relations concerns the Partnership Agreement between the city as the main applicant, and other entities identified as sub-project

partners. In this case, agreements are usually formulated generally with obligations in the field of publicity and provision of information about sub-projects, specific deadlines and penalties for breach of contract. This approach implies that the beneficiary is the actor fully responsible for achievement of planned outputs and outcomes of the sub-project, regardless of the number of stakeholders. Therefore, the beneficiary carries out most activities on his/her own, or enters business contracts with suppliers as to the activities or services necessary according to the implementation rules set for the programme as a whole. Agreement on cooperation with project partners, as a specific contractual obligation, mostly focuses on promoting the project on partner websites, participation in the workgroup or Steering Committee, consultancy about other uses of built objects, etc. Due to the insufficient legal environment the implementation of Public-Private Partnership⁷¹ is non-existent under IUDP. In fact, the only PPP project expected to occur in the Czech Republic is where a private body builds a generally beneficial infrastructure (road, bridge, ...), which will be operated by this body for 25 years, under concession. But because there is almost no experience so far with PPP at a municipal level, IUDPs do not typically contain such projects. Neglected road networks, in fact, limits the development of a number of cities, but sub-projects to repair roads are not included in any IUDP.

The IOP IUDP is a different story. There are more eligible beneficiaries and the level of subsidy is generally lower. Moreover, there are several national funds competing with IOP IUDP, with higher subsidy rates, softer conditions, or more simple administration of application and monitoring. It is important to mention that such competing programme do not have to adhere to a prescribed integrated urban development approach, as such. National programme Zelená úsporám (Green to Saving) is focusing on the energy efficiency of apartment houses and applies to the same group of beneficiaries as those in the IUDP (house owners). The absorption capacity of IUDP, due to such competing incentives in selected housing estates, has been seriously threatened. Fortunately, due to the suspension programme Zelená úsporám this threat is, for now until further notice, set aside.

6.5 Process of experience sharing

Increased international cooperation, such as organising exchange of experience between cities in the CR and abroad, can help. Examples of good practice include a 2009 national conference on "IUDP-How to fill vision" held in the NW ROP and attended by representatives of various Czech and Moravian cities. Presentation were also given as to the Structural funds experience of Saxony and Saxony-Anhalt supported in the design and implementation of integrated development plans. Exchange of experiences from IUDP implementation is not common.- it is arranged only by the SMO • R (Union of Towns and Municipalities of the Czech Republic). The meeting of IUDP managers is held four times per year but participants regard this event as a very useful mechanism to gather new information, especially if the meeting is attended by staff of MoRD.

With the exception of financing small studies, URBACT has not been so far employed in the region.

⁷¹ Ministry of Finance published "A practical interpretation of financial models for PPP projects", but a new law on public procurement and concession is not approved yet.

7 What works and what do not work

Structural characteristics of the actor network

There is an evident asymmetry in the actor network formed and organised under the IUDPs of both the NW ROP and IOP. In all cases there is a leading partner (in our case a municipality) that plays a prominent role with regard to the funding opportunity and within the actor network. This position is not necessarily defined by a “track record” in local development projects but tends to reflect the implementation system of the NW ROP and IOP and the existence of a budget sufficient for ERDF investments. On the other hand, a municipality is legally responsible to its citizens for local development, making it a natural leader of local development.

This notion of a “strong” public leader, followed by “soft” partners (meaning partners who supply various services for different target groups in infrastructures owned by municipality and built through financial assistance of ERDF) is valid only under the precondition that public leadership have the capacity and willingness to facilitate and actively engage with external, public or private, service providers. Thus LDA can work only in projects where infrastructure is the means to reach higher social and economic objectives and it is not an objective “*per se*”.

Although a number of networks bringing together various organisations within municipality areas already exist, the IUDP approach to LDA limits its “network” view to a single or multiple project partnership. An agreement with partners is not about the final state of affairs in a given territory, but merely covers the Operative side of investment (as service provision, sustainability measures, etc.). One partner (an NGO for example) cannot represent the voice of a territory, and however good it is to have such an organisation in a IUDP network, it does not represent a “co-decision” of the sector to voluntarily work hand-in-hand with the public sector to tackle the social and economic issues the territory faces. On the other hand, there are already existing networks at municipal level, some of them as a result of other SF funding (e.g. municipal community social service plans) and which represent a consensus but which cannot be incorporated into the system of IUDP implementation under the NW ROP or IOP, due to size.

Other NW ROP and IOP funding opportunities mainly favour those with “associated projects” under IUDP. Priority sub-projects are pre-approved and financial resources are earmarked by Managing Authorities so the extension of partnership, in this case, is irrelevant. But for those organisations that can add value to existing territorial interventions, submitting an “associated” sub-project (such as membership in a IUDP partnership) is advantageous since “associated” sub-projects receive an extra bonus during assessment within the OPs to which they are submitted. Although this may bring some distortion to competition (an average local sub-project may be preferred to a better sub-project that is not situated in the area) it is important to foster the creation of a critical mass of sub-projects/initiatives in the deprived/growth territory for sustainability.. There is an evident need to work more closely and strategically with “associated” sub-projects to boost the value of IUDPs and to sharpen their focus beyond the notion of “just another investment” in a defined territory.

Every city ran a mapping exercise to collect project ideas from various stakeholders in municipal territories during the initial phases of NW ROP preparation. This unique initiative of involving stakeholders – imposed by the system requirements for IUDP creation – resulted in a limited number of “associated” projects to be incorporated under the IUDP. Hundreds of ideas ended in various project pipelines and their value, from a city level perspective, was only informative. It seems reasonable that such involvement should be taken into account and it therefore seems reasonable that an element of ERDF financial support should be used to sustain stakeholder interest in municipal development. A global grant at city level, disbursing small financial amounts for additional high added value projects complementing existing IUDPs would be another way to ensure that a critical mass of initiatives are created around and in IUDPs, ensuring sustainability and the continuing attention of social and economic partners in the city.

Institutional and administrative capacity

The general view is that while implementation of partnerships within the IUDP concept has generated significant experience within municipalities, it primarily relates to administrative capacity. The National frame instituted by MoRD, in this case, effectively “forced” municipalities to adopt a new approach to working with partners. Although the interaction between local government and its social and economic partners is somewhat formal at this point, it is clear that framing the approach to local development will lead – if managed beyond just sub-project implementation – to an increase in institutional and administrative capacities, and thus better governance.

In the case of LDA under IUDP, the most decisive factor has been the position of local government as the only organisation responsible for the implementation of IUDP. It has the biggest financial stake in IUDPs and usually also implements most of sub-projects under an IUDP. Municipal approaches to managing IUDPs reflect this with municipal clerks having strong representation in various committees and with approval/change of IUDP sub-projects by the city assembly/city council. Employees of city administrations also help with preparation and administration of “associated” projects; alternatively they act as partners to those projects. Although a municipality, acting as lead partner, gains extensive experience, there is a paradox in that the focus of IUDPs on only parts of cities can lead to decreased activity of partners involved in a partnership. During interviews an opinion was heard that it would be of benefit to strengthen other partner roles.

While it is too early to assess possible mainstreaming of LDA approaches in addressing urban development issues, it is clear from interviews that a focused approach generates greater public interest in municipal “business”. It is important, however, to continuously explain to citizens why such an approach is needed in a selected zone or why a theme is important for the city, to facilitate understanding of those who ask “why there and not here”.

It is a unfortunate, on the other hand, that the IUDP and its local development approach is not a “master” plan approach but is developed upon pre-existing development plans which do not reflect zone or thematic approaches or partnership collaboration. The importance given to LDA is thus insufficiently visible and, as interviews reveal, IUDPs are viewed as a tool to access funding rather than a genuine planning methodology.

A very positive effect of IUDPs, and LDA under such development planning, is in the fact that they (formally approved by city assembly) are subject to changes in political climate and have endured several elections at local level. In the past this was a problem since new political regimes did not always agree with the investment priorities of their predecessors.

Internal working of the partnership

In both programmes, the IUDP partnership is based only partly upon previous experiences of mutual collaboration. It is, unfortunately, difficult to assess the potential of partnerships established in previous activities due to the different character of the various IUDPs implemented. The capacity created at level of the whole city, in the past, is thus limited and the creation of new relations is concentrated only in selected localities. This leads, in some cases, to a certain distance between those organisations that are based in the selected locality and those that are not. The whole LDA approach, in the frame of IUDPs, is based more on rigid rules for IUDP implementation than on a system of rules inside the partnership. Rules between the Managing Authority and IUDP promoters are very detailed as are rules between the Managing Authority and individual sub-project promoters. Rules governing how partners work together are not really defined, with no clear guidance about authority and responsibility. In fact, there is no such delegation of authority and responsibility from lead partner to partner (s) – a process that would require strict definition of partnership content and a time plan for its implementation.

Monitoring and evaluation

The monitoring system is focuses only on monitoring the technical outputs and results of construction/refurbishing works. There are no formal requirements related to monitoring the performance of partnerships. Municipalities, as lead partner and practically the only recipient of the grant, monitors the progress of engineering and other construction works. A more favourable situation exists in the IOP IUDP where “associated” projects are proposed in densely populated housing areas and whereby discussion and preparation for monitoring of such projects empowers the role of partnerships.

Managing authorities continuously adjusts rules for implementation of IUDPs as a response to the problems and bottlenecks that appear during implementation, often stimulated by the feedback of actors in the IUDP system. Such changes are, however, mainly limited to administrative issues - more substantial changes (changing activities, location) are often not practically impossible. Managing Authorities do not interfere with the partnership relations of the lead partner - this is completely in the hands of the lead partner.

It should be noted that, according to recent monitoring and evaluation reviews, ROP IUDPs under ROP do not need any substantial changes. In case of IOP IUDPs, it might be necessary for a Managing Authority in some cities to initiate reallocation procedures due to non-compliance with agreed financial planning.