



EUROPEAN UNION  
EUROPEAN REGIONAL DEVELOPMENT FUND  
INVESTING IN YOUR FUTURE

MINISTRY FOR REGIONAL DEVELOPMENT  
National co-ordination authority

# STRATEGIC REPORT OF THE CZECH REPUBLIC 2009



FINAL REPORT

NOVEMBER 2009

# **Strategic Report of the Czech Republic 2009**

## **final report**

**Ministry for regional development  
National co-ordination authority  
Staroměstské náměstí 6  
110 15 Prague 1  
The Czech Republic**

Email: [nok@mmr.cz](mailto:nok@mmr.cz)

## CONTENTS

|  |    |
|--|----|
| Contents.....  | 3  |
| List of tables .....   | 5  |
| I. Introduction .....  | 7  |
| I.1 Cohesion Policy context in the CR .....  | 7  |
| II. Macroeconomic context of the cohesion policy in the CR .....   | 8  |
| III. Analysis of impacts of the financial crisis on meeting the NSRF and OP objectives.....  | 10 |
| III.1 Mechanisms of the effects of economic crisis and its impacts on NSRF and OP implementation .....   | 10 |
| III.1.1 Competitive Czech economy.....   | 11 |
| III.1.2 Open, Flexible and Cohesive Society .....  | 12 |
| III.1.3 Attractive Environment .....   | 13 |
| III.1.4 Balanced Development of Territory .....  | 13 |
| III.2 Implications of the impacts of crisis for NSRF and OP implementation .....   | 14 |
| III.2.1 Measures for target groups threatened the most by the economic crisis with stress laid on projects contributing to long-term SOs ..... | 15 |
| IV. The Analysis of main changes in socio-economic situation. the Analysis of regional disparities.....  | 16 |
| IV.1 External benchmarking to assess the competitiveness of the CR.....  | 17 |
| IV.2 Evaluation of main socio-economic development factors of the CR .....   | 18 |
| IV.2.1 Competitive Czech Economy.....  | 18 |
| IV.2.2 Open and Flexible Society.....  | 19 |
| IV.2.3 Attractive Environment – improving technical and environmental factors.....   | 20 |
| IV.3 Evaluation of regional differences and their development in the CR .....  | 21 |
| V. Analysis of main changes in conditions influencing the meeting of NSRF and OP objectives.....   | 23 |
| V.1 Business environment .....   | 23 |
| V.2 Demographic development .....  | 23 |
| V.3 Changes in the sphere of education/training, research and development .....  | 23 |
| V.4 Changes in the labour market .....   | 24 |
| V.5 Public administration .....  | 24 |
| V.6 Changes in the sphere of regional policy .....   | 24 |
| V.7 Legislative changes in the sphere of regional development.....   | 25 |
| V.8 Amendments of the Public Procurement Act.....  | 25 |
| V.9 Amendments in the Building Act after 2006 .....  | 25 |
| V.10 Legislative changes in environmental sphere .....   | 25 |
| V.11 The conditions still decreasing the ESCP efficiency in the CR .....   | 26 |
| VI. The achieved results and future prospects .....  | 27 |
| VI.1 NSRF SO 1: Competitive Czech Economy .....  | 27 |
| VI.1.1 Disbursement volumes in 2007-2009; progress in meeting objectives and the achieved outputs and results.....                             | 27 |
| VI.1.2 Intervention results achieved .....   | 29 |
| VI.1.3 Summary evaluation of SO Competitive Czech Economy .....  | 29 |
| VI.2 NSRF SO 2: Open, Flexible and Cohesive Society .....  | 31 |

# Strategic Report of the Czech Republic 2009

|        |   |    |
|--------|---|----|
| VI.2.1 | Disbursement rate in 2007-2009, progress in meeting objectives and the achieved outputs and results.....      | 31 |
| VI.2.2 | The achieved results of interventions.....  | 35 |
| VI.2.3 | Summary evaluation of the SO: Open, Flexible and Cohesive society .....                                       | 36 |
| VI.3   | NSRF SO 3: Attractive Environment.....  | 37 |
| VI.3.1 | Disbursement progress in 2007-2009, progress in meeting objectives and the attained outputs and results ..... | 37 |
| VI.3.2 | The achieved intervention results .....   | 39 |
| VI.3.3 | Summary evaluation of the SO: Attractive Environment .....  | 41 |
| VI.4   | NSRF SO 4: Balanced Development of Territory .....  | 41 |
| VI.4.1 | Disbursement progress in 2007-2009, progress in meeting objectives and the achieved outputs and results ..... | 42 |
| VI.4.2 | Achieved intervention results.....  | 47 |
| VI.4.3 | Effectiveness of interventions .....  | 48 |
| VI.4.4 | Summary evaluation of SO Balanced Development of Territory .....  | 48 |
| VI.4.5 | Urban policy .....  | 49 |
| VI.5   | European Territorial Co-operation Objective .....   | 51 |
| VI.5.1 | Drawing up of funds nad achievement of objectives in 2007-2009.....   | 51 |
| VI.5.2 | OP International Co-operation. ....   | 53 |
| VI.5.3 | OP Interregional co-operation (INTERREG IVC) .....  | 53 |
| VI.5.4 | OP Cross-border Co-operation. ....  | 53 |
| VI.6   | NSRF joint and strategic recommendations .....  | 56 |
| VI.6.1 | Changes in OP allocations in case of a high risk of insufficient disbursement.....                            | 56 |
| VI.6.2 | Stimulating and supporting measures in areas with low absorption capacity .....                               | 56 |
| VI.6.3 | Amendment of the implementation system .....  | 56 |
| VI.6.4 | Increasing project efficiency and effectiveness .....   | 57 |
| VI.6.5 | Project coordination within and across OPs – stress on mutual links.....                                      | 57 |
| VI.6.6 | Regional differentiation of OP targeting .....  | 58 |
| VI.6.7 | Technical and administrative recommendations.....   | 58 |
| VI.7   | Lisbon strategy .....   | 58 |
| VI.7.1 | Priority measure: Macroeconomic stability and sustainable growth.....   | 59 |
| VI.7.2 | Priority measure: Business Environment .....  | 59 |
| VI.7.3 | Priority measure: Research and development, innovations.....  | 59 |
| VI.7.4 | Priority measure: Sustainable utilisation of resources.....   | 59 |
| VI.7.5 | Priority measure: Modernisation and development of transport and ICT networks.....                            | 60 |
| VI.7.6 | Priority measure: Labour market flexibility.....  | 60 |
| VI.7.7 | Priority measure: Integration in the labour market.....   | 60 |
| VI.7.8 | Priority measure: Education.....  | 60 |
| VI.8   | European Employment Strategy (EES).....   | 60 |
| VI.9   | National Report on Social Protection and Social Inclusion Strategies .....                                    | 62 |
| VI.10  | Equal opportunities .....   | 63 |
| VII.   | Implementation progress and calls within the NSRF and OP priorities and strategies .....                      | 64 |
| VII.1  | Implementation problems (in projects).....  | 65 |
| VII.2  | Problems in financial management .....  | 66 |
| VII.3  | Technical problems.....   | 66 |
| VII.4  | Administrative and staffing problems .....  | 67 |
| VII.5  | The quality of applicants and Beneficiaries .....   | 67 |
| VII.6  | Reactions to the European Economic Recovery Plan (EERP) .....   | 67 |
| VIII.  | Good practice examples .....  | 70 |

## LIST OF TABLES

|  |    |
|--|----|
| Table 1: Overview of the disbursement of funds in NSRF SO: Competitive Czech Economy (EUR) .....   | 27 |
| Table 2: Overview of funds for projects completed in NSRF SO: Competitive Czech Economy, by OP contribution (EUR) .....  | 28 |
| Table 3: Overview of funds for projects approved in NSRF SO: Competitive Czech Economy, by OP contribution (EUR) .....   | 28 |
| Table 4: Selected OP indicators fulfilling NSRF SO1 .....  | 29 |
| Table 5: Overview of the disbursement of funds in NSRF SO: Open, Flexible and Cohesive Society (01/01/2007 – 30/09/2009) .....   | 31 |
| Table 6: Overview of funds for projects <i>completed</i> in NSRF SO: Open, Flexible and Cohesive Society, by OP contribution (01/01/2007 – 30/09/2009) .....                       | 33 |
| Table 7: Overview of funds for projects <i>approved</i> in NSRF SO: Open, Flexible and Cohesive Society, by OP contribution (01/01/2007 – 30/09/2009) .....                        | 34 |
| Table 8: Indicative evaluation of OP results based on the committed and contracted values of selected indicators, as of 30/09/2009 .....   | 35 |
| Table 9: Results of projects approved in OP HRE, if considering the costs of producing results in the OP HRD and relating them to the currently approved project allocations ..... | 36 |
| Table 10: Overview of the disbursement of funds in NSRF SO: Attractive Environment .....   | 37 |
| Table 11: Overview of funds for projects completed in NSRF SO: Attractive Environment, by OP contribution (01/01/2007 – 30/09/2009) .....  | 38 |
| Table 12: Overview of funds for projects approved in NSRF SO: Attractive Environment, by OP contribution (01/01/2007 – 30/09/2009) .....   | 38 |
| Table 13: Overview of meeting indicators in NSRF SO Attractive Environment, by OP contribution (01/01/2007 – 30/09/2009) .....   | 39 |
| Table 14: Overview of the disbursement of funds in NSRF SO: Balanced Development of Territory in 1/01/2007 – 30/09/2009 .....  | 42 |
| Table 15: Overview of funds for projects completed in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part I.....                        | 43 |
| Table 16: Overview of funds for projects completed in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part II.....                       | 43 |
| Table 17: Overview of funds for projects completed in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part III.....                      | 44 |
| Table 18: Overview of funds for projects completed in NSRF Strategic Objective: Balanced development of territory, by OP contribution (01/01/2007 – 30/09/2009), part IV .....     | 44 |
| Table 19: Overview of funds for projects approved in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part I.....                         | 45 |
| Table 20: Overview of funds for projects approved in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part II.....                        | 45 |
| Table 21: Overview of funds for projects approved in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part III.....                       | 46 |
| Table 22: Overview of funds for projects approved in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part IV .....                       | 46 |
| Table 23: Selected OP indicators fulfilling NSRF SO14 .....  | 47 |
| Table 24: Financial volumes of the approved and financially settled projects for the period monitored (1/01/2007 – 30/09/2009) .....   | 49 |

## Strategic Report of the Czech Republic 2009

|  |    |
|--|----|
| Table 25: OPs priority / intervention area relating to IUDP implementation .....   | 50 |
| Table 26: Overview of the disbursement of funds in European Territorial Co-operation<br>Objective between 1. 1. 2007 – 30. 9. 2009.....  | 52 |
| Table 27: Overview of the disbursement of funds in European Territorial Co-operation<br>Objective between 1. 1. 2007 – 30. 9. 2009 – Cross-Border Co-operation OPs, Part 1.... | 54 |
| Table 28: Overview of the disbursement of funds in European Territorial Co-operation<br>Objective between 1. 1. 2007 – 30. 9. 2009 – Cross-Border Co-operation OPs, Part 2.... | 55 |
| Table 29: Overview of funds disbursement in the NRP and its Priority Measures (1/01/2007 –<br>30/09/2009).....   | 59 |
| Table 30: Overview of funds disbursement in main EES guidelines (01/01/2007 – 30/09/2009)...   | 61 |
| Table 31: Overview of funds disbursement in the priorities of NR SPSIS and other strategic<br>documents (1.1. 2007 – 30.9. 2009) .....   | 63 |
| Table 32: Overview of funds disbursement in selected OP Intervention Areas (01/01/2007 –<br>30/09/2009).....   | 64 |
| Table 33: Replies of Managing Authorities to questions concerning the European Economic<br>Recovery Plan (EERP) – 1 <sup>st</sup> part.....                                    | 69 |
| Table 34: Replies of Managing Authorities to questions concerning the European Economic<br>Recovery Plan (EERP) – 2 <sup>nd</sup> part.....                                    | 70 |

## I. INTRODUCTION

After its EU accession in mid-2004, the CR and its economics underwent significant changes caused partially by the accession but also further favourable internal and external factors. Stable economic growth lead to a significant decrease in unemployment and to continuous improvements of the overall situation in all regions, including problematic. The steady inflow of foreign investments had also indirect positive impacts on the sector of Czech companies, the sphere of public policies and economic interventions, the support of innovations and competitiveness based on high-quality companies, able to deliver produce with high added value rather than “low-road” products using only cheap labour, achieved an ever-growing importance. In other words, the performance rate of domestic economy and the competitiveness of the CR were growing quickly in the period until mid-2008.

Starting from mid-2008, the CR has been facing difficulties caused by the financial and the issuing economic crises. Their impacts have reflected – although in a diverse manner – in all economic branches and in Czech public sphere. Despite its strongly pro-export orientation, the CR has so far been affected less than other Central and East-European countries.

The hitherto competitive advantage of the CR, i.e. cheap and relatively skilled labour easily requalifiable for industrial purposes has been gradually depreciated, which has been further strengthened by the crisis. Despite the noticeable lack of security caused by the economic crisis and its unclear development, it is highly probable that successful economic development in the CR and its regions will be increasingly dependent on the availability of conditions for knowledge-based enterprise (including both local and foreign companies) and their ability to face new competitive challenges. In this respect, Cohesion Policy has ranked among the most powerful financial instruments available in the CR and offering this country unique opportunities.

### I.1 Cohesion Policy context in the CR

The territory of the CR, except Prague, consists of regions economically weaker than EU average. It is, however, important to support not only problem regions but also the overall growth of the CR and its approximation to EU average and the level of advanced EU countries. Czech Cohesion Policy includes two - somewhat ambivalent - main objectives: (i) economic approximation of the CR to EU average, i.e. increasing the competitiveness of the CR as a whole, which is presumably more important, and (ii) maintaining regional differences in the CR at the lowest possible level, or at least preventing the occurrence of large and unjustified disparities that might issue from a successful growth of competitiveness.

Czech Cohesion Policy programmes for 2007-13 were mostly launched only in 2008. The disbursement of funds from programmes and their implementation progress have so far been limited and unsteady. One of the reasons is that interventions (even within one programme) have various levels of complexity and require certain time both for the

preparation and implementation proper of individual projects; they are also affected by numerous other factors. With a view to this situation and due to the fact that intervention impacts have always been delayed and only followed their implementation, we cannot realistically expect interventions from 2007-13 programmes to have strongly reflected in current socio-economic situation of the CR. This means that it is too early to evaluate actual impacts; we can however assess both the hitherto progress, results and potential for their attainment based on projects which have been approved, are in the course of implementation or have already been implemented.

## II. MACROECONOMIC CONTEXT OF THE COHESION POLICY IN THE CR

The following text summarises fundamental facts and conclusions of a detailed macroeconomic analysis, available in **Annex 1**.

Due to its high outward openness and strong links to foreign markets, the development of Czech economy has been strongly influenced by its **international environment**, especially relations with EU countries (e.g. Germany) where 85 % Czech exporters operate and which are the source of the most significant part of foreign investments.

In the new millennium, the **economic growth** of the CR started developing favourably with a climax in 2005-2007. The sector of companies under foreign control, with **markedly higher performance rates, strongly contributed also to higher exports and growth in productivity**. Domestic investments were supported by easier accessibility of bank funding, the completion of privatisation and restructuring of banks, decrease in interest rates and an expansive fiscal policy. Czech economy was favourably influenced by economic recovery of Western Europe (especially Germany). At the same time, the speeding up of economic growth was not accompanied by macro-economic imbalance.

Growth in the productivity of labour remained the key performance factor on the **supply side** but - compared to the previous period - employment grew mainly in 2005-2007. Crucial role at sector level was played by high-growth industrial sector (after the recession of 2001-03) launching re-industrialisation in the CR (apparently only on a temporary basis).

The **demand** structure favourably reflected net exports of goods and services after 2004. Growth in domestic demand (mainly household final consumption and GFCF) was decisive in 2004 plus 2006-2007.

Favourable developments in economic performance were also reflected in an accelerated **approximation of Czech economic level** to that of the advanced EU countries, which was the second quickest (after Slovakia) in the group of new member economies. GDP per capita (in PPS) grew from 69 % in 2000 to 81 % in 2007 compared to EU-27 average (and to 73 % compared to EU-15). The main factor of that development was growing productivity of labour, although its level was still lagging behind the advanced MSs because it represented only 66 % of EU-15 and 73 % of EU-27 average. As the ageing population will significantly hamper the catching up with EU economic level, the decisive (or only) factor can only be the growth in productivity. More favourable exchange-rate relations in foreign trade represented a significant convergence factor.

The period of high-growth performance rate was unfortunately comparatively short and Czech economy failed to reach a higher increase in **global competitiveness**. Although following its Global Competitiveness Index (GCI), the position of the CR slightly improved from 33<sup>rd</sup> to 31<sup>st</sup> place, the outlasting weaknesses (e.g. lower quality of institutions and infrastructure, worse technological background and innovativeness compared to the best 5 EU MSs) found reflection in higher and further education/training systems and in sophisticated business operations, i.e. in key areas for increasing the qualitatively-based competitiveness.

At the level of GCI partial indicators, the worst results for the CR were marked in the group of basic assumptions, namely due to **low institutional quality**. Inefficient state administration is mentioned the most often among factors impeding enterprise, followed (apart from a difficult access to funding) by complaints of corrupt practices and political instability.

The period of high-growth performance in Czech economy was terminated by global crisis. In 2008, **the GDP growth** in the CR significantly slowed down. The process started already in IQ but only in IVQ we witnessed a serious slump. The GDP trend dropped down due to unfavourable changes in exchange-rate relations. Gross national savings also decreased so that they were insufficient for funding the GCF and had to be supported by foreign resources. The deficit in external demand, affecting particularly the exports of goods from export-oriented processing branches, was compensated only to a limited extent by an exchange-rate depreciation in the second half of 2008.

The worst result in GDP development was witnessed in IQ of 2009, again mainly due to the drop in GCF (together with stocks); a drop in net exports also contributed to the unfavourable figures. **The situation in the labour market worsened significantly.**

Despite its large outward openness, **Czech economy as a whole has (so far) well coped with the impacts of the crisis.**

The expected recovery is rather insecure. The space for decisive growth incentives is basically limited by a **significant fiscal imbalance** narrowing the manoeuvring space for Czech economic policy in the longer-term. Following the mid-2009 budgetary data, state budget found itself **in the worst condition after the establishment of the CR**. Unfavourable developments in other macro-economic indicators, e.g. price trends and payment balance (current account deficit) are not expected.

The urgency of efficient utilisation of **EU cohesion policy** instruments has thus come to the fore. They should be aimed mainly at the maintenance and – if possible - strengthening of resources available to support the above **qualitative factors of growth performance rate**, threatened by fiscal restrictions.

### III. ANALYSIS OF IMPACTS OF THE FINANCIAL CRISIS ON MEETING THE NSRF AND OP OBJECTIVES

Mechanisms of economic crisis in the CR and its impacts on attaining the NSRF and OP objectives are analysed in **Annex 2**, offering also recommendations for individual NSRF strategic objectives. This chapter summarises main findings and recommendations.

#### III.1 Mechanisms of the effects of economic crisis and its impacts on NSRF and OP implementation

Main mechanisms of economic crisis and their impacts on key beneficiaries and target groups within NSRF and OP measures can be summarised as follows:

- The economic crisis decreases the number of newly created jobs and, in general, the number of accessible vacancies.
- Due to the worsening economic results of businesses, the group of persons threatened by unemployment has been growing. The most vulnerable positions include those in processing industry, mainly in branches with lower added value figures, and those employing persons with lower qualification and education. However, trade and service sectors have also been gradually impaired by increased unemployment.
- The number of job seekers has been growing, namely in target groups with lower qualifications and education and in the group of school leavers and graduates. The group of persons with vocational apprentice training and secondary education has been hit by unemployment the most, despite its high employment rates before the crisis.
- The accessibility of funds for businesses has worsened; more serious impacts can be expected in SMEs, younger businesses and innovative high-risk projects.
- Due to the drop in demand, economic results of businesses have deteriorated; they are forced to limit their expenditures, mainly in the sphere of investment and development activities.
- The deteriorating economic situation has lead to a drop in public budget revenues which will probably result in a deeper indebtedness of self-governments. Similar to business entities, self-governments and the state will have to limit their investment activities. This problem has rather significantly impacted smaller municipalities with relatively small incomes which have not been able to ensure high reserves and are classified by banks, providing the required loans, among entities with a lower creditworthiness.

These mechanisms act throughout the whole economy and exert different impacts on various entities, dependent e.g. on the branch or the size of entity.

The above mechanisms within the influence of economic crisis on the NSRF and OPs have different impacts on various SOs and priorities of the NSRF and the OPs, or various intervention types or areas.

### *III.1.1 Competitive Czech economy*

**Business entities** represent a significant beneficiary group within the first priority. Their ability and willingness to implement SF projects has been threatened the most by the aggravated accessibility of co-financing and by their own economic problems in reaction to the economic recession. The perceptible or probable impacts of the crisis within this SO are as follows:

- First signals from applicants planning to reject the already approved subsidies in some OPs are apparent; this can be further intensified by a lower demand for new calls and interventions.
- In the already approved projects, there is the risk of failure to meet the pre-established indicators (mainly higher employment rates, but also expenditures for R&D) due to lower revenues of companies and lower demand.
- Sustainability of a certain group of projects will be threatened, especially if aimed at newly created jobs.
- The needs of companies have changed and they show lower interest in investment projects or limited ability to finance them.
- Difficult access to funding provided by banks, especially for SMEs, due to their lower creditworthiness;
- Increasing need to ensure the access to funding, incl. the support of export activities;
- Lower revenues of companies have resulted in their lower rating, which is a selection criterion e.g. in the OP EI; this will decrease the success rate of applicants.

The impacts of the above negative aspects of crisis reflect differently in various types of companies and can therefore easily lead to significant changes in the structure of demand for support on the part of smaller entrepreneurs and larger companies. The generally higher risk rates of innovative projects and more difficult access to external funding can significantly aggravate conditions for smaller, promising, innovative and creative companies. It goes without saying that this type of companies is very important for NSRF Strategic Objective 1.

Another large intervention area of this SO is ***supporting the development of entrepreneurial infrastructure***, financed largely by the public sector (e.g. NUTS 3). Lower public budget revenues will lead to limitations especially in those areas, where expenditures can be avoided, i.e. mainly in programmes aimed at investments in business infrastructure.

The restrictions of investments might, however, have **positive effects, namely more efficient utilisation** of the available **resources**. In recent years, the CR has managed -

more or less successfully - to extend the available and accessible business infrastructure but its effectiveness and utilisation rate have been significantly lagging behind. The main reason is an insufficient offer of (business) services and further supporting activities and instruments within the established infrastructures. The lack of funds for new investments could (or should) lead to **targeting the accessible means at improving the already existing infrastructure and increasing its benefits**. This would compromise meeting the indicators specified by the size/scope of the constructed infrastructure but the benefit proper for Czech economy and competitiveness could be significantly higher. It would be suitable to adjust indicators so that they measure the effectiveness, results and impacts of interventions rather than their mere outputs ( $m^2$  of areas).

Similar impacts are also linked to interventions within 2<sup>nd</sup> priority of this SO, i.e. interventions aimed at developing research and development capacities. Although investments in new infrastructure within this programme are in the order of billions of CZK but, due to the worsening situation in the sphere of public finance and state budget, their sustainability can be threatened - mainly the required maintenance or renewal of the implemented infrastructure which is important for sustaining the quality of research and its results.

### *III.1.2 Open, Flexible and Cohesive Society*

Reforms in the sphere of educational system, including reforms of curricula and the employment policy, form a significant part of the first priority of this SO. **In both cases, the crisis can be understood as an opportunity for implementing the necessary reforms.** The current crisis has highlighted problems existing in both systems for a long time but not so apparent at the time of economic growth. The unimplemented reforms can form significant barriers to economic recovery. As stated in the chapter on reforms, system shortcomings (e.g. in social sphere) substantially decrease the efficiency of EU-funded projects.

Compared to the previous SO, we can expect in the first three priorities of this objective an increased need of and demand for interventions. The aggregate target group of these areas has been growing as a consequence of decreasing employment and lower number of available jobs; the nature of the group has changed and new target groups have appeared. Those are persons at risk of loss of employment or the short-term unemployed. People with apprentice training and secondary education are among the most affected. Problems also occur in the group of persons with university education. Because of the growing accessibility of labour force and lack of jobs, opportunities for the disadvantaged have decreased.

Based on the above, we can expect that:

- The already running projects in the sphere of labour market do not necessarily have to reflect current needs;
- The newly prepared measures reacting to the changed situation can be insufficient;

- Instruments supporting the placement of job seekers in employment can lack effectiveness;
- Demand for the support of education/training will grow linked to increasing the qualification of the staff in companies, job seekers and graduates/school leavers;
- The labour market needs will be changing in the course of crisis or economic recovery.

Further priorities of this SO include the support for the development of information society and efficient public administration, implemented mostly by the public sector at national and regional levels. The main threat in this intervention area is the slump in public budgets, leading to a lower availability of investment funds in this sphere.

The lack of funds for the upgrading of educational infrastructure at regional level can be severe. It can happen that new curricula and modern approaches will be delivered in old facilities which will reduce the efficiency of ESF interventions (especially OP EC).

### *III.1.3 Attractive Environment*

The main threat to the implementation of interventions in these areas is the slump in public funding, restricted public sector of expenditures and limited investments made by companies. As a result, sufficient means do not have to be accessible for all the planned project activities; there are, however, significant differences.

As for large transport infrastructure implemented through the national level, the available information suggests that the crisis has not yet made any significant impacts. The SFTI budget for the next year should even slightly exceed this year's budget. Despite of that, we can expect that the situation will worsen in the years to come, especially if the crisis endures and deepens. If it is so, construction works would have to be restricted compared to initial plans.

Significant beneficiaries in the environmental sphere include also companies, apart from public entities. The more difficult access to funding can in both cases result in a failure to generate sufficient demand for investment projects. This does not apply to the sphere of alternative energy sources, especially solar energy where - thanks to state aid - projects basically do not entail risks and are profitable even at the time of crisis.

Similarly, there is a lower probability of impacts in the sphere of building or reconstructing water treatment plants; these activities will receive long-term support in order to meet EC directives. Even here, however, problems in ensuring continuous funding may occur, mainly in smaller municipalities. Because of limited debt service, they can face difficulties in the acquisition of the necessary loans or their repayment.

### *III.1.4 Balanced Development of Territory*

SO priorities have been implemented through numerous measures included in thematic Operational Programmes, Regional Operational Programmes of cohesion (NUTS 2) regions and European Territorial Co-operation Programmes. **All the discussed impacts**

**of the crisis are thus reflected at the macro-, mezzo- and micro-economic levels** and it is difficult to identify specificities **of individual interventions**. They are actually affected by more or less all problems and situations discussed in the previous areas of support issuing from NSRF SO.

Further areas that deserve attention within this SO include **different impacts of the economic crisis on various regions**. Based on the available data, we can expect rather dissimilar impacts of the crisis especially at the micro-regional and local levels. The point is that problems of individual actors (companies) can be acute at those levels and do not have to play a significant role at NUTS 3 level because they can be counterbalanced with smaller problems in other territorial areas. The result would be a larger polarization of the territory - not at the regional, but rather at the micro-regional (i.e. intra-regional) level.

The current setup of aid for specifically pre-defined regions does not therefore necessarily have to be sufficiently effective. Regions strongly affected by the crisis do not only include areas earmarked for concentrated state aid that often gain higher support, but also other, previously relatively successful regions. **The support of territorial cohesion and the scaling down of regional differences can thus lack sufficient effectiveness.**

### III.2 Implications of the impacts of crisis for NSRF and OP implementation

It is now impossible to forecast the future development of current economic recession and guess whether a recovery comes or whether the crisis will still be deepening. With a view to the so far limited impacts of the crisis in the CR and because of the insecurity of further development, NSRF strategy is still valid because it reacts to the long-term development needs and competitive factors of the country. Current interventions **within the wide framework of the Strategic Objectives and Priorities established within the NSRF and OPs** must therefore apply two approaches:

- Short-term, the quickest and highly targeted reactions of MAs to immediate impacts of the crisis, compliant with the needs of the medium-term and long-term intentions of NSRF strategy;
- Medium-term, rather selective targeting at such interventions that are justified and contribute to the strengthening of competitiveness factors and sustainable development in Czech economy.

This means that we must concentrate even more strongly on a relatively direct support of (innovative) enterprise and of the development of knowledge- and technology-based activities. These key targets of NSRF and OP support must also be followed in further areas, aimed at human resource development, strengthening the labour market flexibility or improving technological and environmental factors and decreasing regional disparities.

### *III.2.1 Measures for target groups threatened the most by the economic crisis with stress laid on projects contributing to long-term SOs*

**Job seekers and persons threatened by unemployment:** OPs should flexibly react to these external threats and establish or change the set-up of projects so that they reflect new needs of target groups, new qualification requirements, new target groups. Apart from addressing current problems, we must target at medium- and long-term needs, e.g. the strengthening of labour market flexibility and increasing the mobility of labour, the support of part-time and flexible jobs, increasing the number of technical qualification and requalification courses and trainings in general skills.

**Companies (especially SMEs), NNOs and (small) municipalities:** The difficult access to external funding can lead to a lower interest in new SF projects or abandoning the already approved projects (or even those in progress). We suggest the following reactions:

- Decrease additional administrative costs through a significant simplification of project implementation and a systemic and comprehensive high-quality consultancy;
- Prioritise topical needs of the affected entities; e.g. support soft projects of companies which helping them to find new customers and markets;
- Facilitate approach to funding e.g. offer the NNOs larger-scale advance payments.

### **Technical measures**

Technical measures include a list of recommendations aimed at improving the technical background for OP implementation, i.e. – in simple terms – the process of project preparation and implementation.

- A simplified, speeded up and more efficient access to SF funds: mainly administrative simplifications and a quicker throughput of the implementation system alleviating problems faced by entities affected by the crisis;
- A systemic, strengthened support of the applicants and beneficiaries, their raised awareness of the OPs and the planned changes: namely through an active approach of MAs, IBs and Final Beneficiaries distributing grant support to Final Users;
- Instruments improving the accessibility of funds: especially the introduction of new financial instruments (credits, guarantees) a their combination with grants for entities whose activities are desirable with a view to the NSRF and OP strategy but their project implementation capacity has been limited by external conditions, i.e. for SMEs, NGOs and small municipalities;
- The establishment of a more effective project monitoring and coordination across OPs (with stress laid on relations between projects and efficiency):

- Improving SF monitoring systems so that they can serve as management information systems, monitor real-time changes and links between financial and technical indicators of interventions/projects;
- Improving the monitoring of economic, social and environmental indicators, mainly at the regional level, in order to get timely information on the worsening situation in smaller territorial areas, analyse the reasons of problems and enable quick, adequate interventions by public administration (at the national or regional levels).

With a view to the expected worsening of regional situation due to the crisis, this measure is comparatively important for potential efficient reactions of the cohesion policy responsible for the strongest instruments in the Czech system of public interventions.

## IV. THE ANALYSIS OF MAIN CHANGES IN SOCIO-ECONOMIC SITUATION. THE ANALYSIS OF REGIONAL DISPARITIES

This chapter combines the analysis of the socio-economic situation and its national development factors with the analysis of regional disparities mainly at NUTS 3 and, partially, at NUTS 2 levels. As these regions are rather heterogeneous, conclusions for NUTS 2 level are strongly simplifying. This comprehensive view will enable drawing conclusions not only for the whole CR (i.e. the TOP level) but also for individual NUTS 3, their groups or NUTS 2.

A detailed analysis is attached in **Annex 3** and includes:

- (i) External benchmarking of the CR assessing the strengthening of competitiveness;
- (ii) The evaluation of development factors of the CR and its regions, and
- (iii) An analysis of regional differences, their development and trends.

The socio-economic analysis has used the newest statistical data available at the national and regional levels. At the time of this project, newer data could not be expected for regional level than those of 2008, or in many cases even of 2007, the only exception being some data concerning the labour market. The development of data until 2008 had, however, well reflected trends, e.g. in regional disparities which can be interpreted from current point of view. Furthermore, the targeting of the analysis at individual factors (also at regional level) and at individual regions makes it possible to interpret potential impacts of radical changes in external conditions and in the situation where data cannot be realistically available.

Regional disparities have been assessed in two variants, namely including and excluding Prague. Conclusions have been drawn for the variant excluding Prague because it is a specific urban region with a different economic structure and standing; other Czech regions are incomparable to Prague.

#### IV.1 External benchmarking to assess the competitiveness of the CR

While in 1997–2000, the CR diverged from the average EU economic level, a gradual convergence occurred after 2001. Since 2001, it managed slightly to approach the EU27 average – from the initial 69 % of the average GDP per capita in EU27, the CR as a whole managed to reach ca 80 % of the EU27 average by 2008.

Compared to other new Member States, the economic level attained in comparison with the EU27 average in the CR rates among the highest (exceeded only by Slovenia). However, if considering the approximation rate within the observed period, the CR lagged behind Slovakia and Poland. It was especially Slovakia that managed significantly to decrease the initial lead of the CR.

When assessing the development of individual regions in the CR, it is evident that the catching up with the average economic level of EU27 is regionally differentiated and the position of some areas has worsened. The main driving agent in the growth of the CR has so far been Prague which is a rather specific region even in European context and it should be evaluated together with Central Bohemian Region forming its hinterland.

The remaining twelve NUTS 3 do not show such striking differences and none of them – except Vysočina – had managed to reach by 2006 its economic level of 1996. Despite of that, we can identify several groups with similar development trends. There are relatively successful regions with good economic growth rates resulting in good economic level, among which we can rate Vysočina with the best improvements in its position, Plzeň and South Moravian Regions which have maintained their position since the beginning of 1990s thanks to their economic growth<sup>1</sup>.

On the other hand, there are NUTS 3, the position of which, in European comparison, did not improve, or dropped, even in the periods of economic growth. These regions include Karlovy Vary and Olomouc; their list can be complemented with Ústí n. L. which also suffered a serious drop compared to mid-1990s. Moravian-Silesian Region was developing analogically until 2003 but in 2003-2006 it already classified among the most quickly growing Czech regions. It is, however, a growth of the “conjunctural” nature, i.e. strongly dependent on economic cycles. Compared to this group, the exports of the remaining NUTS 3 were average and relatively stable – despite their differences.

The CR was lagging behind the EU countries also in its productivity of labour – with a larger difference than that in the GDP. Although the productivity growth in the CR rated to the highest among new Member States in 2000-2008, our productivity reached only 72 % of EU27 average in 2008.

The economic development of the CR and its regions has reflected in the labour market. The unemployment rate in the CR has been moving roughly around the EU27 average, although in 2008 this country took up the 5th place in classification by the unemployment rate thanks to its good economic position. Contrary to other EU countries with lower unemployment rates, this rate has always been strongly fluctuating in the CR dependent

---

<sup>1</sup> In 2007, these two NUTS 3 also exceeded (based on CSO data) the GDP per capita values of the EU27 average of 1996.

on its economic cycles. The position of the CR following its share in long-term unemployment compared to EU27 is markedly worse. The CR managed successfully to fight short-term unemployment which has lead to deepening the long-term unemployment, ranking among serious problems in the labour market.

### IV.2 Evaluation of main socio-economic development factors of the CR

This analysis has issued from the targeting of the analytical part of the NSRF; it has however complemented it with its own aspects, evaluations and related data important for the evaluation of socio-economic development, its causes and consequences. As the objective of the Strategic Report of the CR is to provide information on the progress in OP funds disbursement and evaluate the contribution of these interventions towards NSRF objectives, the structure of this analysis reflects the structure of NSRF Strategic Objectives and their content.

#### IV.2.1 Competitive Czech Economy

**Quick economic growth** of the CR after 2001 is a direct **consequence of the inflow of FDI in Czech economy** or in selected branches of processing industry. Companies under foreign control have significantly contributed to growth in the productivity of labour which is an important source of general growth and exceeds the efforts of domestic companies. This leads to the **problem of the so-called dual economy** because domestic companies are lagging behind enterprises operating under foreign control and their economic growth is dependent on the presence of foreign entities.

The transfer of pro-export oriented production with a low addend value from West European countries in new Member States with cheaper labour has contributed to robust exports of the CR. It should be noted that **FDI have also deepened the strong dependence of the CR on the economic performance of its business partners** (e.g. Germany) which is rather prominent during the crisis.

Apart from entities under foreign control, the Czech economy is strongly linked to development trends in neighbouring countries and **this “dependence” must be considered when planning public interventions**. The CR avails of relatively large, however still limited, resources, the effects of which can be increased by external factors, incl. the factors mentioned in this analysis. Economic development must be viewed as a **result of interaction between processes at the regional, national and global levels**. **NSRF interventions can attain the required effects only if interlinked with these factors.**

Another impact of the crisis, which can already be observed, is a strong pressure towards the “rationalisation” activities in companies forced significantly to cut their costs. This can result in a quicker **outflow of some of the foreign investors** from low-costs locations. Because of the strong role of foreign entities in economy, the CR should target at sustaining the current investments or extending them so that it is not attractive or easy for investors to transfer their operations elsewhere, and it should manage to attract investments that are not primarily motivated by low costs.

### **Knowledge-based economy development factors**

The evaluation of the characteristics of knowledge-based economy based only on hard data is of course limited, as reflected in the evaluation of technological intensity of the economic structure. Moreover, individual knowledge-based factors are closely interlinked; their successful growth requires a balanced development of all factors on input and output side. Despite the insufficient availability of data, the **development of knowledge-based competitiveness in the CR can by now be evaluated as limited, dispersed and fragmented, both territorially and with a view to individual entities**. The CR still competes through its efficiency and productivity factors, namely thanks to the FDIs.

When supporting knowledge-based factors, these complex relations must be borne in mind. **The strengthening of knowledge-based factors will require (even further) long-term, methodical and rather effective changes with a strong resource concentration of the linked support**. The obvious reason is the limited availability of means and resources to be allocated to these activities, which is, moreover, intensified by the current economic crisis. That is also why the **development support of knowledge-based factors should include not only public resources** but it should also **stimulate private (entrepreneurial) co-financing**. The role of public sources should thus, among others, be based on ensuring an even development of all factors or it should support those factors which are lagging behind. If knowledge-based factors develop in an imbalanced way, the knowledge-based growth performance will not be sustainable in the longer term.

In order to ensure that this limited support is effective, it must be sharply targeted at specifically desirable objectives. In other words, the CR should establish a clear, **distinctively selective strategy specifying which branches, areas or activities have the potential for comprehensive development of knowledge-based factors and global competitiveness**, which objectives, when and how should be achieved - and then it should consequently fulfil the outlined strategy. We should also bear in mind that in order to reach the required results in the sphere of research, development and innovations, which are achievable in the longer-term outlook, a certain minimum critical mass is required, i.e. **means and resources must be channelled to the pre-defined objectives, they should not try and support the broadest possible scope of activities**. It is often true that excessive re-distributions (often supporting the “weaker”) usually lead to the loss of competitiveness of the whole country.

### **IV.2.2 Open and Flexible Society**

**Following its unemployment rate, the CR classified slightly below the EU27 average;** in the times of the strongest economic growth it even managed to improve its position. On the other hand, the CR did not manage - despite its favourable economic development - to address its long-term unemployment. **The lowest unemployment rates exceeded the levels in comparable countries**, the economic growth of which was however lower than that of the CR. **The reasons lie within structural characteristics of**

### **Czech labour market, including the insufficiently motivating aid system for the unemployed.**

The favourable economic development was comparatively quickly interrupted by the world economic crisis, bringing about a significant increase in unemployment rates. Although it meant the inhibition of some of the previous problems, mainly the lack of compliance between the offer of and demand for labour, it seems that numerous problems have prevailed, mainly the limited labour market flexibility and the motivation actively to search for employment. Low flexibility has mainly been caused by a very low share of flexible work contracts (part-time and fixed-term contracts) and a limited professional and territorial mobility of labour. These are however long-term issues that can deepen the current economic problems if not timely addressed, for example a long-term outflow of labour and long-term unemployment. A flexible labour market enables quick adjustments to the changing conditions and contributes thus to alleviating the depth of economic depression slump.

**The current recession should thus be approached as a challenge calling for the implementation of effective solutions in the labour market aimed at efficient and targeted requalification programmes with longer-term prospects** (i.e. leading to structural innovative changes in economy), **strengthening the flexibility** of work contract types (e.g. the possibility to combine education and a part-time job, alternative employment, projects aimed at persons changing their jobs, etc.) and **territorial and professional mobility**, to be supported by a motivation-oriented setup of the whole social system with stress laid on life-long learning.

Modern information and communication technologies have also gradually become indispensable companions of professional and private lives. Their utilisation in the CR has increased; in more sophisticated services, including the access to public administration or education, we have been rather significantly lagging behind the EU27 average. As the use of ICT contributes to increasing the productivity and flexibility of labour, their support forms an important part of assistance to a more flexible labour market and economic competitiveness as a whole.

### ***IV.2.3 Attractive Environment – improving technical and environmental factors***

Priorities within the development of transport infrastructure in the CR are noticeable in the long term. They mainly include **increasing the quality of and speeding up connections by railway transport** which is insufficiently utilised in the long term, namely for haulage and public transport. Due to the accumulation of numerous shortcomings, railway transport is so far poorly competitive compared to road transport, incl. individual car transport.

Similarly, when considering road transport, it is clear that the **main shortcoming is the lack of a sufficiently dense network of expressways and motorways interconnecting regional centres**. Links between this network and Austria, Slovakia or Poland are also insufficient. Apart from that, the state and **quality of other roads, incl. those of lower classes (especially the most utilised stretches), as well as setting**

**out traffic routes in cities**, incl. the efforts to minimise negative impacts of road transport (especially in the sphere of safety and the environment) also appear insufficient.

Key factors limiting the improvement of transport infrastructure include the accessibility of funds, which is also intensified by current economic crisis. The volume of funds will actually never be sufficient; it is therefore **necessary to evaluate the need and benefit of individual works and investments rather thoroughly so that the limited funds are used with a maximum efficiency**. Integral transport links should be built, connecting mainly regional centres, not only isolated road sectors. Stress must be also laid on the efforts to **minimize the required construction costs**, which is a problem frequently criticised in the CR.

Similar situation can also be found in the sphere of the **environment the quality** of which, however, thanks to extensive investments but also the restructuring of industry, **significantly improved at the beginning of this decade. The positive development has, however, significantly slowed down and it has already slightly reversed in some areas**. Despite the leap in 1990s, the CR is lagging behind the advanced West-European countries in most of the aspects.

The perception of environmental protection as a barrier hampering economic development is an unfavourable, in many cases actually conflicting, approach. Environmental protection of course brings numerous limits; on the other hand it is important for growth sustainable in the long term. We must therefore find the needed compromise between environmental protection and quality on one hand and the support of economic development on the other hand. Economic development provides important resources (not only financial but e.g. knowledge-based) required for environmental protection. Intensive efforts to protect the environment can also stimulate new ideas and technological (eco)innovations.

The areas that are lagging behind the most include mainly **improving air quality, which still belongs among the worst in the EU, decreasing power intensity**, which is partially also linked to the previous objective, **addressing the environmental liabilities issues**, penetrating basically the whole post-communist period, **increasing waste utilisation and measures linked to climate changes**. In this case, however, not only rather restrictive measures are important but also the **stimulation of eco-innovations and activities in this area**, the same as the **support of education and training** that should bring about a more responsible approach of individuals to the environment.

#### IV.3 Evaluation of regional differences and their development in the CR

**Regional disparities** in the CR do not represent a serious problem with a view to the achieved economic output per capita, especially if we exclude Prague urban region incomparable to other regions. However, **regional differences in the dynamics of the development of economic output (performance)** per capita prove more serious. The current relatively low disparities in economic performance are given – to a significant degree – by the “**contrasting**“ trend of economic growth in the traditionally economically strong and, on the contrary, economically weaker regions.

Czech NUTS 3 regions currently find themselves at a certain **cross-section of these trends with the resulting relatively low temporary differences between individual NUTS 3**. Should the recent trend of large disparities in the economic dynamics of individual regions continue, it would mean a **strong risk of a further deepening of disparities**, namely as a consequence of further decrease in economically weak regions (esp. Karlovy Vary, Ústí n. L. and peripheral parts Olomouc NUTS 3 regions).

In the CR, regional differences based on the unemployment rate exceed those following economic performance and represent a more serious problem. As they are interconnected with the economic development of regions, there is a serious **risk** that the deepening of disparities in the economic success rate of regions will directly issue in **deepening the disparities classified by unemployment rate** with all the economic and especially social consequences.

Further characteristics of regional disparities in the CR include relatively **sharp differences at local level**, i.e. within individual NUTS 3. When monitoring characteristics and development only at the level of NUTS 3 regions, a successful development of regional metropolis often hides the difficult situation in lower-level areas. This of course **significantly impacts the targeting of regional policies for all public interventions**.

An important role in decreasing regional disparities at the regional and especially at the intra-regional levels can be played by **stronger development of regional centres**, including those outside regional capitals, and their interconnections, or the establishment of links with their hinterland. Their development can contribute to a more balanced development and limit the occurrence of poles (with a core and hinterland), currently apparent in numerous NUTS 3 regions.

## V. ANALYSIS OF MAIN CHANGES IN CONDITIONS INFLUENCING THE MEETING OF NSRF AND OP OBJECTIVES

This chapter is based on a more extensive and detailed text, included in **Annex 4**, and summarises main solutions and conclusions concerning cohesion policy, namely direct impacts and indirect influences.

### V.1 Business environment

In the sphere of enterprise, there were the following changes: (i) changes in the tax system, (ii) Trade Act amendment, (iii) Commercial Code amendment, (iii) amendment of the Rules of Civil Procedure and (iv) re-codification of the Insolvency Act. These reform steps were only partial and have failed to bring more significant improvements in international competitiveness of the CR following its Global Competitiveness Index (see Chapter 1). The sub-optimum performance rate of Czech economy outlasts, because following the Czech Security Information Service (BIS) Annual Report, violations of fundamental ethical principles, observed in democratic market economies, still occur in the CR.

**The above facts form a “shell”, strongly restricting the efficiency of implementation in public interventions, including the ESCP.**

### V.2 Demographic development

The CR is going through a deep demographic transformation. The aggregate fertility amounting only to 1.5 means a considerable **long-term decrease in the number of inhabitants**, while their life expectancy has been increasing. This will lead to an immense **deformation of the age structure of population with huge implications in the social but also economic spheres**. One of the long-term solutions therefore is a gradual increase of the minimum age limit for a title to retirement pension, as addressed in Act No. 306/2008 Coll. Changes in the retirement system will probably bring about **demand for supporting and re-qualification programmes aimed** not only at the 55-60 target group, as previously, but **also at the 60+ group**.

### V.3 Changes in the sphere of education/training, research and development

In 2008, the **White Book on Tertiary Education** (albeit controversial) was completed. It outlines the reform of university education, which should, among others, eliminate barriers in the access to university education and change its structure so that it better reflects the needs of modern economy and society.

The reform of funding scientific and research organisations was launched in March 2008 but – despite the forthcoming onset of new methods in funding these institutions – no fundamental change occurred in this sphere during the monitored period. Although it is undoubtedly a step in correct direction, **from the perspective of the medium- and long-term competitiveness of the CR, the form of evaluating the quality of research should be qualitatively more selective** so that we can avoid the decline or disintegration

of sound scientific teams or institutions as a consequence of support maintaining institutions not producing outcomes of sufficient quality. The desirable **switchover to grant funding bring about a great degree of insecurity which can even threaten the sustainability of large projects co-financed from ESCP funds after the completion of this support.**

#### V.4 Changes in the labour market

Decrease in long-term unemployment was marked **only after the introduction of changes in Czech social system after 1 January 2008**. Further problems of a long-term nature prevail in the labour market: (i) insufficiently motivating proportion between social benefits and the minimum, or even average, salary, (ii) problems faced by workers in pre-retirement age when asserting themselves in the labour market, (iii) insufficient interconnections between the educational/training systems and labour market requirements, (iv) low geographic and professional mobility of labour.

A significant part of ESF-funded aid programmes has been targeted at these problems but system shortcomings apparently significantly decrease the effectiveness of public interventions in **this sphere**. On the other hand, during radical reforms, it is mainly the **funds within the ESF and its OPs that provide key instruments enabling target groups to cope with the (desirable) consequences of changes in rules within social area.**

#### V.5 Public administration

The still missing State Service Act is a significant challenge calling for quality improvements in the operation of public administration. Its absence has resulted in sub-optimum standards in public administration because the able civil servants often leave state administration or (more frequently) do not even take up administrative jobs.

Pressures towards **a speeded up disbursement of funds from Operational Programmes**, witnessed before regional elections in some ROPs, and also linked to the global economic crisis represent another challenge. They may decrease efficiency because the **system has not been set up for an accelerated and efficient disbursement**. This approach affects not only the capacities of bodies within the implementation system proper but also the limited capacities of Project Applicants and, last but not least, the capacities of good-quality consultancy companies. **Pressures exerted on re-allocations of funds within OPs**, e.g. in ROP Central Bohemia, or even among OPs, represent an analogical **threat to efficiency**.

#### V.6 Changes in the sphere of regional policy

Because of the significant volume of funds allocated to the CR within the 2007-2013 programming period, numerous national programmes have been cancelled or re-allocated in order to ensure Czech co-financing of EU programmes. The efforts to **incorporate regional dimensions in the most prominent sectoral policies and programmes** is of a fundamental importance for future regional development in the CR, as well as for efficient disbursement of funds for state aid programmes.

These changes in Czech regional policy are not so large as to affect the achievement of NSRF policy or influence the implementation rate of aid programmes. **On the other hand, exactly the OPs as the most important Czech instruments, supporting economic development, should start distinguishing the support rates or the nature of interventions dependent on the situation in individual NUTS 3.**

### V.7 Legislative changes in the sphere of regional development

A significant legislative change has occurred in the system of municipal funding in the CR. In 2007, an amendment of Act No. 243/2000 Coll. was adopted and entered into force as of 1 January 2008. The amended Budgetary Tax Allocation Act has strengthened the non-distribution, or balancing, nature of the system for funding local administration, which has significantly contributed to alleviating the inter-regional disparities in the CR, complying thus with the respective strategic objective both of the Regional Development Strategy of the CR, and the NSRF CR for 2007-2013.

### V.8 Amendments of the Public Procurement Act

From 1 July 2006, when the Public Procurement Act No. 137/2006 Coll. entered into force, until 2009, there were in aggregate 6 legislative amendments of this Act. These were mostly partial amendments lacking greater importance and have not resulted in any fundamental changes within the actual impacts of the Public Procurement Act on specific entities regulated by the terms and conditions of the Act.

### V.9 Amendments in the Building Act after 2006

As of 1 January 2007, new laws regulating the spheres of territorial planning, the Building Code and some linked issues have become effective. These are: (i) Act No. 183/2006 Coll., of 14 March 2006, on territorial planning and the Building Code, hereinafter "the new Building Code" (ii) Act No. 184/2006 Coll., of 14 March 2006, on the expropriation or limitation of the title to land or buildings/structures (Expropriation Act); (iii) Act No. 186/2006 Coll., of 14 March 2006, on the amendment of some laws linked to the adoption of the Building Code and the Expropriation Act (amendment law). Based on the assumptions of professional public and the hitherto experience of its impacts, the new legislation will not fundamentally affect practice.

### V.10 Legislative changes in environmental sphere

Topical legislative changes include amendments in the **Nature and Landscape Protection Act** concerning the decision-making on derogations from bans in protected areas. The Act newly regulates procedures for the evaluation of Forest Economic Plans and Forest Economic Outlines for locations of European importance and bird sanctuaries.

**The amendment of the Government Decree establishing a national list of locations of European importance** (Draft Government Decree approved on 5/10/2009 within Decree No. 1247, amending Decree No. 132/2005 Coll., will significantly impact the implementation of investments, especially of civil engineering nature.

On 20 October 2008, a draft **amendment of the Act on the Protection of the Agricultural Land Fund** was approved.

In reaction to the Regulation of the European Parliament and Council No. 842/2006 on Certain Fluorinated Greenhouse Gases, a draft amendment of the **Air Protection Act** was approved in 2008.

#### V.11 The conditions still decreasing the ESCP efficiency in the CR

The measure desirable for **increasing the efficiency** of the ESCP programmes is the **change (decrease!) in project co-financing rates paid out to public sector entities**. This would eliminate the problem of the so-called “bronze sewers”. It is a jargon expression describing the situation where public sector entities (e.g. municipalities) practically do not care about the project price because its 85 % are usually covered from the SFs. Public sector actors are thus not motivated to minimizing project costs.

**Lower co-financing rate would make it possible to split the same volume of funds among several actors** (This approach would be just and it would limit the space for corruption, while decreasing access demand among potential applicants). **It would also moderate the shock that public entities will face after the end of this programming period when the ESCP funds for the CR will, most probably, drop down.**

The influence of lobbying that under the pretence of protecting public interests promotes the interests of private companies represents a general problem decreasing the efficiency of operations within Czech economy and, undoubtedly, reflected also in the ESC policy sphere (although, to our knowledge, this can be hardly proved).

## VI. THE ACHIEVED RESULTS AND FUTURE PROSPECTS

EU funds programmes for 2007-2013 were mostly launched in the second half of 2007 or in 2008. Until now, only a small number of projects have been completed. It is therefore difficult to evaluate their real contribution to meeting the objectives of NSRF and other documents. Furthermore, even if larger numbers of projects were completed, their impacts would mostly lag behind their completion; we can now evaluate only the outputs and immediate results. A more detailed analysis of various NSRF priorities, the achieved results and effectiveness of disbursement in NSRF SOs is available in **Annex 5**.

### VI.1 NSRF SO 1: Competitive Czech Economy

The attractiveness of the CR for foreign investors relates to the synergy of several factors, of which the combination of a relatively cheap labour, industrial tradition and short distance from European markets can be considered the most important. Further development of economic activities in the CR will however depend on the fact whether this country remains attractive for the operations of supra-national companies and their activities with a higher added value, whether local people will be founding and developing dynamically growing companies able to reach global markets with their unique products, or developing their own value-based chains with global operations.

The first NSRF SO has followed this rather optimistic vision of economic development of the CR but we must stress the second aspect of its importance. **This Strategic Objective is aimed at creating economic values crucial for reaching the pre-defined objectives in other strategic areas.**

#### *VI.1.1 Disbursement volumes in 2007-2009; progress in meeting objectives and the achieved outputs and results*

**Table 1: Overview of the disbursement of funds in NSRF SO: Competitive Czech Economy (EUR)**

|  | Completed projects | Approved projects | Share of the completed projects in the approved projects |
|--|--------------------|-------------------|--|
| SO 1: Competitive Czech Economy  | 17 370 821         | 689 501 613       | 2.5  |
| P.1.1: Competitive business sector   | 685 523            | 307 485 688       | 0.2  |
| P.1.2: Support of R&D capacity for innovation  | 685 523            | 161 685 508       | 0.4  |
| P 1.3: Development of sustainable travel & tourism sector; utilisation of the potential offered by cultural heritage | 15 999 775         | 220 330 417       | 7.3  |

## Strategic Report of the Czech Republic 2009

**Table 2: Overview of funds for projects completed in NSRF SO: Competitive Czech Economy, by OP contribution (EUR)**

|      | Completed projects     | Share of total allocation in the priority of NSRF 2007-13 | Completed projects | Share of total allocation in the priority of NSRF 2007-13 | Completed projects | Share of total allocation in the priority of NSRF 2007-13 |
|------|------------------------|---|--------------------|---|--------------------|---|
|      | OP EI + R&D&I + ROP NW |   | OP PC              |   | ROP CM             |   |
| SO1  | 0                      | 0.0   | 1 263 490          | 7,3   | 4 193 170          | 24.1  |
| P1.1 | 0                      | 0.0   | 631 745            | 92.2  | 0                  | 0.0   |
| P1.2 | 0                      | 0.0   | 631 745            | 92.2  | 0                  | 0.0   |
| P1.3 | 0                      | 0.0   | 0                  | 0   | 4 193 170          | 26.2  |
|      | ROP SE                 |   | ROP SW             |   | ROP CB             |   |
| SO1  | 1 149 693              | 6.6   | 5 895 557          | 33.9  | 2 626 908          | 15.1  |
| P1.1 | 0                      | 0.0   | 0                  | 0.0   | 0                  | 0.0   |
| P1.2 | 0                      | 0.0   | 0                  | 0.0   | 0                  | 0.0   |
| P1.3 | 1 149 693              | 7.2   | 5 895 557          | 36.8  | 2 626 908          | 16.4  |
|      | ROP NE                 |   | ROP MS             |   |                    |   |
| SO1  | 2 154 170              | 12.4  | 87 833             | 0.5   |                    |   |
| P1.1 | 53 778                 | 7.8   | 0                  | 0.0   |                    |   |
| P1.2 | 53 778                 | 7.8   | 0                  | 0.0   |                    |   |
| P1.3 | 2 046 614              | 12.8  | 87 833             | 0.6   |                    |   |

Note: A zero standing for the completed projects in OP EI and ROP NW does not necessarily mean the absence of those projects (see the initial methodological remarks). There are no completed projects only in OP R&D&I.

**Table 3: Overview of funds for projects approved in NSRF SO: Competitive Czech Economy, by OP contribution (EUR)**

|      | Approved projects | Share of total allocation in the priority of NSRF 2007-13 | Approved projects | Share of total allocation in the priority of NSRF 2007-13 | Approved projects | Share of total allocation in the priority of NSRF 2007-13 |
|------|-------------------|---|-------------------|---|-------------------|---|
|      | OP EI             |   | OP PC             |   | ROP CM            |   |
| SO1  | 421 430 222       | 61.1  | 5 347 524         | 0.8   | 46 640 284        | 6.8   |
| P1.1 | 299 056 587       | 97.3  | 2 673 762         | 0.9   | 1 570 712         | 0.5   |
| P1.2 | 122 373 635       | 75.7  | 2 673 762         | 1.7   | 0                 | 0.0   |
| P1.3 | 0                 | 0.0   | 0                 | 0.0   | 45 069 572        | 20.5  |
|      | ROP SE            |   | ROP SW            |   | ROP CB            |   |
| SO1  | 28 108 481        | 4.1   | 35 575 591        | 5.2   | 30 455 079        | 4.4   |
| P1.1 | 0                 | 0.0   | 0                 | 0.0   | 0                 | 0.0   |
| P1.2 | 0                 | 0.0   | 0                 | 0.0   | 0                 | 0.0   |
| P1.3 | 28 108 481        | 12.8  | 35 575 591        | 16.1  | 30 455 079        | 13.8  |
|      | ROP NE            |   | ROP MS            |   | ROP NW            |   |
| SO1  | 18 116 426        | 2.6   | 13 573 262        | 2.0   | 40 065 923        | 5.8   |
| P1.1 | 743 654           | 0.2   | 0                 | 0.0   | 0                 | 0.0   |
| P1.2 | 335 276           | 0.2   | 0                 | 0.0   | 0                 | 0.0   |
| P1.3 | 17 037 496        | 7.7   | 13 573 262        | 6.2   | 40 065 923        | 18.2  |
|      | OP EC             |   | IOP               |   | OP PA             |   |
| SO1  | 32 861 864        | 4.8   | 10 445 013        | 1.5   | 6 881 944         | 1.0   |
| P1.1 | 0                 | 0.0   | 0                 | 0.0   | 3 440 972         | 1.1   |
| P1.2 | 32 861 864        | 20.3  | 0                 | 0.0   | 3 440 972         | 2.1   |
| P1.3 | 0                 | 0.0   | 10 445 013        | 4.7   | 0                 | 0.0   |

Note: At the time of research, the evaluation of projects submitted within OP R&D&I was still in progress.

The volume of projects approved as of the date of report reflects the dominant importance of OP EI for the hitherto disbursement and the current results of interventions both within the whole SO Competitive Czech Economy and in its first two priorities.

### VI.1.2 Intervention results achieved

**Table 4: Selected OP indicators fulfilling NSRF SO1**

| Code/<br><b>Core</b>    | P1: Competitive business<br>sector   | Unit     | OP                          | Programme<br>target value | Commitment<br>from projects | Values achieved<br>from projects | No. of<br>projects |
|-------------------------|--|----------|-----------------------------|---------------------------|-----------------------------|----------------------------------|--------------------|
| 380300<br><b>Core 9</b> | Gross No. of new jobs  | Number   | OP EI                       | 40000                     | x                           | 698                              | 375                |
| 380210                  | No. of newly established<br>companies  | Number   | OP EI                       | 3000                      | x                           | 128                              | x                  |
| 110100<br><b>Core 4</b> | No. of projects supported in<br>RTD, innovations                                     | Number   | OP EI                       | 1650                      | x                           | x                                | x                  |
| 120210                  | No. of supported projects<br>for innovations and patents                             | Number   | OP EI                       | 8000                      | x                           | x                                | x                  |
| 380611                  | Added value increment in<br>the supported companies                                  | %        | OP EI                       | 30 %                      | x                           | CZK 24.3 mil. <sup>1</sup>       | 596                |
| 382130                  | No. of consultancy projects<br>for the development of<br>enterprise                  | Number   | OP EI                       | 860                       | x                           | 0                                | x                  |
| 110200<br><b>Core 5</b> | No. of projects for<br>cooperation between<br>companies and research<br>institutions | Number   | OP EI/ OP<br>PC             | 25 <sup>2</sup>           | x                           | 0                                | 0                  |
| 111200                  | Volume of the contracted<br>research   | Mil. CZK | OPR&D&I                     | x                         | 1171                        | 0                                | 38                 |
| 110300<br><b>Core 6</b> | New jobs in R&D  | Number   | OPR&D&I/<br>OP PC/ OP<br>EI | 2500                      | 2286                        | 68                               | 473                |
| 632200                  | No. of reconstructed<br>historical monuments   | Number   | ROPs/<br>OP PC              | x                         | 369                         | 7                                | 957                |
| 632102                  | Newly certified<br>accommodation facilities<br>for tourism                           | Number   | ROPs                        | x                         | 228                         | 2                                | 485                |

Note: Values have been acquired from the SF Monitoring System through the National Coordination Authority.

x – target value is not included in the OP - the indicator is not measured at the project level; or the indicator was not used up to now in any call, or its values were not included in the monitoring system yet;

1 - Reached values from projects are monitored in Kč - because the target value in the OP is in % and its value in Kč is not available, the reached values can not be recalculated in %. The final reached value will be therefore calculated with special individual approach based on information in each project and can not be listed now.

2 – the targed value of this indicator is listed just in OP PC

### VI.1.3 Summary evaluation of SO Competitive Czech Economy

Despite delays in approving the respective OPs and slow initial disbursement rates, we do not expect (based on the analyses and evaluations executed) any fundamental problems in disbursing the available allocations. Temporary delays will be - in our opinion - eliminated as a result of the achieved increase of disbursement rates (especially in OP EI). **Similar dynamics can also be expected in the preparation of OPR&D&I** because the relevant MA has already implemented numerous steps that will enable acceleration in the immediate and more remote future.

We can currently only estimate whether and to what extent the implemented interventions will contribute to increased competitiveness and meeting NSRF objectives. There are, however, the following shortcomings and doubts:

- The hitherto targeting of interventions does not sufficiently address the key area in which Czech (domestic) business sector is lagging behind, namely non-technical competencies (marketing, trade, co-operation, management of innovations, etc.), which are decisive for reaching and maintaining global competitiveness. The outlasting fundamental shortcomings in non-technical competencies will probably lead to a continued and rather strong dependence on the decision-making of supra-national corporations and a relatively low development of domestic businesses without the participation of foreign capital.
- Insufficient coordination and the practical absence of links among interventions within and across OPs will presumably not result in fundamental limitations of strong institutional barriers between the dissimilar worlds of science and enterprise. We can however expect that top research and technical competencies already available in the CR<sup>2</sup> will be economically exploited - without the major parts of incomes flowing back into Czech economy. This situation has already been witnessed and we can expect its intensification.
- Inspiration by the concept of the so-called "linear innovation model" is running through the whole implementation system of the first NSRF SO. With a certain simplification, it is based on the idea that the results of research and development, consequently used by companies to improve their products and technologies, represent basic sources of innovations. This, however, holds true only for some types of innovations - and even that only partially. The absence of attention paid to non-technical competencies of companies (see above) shows that aid resources have not yet been targeted at the key source of innovations, which is the ability to contact and gain customers all over the world and establish links between market information and research& technological competencies of companies and knowledge-based institutions.

The solution of the above problems and risks linked to the expectable impacts is not simple. Already the inclusion of the diverse worlds of science and enterprise in two separate OPs illustrates that the required co-ordination and active strong links among interventions across these programmes is obviously insoluble in Czech conditions. Despite of that, a key recommendation is to develop maximum efforts targeted at technical/factual and administrative links between interventions from the OP EI and OPR&D&I with the aim of achieving a practical, purposeful and result-oriented co-operation, not only formal co-operation due to its anchoring in the programme and operational manuals.

Within the OP EI, we must exert maximum efforts and support the development of those non-technical competencies of companies (in the sphere of management, marketing, trade, etc.) which are decisive for the transformation of domestic SMEs into growing large enterprises with ambitions to occupy increasing shares in global markets of advanced knowledge-based products.

---

<sup>2</sup> To be further developed by interventions.

## VI.2 NSRF SO 2: Open, Flexible and Cohesive Society

### VI.2.1 Disbursement rate in 2007-2009, progress in meeting objectives and the achieved outputs and results

As of 30/09/2009, the total of € 935 mil. were allocated for this SO through the completed and approved projects. Over 98 % of this allocation have so far been taken up by the approved but uncompleted projects. The largest part (ca 95 %) of this allocation has been apportioned to the first three priorities of SO.

**Table 5: Overview of the disbursement of funds in NSRF SO: Open, Flexible and Cohesive Society (01/01/2007 – 30/09/2009)**

|  | Completed projects | Approved projects | Share of completed projects |
|--|--------------------|-------------------|-----------------------------|
| SO 2: Open, flexible and cohesive society      | 13 375 457         | 921 892 366       | 1.5                         |
| P.2.1: Education                               | 6 097 160          | 296 828 415       | 2.1                         |
| P.2.2: Increasing employment and employability | 0                  | 191 626 060       | 0.0                         |
| P.2.3: Strengthening social cohesion           | 7 278 297          | 387 303 989       | 1.9                         |
| P.2.4: Development of information society      | 0                  | 42 076 021        | 0.0                         |
| P.2.5: Smart Administration                    | 0                  | 4 057 882         | 0.0                         |

Tables 6 and 7 below demonstrate that the first three priorities of SO 2 are fulfilled mainly by two sectoral OPs: OP Human Resources and Employment and OP Education for Competitiveness. A significant proportion of funds, in this case mainly for the support of infrastructure, has also been channelled through ROPs, mainly through ROP Northeast and ROP Central Moravia.

The remaining thematic OPs with lower allocations also partially contribute to meeting this objective: OP Enterprise and Innovations, Integrated OP and OP Research & Development for Innovations, but in the latter two programmes no projects contributing to the first priorities of SO 2 have so far been approved. Although the allocation of further thematic OPs is not of key importance for meeting priorities, investments implemented through them should ensure the hard investments necessary for the implementation of ESF measures. **The missing infrastructure in this area or its unsatisfactory condition can thus cause a lower (or even insufficient) effectiveness of some measures; its delayed implementation can result in lower benefits<sup>3</sup>.** Projects ensuring this infrastructure - except ROPs and OP EI – are however still missing among the approved allocations, which means that synergy has been achieved only partially.

The last programme, contributing to this SO, is OP Prague Adaptability which avails of significantly lower funds because it is only earmarked for one region. Prague represents a significant economic but also educational centre and the OP PA contribution supporting this region will actually ensure that SO 2 objectives for the whole territory of the CR are met and the overall cohesion of Czech society is supported.

---

<sup>3</sup> E.g. if it were completed only after the implementation of the majority of measures in this area.

## Strategic Report of the Czech Republic 2009

With a view to the targeting of the supported projects, we can e.g. assess conformity with the targeting NSRF SO 2 objectives. The approved projects have so far managed to meet NSRF Strategy – but admittedly only partially. The reason is a certain **fragmentation of the hitherto approved interventions**, the absence of support in several selected areas and also the **absence of the necessary synergy between soft and hard interventions**. Its reason is, on one hand, the delayed launch of OP implementation, but on the other hand it seems that delays might also be caused by the so far relatively slow administration of calls<sup>4</sup>.

---

<sup>4</sup> Some of the calls launched already in 2008 have not yet approved any projects for funding, or the approved projects have not yet been recorded in an accessible monitoring system as of 30/09/2009.

## Strategic Report of the Czech Republic 2009

**Table 6: Overview of funds for projects completed in NSRF SO: Open, Flexible and Cohesive Society, by OP contribution (01/01/2007 – 30/09/2009)**

|                       | ROP SE             |  | ROP SW             |  | ROP CB             |  | ROP NE             |  | ROP CM             |  |
|-----------------------|--------------------|--|--------------------|--|--------------------|--|--------------------|--|--------------------|--|
|                       | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority |
| Strategic Objective 2 | 5 768 887          | 43.1                                       | 1 241 079          | 9.3  | 2 047 624          | 15.3                                       | 164 402            | 1.2  | 4 153 465          | 31.1                                       |
| Priority 2.1          | 2 884 443          | 47.3                                       | 29 971             | 0.5  | 1 023 812          | 16.8                                       | 82 201             | 1.3  | 2 076 732          | 34.1                                       |
| Priority 2.2          | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  |
| Priority 2.3          | 2 884 443          | 39.6                                       | 1 211 109          | 16.6                                       | 1 023 812          | 14.1                                       | 82 201             | 1.1  | 2 076 732          | 28.5                                       |
| Priority 2.4          | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  |
| Priority 2.5          | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  | 0                  | 0.0  |

## Strategic Report of the Czech Republic 2009

**Table 7: Overview of funds for projects approved in NSRF SO: Open, Flexible and Cohesive Society, by OP contribution (01/01/2007 – 30/09/2009)**

|                       | ROP SE            |  | ROP SW            |  | ROP CB            |  | ROP NE            |  | ROP CM            |  | ROP NW            |  |
|-----------------------|-------------------|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|
|                       | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority |
| Strategic Objective 2 | 53 351 307        | 6.1  | 44 004 807        | 5.0  | 31 018 840        | 3.5  | 43 618 651        | 5.0  | 69 232 395        | 7.9  | 104 138 728       | 11.9                                       |
| Priority 2.1          | 26 675 653        | 9.0  | 8 131 646         | 2.7  | 15 509 420        | 5.2  | 21 809 326        | 7.3  | 34 616 198        | 11.7                                       | 35 689 416        | 12.0                                       |
| Priority 2.2          | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 12 614 521        | 6.6  |
| Priority 2.3          | 26 675 653        | 6.9  | 35 873 161        | 9.3  | 15 509 420        | 4.0  | 21 809 326        | 5.6  | 34 616 198        | 8.9  | 55 834 792        | 14.4                                       |
| Priority 2.4          | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  |
| Priority 2.5          | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  |

|                       | ROP MS            |  | OP EI             |  | IOP               |  | OP PC             |  | OP HRE            |  | OP EC             |  | OP PA             |  |
|-----------------------|-------------------|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|
|                       | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority |
| Strategic Objective 2 | 18 863 917        | 2.2  | 12 095 848        | 1.4  | 0                 | 0.0  | 0                 | 0.0  | 344 720 289       | 39.4                                       | 139 652 027       | 15.9                                       | 15 061 653        | 1.7  |
| Priority 2.1          | 1 760 938         | 0.6  | 12 095 848        | 4.1  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 137 130 587       | 46.2                                       | 3 409 383         | 1.1  |
| Priority 2.2          | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 173 169 610       | 90.4                                       | 0                 | 0.0  | 5 841 929         | 3.0  |
| Priority 2.3          | 17 102 979        | 4.4  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 171 550 680       | 44.3                                       | 2 521 440         | 0.7  | 5 810 341         | 1.5  |
| Priority 2.4.         | 0                 | 0.0  | 37 267 684        | 29.3                                       | 4 057 881         | 8.1  | 750 454           | 14.6                                       | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  |
| Priority 2.5.         | 0                 | 0.0  | 0                 | 0.0  | 4 057 881         | 8.08                                       | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  | 0                 | 0.0  |

### **VI.2.2 The achieved results of interventions**

For most of the projects, we only know values to the achievement of which applicants have committed. Furthermore, they mostly specify only the numbers of the supported persons or of the prepared educational/training products, which of course are not easily comparable across intervention areas. The number of newly created jobs is another accessible indicator linked to the second priority of SO2. Considering the continuously worsening situation in the sphere of employment, it is questionable whether it is realistic to adhere to the binding values, whether all the planned jobs can realistically be created and sustained.

One of the result assessment methods is the comparison of the contracted indicator values with the achieved values, or with aliquot values for the period up to now, i.e. approximately for 2007-2009. If simplifying, we can say that we have compared “the position in which the so far approved and completed projects find themselves” vs. “where they should be based on the objectives set out within OPs”, i.e. we have assessed the probably achieved intervention results.

**Table 8: Indicative evaluation of OP results based on the committed and contracted values of selected indicators, as of 30/09/2009**

| Kód/<br>Core            | OP HRE, OP EC, OP PA <sup>3</sup>               | Commitments from projects approved as of 30/09/2009 (i.e. indicator values to which projects have committed) <sup>1</sup> | Indicators attained in completed projects <sup>1</sup> | OP target value for 2007-2009 (i.e. 1/3 of the total target value specified in the OP) |
|-------------------------|---|---|--|--|
| 074100                  | No. of supported persons                        | 5 888 263   | 14 500   | 1 055 717  |
| 074613                  | No. of successful leavers of schools/ trainings | 165 221   | 91   | 220 000  |
| 070100<br><b>Core 1</b> | No. of newly created jobs                       | 17 250 <sup>2</sup>   | 0  | 11 667   |

Note: <sup>1</sup> Values have been acquired from the SF Monitoring System through the National Coordination Authority.

<sup>2</sup> One project has committed to creating in total 14 400 new jobs by the end of 2010, but it is a public works project.

<sup>3</sup> Data are accessible and comparable only for the group of these three OPs; they are given as summary values for all these OPs.

Considering the above data, their attainment in the selected OPs and intervention areas seems to follow the envisaged plan - if the approved projects have been completed compliant with their promoters' commitments. A closer analysis of individual projects has e.g. revealed that one of the projects has committed to setting up 14 400 new jobs, however through public works. These are naturally rather specific jobs and it is questionable to what extent - and why actually - they should be included in meeting the indicator.

The second possible approach to evaluating the probable results of the approved interventions is their comparison with the previous programming period. If considering these values, it seems that the fulfilment of OP HRE is lagging behind the planned

## Strategic Report of the Czech Republic 2009

progress, which actually reflects the lower allocation approved and discussed in the previous chapter. This has for example confirmed strong probability of the need of speeding up the disbursement of the available funds, while sustaining the necessary efficiency and effectiveness of projects, which is of crucial importance in the current deteriorated conditions.

**Table 9: Results of projects approved in OP HRE, if considering the costs of producing results in the OP HRD and relating them to the currently approved project allocations**

|   | Estimated results of the approved projects | Target value of the OP HRE in 2015 | Target value of OP HRE for 2007-2009 – 1/3 of total target value |
|---|--|------------------------------------|--|
| No. of supported persons - clients              | 566 974                                    | 876 000*                           | 292 000  |
| No. of successful leavers of schools/ trainings | 161 159                                    | 660 000                            | 220 000  |
| No. of newly created jobs                       | 6 317                                      | 35 000                             | 11 667   |

Note: \* This is a total number of the supported persons (i.e. clients plus providers)

### ***VI.2.3 Summary evaluation of the SO: Open, Flexible and Cohesive society***

The evaluation proper has so far clearly disclosed that there is a certain delay in disbursing the intervention areas aimed at attaining SO 2. The approved projects have not yet reached the volume of allocation, envisaged for 2007 and 2008. The situation was caused by the delayed launch of disbursement but also, at least initially, slow project administration. The first recommendation relates to creating such technical and administrative conditions that would enable the quickest possible distribution of funds among applicants, while maintaining adequate quality of the selected projects. This step is of a crucial importance in areas with high excess in absolute demand and a relatively high overall allocation, where the unprocessed applications accumulate, as well as in areas that can significantly contribute to decreasing the impacts of the current economic crisis.

The accessible data on the approved projects demonstrate that, by now, only some of the intervention areas relating to SO2 have been attained and certain synergic effects highlighted in the OP thus have not yet been achieved. Mutual links can however also be missing in other intervention areas. At present, it would not be fair to draw negative conclusions from these data, but should a certain lack of compliance prevail for a longer period, the effectiveness of some of the planned measures could be compromised. The second recommendation concerns the stress laid on links among various intervention areas not only within one OP but mainly across several OPs, ensuring highest possible effectiveness. This requires a close cooperation and co-ordination among the individual accountable entities.

Stress on a high degree of coordination should also be applied within projects in the sphere of information society and smart administration, requiring a rigorous coordination of interventions at the national and regional levels, but also between interventions of investment and non-investment nature (hard and soft interventions).

## VI.3 NSRF SO 3: Attractive Environment

### *VI.3.1 Disbursement progress in 2007-2009, progress in meeting objectives and the attained outputs and results*

In SO Attractive Environment, projects for EUR 116 mil. had been financially settled and projects amounting to EUR 3 160 mil. EUR had been approved by the end of September 2009. The implementation of transport investments proceeded somewhat quicker than that of environmental investments but the approved projects significantly outweighed the financially settled projects in both priorities, which means that in the future we can expect a quick growth in the numbers of projects completed and therefore also in the intervention results. If considering the allocated funds, both priorities of this SO are rather balanced.

**Table 10: Overview of the disbursement of funds in NSRF SO: Attractive Environment**

|  | Completed projects | Approved projects | Share of completed projects (%) |
|--|--------------------|-------------------|---------------------------------|
| SO 3: Attractive environment                               | 116 617 241.50     | 3 160 480 910.13  | 3.69                            |
| P.3.1: Protection and improvement of environmental quality | 21 999 916.25      | 1 508 888 257.56  | 1.46                            |
| P.3.2: Improving transport accessibility                   | 94 617 325.28      | 1 651 592 652.57  | 5.73                            |

## Strategic Report of the Czech Republic 2009

**Table 11: Overview of funds for projects completed in NSRF SO: Attractive Environment, by OP contribution (01/01/2007 – 30/09/2009)**

|                       | ROP SE             |                           | ROP SW             |                           | ROP CB             |                           | ROP NE             |                           | ROP CM             |                           |
|-----------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|
|                       | Completed projects | Share of total allocation |
| Strategic Objective 3 | 7 733 356.14       | 6.63 %                    | 5 212 448.91       | 4.47 %                    | 8 208 326.44       | 7.04 %                    | 5 409 530.34       | 4.64 %                    | 7 233 650.65       | 6.20 %                    |
| Priority 3.1          | 0                  | 0.00 %                    | 0                  | 0.00 %                    | 0                  | 0.00 %                    | 0                  | 0.00 %                    | 0                  | 0.00 %                    |
| Priority 3.2          | 7 733 356.14       | 6.63 %                    | 5 212 448.91       | 4.47 %                    | 8 208 326.44       | 7.04 %                    | 5 409 530.34       | 4.64 %                    | 7 233 650.65       | 6.20 %                    |

  

|                       | OP T               |                           |                    | OP E                      |                    |                           | OP PC              |                           |                    |
|-----------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|---------------------------|--------------------|
|                       | Completed projects | Share of total allocation | Completed projects |
| Strategic Objective 3 | 53 652 260.87      | 46.01 %                   | 21 999 916.25      | 18.87 %                   | 7 167 751.93       | 6.15 %                    |                    |                           |                    |
| Priority 3.1          | 0                  | 0.00 %                    | 21 999 916.25      | 18.87 %                   | 0                  | 0.00 %                    |                    |                           |                    |
| Priority 3.2          | 53 652 260.87      | 46.01 %                   | 0                  | 0.00 %                    | 7 167 751.93       | 6.15 %                    |                    |                           |                    |

**Table 12: Overview of funds for projects approved in NSRF SO: Attractive Environment, by OP contribution (01/01/2007 – 30/09/2009)**

|                       | ROP SE            |                           | ROP SW            |                           | ROP CB            |                           | ROP NE            |                           | ROP CM            |                           | ROP NW            |                           |
|-----------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|
|                       | Approved projects | Share of total allocation |
| Strategic Objective 3 | 82 691 340.36     | 2.65 %                    | 21 933 301.93     | 0.70 %                    | 21 273 814.79     | 0.68 %                    | 43 022 255.02     | 1.38 %                    | 50 544 710.72     | 1.62 %                    | 48 889 667.62     | 1.57 %                    |
| Priority 3.1          | 0                 | 0.00 %                    | 0                 | 0.00 %                    | 0                 | 0.00 %                    | 0                 | 0.00 %                    | 0                 | 0.00 %                    | 0                 | 0.00 %                    |
| Priority 3.2          | 82 691 340.36     | 2.65 %                    | 21 933 301.93     | 0.70 %                    | 21 273 814.79     | 0.68 %                    | 43 022 255.02     | 1.38 %                    | 50 544 710.72     | 1.62 %                    | 48 889 667.62     | 1.57 %                    |

|                       | ROP MS            |                           | OP T              |                           | OP E              |                           | OP EI             |                           | OP PC             |                           |
|-----------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|
|                       | Approved projects | Share of total allocation |
| Strategic Objective 3 | 13 960 476.04     | 0.45 %                    | 1 366 099 762.47  | 43.82 %                   | 1 466 459 987.38  | 47.04 %                   | 28 242 17.33      | 0.09 %                    | 12 845 850.15     | 0.41 %                    |
| Priority 3.1          | 0                 | 0.00 %                    | 0                 | 0.00 %                    | 1 466 459 987.38  | 47.04 %                   | 28 242 17.33      | 0.09 %                    | 9 668 526.52      | 0.87 %                    |
| Priority 3.2          | 13 960 476.04     | 0.45 %                    | 1 366 099 762.47  | 43.82 %                   | 0                 | 0.00 %                    | 0                 | 0.00 %                    | 3 177 323.63      | 0.78 %                    |

### VI.3.2 The achieved intervention results

**Table 13: Overview of meeting indicators in NSRF SO Attractive Environment, by OP contribution (01/01/2007 – 30/09/2009)**

| Code/<br>Core   | Name of indicator   | MU             | OP                                 | Programme target<br>value | Commitment<br>from projects | Values achieved<br>from projects | Number of<br>projects |
|---|---|----------------|------------------------------------|---------------------------|-----------------------------|----------------------------------|-----------------------|
| <b>P.3.1: Protection and improvement of environmental quality</b> |   |                |                                    |                           |                             |                                  |                       |
| 210100<br><b>Core 28</b>  | No. of projects aimed at increasing air quality                                       | Number         | OP E                               | 607.00                    | 245.00                      | 13.00                            | 245.00                |
| 221100  | Area of regenerated old landfills   | m <sup>2</sup> | OP E                               | Target value not stated   | 532 754.00                  | 133 778.00                       | 32.00                 |
| 240200  | Area of replaced old ecological   | m <sup>2</sup> | OP E                               | 1 000 000.00              | 905 652.90                  | 7 758.00                         | 6.00                  |
| 231300  | No. of equivalent inhabitants newly attached to good-quality WWTPs                    | Number         | OP E                               | Target value not stated   | 24 757.00                   | 316.00                           | 21.00                 |
| 231500  | No. of inhabitants newly attached to water distribution systems                       | Number         | OP E                               | Target value not stated   | 5 873.00                    | 329.00                           | 16.00                 |
| 653110<br><b>Core 25</b>  | No. of inhabitants newly attached to water distribution systems (statistic indicator) | Mil. inh.      | Not stated                         | 9 618.00                  | x                           | x                                | x                     |
| 240100<br><b>Core 29</b>  | Area of regenerated territory   | ha             | OP E                               | 1 000.00                  | X <sup>5</sup>              | x                                | x                     |
| 650100<br><b>Core 29</b>  | Total area of regenerated and revitalised territory                                   | ha             | ROPs                               | 350.00                    | 24 690.11 <sup>4</sup>      | 29.9 <sup>4</sup>                | 1 253.00 <sup>4</sup> |
| 331300  | Area of revitalised territory   | m <sup>2</sup> | IOP                                | 4 000 000.00              | 4 200.00                    | 0.00                             | 1.00                  |
| 360300<br><b>Core 24</b>  | Increased capacity for the production of energy from renewables                       | MW             | OP EI, OP<br>PC, OP E <sup>1</sup> | 600.60                    | 4.99                        | 2.68                             | 38.00                 |
| 360400  | Increased output of the production of energy from renewables                          | GJ/year        | OP E <sup>2</sup>                  | Target value not stated   | 25 680.48                   | 23 420.50                        | 32.00                 |
| 364300  | Decreased consumption of energy   | GJ/year        | OP E                               | 430 000.00                | 323 618.69                  | 86 561.32                        | 452.00                |
| <b>P.3.2: Improving transport accessibility</b>                   |   |                |                                    |                           |                             |                                  |                       |
| 370300<br><b>Core 15</b>  | Length of new motorways, speedways and 1 <sup>st</sup> class roads - TEN-T            | km             | OP T                               | 120.00                    | 132.92                      | 0.00                             | 9.00                  |
| 370601<br><b>Core 18</b>  | Length of new railways - TEN-T  | km             | OP T <sup>3</sup>                  | -                         | 7.51                        | 0.00                             | 1.00                  |
| 370701<br><b>Core 19</b>  | Length of reconstructed railways - TEN-T  | km             | OP T                               | 348.00                    | 215.59                      | 22.98                            | 12.00                 |
| 370910  | No. of reconstructed railway junctions  | Number         | OP T                               | 8.00                      | 3.00                        | 0.00                             | 3.00                  |
| 371710  | Increased volume of combined transport  | thous. t       | OP T                               | 0.00*                     | 0.00                        | 0.00                             | 0.00                  |

## Strategic Report of the Czech Republic 2009

| Code/<br>Core | Name of indicator  | MU     | OP   | Programme target<br>value | Commitment<br>from projects | Values achieved<br>from projects | Number of<br>projects |
|---------------|--|--------|------|---------------------------|-----------------------------|----------------------------------|-----------------------|
| 610241        | No. of newly acquired ecological vehicles in public administration | Number | ROPs | 239.00                    | 289.00                      | 0.00                             | 110.00                |

Note: Values have been acquired from the SF Monitoring System through the National Coordination Authority and partially adjusted based on consultations with different Managing authorities.

1 – The target value is based on values in the OP E and OP PC, in case of OP EI the target value is not listed. The indicator is not listed in the Monit7+ system by any up to now implemented projects – based on the informations from MA, monitoring of this indicator is based on monitoring and counting of two other indicators (360301 and 360302).

2 – The indicator is not listed in the Monit7+ system by any up to now implemented projects – based on the informations from MA, monitoring of this indicator is based on monitoring and counting of two other indicators (360401 and 360402).

3 – The indicator 360601 and 360701 is not properly monitored in the system Monit7+ due to a wrong definition. The values are therefore listed based on the information from the Ministry of Transport.

4 – The indicator 650100 is in the Monit7+ system listed by projects from ROP CM and ROP NE, in case of ROP SE and ROP SW this indicator is monitored through other indicators (650101, 650505, 651120 and 652000).

5 – The indicator is monitored through 7 other indicators. The system lists more than 1000 projects with this indicator, which means that the indicator is being fulfilled, however the projects are in many cases listed several times – each time with different indicator – which makes listing of exact values impossible.

\* Will be evaluated in a special evaluation study

The above table indicates that the environmental area is successful in implementing interventions aimed at the recovery of old landfills, where 1/4 of the value planned in the approved projects has already been achieved, and at increasing the production of energy from renewable resources, with almost target value of commitments of the approved projects fulfilled - **despite the fact that the approved projects represent less than 1 % of the total volume of funds allocated to the respective intervention area.** This witnesses of rather low indicator values established at the time of programme preparation. When assessing the list of indicators of both OPs, it seems that such under-valuation of indicators occurred rather frequently. Other interventions in environmental sphere are still at their very beginning in relation to meeting their indicators.

### *VI.3.3 Summary evaluation of the SO: Attractive Environment*

If considering the attainment of its priorities, the SO Attractive Environment currently belongs among the most successful NSRF SOs. It mainly includes large infrastructure projects with big budgets both in transport and environmental spheres. Furthermore, OP Transport and OP Environment represent two financially most demanding OPs. Numerous projects had also probably been prepared and their implementation launched even before their approval for funding from the SFs; the same situation is apparent in many projects currently classified as approved or finding themselves even at pre-approval stages. This has been caused by administrative problems and delays in the process of large project approvals.

Partial interventions have been successfully implemented mostly in road transport, namely at the level of 1<sup>st</sup> class roads outside TEN-T and at the level of motorways and roads belonging into TEN-T networks.

In the environmental sphere, a large measure for decreasing water pollution has successfully launched implementation; implementation success has also been witnessed in measures for energy savings, the utilisation of waste heat, as well as improvements in waste management quality. On the other hand, support targeted at improving the quality of drinking water has not yet been successful.

In general, it should be noted that although infrastructure investments (both transport and environmental) are important, they themselves only create conditions for further development and do not themselves generate regional development proper. We therefore recommend that specific projects should, wherever possible, target at the implementation of comprehensive investments, mainly in transport infrastructure where integral transport links should be constructed and not only partial road sectors, relayed roads and bypasses. The actual potential for economic growth and development of any region can be utilised only when linking it to other regions or centres.

## **VI.4 NSRF SO 4: Balanced Development of Territory**

The importance of SO "Balanced Development of Territory" for fulfilling the NSRF can be seen mainly in the stimulation of regional development potential enabling regions to

## Strategic Report of the Czech Republic 2009

withdraw funds from national economic development measures. This SO is being fulfilled both through interventions from selected thematic OPs but mainly through ROPs.

In this respect, the SO can be classified among the most important NSRF objectives which are also the most difficult for implementation. The implementation of this objective requires co-ordination and co-operation within a wide range of regional actors.

### *VI.4.1 Disbursement progress in 2007-2009, progress in meeting objectives and the achieved outputs and results*

The disbursement within NSRF SO Balanced Development of Territory has proceeded the quickest in the first two priorities targeted both at general development of infrastructure in regions and at urban development. In both cases, the higher disbursement rate can be attached mainly to the fact that - contrary to the support of rural regions - these are relatively large investment projects, often classifying among standard investment types (local roads, reconstruction of public grounds/greens, etc.), the preparedness of which therefore in general exceeds other areas (see comments on individual priorities below).

**Table 14: Overview of the disbursement of funds in NSRF SO: Balanced Development of Territory in 1/01/2007 – 30/09/2009**

| NSRF – Strategic objectives and priorities                     | Completed projects | Approved projects | Share of completed projects in the approved projects |
|--|--------------------|-------------------|--|
| SO 4: Balanced Development of Territory                        | 55 628 658.57      | 1 001 794 207.11  | 5.55 %   |
| P.4.1 Balanced regional development                            | 28 992 344.93      | 685 853 214.58    | 4.23 %   |
| P.4.2 Development of urban areas                               | 13 641 374.64      | 213 170 754.19    | 6.40 %   |
| P.4.3 Development of rural areas                               | 5 195 442.17       | 52 745 370.79     | 9.85 %   |
| P.4.4 Regional competitiveness and employment – City of Prague | 7 799 496.82       | 50 024 867.54     | 15.59 %  |

The following synoptic tables illustrate that the prevailing part of financially settled projects is concentrated exclusively in Regional Operational Programmes.

In this respect, the efficiency of the implemented interventions with a view to their contribution to meeting SO targets is disputable. **Projects are often prepared within the municipal or regional investment plans and are governed rather by the need of maintaining and modernising property than by SOs aimed at competitiveness or targeted and justified balancing of living conditions.**

Large differences between the approved and completed projects illustrate that although disbursements within SO4 are positively influenced by the relative simplicity of interventions, the scope/size of individual projects has negative impacts because their investment nature often requires a minimum implementation period of 1.5-2 years. Considering the fact that some OPs were actually launched only in mid-2008, this means that even with a very smooth progress we cannot realistically expect the complete disbursement of funds sooner than by end of 2009, but more realistically in 2010. In general, we can say that if considering the volume of the approved projects, disbursement in SO4 should not be threatened.

## Strategic Report of the Czech Republic 2009

**Table 15: Overview of funds for projects completed in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part I**

| NSRF - Strategic Objectives and Priorities                     | ROP SE             |  | ROP SW             |  | ROP CB             |  | ROP NE             |  |
|--|--------------------|--|--------------------|--|--------------------|--|--------------------|--|
|  | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority |
| SO 4: Balanced Development of Territory                        | 11 123 109.60      | 20.00 %                                    | 840 925.22         | 1.51 %                                     | 9 232 138.56       | 16.60 %                                    | 5 491 731.10       | 9.87 %                                     |
| P.4.1 Balanced regional development                            | 7 536 898.62       | 26.00 %                                    | 99 535.16          | 0.34 %                                     | 8 208 326.44       | 28.31 %                                    | 5 409 530.34       | 18.66 %                                    |
| P.4.2 Development of urban areas                               | 2 826 410.02       | 20.72 %                                    | 455 683.81         | 3.34 %                                     | 857 113.75         | 6.28 %                                     | 0.00               | 0.00 %                                     |
| P.4.3 Development of rural areas                               | 759 800.96         | 14.62 %                                    | 285 706.25         | 5.50 %                                     | 166 698.37         | 3.21 %                                     | 82 200.76          | 1.58 %                                     |
| P.4.4 Regional competitiveness and employment – City of Prague | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |

**Table 16: Overview of funds for projects completed in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part II**

| NSRF - Strategic Objectives and Priorities                     | ROP CM             |  | ROP NW             |  | ROP MS             |  | OP T               |  |
|--|--------------------|--|--------------------|--|--------------------|--|--------------------|--|
|  | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority |
| SO 4: Balanced Development of Territory                        | 7 735 427.53       | 13.91 %                                    | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.1 Balanced regional development                            | 5 658 695.09       | 19.52 %                                    | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.2 Development of urban areas                               | 255 055.86         | 1.87 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.3 Development of rural areas                               | 1 821 676.57       | 35.06 %                                    | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.4 Regional competitiveness and employment – City of Prague | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |

## Strategic Report of the Czech Republic 2009

**Table 17: Overview of funds for projects completed in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part III**

| NSRF - Strategic Objectives and Priorities                     | OP E               |  | R&D&I              |  | OP EI              |  | OP HRE             |  |
|--|--------------------|--|--------------------|--|--------------------|--|--------------------|--|
|  | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority |
| SO 4: Balanced Development of Territory                        | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.1 Balanced regional development                            | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.2 Development of urban areas                               | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.3 Development of rural areas                               | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.4 Regional competitiveness and employment – City of Prague | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |

**Table 18: Overview of funds for projects completed in NSRF Strategic Objective: Balanced development of territory, by OP contribution (01/01/2007 – 30/09/2009), part IV**

| NSRF - Strategic Objectives and Priorities                     | OP EC              |  | IOP                |  | OP PC              |  | OPPA               |  |
|--|--------------------|--|--------------------|--|--------------------|--|--------------------|--|
|  | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority | Completed projects | Share of total allocation for the priority |
| SO 4: Balanced Development of Territory                        | 0.00               | 0.00 %                                     | 6 238 077.80       | 11.21 %                                    | 14 967 248.75      | 26.91 %                                    | 0.00               | 0.00 %                                     |
| P.4.1 Balanced regional development                            | 0.00               | 0.00 %                                     | 2 079 359.27       | 7.17 %                                     | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.2 Development of urban areas                               | 0.00               | 0.00 %                                     | 2 079 359.27       | 15.24 %                                    | 7 167 751.93       | 52.54 %                                    | 0.00               | 0.00 %                                     |
| P.4.3 Development of rural areas                               | 0.00               | 0.00 %                                     | 2 079 359.27       | 40.02 %                                    | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     |
| P.4.4 Regional competitiveness and employment – City of Prague | 0.00               | 0.00 %                                     | 0.00               | 0.00 %                                     | 7 799 496.82       | 100.00 %                                   | 0.00               | 0.00 %                                     |

## Strategic Report of the Czech Republic 2009

**Table 19: Overview of funds for projects approved in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part I**

| NSRF - Strategic Objectives and Priorities                     | ROP SE            |  | ROP SW            |  | ROP CB            |  | ROP NE            |  |
|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|
|  | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority |
| SO 4: Balanced Development of Territory                        | 96 647 819.47     | 9.65 %                                     | 43 089 383.47     | 4.30 %                                     | 31 036 268.00     | 3.10 %                                     | 64 831 580.54     | 6.47 %                                     |
| P.4.1 Balanced regional development                            | 48 628 127.33     | 7.09 %                                     | 20 262 617.21     | 2.95 %                                     | 15 526 848.02     | 2.26 %                                     | 43 022 255.02     | 6.27 %                                     |
| P.4.2 Development of urban areas                               | 41 930 225.79     | 19.67 %                                    | 20 031 591.23     | 9.40 %                                     | 7 903 048.71      | 3.71 %                                     | 16 313 614.22     | 7.65 %                                     |
| P.4.3 Development of rural areas                               | 6 089 466.35      | 11.55 %                                    | 2 795 175.03      | 5.30 %                                     | 7 606 371.27      | 14.42 %                                    | 5 495 711.30      | 10.42 %                                    |
| P.4.4 Regional competitiveness and employment – City of Prague | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     |

**Table 20: Overview of funds for projects approved in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part II**

| NSRF - Strategic Objectives and Priorities                     | ROP CM            |  | ROP NW            |  | ROP MS            |  | OP T              |  |
|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|
|  | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority |
| SO 4: Balanced Development of Territory                        | 67 914 625.05     | 6.78 %                                     | 69 120 353.79     | 6.90 %                                     | 31 063 455.21     | 3.10 %                                     | 282 596 541.37    | 28.21 %                                    |
| P.4.1 Balanced regional development                            | 33 298 427.37     | 4.86 %                                     | 48 974 977.49     | 7.14 %                                     | 13 960 476.04     | 2.04 %                                     | 258 093 053.08    | 37.63 %                                    |
| P.4.2 Development of urban areas                               | 15 509 536.49     | 7.28 %                                     | 20 145 376.30     | 9.45 %                                     | 9 802 536.67      | 4.60 %                                     | 0.00              | 0.00 %                                     |
| P.4.3 Development of rural areas                               | 19 106 661.19     | 36.22 %                                    | 0.00              | 0.00 %                                     | 7 300 442.50      | 13.84 %                                    | 0.00              | 0.00 %                                     |
| P.4.4 Regional competitiveness and employment – City of Prague | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 24 503 488.29     | 48.98 %                                    |

## Strategic Report of the Czech Republic 2009

**Table 21: Overview of funds for projects approved in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part III**

| NSRF - Strategic Objectives and Priorities                     | OP E              |  | R&D&I             |  | OP EI             |  | OP HRE            |  |
|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|
|  | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority |
| SO 4: Balanced Development of Territory                        | 9 433 141.77      | 0.94 %                                     | 0.00              | 0.00 %                                     | 187 780 308.41    | 18.74 %                                    | 54 937 510.99     | 5.48 %                                     |
| P.4.1 Balanced regional development                            | 9 433 141.77      | 1.38 %                                     | 0.00              | 0.00 %                                     | 187 780 308.41    | 27.38 %                                    | 0.00              | 0.00 %                                     |
| P.4.2 Development of urban areas                               | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 54 937 510.99     | 25.77 %                                    |
| P.4.3 Development of rural areas                               | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     |
| P.4.4 Regional competitiveness and employment – City of Prague | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     |

**Table 22: Overview of funds for projects approved in NSRF SO: Balanced Development of Territory, by OP contribution (01/01/2007 – 30/09/2009), part IV**

| NSRF - Strategic Objectives and Priorities                     | OP EC             |  | IOP               |  | OP PC             |  | OPPA              |  |
|--|-------------------|--|-------------------|--|-------------------|--|-------------------|--|
|  | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority | Approved projects | Share of total allocation for the priority |
| SO 4: Balanced Development of Territory                        | 19 399 126.07     | 1.94 %                                     | 8 996 747.47      | 0.90 %                                     | 25 696 032.75     | 2.57 %                                     | 9 251 312.76      | 0.92 %                                     |
| P.4.1 Balanced regional development                            | 2 521 439.70      | 0.37 %                                     | 4 351 543.15      | 0.63 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     |
| P.4.2 Development of urban areas                               | 16 877 686.38     | 7.92 %                                     | 293 661.17        | 0.14 %                                     | 9 425 966.25      | 4.42 %                                     | 0.00              | 0.00 %                                     |
| P.4.3 Development of rural areas                               | 0.00              | 0.00 %                                     | 4 351 543.15      | 8.25 %                                     | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     |
| P.4.4 Regional competitiveness and employment – City of Prague | 0.00              | 0.00 %                                     | 0.00              | 0.00 %                                     | 16 270 066.50     | 32.52 %                                    | 9 251 312.76      | 18.49 %                                    |

#### VI.4.2 Achieved intervention results

Table 23: Selected OP indicators fulfilling NSRF SO14

| Code/<br>Core                                 | Indicator   | MU              | OP        | Programme<br>target<br>value | Commitment<br>from<br>projects<br>(approved<br>projects) | Value<br>achieved<br>(completed<br>projects) | Number<br>of<br>projects |
|---|---|-----------------|-----------|------------------------------|--|--|--------------------------|
| <b>SO4: BALANCED DEVELOPMENT OF TERRITORY</b> |   |                 |           |                              |  |  |                          |
| <b>P1: Balanced regional development</b>      |   |                 |           |                              |  |  |                          |
| 311500  | Regional differentiation of unemployment rate   | %               | -         | x                            | x  | x  | 0                        |
| 520700  | Regional differentiation of unemployment rate   |                 | ROP<br>NW | x                            | x  | x  | 0                        |
| 310200  | Regional differentiation of GDP per capita  | %               | -         | x                            | x  | x  | 0                        |
| 320600  | Regional differentiation of net disposable household income per capita                                    | %               | -         | x                            | x  | x  | 0                        |
| <b>P2: Development of urban areas</b>         |   |                 |           |                              |  |  |                          |
| 332110  | Area of regenerated and revitalised territory, in total   | ha              | OP PC     | 50 <sup>1</sup>              | 249 015.30 <sup>2</sup>                                  | 0.00   | 20                       |
| 650101<br><i>Core 29</i>                      | Area of regenerated and revitalised territory, in cities  | ha              | ROPs      | 284                          | 89.77  | 4.41   | 199                      |
| 651100  | Area of regenerated and revitalised bindings, in cities, in total   | m <sup>2</sup>  | ROPs      | 446 000 <sup>3</sup>         | 165 511.47   | 32 445.50                                    | 260                      |
| 331200  | No. of regenerated flats  | Number          | IOP       | 20 000                       | 0.00   | 0.00   | 0                        |
| 330300<br><i>Core 41</i>                      | No. of projects aimed at social inclusion   | Number          | IOP       | 294                          | 0.00   | 0.00   | 0                        |
| 331500  | Energy consumption savings in panel houses  | %               | IOP       | 20                           | nelze sčítat   | 0.00   | 0                        |
| 330418  | Increased territory of development areas, development axes and specific areas covered by new zoning plans | %               | IOP       | 0.18                         | x  | 0.00   | 0                        |
| 330416  | Area of municipal territory covered by new zoning plans   | km <sup>2</sup> | IOP       | 140                          | 1 197.60   | 438.65                                       | 44                       |
| <b>P3: Development of rural areas</b>         |   |                 |           |                              |  |  |                          |
| 650100<br><i>Core 29</i>                      | Area of regenerated and revitalised territory, in total   | ha              | ROPs      | 350 <sup>4</sup>             | 394.67   | 29.90  | 338                      |
| 651500  | Area of regenerated and revitalised bindings, in rural areas, in total                                    | m <sup>2</sup>  | ROPs      | 159 000 <sup>3</sup>         | 198 324.46   | 28 613.28                                    | 314                      |
| 650505  | Area of regenerated and revitalised territory – in rural areas  | ha              | ROPs      | 80.5                         | 303.30   | 4.47   | 209                      |
| 520215<br><i>Core 1</i>                       | No. of newly created jobs in projects for sustainable development of rural areas (municipalities)         | Number          | ROPs      | 34                           | 455.92   | 4.25   | 339                      |
| <b>P4: City of Prague</b>                     |   |                 |           |                              |  |  |                          |
| 332110  | Area of regenerated and revitalised territory, in total   | ha              | OP PC     | 50 <sup>1</sup>              | 249 015.30 <sup>2</sup>                                  | 0.00   | 20                       |
| 074626  | No. of successfully supported persons - immigrants  | Number          | OP PA     | x                            | x  | 0.00   | 0                        |
| 074600  | No. of successfully supported persons   | Number          | OP PA     | 12 750                       | 17 349.00  | 0.00   | 172                      |
| 371105<br><i>Core 20</i>                      | Value of time savings in public transport   | %               | OP PC     | 85                           | .5   | 0.00   | 1                        |
| 364000  | Energy saving, in total   | %               | OP PC     | 75                           | .5   | 0.00   | 3                        |

Note: Values have been acquired from the SF Monitoring System through the National Coordination Authority.

x – target value is not included in the OP - the indicator is not measured at the project level; or the indicator was not used up to now in any call, or its values were not included in the monitoring system yet; In case of projects contributing to P1 the values will be available in longer time range as they are monitored by the CZSO.

## Strategic Report of the Czech Republic 2009

<sup>1</sup> The indicator in OP PC is not monitored as "The area of revitalised territory", but as "Reduction of the area of degraded territories"

<sup>2</sup> The values are listed based on counting "additional indicators"

<sup>3</sup> ROP CM does not list this value

<sup>4</sup> The target value is listed only in ROP NE

<sup>5</sup> The values listed in % can not be summed up. Therefore even the indicator is listed by several project it is not possible to list the overall value of their contribution to the target value. The target value will be measured through special evaluation study.

The above overview clearly shows that most of the data necessary for at least a framework evaluation of benefits, or results of an implementation programme are not currently available. The reported values can thus be perceived rather as data of informative value.

### *VI.4.3 Effectiveness of interventions*

Similar to other priorities, the fundamental and key element decreasing the overall effectiveness of individual interventions is the rather low inter-twinning (co-ordination) of interventions implemented in various programmes, both in cases where coordination should have brought in the superstructure synergic effect (e.g. soft projects in tourism should have been co-ordinated with hard projects improving Czech infrastructure) and in cases where co-ordination is more or less a necessity for attaining the established objectives (e.g. links among investments within the HR areas in ROPs and projects aimed at the upgrading of training systems in OP EC).

The absence of strategic approaches at the regional or local levels, which is often replaced by political decisions, is a specific problem impacting strongly the effectiveness of SO4 interventions. This results in a preferential treatment of interventions with political support that often have lower or no impacts on the causes of the addressed problems. The whole concept of the respective Objective and its priorities is often threatened by political changes; new political leadership thus often leads changes in the "nature or geographical location" of the implemented investments.

It is rather probable that the lack of strategic approach and the absence of efforts aimed at linking the interventions **have significantly speeded up the actual disbursement progress compared to the envisaged process of meeting the pre-established objectives both in individual programmes and at the level of SO 4 as a whole.**

It is therefore advisable strongly to increase the observation of strategic approach within the implementation of interventions and ensure that technical administration of interventions at the national and regional levels does not slow down ROP disbursement.

### *VI.4.4 Summary evaluation of SO Balanced Development of Territory*

In the aggregate allocation for this SO, the total share of ROPs exceeds 61 % in relation to financially settled projects. As for the total share of financially settled projects within the approved projects, we can state that SO 4 is the "quickest" NSRF objective, in other words that projects implemented within partial OPs linked to attaining this objective are usually implemented and financially settled (completed) more quickly than those linked to other NSRF objectives. This situation issues from the very nature of interventions (e.g. non-

## Strategic Report of the Czech Republic 2009

investment projects for introducing ICT in public administration or relatively less financially and time-intensive investments).

### **VI.4.5 Urban policy**

The following synoptic table specifies allocations within individual OPs for the respective priority / intervention area relating to IUDP implementation (i.e. OPs developing regional centres through the IUDP; IOP Intervention Area 5.2 "Improving the environment of problem housing estates" implementing the regeneration of housing estates within specific IUDPs) and further financial volumes of the approved and financially settled projects for the period monitored (1/01/2007 – 30/09/2009).

**Table 24: Financial volumes of the approved and financially settled projects for the period monitored (1/01/2007 – 30/09/2009)**

|   | ROP SE      | ROP SW | ROP CB     | ROP NE      | ROP CM     | ROP NW      | ROP MS      | IOP         |
|---|-------------|--------|------------|-------------|------------|-------------|-------------|-------------|
| Allocation per the relevant priority (IUDP) - EUR                                   | 95 895 771  |        | 48 673 182 | 102 413 261 | 42 660 706 | 150 234 115 | 126 053 468 | 355 941 633 |
| Approved projects (CZK)   | 263 948 055 | 0      | 20 270 761 | 0           | 0          | 117 046 284 | 0           | 0           |
| Approved projects (EUR) Exchange rate CZK/EUR 26.761                                | 9 863 161   | 0      | 757 474    | 0           | 0          | 4 373 763   | 0           | 0           |
| Financially settled projects (CZK)  | 0           | 0      | 0          | 0           | 0          | 0           | 0           | 0           |
| Financially settled projects (EUR) Exchange rate CZK/EUR 26.761                     | 0           | 0      | 0          | 0           | 0          | 0           | 0           | 0           |
| Total resources (project budgets) foll. Contract (CZK)                              | 428 925 953 | 0      | 40 210 881 | 0           | 0          | 923 033 989 | 210 380 812 | 0           |
| Total resources (project budgets) foll. Contract (EUR) Exchange rate CZK/EUR 26.761 | 16 028 024  | 0      | 1 502 593  | 0           | 0          | 34 491 760  | 7 861 471   | 0           |
| Project numbers – of that:  |             |        |            |             |            |             |             |             |
| Submitted in total  | 22          | 9      | 12         | 8           | 4          | 16          | 7           | 4           |
| Submitted in total, excluding rejected, withdrawn, not recommended ...              | 20          | 8      | 10         | 7           | 4          | 13          | 7           | 3           |

## Strategic Report of the Czech Republic 2009

**Table 25: OPs priority / intervention area relating to IUDP implementation**

| Code/<br>Core            | Indicator   | MU             | Commitment from projects (approved): |           |        |           |          |        |           |          |
|--------------------------|---|----------------|--------------------------------------|-----------|--------|-----------|----------|--------|-----------|----------|
|                          |   |                | ROP SE                               | ROP SW    | ROP CB | ROP NE    | ROP CM   | ROP NW | ROP MS    | IOP      |
| 331300                   | Area of the revitalised territory   | m <sup>2</sup> |                                      |           |        |           |          |        |           | 4 200.00 |
| 650101<br><b>Core 29</b> | Area of regenerated and revitalised territory, in cities                                  | ha             | 28.83                                |           |        |           |          |        | 29.40     | 5.33     |
| 650100<br><b>Core 29</b> | Area of regenerated and revitalised territory, total                                      | ha             |                                      |           |        | 12 261.48 |          |        |           |          |
| 651100                   | Area of regenerated and revitalised buildings in cities, total                            | ha             | 980.00                               | 8 610.00  | 507.00 | 18 631.50 |          |        | 48 617.40 | 3 000.00 |
| 651120                   | Area of newly founded or regenerated public spaces/ greens                                | ha             | 22.38                                | 0.88      |        | 1 438.66  | 0.20     |        |           | 0.13     |
| 2102*                    | Area of buildings and territory creating and enabling transport and communication access  | m <sup>2</sup> |                                      | 73 512.64 |        |           |          |        |           |          |
| 651102                   | Area of regenerated/revitalised structures for utility services, in cities                | m <sup>2</sup> |                                      | 8 610.00  |        |           |          |        |           | 3 000.00 |
| 652000                   | Area of revitalised brownfields   | ha             |                                      | 0.55      |        |           |          |        |           |          |
| 651103                   | Area of regenerated/revitalised buildings for soc.services and health, in cities          | m <sup>2</sup> | 1 351.10                             |           |        | 3 342.00  |          |        |           |          |
| 651101                   | Area of regenerated/revitalised buildings for education/training                          | m <sup>2</sup> | 980.00                               |           |        |           |          |        |           |          |
| 651104                   | Area of regenerated/revitalised buildings for leisure activities                          | m <sup>2</sup> | 15 365.00                            |           |        | 12 523.00 | 64.00    |        | 716.00    |          |
| 511500<br><b>Core 39</b> | No. of supported proj. for sustainable development and increased attractiveness of cities | number         |                                      |           |        | 6.00      |          |        |           |          |
| 651203                   | Area of newly constructed buildings for education/training                                | m <sup>2</sup> | 2 852.00                             |           |        |           |          |        |           |          |
| 3561*                    | Area of newly constructed buildings for leisure activities (cities)                       | m <sup>2</sup> |                                      |           |        |           | 4 192.00 |        |           |          |
| 651201                   | Area of newly constructed buildings for leisure activities                                | m <sup>2</sup> | 10 132.00                            |           |        |           |          |        | 3 006.00  |          |
| 44*                      | Area of regenerated and revitalised land linked to historical monuments                   | ha             |                                      |           |        |           |          |        |           | 0.01     |
| 42*                      | Area of reconstructed historical monuments  |                |                                      |           |        |           |          |        | 3 000.00  |          |
| 651202                   | Area of newly built facilities - social services  | m <sup>2</sup> | 65.00                                |           |        |           |          |        |           |          |
| 331200                   | No. of regenerated flats  | number         |                                      |           |        |           |          |        |           | 287.00   |
| 331500                   | Energy savings in panel houses  | %              |                                      |           |        |           |          |        |           | 88.00    |

\* - additional indicator pursued only in certain ROP

## VI.5 European Territorial Co-operation Objective

Most of the Czech regions (but 2) participate in cross-border co-operation because of the character of the Czech territory. Only one programme is managed by the Czech MA – the Czech-Poland OP. Many cities and regions are also involved in interregional co-operation or international co-operation programmes.

### *VI.5.1 Drawing up of funds nad achievement of objectives in 2007-2009.*

ETC project are in the implementation stage with the only exception at CZ-Bavaria OP where one project has been finished until October 2009. All ETC programmes formally belong to NSRF Strategic Objective Balanced Territorial Development, but the ETC part of this Objective is the slowest implemented one. It is because the projects require stronger partnership approach which is a bit more difficult to organise at international level.

Particularly in international and interregional co-operation the projects are rather complex, involving many partners and rather complicated organisational structures which makes the project preparatory process longer. Therefore the amounts of funds allocated to „approved projects“ in these two types of ETC projects do not reach the annual indicative allocations 2007-09 in these programmes. The particularly low absorption yet has been in case of interregional co-operation programme (INTERREG IVC): approved projects represent only 0.8 % of allocation 2007-13.

On the other hand mostly investment and more straightforward projects of cross-border OPs are being implemented in a quicker way (if measured by approved projects).

## Strategic Report of the Czech Republic 2009

**Table 26: Overview of the disbursement of funds in European Territorial Co-operation Objective between 1. 1. 2007 – 30. 9. 2009**

| European Territorial Co-operation Objective                    | International Co-operation | Interregional Co-operation | Cross-Border Co-operation |                |                |                |                |
|--|----------------------------|----------------------------|---------------------------|----------------|----------------|----------------|----------------|
|  |                            |                            | CZ - Bavaria              | CZ - Poland    | Austria - CZ   | CZ - Saxony    | CZ - Slovakia  |
| Programme/policy/priority allocation (EUR)                     | 278 614 952.00             | 377 553 070.00             | 135 894 647.00            | 242 696 219.00 | 118 810 906.00 | 229 356 622.00 | 101 559 686.00 |
| Approved projects – Czech Republic (EUR)                       | 15 004 088.97              | 2 968 175.95               | 31 328 670.43             | 56 372 047.59  | 29 989 758.95  | 40 492 555.63  | 32 874 626.14  |
| Project financially finished – Czech Republic (EUR)            | 0.00                       | 0.00                       | 169 608.15                | 0.00           | 0.00           | 0.00           | 0.00           |
| Total resources (project budgets)                              | 135 909 713.68             | 32 476 723.25              | 80 845 482.77             | 122 632 775.21 | 58 593 063.76  | 80 877 542.38  | 67 569 305.44  |
| Number of projects approved                                    | 49                         | 19                         | 104                       | 103            | 73             | 70             | 125            |
| Share of approved projects in comparison with other programmes | 7.2 %                      | 1.4 %                      | 15.0 %                    | 27.0 %         | 14.3 %         | 19.4 %         | 15.7 %         |
| Share of approved projects on total OP allocation              | 5.4 %                      | 0.8 %                      | 23.1 %                    | 23.2 %         | 25.2 %         | 17.7 %         | 32.4 %         |

Source: Overview of approved projects, Ministry for Regional Development

#### *VI.5.2 OP International Co-operation.*

The projects which Czech bodies participate in are mostly focused on environmental operations – about 38 % of approved projects fall in this field. Other priorities are more or less equally represented in approved projects – between 19-23 %. It can be derived that the projects mostly focus on the following areas: (i) measures to improve conditions for networking, innovations and clusters (Innovations in Central Europe priority), (ii) sustainable and safe mobility projects (Accessibility Improvements in Central Europe priority) and (iii) polycentric settlement structures and territorial co-operation (Improvement of Competitivness and Attractivity of Cities and Regions priority).

#### *VI.5.3 OP Interregional co-operation (INTERREG IVC)*

The interventions in this OP focus mainly on Priority 1 Innovation and Knowledge Economy, particularly on information society and business development operations. There are 13 project in this priority which represent 68.5 % of funds of approved projects in the programme. The projects mostly deal with regional ICT, eGovernment at local and regional levels, sharing experience among the regional and local public governments, effectivity in knowledge economy support at local and regional levels, simplificatio of administrative burden for enterprises, improvemnt of business capacities to participate in public procurement and improvement of local/regional policies to support business development. Priority 2 Environment and Risk Prevention mostly focus on preservation of biodiversity and environmental protection. There are 6 projects in this priority.

#### *VI.5.4 OP Cross-border Co-operation.*

Projects in the 5 OPs of cross-border co-operation are rather important for development of border regions. They mostly focus on infrastructure projects or on soft projects of a simple, straightforwrd nature. Comparing to other two ETC OPs the progress is much faster with financial means associated to approved projects representing about 23 % of total 2007-13 allocation. The slowest implementation (measured by the amount of allocation to approved projects) is in OP CZ-Saxony with only 17 % of funds allocated to projects until October 2009.

Interventions in cross-border co-operation programmes are rather diversified but it can be generalised that the operations very often deal with transportatio infrastructure development and with tourism.

As the projects has not been completed yet (with the only exception) and given that the output and result indicators are not easily accessible for most of the OP (because they are managed by the MA outside of the Czech Republic) the assessment of results achieved is not possible to make in this stage of implementation.

## Strategic Report of the Czech Republic 2009

**Table 27: Overview of the disbursement of funds in European Territorial Co-operation Objective between 1. 1. 2007 – 30. 9. 2009 – Cross-Border Co-operation OPs, Part 1**

| European Territorial Co-operation Objective                    | Cross-Border Co-operation  |   |  |  |  |   |   |
|--|--|---|--|--|--|---|---|
|  | CZ - Bavaria   |   | CZ - Poland  |  |  | Austria - CZ  |   |
|  | Priority Axis 1<br>Economic<br>Development,<br>HRD and<br>networks | Priority Axis 2:<br>Environmental<br>and Territorial<br>Development | Priority Axis I.<br>Strengthening of<br>accessibility,<br>environmental<br>protection and<br>risk prevention | Priority Axis II.<br>Improvement Of<br>Conditions For<br>Business<br>Deveopment<br>And Tourism | Priority Axis III.<br>Support to Co-<br>operation of<br>Local<br>Communities | Priority Axis 1:<br>Socio-economic<br>Development,<br>Tourism and<br>Know-How<br>Transfer | Priority Axis 2:<br>Regional<br>Accessibility<br>and Sustainable<br>Development |
| European Territorial Co-operation Objective                    | 84 967 717.00  | 50 926 930.00   | 82 619 989.00  | 92 947 488.00  | 67 128 742.00  | 55 854 216.00   | 62 956 690.00   |
| Approved projects – Czech Republic (EUR)                       | 25 986 364.08  | 5 342 306.35  | 27 537 998.88  | 25 711 313.06  | 3 122 735.65   | 11 188 776.05   | 18 800 982.90   |
| Project financially finished - Czech Republic (EUR)            | 169 608.15   | 0.00  | 0.00   | 0.00   | 0.00   | 0.00  | 0.00  |
| Total resources (project budgets)                              | 61 212 163.77  | 19 633 319.00   | 68 497 582.25  | 46 936 337.05  | 7 198 855.91   | 26 812 623.36   | 31 780 440.40   |
| Number of projects approved                                    | 81   | 23  | 34   | 49   | 20   | 43  | 30  |
| Share of approved projects in comparison with other programmes | 13.6 %   | 2.8 %   | 14.4 %   | 13.5 %   | 1.6 %  | 5.9 %   | 9.8 %   |
| Share of approved projects on total OP allocation              | 30.6 %   | 10.5 %  | 33.3 %   | 27.7 %   | 4.7 %  | 20.0 %  | 29.9 %  |

Source: Overview of approved projects, Ministry for Regional Development

Note: \* in case of CZ-Poland OP, Austria-CZ OP and Slovakia CZ OP all eligible costs are presented

## Strategic Report of the Czech Republic 2009

**Table 28: Overview of the disbursement of funds in European Territorial Co-operation Objective between 1. 1. 2007 – 30. 9. 2009 – Cross-Border Co-operation OPs, Part 2**

| European Territorial Co-operation Objective                                | Cross-Border Co-operation                          |   |   |   |               |
|--|--|---|---|---|---------------|
|  | CZ - Saxony  |   |   | Slovakia - CZ   |               |
| Priority Axis 1 – Social Conditions Improvement on the Supported Territory | Priority Axis 2 – Economic Development and Tourism | Priority Axis 3 – Environmental Improvement | Priority Axis 1 – Support to Socio-Cultural and Economic Development and Co-operation | Priority Axis 2 – Accessibility and Environmental Improvement |               |
| European Territorial Co-operation Objective                                | 113 683 089.00                                     | 73 198 922.00                               | 42 474 611.00   | 57 917 266.00   | 43 642 420.00 |
| Approved projects – Czech Republic (EUR)                                   | 33 509 509.29                                      | 3 008 979.84                                | 3 974 066.50  | 25 944 974.84   | 6 929 651.30  |
| Project financially finished - Czech Republic (EUR)                        | 0.00   | 0.00  | 0.00  | 0.00  | 0.00          |
| Total resources (project budgets)  | 65 946 483.20                                      | 7 736 411.16                                | 7 194 648.02  | 56 087 575.27   | 11 481 730.17 |
| Number of projects approved  | 50   | 10  | 10  | 109   | 16            |
| Share of approved projects in comparison with other programmes             | 17.3 %   | 1.6 %                                       | 2.0 %   | 13.4 %  | 3.6 %         |
| Share of approved projects on total OP allocation                          | 29.5 %   | 4.1 %                                       | 9.4 %   | 44.8 %  | 15.9 %        |

Source: Overview of approved projects, Ministry for Regional Development

Note: \* in case of CZ-Poland OP, Austria-CZ OP and Slovakia CZ OP all eligible costs are presented

## VI.6 NSRF joint and strategic recommendations

The disbursement analyses and the (predominantly qualitative) evaluation of the achieved results and future prospects clearly show that the **NSRF Strategy, its Strategic Objectives, Priorities and their objectives are still valid and there is no sufficiently strong background for amending the objectives or Strategy**. Similarly, the objectives and priority axes in Operational Programmes have basically been established correctly, i.e. they make it possible flexibly to react, without larger problems, to changes in external conditions, especially those linked to the financial and economic crisis and economic recession.

The evaluation has also revealed that, when implementing interventions at all levels, a much stronger stress must be laid on ensuring the relevance of OP interventions with a view to NSRF strategy and its partial objectives. Changes in external conditions have highlighted the need of a certain superiority of SO "Competitive Czech Economy" over other objectives. For OPs this means that their investments should always be aimed at improving the (demonstrable or at least strongly justified) factors of competitiveness. In other words, regardless their sphere of support, they should also contribute to the economic growth. Formulations of the following strategic conclusions and recommendations have also reflected this need.

### *VI.6.1 Changes in OP allocations in case of a high risk of insufficient disbursement*

Changes in OP allocations should occur only in exceptional cases of high risks of the failure to disburse the allocated funds. It should, however, always be justified and documented that the change in allocation complies with the needs of the respective area and will contribute to meeting the NSRF, its SOs and OP priorities and objectives. Changes in programmes or re-allocations between OPs cannot be currently considered justified, not even by potential insufficient absorption capacity.

### *VI.6.2 Stimulating and supporting measures in areas with low absorption capacity*

Absorption capacity does not equal the ability to disburse all funds. **Absorption capacity means utilising funds to their full extent for meeting the objectives and the purpose of interventions**, i.e. money must be spent on good-quality projects with large (demonstrable) benefits for economy (competitiveness). In areas with threatening low disbursement, efforts must be exerted to support applicants (through counselling, consultancy, trainings, model projects, etc.), stimulate the development of new projects and possibly consider amendments of the implementation system.

### *VI.6.3 Amendment of the implementation system*

Czech implementation system is predominantly built on grant distribution. Intermediary Bodies mostly do not implement their own projects but re-distribute grants to applicants. Changes in this customary approach and in the role of IBs, which would directly implement projects supporting beneficiaries, would presumably strengthen the targeting of projects, as

well as links between programme objectives/needs and the needs of target groups. Increasing the responsibility and active involvement of IBs would place large demands on their administrative capacity and could therefore temporarily increase programme implementation costs or even slow down and complicate implementation. It should be noted that the suggested approach is not suitable for purely investment projects.

### ***VI.6.4 Increasing project efficiency and effectiveness***

With a view to the wide scope of the areas of support and the hitherto certain imbalance in the implementation of interventions in various OPs, the benefit of individual interventions and their future sustainability must be evaluated more rigorously, namely in two respects:

- Benefit (and justification) of the project for target groups, or for the respective region - not only on a qualitative but also quantitative basis.
- Benefit and justification of the project in the context of OP and NSRF objectives, considering also the intervention logics in the respective area.

We recommend considering the preparation of special instruments for the assessment of project efficiency, effectiveness or usefulness.

**Project sustainability assessment requires a purely financial evaluation**, either of project ROI or of the **feasibility of project funding at its sustainability stage** (operation, maintenance, repairs). Where these costs represent a significant burden for public budgets, serious problems in project sustainability can occur<sup>5</sup>.

### ***VI.6.5 Project coordination within and across OPs – stress on mutual links***

At the time of crisis, the importance of coordinating activities and interventions within and across OPs grows. Synergic effects ensure a higher effectiveness and efficiency of the expended funds but synergy among projects depends on links between various interventions concerning their content, time, administrative and local aspects. "Natural interconnections" among the factors of competitiveness can mean that if a certain type of intervention is insufficient or omitted, the benefit of projects in other areas will also decrease. Besides, the current economic crisis has not come to its end yet and its impacts keep altering and developing, affecting thus the needs of economy and its actors.

**In order to achieve efficient and effective links among interventions and the required benefits, close cooperation of all the entities involved in the management system must be ensured.** Formal administrative and bureaucratic procedures, e.g. mutual approval of terms and conditions of calls or the preferential treatment for certain types of projects, do not apparently bring significant effects (if any).

---

<sup>5</sup> The author has come across a seriously intended municipal project earmarked for the holiday and sporting infrastructure construction in the order of CZK hundreds of millions in a small town with a budget lower than CZK 50 million; its investment chapter was below CZK15 million. The project availed of a feasibility study proving that it was feasible.

### *VI.6.6 Regional differentiation of OP targeting*

Considering the accessible data, the economic crisis has generated rather different impacts in various regions and has brought about a relatively high risk of the polarisation of their territory. The reaction within the Cohesion Policy implementation should be as follows:

- Consider and strengthen, at least temporarily, the territorial targeting of certain parts of programmes/interventions (both ROPs and TOP) on regions with concentrated state aid;
- Simultaneously to assess the extending of interventions specifically targeted at regions with concentrated support and also at regions strongly affected by economic recession (even at the micro-regional level, e.g. municipalities with extended powers);
- Consider and provide in the TOP for various instruments of territorial differentiation reflecting specific regional needs.

### *VI.6.7 Technical and administrative recommendations*

Technical measures include a list of technical recommendations aimed at improving the technical background for OP implementation, i.e. the process of project preparation and implementation.

- Simplified, speeded-up and more efficient access to SF funds;
- Systemic, strengthened support of applicants and beneficiaries;
- Raised awareness of applicants and beneficiaries;
- Instruments improving the access to funding;
- Provisions for more effective monitoring at project level.

## **VI.7 Lisbon strategy**

Lisbon strategy is in the Czech republic implemented through National Reform Programme (NRP). The NRP is mostly targeted at institutional changes, amendments of regulatory conditions and legislation, which are not subject to OP direct interventions. Each OP measure has been matched to a NRP priority measure and this matrix has been used for findings how the cohesion policy measures contributes to the Lisbon strategy. The ration of completed to approved projects was used.

**Table 29: Overview of funds disbursement in the NRP and its Priority Measures (1/01/2007 – 30/09/2009)**

|   | Completed projects | Approved projects | Share of the completed projects in the approved projects (%) |
|---|--------------------|-------------------|--|
| Priority Measure: Macroeconomic stability and sustainable growth              | 0                  | 0                 |  |
| Priority Measure: Business environment  | 1 949 012.61       | 420 296 850.80    | 0.46 %   |
| Priority Measure: Research and development, innovations                       | 53 777.92          | 253 931 144.99    | 0.02 %   |
| Priority Measure: Sustainable use of resources                                | 35 115 222.55      | 756 812 908.85    | 4.64 %   |
| Priority Measure: Modernisation and development of transport and ICT networks | 133 375 569.40     | 2 155 636 089.84  | 6.19 %   |
| Priority Measure: Labour market flexibility                                   | 0                  | 120 175 740.47    | 0.00 %   |
| Priority Measure: Integration in the labour market                            | 0                  | 194 930 308.37    | 0.00 %   |
| Priority Measure: Education & training  | 59 941.71          | 161 882 169.40    | 0.04 %   |

#### ***VI.7.1 Priority measure: Macroeconomic stability and sustainable growth***

This priority measure is not directly followed by any OP and therefore its funds disbursement evaluation has not been provided.

#### ***VI.7.2 Priority measure: Business Environment***

Priority axis supporting the development of companies (banking instruments supporting SMEs, support of new production technologies, ICT and innovations, increasing the innovative performance of companies) has been implemented the most with the largest success. On the other hand, measures supporting business environment and innovations, i.e. the platform for the co-operation of companies, infrastructure for human resource development or support of consultancy and marketing services, have not yet been sufficiently fulfilled.

#### ***VI.7.3 Priority measure: Research and development, innovations***

The NRP priority measure Research and development, innovations is being attained by OPs slowly and unevenly. The OP R&D&I, representing the most important programme, has not yet been launched. The priority measure is so far implemented successfully in OP EI and OP EC, with partial contributions from both Prague programmes and ROP Northeast.

#### ***VI.7.4 Priority measure: Sustainable utilisation of resources***

The financially settled projects equal to EUR 35 mil., the projects approved within this priority measure represent in total EUR 757 mil., which is ca 1/5 of all the approved projects meeting some NRP priority measures. Considering its financial volume, it is the second NRP priority measure, ranking immediately after priority measure “Modernisation and development of transport and ICT networks”. The implementation of support to energy savings, utilisation of waste heat, renewable energy resources and improved quality of waste management is the most successful.

#### *VI.7.5 Priority measure: Modernisation and development of transport and ICT networks*

The financially settled projects have so far amounted to less than EUR 133 mil.; projects for EUR 2 156 mil. have been approved. This represents approximately a half of projects approved as of the date of report meeting some of the priorities of this NRP measure. Interventions aimed at regional road infrastructure (ROP), national road infrastructure (OP T), the support of new production technologies within ICT and the support of selected strategic services (OP EI) have been implemented successfully.

#### *VI.7.6 Priority measure: Labour market flexibility*

Interventions from the OP HRE in the sphere of active labour market policy have taken up the largest share of this measure. No project has yet been financially settled. Within this priority measure, projects for EUR 120 mil. have been approved, which is the least among all NRP priority measures.

#### *VI.7.7 Priority measure: Integration in the labour market*

Results in this measure depend (similar to the previous PM) on successful disbursement in OP HRE because interventions within active labour market policy aimed at social integration and equal opportunities take up its largest share. As of the date of report, no project has been financially settled, although projects amounting in total to EUR 195 mil. have been approved. Within the OP HRE intervention area "Social integration and equal opportunities", no project has yet been approved project.

#### *VI.7.8 Priority measure: Education*

The financially settled projects have amounted to less than EUR 60 thous. Within this priority measure, projects for the total of EUR 162 mil. have been approved; three quarters of that are projects approved in the OP EC. The approved projects show that the largest support has been channelled to priority axes of intervention areas responsible for initial and further education/training and thus to the preparation of reforms of professional training systems.

### **VI.8 European Employment Strategy (EES)**

The European Employment Policy supported by three OPs: OP Human Resources and Employment, OP Education/ for Competitiveness and OP Prague Adaptability. All intervention areas within these OPs contribute in a way to attaining the EES.

The largest volumes of funds have so far been acquired by main Guidelines No. 19, 18, 24 and 23, i.e. areas aimed mainly at improving the access to jobs, especially for the disadvantaged persons or those excluded from the labour market, and areas targeted at the support of further education, training and life-long learning, their compliance with the labour market requirements and support of an easier access to traditional education (i.e. initial and tertiary education). These four Guidelines have gained almost 90 % of the hitherto approved funds.

## Strategic Report of the Czech Republic 2009

Following information from individual OPs, support is aimed mainly at Active Employment Policy instruments (i.e. requalifications, mediation of employment, support to the creation of new jobs, motivation, etc.), provisions for equal opportunities in education at the level of initial training, upgrading and development of university education (innovation of curricula and further training of university staff) and reforms of the life-long learning system, or more exactly its set up.

Lower volumes of funds have so far been allocated to the support of Guideline 17, oriented directly labour market measures, namely through Active Employment Policies and the strengthening of social cohesion in the labour market. One of the reasons is the absence of approved projects in the areas of intervention which should contribute to this Guideline, i.e. in OP HRE-PA 1, providing for a higher adaptability of employees, and PA 5, including projects strengthening international co-operation in the sphere of HRD and employment. For the first PA, a relatively significant allocation is planned amounting to ca 30 % of OP HRE funds. In the period to come, we can therefore expect the growth of support for this EES Guideline.

The lower support to Guidelines 20, 21 and 22 issues from their nature because they include smaller, specific intervention areas which do not require extensive financial means but often only regulative or legislative measures.

**Table 30: Overview of funds disbursement in main EES guidelines (01/01/2007 – 30/09/2009)**

|              | Approved projects<br>Total | OP HRE      | OP EC       | OP PA      |
|--------------|----------------------------|-------------|-------------|------------|
| Total        | 614 582 186                | 399 679 124 | 183 708 153 | 31 194 910 |
| Guideline 17 | 62 367 655                 | 58 174 303  | 0           | 4 193 352  |
| Guideline 18 | 142 550 270                | 141 109 696 | 0           | 1 440 574  |
| Guideline 19 | 142 567 895                | 141 127 320 | 0           | 1 440 574  |
| Guideline 20 | 4 740 103                  | 546 751     | 0           | 4 193 352  |
| Guideline 21 | 546 751                    | 546 751     | 0           | 0          |
| Guideline 22 | 18 348 854                 | 0           | 15 596 076  | 2 752 778  |
| Guideline 23 | 108 800 578                | 0           | 100 933 725 | 7 866 853  |
| Guideline 24 | 134 660 082                | 58 174 303  | 67 178 352  | 9 307 427  |

As none of the approved projects has been recorded in the monitoring system as officially completed, project outputs and results are therefore still unknown and it is difficult to assess the extent of meeting the main EES guidelines and their contribution to its main objectives.

Summing up we can say - even on the basis of the limited data available - that the OP allocations approved by now will most probably not lead to meeting its objectives by 2010 as set out. On the other hand, the targeting of these allocations complies with the objectives and measures defined in the EES and contributes thus to their fulfilment. The insufficient attainment of objectives is caused both by the deteriorated macroeconomic conditions and by delayed disbursement of SF funds. If the already allocated (but also planned) funds are

efficiently disbursed<sup>6</sup>, we can expect contributions to EES main objectives in longer-term prospects.

### VI.9 National Report on Social Protection and Social Inclusion Strategies

If considering the content of individual programmes, 4 OPs contribute to the fulfilment of the National Report on Social Protection and Social Inclusion Strategies (NR): OP Human Resources and Employment, Integrated OP, OP Prague Adaptability and OP Education for Competitiveness.

The targeting of the NR is wider than that of the ESC and NSRF. Through the OPs, we can therefore contribute to attaining only a part of the objectives and priority areas defined in the NR.

Within the area of main objectives included in the common part of NR, it is hardly surprising that SFs contribute the most to attaining the second objective, closely linked to Lisbon Strategy (see Table<sup>17</sup>). OP means contribute mainly to the inclusion of persons in the labour market, to the implementation of preventive measures and the upgrading of employment services. The area of badly needed reforms in the sphere of pension or health systems falls outside the operation of OPs; furthermore, it is a strongly political theme.

Less funds have so far been channelled to the first objective which is, however, also supported by previous activities, mainly those linked to the inclusion and support of persons disadvantaged in the labour market. The smallest volume of funds in the third objective is caused by its nature because it mostly covers administrative changes (support of broad co-operation in the sphere of social and health services), support of awareness raising among general public and the preparation of legal and strategic documents.

If considering further NR strategic documents, OP measures contribute mainly to meeting the National Action Plan for Social Inclusion, targeted at combating poverty and social exclusion. This area is an important theme also in the SFs, while its targeting conforms with the second common objective of the NR, i.e. it is supported by similar projects and measures.

The NSRF is also partially targeted at the sphere of health services, although this area is not its crucial theme. The selected OPs thus also contribute to meeting the National Strategy of Health and Long-term Care, mostly through the IOP aimed at the upgrading of apparatus equipment of the national network of specialised health establishments, improving the prevention of health risks of the population through the modernisation of infrastructure of national and supra-regional importance and the prevention of social exclusion of persons disadvantaged by their health condition.

---

<sup>6</sup> No results of the hitherto approved projects are unfortunately known and it is therefore difficult to specify the exact disbursement rate of funds.

<sup>7</sup> The Table provides data only for the approved projects, the category of completed projects does not yet include any records.

**Table 31: Overview of funds disbursement in the priorities of NR SPSIS and other strategic documents (1.1. 2007 – 30.9. 2009)**

|  | Approved projects Total | OP HRE      | OP EC     | OP PA      | IOP        |
|--|-------------------------|-------------|-----------|------------|------------|
| Total  | 491 202 709             | 399 679 124 | 7 564 319 | 17 431 022 | 66 528 244 |
| National Report: Objective a: Support of Social Cohesion and Equal Opportunities | 34 889 967              | 23 632 835  | 0         | 11 257 132 | 0          |
| National Report: Objective b: Support of Effective Links to Lisbon Objectives    | 141 830 549             | 140 801 567 | 0         | 1 028 982  | 0          |
| National Report: Objective c: Support of Co-operation                            | 25 481 944              | 24 452 962  | 0         | 1 028 982  | 0          |
| National Social Inclusion Action Plan Priority Objective 1                       | 28 443 977              | 23 632 835  | 3 782 160 | 1 028 982  | 0          |
| National Social Inclusion Action Plan Priority Objective 2                       | 144 792 582             | 139 981 441 | 3 782 160 | 1 028 982  | 0          |
| National Social Inclusion Action Plan Priority Objective 3                       | 24 661 817              | 23 632 835  | 0         | 1 028 982  | 0          |
| National Pension Strategy  | 0                       | 0           | 0         | 0          | 0          |
| National Health and Long-term Care Strategy                                      | 91 101 873              | 23 544 648  | 0         | 1 028 982  | 66 528 244 |

Similar to further areas supported through ESF projects, even here it is difficult specifically to evaluate the attaining of individual objectives or the disbursement progress and its efficiency. No project outputs or results have so far been registered in the ESF monitoring system, which of course significantly decreases the potential for evaluation.

## VI.10 Equal opportunities

Equal opportunities are directly supported mainly from OP HRE, OP PA and OP EC through the following intervention areas:

### OP Human Resources and Employment

- 3.1 “Support of social integration and social services” and 3.3 “Integration of socially excluded groups in the labour market”.

They both intervene in the sphere of integration and inclusion of the disadvantaged persons in the labour market; they also support fight against discrimination in their access to the labour market and in professional careers.

- 3.2 “Supports of social integration of Roma community members”

The submitted projects targeted at field programmes leading to increased employment in socially excluded Roma locations and supported also trainings of staff active in the sphere of social integration of Roma communities.

## Strategic Report of the Czech Republic 2009

- 3.4 “Equal opportunities of women and men in the labour market; balancing their family and work lives“

The promoters of the submitted projects mostly aimed at supporting the employment of women and removing barriers preventing them to participate in the labour market.

### OP Prague Adaptability

- Priority Axis 2 – Support of entering the labour market

### OP Education for Competitiveness

- 1.2 “Equal opportunities for children and pupils, including those with special training needs“

Table 25 summarises allocations earmarked for the not yet approved projects from these intervention areas. It illustrates that the largest volume of the approved funds has been channelled to supporting the development and availability of social prevention services, incl. trainings for the providers of social services and their employers. This support implemented within OP HRE represents approximately 40 % of the so far approved means from this OP.

**Table 32: Overview of funds disbursement in selected OP Intervention Areas (01/01/2007 – 30/09/2009)**

|  | Approved projects (EUR) | Share in total allocation of the respective OP (in %) |
|--|-------------------------|---|
| OP HRE   |                         |   |
| 3.1 Support of social integration and social services  | 164 812 533             | 41.2  |
| 3.2 Supports of social integration of Roma community members                                 | 529 126                 | 0.1   |
| OPPA   |                         |   |
| Priority Axis 2  | 7 202 872               | 23.1  |
| OP EC  |                         |   |
| 1.2 Equal opportunities for children and pupils, including those with special training needs | 7 564 319               | 3.9   |

Following the monitoring system data, projects approved as of 30/09/2009 have committed to create 21 922 new jobs in total, of that 10 885 for women and 11 037 for men. It seems that the equal opportunities principle has been adhered to, at least in the sphere of gender equality.

## VII. IMPLEMENTATION PROGRESS AND CALLS WITHIN THE NSRF AND OP PRIORITIES AND STRATEGIES

Based on the documents and background data collecting information on problems during the preparation, implementation progress and management of individual OPs, implementation issues were classified into several groups, following either the nature of problems or their links to the implementation process of the respective intervention. The overview provided below has utilised Annual Reports for 2007 and 2008, and the Annual

## Strategic Report of the Czech Republic 2009

Evaluation of Issues within OPs for 2008. It has also used findings of a questionnaire research addressing all Managing Authorities and executed in September 2009.

### VII.1 Implementation problems (in projects)

| <b>Problem</b>  | <b>The setup and exact definition of the set of indicators</b>  |
|-----------------|---|
| <b>Reason</b>   | <ul style="list-style-type: none"> <li>§ Unclear and incomplete definition of indicators in the National Numeric Code of Indicators</li> <li>§ Projects are subject to the notification endorsement by the EC</li> <li>§ Insufficient methodological support from the National Co-ordination Authority</li> </ul>   |
| <b>Impacts</b>  | Project agreements include either no indicator values to be achieved at project level or establish inappropriate target values. This makes sound programme monitoring and evaluation of impacts of individual OPs and their priorities impossible.  |
| <b>Solution</b> | <p>Review of indicators (their definitions) by an external entity and the evaluation of their relations</p> <p>Evaluation of the current indicator set, its unification with the National Numeric Code of Indicators; precision of definitions. Programme indicators must be complemented, some indicative values decreased, some indicators reclassified or deleted following recommendations.</p> |

| <b>Problem</b>  | <b>Meeting programme indicators</b>  |
|-----------------|--|
| <b>Reason</b>   | <ul style="list-style-type: none"> <li>§ Insufficient interest of applicants</li> <li>§ Insufficient achievements in project-level indicators</li> <li>§ Incorrect setup of project-level indicators</li> <li>§ Projects are subject to the notification endorsement by the EC and could not be published</li> </ul> |
| <b>Impacts</b>  | Insufficient rates in meeting some programme indicators  |
| <b>Solution</b> | Mobilization of potential applicants through their trainings at seminars. Increased allocations for calls. Direct addressing of potential applicants.  |

| <b>Problem</b>  | <b>State aid issues</b>  |
|-----------------|--|
| <b>Reason</b>   | Problems occurred in project applications concerning state aid assessment, its control, the establishment of terms and conditions, and in the issues of cost eligibility. MA would appreciate a stronger methodological support linked to state aid. The overall complexity of legislation on state aid.   |
| <b>Impacts</b>  | <ul style="list-style-type: none"> <li>§ Some applicants indicated incorrect sizes of their enterprises and the issuing volume of subsidy; their project applications had to be rejected</li> <li>§ Lack of coordination and unification of various points of view concerning state aid issues, mainly when assessing specific "border-line" projects</li> </ul> |
| <b>Solution</b> | Manuals, methodological guidelines and other procedures concerning control in project evaluation have been updated. Discussions with the National Coordination Authority on methodological support linked to state aid, the utilisation of external consultancies and the involvement of MA staff in trainings must be continued.                                |
| <b>Problem</b>  | <b>Public procurement issues</b>   |
| <b>Reason</b>   | Problems linked to correct interpretation and understanding of public procurement purpose and procedures – lack of knowledge or understanding of Act 137/2006 Coll. (Public Procurement Act) during tendering within OPs   |
| <b>Impacts</b>  | <ul style="list-style-type: none"> <li>§ Higher error rate in project applications</li> <li>§ In case of law violation, the whole subject of order is an ineligible project cost</li> <li>§ Problems in project implementation proper and public procurement (cost eligibility)</li> </ul>   |
| <b>Solution</b> | Higher awareness of public procurement principles among the applicants and beneficiaries raised at seminars, consultations and through web pages. The preparation of methodological papers and the training of staff in implementation structures  |

## VII.2 Problems in financial management

| <b>Problem</b>  | <b>Exchange-rate fluctuations and the disbursement of allocations</b>  |
|-----------------|--|
| <b>Reason</b>   | The use of two currencies (CZK, EUR) during the implementation brings forth complications when ensuring an optimum utilisation of the available allocation.  |
| <b>Impacts</b>  | <ul style="list-style-type: none"> <li>§ Difficult establishment of the disposable balance of allocation to be distributed in calls</li> <li>§ If the exchange rate is not established with due care within the call, the programme can be over-committed</li> <li>§ Exchange rate fluctuations also directly influence the number and size of projects to be supported</li> </ul> |
| <b>Solution</b> | Establish a detailed system monitoring the disbursement of allocation in compliance with the Methodology of Financial Flows and Control. Avoid the distribution of the whole allocation at the start of programme  |

| <b>Problem</b>  | <b>Problems in meeting the N+2/N+3 rule</b>   |
|-----------------|---|
| <b>Reason</b>   | <ul style="list-style-type: none"> <li>§ Delays in the preparation of OPs and in the approval of programmes by the EC</li> <li>§ Unprepared absorption capacity of key applicants</li> </ul>  |
| <b>Impacts</b>  | <ul style="list-style-type: none"> <li>§ Delays in funds disbursement</li> <li>§ Disbursement of the 2007 allocation threatened</li> <li>§ Frequent shifts in financial plans</li> </ul>  |
| <b>Solution</b> | Speeding up the publications of calls. More intensive cooperation with potential beneficiaries and higher intensity of work with applicants; more efficient administration of applications. Reallocation of funds from 2007 to 2008 |

| <b>Problem</b>  | <b>Approach to irregularities</b>   |
|-----------------|---|
| <b>Reason</b>   | Irregularities include not only the violation of EC or Czech rules, regulating the use of funds from EU budgets or Czech public sources, resulting in actual or potential misuse in the form of unjustified expenditures, but also any other violation of terms and conditions, including formal shortcomings without budgetary impacts.  |
| <b>Impacts</b>  | <ul style="list-style-type: none"> <li>§ Cases settled together with beneficiaries during project implementation were reported; although they have mostly been settled smoothly, they unduly burden Managing Authorities.</li> </ul>  |
| <b>Solution</b> | The definition of irregularity is currently being discussed in various departments of Czech MoF and the MRD in order to consider potential changes in methodological guidance. Works have been launched on the preparation of a new methodological measure that would clearly establish rules for the imposition, recovery or waiver of levies for the violation of budgetary discipline. |

## VII.3 Technical problems

| <b>Problem</b> | <b>Information and monitoring systems</b>   |
|----------------|---|
| <b>Reason</b>  | In 2008, intensive changes in MS2007 monitoring system (including MSC2007, IS MONIT7+ and BENEFIT7 web application) were made so that it reflects requirements for the 2007-2013 programming period and ensures functionality and high stability. The development has lead to new system risks and problems occurring when testing the new functionality.   |
| <b>Impacts</b> | <ul style="list-style-type: none"> <li>§ Rather frequent outages of the systems occurred due to their significant instability and insufficient capacity</li> <li>§ It was also rather difficult to ensure correct downloading of large numbers of project applications from IS BENEFIT7 into IS MONIT7+ around the deadlines of calls and execute their follow-up administration in a standard manner</li> <li>§ Frequent outages of BENEFIT7 web application were caused by its insufficient capacity (due to large numbers of users)</li> </ul> |

|                 |   |
|-----------------|---|
| <b>Solution</b> | The problems have been continuously addressed with systems supplier. Shortcomings are also discussed at WG meetings. In 2008, numerous amendments were executed in IS BENEFIT7 and IS MONIT7+, extending functionalities needed for project administration within implementation, increasing comfort and user friendliness. |
|-----------------|---|

## VII.4 Administrative and staffing problems

| <b>Problem</b>  | <b>Administrative and HR capacity</b>   |
|-----------------|---|
| <b>Reason</b>   | In the sphere of human resources, the MAs and IBs were still facing understaffing and inadequate qualification profiles in 2008. The lack of staff and a high turnover of labour in implementing structures was often linked to changes of managers in individual sectors   |
| <b>Impacts</b>  | <ul style="list-style-type: none"> <li>§ Lack of capacity for ensuring administrative and management tasks during implementation</li> <li>§ Delayed preparation of programming documents</li> <li>§ Late launch of programme implementation</li> <li>§ Delayed publication of calls</li> <li>§ Lack of staff in the implementing structure hampering the optimisation of processes</li> <li>§ High work loads on staff within the implementing structure</li> </ul> |
| <b>Solution</b> | In the course of 2008, administrative capacity of structures was strengthened   |

## VII.5 The quality of applicants and Beneficiaries

Problems issuing from low quality of documents submitted by applicants and beneficiaries represent high administrative loads, which holds true for all types of documents: applications, monitoring reports or background documents for payment claims, etc. Low quality and errors in documentation significantly affect the operation of the whole system because they burden IBs and MAs and can thus slow down the implementation of individual interventions or the whole programme. Although MAs seldom complain of this group of problems, they have certainly affected most of the OPs.

## VII.6 Reactions to the European Economic Recovery Plan (EERP)

Managing Authorities perceive the EERP in a positive way but insufficiently use its measures. For example, about one half of MAs believe that increased utilisation of advance payments is a good step but at present only one MA has been really paying them out.

The MAs administering large projects would, in general, welcome the speeding up of administration, especially on the part of the European Commission. The use of the possibility to report and claim costs incurred during project implementation before the claims are approved by the Commission is envisaged or already utilised in three OPs.

Similarly, MAs of three OPs have planned the use of front-loading. The number of MAs preparing for this measure may be higher because their representatives often mentioned similar types of measures in their interviews. None of the MAs has been planning to utilise the possibility of increasing contribution per project in the current EU programmes (up to 100 % of eligible costs).

Flat-rate payments have been used to a limited extent (e.g. in OP EC from the start of implementation) but their more extensive application is not planned. A certain form of flat rate – the full-cost method – is under preparation in the OP R&D&I.

## Strategic Report of the Czech Republic 2009

Measures recommended in EC Communication COM (2008) 876/3 "Investing in Real Economy" are under preparation only in one case, namely for ESF interventions within the OP PA. No amendments of the OPs linked to activities ensuring power efficiency in the sphere of housing or JEREMIE-type funding for SMEs are being prepared.

## Strategic Report of the Czech Republic 2009

**Table 33: Replies of Managing Authorities to questions concerning the European Economic Recovery Plan (EERP) – 1<sup>st</sup> part**

| Question concerning EERP measures  | Yes - MA (IB) has already prepared remedial measures | Yes – but MA (IB) has not considered any remedial measures | No – The respective problem does not relate to our OP | No - The problem cannot be addressed at our level but at the central OP management level | Answers admitting that there is a problem |
|--|--|--|---|--|---|
| <b>Which of the changes recommended in the EERP concerning funding would contribute to improved implementation (efficiency) of your OP?</b>  |  |  |   |  |   |
| Increased use of advance payments within Cohesion Policy (2007-2009) for pre-financing operations in the field of non-profit and public institutions and entities  | 5.6 %  | 1  | 27.8 %  | 5  | 50.0 %                                    |
| Increased use of advance payments within Cohesion Policy (2007-2009) for pre-financing operations in the field of companies or other business entities   | 0.0 %  | 0  | 11.1 %  | 2  | 66.7 %                                    |
| Setting up the implementation process for large projects so that costs occurring during their implementation are recorded in the system and settled even if the submitted claims have not yet been approved by the Commission  | 16.7 %   | 3  | 5.6 %   | 1  | 44.4 %                                    |
| Setting up a process enabling that advance payments within state aid to SMEs are paid out and reported to the Commission for reimbursement   | 0.0 %  | 0  | 16.7 %  | 3  | 61.1 %                                    |
| Increased application of frontloading (concentration of project investments at the beginning of the period) to investments planned for 2007-2013   | 16.7 %   | 3  | 11.1 %  | 2  | 55.6 %                                    |
| Utilisation of the possibility to adjust the contribution rate for projects (up to 100 % of eligible costs) in current EU programmes   | 0.0 %  | 0  | 22.2 %  | 4  | 22.2 %                                    |
| <b>Which of the changes recommended in the EERP concerning cost eligibility would contribute to improved implementation (efficiency) of your OP?</b>   |  |  |   |  |   |
| Introduction of the possibility to report indirect costs as one lump-sum amount (payment)  | 11.1 %   | 2  | 16.7 %  | 3  | 44.4 %                                    |
| Introduction of the possibility to calculate flat rate costs using a standard unit cost scale  | 5.6 %  | 1  | 11.1 %  | 2  | 50.0 %                                    |
| Enable the application of a flat rate to cover all costs of the operation or its parts   | 0.0 %  | 0  | 11.1 %  | 2  | 50.0 %                                    |
| <b>Which of the changes recommended in the EERP concerning state aid would contribute to improved implementation (efficiency) of your OP?</b>  |  |  |   |  |   |
| Introduction of a scheme applying the de minimis rule up to € 500 000  | 38.9 %   | 7  | 5.6 %   | 1  | 50.0 %                                    |
| Use of a state guarantee for credits with soft interest rates  | 5.6 %  | 1  | 0.0 %   | 0  | 72.2 %                                    |
| Use of loans with lower interest rates, namely for the production of environment-friendly products (meeting environmental standards or exceeding them)   | 0.0 %  | 0  | 5.6 %   | 1  | 83.3 %                                    |
| <b>Which measures recommended within four PAs of EC Communication - COM (2008) 876/3 "Investing in Real Economy" - persons, enterprise, infrastructure and power, research and innovations - have been or will be accelerated or amended within your OP for their higher impact on current economic situation?</b> |  |  |   |  |   |
| Targeting ESF support to the most vulnerable entities; utilisation of the possibility to increase funding up to 100 %  | 5.6 %  | 1  | 0.0 %   | 0  | 61.1 %                                    |
| Targeting of support to "activation regimes", i.e. programmes supporting the employment of low-skilled persons through career consultancy, grants for start-ups, etc.  | 0.0 %  | 0  | 5.6 %   | 1  | 72.2 %                                    |
| Higher support of social housing from SFs  | 0.0 %  | 0  | 0.0 %   | 0  | 77.8 %                                    |
|  |  |  |   | 14   | 11.1 %                                    |
|  |  |  |   | 2  | 11.1 %                                    |

**Table 34: Replies of Managing Authorities to questions concerning the European Economic Recovery Plan (EERP) – 2<sup>nd</sup> part**

|  | Yes      | No         | Answers - Total |
|--|----------|------------|-----------------|
| Have Operational Programmes been amended so that they enable the implementation of activities aimed at energy efficiency and the use of sustainable energy resources in the sphere of housing? | - 0      | 100.0 % 18 | 100.0 % 18      |
| Would the extension or speeding up of the JEREMIE-type approach to financial instruments be beneficial for SMEs?   | 11.1 % 2 | 66.7 % 12  | 77.8 % 14       |
| If the answer is Yes: What is the expected aggregate financial volume to be allocated to these instruments? (in EUR)   | - 0      | - 0        | - 0             |
| If the answer is Yes: What size of EU co-financing would be required? (in EUR)   | - 0      | - 0        | - 0             |

## VIII. GOOD PRACTICE EXAMPLES

Good practice examples can be of two kinds: (i) technical cases illustrating successful interventions with good results in reaching objectives, and (ii) process cases showing good implementation procedures and instruments. The purpose of good practice examples from both groups is to provide inspiration and enable their utilisation in other interventions.

Good practice examples identified in the CR include mainly the process type cases because only a small number of projects have so far been completed and in most cases only immediate intervention effects, if any, can be evaluated. When selecting technical or strategic good practice examples, we therefore face the risk that even interventions assessed as successful can fail to ensure good-quality effects in the future.

|   |   |
|---|---|
| Country                                 | Czech Republic  |
| Region                                  | Convergence regions   |
| Operation, scheme, policy               | Integrated Operational Programme, Priority Axis 5: National support of territorial development, Intervention Area 5.2: Improving the environment in problem housing estates: <b>Integrated Urban Development Plan (IUDP)</b>  |
| Duration                                | 2008 - 2015   |
| Objective                               | Convergence Objective   |
| Financing                               | Total costs: EUR 321 958 106<br>EU contribution: EUR 192 573 322<br>National sources: EUR 13 593 411<br>Regional sources: EUR 20 390 116<br>Private sources: EUR 129 384 784<br>Costs equal the financial plan for the whole Priority Axis 5.   |
| Contact                                 | Name: Ing. Hana Pejpalová<br>Organisation: Ministry for Regional Development, OP Management Department<br>Address: Staroměstské nám. 6, 110 15 Praha 1<br>e-mail: <a href="mailto:hana.pejpalova@mmr.cz">hana.pejpalova@mmr.cz</a><br>Internet: <a href="http://www.strukturalni-fondy.cz/getdoc/91384fcc-a53d-4321-b835-0017b8833a0c/5-2-Zlepseni-prostredi-v-problemovych-sidlisti-(1)">http://www.strukturalni-fondy.cz/getdoc/91384fcc-a53d-4321-b835-0017b8833a0c/5-2-Zlepseni-prostredi-v-problemovych-sidlisti-(1)</a> |
| Operation, scheme, policy – description | <b>IUDP Objectives</b><br>Support is concentrated on a comprehensive revitalisation or regeneration of the environment in housing estates in large cities with threatening problems that could - in case of higher concentrations of socially disadvantaged groups/ families result in social exclusion. The intervention objective is the transformation of dwelling and public spaces in housing estates into attractive  |

## Strategic Report of the Czech Republic 2009

|  |   |
|--|---|
|  | <p>areas and higher stability of population/ improvement of social structure.</p> <p><b>Beneficiaries of support</b></p> <p>The IOP-funded IUDP could be prepared only by cities with over 20 000 inhabitants. The beneficiaries are classified following the planned activities: The revitalisation of public spaces – eligible beneficiaries are restricted to municipalities (Act No. 128/2000 Coll., on municipalities, as amended). The regeneration of dwelling houses/ blocks of flats - eligible beneficiaries include owners of the houses.</p>  |
| Strategic context  | IUDP includes a set of time-related - or integrated - projects implemented in a selected urban zone (i.e. applies zonal approach). IUDPs therefore integrate various investments, implemented through partial projects in a selected part of the city and aimed at one joint specific objective.  |
| Operation, scheme, policy - implementation method and setup            | <p>IUDP management includes several entities sharing various competencies and roles. Fundamental approval responsibilities are within the competency of the MRD in its role of IOP MA. Municipalities ensure comprehensive preparation and implementation of the IUDP through a Management Committee.</p> <p><b>The combination of the establishment of rules at central level and the decentralisation of management and project selection</b> provides the IUDP sufficient flexibility for individual approaches reflecting local needs and ensures that interventions are oriented in the same direction, have the same purpose and contribute jointly to achieving objectives and higher-level results in the whole CR.</p> |
| Remarks  | <p><b>Procedural shortcoming</b></p> <p>The agreement specifying IUDP implementation provisions lays down MRD's commitment to allocate amounts for individual IUDPs from the ERDF in EUR. Within IUDP implementation, partial payments will be made in CZK. Concerning the projects of the owners of dwelling houses, however, no procedure ensuring that cities managing the IUDP are informed on the real progress in payments to beneficiaries has so far been established.</p>  |
| Conclusions and recommendations (e.g. potential for transfer) – if any | The implementation of IUDP within IOP successfully combines a solid national strategic intervention framework, including a detailed setup of quantitative indicators for acquiring IUDP support (basically a framework support), with a significant freedom of IUDP administrators (cities) and individual beneficiaries during the implementation proper, which can thus be well adjusted to local, sometimes variable, conditions.  |

|   |  |
|---|--|
| Country                                 | Czech Republic   |
| Region                                  | NUTS II Convergence regions  |
| Operation, scheme, policy               | <p>Operational Programme Enterprise and Innovations</p> <p><b>Electronic communication with applicants/beneficiaries within the implemented projects</b></p>   |
| Duration                                | 2007-2013  |
| Objective                               | Convergence  |
| Financing                               | Funds relate to the whole programme but they should not be specified here because the described procedure only relates to some interventions launched only after the beginning of the programming period   |
| Contact                                 | <p>Name: Ing. Zuzana Matějčková<br/>           Organisation: Ministry of Industry and Trade<br/>           Address: Na Františku 32<br/>           e-mail: <a href="mailto:matejickova@mpo.cz">matejickova@mpo.cz</a>, Internet: <a href="http://www.mpo.cz">www.mpo.cz</a></p>  |
| Operation, scheme, policy – description | The main objective of the "operation/ measure" is the simplification of the overall implementation of the respective OP for beneficiaries, namely through a maximum use of electronic communication in order to avoid the preparation, printing and copying of all the required documents supporting e.g. applications that can now be submitted in electronic format with an electronic signature, using the "e-account" implementation system. |
| Strategic context                       | It is a general framework measure implemented in order to significantly simplify the implementation of the respective OP in relation to beneficiaries.   |

|  |   |
|--|---|
| Operation, scheme, policy - implementation method and setup            | Compared to all the other OPs, the main difference is that the OP EI system for submitting applications and their administration operates <b>solely</b> on an electronic basis through the eAccount, a specifically established Internet application. " <b>Solely</b> on an electronic basis" means that the applicant does not have to print or copy anything or deliver the application physically, as required in other OPs. Despite the fact that applications in OPs are mostly completed in electronic format, the Applicants must print the files, copy their annexes and physically deliver them to the address specified for submitting applications. All that is avoided when using the eAccount application. |
| Remarks  | The main advantage of the electronic system for the submission and administration of applications (eAccount) compared to other programmes is its operability and flexibility which the Applicants will appreciate mainly in the process of project evaluation and selection as well as the consequent physical implementation.  |
| Conclusions and recommendations (e.g. potential for transfer) – if any | The system represents a more or less unique case documenting a possible change in the approach to administering applications aimed at a maximum simplification of the whole system; it can be considered an optimum example suitable for implementation in most OPs.  |

|  |   |
|--|---|
| Country  | Czech Republic  |
| Region   | NUTS II Moravia-Silesia   |
| Operation, scheme, policy  | Regional Operational Programme Moravia-Silesia, implementation of programme<br><b>EIRR as a universal evaluation criterion for assessing project benefits</b>   |
| Duration   | 2008-2013   |
| Objective  | Convergence   |
| Financing  | Funds relate to the whole programme but they should not be specified here because the described procedure only relates to some interventions launched only after the beginning of the programming period  |
| Contact  | Name: Ing. Daniel Foltýnek<br>Organisation: Regional Council Office (RCO) for Moravia-Silesia<br>Address: Hrabákova 1/1861, 702 00 Ostrava - Moravská Ostrava<br>e-mail: <a href="mailto:daniel.foltynek@rr-moravskoslezsko.cz">daniel.foltynek@rr-moravskoslezsko.cz</a><br>Internet: <a href="http://www.rr-moravskoslezsko.cz/">http://www.rr-moravskoslezsko.cz/</a>  |
| Operation, scheme, policy – description                                | The objective of this practice at the level of programme implementation is to maximize the "value for money" through reaching the maximum EIRR achievable in the supported projects.  |
| Strategic context  | At the level of programme impact indicators, it is rather difficult to search for a universal criterion able to express the value for money of support within the implementation of all projects. RCO MS has used EIRR to assess the expended costs and their time-related social, economic and other benefits. This approach enables to compare social benefits of any two projects. The average EIRR value for all projects selected for support amounting to 11 % shows what quantifiable social benefits could be expected of projects requesting inputs from ROP budget. |
| Operation, scheme, policy - implementation method and setup            | EIRR is mandatorily computed for all projects and averages are calculated for all levels enabling aggregation – calls, priority axes, etc. Comparisons by territory or by the applicant's type are also possible. This criterion is important mainly for the management but also justification of the supported activities.   |
| Remarks  | --  |
| Conclusions and recommendations (e.g. potential for transfer) – if any | We recommend to use this approach in other NUTS 3 and at national level. It is a good ex-ante criterion for assessing the implementation onset; it also enables inter-regional and thematic comparisons and, based on their results, better targeting of activities generating absorption capacity.   |

## Strategic Report of the Czech Republic 2009

|  |   |
|--|---|
| Country  | Czech Republic  |
| Region   | NUTS II Moravia-Silesia   |
| Operation, scheme, policy  | Regional Operational Programme Moravia-Silesia, implementation of programme<br><b>eCBA - Auxiliary Internet instrument for the preparation of CBAs (cost-benefit analyses) in project applications within the OP</b>  |
| Duration   | 2008-2013   |
| Objective  | Convergence   |
| Financing  | Funds relate to the whole programme but they should not be specified here because the described procedure only relates to some interventions launched only after the beginning of the programming period  |
| Contact  | Name: Ing. Daniel Foltýnek<br>Organisation: Regional Council Office (RCO) for Moravia-Silesia<br>Address: Hrabákova 1/1861, 702 00 Ostrava - Moravská Ostrava<br>e-mail: <a href="mailto:daniel.foltynek@rr-moravskoslezsko.cz">daniel.foltynek@rr-moravskoslezsko.cz</a><br>Internet: <a href="http://www.rr-moravskoslezsko.cz/">http://www.rr-moravskoslezsko.cz/</a>  |
| Operation, scheme, policy – description                                | This practice is aimed at increasing the quality of applications even before their first submission or <u>before their input in the implementation system</u> . On RCO web pages, potential applicants can learn about the terms and conditions for the preparation of applications and they can also use a <b>standardized instrument for a preliminary assessment of costs and benefits of their projects</b> . The instrument is universal so that it covers the widest scope of usual project activities, their outputs and benefits. Thanks to the instrument, potential applicants can already in the conceptual project phase formulate their applications on an interactive and iterative basis so that they increase project overall social and economic benefits in relation to costs incurred during their implementation. |
| Strategic context  | The practice addresses the <b>problem of high loads exerted on the implementation system due to ill-considered and badly prepared project applications</b> . Losses caused by low-quality applications affect both sides – the applicant and the Implementing Agency.   |
| Operation, scheme, policy - implementation method and setup            | In order to evaluate a project draft using eCBA software, the potential applicant must fill project input characteristics in a form with several simple steps. The form includes pre-defined standard values of sophisticated coefficients and indicators. The main advantage are the <b>pre-established unit prices of various socio-economic impacts</b> which restricts possible inaccuracies or manipulations in the financial expression socio-economic costs and benefits.<br>If the total project budget <b>exceeds CZK 10 million</b> , the applicants for subsidies from ROP Moravia-Silesia <b>are newly obliged to include the eCBA analysis in their applications</b> within the feasibility study.   |
| Remarks  |   |
| Conclusions and recommendations (e.g. potential for transfer) – if any | We recommend to unify this practice and transfer it to the national level. It decreases administrative loads and introduces standards into impact assessment. Apart from practical improvements in applications, it also raises the awareness of those who just "click through" the application form before they start preparing the actual application.  |