



**Identification, Analysis and Evaluation
of Arrangement of EU assisted
development programmes and
programmes assisted exclusively by
Czech means, with a view to proposing a
more co-ordinated and rational system**

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1 INTRODUCTION

The project is a part of a group of evaluation projects prepared for the Evaluation Unit of the Community Support Framework (CSF), during the years 2004 – 2005.

1.1 Project Aim and Evaluation Question

The aim of this partly analytical and partly evaluative study was:

- To identify those intervention areas where there exists both significant EU-co-financed, and exclusively Czech-financed, development programmes;
- To map the patterns of relationships between these different programmes;
- To identify schemes and projects either financed by EU Structural Funds (ESF) (and possibly also by Phare), or only by the Czech budget, which have proven to be successful, which contribute to the strategy of the SF-programmes and CSF, and which should thus be supported for the next programming period;
- To propose recommendations for the responsible ministries, of steps and changes (e.g., the reduction, merging, and focus-specialisation of programmes) to be done in respective key intervention areas, in order to obtain better co-operation, relationships, effectiveness, and general rationalisation in key intervention areas, taking account of the following: available financial resources, including domestic public finance constraints; the principle of complementarity; the relative complexity or simplicity of EU, and exclusively Czech, funding arrangements; the eligibility scope of EU Structural Funds; domestic policy or legal imperatives; and the key policy priorities of EU Structural Funds

Evaluation Question

- What are the most significant thematic duplications, overlaps, gaps, and other imperfections, in the distribution of the focus of development programmes (schemes, measures, etc.) financed from EU funds and Czech national development programmes (schemes, measures, etc.) in the Czech Republic; and what changes or steps should be made so that these programmes would be more co-ordinated and synergetic, financial resources within these programmes would be spent more effectively and with greater impact, and the distribution of these programmes would be more transparent and generally more systematic?

1.2 Project Delimitation – Key Words Specification

At the outset, we have to define several basic terms needed for the project's delimitation. As no uniform definition of the term "development programme" exists, we have to establish our definition, for the purpose of this project.

Definition of the term “Programme”

A programme is understood to be a complex of factual, temporal, and financial conditions for:

- ⇒ The procurement of tangible and intangible, fixed or short-term, property, i.e., its technical appreciation, repair, and other operations; and
- ⇒ Human resources development;

needed for the achievement of goals given in the intervention areas of the EU Cohesion Policy.

The following groups of programmes are assessed in this evaluation project:

- **EU Programmes** within the EU Cohesion Policy, linked to the next programming period (2007 – 2013)
- **National Programmes** run parallel to the EU Cohesion Policy programmes. We are concentrating on the programmes which would be eligible to obtain support from the Structural Funds and the Cohesion Fund. These programmes are financed only by Czech sources. In the first phase, we also mapped the programmes on the regional level, and privately financed programmes (programmes corresponding to the Cohesion Policy programmes).

Overlaps are understood as an accord of two or more programmes inside one intervention area. Thus accord is determined with regard to the scope of eligible activities (thematic overlaps). Two types of overlaps are specified in the in-depth analysis:

Illusive Overlap = There exists an overlap in the scope of eligible activities, but differences in the conditions for the allocation of the support are so significant that the overlap is *de facto* eliminated.

Genuine Overlap = There exists an overlap in the scope of eligible activities and the conditions for the allocation of the support are relatively comparable.

Gaps are defined as the absence of development programmes in the intervention areas. Those gaps can be identified in the intervention areas of Structural Funds as well as outside of them, i.e., in the areas covered exclusively by national development programmes. With a certain simplification, the gaps in the Structural Funds intervention areas could be seen as the condition for a strategic approach to economic and social development.



2 METHODOLOGY

The scope of the project was extremely wide, covering very different areas, compelling the author to come to terms with two key problems during the project implementation:

- ⇒ The incommensurability, and difficult comparability, of Czech and EU development programmes;
- ⇒ Great differences among the intervention areas on the national level, due to the dominance of the traditional sectoral approach.

Despite its maximal effort to proceed with the same approach to all intervention areas, the Project Team could not avoid the particularities, in some of the steps and aspects of the study.

Phases of the Project

The Consultant divided the project implementation into three main phases, and proceeded by the following steps:

Primary analysis

- a) Mapping programmes (data collection)
- b) Primary assessment of programmes
- c) Assessment of international experience – a case study of Austria

In-depth analysis of development programmes in selected intervention areas

- a) In-depth assessment of programmes in selected intervention areas
- b) Synthesis of the analytical part

Proposals and recommendations

- a) Formulation of general proposals and recommendations
- b) Formulation of proposals and recommendations for selected intervention areas



3 ANALYSIS OF PROGRAMMES ON THE REGIONAL LEVEL AND OF PROGRAMMES FINANCED FROM PRIVATE SOURCES

Regional Programmes

In comparison with EU and national programmes, the regional programmes are narrower, i.e., very specifically focused. Only a small number of regions implement several relatively complex programmes. In most regions the programmes suffer from fragmentation, rather weak inter-connection, and the modest concentration of resources into priority development areas ("programmes that solve everything"). In general, regional programmes are less "ambitious" and they concern "traditional" thematic spheres and tools. Many of the identified programmes are on the edge of the adopted development programme definition (those programmes which do not in any way fit the definition were excluded from the analysis).

Having such a large number of regions, and knowing the differences among them, we have had to adopt a general perspective, in order to attribute the following characteristics to regional programmes:

- ⇒ Existence of thematic overlaps with National and EU programmes;
- ⇒ High number of programmes in most of the regions (but there is a regional variability)¹;
- ⇒ Frequent thematic fragmentation, in connection with financial fragmentation, in all intervention areas;
- ⇒ Frequent limited focus of programmes;
- ⇒ Low volume of financial amounts distributed to applicants;
- ⇒ Relatively high variability over time.

Private Sources

Projects and programmes funded by private institutions could be seen as a complement to the national and regional programmes. Among them, the non-profit sector stands out, primarily charitable organisations, foundations, and endowment funds (including foreign ones), and then financial institutions, etc. Occasionally, large private companies sponsor some programmes (e.g., Eurotel, Siemens, TPCA).

The scope of the ultimate beneficiaries is relatively wide: individuals, legal entities (public utility organisations, foundations, charities, organisations partially supported by state funds, municipalities, associations of municipalities, etc.).

¹ This high number of programmes could be surprising, because of the relatively short existence of Regions as self-governing bodies.



The support comes in the form of subsidies for the project, scholarships for individuals, educational programmes, institutional and infrastructural support, consultancy, financial support to other entities working in the relevant areas, and specialised financial services and products. Several programmes are very specialised, while others are broader. High variability over time is one of the key features of programmes financed and managed by private institutions.

4 PRIMARY ANALYSIS

Primary analysis was focused on mapping National and EU development programmes in the Structural Funds intervention areas. Regrettably, it wasn't possible to describe each programme in terms of all of the adopted criteria (title; type – programme, sub-programme, tool, measure, sub-measure; managing authority; assistance code – according to the classification of SF intervention areas; scope of eligible activities; objectives; ultimate beneficiaries – municipalities, regions, state, NGOs, entrepreneurs; total financial amount distributed; amount of public sources in the programme, sub-programme, etc.; maximal and minimal amount of the assistance for one project; minimal level of obligatory co-financing by the applicant; geographical focus of the programme). Much of the above-mentioned information is not available for all programmes, or we failed to obtain them from the relevant managing authorities.

4.1 Human Resources Development

Altogether, 36 Czech programmes (national level) and 13 EU programmes (60 measures) intervene in the area of human resources development. Such a high number of programmes in this thematic area indicates, among other things, its cross-sectional character. Only on the national level is the support fragmented among 8 ministries. In the human resources development area we analysed 3 intervention areas: the labour market, education, and social sphere. The major part of the assistance in the EU programmes is focused on education and the labour market; nevertheless, the assistance in those three areas is closely inter-connected and this can result in synergy. At the same time, however, the risk of overlaps emerges.

4.1.1 The Labour Market

EU Programmes and National Programmes compatible with the EU Economic and Social Cohesion Policy

Five national² and six EU programmes were set up for the support of the labour market, in 2004. The most important programme, in terms of the financial amount allocated, is, however, the Active Employment Policy (AEP). A portion of the AEP finances is distributed through independent programmes. The "Programme Supporting the Creation of New Jobs in Regions with the Highest Unemployment" was newly established, with funds from the budget of the AEP. Aside from the support from the AEP, the labour market is supported via two other specific tools oriented toward the employment of people with disabilities, as well as by job creation financing, through investment incentives managed jointly by the Ministry of Industry and Trade (CzechInvest) and the Ministry of Labour and Social Affairs.

EU programmes are primarily oriented to the strengthening of the national AEP, then to activities extending the current range of tools used for the support of employment, activities

² Not including the Active Employment Policy and support claimed.

supporting employment services providers, and activities increasing the adaptability of employers and employees to economic and technological changes.

Programmes objectives assessment

The first aim of all national programmes and tools directed toward the labour market is to reduce unemployment, i.e., to increase the level of employment. Mostly, the support has been remedial. Prevention has been practically unaddressed by national programmes. On the other hand, the EU programmes do have a preventive focus, supporting, for example, persons at risk of unemployment, motivational courses, etc. Support of education and training could be of a preventive character as well, so the role of Priority 4 (Adaptability) in both ESF programmes³ has to be emphasised.

National support is also partly geographically focused, on regions with the highest unemployment rates. In such instances, an orientation toward specific groups of unemployed persons can be identified.

Primary overlaps assessment

At first sight, many overlaps between national and EU programmes could be identified in the range of eligible activities. Support of new jobs creation and retraining appear in most of the programmes/tools. Several overlaps between EU programmes and the APE were intentional, the EU funds are supposed to supplement national means, which is the case with many EU countries. Overlaps with Equal Initiative are supposed to be minimal.

4.1.2 The Social Sphere

EU Programmes and National Programmes compatible with the EU Economic and Social Cohesion Policy

In total, 10 EU programmes and Initiatives are operating in social intervention area (35 measures). The Ministry of Labour and Social Affairs (MLSA) is the key actor in this sphere, mainly in support of social services on the national and regional levels, the integration of foreigners, equal opportunities between men and women, social exclusion prevention, education activities, and counselling for specific population groups in difficult life situations. The programmes managed by the Ministry of Education, Youth, and Sport (MEYS) partly influence the social intervention area as well, especially those addressing specific educational needs (minorities, socially and culturally disadvantaged groups, foreigners).

EU programmes support counselling activities and services, educational activities in the social sphere, social services and their providers (institution-building, including the strengthening of providers' capacity), and the harmonisation of work and family life (including flexible forms of work).

Programmes objectives assessment

EU programmes in Intervention Area Number 22 support socially excluded persons and their re-integration, or people at risk of exclusion. This integration is understood in relation to the labour market. On the other hand, national programmes need not have this attribute,

³ HRD Operational Programme, Single programming document for the Objective 3

and often they have not; the programme supporting the integration of foreigners is rather an exception. The major part of the programmes is oriented to NGO sector.

One of the national programmes' characteristic features is their very narrow focus, so that they are often on the level of a component activity within a Measure in the EU programmes.

Primary overlaps assessment

The focus of most national and EU programmes seems to overlap; nevertheless, the national programmes focus is much narrower. Overlaps emerge in two areas: foreigners' integration and equal opportunities.

Firstly, EU programmes have often fewer demands on the minimal level of co-financing, from the point of view of the beneficiary (which could be paid from national funds). Secondly, there exist significant differences between national and EU programmes, with regard to the minimal size of the project (for example, in the first call of Measure 2.1, this size was fixed at CZK 930,000). Those differences influence the small projects' applicants' orientation towards national programmes. EU programmes seem to be oriented more systemically, to institutional development (the actual development of NGOs and their employees, not only the financing of their ordinary activities and functions).

4.1.3 Education

EU Programmes and National Programmes compatible with the EU Economic and Social Cohesion Policy

In total, 13 EU programmes were identified in the intervention area of education, which represents 26 measures. On the national level, MEYS is the key actor, but support is also provided by the Ministry of Environment (with respect to awareness and education in the field of alternative sources of energy etc.), the Ministry of Industry and Trade (increasing the skills of female entrepreneurs and managers), the Ministry of Informatics (educational activities in the field of information technologies), the Ministry of Transport, the Ministry of Agriculture ("Support for the Achievement of Minimum Agricultural Qualifications", "School Granges") and the Ministry of Labour and Social Affairs (AEP – retraining). In total, 26 national programmes were identified. Such a high number of actors speaks to the cross-sectional character of this intervention area.

Several programmes focus on the sphere of tertiary education (mainly the development of new structures, the modular arrangement of studies, the creation and implementation of new study programmes, lifelong learning, the integration of people with disabilities and socially disadvantaged persons into learning, the increasing internationalisation of tertiary education).

Activities in the field of education linked to the labour market and employment are supported from the ESF (creating and implementing educational programmes; supporting systemic activities increasing the quality of education; creating new, innovative approaches and methods in education).

Programmes objectives assessment

The objectives of EU programmes are linked to employment. Those programmes are also oriented to further education, which was until recently neglected by national programmes. The objectives of national programmes are derived from the transfer of responsibilities from

the national to the regional level. After this transfer, tertiary programmes form an important part of programmes supported from the central level. Programmes supporting the specific educational needs of selected groups of inhabitants represent a second group of programmes.

Primary overlaps assessment

The greatest overlaps could be identified among programmes oriented to tertiary education. Some overlaps also emerge between national and EU programmes aiming at primary and secondary education (innovative education and support of pupils' specific educational needs). Overlaps are also evident between national programmes and those of the INTERREG Initiative (they are, however, insignificant, because of the Initiative's limited geographic focus and small financial scale).

4.1.4 Conclusion

A high number of programmes were identified in the human resource development area. National programmes often have a very narrow focus; they correspond with the activity level in EU programmes. Potential overlaps between both groups of programmes were identified for the labour market, the social sphere, and education. The key feature of ESF programmes is their necessary relation to the labour market, although they may concern education and the social integration field. On the other hand, EU programmes cover an often wider group of beneficiaries, in comparison with national programmes.

With regard to the gaps, ESF programmes then filled the major part of them; even so, it is not possible to assess the real impact of those programmes, at this moment.

The interconnection between the AEP and ESF programmes might be considered for the future programming period; although they are both implemented through the net of Labour offices, their structures work independently.

4.2 Support for Business and Innovation

Initially, we analysed the programme structure of the year 2004. During our investigation, significant changes were made to the national programme structure of the year 2005. Due to the announcement of Structural Funds programmes, national programmes were changed, becoming largely complementary to these European programmes. Some national programmes were cancelled, some were changed, and new ones were created, complementing the European programmes. Accordingly, we decided to analyse the programmes of the year 2005 in this thematic area. The area under review involves the following intervention areas: "Support of large, commercial companies", "Support of small and medium-sized enterprises and crafts" and "Research, technology development and innovation".

4.2.1 Support for Large, Commercial Companies

We can distinguish two basic categories of support for large, commercial companies in the Czech Republic. The first is motivated by the attempt to attract large, foreign and strategic investors. These programmes are supplemented by investment incentives for the support of investment projects. In the last year, however, there has also been an aspiration to focus on supporting technologically oriented investors – that means in the area of innovation support,



for investors bringing added value. The second section of support is for large companies already carrying on business in this country. These programmes attempt to induce investors to produce with a larger degree of innovation.

EU Programmes and National Programmes compatible with the EU Economic and Social Cohesion Policy

In the primary analysis, we identified and analysed four European and five national programmes enabling, on certain conditions, support for large companies. The core of the European programmes is comprised of the programmes Prosperity and Real Estate (MIT) dedicated to the support of infrastructure for reinforcing links between research and development in industry, and for strengthening the competitiveness of the market and of companies, by force of a broad range of supporting measures. The specific type of support is the INTERREG IIIA (MRD). This programme supports bilateral cooperation between states (the programme is locally based, in the South Bohemia (Jihočeský), South Moravia (Jihomoravský) and Highlands (Vysočina) Regions), in drawing up studies, concepts, and common pilot projects for large-scale activities. The Marco Polo Programme (MT) addresses the improvement of the freight transport system inside the Union.

The national programmes are oriented toward the support of the development and building of industrial districts, innovation and technological centres, and strategic service centres.

Programmes objectives assessment

The comparison of European and national programmes shows that the basic goals of the European and national programmes are similar; the programmes are complementary. This is the result of, as it was noted, the accommodation of national programmes to European programmes. The orientation of programmes is more or less toward providing specific assistance to enterprises in creating efficient company infrastructure.

Primary overlaps assessment

In this area of support are two narrowly oriented programmes, Marco Polo and INTERREG IIIA, which do not overlap with national programmes. Both of the programmes are distinct in their criteria of locally based support and inter-state cooperation. During the primary analyses, two possible overlaps were identified between the Prosperity Programme and national programmes – a great overlap in the support of technological centres and strategic services centres, and less significant overlap in the support of industrial areas. There is illusive, large overlap between the Real Estate programme and the programme of industrial area support.

There was one gap identified in the case of support of building infrastructure for cooperation between research and development institutions and business practice, in the Region of Prague, outside the area of Objective 2. There are, however, many universities (ČVUT, VŠCHT, ČZU) and scientific institutes in this locale. The limited cooperation has the effect of worsening conditions for development, not only this area, but also for the development of the entire country.

4.2.2 Support for small and medium-sized enterprises and crafts

The programmes supporting small and medium-sized enterprises and crafts are some of the most extensive forms of support, both of the European and national programmes.

In the Czech Republic, most of them are managed by the MIT and are implemented through the Českomoravská záruční a rozvojová banka, CzechInvest, and CzechTrade.

EU Programmes and National Programmes compatible with the EU Economic and Social Cohesion Policy

There are more European than national measures for supporting small and medium sized enterprises (twenty-eight European versus six national programmes). The European Union provides intra-system support through the cross-border cooperation programme INTERREG IIIa, and through the Structural Funds. In the primary analyses of national programmes we aimed to analyse the "Guarantee", "Market", and "Progress" programmes, realised through Českomoravská a záruční rozvojová banka, the "Consultancy" programme (CzechInvest), and the "Alliance" programme (CzechTrade).

Programmes objectives assessment

The basic goal of national and European programmes is to support the development of the small and medium-sized enterprises sector, the improvement of the business environment, and access to the results of research and development. Forms of support are broad and diverse. Programmes are complementary.

Primary overlaps assessment

The majority of programmes are free of European / national overlaps, both with regard to goals (without meaning general goals, e.g., support of small and medium-sized enterprises and the improvement of competitiveness), and supporting activities. Larger overlaps were identified between, for instance, programmes focused on providing analogous consultancy services (JROP) and the "Prosperity" programme.

We identified two gaps in this area: there are no "seed and start-up capital" funds in the Czech Republic; and there is a problematic delineation of the "Partnership" programme. It is only for a predefined chosen network, and it covers the country's territory irregularly.

4.2.3 Research, Technology Development, and Innovation

The programme supporting cooperation between research and development workplaces and business practice was expanded by the opportunity to use Structural Funds in 2004. It means, mainly, the building of necessary infrastructure, such as centres for technology transfers, innovation centres, and scientific and technological parks. And enterprises have obtained better access to funds supporting the creation of new technologies. From the follow-up research, we excluded all research and development programmes announced by MEYS.

EU Programmes and National Programmes compatible with the EU Economic and Social Cohesion Policy

The projects addressing research, technological development, and innovation are supported by the European Union through fourteen different programmes – through the cross-border cooperation programme, INTERREG IIIA; Operational Programmes Industry and Enterprise, and Infrastructure, and through programme documents for the Objectives 1 and 2. It is possible to obtain support from the national resources through five national programmes: "Advance", "Tandem", and "Impulse" (MIT), and programmes supporting the reconstruction of mass transport vehicles for public transport, and the saving of energy (MT).

Programmes objectives assessment

The primary analysis revealed the following four principal objectives of the observed programmes:

- The creation of infrastructure supporting co-operation between research and development institutes and businesses (IE OP, "Prosperity" programme, and SPD2 and SPD3).
- Supporting small and medium-sized enterprises with the implementation of new technologies (IE OP, "Prosperity" programme, SPD2 and SPD3).
- Joint activities (programme INTERREG IIIA).
- Mass transportation and energy saving.

National and European programmes complement each other.

Primary overlaps assessment

Overlaps of national and European programmes are generally weak in this area. Larger overlaps were identified among the research and development programmes ("Advance", "Tandem", and "Impulse", IE OP, Measure 2.2, "The support of innovation of products, technologies, and services", "Innovations", and Measure 1.2 "Cross-border cooperation, consultation, and consultancy for cross-border activity" (INTERREG IIIA, Austria).

Just as with the area "Support of Large Commercial Companies", Objective 2 does not cover the entire territory of the City of Prague. Therefore, the important scientific institutes located there cannot take advantage of funds from the programmes for further development.

4.2.4 Conclusion

Only illusive overlaps were identified by the primary analysis, in the area "Support for Large Commercial Companies".

In the case of the area "Support for Small and Medium-sized Enterprises and Crafts", the primary analyses evinces a range of overlaps. We assume that the overlaps are only illusive – national and European programmes are supplementary to each other, especially within the fields of responsibility of the Ministry of Industry and Trade.

There were identified no overlaps between national and European programmes supporting "Research, Technology Development, and Innovation". National programmes are supporting R&D activities not able to be supported by European programmes. National and European programmes are rather supplementary to each other.

4.3 Tourism

Tourism constitutes an autonomous intervention area within the EU Economic and Social Cohesion Policy. At the EU level, the tourism is considered to be an important impetus for development, particularly for regions lagging behind. Before the Czech Republic started to use the Structural Funds in 2004, public support for tourism development at the national level had been very weak. In 2001, the State Tourism Development Programme was launched, which in the first phase was focused just on the development of the spa industry. There are also two regional programmes, in which support for tourism infrastructure was

included. The amount of financial resources in these programmes was rather limited and they were focused just on selected regions (spa cities, and structurally affected areas). From this point of view, the implementation of EU programmes meant a radical change for the tourism industry and its support from public resources.

In 2004, there were 16 National and EU programmes aimed at tourism development. Only one programme, the State Tourism Development Programme, was exclusively focused on tourism. Considering the volume of financial resources allocated in these programmes, the bulk of public support for tourism development lies in EU programmes.

4.3.1 EU Programmes and National Programmes compatible with the EU Economic and Social Cohesion Policy

Among the EU programmes, the Joint Regional Operational Programme (JROP) – Measures 4.1 and 4.2, is the principal one, in terms of financial resources and the scope of support. In the JROP, the support for tourism infrastructure and services is distinguished on the level of measures, and the support for national and regional projects on the level of sub-measures. Activities supported within the JROP are defined broadly, and each measure is open to almost all categories of ultimate beneficiaries – municipalities, regions, states, entrepreneurs, NGOs. From the geographical point of view, the JROP is complemented by the Single Programming Documents for the Prague area (SPD 2 and SPD 3). SPD 3 is directed toward human resources development in the field of tourism, whereas within SPD 2 tourism infrastructure development can be supported. Support for tourism development is included in other EU programmes - INTERREG or HRD OP. The typical feature of these programmes is their wide-ranging focus, in terms of supported activities.

The “flagship” among the national tourism development programmes is the State Tourism Development Programme. Since 2004 it has been divided into three sub-programmes focused on:

- a) Spa cities development;
- b) Tourism infrastructure development, for sport and recreational activities;
- c) Promotion of the Czech Republic as a tourist destination.

Support for tourism infrastructure development is also included in the two regional programmes covering structurally affected areas and regions lagging behind.

4.3.2 Programmes objectives assessment

The characteristic feature of all tourism programmes is their wide-ranging focus, in terms of supported activities. The support is in general focused particularly on four areas: the reconstruction of sites for tourism purposes, tourism information systems, the tourism infrastructure for sport and recreational activities, and the spa industry development. The first three intervention areas were the most frequently included as eligible activities within the tourism programmes. Spa industry development was involved only in two programmes, but in terms of allocated financial resources it has been a clear priority of the state tourism policy in the past years. Another feature of the tourism support programmes is their strong regional dimension.

4.3.3 Primary overlaps and gaps assessment between national and EU programmes

With regard to the extent of eligible activities in both lines of tourism support programmes, it is evident, that there is a high probability of overlaps between these programmes. The EU programmes extended public support for tourism development, as they are also focused on large-scale projects and "soft" activities. Considering the scope of support, the strongest potential overlap exists between the regional development programmes (support for infrastructure development) and the 4.1 measure in the JROP focused on tourism infrastructure development. On the contrary, there is a very low risk of overlaps between the Spa industry development sub-programme, within the State Tourism Development Programme, and the EU programmes.

In the primary analysis, no principal gaps were identified in the tourism programmes.

4.3.4 Conclusion

The evaluated tourism support programmes have several weaknesses. They are not integrated with the policy and strategic documents, and they lack a clear strategic line. In addition to this, another weakness is that within one programme support for public and entrepreneurial projects is combined. There is also the problem that a part EU programmes is geared towards the support of large-scale entrepreneurial projects, which probably do not require any public support.

4.4 Transport

From the point of view of support financing, the area of transport is entirely specific. Most funds go to the renewal or construction of transport infrastructure, which is owned by the state, so in this area there are relatively fewer opportunities for a traditional subsidy policy, with respect to third parties. Given these specific features, this chapter shall not adhere to the formal arrangements followed by the other areas addressed in this analysis.

In the area of transport, eight European programmes for areas supported under Objective 1 are realised, falling within the field of responsibility of the Ministry of Transport and the Ministry for Local Development (as part of OP Infrastructure and JROP). The remaining programmes have a more narrow regional focus (INTERREG IIIA and SPD2 for Prague) and also concern the development of transport infrastructure and transport serviceability. European programmes address key problems in the area of transport development, and may be considered relatively balanced (at least as concerns the level of their goals). Problematic seem the programmes of the INTERREG IIIA initiative, where the development of transport infrastructure is defined relatively broadly, and often does not meet the main goal of the initiative, i.e., the cross-border dimension of the supported initiative.

The national resources expended in this area include certain programmes of the Ministry for Local Development supporting, among other things, the development of local roads, cycling trails, and transport serviceability. In this respect, we can speak of an overlap in the subject of support from the Ministry of Transport and European programmes in the area of transport. But the national programmes of the Ministry for Local Development are limited to specific geographic areas, and therefore their territorial overlap is only partial.

The entire area of transport support is extremely difficult to evaluate, because the way the system is set up does not correspond to the principles of programme-based financing. Support from the Ministry of Transport is financed either directly from the government budget or through the State Transport Infrastructure Fund (STIF), in the form of the financing of specific events. It is not, therefore, the manner of support used in the Cohesion Policy (programme-based financing from STIF funds is only used in cases when those funds are combined with funds from the government budget). Given the high amount provided for the development of transport infrastructure, programme-based financing which is, according to our information, in line with the preferences of the Ministry of Transport, would enable more transparent monitoring and control over the investment of the funds and the selection of projects to be supported. We can therefore recommend that the Ministry of Transport, in co-operation with the Ministry of Finance and Ministry for Local Development, apply the principles of programme-based financing, both to programmes financed from the government budget, and projects financed by the STIF.

4.5 Environment

In 2004, a total of 14 programmes were identified which were focused on improving the quality of the environment (7 European and 7 national⁴). Other programmes, which do not support projects directly related to this area (but which, given the single direction of EU activities, contribute to environmental improvements in their own way), were excluded from the evaluation. The characteristic features of national programmes which fall within the field of responsibility of the Ministry of the Environment is the announcement of several "large" programmes, which comprise dozens of various sub-programmes. In order to maintain an even level of generality in evaluating European and national programmes, the level of "large" programmes is understood as the referential level.

National and European Programmes

The main focus of European programmes lies in the OP Infrastructure. This programme involves measures to reduce the negative impact of transport on the environment (implementation of infrastructure projects and research "soft" projects dealing with the issues of the environment, from the point of view of transport), and measures directly focused on improving the environmental infrastructure (revitalisation of the water-management regime in countryside, reduced pollution of water courses, increased air quality, issues of waste management). The aim of the programme LIFE-NATURE, announced by the European Commission, is to ensure complex care for selected territories included in the NATURA 2000 system. In border regions, INTERREG IIIA programmes support projects tied to the protection of nature and the environment. The range of activities supported by these measures is very broad.

Most of the identified national programmes of the Cohesion Policy type, fall within the responsibility of the Ministry of the Environment. On a very general level, the goal of these programmes is to protect, improve, or stabilise various components of the environment; increase the usage of renewable sources; protect the countryside and its biodiversity; and regenerate the natural elements of the environment in an area with a production or transport function. The Ministry of the Environment and the Ministry of Transport jointly announced, in 2004, two programmes to support energy savings and the utilisation

⁴ Plus three Ministry of Agriculture programmes related to the environment.

of renewable sources of energy. Other three programmes, directly tied to the intervention area in the environment, were announced by the Ministry of Agriculture. Those programmes focused on building and renovating water treatment stations, water mains, sewage systems, and waste-water treatment stations.

Programme Focus

European programmes are more often focused on improving individual components of the environment, with the aim to attain the pollution limits prescribed by EU norms, whereas national programmes are more focused on stabilising or renewing the countryside and its biodiversity (including the revitalisation of urban environments). A specific branch of European programmes comprises measures to decrease the negative consequences of transport and also the LIFE-NATURE programme (see the previous chapter). A separate branch of national programmes comprises two programmes for supporting energy savings and the utilisation of renewable sources of energy.

Primary Evaluation of Overlaps

Given the different focus of European and national programmes, they do not overlap greatly. A more significant overlap of the European and national lines of support can probably only be seen in the intervention focused on re-vitalising the water-management regime in the countryside. Other overlaps identified in the subject of support, between European and national programmes, are less significant (e.g., support for energy savings and the utilisation of renewable sources of energy, improvement of the water-management infrastructure). Also, the very broad focus of the INTERREG IIIA programmes poses a certain risk of overlap with national programmes.

No significant gaps were identified on the level of the primary evaluation of the public support in the area of environmental intervention.

Summary

The basic findings can be summarised in several points:

- Different goals of European and National programmes – improvement of the quality of various components of the environment versus a focus on the protection of nature and the countryside;
- Relatively low risk of overlap – the greatest level of duplication in interventions focused on the revitalisation of the water-management regime in the countryside;
- The greatest volume of resources is focused on improving the water-management infrastructure;
- A relatively high volume of resources are allocated in national programmes.

4.6 Agriculture and Rural Development

During the comparative evaluation of the programmes which are used at the national or regional levels, with the programmes and measures which are used in the individual instruments of support funded at the European level, it is very important to stress the high-scale differentiation among the individual programmes. Programmes subsidised from the EU

budget are, by their scale, goals, and ultimate beneficiaries, defined more broadly (but not complex); individual programmes applied on the national level are oriented toward relatively small and precisely defined types of potential beneficiaries, and supported activities are often precisely identified. This contradiction, which made any other evaluation more difficult, is especially evident in the area of agriculture and rural development.

4.6.1 EU Programmes and National Programmes compatible with the EU Economic and Social Cohesion Policy

Support, within the framework of the Cohesion Policy, is derived from the Sectoral Operational Programme, "Rural Development and Multifunctional Agriculture", via the Horizontal Rural Development Plan (HRDP), and the additional programme "Leader +".

National programmes are one year programmes (which can, however, continue in the following year) dedicated to concrete support for particular activities and ultimate beneficiaries. The government, the Ministry of Agriculture, or a specialised agency preserve genetic sources for agriculture, the construction of sewage systems or water pipelines, the protection of forestland and forestry, by means of the Fund for the Support and Guarantee of Farmers and Foresters. The Rural Renewal Programme (RRP) guarantees support for municipalities in the countryside, with support from the Ministry for Regional Development. The government or Ministry of Agriculture apply a structural policy by means of their own independent instruments of support / financial resources. The legislative framework for this type of support is established by the Government Regulation No. 505/2000 Coll. This Regulation defines 12 different types of support programmes. All kinds of programmes are supported by the non-refundable subsidy.

4.6.2 Programmes Objectives Assessment and the Assessment of Financial Resources in EU and National Programmes

In the overall evaluation of programmes and activities, it is necessary to draw attention to the extremely disaggregated programmes or groups of programmes. Programmes are defined in particular ministry regulations, for a year at a time; however, only small changes are made from year to year. The support suffers above all from a lack of planning at its inception, of linkages between national programmes, of long-term and significant support for the development of rural society, of the support for small entrepreneurs, and of support for new investment in rural areas.

It is important to point out, above all else, the different levels in the volume of financial resources provided by European and national programmes. The support of the Cohesion Policy programmes is declared to be CZK 21,570 mil., while for the national programmes it is only declared to be CZK 3,639 mil. The support on the Cohesion Policy programmes is concentrated into 21 types of programmes, and they provide a higher volume of money. National programmes are more diverse, (34 programmes divided into many other sub-programmes) and the structure of supported activities is also divided into detailed types.

4.6.3 Overlaps Assessment

The evaluation of the goals of the national programmes could be done with extreme generalisation only, and it is practically impossible to compare them with the priorities used in EU Structural Funds. Overlaps with respect to goals are visible in the Priority No. 1.3 of the SOP, and with the support for the forest economy and the maintenance of the forest land, based on the Czech Forest Act.

Similarly, overlaps could be identified in the national "Rural Renewal Programme" and with the "Leader +" programme. The support from EU Structural Funds is declared for the entire area of the Czech Republic and there are no clearly defined rural areas, except one measure of the Horizontal Rural Development Plan (HRDP) – Disadvantaged Areas. This measure is declared for those territorial areas with poor conditions for intensive agriculture. National support programmes ensured by the resources of the Ministry of Agriculture do not use any criteria for defining rural areas or criteria for specific areas with specific types of support.

4.6.4 Gaps Assessment

National support for agriculture and rural development is not yet oriented on extensive or regional programmes. There are important structural problems in the area of support for agriculture and the countryside. It is oriented on the reconstruction or building of the property under municipal ownership only. Specific micro-activities (small entrepreneurs with up to 10 employees) are not supported, there isn't any type of support for different social services in the rural areas, and there is no support for the maintenance of public transport. The problem lies in the very small absorption capacity of the ultimate beneficiaries in the rural areas, and in their extremely high diversification.

4.6.5 Conclusion

The support in the area of agriculture is extremely fragmented among the high number of small particular subsidy titles. The volume of support for rural development is very small. Czech municipalities, due to fragmentation, could only with considerable risk and difficulty secure not only high quality projects but also co-financing of individual projects, and absorb more extensive structural support. The support in the agricultural sector is realised as a non-returnable subsidy (passive form) and not as project support (active form). There is no coordination between support administrators in one sector or even between two and more sectors.

4.7 Planning and Regeneration

The studied area has a significant number of the support programmes. This analysis identified 19 of them on the level of measures (Structural Funds) or sub-programmes (national programmes). More of them can be found among the national programmes of support, which is not surprising, considering that these issues are, from the European point of view, primarily seen as national priorities.

On the other hand, the regeneration of brownfields, in the most general sense, will especially be gaining higher significance, e. g., in the support of the manufacturing and commercial real-estate market. Even the EU is becoming increasingly aware of this issue, primarily in connection with the environmental impacts of such projects.

4.7.1 Programmes of the EU Economic and Social Cohesion Policy

Dominant among these programmes focused on planning and regeneration are programmes dedicated to the regeneration of brownfields. There are two such measures in the operational programmes supporting all the regions of the Czech Republic, with the exception of Prague. One of them is the programme "Real Estate", respectively Measure 1.2 – Development of the Business Infrastructure, which is part of the Operational Programme

Industry and Enterprise, within the responsibility of the Ministry of Industry and Trade (MIT). The second one is Measure 2.3 – Regeneration and Revitalisation of Selected Cities, in the Joint Regional Operational Programme, within the responsibility of the Ministry of Regional Development (MRD).

Beside the above mentioned programmes, the EU also finances more regionally focused programmes. In the Single Programming Document for Objective 2 (SPD 2) which supports just selected parts of Prague, it is Measure 1.2. – Regeneration of the Damaged and Unsuitably Used Areas, and Measure 1.3 – Public Infrastructure Improving the Quality of Life, Especially in the Areas with Housing Projects.

Projects from the area of Planning and Regeneration are also eligible to apply to the INTERREG III A programmes. But they are, in this respect, focused on the preparation of different types of studies, analyses, and strategies about the issues of regional development and cross-border cooperation.

4.7.2 National Programmes Compatible with the EU Economic and Social Cohesion Policy

The national programmes oriented on planning and regeneration, more than the European ones, support the planning processes (e.g., master planning). But they still reasonably facilitate the regeneration of the brownfields. Dominant are the programmes of the MRD, and exceptional are the programmes of the MIT – “Programme for Support of the Development of the Industrial Zones” (PSDIZ) and “Programme for Support of the Preparation of Energy Strategies and Audits”, and one programme of the Ministry of Agriculture, supporting the preparation of the digital forestry maps.

Firstly, we will describe the programmes for the regeneration of brownfields. The PSDIZ has the same structure and aims as the “Programme Real Estate”, in the Operational Programme Industry and Enterprise. In fact, it is the ancestor of the EU-financed programme. The dividing line between these two programmes lies in the priorities of the projects and their requirements of flexibility and minimal bureaucracy. From 2005 on, just the projects of strategic importance, and projects applying for state incentives, which would not be attractive to private investors, are eligible for the national programme. All other projects are financed through the programme “Real Estate”.

The national programmes of MRD can be divided into two groups – firstly, programmes which are nation-wide, or which at least provide support throughout most of the country; and secondly, regionally oriented programmes. The latter programmes support economically weak and structurally disadvantaged regions, regions damaged by floods, former military areas, etc. The regionally non-selective programmes are the “Rural Renewal Programme” and the “Programme for the Regeneration of the Areas with Housing Projects”.

Frequently supported projects among the regionally selective national programmes are those dealing with the reconstruction, revitalisation, and building of infrastructure in the deserted or insufficiently used brownfield sites. These projects can be financed in municipalities with former army facilities, municipalities in the economically underdeveloped and structurally disadvantaged regions, municipalities stricken by the floods, or in municipalities located in the Northwest-Bohemian and Moravian-Silesian Regions.

In the case of planning, there are three programmes: the Rural Renewal Programme, supporting master-planning in the villages; the Programme for Support of the Preparation of

Energy Strategies and Audits (administrated by MIT); and the programme of the Ministry of Agriculture supporting the preparation of the digital forestry maps.

4.7.3 Programmes Objectives Assessment

The objectives of the regeneration support programmes are focused on the regeneration of brownfields, with the emphasis on the improvement of the current state of the cities and municipalities. These improvements should help them to promote investment, strengthen the economic revitalisation, and create new jobs. The MIT programmes are also trying to facilitate the restructuring of industry, the improvement of the business environment, the substitution of traditional production by more high-tech means, and finally the reclamation of the environment.

The planning support programmes either do not have separate objectives within the broader programmes, and therefore contribute to their general objectives (Rural Renewal Programme), or their objectives have not even been established (the programmes of MIT and Ministry of Agriculture). The failure to define the programmes' objectives should be remedied in the future.

4.7.4 Primary Overlaps Assessment

The most important overlaps have been identified in the intervention field of the regeneration of brownfields. Among the EU programmes, the respective case is the overlap between the programme "Real Estate", from the Operational Programme Industry and Enterprise, and Measure 2.3., from the Joint Regional Operational Programme. The latter is focused on the revitalisation of the urban quarters of the cities, including the industrial sites. But in this planning period, only about 10 projects will be supported through this measure, as it is considered to be a pilot programme. An overlap has also been identified between the programme "Real Estate" and the regionally selective national programmes of MRD. The regional programmes support, among others, the regeneration of the brownfields designated for future industrial purposes.

4.7.5 Primary Gaps Assessment

In the field of the regeneration of different types of brownfields, gaps should be filled, between sectoral and regional programmes. The best solution would be the creation of a complex programme which would address various possible future uses of the land, including multifunctional use.

The identified gap among the programmes supporting the planning processes is the absence of support for strategic regional planning, at least for the disadvantaged regions, at a level similar to the contemporary support for master planning. Master planning has a much longer tradition in the Czech Republic, whereas the regions and municipalities have had to become accustomed to using strategic planning as a tool for influencing their social-economic development and setting the clear priorities. Therefore, we perceive it to be a further handicap, that master planning is supported more than strategic planning, although their importance is equally significant.

5 IN-DEPTH ANALYSIS

Detailed analysis of relations between national and EU development programmes in selected intervention areas has been carried out. This analysis focused on:

- ⇒ Verification of overlaps arising from the primary analysis in selected intervention areas and their detailed analysis;
- ⇒ Verification of gaps arising from the primary analysis in selected intervention areas and their detailed analysis;
- ⇒ Assessment of the coordination between national and EU programmes (co-operation between national and EU programme administrators);
- ⇒ Assessment of the availability of financial resources in selected intervention areas.

In primary analysis we detected potential overlaps between national and EU development programmes, with regard to the scope of eligible activities. In-depth analysis aims to verify those overlaps considering:

- Ultimate beneficiary
- Target groups
- Geographical focus
- Conditions (mode) for support allocation
- Others (according to the specific intervention area needs)

Thematic areas considered in the in-depth analysis are so particular that it is not always necessary to use all of the above-mentioned criteria.

5.1 Human Resources Development

During the in-depth analysis the project team conducted a series of ten direct interviews with relevant actors (programme administrators, stakeholders, etc.) and one additional telephone call. Representatives of three institutions were involved: MLSA, MEYS, and NTF (National Training Fund).

5.1.1 Assessment of Financial Resources in EU Programmes and National Programmes compatible with the EU Economic and Cohesion Policy

In many cases, the national programmes are on the level of the measures in EU programmes, or even below, with regard to the available financial amounts. There are nine relatively significant programmes/tools on the national level. The AEP tools predominate,

representing, in total, triple the amount, in comparison with Measure 1.1⁵ (annual comparison).

Trailing this is the sphere of education, in which the major part of financing is allocated through the "Programme for Structural Development in Public Higher Educational Establishments" (approx. CZK ¾ bil. per year). Another programme for tertiary education is in the top ten (the "Programme Supporting the Development of Internationalisation in Public Higher Educational Establishments"). Other programmes are below the limit of 400 000 euro per year; several of them amount to less than 100,000 euro, per year. Therefore, programmes administrated from the central level are of a small financial scale and are very specifically focused.

Mention must be made of the relatively important support given to vocational training in ESF programmes (especially Measure 3.3 in HRD OP), which indicates an intention to fill the gaps in this field. EQUAL Initiative could not be compared with ESF programmes, with regard to the resources distributed.

In conclusion, it's possible to state that the financial amounts in national and EU programmes are comparable in order; nevertheless, the national programmes predominate. There is approximately 148.5 mil. euro in EU programmes (1/3 of 2004-2006 budget) and 186.7 mil. euro in national programmes (in 2004).

5.1.2 Overlaps Assessment

We identified 20 overlaps in the area of labour market support, with regard to the field of eligible activities, which we verified during the interviews. Most of them concerned Measure 1.1 (HRD OP and SPD for Objective 3). Others potential overlaps were detected in EQUAL and INTERREG IIIA Initiatives, but to a lower degree.

1) Overlaps between national programmes/tools of the AEP and Measure 1.1 in ESF programmes

The majority of overlaps in the field of new job creation and retraining were ruled out during the in-depth analysis. We decided to assess them as illusive overlaps, with the exception of overlaps with the Active Employment Policy, even though relatively important differences also exist between them. The most important difference, with a large impact upon beneficiaries, relates to state aid. The entire Active Employment Policy is excluded from the state aid regime, meanwhile ESF programmes are not. The second important difference is the possibility to finance investment activities from some national programmes that is not possible from EU programmes. On the other hand, ESF programmes provide support to wider target groups, in comparison with national programmes, which are dedicated in general to unemployed persons registered in Labour Offices. The mode of support provided by ESF programmes has been designated as more complex, i.e., the support is provided to the unemployed from the early phase (loss of the job) to the final phase (finding of a new job). By contrast, the AEP provides the support in a much more flexible way (e.g., it is possible to very quickly retrain even a small group of welders at the request of an employer). In practice both types of support are combined, so that all target groups, their needs and indispensable types of operations, would be covered and the level of support would be maximal.

⁵ AEP 3.5 times more, in comparison with Measure 1.1. in the HRD OP, and 3 times more in comparison with Measure 1.1. in the SPD for Objective 3.

Investment incentives and the Programme Supporting the Creation of New Jobs in Regions with the Highest Unemployment

In this case, the overlap was assessed as an illusive overlap, mainly because of the differences in the mode of support allocation (differences in the rapidity, target groups, eligible costs). Moreover, the Programme Supporting the Creation of New Jobs in Regions with the Highest Unemployment has only limited geographical impact. It is, rather, a supplement to other programmes and tools in problematic regions.

Programmes for people with disabilities

The programme, "Provision of Financial Means, Subsidies to Entrepreneurs Employing more than 50 % Persons with Disabilities" is an entitled subsidy. The programme, "Support for New Jobs Creation for People with Disabilities", could also be used for investment activities, mainly for construction and other adaptations of the work place, according to employee needs, or buying specially adapted cars. The programme "Special", under the MIT, was overlapping with MLSA programmes, but it was cancelled in 2004.

2) Overlaps between national programmes/tools and EC Initiatives

Overlaps concerning EC Initiatives were marked at the end of in-depth analysis as being weak and illusive overlaps, because of limited geographical scope (INTERREG IIIA), and limited financial resources, in comparison with other programmes (both initiatives).

In the field of education we have identified 35 potential overlaps in the scope of support (activities). In most cases the overlaps were of a weak character. In addition, the majority of them proved to be only illusive overlaps or very particular and improbable. Finally, several overlaps were confirmed in the area of tertiary education. Genuine and strong overlaps exist between ESF programmes, on one hand, and the "Programme Supporting the Development of Internationalization in Public Higher Educational Establishments", and the "Programme for Structural Development in Public Higher Educational Establishments", on the other. Nevertheless, the situation in this field is rather specific, because the support from national programmes is exceedingly larger, with regard to financial resources, in comparison with ESF programmes. Needless to say that objectives and activities supported from the ESF correspond to national objectives in tertiary education. But the support allocated through ESF programmes would not be sufficient, so other national support is needed.

The "Programme Supporting the Development of Internationalization in Public Higher Educational Establishments" enables support for a wider range of entities than are eligible for support from the ESF. The national programme also finances investment activities (25 %), and supports other activities not eligible for ESF (e.g., creation of parallel courses in English language or student mobility outside of EU countries). On the other hand, the national programme is only for public establishments.

3) Overlaps between national and ESF programmes in the area of specifically oriented education

Several programmes in the field of specific education are overlapping; however, they are, in general, very small programmes, with allocations in order of thousands crowns, and they are oriented to small NGOs which are not able to attain ESF programmes. Therefore, these overlaps have been marked as illusive ones.

Others overlaps could be eventually emerge between programmes under the Ministry of Informatics and ESF programmes aimed at supporting the information society. ESF programmes focus on long-term training courses, while national programmes are rather of short-term nature, for which only NGOs may apply.

The overlap in the area of agriculture education is only illusive, because the national support is provided via very small contributions for individual farmers (after completion of training courses).

5.1.3 Gaps Assessment

We didn't identify many gaps during the interviews conducted as a part of the in-depth analysis; the interviewees often were not even aware of them. The gaps are seen rather in the mode of support allocation and distribution from ESF. The time-consuming and difficult preparation and implementation of projects, as well as the limits on state aid, have an impact on the number of submitted projects (lack of projects). The interviewees also pointed out the insufficient support of employed persons, related to economic changes (adaptability). Flexible forms of work are also insufficiently used.

The gap in the financing of investment actions is very limited for projects which are more complex. The Employment Services Administration is aware of the gap in the current manner of the development of its services, provided through the Measure 1.2, which can be used for investment activities.

Many of the gaps have been identified outside of the Structural Funds intervention area, e.g., legislatives barriers for entrepreneurship, levels of taxation, and social security payments.

The gap in public administration services, and the development of their effectiveness, has been identified in supplementary interviews conducted outside of public administration.

Others gaps exist in entrepreneurial and managerial education (e.g., in connection with becoming an entrepreneur, managerial education in health services, etc.). The development of an innovative environment has to be supported as well (e.g., education in the area of R&D, and the cooperation of R&D institutions with businesses).

The representative of MEYS also identified the gap in the field of language education, which is still insufficient, with regard to current needs of the Czech Republic.

5.1.4 Conclusion

Labour market

The AEP has to be interconnected with the ESF programmes, because both supports are provided by the same institutions and are of a similar orientation. The AEP has many advantages, in comparison with ESF, which vindicate its current form. Nevertheless, some individual tools could be adapted or transformed under the ESF programmes (e.g., dedicated work places), but this transformation has to be done step-by-step, so that the needed level of support for targets groups will be maintained.

Education

The support in the area of education is fragmented in grant schemes. Only a part of the support is distributed through projects developing the system. Massive support for large "systemic" projects would be certainly more advantageous, in the current situation of the Czech Republic. Only such support could bring about a distinct, qualitative shift in the area of human resource development. Together with the public services qualitative development, it could be a direction for the next programming period.

The transformation of several national programmes under the ESF programmes is imaginable and realisable by some of the stakeholders. At the same time, the transfer to the regional level could be another possibility for increasing effectiveness, in some cases (programmes with a narrow focus related to specific regional problems and situation).

5.2 Support for Business and Innovation

During the primary analysis we identified 61 overlaps between European and national programmes in the reviewed area: ("Support of Large Commercial Companies", "Support of Small and Medium-sized Enterprises and Crafts" and "Research, Technology Development, and Innovation"). We identified four potential gaps, as well. We evaluated in-depth all programmes and implemented four discussions to verify these overlaps and gaps, aided by specially-prepared questionnaires. There are no overlaps with the national programmes of the Ministry of Industry and Trade that support research and development, because of the impossibility of supporting R&D investment by European programmes. We did not verify this evidence by discussion, with the questionnaire, but by direct phone call.

We verified all four gaps (100%) and forty overlaps, by means of discussion and questionnaires; we verified fourteen overlaps (23%) by means of phone calls. We verified, in total, fifty-four overlaps (89%). By means of discussion we confirmed that national programmes supporting small and medium-sized enterprises were changed to complement European programmes in the year 2004. We confirmed our decision to analyse the programme structure of the year 2005.

5.2.1 Assessment of Financial Resources in EU Programmes and National Programmes compatible with the EU Economic and Cohesion Policy

A comparison of the funds of national and European programmes is questionable, due to several reasons. We did not know all information from the year 2004 and we compare programmes which are incomparable, in terms of the range of activities supported, and the amount of financial resources. The majority of European programmes was opened in the second half of the year 2004 (some of them in 2005). That is why the financial resources are lower in comparison with the following years. It could be said generally that the funds are comparable, except for the programmes which foster the creation of the infrastructure supporting the co-operation between research and development institutions and enterprises. These activities were encouraged inadequately in the Czech Republic.

5.2.2 Overlaps Assessment

The evaluation of overlaps during the in-depth analysis was based on the data derived from the primary analysis. We specified programmes in details of objectives, target groups, geographical area of intervention, and other criteria.

Support of Large Commercial Companies – There are no overlaps in this area between national and European programmes. The identified overlaps are merely illusive.

Support of Small and Medium-Sized Enterprises and Crafts – The majority of programmes supporting small and medium-sized enterprises and crafts, which are the responsibility of the Ministry of Industry and Trade, make use of their experience in former years. We can say that there are no overlaps between the majority of national and European programmes, neither from the point of view of objectives (leaving aside general objectives such as support for small and medium-sized enterprises and for increasing competitiveness), nor from the point of view of supported activities. The majority of existing overlaps are weak.

Research, Technology Development, and Innovation – There are no overlaps between national and European programmes, as noted.

5.2.3 Gaps Assessment

In-depth analysis confirmed the following gaps:

- It is impossible to encourage the creation of infrastructure that would support co-operation between research and development institutions and enterprises in the Prague region outside of the area of Objective 2.
- Networks of business and innovation centres (BIC) and regional advertising and information centres (RAIC) offer their services through the Advertising (“Consultancy”) programme. Also, it could be questionable to limit the programme to a pre-selected network; and not to cover the Czech Republic evenly.
- The “Market” programme is not especially oriented to innovative companies. Companies which are located in the Prague Region can not be supported in the same way as the other companies in the Czech Republic.
- There is a lack of “seed and start-up capital” funds in the Czech Republic.
- It is impossible to encourage new entrepreneurs in the Prague Region.

5.2.4 Conclusion

Support of Large Commercial Companies

Only illusive overlaps were identified during the in-depth analysis. In the event that the Czech Government would in the future cancel the investment incentives to foreign investors, there would be a strong overlap between the European programme “Real Estate” and the national programme “Support of Industrial Zones”.

Support of Small and Medium-Sized Enterprises and Crafts

The analysis documented several overlaps. The majority of them are illusive overlaps, where national and European programmes supplement each other.

Research, Technology Development, and Innovation

No overlaps were identified during the in-depth analysis of national and European programmes. National and European programmes are supplementary to each other.

5.3 Tourism

For the purpose of in-depth analysis a series of seven structured interviews were carried out, with the representatives of the steering bodies of support programmes. All of the evaluated programmes are within the competence of the Ministry for Regional Development. In the in-depth analysis, principal attention was paid to the “flagship” programmes, i.e., the State Tourism Development Programme and the JROP.

5.3.1 Assessment of Financial Resources in EU Programmes and National Programmes compatible with the EU Economic and Cohesion Policy

The volume of financial resources in the EU tourism programmes is several times higher than in the national programmes. Moreover, the financial allocation for the national tourism programmes has been decreasing gradually in the past years.

5.3.2 Overlaps Assessment

In addition to the scope of supported activities, other relevant criteria were taken into account in the in-depth evaluation of overlaps between the national and EU tourism programmes. These criteria are as follows – the selection criteria, the volume of eligible costs, and/or average size of supported projects.

If selection criteria are not defined too generally, they reduce the scope of activities that can be supported within wide-ranging programmes. This assumption was confirmed in the in-depth analysis of tourism programmes. For example, the support within the JROP that is focused on tourism infrastructure development concentrates especially on projects/activities supported also from the national programmes.

The decisive criterion confirming or, on the contrary, ruling out potential overlaps between programmes appeared to be the average size of supported projects. In general, it can be said that the tourism support within the national programmes is focused particularly on small-scale projects, whereas EU programmes provide support for the large ones. From this point of view, both lines of tourism programmes are more or less complementary. It applies especially to the support in the field of spa industry development.

When taking into consideration all of the above-mentioned criteria, only one important potential overlap was confirmed – the overlap between the key national and EU programmes (The State Tourism Development Programme and JROP) concerning the support for tourism promotion activities.

5.3.3 Gaps Assessment

Before the Czech Republic started to use the Structural Funds in 2004, the state support of tourism development had been focused on a narrow spectrum of tourism projects related to spa municipalities development, and small-scale infrastructure development in regions lagging behind, or in border regions. After the support from the SF had been launched, most of the existing gaps in the public promotion of the tourism industry were, at least apparently, covered (especially through JROP). Despite this, two kind of gaps were identified in tourism support schemes. The first gap is the lack of support for certain types of tourism activities, e.g., ecotourism; the second relates to the size of projects – it is very difficult to obtain support for projects with eligible costs ranging from approximately € 300,000 to 3,000,000. Projects of that size are too small for the EU programmes and too large for the national one.

The above stated gaps relate to the “hard” tourism infrastructure. By contrast, no gaps were identified in relation to the support of “soft” tourism activities – tourist attraction and services, promotional activities, etc.

5.3.4 Conclusion

In the in-depth analysis, principal attention was paid to the flagship programmes in both of the tourism support schemes. The majority of potential overlaps were not confirmed, as the national and EU programmes are focused on different size-categories of projects. A significant overlap was confirmed only in the case of tourism promotional activities supported by both the national and the EU programmes. Probably the most significant gap relates to the support for medium-sized infrastructure projects, which are too small for the EU programmes and too large for the national programmes.

5.4 Planning and Regeneration

The interviews which were held as a part of the detailed analysis focused solely on the issue of the regeneration of brownfields, because the primary analysis revealed that the greatest overlaps were in these programmes. The programmes which were objects of the detailed analysis are within the competency of two ministries – MRD and MIT; however, this issue is so complex that it falls within the sphere of interest of many other ministries (Environment, Transport, Defence, Agriculture...). This fact makes this area of support potentially vulnerable to overlaps among the programmes.

During the in-depth analysis of the planning and regeneration support programmes, we conducted five interviews with the administrators. One of them took place at the MIT, concerning its national and European programmes (PSDIZ; OP Industry and Enterprise). The remaining interviews were held at the respective departments of the MRD.

5.4.1 Assessment of Financial Resources in EU Programmes and National Programmes compatible with the EU Economic and Cohesion Policy

The PSDIZ has the highest financial allocation among the national programmes. It reaches, on average, CZK 1 billion/year (more than EUR 300 million). The majority of these funds is used for the financing of large strategic projects. Since 1998, this programme has allocated more than CZK 4 billion, to 89 different projects. In general, the remaining national programmes work with 1/10 of this amount, at an annual average of about CZK 400 million (more than EUR 13 million). The national “Programme for the Regeneration of the Areas

with Housing Projects” obtains about CZK 100 million/year (more than EUR 3 million), supporting about 20 projects each year. The administrators of the national programmes in general declare much higher demand for the support.

The European programmes just started halfway through the last year, so it is not possible to know the number of supported projects. Nevertheless, we know the total allocation of the potential support of projects from the European programmes. In this respect, the „Real Estate” programme from OP Industry and Enterprise receives the most funding. It can obtain up to EUR 80 mil. (EUR 60 mil. from the EU, and EUR 20 mil. from the national budget). The total allocation for all of the programmes supporting regeneration and planning is EUR 175 bil., for the three years of this planning period. This level of financing surpasses the national programmes allocations. But this difference is not as great as in other fields of state support.

5.4.2 Overlaps Assessment

This chapter focuses on the overlaps among the European and national programmes.

a) PSDIZ vs. OP Industry and Enterprise – Real Estate, Joint Regional OP – Measure 2.3 and SPD Objective 2 – Measure 1.2

The first overlap was defined in the field of the regeneration of brownfields, especially the industrial ones, within the urbanised sections of the cities. All of the above-mentioned programmes allow municipalities to acquire funding for the regeneration of former industrial sites. But, the in-depth analysis confirmed that after the separation of the national and European programmes (programme PSDIZ and Real Estate), the PSDIZ supports solely those projects of strategic importance, and the projects of investors who have been granted state incentives. These projects require a more flexible and less time-consuming approach than that used in the administration of the European programmes. Therefore, this overlap is considered to be illusive, mostly due to the different conditions under which support is provided.

b) Regionally Oriented National Programmes of MRD vs. OP Industry and Enterprise – Real Estate, Joint Regional OP – Measure 2.3

The Regional Programme for the Support of the North-western Bohemia and Moravia-Silesia Regions (RPS –NB/MS), and the Regional Programme for the Support of the Development of the Economically Weak and Structurally Disadvantaged Regions (RPS-EWSD), provide the same subsidy titles, enabling the renewal of temporarily unused industrial sites; the reconstruction of temporarily unused buildings, suitable for the manufacturing and business; and the (re)construction of the transport and technical infrastructure. The regionally oriented national programmes dealing with the former army facilities are aimed at the (re)construction of the technical infrastructure and the barracks, which would enable them to be used for future development, without specifying how the land is to be used.

In cases when the different types of brownfields are prepared for future use for manufacturing and industrial strategic services, an overlap was identified, either with respect to the subject of the support or the type of recipient and the eligible areas. The justification of the administrators of the regionally oriented national programmes is that they support mostly small projects, in small municipalities from the disadvantaged regions, which could not apply to the European programmes. The national programmes have smaller administrative demands, thus they do not require applicants to bear high additional application costs, and they also offer the money in advance.

A potential overlap has been identified as well among the regional national programmes and Joint Regional Operational Programme – Measure 2.3 (concerning the regeneration and revitalisation of selected cities). The brownfield regeneration projects (old industrial sites, former military facilities), which take place in the cities with 10 – 100 thousand inhabitants, can be supported in both programmes. But the Measure 2.3 finances more complex projects, dealing with the overall improvement of the neighbourhoods. Hence the brownfield regeneration is just a part of these projects. We consider this overlap to be illusive, because of the difference in the types of projects and the aims of the programmes.

Although we found some overlaps with the regionally oriented national programmes, we consider them to be one of the few tools of direct regional policy. Therefore, we do not recommend abandoning them. The redefinition of these programmes, however, would be useful. The overlaps should be reduced, and we are pleased that some steps in this direction have already been taken. The new “Strategy for Regional Development” is being prepared, and it should have a direct impact on the support programmes.

c) Programme for the Regeneration of the Areas with Housing Projects vs. SPD Objective 2 – Measure 1.3

The Programme for the Regeneration of the Areas with Housing Projects (PRAHP) supports the construction of the transport and technical infrastructure, the preparation of the planning documents, and the adaptation of the public space, in the areas with housing projects from the communist era. What cannot be supported are the direct reconstructions of the panel-construction high-rises. These are supported through other programmes and sources (e.g., subsidies of the interest on the loans). Similar activities can be supported in the SPD 2 Measure 1.3. But this is possible only in those parts of Prague which are eligible for Objective 2. Therefore, in reality, this overlap can be considered as very small, because the PRAHP has never supported any project from Prague. Also, although Measure 1.3 was aimed at the areas with housing projects from the communist period, the majority of the support projects, so far, have come from older parts of the city. Nevertheless, we recommend evaluating more carefully the possible overlaps of the priorities of the City of Prague with the national programmes, in the next programming period.

5.4.3 Gaps Assessment

The principal gap identified during the primary analysis was the missing programme which would support the multifunctional regeneration of the brownfields. During the in-depth analysis it was found that there are already some programmes which at least do not strictly constrain the future use of the land. But all of these programmes are very specifically oriented. These are the regionally oriented national programmes of MRD and Joint Regional Operational Programmes – Measure 2.3. All of them only support specific areas of the country and cannot, therefore, supplement the nationwide programme for the multifunctional regeneration of the brownfields. Thus, even after the in-depth analysis we still consider this issue to be a main gap in this field of support.

5.4.4 Conclusion

The studied field of support is not among the major priorities of the EU, which can be considered as one of its weaknesses. But this does not mean that it cannot be supported through the EU programmes, although it is seen as mostly a national priority. Still, it is an issue of great importance to the Czech Republic, as well as to the other new EU members. It needs immediate solutions and support. Therefore, in this regard, the major focus should be on concentrating finances and on ensuring the effectiveness of their use.



Only a small number of mostly unimportant or illusive overlaps have been identified, especially among the national and European programmes. This can be considered as a strength, yet a more conceptual approach is needed, especially because of the complex nature of these projects, which fall within the competencies of various ministries. The main problem in this respect is that there is not one institution which would guarantee this field of support and which would coordinate other actors. This would increase the above-mentioned effectiveness in the use of different sources of money. Another result of this situation is the significant gap defined in the previous chapter.

6 SYNTHESIS

6.1 Key Figures

In total, the 314 programmes of the “cohesion policy type” were identified in the analytical part. As the terminology is not uniform, this number includes measures, in the case of EU programmes, and on the national level: programmes, sub-programmes (if the programmes are divided), or different types of subsidies⁶.

The distribution between national and EU programmes is as follows:

- **Total number of programmes**..... 314
- Co-financed from EU sources.....142
- So-called national programmes.....172

Table 1: Total number of programmes

| Primary analysis | EU programmes - measure level | National programmes |
|--|----------------------------------|---------------------|
| Transport | 14 | 12 |
| Environment | 15 | 10 |
| Agriculture and Rural Development | 28 | 32 |
| Human Resources Development ⁷ | 60 | 23 |
| Business and Innovation | 26 | 14 |
| Tourism | 15 | 7 |
| Planning and Regeneration | 8 | 11 |

Note: Programmes could belong to several intervention areas.

Summary:

⇒ The number of programmes financed from EU sources and exclusively from national sources does not differ greatly (comparing comparable levels – measures with national programmes). If we compare national programmes with the EU programmes, in the proper sense, the national programmes eminently predominate.

⁶ When a programme is divided into sub-programmes, measures, etc., only those component parts are counted (not the whole programme).

⁷ This calculation includes the social sphere.

- ⇒ The area characterised by a high number of programmes is Human Resources Development, followed by Agriculture and Rural Development.
- ⇒ By contrast, Tourism, and Planning and Regeneration, are characterised by a low number of programmes.

6.2 Volume of Financial Resources in National and EU Programmes

The total volume of financial resources in the EU Economic and Cohesion Policy could not be precisely determined. Only the total allocations for the EU programmes are known, but those allocations may not be fully expended. Having recalculated the total allocations, to reflect an annual average, we ascertained that more than 1 bil. Euro is available for one year of this programming period.

Although it is relatively easy to ascertain the allocations for the EU programmes' measures in the programmes' documents and supplements, with the national programmes it is more difficult. Unfortunately, we have to state that we were not able to complete the table of financial allocations for all programmes, so that it is not possible to establish the exact amount of financial resources. The amounts indicated below are partly based on our assessment.

A more detailed comparison of national and EU programmes' financial resources has been done in the intervention areas considered in the in-depth analysis. In those areas the amounts are relatively comparable, and the variations reflect, among others things, the area priorities for national or the EU interests.

Table 2: Ratio between funds allocated in the EU and national programmes in the selected intervention areas

| Intervention area | EU /National Programmes |
|-----------------------------|-------------------------|
| Human Resources Development | 0.80 |
| Business and Innovation | 1.10 |
| Planning and Regeneration | 1.38 |
| Environment | 1.89 |
| Tourism | 9.09 |

Summary:

- ⇒ In most cases, the EU and national lines are relatively comparable, from the point of view of financial resources;
- ⇒ The absolute dominance of the EU line is evident in the Tourism area;
- ⇒ The national line predominates only in Human Resources Development, probably as a result of the AEP budget (followed by the tertiary education programmes budget);

⇒ The results could be distorted by the actual spending in the EU programmes and by the national programmes alterability (in time).

6.3 Basic Comparison of EU and National Programmes

The Czech Republic has two different lines of support programmes implemented on the national level – EU-assisted development programmes and programmes assisted exclusively by Czech means. Both lines of programmes have their own implementation system and administrative procedures.

The national programmes are in general **excessively fragmented**, which can be considered as their principal weakness. The fragmentation caused by the high number of programmes administered at the national level is added to by regional programmes. The fragmentation of Czech support programmes is in sharp contrast with the limited number of the SF operational programmes, and significantly increases the administrative cost of their implementation. Moreover, various rules are applied for the different national programmes, making their implementation more complicated and expensive.

The EU programmes are considerably more challenging and time-consuming for applicants, in comparison with national programmes, and are geared towards supporting larger projects. The national system, if we could speak about it as a system, lacks the monitoring and evaluation procedures of projects, which is certainly favourable for beneficiaries.

The above-mentioned **simplicity of national programmes**, in terms of administrative procedures, as well as their flexibility, is paradoxically their principal strength and represents one of key arguments for their maintenance. Due to their simplicity, they are more flexible and accessible for “small” applicants (entrepreneurs, municipalities) that don’t have the capacity to prepare projects for support from the SF. The simple procedures, by means of which Czech programmes are implemented, are connected with their low transparency. Some programmes are likely to exist as the result of activities of particular pressure groups, who will oppose efforts to change this system.

The administrative demands on applicants are related also to those on administrators (lower in the case of national programmes).

Another systematic weakness of Czech support programmes, related to their great fragmentation, is their very **limited mutual consistency**. This is connected with the weak coordination of the policies of the individual ministries, and/or their agencies, that run support programmes at the national level. In fact, the principle of programming is nearly not applied at all to the system of national programmes. That is why the linkage between support programmes and the sectoral policies/strategies is weak or very formal. For this reason, there is a high probability of overlaps among Czech support programmes themselves.

Above all, the national line of support is influenced by the traditional sectoral approach to the development policies on the national level. National programmes are oriented to the activities in one concrete sectoral area, and only a minority to the complex support of regions lagging behind. The sectoral approach also yields considerable differences among programmes under individual ministries.

In conclusion, the differences in the **flexibility** of both systems have to be borne in mind. National programmes are able to be changed from year to year. They can thus reflect changes in socio-economic conditions and the needs of target groups.

Summary:

Table 3: Comparison of the main differences between the National and EU programmes

| National line of programmes | EU line of programmes |
|--|---|
| Excessive fragmentation weakening their effectiveness | Limited number of OPs |
| Low demands on applicants | High demands on applicants |
| Low demands on administrators | High demands on administrators |
| Support for rather small projects | Support for rather large projects |
| Very limited coherence throughout the whole system | At least formal coherence of systems and among programmes |
| High degree of flexibility | Low degree of flexibility |
| Sectoral approach | Combination of sectoral and territorial approach |
| Considerable differences among programmes under ministries | Higher unity among OPs |

6.4 Relations between National and EU Programmes

Overlaps

At the beginning of the analysis we identified many overlaps between national and EU support programmes, in all intervention areas (2004). This primary analysis took into account only the scope of the programmes/support. The in-depth analysis aimed to verify those overlaps. Based on this analysis, we can conclude that most of the overlaps identified in the primary analysis were not confirmed – they were just illusive ones (see Appendix 2). The conditions of support allocation are so different that in reality the overlaps could not exist. In conducting the in-depth analysis, other criteria for verification - elimination of the overlaps were used:

- a) Final beneficiaries (e.g., associations of municipalities);
- b) Size of supported projects (e.g., tourism);
- c) Selection criteria (e.g., number of beds);
- d) Demands to applicant (formal demands, size and level of detail of application form, level of co-financing, advance payment, etc.);
- e) Others aspects of support distribution (flexibility of support allocation, state aid, etc.)



This conclusion applies especially for the HRD, Tourism, and the Business and Innovation intervention areas. On the other hand, each intervention area still has genuine overlaps between both lines of support, e.g., in tertiary education, the promotion of tourism activities, or brownfield regeneration.

Even though the majority of overlaps was not confirmed, there is still the possibility to better relate the national and EU lines of support in the next programming period (see chap. 7). In this sense, the only exception is the Business intervention area, where all national programmes were transformed in the last year and merged with the European programmes. The Czech Republic thus applies the so-called “differentiated system” of support programmes.

Gaps

Despite the fact, that the European programmes broadened the spectrum of promoted activities/projects, there are several gaps, related to activities requiring public support, not being covered by the national or European programmes. In principle, we can talk about these types of gaps:

- a) Gaps related to the area/scope of intervention (e.g., the information society – eEurope, knowledge economy)
- b) Gaps related to the territorial area (e.g., support for innovation infrastructure in the City of Prague)
- c) Gaps related to the size of project (e.g., support for projects aimed at developing tourism infrastructure, with a total cost of between € 1-30 mil.)
- d) Gaps related to the integrated projects - operations comprising a series of works, activities, or services intended, in themselves, to accomplish an indivisible, complex objective – (e.g., the regeneration of brownfields for multifunctional reuse).

7 PROPOSALS AND RECOMMENDATIONS

The recommendations intended to increase the effectiveness of national and EU lines of support in the CR primarily concern the next programming period 2007 – 2013. Nevertheless, steps required for their successful implementation have to be taken in this programming period, i.e., in 2005. It is important to promote the cooperation between national and EU programmes' administrators, in the current programming period. They should be mutually informed about programmes, calls, or selected projects. Knowledge of national programmes is absolutely essential for designers of the EU programmes.

7.1 General Recommendations

7.1.1 Recommendations on the Transformation of National and EU Lines of Support

The Czech Republic will have to face the absorption capacity problem in the next programming period, and will have to provide the obligatory co-financing from national resources. The burdens of national financial participation will be multiplied, in comparison with the current period (approx. CZK 45-50 bil. per year). Most of the funds should be provided from the state budget (approximately 80 %).

In connection with this situation, the Ministry of Finance exerts pressure for the reduction of national programmes, in order to use these resources for co-financing EU programmes. Notwithstanding the theoretical reduction of all possible national programmes, this would not be sufficient to solve the absorption capacity problem. The question of the clarification of relations between the lines of programmes is certainly acute.

The current **"double-track" system**, with two different and independent schemes of supporting programmes, is probably the least advantageous option.

The second option is the fundamental reduction or **elimination of the national line of support programmes**, in the intervention areas of the Structural Funds. Although this option should be an "elegant" solution, solving the problem of coordination between both lines, its political saleability seems to be beyond reach. The ministries defend "their" programmes and they don't count much with their reduction. In this sense, the only exception is the Business intervention area, where some national programmes were transformed by the MIT in 2004, and merged with the European programmes.

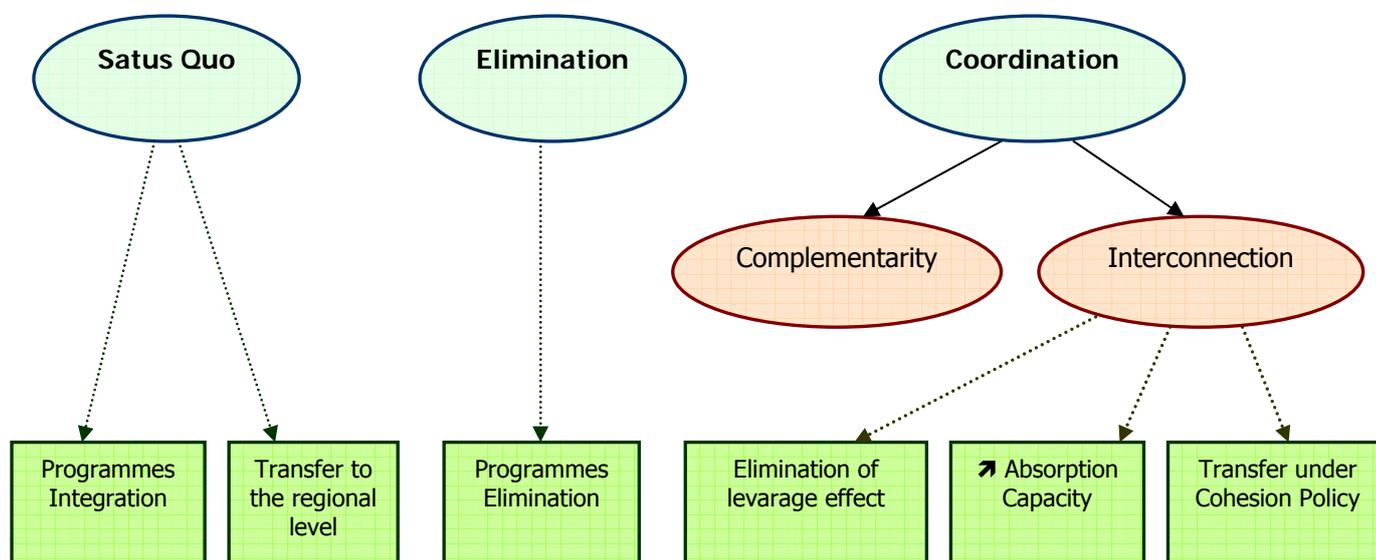
The third option, of how to adjust the relations between national and EU lines of support, is the **step-by-step coordination of both lines**. This coordination would result in saving financial resources for the co-financing of the EU programmes, and would eliminate many of the weaknesses of the whole system of the support.

Table 4: Strengths and weaknesses of various options for the adjustment of relations between the national and EU lines of support

| Option | Strengths | Weaknesses |
|---------------------|--|--|
| Status Quo | <ul style="list-style-type: none"> + Low demands on change management | <ul style="list-style-type: none"> - High costs - Low transparency - Low coherence - Overlaps |
| Elimination | <ul style="list-style-type: none"> + Provision of an important amount for co-financing + Simplification of system | <ul style="list-style-type: none"> - Politically unsaleable - Important risk of gaps |
| Coordination | <ul style="list-style-type: none"> + Diminution of costs + Transparency for applicants + Coherence and effectiveness + Provision of an certain amount for co-financing | <ul style="list-style-type: none"> - Difficult political saleability - High demands for the start-up of the new system - High demands on management |

In the phase when the Czech Republic has important problems with the co-financing, it is probable that the pressure to change relations between both programmes lines will continue, and will gradually lead to the transformation of the whole system. Without coordinating and managing this process from one centre, the transformation will assume not only various tempos, but also various orientations and forms. In some intervention areas the elimination option might be selected, while coordination will be preferred in others.

Figure 1: Options for the adjustment of relations between EU and national lines of support



Implementation of the Status Quo Option

Even in choosing the status quo option, thus preserving the current “double-track” system, some steps could be proposed, aiming to increase the effectiveness of the system. Above all, conducting evaluations of national programmes would be extremely helpful. Even various

national programmes' actors are conscious of their lack of the knowledge of the programmes' real impacts and of their effectiveness.

Secondly, there is the possibility of integrating several programmes together, which would be suitable, in particular, for small-scale programmes with a narrow focus, being implemented under one ministry (in general, programmes on the level of a measure in the EU programmes). This integration could bring benefits such as reduced administrative costs, and increased transparency for applicants. In some intervention areas this recommendation could be more appropriate, and thus more commonly applied (agriculture); in others, that need not be so (tourism).

Finally, there is the possibility of transferring the programme to another entity, mainly the regions. In this case, the programme will be managed on a level which is closer to applicants, and is more appropriate for the particular programme, according to the principle of subsidiarity. This recommendation also concerns rather small-scale programmes, or programmes with a narrow thematic focus (in the areas of HRD, Agriculture).

Implementation of the Elimination Option

This option, eliminating programmes, could be seen as an extreme solution. It could be reasonable and justified in some intervention areas, e.g., in tourism, where the national line of the support is marginal, as regards the volume of resources distributed.

Implementation of the Coordination Option

The coordination of both types of programmes has two basic forms:

- a) Complementarity of programmes;
- b) Interconnection of programmes.

The **Complementarity** of programmes is understood as the distribution of support between national and EU programmes, within Structural Funds intervention areas. National programmes should be oriented to complete and fill the gaps in those intervention areas not covered by operational programmes (i.e., when the OPs will be narrower – more strategic).

The **Interconnection** of programmes means a direct connection between national and EU programmes which could assume at least three different forms (for details see chapter 7.2):

1. Selected national programmes will be transferred to the European programmes ("Austrian model"), so that they might obtain more financial resources.
2. National programmes will be used for the elimination of the leveraging effect, e.g., the attenuation of this effect for applicants, in selected regions or intervention areas.
3. National programmes will be used to increase the absorption capacity of the ultimate beneficiaries (e.g., support for project preparation).

ad 1) Transfer of National Programmes to EU Programmes

The transfer of national programmes to the EU programmes has the following advantages and benefits:



- + Gaining resources for co-financing;
- + Higher interconnection of both systems – elimination of overlaps;
- + Facilitation of the orientation of potential applicants;
- + More resources for transferred national programmes.

This step also bears several risks, and the transformation would not be possible in all cases. It is necessary to eliminate:

- Cessation of the support for some targets groups (gaps);
- Lower system flexibility.

The transfer of national programmes to the EU programmes is certainly not an easy step, and it demands the careful work of all relevant ministries. Austria underwent this procedure, in the framework of programming, during the last period. On the basis of the Austrian experience, the following steps could be recommended:

- 1) Transformation of national programmes has to obtain political support (e.g., Government decision).
- 2) The transformation process has to be co-ordinated and managed by one central authority (e.g., the Ministry of Finance or Ministry for Regional Development).
- 3) A working group should be established, involving all of the relevant ministries managing EU and national programmes in the Structural Funds intervention areas, Ministry for Regional Development, Ministry of Finance, and ND/NSRF/OP designers.
- 4) A working group will be then created inside each relevant ministry, which will be responsible for the transformation of programmes managed from this ministry.
- 5) It is necessary to create a uniform methodology, which will be approved by the working group.

7.1.2 Starting Points for Adjusting Relations between National and EU Lines of Support

The next figure represents a theoretical base for the adjustment of national and EU programmes, which distinguishes four basic approaches to their arrangement. The differentiation of national and EU programmes is based on their narrow or wide focus.

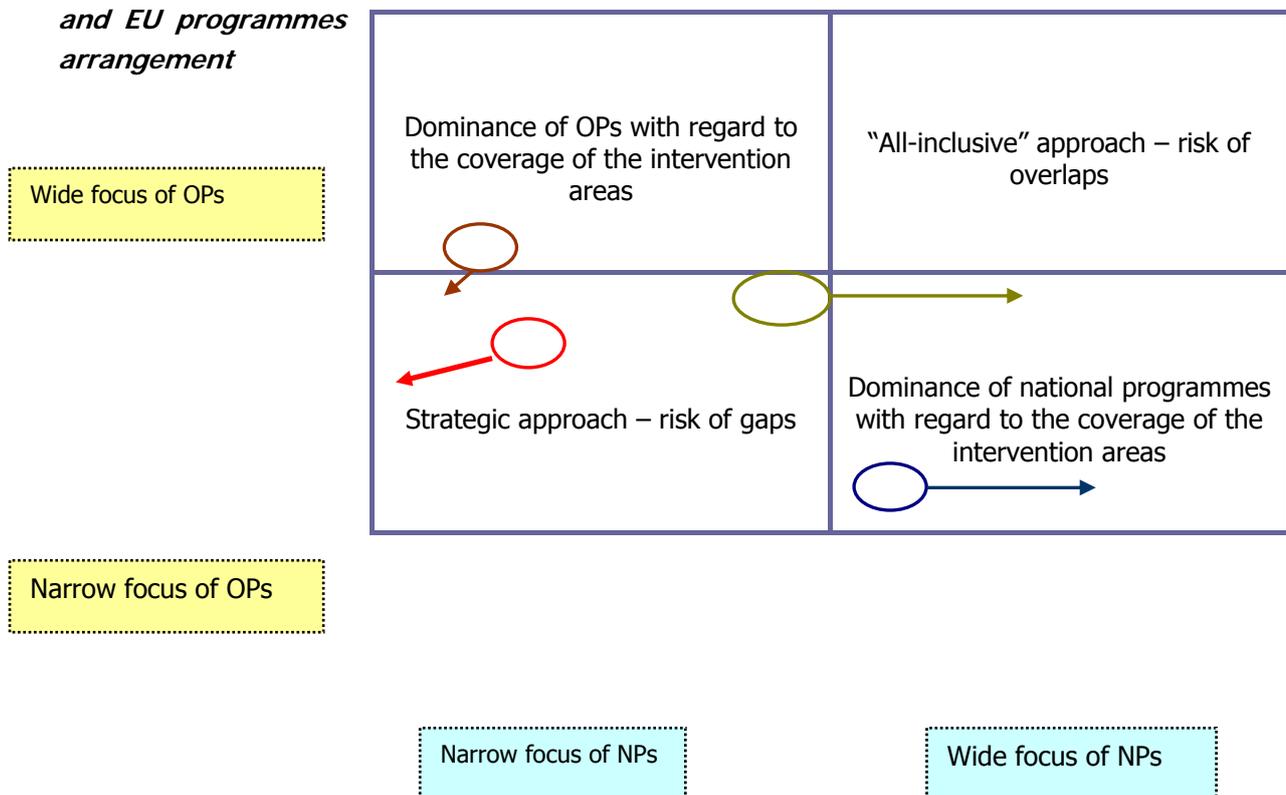
This criterion is often in direct correlation with the number of programmes, i.e., the wider are the programmes' focus, the fewer are the programmes.

Nevertheless, the scheme and above-mentioned approach is only a theoretical construction that could serve as a point of departure for the transformation of the entire system. The categorization can be used for the illustration of the current situation, on the level of intervention areas, as well as for an indication of its future orientation.

Considering the pre-supposed volume of the financial resources for the EU programmes in the 2007 – 2013 period, the EU line should be understood as principal, and the national one as complementary. In practice, we first have to define the number and focus of operational programmes, and then continue with the adjustment of national programmes. Nevertheless, both steps have to be interlinked.

The first concrete step in the process of the transformation of the overall system is the assessment of the elimination of national programmes, or of the possibilities of their co-ordination with the EU programmes, following the National Strategic Reference Framework and the creation of Operational Programmes.

Figure 2: National and EU programmes arrangement



Legend:

Ellipse: Current situation

Arrow: Recommendation for future changes

- Green – HRD
- Brown – Business and Innovation
- Red – Tourism
- Blue – Planning and Regeneration

7.2 Recommendations for Intervention Areas

7.2.1 Human Resources Development

Recommendations for National Programmes

Several programmes could be transformed in several ways, e.g., transfer to the EU programmes, transfer to the regional level, or their integration.

a) Programmes elimination

We don't have recommendations for the complete elimination of any programme in the HRD area.

b) Programmes integration

Many of the HRD programmes are very narrowly oriented and have only very small budgets. In cases in which they are managed within one ministry, we recommend evaluating the option of their integration. The integration is possible, for example, in the following cases:

- Programme Supporting Establishments Providing Services in the Area of Social Exclusion Prevention, for Parents Taking Care of Children up to the Age of Six; Programme Supporting Consultancy for Women and Girls in the Situation of a so-called Unwanted Pregnancy; and Programme Supporting Education towards Harmonious Marriage and Responsible Parenthood (all under the MLSA).
- Programmes toward the support of foreigners' integration (Programme Supporting Foreigners' Integration; and Programme Supporting Activities in the Field of Foreigner Integration in the Czech Republic) which are managed from different ministries (MLSA and MEYS), so integration would be more difficult.
- Programmes with a very narrow focus, under the MEYS (Programme Supporting Schools with a High Proportion of Pupils from Socio-culturally Disadvantaged Environments; Programme Supporting Education in Minority Languages and Multicultural Education; Programme for the Integration of the Roma Community; and perhaps the Programme Supporting the Activities of Associations in Regional Education).

c) Transfer of the programmes to another entity (such as a region)

The possibility of transferring programmes to the regional level is relevant mainly in the Education Intervention area (e.g., the Programme Supporting Romany Students in Secondary Schools - financing the transport, allowances, fees, schools, and teaching aids for those students). This programme has very a narrow focus, and it would more appropriate to implement it on the regional level.

d) Transfer of national programmes to the EU programmes

The transformation of national programmes in HRD area is feasible in many cases, with the exception of AEP tools which are excluded from the state aid regime. There are several options:

- Programmes with a narrow focus could come under one project of the ESF programme (e.g., the Programme Supporting Romany Students in Secondary Schools). Greater financial resources could be obtained in this way.
- Programmes with a wider focus could be implemented as grant schemes under the ESF programmes, but their availability to current applicants has to be preserved (one grant scheme can cover even several current national programmes). This option brings more financial resources for programmes as well.

Recommendation for the Design of New Programmes

We do not have recommendations for the creation of new programmes in the area of HRD. The gaps, from a long-term perspective, were identified mainly in the support of "adaptability", which is now provided through ESF programmes. On the basis of Priority 4 implementation (in both ESF programmes), it would be possible to decide about the extension of this support, or to adjust it to the needs of employees and employers.

More support has to be provided to the development of the information society, according to the Action Plan, eEurope 2005, which forms a part of the Lisbon Strategy (support for modern, on-line public services: e-government, services of e-education, services of e-health, a dynamic environment for e-business) and the new strategy for the information society, called "i2010". This strategy aims to stimulate the use of ICT and continue eEurope, supporting an uncomplicated, stable, and competitive environment for electronic communication and digital services, investments into R&D in the ICT sector, and integration of everyone into the information society. The so-called "Three I's" are emphasised (innovation, investment, and integration into everyday life). This support can be provided mainly through EU lines of support (also through programmes under the budget line 1A).

In the new programming period, within the framework of the Convergence Objective, it will be possible to provide support for building institutional capacity, which was identified as one of key barriers for effective programmes implementation. This gap can thereby be filled by the EU line of support.

In the analytical part, we have identified other rather minor gaps which could be covered by the wider or adjusted focus of future operational programmes.

7.2.2 Support for Business and Innovation

Recommendations for the National Programmes

a) Programmes Elimination

We recommend the elimination of the "Consulting" programme, under the Ministry of Industry and Trade (MIT). This could happen under these circumstances:

EU programmes would be able to support the consulting services for the SMEs through consulting firms.

Note: We mean, by these consulting services, affordably priced services of up to EUR 3,000 (e.g., business plan preparation, patent application, basic consultancies for start-ups). The administration of such a programme through the standard state support system would not be effective.

Some of the contemporary services which are financed through the "Consultancy" programme would be incorporated into the national "Market" programme and the EU "Start" programme, in the Operational Programme Industry and Enterprise. These are, for example, further business education, business plan preparation, consultancy on business loans, etc.

These services ought to be available throughout the Czech Republic

b) Programmes Integration

At the moment, the national programmes effectively supplement the European ones; therefore, we do not have any recommendation for the integration of the programmes. This is especially due to the experience with the support of SMEs.

c) Transfer of Programmes to Other Entities (such as the Regions)

The contemporary national programmes are not suitable for such a transfer, as they supplement the European programmes. Therefore, we consider it to be very positive, if they were to continue to be implemented by the same state bodies. A strong argument in this respect is that the implementation bodies, such as Czech-Moravian Guarantee and Development Bank or CzechInvest, possess a system of regional offices, which further improves the availability of the support.

Note: In the future, the potential transfer of the programmes supporting Research and Development ("Progress", "Tandem", "Impuls") might be reconsidered in connection with the establishment of the "Innovation Agency". It is recommended in the proposal of the National Innovation Strategy.

d) Transfer of National Programmes to the EU Programmes

In the event of the elimination of the state incentives scheme, the Programme for the Support of the Regeneration of Industrial Zones can be transformed to the Operational Programme Industry and Enterprise (Measure 1.2 – Programme "Real Estate").

Recommendation for the Design of New Programmes

We found a territorial gap in the support of Business and Innovation. It concerns a part of the territory of the City of Prague, which is not eligible for Objective 2. Projects from this area are therefore not eligible for the EU money at all. As adequate national programmes do not exist, it lies entirely outside the scope of state support. Therefore, we recommend the creation of new national programmes, which would supplement the European ones, especially the following:

- The "Prosperity" programme (OP Industry and Enterprise), which supports the construction of the infrastructure for the cooperation of research and development institutes with businesses, and the private sector in general.

- The “Innovation” programme (OP Industry and Enterprise), which supports the introduction of new technologies.

We also recommend creating a new programme for the support of the establishment and activities of the “pre-seed, seed, and start-up” capital funds, operating throughout the entire Czech Republic⁸.

7.2.3 Tourism

Recommendations for the National Programmes

The weakest point of the support programmes is that they do not pay much attention to those entities in tourism, which are probably most in need of public support. That means the category of small municipalities and small enterprises operating in tourism. Small municipalities in regions with heavy tourism usually bear significant costs related to tourism, without being compensated for them in their income from tourism, due to the setup of the system of local administration financing. The segment of small enterprises constitutes the decisive part of tourism enterprises, but given the seasonal character of this area, also the most vulnerable. On the contrary, tourism support in the JROP is focused on larger projects, executed usually by economically strong business or public entities.

In the current setup of support from European programmes, the **State Tourism Support Programme** proves to be very useful, which corresponds to the opinion of the representatives of the programme providers – the Ministry for Local Development. Given the fundamental differences in the volume of resources in both lines of support, their co-ordination seems to be a logical solution; in principle, co-ordination can have two basic forms:

- a) Retaining the “weak” national line of tourism support programmes, focused on specific areas of support, which could not be covered from European programmes;
- b) Eliminating Czech support programmes and using the “freed-up” resources to co-finance aid from the Structural Funds.

Given the nature of the sector, and the overall low absorption capacity of tourism entities to gain public support, we can recommend the following modification in the support system in the new programme period:

- a) Proposed changes to European programmes:
 - Increase the decentralisation of support while maintaining support for programmes of national significance;

⁸ Pre-seed capital fund – a capital fund, which finances the costs of the commercialisation of the results of research and development (following the path from the innovative idea to the prototype and functional model).

Seed capital fund – a capital fund, which finances new firms in the period before their actual establishment.

Start-up capital fund – a capital fund, which finances the early stages of potentially successful enterprises.

- Strengthen the focus of the support system on "small" support recipients, through a simplification of the system (lower demands on applicants for support) and decreasing the average size of the projects supported;
- To reduce or eliminate entirely support for large business projects;
- To establish greater ties between the subject of support and the strategic priorities of tourism development in the Czech Republic.

b) Proposed changes to national programmes (State Tourism Support Programme):

In the case of a modification of the system of European programmes focused on tourism support, in line with the proposals specified above, we would recommend abolishing this programme. Alternatively, we would propose changing its focus, and focus the programme on increasing the absorption capacity of economically weaker entities in tourism to draw support from structural funds, such as by supporting those entities in preparing applications, etc. If no significant changes in the focus and the system of implementation of European programmes take place, we would, on the contrary, recommend that the Czech line of support for tourism be retained or even strengthened, so that it would "fill" the gaps in public support for tourism which remain uncovered by European programmes.

7.2.4 Planning and Regeneration

Recommendations for the National Programmes

The majority of the support in this field comes from the EU programmes. The national programmes supplement them; but, in financial terms, rather significantly (see Chapter 3.4.1). Most of the national finances comes through the Programme for the Support of the Development of the Industrial Zones (PSDIZ). It supplements the support for strategic projects and investment incentives in the preparation of the production plots and sites. These types of projects require a flexible approach, and great benefit comes also from advance payments, before the realisation of the projects.

We also see benefit in the national support for the revitalisation of the areas with housing projects from the communist period. The direct reconstruction of the houses is not funded through the programmes, but through the subsidies on the interests of the loans. The EU does not provide financing for the direct reconstruction of housing, but the new EU members are trying to change this, by having this support incorporated into the Structural Funds. This might become a political priority for them in the near future. If these changes take place, then the national support will of course become redundant.

We consider the existence of the regionally oriented national programmes, in their current design, to be questionable. Although they are meant to develop exceptional conditions for the disadvantaged regions (and especially their smaller municipalities), it was claimed by the administrators of these programmes that the bureaucracy of the SF is too demanding for these recipients, and that they have problems ensuring co-financing.

In the field of planning, the regional programmes are focused on the master planning process in the less developed areas, and on other specific types of planning documentation. This field is not generally supported by the EU, and therefore falls almost entirely within the competence of the member states. This situation is correct, from our point of view, and ought to continue as it is. The projects supporting planning are not financially demanding and they might have a great added value, which is their strength. Still, we found some gaps in the Czech support of planning (see Chapter 2.7.5).

a) Programmes Elimination

The elimination of the national programmes would be rather problematic. In most cases we simply cannot recommend it, primarily because there does not, and in some cases even cannot, exist adequate support on the EU level. There is one exception, the regionally oriented national programmes, and in particular their parts oriented on the brownfields regeneration, where there are overlaps among the national and EU programmes. On the other hand, their total elimination would mean that the Czech state would lose one of its few tools for directing regionally specific assistance. We therefore recommend higher territorial concentration and the elimination of the overlaps with other programmes.

b) Programmes Integration

We consider this solution to be unsuitable for this field of support. Should there be created a complex programme for brownfield regeneration, allowing for the multifunctional use of the land, then the contemporary programmes might be integrated.

c) Transfer of Programmes to Other Entities (such as the Regions)

The support for the area of regeneration is, according to us, most effectively administered on the national level, whether we are speaking about national or European programmes. Programmes supporting planning processes (especially master planning and strategic planning) might be transferred to the regional level. These projects are relatively small, not too financially demanding, and rather easy to administrate. The greatest advantage of the regions lies in their detailed knowledge of their respective territory, which enables them to more effectively direct support to those who are really in need of it.

c) Transfer of the National Programmes to the EU Programmes

The opportunities for the transfer of the national programmes into the ESF in the studied field are rather limited. We see in the future some potential for this, in the field of the regeneration of the housing projects from the communist period. This depends on whether this support would be incorporated into the ESF, in response to the demands of the new member states.

Recommendations for the Design of New Programmes

To fill the principal gap in the field of regeneration, we recommend the creation of a complex programme for brownfield regeneration, allowing for the multifunctional use of the land. This programme should cover most of the country. We consider it to be possible to solve this issue within the ESF.

We defined the gap in the field of planning as the lack of support for strategic planning. This should be resolved in coordination with the existing support for master planning, for the less developed or disadvantaged municipalities and regions. This has to be resolved within the system of national programmes, as the EU does not support these activities.

7.2.5 Agriculture and Rural Development

In the area under review, the abolition of individual subsidy titles does not have to be proposed, given the different concept of support, target groups, and the territory specified. We only propose to abolish one subsidy title – the breeding of fighting animals.



a) Programmes Integration

Programme integration is an effective tool for intensifying support in the areas under review, and for enabling a more efficient expenditure of funds on individual support types. Programmes which could be integrated are from the group of partial subsidy titles based on current legal regulations – the Agriculture Act – and enable support for a greater number of specific activities in agricultural production and related activities. Support is provided in the form of a non-refundable subsidy. In proposing a change, we could recommend support in the form of project preparation assistance only, which requires an active approach of the support recipients, and makes it possible to provide support to greater or more concentrated projects or activities, which can influence the ecological stability of the environment to a greater extent.

b) Transfer of Programmes to Other Entities (such as the Regions)

It would be more effective to transform certain programmes, primarily those designated to support the construction of water mains and sewage, into regional programmes, as regional institutions can provide support for each of the investments more efficiently and with greater local knowledge. Furthermore, it would also be more effective to transfer to the regions the support for civic associations - support for hunting associations.

c) Possible Transfer of the National Programmes to EU Programmes

It is advantageous to transform into European programmes primarily those programmes which are similar to Cohesion Policy programmes, whether as regards the subject of the support, or the target group. This group of programmes includes primarily programmes of support for forestry, which are focused on supporting forest management or on supporting the individual owners of land designated to perform the function of a forest. Similarly, support in the national "Leader +" programme, and in the Rural Renewal Programme, could be integrated under European programmes.

We recommend keeping in their present form the programmes associated in the Fund for the Support and Guarantee of Farmers and Foresters.