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**EU Accession, Regional Policy, Social and Economic
Development in East Central Europe**

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EU Accession, Regional Policy, Social and Economic Development in East Central Europe

Papers from a workshop at the University of Paisley, 15th & 16th May 2003

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This occasional paper contains a selection of the papers presented at a workshop, supported by funding from UACES, at the University of Paisley. The workshop was divided into five sessions which covered the Scottish experience of accessing EU Structural Funds, regional problems and the relevance of the EU to the development of regional policy in the Czech Republic, the development of policy towards regional problems in east-central Europe on the part of the EU, the interaction between EU policy and ideas on Czech and Slovak rural development and the restructuring of certain Czech regions. Papers were presented by six participants from the UK, one from Slovakia and three from the Czech Republic.

The workshop led to three positive outcomes. At the practical level, contacts were established between practitioners in Scotland and the Czech and Slovak Republics. There was a more general opportunity to compare thinking and ideas, leading to a greater understanding of the likely impact of EU accession. This pointed towards considerable scepticism over the extent of benefits likely to be derived from Structural Fund support alone. Crucial institutional elements may still be weak, or missing, which could hamper the countries' ability to take full advantage of EU membership. Finally, a start was made towards longer-term research collaboration which is likely to involve investigations of how regional and local plans are formulated, in the sense of who participates and how, of how far they are influenced by the needs of fitting with criteria and ideas emanating from Brussels and of how far such influence can be seen to be beneficial.

Contents

Page

EU Assistance and CEE Regional Development

Brian Slocock

4

Implementation of EU Regional Assistance Programmes in Moravia-Silesia and Upper Silesia

Irene McMaster & Martin Ferry

13

Regional Governance in the Context of Regional and Spatial Planning Reforms in the Czech and Slovak Republics

Simon Smith

29

EU accession and Czech regional differences

Martin Myant

40

Czech experience and prospects with European rural development funding

Oldřich Čepelka

61

Rural Parliament and its Influence on Rural Development Policies in Slovakia. Current Situation and Plans

Magdaléna Bernátová

70

Czech Socio-Ecological Methods for Enhancing Citizen Participation in a Rural Context, based on the Use of Photos

Bohuslav Blažek

80

EU Assistance and CEE Regional Development

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Introduction

The accession to the European Union of eight states from Central and Eastern Europe in 2004 will lead to a major increase in the volume of financial resources flowing from the EU to CEE states in the form of aid for regional development. Moreover these funds will be at least partially under the management of regional administrative and political structures. This process is already underway and is taking place in two phases: the first, launched in 1999 involves the creation of a major programme of Pre-Accession Aid designed to lay the groundwork for effective accession. In the second phase, which will open with accession, the new member states will become eligible to participate in the existing EU structural funds programmes. A third phase will open in 2006, once the new financial framework for the EU has been settled, with a new programme of structural and cohesion assistance – one which the new CEE member states will be able to shape.

Pre-Accession aid

This represents a large expansion and restructuring of the assistance programme for CEE, which was previously conducted under the badge of PHARE. Over the period 2000-06 the budget for all forms of Pre-Accession aid amounts to €3bn per year, and it has been reorganised into three separate strands – PHARE, ISPA and SAPARD.

PHARE. After 1999, PHARE was restructured in the context of the new “Accession Partnerships” which defined the main objectives that had to be fulfilled in order to implement the Community *acquis*. It is now focused on facilitating the assumption of the EU’s *acquis* by accession states and “tackling the issue of economic and social cohesion.” Over €7bn of funds are allocated to PHARE for the period 2000-06, to support “institution building” (30%) and investment support (70%). The investment support element of PHARE incorporates:

- a) investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis* and direct, *acquis*-related investments

b) investment in economic and social cohesion through measures similar to those supported in Member States through the European Regional Development Fund and the European Social Fund.

(From *Accession Partnership 1999* documents)

Recent Commission statements refer to “integrated regional development programmes” as one of the prime concerns of PHARE (<http://europa.eu.int/comm/enlargement/pas/paa.htm>) and the first Phare programmes focusing on economic and social cohesion are being financed in 2000 on the basis of draft national development plans produced by the accession states.

ISPA. This strand has been deliberately designed to parallel the EU’s Cohesion fund, which the accession states will gain access to from 2004 onwards. There are two sectors that qualify for support under this programme:

1. Environment. The emphasis here is on projects linked to the implementation of EU environment directives, especially those which require large-scale investments. The key areas which have been identified by the Commission for support are drinking-water supply; treatment of waste water; and solid-waste management and air pollution. (Almost all the projects submitted for 2001/02 in Poland and the Czech and Slovak republics are concerned with drinking water quality and waste water treatment.)
2. Transport. The focus here is on transport infrastructure and linking the applicant countries to the Union's transport networks.

A total of EUR €1,040m a year (at 1999 prices) has been budgeted for as pre-accession aid over the period 2000-06. Projects for support are nominated by the candidate countries and must be part of an ISPA sector investment plan endorsed by the Commission.

Between 67% - 80% of the budget allocated for ISPA projects in Poland and the Czech and Slovak Republics for the period 2000-06 had been allocated by 2002. The allocation of funds between the two areas is broadly similar: of funds allocated in 2002, in the Czech Republic 39% was for environmental projects and 31% on

transport; 53% for the environment and 45% for transport in Slovakia; and 49% for the environment and 51% for transport in Poland.

SAPARD. This programme is focused on agricultural and rural development support.

Its main objectives are to:

provide assistance ...in particular in the following two areas:

(a) contributing to the implementation of the *acquis communautaire* concerning the common agricultural policy and related policies;

(b) solving priority and specific problems for the sustainable adaptation of the agricultural sector and rural areas.

(From *Accession Partnership 1999, Czech Republic*)

Table 1: EU Assistance to CEE states 1995-2004 (in €m)

	PHARE annual average 95-99	Annual pre- accession allocation 2000-06	<i>PHARE</i>	<i>ISPA</i>	<i>SAPARD</i>	Pre- Accession/ 95-99 Ratio
All CEE	730	2645	1085	1040	520	3.6
Czech Rep	69	158-184	79	57.2-83.2	22.1	2.5
Slovak Rep	48	103.7-124.5	49	36.4-57.2	18.3	2.4
Poland	203	878.7-951.5	398	312-384.8	168.7	4.5
Bulgaria	83	235.3-276.9	100	83.2-124.8	52.1	3.1
Romania	110	600.6-663	242	208-270.4	150.6	5.7

Table 1 summarises the changing level of assistance provided under EU programmes for the CEE states. The final column gives an indication of how much more substantial pre-accession aid is compared with preceding programmes: overall pre-accession aid is 3.6 times the volume of assistance under PHARE. It is noteworthy that aid allocations are not weighted in favour of the “first entrant”: states due to join in 2004, with Romania emerging as one of the main beneficiaries of the new arrangements.

STRUCTURAL FUND ASSISTANCE AND THE NEW MEMBER STATES

However the next quantum shift in the level of assistance is one that *will* benefit the new entrant states disproportionately as, from 2004 onwards, they begin to receive funding directly from the structural funds – especially from Objective 1 allocations – and from the Cohesion Fund and assistance for rural development provided within the

framework of the European Agricultural Guarantee and Guidance Fund (EAGGF). The sums available under these various headings have been determined in the accession negotiation process and indicative figures and ranges incorporated into the Accession Treaty.

Table 2 provides a summary of the shifting dimensions of EU assistance to Poland, Slovakia and the Czech Republic separately, from PHARE, through pre-accession aid to the agreed post-accession package for 2004-06

Table 2: Post-Accession Development assistance (in €m – indicative figures)

Accession Treaty Allocation 2004-06	Structural Funds *	Cohesion Fund **	Rural Development (EAGGF)	Total development assistance	%GDP (1999) Year	€ per capita
Czech Rep	1 491.2	836.4	481.5	2 809.1	1.81%	273.5
Slovak Rep	1 050.3	509.7	352.3	1,912.3	3.36%	354.1
Poland	7 635.3	3 733.1	2543	13,911.4	3.19%	359.9

* Structural funds assistance includes allocations under Objectives 1,2, and 3 and Community initiatives

** Cohesion fund allocations are a range: this is the median figure

There are a number of factors which will modify the impact of these flows. In an effort to contain discontent over the provisions in the Accession Treaty for scaled-down CAP subsidies to farmers in the acceding countries, it has been agreed that individual CEE governments can boost these sums by transferring funds earmarked for rural development to production-related assistance. This means that between now and 2006 a substantial part of the rural development funding will be diverted in this fashion. There are also doubts about the capacity of the acceding countries to absorb the full volume of assistance available in these early years, especially given the requirement for co-financing from domestic resources. On top of this, there is a systemic gap between the allocation of funds under EU programmes and the actual transfer of resources. As one report puts it “the root cause of the problem is not the lack of funds but their slow movement” – for example only 16% of structural funds allocation for 2004 will actually be paid in that year. (RFE/RL 2002a). This has led to allocations in the EU budget which fall far short of the Treaty provisions for structural

fund assistance - a fact which has sparked off a debate in some acceding countries about the net level of benefits to be received.¹

Nevertheless the treaty allocations give some sense of the potential impact that the structural funds could have on the public finance regimes of the acceding countries – and these are figures that will eventually be both reached and surpassed, as acceding countries learn to play the structural funds ‘game’ and seek to achieve the upper limit of 4% of GDP in annual assistance from the Structural and Cohesion funds (European Communities, 1999, Art. 7 para 8), a figure which some governments are already treating as a target (see Lachnit, 2001).

What these figures indicate is that development assistance under the post-accession regime could reach about 5 times the already enhanced level of aid that is currently being provided under the pre-accession programmes. This is a very significant level of financial transfers – as the figures on annual flows as a proportion of GNP indicate.

Such a volume of financial transfers will have both significance at the macroeconomic level, and also an impact on the political institutions that are due to administer these funds and the social structures into which they pass at the regional and local level. For example, if we take the Czech Republic as an example, the funds flowing in under the various strands of assistance between 2004-06 will amount to about one-third of the current volume of public capital spending; the funds allocated under the structural fund alone, which will flow through regional channels, will amount to a similar proportion of the capital spending currently undertaken by municipalities and regional authorities. (Estimated from data in CSO 2003) Both of these figures could double if the Czech Republic were to achieve the objective of tapping EU assistance to the maximum level allowed post-2006 era.

Implications of the Structural Funds Regime

¹ In response to this problem, the EU has agreed to a special transitional ‘cash-flow’ facility which will protect the acceding states from any net deficit in financial transfers in the early years, (see CEC 2002, Sect IV ‘Transitional arrangements for budgetary compensation’; and RFE/RL 2002b)

We can identify a series of issues that will emerge once significant funds start to flow, and, indeed, even earlier, as CEE states are integrated into the management regime for the structural funds.

The first question is whether the structural funds will lead to deepening regionalisation or strengthened central management of regional processes in the accession states. The enhancement of financial resources passing through the hands of regional structures and the importance of regional networks for the effective mobilisation and administration of these resources would tend to suggest the former. However the experience of some existing member states suggests that the opposite dynamic is also possible. The complexity of EU bureaucratic procedures – especially noteworthy with regard to the structural funds – and the need for political support in negotiations with the Brussels bureaucracy can combine to strengthen regional dependence upon central states ministries and their officials. When we add to this the need to find domestic co-funding, which in most cases will come from the state budget, the continuing dependence of regional structures upon the central state is only too apparent.

A second question is what impact the structural funds will have upon the balance of power and level of conflict between different regional structures. In the Czech case, the management of the structural funds will be focused around NUTS II ‘cohesion regions’ which have been created especially for the purpose, and which do not correspond to the structures of sub-national government, the regional level of which (the *kraj*) corresponds to the EU’s NUTS III level. There may thus emerge a significant conflict between the principle of legitimacy and that of resource dependency: the *kraj* administrations will have the advantages of a clear constitutional status and a democratic mandate; but a very important pot of resources will, at least initially, be in the hands of institutions that have neither. Will significant differences emerge in the perspectives of the two regional levels: one, for example, reflecting the demands of ‘civil society’ (both positive and negative) and the other a more technocratic (and perhaps EU-driven) approach to regional development? Will this lead towards more extensive institutionalisation of the ‘cohesion-regions’? Or to stronger collaboration between *kraj* governments in order to enhance their control

over the structural funds process? Or will it be exploited by the central government to strengthen the status of the centre as an essential broker?

A third issue is the developing role of the European Commission in this process. Will it be an essentially bi-partite process, the Commission bargaining with a relatively homogenous set of national actors, or will Brussels seek to forge a tri-partite game, in which the Commission exploits differences between regional actors and central governments in order to enhance its own role and pursue its own objectives? This will be connected to the *type* of role the EU seeks to play - Broker or Bureaucrat? The former would be an essentially political role that could enhance its own influence and have a significant impact upon the structures of administrative power in the accession states. But the Commission's preoccupation with issues of administrative probity and fears of corruption drive it increasingly towards the latter role, which tends to turn it into an administrative ogre, causing those it deals with to group together for mutual protection and to obstruct any possible political bargaining and brokering. (This, of course, is an issue bound up with the wider debate on the future of the structural funds system which is taking place within the European Union)

The emergence of a major new resource, not already governed by established practices and purposes, will have an impact upon political institutions and networks. The experience in existing member states, especially the poorer ones, is that such a resource tends to flow into and reinforce existing structures of political patronage and clientelism. (See the various case studies in Heinelt and Smith, 1996) But one aspect of the socio-political 'transition' in CEE states is that such structures have yet to be firmly established and consolidated. What role will the structural funds play in this process? And what role will such processes play in the deployment of the funds? Will 'civil society', mobilised at the regional level, be a beneficent influence for the creative and productive tapping of regional resources or will it divert these resources for the benefit of emerging elites and their equally emerging networks of power and influence?

This leads to a final issue – that of the 'private appropriation of public resources'. The structural funds are public resources flowing through public channels. This inevitably generates a bias in the targeting of resources, which tends to favour public or quasi-

public uses, as any inspection of structural fund programmes in any member state will confirm. Rather roundabout rationales have to be developed where development priorities call for assistance to the private sector. The latter may be accepted as the 'final beneficiaries' of publicly managed projects, but this still has a bias: projects that create infrastructure or that provide less tangible and exclusive benefits like human resource development are relatively easy to initiate; but those which provide direct support for profit-making productive activities are more problematic (Indeed, the formal rules of the funds limit EU funding of revenue generating projects in the private sector to 35% of costs.) However in the context of economies still caught up in the travails of 'transition' to a market-based, capitalist, and globalised economy, it is precisely such forms of support that are most urgently needed to enhance competitiveness. If formal rules make this difficult, we can be fairly sure that informal practices will fill the vacuum: through corruption and various forms of quasi-corruption (distortion of priorities, biased allocation of contracts, overcharging, diversion of materials and resources). These might be seen, from a social science perspective, as useful mechanisms to free the use of key resources caught in a bureaucratic procrustean bed (and, ironically, are similar to the practices developed in a previous era to cope with the inadequacies of central planning). But the danger is that they will become entangled with the processes referred to above of elite network-building, which may result in an equally distorted and unproductive set of allocative outcomes.

Whatever the outcome of these various processes, we can be sure of one thing – there is plenty of material here to engage social science researchers of all persuasions for at least the next decade.

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Implementation of EU Regional Assistance Programmes in Moravia-Silesia and Upper Silesia

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Introduction

The context for the paper is the ‘rediscovery’ of the region in sections of the academic literature, reflected in genres such as the ‘new economic geography’ and ‘new regionalism’. The debate in the literature is associated with a series of profound changes in the structure and systems of governance throughout Europe. A key part of the reconfiguration of competences, policy tasks and relations between European, national and sub-national levels of government, is a process of regional institution-building associated with various forms of devolution and deconcentration. This has involved a progressive delegation of authority for certain economic development activities carried out with the aims of (variously) enhancing local identification with policies, increasing local responsibility for economic development and improving the effectiveness and efficiency of policy design and/or delivery. Characteristic of these trends has been “the key role accorded to the regional level in leading and co-ordinating an integrated response to economic development challenges”.²

In Central and Eastern Europe, in parallel with programmes of economic and political reform, important changes have been introduced to the territorial administrative structures and the relative division of powers between levels of government in the CEE countries.³ At the same time, the implementation of EU pre-accession financial aid instruments, and the preparations for the future receipt of Structural and Cohesion Fund resources through EU regional policy, have raised the political profile of regional policy and the requirement for ‘appropriate’ regional administrative structures.

² Bachtler J. (2001) *Where Is Regional Policy Going? Changing Concepts of Regional Policy*, EPRC Discussion Paper, University of Strathclyde, October 2001.

³ Gorzelak G. (1996) *The Regional Dimension of Transformation in Central Europe*, Jessica Kingsley; Blažek J. (1999) *Regional Development and Regional Policy in CEECs in the Perspective of EU*

The paper focuses on the experience of Moravia-Silesia in the Czech Republic and Upper Silesia in Poland in this context. These heavy industrial regions represent a spatial concentration of some of the most intractable problems of structural and economic reform. The scale of difficulties make the economic development of the regions critical at national and wider European levels – particularly in the light of future EU enlargement. In both cases, regional levels of administration, lacking at the start of the 1990s, have been introduced, together with the granting of varying degrees of economic development competence. The intention is to encourage the emergence of new regional actors and the development of regional policy networks and partnerships. One way or another, these regions have received special attention down the years: as the heavy industrial heartlands of their

national economies they were particularly important to communist central governments whose sectoral priorities far outweighed their commitment to regional policy; in the post-communist period, as economically important regions simultaneously in need of economic restructuring, both have been among the first recipients the of pilot ‘regionalisation’ initiatives and had extensive experience of various EU funded programmes. These regions, therefore, provide examples of the meeting of newly emerging forms of regional governance and the traditions of former, communist-style regional government and development through hierarchical, sectoral and political interests.

The paper has two main goals:

To study the *policy implications* of these processes, assessing the impact of changing institutional and procedural frameworks on

regional economic development policies. How have the political objectives, policy priorities, instruments and administrative mechanisms for economic development changed?

To compare briefly the experiences of these regions: what similarities and differences can we identify between approaches to the implementation of EU regional assistance programmes?

Background – overview of the impact of EU regional aid in the 1990s

The history of EU regional assistance in CEEC can be divided into distinct phases. From the early 1990s EU funds began to introduce new ways of thinking about regional policy in Poland and the Czech Republic. Early Phare programmes, such as Phare-STRUDER, targeted regions in particular need of assistance

and supported the development of institutions and agencies dedicated to regional development. Regional Development Agencies and Investment Funds began to emerge in both countries. However, this could not compensate for the absence of a co-ordinated, coherent regional policy process at central and regional governments level and institutions created through this process were initially seen as isolated actors in the field. ⁴

In the second half of the 1990s, the persistence of regional socio-economic disparities (apparent in both countries) and imminent negotiations for EU accession, paved the way for efforts to create a more coherent system for the implementation of vital EU regional aid and the delivery of regional policy in general. The implementation mechanisms for pre-accession instruments were designed to mirror closely those of the current Structural Funds which have three distinct components:

- *the elaboration at national and regional level of strategic, regional development programmes;***
- *institutional arrangements for their monitoring and evaluation (including the establishment of***

⁴ See M. Brusis (ed.), *Regional policy-making in Bulgaria, the Czech Republic, Estonia, Hungary, Poland and Slovakia* CAP Working Paper, Munich, December 1999 p13.

*administrative units matching the EU's
nomenclature for territorial units, NUTS)⁵; and,
- decentralised decision making in project
generation and selection.⁶*

The paper will look at how these principles have been adopted in Poland and the Czech Republic and the impact they have made at regional level.

The implementation of EU regional assistance programmes is daunting for most Member States, given the wide range of organisations and individuals potentially involved in different tiers of governance, the complexity and range of regulatory requirements associated with programming and, in particular, the need to reconcile arrangements for these instruments with domestic systems.

⁵ The nomenclature is designed to create a single, coherent structure of territorial distribution, and is used by the Commission for the production of regional statistics to facilitate the socio-economic analysis and comparison of European regions.

Meeting these requirements represents an even stiffer challenge for prospective members, such as Poland and the Czech Republic, where, as accession negotiations began in earnest, weaknesses in both countries' administration of vital EU structural funds were glaring.⁷ The confused and still centralistic system of regional policy formulation and delivery operating in both countries did not meet EU requirements for the implementation of assistance. The demands of Chapter 21 of the *acquis*, referring to the creation of regional administrative units meeting the NUTS criteria, inter-ministerial co-ordination over regional policy, the development of regional institutional capacity and the embedding of the partnership principle were clearly not being fulfilled. The absence of units

⁶ Taylor S. and Raines. P. (2001) *Implementing Cohesion Policy and the Pre-Accession Instruments*, Paper presented at Benchmarking Regional Policy Senior Regional Policy Maker Conference, Forest Hills Loch Ard Scotland 9-12 September 2001.

of self-governance at the regional level was also contrary to the principle of decentralisation advocated by the European Commission.

Consequently, considerable changes were introduced in the implementation structures of EU programmes, leading to a proliferation of systems tailored to its delivery. A series of legislative reforms in the area of regional policy and regionalisation was adopted, setting out new institutional and programming frameworks at the national and regional level, designed to meet EU requirements (Table 1 illustrates the level of legislative activity involved).

⁷ In fact, in May 1998 bureaucratic confusion and wrangling over the distribution of EU aid resulted in the European Commission's rejection of a series of Polish Phare grant applications worth €34 million on the grounds of poor preparation.

Table 1: Regional reform in Poland and the Czech Republic

	Poland	Czech Republic
Legal Framework	<p>1990 Local self-government Act</p> <p>1998 Laws on Regional, County and Local Government Administration</p> <p>Act on Regional development and Regional Policy adopted in May 2000 (Dz.U. z2000 r. Nr 48, poz.550) - sets out the main aim of regional policy and development</p>	<p>The Principles of Regional Policy (No. 235/1998) defined the basic principles, objectives and mode of implementation of policy.</p> <p>The Act on Support for Regional Development (No. 248/2000).</p> <p>Act on Regions (No.129/2000), Act on amendments and repeal of certain laws associated with the Regions Act (No.132/2000), the Municipalities Act, the District Authorities Act and the City of Prague Act.</p>
Territorial Units	1999 creation of 16 self-governing regions	2000 14 self-governing regions and 8 NUTS II Cohesion Regions
Institutions: National	<p>Ministry of Finance</p> <p>Ministry of the Economy</p> <p>Polish Agency for Enterprise Development</p>	<p>Ministry of Finance</p> <p>Ministry for Regional Development (established 1996)</p> <p>Centre for Regional Development</p>
Institutions: Sub-national	<p>Regional Self-governments (Marshal's Offices)</p> <p>Voivod's Offices</p> <p>Regional Development Agencies</p>	<p>Regional Self-Governments</p> <p>Regional Development Agencies</p> <p>Regional Council</p> <p>Regional Development Committee</p> <p>Centre for Regional Development (Regional Branch)</p>

Both countries have now allocated overall responsibility for the *elaboration and implementation of regional development programmes*, including the management of current EU regional assistance programmes and future Structural Funds to one central government ministry. In Poland, the Regional Development Programming Department in the Ministry of the Economy is the dominant actor, in the Czech Republic, the Ministry for Regional Development. These bodies contribute Joint

Regional Operational Programmes (JROPs) to National Development Plans, prepared according to EU guidelines in order to serve as a strategic foundation for all regional development actions in their countries and as the basis for negotiating Poland's financial support from EU funds after its accession to the EU.⁸

At the national level, the implementation agency for Czech Phare CBC, Phare regional development funds and EU regional development pilot programmes is the Centre for Regional Development, responsible to the Ministry for Regional Development, the National Fund of the Ministry of Finance and the European Commission. Currently, only Phare CBC programmes have implementation agencies at the regional level, RDAs fulfil this role. However, in preparation for future Structural Funds regional branches of the Centre for Regional Development have been established in each of the NUTS II regions, which will act as regional implementing agencies for Structural Funds. As we shall see, in Poland, newly established self-governing units at regional level have important responsibilities in terms of programming and implementing EU funds.

In both countries, new territorial structures established for the administration of EU regional assistance programmes are in place. Due to its size and relatively polycentric pattern of development, adapting territorial administrative units to this precondition has been technically straightforward for Poland⁹ (though the setting of new territorial boundaries proved politically controversial). Poland now has sixteen regions corresponding to the NUTS II level. Given its smaller size and more polarised pattern of spatial development, the Czech Republic has found it more awkward to adapt to the NUTS criteria. Eight territorial units at the NUTS II level have been created for the purposes of co-ordinating and implementing EU Funds. However, only three of the country's fourteen self-governing regions (kraj) directly correspond with the NUTS II regional boundaries – the rest correspond to the NUTS III level

⁸ See P. Blajer 'Finisz w listopadzie' *Rzeczpospolita* (Nasza Europa supplement) 12/11/02.

⁹ Candidate Countries (CCs) are primarily concerned with eligibility for EU funding which goes to areas with less than 75% of the average EU GDP per capita and is principally categorised with reference to NUTS level 2 (set by population thresholds of 800-000 – 3 million).

Institutional arrangements for monitoring and evaluation of EU regional assistance have also been made. In Poland, various central agencies assist the implementation process. The Ministry of Economy is the main co-ordinator of EU funds while the Ministry of Finance is the Paying Authority responsible for overall financial monitoring and control. Individual ministries and agencies (such as the Implementing Authority for the Phare-CBC Programme) have their own monitoring arrangements for specific EU funds. The Czech Ministry for Regional Development chairs the National Programming and Monitoring Committee for Economic and Social Cohesion, which is responsible overall coordination of pre-accession structural aid. A Management and Monitoring Committee for Economic and Social Cohesion is responsible for overall coordination of the preparation and monitoring of all activities necessary for the integration of the Czech Republic into the system of economic and social cohesion policy, and of the EU programme to support preparations for the utilisation of the Structural Funds. At the regional level, Regional Development Committees will fulfil a regional monitoring role for Structural Funds.

In terms of *decentralisation in project generation and selection* major changes have also been introduced to the territorial administrative structures and the relative division of power between levels of government. A novel aspect of recent regional reform in Poland is the introduction of a 'dual' administrative structure. Directly elected regional councils represent the regional government. They elect the chief executive officer (Marshal). These new regional units of self-government have important new powers in the field of programming regional economic development and thus in implementing EU regional assistance. The majority of regional level strategies and programmes which feed into the National Development Plan are prepared in the Marshals' offices of regional self-government Marshals through consultation with regional policy experts and a range of representatives from the region's public and private organisations. Regional self-governments also play an important role in specifying detailed criteria for the selection of appropriate regional development projects, co-financed by EU funding.

The Prime Minister still appoints a regional voivod who safeguards the interests of the state on the regional level. He or she is the superior to all employees in the general

state administration, controlling the legality of decisions taken by the territorial governments on all three tiers. The voivod has the final say in the implementation of provincial policies and, as representative of the state treasury, controls finances. This includes having the final say in which regional projects will be financed.

In the Czech republic Regional Councils, made up of representatives of the self-governing regions from within the NUTS II area, have been created to fulfil the role of regional managing authorities for Structural Funds. They have a key role in the development of regional level strategies and programmes co-financed with EU funding, appraisal and selection of projects, decisions on funding for individual measures and implementing monitoring and review measures.¹⁰ Seven branches of the Centre for Regional Development (CRR) are now in operation. They are responsible for project implementation of EU funded projects at the regional level. Finalised projects will go to the CRR and the CRR branches will implement the projects, supervise the tender and cover all the financial management.¹¹

The cases of Moravia Silesia and Upper Silesia

So, what has been the impact, thus far, of

changes in the implementation of EU regional

assistance in Moravia-Silesia and Upper Silesia?

At this point it should be noted that the process

of creating new institutional arrangements has

been extremely rapid and the new regional units

¹⁰ The Councils are made up of ten representatives from each regional parliament within the particular NUTS II region. In practice, this means that the Councils can vary in size from ten to thirty people. In NUTS II regions corresponding to the kraj, Regional Representatives perform this function. The Regional Councils fulfil the role delegated to them by the MMR. They have to comply with the regulations and decrees set down by the MMR. The Ministry can also monitor and over-ride the decisions of the Regional Councils and therefore the influence of the state is still strong. The work of the Councils will be supported by permanent secretariats, which are currently being established.

¹¹ Interview, 06.02.03, CRR

have yet to become embedded. Given its historical context, redefining the region as a unit of political representation, economic autonomy and cultural significance will take time. Second, the project is still ongoing.

Both regions are currently allocated significant shares of EU funding available for regional assistance. After EU accession, according to the Joint Regional Operational Programmes of the National Development Plans, between the years 2004-06 Moravia Silesia will be allocated €88m (16.3% of total EU funding in the Czech JROP) and Upper Silesia, €272.5m (10.1% of total EU in the Polish one).¹² The following section compares the new frameworks and mechanisms established to implement these funds – basically, what they are spent on and who decides how they are spent.

¹² In addition, €179m will be divided between Upper Silesia and Warsaw for communications in agglomerations

New *programming frameworks* are in operation in Moravia-Silesia and Upper Silesia, as part of a more integrated approach to regional policy-making. Both Upper Silesia and Moravia-Silesia (in this instance the Moravia-Silesia kraj is acting in its capacity as a NUTS II cohesion region) produce Regional Operational Programmes, which feed into the regional component of National Development Plans. Thus far, both regions have encountered similar benefits and limitations in the programming process. Regional government officials in both cases express the belief that contributing more detailed, 'region-specific' strategies and specifying detailed criteria for the selection of appropriate regional development projects have boosted the role of the region in economic development.¹³ According to them, the programming process brings together previously disconnected, isolated institutions and actors at regional level (RDAs, business associations, 'civil society' etc.) for the process of consultation, project selection and steering. In Upper Silesia, representatives of the region's heavy industrial sector, often seen as representative of the traditional, sectoral/hierarchical approach to regional economic development, are included on the steering committee of the regional operational programme.¹⁴ In the case of Moravia-Silesia, there is also cooperation between regional institutions in the development of the draft Regional Operational Programme. The Committee for Regional Development, established to fulfil a regional monitoring role for future structural funds, draws together members from municipalities, business, and NGOs. These types of activity can be interpreted as contributing what 'new regionalist' theorists term 'institutional thickness', understood as the number of organisations sharing the same goal of regional economic development and interacting for its achievement.¹⁵

However, the value of regional input into policy programming in both cases is undermined by several factors. First, the aims and priorities of strategies and programmes produced by regions have been criticised as too vague and unrealistic;

¹³ Author interview with E. Bienkowska, Head of Dept European Funding, Marshal's Office, Silesia, Katowice 2003

¹⁴ Author interview with E. Bienkowska

¹⁵ A. Amin (1999) An Institutional Perspective on Regional Economic Development, *International Journal of Urban and Regional Research*, 23 (2) pp. 365-378 and A. Lorentzen (2001) *Institution Building in Regional Development, Business Development and Innovation in Poland After 1989*, Regional Studies Association Conference, Gdańsk, September 2001.

concentrating on compiling a 'wish list' rather than focussing on what is practically achievable.¹⁶ Regional strategies from Moravia-Silesia and Upper Silesia understandably have a 'pro-development' focus on efforts to shift the regions' economic profile towards high-tech industries, with support for enterprise, research and development. Much less space is devoted to explaining how this will be connected, in practice, to the basic challenge of restructuring their heavy industrial bases. There is a tendency amongst regional representatives to see the latter as a larger, 'national' challenge. Heavy industrial restructuring *is* a national issue and these countries have Programmes for Restructuring Coal and Steel which have a major impact on the economies of the region and the framework within which their regional strategies operate. However, lack of reference, in the regional programmes, to national initiatives and how they fit into the restructuring of the regional economy is a weakness.

Beyond this, and despite opposition from the regional level in both countries, Regional Operational Programmes are integrated into one, common document under the National Development Plan. Representatives of the Czech regions had unanimously opposed the model of a single JROP as a sign of the re-centralisation of implementing procedures for EU regional assistance. Ultimately, pressure from the European Commission itself to reduce the

¹⁶ See G. Gorzelak and B. Jałowicki (eds), *Analiza procesu wydrażania i skutków reformy terytorialnej organizacji kraju*, Europejski Instytut Rozwoju Regionalnego i Lokalnego, Instytut Spraw Publicznych Warsaw Dec. 2001-Jan. 2001 p19.

number of proposed ROPs resulted in the hurried development of a JROP.¹⁷ In Poland, integrating the requirements of sixteen very different regions into a single set of priorities and measures obviously undermines the status of the JROP. Some regions, such as Upper Silesia, have particular socio-economic characteristics, that in turn call for specific measures. These specificities are not covered in the JROP. Much of the value of the new programming mechanism - in terms of framing priorities and aims for the disbursement of EU regional assistance from a specific regional perspective - is thus diluted. Finally, the value of the ‘consultation’ part of the programming process has been questioned. For some participants the object of the ‘consultation’ exercise seemed to be merely to convince the

¹⁷ Author interview, Ministry for Regional Development January 2003

regional actors to accept the JROP, rather than encourage their input.

There has been a concerted effort to allocate responsibilities for *programme management, monitoring and evaluation* to institutions at regional level. The status of the Moravia-Silesia as NUTS II cohesion region, as well as unit of self-government, means that unlike the majority of Czech self-governing regions it can be a direct partner in future EU programmes. The kraj government acting as a regional council will fulfil the role of a regional sub-managing authority for the Joint Regional Operational Programme.¹⁸ The Regional Development Department of the kraj acts as a regional secretariat. A regional branch of the Centre for Regional Development, will be responsible for project implementation of the majority of EU funded projects at the regional level, and a Regional Monitoring Committee are all now in operation. In Upper Silesia, as in the rest of Poland, the Marshals' Offices acts as the regional secretariat and programming body with responsibilities for project selection while voivods, act as regional Managing and Monitoring authorities with control of finances and the final decision on projects.

Though these regions have adopted different systems for implementing EU regional programmes and aid, both have suffered from ambiguity, confusion and rivalry over the competences of various bodies. Common tensions are apparent between the old and new way of doing things, between centralising and regionalising forces. In the Czech case, the need to establish NUTS II cohesion regions above kraj level has led to institutional overload. New organisations with overlapping responsibilities are trying to operate in a fluid institutional environment. One advantage the Moravia-Silesia region has is its status as a cohesion as well as self-governing region. In neighbouring regions the establishment of formal structures at both the NUTS II and NUTS III levels has "not necessarily led to a 'happy marriage'".¹⁹ Nevertheless, a common complaint from actors in the region is that there is now no shortage of ideas and

¹⁸ In the majority of regions Regional Councils, made up of selected members of the regional self-government that make up a single NUTS II region, fulfil this role.

¹⁹ Author interview Centre for Regional Development, January 2003

initiatives but what is missing is co-ordinated action between regional organisations, such as the Regional Development Department of the kraj, RDA, municipalities and local business associations.²⁰ In Upper Silesia, the new ‘dual’ system of government at regional level has created ambiguity, confusion and rivalry over the competences of the Voivod’s and Marshal’s Offices and the allocation of monitoring and evaluation responsibilities has been part of the argument. Ongoing debates over the status of the voivod - is he or she a representative of the government in the region or the representative of the region in the government – are paralleled by continuing disputes over monitoring and evaluation competences and lack of communication between offices.

In theory, a decentralised decision making process in project generation and selection dealing with how EU regional assistance funds should be spent has been developed. Although the ‘region-specific’ aspect of the ROP priorities and objectives is diluted by its integration into the JROP, regions still have the competence to decide the allocation of resources under each priority for their own region (see example Table 2). Moreover, these regions have a ‘gate-keeping’ function, setting project selection criteria and deciding what type of projects are suitable for EU funds.

²⁰ Author’s Interview, The Union for the Development of the Moravian-Silesian Region, January 2003

Table 2: Allocation of resources within the framework of the priorities and measures of the ZPORR²¹ – the case of Śląskie.

Priority	Measure	Allocation to Priority and Measure	
Upgrade and modernisation of infrastructure used for strengthening the competitiveness of regions	Upgrade and modernisation of regional transport	56 %	45%
	Environmental protection infrastructure		25%
	Regional research and education infrastructure		10%

²¹ ZPORR is the *Zintegrowany Program Operacyjny Rozwoju Regionalnego* – the Joint Regional Development Operational Programme. It's based on 16 operational programmes submitted by the regions detailing their regional development plans, and is funded by Polish domestic and EU funds as part of the National Development Plan.

	Preservation and reconstruction of the cultural heritage		4%
	Information society infrastructure		5%
	Development of transport links in the agglomeration		11%
Strengthening the regional economic base and human resources	Professional development adjusting human resources to the regional labour market's needs	21%	29%
	Professional reorientation		20%
	Development of staff of regional economy		11%
	Regional Innovation Strategies		10%
	Micro-companies		14%
	Tourism Development		16%
Local development	Local infrastructure	23%	78%
	Revitalisation of degraded areas		22%

Source: *Department of European Funding, Marshal's Office Katowice*

However, in practice, the regional input into the type of activities funded by EU regional funds is constrained, most notably by the lack of financial competence at that level in both countries. Regions finance only a fraction of regional initiatives themselves with the remainder coming from shares in state taxes, general government subsidies and specific grants from the state budget.²² Regional self-governments often do not have the financial competence to provide match funding for EU-supported regional development projects. A large proportion of the finances provided for regional projects comes from central subsidies. Central government has a far greater say, and the final say, in how much is allocated and how it should be used. There is a danger that regional programmes can be skewed to the advantage of the dominant centre and used mainly to facilitate the local implementation of national programmes that would have taken place anyway.

While the centre concentrates on 'national-level' projects and measures, such as large-scale infrastructure and industrial restructuring, regional self-governments currently tend to be involved in small, investment projects and enterprises. In Poland and the Czech Republic, municipalities and cities have more economic strength than regions to provide match funding and steer economic development, albeit at a small-scale. Katowice city administration has a larger budget than Silesia's regional administration and is more active in the creation of pro-development networks and public/private partnerships with the aim of stimulating local regeneration.²³ In 2002 the Marshal of Upper Silesia complained about the lack of legislation which makes it impossible for regional self-government to lead the process of restructuring the region's heavy industrial base and seriously limits the realization of regional economic development policy; 'we cannot become a consultative organ for the government, we should be

²² For example, in 2000 the Treasurer of the Silesian province questioned the significance of 8.5 million zloty raised from company income tax in relation to the total regional budget of 437 million zloty - K. Jedrzejewska, 'Budżety gmin i powiatów' *Rzeczpospolita* 25/1/00

²³ See, for instance, A. Ochojski 'Entrepreneurial Partnerships in the Local Arena', paper presented at II Silesian-Scottish Seminar *Regions in the Process of Change*, University of Economics, Katowice 21/5/03.

governing the region'.²⁴ In this situation, it is difficult to make a direct connection between the objective of decentralisation with the implementation of EU regional aid.²⁵ According to regionalists, an intermediary administrative level provides a vital bridge linking the national and general with the local and specific. Currently, there appear to be two spheres of regional policy in operation in these countries and two methods of implementing EU regional assistance: large-scale, 'top-down' central interventions and small-scale 'bottom up' local projects. However, due to the fragility of the regional level, the connection between them is weak.

Conclusions

This brief summation of our research thus far has produced the following conclusions:

Administering EU regional assistance funds in Poland and the Czech Republic has helped mould institutional and procedural frameworks for regional economic development policies, filling the vacuum in regional economic development policy noticeable as a legacy of communist rule and early transition priorities

The objectives, priorities, instruments and administrative mechanisms for regional economic development have also been

²⁴ Podsumowano pierwszą kadencję samorządu województwa Śląskiego 6/12/02 www.silesia-region.pl/wiadomosc

²⁵ See J. Hughes, G. Sasse and C. Gordon 'EU Enlargement and Power Asymmetries: Conditionality and the Commission's Role in Regionalisation in Central and Eastern Europe' ESRC *One Europe or Several* Programme, Working Paper 49/03 2003 p11.

influenced. There is now a greater emphasis on monitoring and evaluation and a stress on multi-level participation and decentralised modes of regional policy implementation. This is related to a new set of objectives and priorities which stress the potential of forces endogenous to the region, particularly in the areas of services, human resources, research and development, competitive business environment etc.

Although this process has helped create new frameworks and facilitated the administration of EU funds to the regions (given the economic situation in these regions this is not to be underestimated), one of the stated aims of EU regional aid - giving the region a greater say in setting its own economic development trajectories - is proving much more difficult to achieve in practice.

Obstacles to decentralisation include the persistence of centralised, domestic approaches to regional policy, the weakness of the new regional level (most notably the continued lack of financial competence), and the dilemma facing the EU which is caught between guaranteeing a valuable regional input into the implementation of its funding and ensuring that the funds are managed efficiently.

The cases of Upper Silesia and Moravia Silesia highlight these issues well. As industrial regions, the challenge of developing new strategies for regional development, funded to a significant degree by the EU and encouraging decentralized forms of governance and new ‘pro-development’ agendas, is particularly pressing but the traditional sectoral/hierarchical approach to regional policy is embedded. Differences in geopolitical situation, political leadership and

systems of governance in these regions have produced different frameworks for implementing EU regional assistance and occasionally the issues arising from the process are manifested in different ways. Nevertheless, the basic challenge - building regional capacity to take full advantage of the potential offered by EU funds and contribute to the restructuring process at a regional level - is the same.

As noted earlier, the history of EU regional aid in Central and Eastern Europe can be conceived in a series of stages. With accession scheduled for 2004 a new, challenging stage is about to begin. Institutional fragility will be tested by the current regional policy debate at EU level, prompted by the imminent accession of Candidate Countries with poorly developed regions requiring significant support. Ongoing debates over the role of EU regional funding in an enlarged Europe exacerbate the sense of uncertainty - will subsequent reforms strengthen or undermine the role of the regional level in the EU and what will this mean for new regional institutions and programmes in Candidate Countries? What is guaranteed is that, under these new conditions, the allocation of regional aid and its implementation will be subject to intense scrutiny. Can these new regional units develop experience and capacity as programming units and so justify a more powerful role for themselves in utilising EU funds in the programming period, or will they be dominated by Warsaw and Prague? Without an ongoing domestic reform process supporting actual as well as formal decentralisation of powers and adequate financial bases many of these regions will struggle to maximize the potential offered by EU funds.

Regional Governance in the Context of Regional and Spatial Planning Reforms in the Czech and Slovak Republics

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Introduction

At present ... the implementation of regional development policy is following two parallel, closely connected conceptual threads. These are

- the emergence and realisation of regional policy as part of the creation of domestic legislative norms together with assistance programmes for backward regions
- the creation of a system to enable use of pre-accession forms of assistance intended for regional development from the funds of the EU. (M. Rajčák *Verejná správa* 17/2002)

The articulation of these two reform processes relates to a systemic shift between modes of governance concomitant with the establishment of a new contract between civil society and the state. Regional planning thus affects not only regional development and regional disparities, but also sets limits or opportunities for the democratisation of society. In relation to governance, trends in regional policy have followed a set of declared or assumed aims, which can be expressed in terms of the following dichotomies:

- centralisation - decentralisation (in competences, financing, monitoring)
- draught-board planning - integrated programming
- regulation - self-regulation (region as administrative unit - region as self-regulating organism)
- hierarchical planning (administrative categorisation of settlements/areas) - competitive marketing of place (development depends increasingly on capacity of local actors to mobilise resources via multi-sectoral partnerships)
- redistributive responses to regional disparities - creation of a structure of instruments and institutions designed to assist generation of potentials enabling regional self-help (2001 Slovak Law on Regional Development Support defines

regional development as ‘continual growth in the economic potential and social potential of a region’)

Centralising and decentralising trends in planning

The orientation of reform in regional governance is conditioned by the two forces mentioned above: the ongoing post-communist ‘reform of the state’ and the process of EU accession or harmonisation. Whilst the former process provides a normative impulse for a shift from the first to the second pole of each dichotomy, the ‘Europeanisation’ of regional policy does not always work in the same direction. In fact, in some respects criteria imposed by the EU accession process may contradict normatively-formulated criteria. For example, according to Kusý (1999: 148-9) the appeal to EU and Council of Europe spatial planning principles by the Conception for the Spatial Development of Slovakia mitigate against decentraliation, and by contrast provide the ideological underpinning for the rehabilitation of the principle of concentration in patterns of settlement integration which central planning had promoted. This further legitimises a paucity of analysis of locally-formulated community needs and preferences in Slovak conceptual documents.

Both spatial development plans such as KURS and regional development plans such as the Czech NRP contain residual traces of central direction, most obviously in a continued fetishism of growth poles and transport corridors as the principal triggers for regional development (e.g. KURS 2001: 56). The priority they are accorded is legitimised by their correspondence, in many cases, with Trans-European Networks (TEN), which only strengthens the external direction of regional policy. Similarly the simplistic reduction of regional disparities to economic criteria institutionalised in EU structural funds principles pertaining to Objective One areas tends to reinforce ‘traditional’ traits within regional and spatial planning. Economic determinism can then be dressed up as pragmatic Europeanism, and the goal of equalisation between regions creeps back up the agenda, without adequate consideration of whether this is any more realistic a goal than local self-regulation, given the power of multi-national capital over states, especially over small states like the Czech and Slovak Republics. If there are few effective means of achieving equalisation, the risk is that regional initiative will be blunted and a passive, recipient attitude induced without any inroads being made into objective regional disparities.

Nevertheless the resolution of some of the 'normative dichotomies' listed above in favour of more democratic and participative governance and the decentralised re-regulation (not deregulation) of space and spatial relations, can also be observed in recent conceptual documents. The latest version of the Conception for the Spatial Development of Slovakia (KURS 2001) displays a *new modesty* in setting goals which aim to respect, and most urgently to evaluate the 'limits and possibilities' of local and regional entities rather than to intervene in their reproduction: this means acknowledging the environmental consequences of the urbanisation process and the need to respect the stability of ecological systems even when this clashes with economic development; it also means recognising traditional features of the cultural landscape not as impediments to modernisation but as the raw material for regional identities, 'written into' settlement structures as an intrinsic developmental potential. Thus for example, the highly dispersed system of tiny villages characteristic of Prešov kraj in eastern Slovakia is explicitly recognised not as a problem (an 'inefficiency') as before, but as an historic regional specificity which warrants measures to help 'stabilise' its existence, and could even become a positive feature for the development of rural tourism (KURS 2001: 60). Logically, if ironically, this modesty extends to accepting the consequences of the operation of the centralised settlement hierarchy - its micro-regional atomisation of the Slovak settlement system - as the necessary basis for meeting the social needs of the population today: 'The inertia of the functions performed by these centres is great. Even in different economic and social circumstances there is no question of 'redistributing' service centres territorially; we need to evaluate and assess their effectiveness in promoting spatial development' (KURS 2001: 36); 'The goal of spatial planning policy is therefore to preserve and further develop our relatively evenly construed network of medium-sized towns as a polycentric settlement system' (KURS 2001: 42) - in other words to leave the skeleton untouched but to change the quality of relations between its constituent elements.

In the Czech Republic, where there is no equivalent national spatial planning document, a similar approach can be observed in some regional spatial plans. The plan for the Plzeň agglomeration, produced in 1999, works with the concept of a settlement hierarchy, arguing that German and Austrian experience 'has proven the

significance of creating hierarchies of [settlement] centres for regional development'. Plzeňsko is somewhat exceptional as a region dominated by a single city, in which large territories are not serviced by any significant sub-centre, which has convinced planners of the need to promote the growth of outlying towns and/or to improve transport links with the few viable market towns. The plan also points to the unpredictability of patterns of growth and decline in the 1990s as evidence of the need for more concerted regulation of spatial development. However, in partial discrepancy with the Slovak conception described above, what is promoted is the reassertion of 'natural' hierarchies, predicated on historical patterns of centrality from *before* the 1960 administrative reforms, and especially on the factual existence of micro-regions as voluntary associations of municipalities, typically reflecting traditional cultural and geographical affiliations. The boundaries of districts as they existed from 1960 to 2003 were largely ignored in the suggested hierarchical system. Moreover the aim is not to determine development *categorically* as before, by dividing settlements into developmental and non-developmental centres (with investment concentrated in the former and administrative limits, notably construction moratoria, enforced in the latter); the main distinction lies between those centres identified as suitable for a particular form of development and those where the priority is to be population stabilisation and the preservation of historically or culturally valuable characteristics. In the former, actual growth depends, in a market environment, on the capacity of local networks of actors to attract investment. Regarding the latter, the question is explicitly posed as to whether marginality is necessarily always a bad thing: some 'marginal' areas (Křivoklátsko and Brdy) have retained important ecological and socio-structural values precisely because of their relative isolation from urbanisation pressures, and spontaneous micro-regional structures promise to be a suitable form for addressing infrastructural issues, enabling villages to avoid serious socio-economic problems and remain viable despite a loss of agricultural and manufacturing jobs through providing a pleasant environment for residence and recreation.

What is apparent here, and in the 2001 KURS document, is a *recontextualisation* (and thus not a rejection) of long-standing *practical* goals of pre-1989 spatial plans, within a transformed *regulative* framework. Most innovatively this is so when concepts such as agglomerations and urban regions are deployed. These figured prominently in the 1970s Project for the Urbanisation of Slovakia, where they envisaged a process of

economic decentralisation within core regions, a concept close to the ‘concentrated deconcentration’ officialised in the 1999 European Spatial Development Perspective. But unlike before, KURS explicitly recognises that *political* decentralisation is a prerequisite for achieving the kind of regional integration which will produce spread effects around growth poles. Political decentralisation must involve two processes - enhancing the competencies of local and regional government (KURS 2001: 45), and sharing decision-making and planning responsibilities between partners from different sectors, with a prominent role envisaged for knowledge-generating or knowledge-transferring institutions such as universities and cultural establishments (KURS 2001: 46); incidentally, cultural heritage is identified as one sphere where multipliers can be found between public and private resources even in the finance-poor environment of Central Europe (KURS 2001: 53). In KURS 2001 there is also an explicit commitment to a shift from hierarchical to network-based settlement structures, and correspondingly the identification of particular towns or settlement belts as growth centres is usually presented in terms of *alternatives*, on the understanding that the initiative for realising such developments has to rest with local actors themselves and their capacity to form and exploit intra- and inter-regional networks: ‘settlement cores ought to develop on the basis of partnership relations between individual cities, as well as between cities and their hinterlands - rural areas.’ (KURS 2001: 42); ‘cities must learn to live in so-called cooperative competition ... [and] to offer a joint higher-level functional complexity from which all participants will ultimately prosper. Without supra-local and supra-regional network structures local and regional competitiveness will be devalued’ (KURS 2001: 45).

Synergy or over-determination?

EU pre-accession programmes and discourses are among the main forces altering modes of governance at the regional level, an influence which will only increase following accession. They have given a boost to indigenous initiatives, and could help promote and sustain community planning, but also introduce the danger of a new form of external dependency unless decision-making is correspondingly decentralised. Many strategic documents in regional policy - not only those demanded by EU authorities - are formulated with the express aim of ‘preparing the country for acceptance among the countries of the European Union’ (Strategy for the Regional Development of the Czech Republic section 8.1). Elsewhere in the same strategy it is

stated quite openly that 'The preparation [of this document] fully respects the principles of EU regional policy. These principles are identical to the principles of programming regional development in the Czech Republic.' (section 7.3) The National Development Plan cites the accession process as a more important factor in the return to a more active regional policy in the Czech Republic after about 1996 than political and economic developments within the country (for example the change of government in 1998, the establishment of regional government or the growth in regional disparities, especially in unemployment levels). Even if we allow that endogenous (meaning here local and regional) and exogenous agenda are often convergent in terms of priorities, the issue is one of process, and of a potential conflict of 'ownership' of the development process between regional, national and European actors. As a result the distinction between programming documents explicitly tied to pre-accession or structural funds and regional development strategies as the fundamental expressions of emerging governance systems - as the vision of a regional community - is not always very clear in practice, where the former often 'pre-empt' the latter.

Regional policy, like most politics, is essentially about managing change. The requirement for systemic change in a whole range of spheres of human activity is made urgent in the present period by the twin processes of 'post-communist transformation' and EU entry, and with it comes the need for more sophisticated coordination between actors and interests. Many of the most profound changes concern issues of public interest or 'items' of collective consumption. A classic case is land-use: the demand for 'radical structural changes' in regional economies is recognised in the Conception for the Spatial Development of Slovakia (KURS 1997: 50). Their management has become a test of the 'democraticness' of society and its ability to find and use instruments which can resolve conflicting interests, achieve the necessary quality and breadth of dialogue, enhance communication skills and support consensus-building at different spatial levels about the community's long-term priorities. This test was made all the harder because planning - without which the definition of public interest or the regulation of collective consumption is inconceivable - acquired such a bad name during the central planning era. Thus spatial planning, for example, has sometimes been regarded with suspicion for its potential to infringe the 'inalienable' rights of property owners, and its instruments have so far

been underused by local authorities to manage their spatial development (Mackovič 2001, Tunka 2001). Sýkora points to a common problem in the unwillingness of city authorities and municipal councils in surrounding villages to agree on common development priorities: while Prague and Brno have sought to limit urban sprawl, surrounding villages, free to produce or amend their own spatial plans, have wooded or been wooded by developers of commercial and residential zones, and it remains to be seen whether the establishment of regional government will be able to achieve a more joined up planning environment, though in Prague's case this would still depend on agreement between two regional authorities (2001: 327). Around Bratislava, the problem of coordination may be eased by the inclusion of surrounding districts within the Bratislava higher regional authority, but here too conflicts of interest can arise at the municipal scale, even within the city boundaries, where boroughs retain wide competencies in planning. As in the Czech Republic, the willingness of surrounding municipalities to offer land to developers at significantly lower prices is one of the factors driving rapid suburbanisation (WIIW 2002: 37-69). Suburbanisation or counter-urbanisation is accelerating even around smaller cities, whose upwardly-mobile residents are increasingly choosing to live in outlying villages, where the construction of family homes is occurring in a more or less unregulated fashion (Bukáček & Matějka 2001: 161).

These examples show how thus far land-use management has been either too uncoordinated or too inflexible to handle the tremendous dynamic of change arising from the present 'transitional' state of East Central European societies - unable to prevent environmentally or socially undesirable land-use changes (very noticeable on the edges of cities with the uncontrolled proliferation of storage depots, petrol stations and hypermarkets) or alternatively unable to facilitate the kinds of positive landscape changes society expected from the change of regime (de-industrialisation of the countryside, humanisation of housing estates, etc.). In both cases the planning process has failed to fulfil its basic functions of democratic accountability, effective public control, the coordination or reconciliation of interests and the efficient channelling of resources. The legislative instruments are essentially in place - what is needed is a change of approach on behalf of public authorities promoting a culture of cooperation, and a greater will to organise and participate on behalf of the public. To date, new, more democratic forms of regional governance have only made headway where there

are strong and active local and regional partnerships, led by local councils and their associations, often together with environmental NGOs. For instance, a change of regulatory regime together with a change in planning culture has begun to translate into a developmental opportunity in some National Parks and protected zones, regions which were almost without exception in a socially marginal situation under the former regime, but which can now re-position themselves more favourably given opportunities for eco-tourism and the valorisation of non-monetary landscape qualities by emerging national and European legislative and programmatic instruments. In many cases this completes a circular journey after the initial heyday of European romantic tourism in the late 18th and 19th centuries when the scenery of areas like 'Czech Switzerland' was 'discovered', and their subsequent marginalisation during the 20th century political subdivisions of European space (Hartel & Bauer 2001). To do so they need to develop or acquire the necessary social capital and the networks of extensive local autonomy which will facilitate their management of that development process. The open question is whether the availability of EU resources and technical support produces a synergetic effect, or acts as an overdetermining force, bolstering the administrative capacities of the state in a positive way, but undermining decentralised governance by also bolstering 'the enduring attitude [which says] that authorities are there to decide on even the most banal issues using their own judgment, in the best case on the basis of expert opinion, while public participation only complicates this responsible process' (Šůlová 2001: 186).

Appendix 1

Main characteristics of present environment for regional development

- Confusing array of strategic and planning documents (partly given by existence of two ‘patrons’ - national governments and the EU)
- Regional development covered by recently passed laws in both countries, which devolve responsibilities substantially to new regional governments and prescribe representation for social interests at regional level at planning and monitoring stages (in deference to EU principles of partnership and programming): both bear a clear ‘European’ imprint, but the Slovak law is arguably more progressive, with a longer list of competencies and responsibilities devolved to regional authorities (though a comparable set of tasks is laid out in the Czech National Development Plan), a more taxative definition of partnership applied consistently throughout the regional policy institutional architecture, and an official role for regional development agencies (the Strategy for the Regional Development of the Czech Republic assigns RDAs various tasks in state regional policy but regular financial support is not provided and most RDAs are forced to operate effectively on a commercial basis (Samková 2003))
- Recently-passed national development plans (‘single programming documents’ covering 2000-2006 period) should provide overall coordination for regional development, ‘informing’ regional and local planning; here too there are commitments to decentralisation, eg. ‘regional organs [at the kraj level] make up the basic building blocks for the creation and realisation of regional policy in the Czech Republic’ (Czech National Development Plan section 6.6)
- The Conception for the Spatial Development of Slovakia reconceives the way space and spatial relations are regulated, promising the re-emergence of natural, geographic and historic regions from the administrative straitjacket of the old ‘centralised settlement hierarchy’; the Czech Republic lacks any equivalent overall spatial development conception - space and spatial relations *deregulated* after 1989
- In theory planning-programming processes should enable bottom up aggregation as well as top down coordination (municipal development programmes - regional development conceptions - NUTS II ROPs - national development plan; each should provide groundwork for next level up): but practice often inevitably top down

Appendix 2

Key actors at the sub-national level

- Municipalities active in planning, especially spatial planning, since a range of national and international grant schemes (as well as updated laws on spatial planning) require development programmes / land-use plans. They lead the field in putting forward projects for pre-accession funds. High capacity to front (and often dominate) local partnerships
- Creative capacity of municipal actors evident in formation of micro-regions, often based on historical or cultural ties; legislation provides relatively accommodating environment for such initiatives
- Regional government encumbered by late entry (inherited regional development programmes drawn up by regional branches of state administration) and lack of resources (very small capacity to fund regional development themselves), but has potential to become facilitator or intermediary. Resource limitation could even be a useful constraint if it forces the formation of broader multi-sectoral partnerships capable of tapping a combination of internal potentials and external resource flows. In any case, the initiation of regional government was a direct catalyst for regional planning: e.g. the 1999 Strategy of Regional Development of the Czech Republic describes itself as ‘a contribution to the initiation and development of [self-governing] regions from the year 2000’
- Local and regional activity often initiated by non-state actors (NGOs, private consulting agencies and RDAs), which can play an important coordinating role between different sectors within the local environment and act as bridges for the transfer of know-how from partners / sponsors abroad

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EU accession and Czech regional differences

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Introduction

The aim of this contribution is to pose some questions about regional policy in the context of accession to the EU. These follow from a discussion of regional differences in the Czech Republic.

Regional policy in the EU can relate to two separable issues. The first is the differences between parts of the EU as a whole. The second is the extent of differences within individual countries. Regional policy can be targeted at both issues. A widespread assumption, sometimes strongly challenged (eg Blažek, 1999) has been that the first will be more important. Taken to an extreme, this could reduce the meaning of regional policy within the Czech Republic to a growth-enhancing strategy to make possible the speediest possible catching up with western Europe. Regional bodies and plans would be significant primarily because, and in so far as, that is the most appropriate level at which to implement certain policies rather than because of the need to differentiate those policies.

These two approaches to regional policy can come into conflict with each other. If narrowing the gap with western Europe is the sole objective, there might be a case for concentrating growth into a few key centres with the greatest potential, even if they are already the richest. This is a familiar debate from the history of regional policy.

The paper starts with an outline of geographical differentiation across the Czech Republic. The impact of the post-1989 economic transformation is then discussed as a basis for assessing the developments in regional policy under the influence of the EU. The conclusion returns to the question of the possible conflict between raising the economy's overall level relative to western Europe and the minimisation of differences within the country.

Current regional differences

The broad factual position on regional differences within Czech Republic can be followed, albeit not with the same indicators or over the same time periods, at the level of the 14 newly-established Regional (kraj) authorities, at NUTS 3 level, the 8 NUTS 2 level regions created by lumping together some of the former and the 77 district (okres) authorities, as shown in Maps 2 and 3 (see pp 59/60). The available indicators include unemployment, total employment, structure of employment, per capita GDP and average incomes. Figures on

**this are easily accessible for the recent past
(ČSÚ, 2001) and exist in various forms going
back somewhat further (FSÚ, 1992).**

Per capita GDP, shown in Table 1 (see p 56), is an essential indicator, irrespective of its other merits, because the level of 75% of the EU's average has been used as the cut off for support under Objective 1. On this measure, there is not much differentiation across the country, with one exception. Prague stands out with per capita GDP rising relative to other regions and well above the rest, over twice the Czech average and even 28% above the EU average in 2000. This is partly a statistical artefact as enterprises may be recording people who are actually working elsewhere in the country and people living outside the capital come to work in the city. The figures in Tables 2 and 3 (see pp 56/57), showing relative pay for selected sectors, are therefore a useful supplement, confirming the substantially higher earnings in Prague, albeit with a smaller gap for individual sectors than that implied by per capita GDP figures.

Using unemployment as an indicator shows more substantial differences. In this case direct comparison between the figures in Table 4 (see p 57), also illustrated with Map 4 (see p 60), and those from earlier years is particularly easy as unemployment was unknown before 1990 and then increased slowly over the following years. Differences are therefore associated with the transformation process. The highest levels have been in regions most heavily dependent on coal mining, meaning Ústecký, part of the North West NUTS 2 region and Moravskosleszsko, both a NUTS 2 and a NUTS 3 region.

These differences in unemployment are not directly reflected in differences in wages. Relative pay in mining has fallen, but remains above the industrial average, leading to high relative pay in industry in those regions. Some agricultural districts, particularly when relatively isolated, have also done badly, this time also because relative pay in agriculture has fallen: from being above it is now below the average for all employees. Problems for these areas are less clear in figures for regions. The issue

generally relates to individual districts, often those close to the Polish, rather than German or Austrian, border.

More generally, the picture is slightly altered when followed at the district level. Regions generally incorporated districts with a range of characteristics. Thus the 7 in Ústecký include two (Most and Chomutov) heavily dependent on coal mining, with very little agriculture, and two suffering from declining agricultural sectors and little industry (Litoměřice and Louny). The regional centre, Ústí nad Labem, has a strong bias towards service sector employment, including activities that play little role in the other districts. The result was a range of unemployment levels in 2000 from 13.6% in Děčín and Litoměřice to 21.5% in Most. Despite the significant range reported here, it can be noted that all are high when set against the national average of 8.8%. Albeit in slightly different ways, all these districts were relatively disadvantaged.

PAST HISTORY

The initial process of industrialisation created a settlement structure with a strong bias towards smaller settlements (Horská-Vrbová, 1970, and Myant, 1992). There was no big administrative and financial centre: Prague was not the capital of a state until 1918. Industries grew in areas with appropriate resources, such as coal and other raw materials. Others grew in close association with agriculture, for example making machinery or processing its outputs in brewing or sugar refining. The effect, again, was a process of industrialisation spread across smaller settlements.

This 'central-European' industrialisation can be contrasted with, for example, British industrialisation, which included the growth of big cities as administrative and financial centres and around export-oriented industries.

The communist period built from the established base. The development of basic industries often reinforced the status of smaller towns. There were high average incomes in coal-mining areas, rather than cities based on administration and finance. Only central Prague could match the average pay of mining areas. In so far as there was a conscious regional policy it was based on directing completely new investment into previously backward areas. This was much more significant in Slovakia than the Czech lands where industry was already comparatively widely spread.

The result was a settlement structure with a bias towards smaller towns, a metropolis with a population of only 1.2 million, no other big city with a population of over 400,000 and a differentiation between regions primarily in terms of economic structures, and hence in how they would adapt, rather than in terms of income levels.

THE TRANSFORMATION PERIOD

The period since 1989 has seen rapid decline in some activities accompanied by growth in others. Within this there are differences between time periods. A rough division can be made into the transformation depression, the boom of the mid 1990s, renewed depression at the end of the 1990s and a further, subsequent recovery. This is not an example of a cyclical process. It rather reflected a number of overlapping tendencies, some leading to decline and some to growth. Their weighting varied in different periods (Myant, et al., 1996, and Myant, 2003).

The initial transformation depression, lasting roughly up to 1992, saw recorded output fall across all but a few branches of the economy. It was particularly sharp in agriculture, where it was accompanied by falling employment, and in parts of industry oriented towards the CMEA. Employment fell less sharply than output in established industrial enterprises.

Nevertheless, this was a period of substantial adaptation and change, both in existing enterprises and in the establishment of new enterprises by individuals. New sources of growth were apparent very quickly and can be grouped under the following headings;

1. New enterprises

These were mostly small, providing small-scale services that had previously been under-developed. Their regional distribution is difficult to follow. The first available figures were for registered entrepreneurs, but they gave little indication of who was actually undertaking entrepreneurial activity. Much of the variations between districts appeared random, with the exception of a figure well above the average for Prague and somewhat below average for some rural and mining areas (Myant, 1994). Factors such as tourism, which provided an enormous and partly unrecorded boost to

incomes, might explain some of the differences. More generally, entrepreneurship seemed to have greater potential in urban centres.

More information became available from 1994 thanks to labour force surveys. Employers plus the self-employed made up 13.6% of the Czech working population in late 2001. The figure for 2001 was 20% for Prague and 7.2% for Ústecký region. This alone could almost explain the differences in unemployment levels shown in Table 4.

2. New export markets

New growth, shown at least in milder falls in aggregate output in some sectors, was also quickly visible in those parts of industry that could easily reorient to exporting to western Europe. These included raw material and steel producers, precisely those sectors that had previously been expected to decline and that were most prominent in causing environmental problems.

This form of growth quickly reached limits, largely because of barriers to higher imports into the EU. Its regional significance was to hold up employment in areas dependent on traditional industries, at least for a few years.

It was also possible for many other firms, in light industry and engineering, to find new markets by switching to produce simpler products, taking on contract work from western partners. They were benefiting from low relative wages, confirmed by devaluations in 1990 and 1991, as markets in western Europe became accessible. Existing firms could be kept afloat, but outward-processing trade and other contract work was not very profitable. The great attraction was the immediacy of guaranteed payment.

The economic structure thereby shifted away from the production of finished products towards integration into a wider European economy that depended, initially, on switching towards lower level products. The regional impact depended on the location of enterprises that could benefit and these, like industry in general, were spread over much of the country. It made possible survival for many in light industry and engineering. Actual cases of growth in employment were at first largely confined to

areas closest to the western borders, often involving a simple form of inward investment referred to below. Apart from that the striking point about these forms of new growth was their low degree of geographical differentiation.

3. Big city activities

There was also new growth in the kinds of activities associated with bigger cities, most obviously public administration and some other service sector activities. Many of these activities, like big cities themselves, were underdeveloped relative to mature market economies. The finance sector grew particularly rapidly, making a significant direct contribution to GDP recovery after 1991. Its wealth also helped other sectors as banks built and renovated their 'palaces' in Prague. The regional impact is shown in Table 5 (see p 58). Prague gained the most, but other cities benefited too. The boom in the finance sector reached a certain limit in the later 1990s when banks ran into serious difficulties. That will probably prove to be a temporary lull. The finance sector in the Czech Republic remains, by western European standards, underdeveloped, with scope especially for the expansion of services to individuals rather than businesses. Other 'big city' activities, such as higher education and various other commercial services, can also be expected to continue growing. The importance of university expansion is probably also reflected in the higher pay in education in Prague and South Moravia, including Brno, shown in Table 2 (see p 56).

4. Inward investment

Growth associated with inward investment was apparent from the early 1990s. One form amounted to the transfer of simple operations across the border from Germany and the most favoured locations were those closest to the parent company. Thus, for example, Siemens could rent property in Stříbro, close to the Bavarian border, from the heavy engineering combine Škoda Plzeň, to make simple parts for cars. The operation grew, moved to Plzeň when it needed more space, and was later sold to another company. Multinational companies have generally refocused away from this sort of short-term operation.

Investment with a deeper and more lasting impact is exemplified by Volkswagen's takeover of the Škoda car manufacturer, based in Mladá Boleslav in Central Bohemia. In this and similar cases the location depended on where the enterprises existed that a

foreign buyer wanted to take over, and could take over on terms that it found acceptable. This required an established manufacturing base. This was spread over much of the country, but with a bias towards locations with good communication links. Enterprises in more isolated areas were the least likely to find a satisfactory foreign saviour. That tendency towards a favourable location was accentuated as inward investment took more the character of new building on greenfield sites.

By the late 1990s, foreign companies in the motor vehicle and electronics sectors were a major factor in reducing the impact of economic depression. By the start of the new century they had replaced finance and a shaky recovery from firms under Czech ownership as the driving forces for recovery. It can be added that they were definitely not looking for cheap labour to undertake simple tasks. They were looking for a permanent base for exporting into western Europe. Reasonably skilled and adaptable labour was cheaper than in western Europe, but the gap is likely to narrow. One consequence of this orientation is that the advantages initially felt by border areas have declined.

These points can be supplemented with five further generalisations;

1. The structure initially emerging out of the transformation depression was heavily influenced and structured by past development. Settlement structures can change only gradually, but even the location of industrial activity was at first resilient, thanks to survival strategies of big enterprises inherited from the past. This helped to maintain the appearance of only small geographical differences.

2. The regional impact of changes did not lead to perceptions of a sharp and immediate differentiation in income or unemployment levels. The relative success of Prague was not an immediate source of social unrest or political tension. Regional issues therefore seemed unimportant to policy makers. Regional policies as such remained largely undeveloped.

3. Although there was no explicit regional policy during the 1990s, various policies did have clear regional impacts. Prague was favoured by increased spending on the government apparatus. It also benefited from the expansion of higher education and a greater concentration of government-supported research activity. Thus R&D spending represented 1.35% of GDP in 2000 with 44% from the state budget, but 2.3% for Prague and 0.2% for the NUTS 2 North West region (MMR, 2003, p.67). Transport spending brought benefits across more of the country, but primarily to locations close to improved international routes.

A full system for encouraging inward investment was only worked out in 1998, with further improvements in 2000 to help investment on greenfield sites. The primary aim was to raise the performance of the economy as

a whole. Regional considerations were secondary. There were determined efforts to create zones for new investment in areas of high unemployment, but they appear generally to have been less successful than those zones in the most obviously favourable locations.

Specific measures to create employment and help to SME development had explicit regional dimensions from the start and that meant providing the most to the least favoured areas, albeit not with complete consistency. Thus the jobs created in the Ústecký region, the one that gained the most, were equivalent to 2.7% of total employment in 2000, compared with a figure of 1.1% for the country as a whole, even including some in areas of very low unemployment. In general, then, some aspects of government policy clearly helped the trend towards concentration of economic activity into bigger cities, some made no difference to established trends while a few amounted to efforts to temper the rise in unemployment associated with economic transformation, but did little to alter the regional impact of that transformation.

4. The key difference in employment prospects between districts was not the decline in activities inherited from the past, but the scope for the growth of new ones. Industrial employment fell very sharply in Prague, from 32% in 1991 to the figures shown in Table 5 (see p 58), but there was frequent concern at the dangers of a labour shortage, with unemployment effectively zero through the mid 1990s. The background was the rapid growth in non-industrial activities.

The lowest potential was, and is, associated with isolation and traditions that work against adaptability. The decline in employment in mining areas is therefore not simply the result of a rapid decline in output in that sector. It is primarily the result of the failure of new sources of growth.

Output in coal mining actually fell more slowly in the early 1990s than the average for industry as a whole. It continued to decline from 1995 when total industrial output was increasing. In terms of labour productivity the sector has always appeared rather dynamic. However, as confirmed by experience elsewhere in Europe, mining and heavy industrial areas tend to be the least adaptable. Skills are not easily transferable into new small businesses and there are less traditions of individual entrepreneurship. Educational levels tend to be lower in mining areas which are also likely to suffer from environmental damage, making them unattractive to incomers.

5. The inherited structure of dispersed development served to dampen the impact of employment decline in particular districts. People often travelled to work, or could travel to work, in neighbouring areas. There was therefore no exact relationship between increases in unemployment and decreases in employment at the district level (Myant, 1996). Obvious examples of the mismatch were the mining and steel-making town of Kladno, where easy access to Prague meant that plenty of jobs were available, and Ostrava, also based on heavy industry, where a sharp fall in employment was masked in unemployment figures because so many workers had come in from other districts, often across the border from Slovakia. This could also spread the impact of decline across neighbouring districts. Thus the loss of mining jobs in Most and Chomutov hit people who travelled to work from neighbouring areas, deepening difficulties in Louny and other districts.

TOWARDS A REGIONAL POLICY

The shift towards greater interest in regional policy began around 1996 with the formation in November of that year of the Ministry for Regional Development. The change followed signs of economic difficulties affecting some regions more strongly than others and, above all, comments from Brussels. In response to the Czech Republic's application for EU membership, the EC commented in July 1997 that 'the Czech Republic has no regional policy' (MMR, 2000, p.34) and insisted that it must create the mechanisms and structures appropriate to the development of such a policy. This, starting in April 1998, successive Czech governments proceeded to do.

Harmonisation with EU practice required the creation of appropriate regional authorities, a subject of intense controversy in Czech politics at the time. The 8 regions (kraj) inherited from the communist past were abolished after 1989, leaving the 77 districts (okres) and smaller parishes (obec). Clarification of the regional government structure was achieved with the passing of a law on 3 December 1997 (347/1997) allowing for the creation, on 1 January 2001, of 14 new regional authorities. The number was a compromise, with some political groups wanting larger, more powerful, bodies while others wanted smaller bodies that were less likely to become a counter-weight to central government. On 31 December 2002 the district authorities were abolished, leaving 205 extended parishes to take over a range of routine tasks.

As indicated above and in Maps 2 and 3, this structure does not match exactly EU regional classification. The Czech Republic as a whole is a NUTS 1 region. Regions correspond to the NUTS 3 level and the districts corresponded to the NUTS 4 level. The NUTS 2 level is crucial for EU Structural Fund support. It is represented either by existing regions or by amalgamations of two or more, as laid down in the law of 29 June 2000 on support for regional development (248/2000). These combined regions appoint a Regional Council, composed of equal numbers from each participant, that then works out a development strategy as a basis for applying for EU support. The abolition of the district level causes some minor difficulty as it is important for cross-border projects that can receive EU funding. In these cases, the higher level will work out a plan covering the former district area (MMR, 2003, p.124).

The actual formulation of regional policy, and to some extent the institutional structures, has developed both 'spontaneously' and by the legal measures referred to above. The first Regional Development Agency, modelled on western European experience, was created in Most in 1994. It found a role in providing information on the EU and in helping applicants for EU funding: it also became the regional representative for central agencies, such as the inward investment body CzechInvest. The Ministry for Regional Development set the aim, under legislation passed in 1998 (235/1998), of creating and strengthening similar agencies across the country, with a government-funded central body. By 2000 they covered the whole country apart from Prague.

The town of Most was also important in an early development towards regional planning which could encourage hopes of wider participation from outside formal state structures. The initiative came from ‘a few local patriots’ who aimed to ‘mobilise the important and active citizens living in the region’ to create an association that would be ‘an equal partner to the organs of state power’ in leading the revival of the Most region (www.e-region.cz/hsrcm/historie.htm). Most prominent among them was the senator and trade union leader Richard Falbr. The organisational form adopted was a tripartite structure with Falbr as chair and further representatives from local enterprises, economic interests and local government. This, the Economic and Social Council of the Most Area (HSCM) was launched in May 1999 and soon followed by a similar body for the Sokolov area, also based around coal mining, in the neighbouring Karlovarskv region.

Using documents produced by different bodies in 1998 and 1999, these two bodies supervised the assembly of the *Global Revitalisation Plan* for the future North West NUTS 2 region, albeit with a bias towards concern with the industrial core. It was developed to be in harmony with EU regional policy thinking and was presented to the Ministry for Regional Development in December 1999.

The key stimulus was a fear at impending catastrophic job losses in mining, electricity generation and other sectors. The region’s weakness was seen to be accentuated by the slow growth in services, the low educational level of the population, the low level of agricultural employment and the poor transport links, for example with an unsatisfactory road link between Most and Prague. A SWOT analysis amplified these points, albeit with a somewhat overburdened ‘threats’ category. The strategy was aimed at countering the predicted rise in unemployment and the emphasis was placed on hopes that something could be done quickly. The proposals included help to SMEs, the creation of an industrial zone on an old military airfield and steps to improve the potential for tourism.

Other documents that followed appeared more sophisticated, but lacked the feel of local participation. They were more formal, dropping for example discussion of experience in similar regions in western Europe, but they did not add much of

operational substance. The situation in individual regions is not particularly difficult to assess. Progress therefore amounted to coming closer to the requirements of the EU. This was achieved through the government's Strategy for Regional Development (MMR, 2000, approved in July of that year), the National Development Plan (first prepared in 1999 while the latest version, approved in February 2003, covers the period 2004-6, MMR, 2003), regional Development Programmes (approved by Regional authorities in late 2001) and Regional Operational Programmes (approved by the Regional Councils formed for the NUTS 2 regions shortly afterwards).

'Partnership' is highlighted in EU advice, but at the formulation stage this meant primarily cooperation between various levels and institutions within government. For the Strategy for Regional Development that meant coordination between different ministries (MMR, 2000, p.35). Mechanisms for more public participation were for a time self-critically assessed as 'not as yet stabilised' (MMR, 2000, p.53). Improvements were hoped for with the National Development Plan which was to involve 'the broadest possible consultation process and links with the maximum possible circle of partners' (MMR, 2003, p.12). This included a 'road-show' and 55,000 hits on the relevant web-site pages. It was claimed that about 1,000 individuals and organisations took part in the consultation process (pp.13-14), although their practical contribution is unclear.

Inputs from EU level are clearer. A draft for the National Development Plan was sent to independent consultants who recommended the inclusion of some more detailed information, for example on pay differences between men and women, that had no obvious impact on policy proposals. They also proposed substantial changes in presentation, bringing into closer harmony the SWOT analysis, the global aims, the specific aims and the priority axes. The final document therefore appeared more coherent, but policy proposals remained the same (MMR, 2003, pp.241-2).

The EC in turn made the 'serious recommendation' that the same broad strategy, meaning the six priority axes, should apply to all regions seeking Objective 1 assistance, meaning all except Prague. Differences would then appear only in the differing financial weights attached to the priorities (MMR, 2003, p.187). This obviously constrained the Regional Operational Programmes. In fact, Regional

Councils were openly unhappy about having to wait for the central government's plan. The programme for the North West was produced in December 2001, effectively incorporating points from the two constituent regional plans, but ending with a warning in bold type that 'lack of clarity on the competences and responsibilities of all participating organs and institutions in the implementation process' would lead to a requirement for further clarification of the document at a later date (ROP, 2001, p.38).

In practical policy terms, the plans themselves contained two key elements. The first was a set of six 'priority axes' starting with the improvement in the level of economic competitiveness – linked to an aim of coming close to the average EU economic level by 2010 – followed by transport, human resources, the environment, the countryside and agriculture and tourism. These were interrelated with, for example, the second and third to some extent means to achieving the first. The policy measures available were limited by EU competition rules such that, for example, the means to improve competitiveness became little more than standard forms of support to SME development. SMEs, it was argued, play an important role as suppliers to larger enterprises (MMR, 2003, p.62): more direct help to larger firms had, of course, become much more difficult.

The second was a specification of 'problem' districts. There were, it was reasonably argued, no problem *regions* as such. Each region contained a variety of kinds of district and the creation of the 8 NUTS 2 regions accentuated this point. The problem districts were defined by the law on support for regional development (248/2000) under three headings of structurally weak, meaning the mining areas suffering from rising unemployment, economically weak, meaning those with lower levels of development, and rural regions. In practical terms, no useful distinction could be made between the second and third categories and these were lumped together. A list of the 19 'problem' districts for 2001 covered 24.3 per cent of the population with representation from 9 of the 14 regions. The greatest concentrations were in Ostravský (5 out of 6 districts) and Ústecký (5 out of 7 districts).

In view of the planning framework that was being adopted, these could not be targeted from the centre for special help. Instead, the government planned to allocate more funds towards 'problem regions', meaning those with a greater weight of

problem districts. It was then up to regional authorities to ensure differential allocation within their areas (MMR, 2000, p.35).

At both national and regional levels, the dilemma between encouraging the maximum growth and reducing geographical inequalities remained. Within the regions there was a commitment to encouraging growth 'in centres of concentrated economic potential' (MMR, 2000, p.60), meaning the administrative centres of the regions, and to build industrial zones 'in suitable localities of regions (in the vicinity of motorways, airports and the like)' (p.64). Alongside this was a commitment to paying 'specific attention' to 'the development of Prague's position as a metropolis and to its role as a European multi-functional centre' (p.53).

Against this were general warnings that geographical differences, which it was frequently noted could be greater within regions and even districts than between them, should not be allowed to 'persist or even deepen' (MMR, 2000, p. 48), leading to possible social and political tensions. This, however, found little explicit reflection in practical policy proposals. Perhaps the nearest was an expression of pleasure that incentives seemed to be helping direct inward investment towards structurally weak regions providing 'evidence of a well-functioning regional character of the investment incentive system' (MMR, 2003, p.65). On the basis of 2001 figures, the North West seemed to be doing particularly well, although the same result would not hold for all years.

EU ACCESSION

A study commissioned by the Czech government (Vintrová et al, 2002) looked at the likely effects of EU accession, including estimates for individual sectors. Its predictions were based on a forecast of accelerating growth. This is in line with the experience of countries that joined in the past. Growth, it is hoped, will be fuelled by inward investment and by EU finance. The first of these, as indicated above, is already important. Firms have not waited, but have been investing on the assumption that accession will happen. There need not be a further big increase after accession. Various forms of EU assistance have also been flowing for some time. Estimates suggest a gradual rise up to 2006, reaching a possible annual addition to GDP of about 2%, albeit with substantial requirements for co-financing of projects from the Czech side.

Irrespective of how this financial support is allocated, it cannot be expected to alter the broad trends that currently dominate economic development. Thus point 1, and even more definitely point 2, of the sources of growth during the transformation period will continue to decline in importance. Coal mining will experience continuing contraction due to the exhaustion of reserves, alternative sources of energy and, eventually, the liberalisation of the European energy market. There are also likely to be further employment reductions in agriculture, in this case influenced more directly by EU policy, but hopefully based on improvements in productivity.

Growth will then be more dependent on 'big city' activities and inward investment. The first of these has a very obvious geographical bias while the second can be expected to accentuate trends towards concentration around transport links and areas with the most skilled labour force. In so far as support for SME growth is seen as linked to developments in big firms, that too could be expected to strengthen the process of concentration towards already favoured areas. Thus, following on from the trends that were important during the transformation period, the 'spontaneous' tendencies will be pointing more clearly towards greater geographical concentration.

Growth could acquire a wider geographical spread on two possible bases. The first is the possible spreading out from big city development. As already indicated, Prague is not large by international standards. Ambitions of creating a city 'of European

significance' are short on practical detail of what this would mean. It is not a centre for service provision beyond the boundaries of the Czech Republic. Nevertheless, the development of Prague might lead to the revival of areas within easy transport reach of the capital: in view of the small size of the country, that could reach into some of the most disadvantaged districts.

The second is the establishment of new kinds of self-sustaining growth in currently disadvantaged areas. That depends partly on the capacity within those areas for innovation and growth. It also depends on the scale and utilisation of regional assistance. It remains to be seen what form such new growth could take.

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Table 1 Per capita GDP by NUTS 2 and NUTS 3 regions in the Czech Republic as percentage of EU-15 average

NUTS3 / NUTS2		1995	2000
Praha	Prague	114.1	128.3
Středočeský	Central Bohemia	48.3	50.2
Jihozápad	South West	59.0	55.7
Jihočeský	South Bohemia	56.5	53.6
Plzeňský	Plzeň	61.8	58.1
Severozápad	North West	58.2	49.0
Karlovarský	Karlovy Vary	57.1	49.4
Ústecký	Ústí nad Labem	58.6	48.8
Severovýchod	North East	54.1	51.5
Liberecký	Liberec	53.0	50.6
Královéhradecký	Hradec Králové	54.2	53.0
Pardubický	Pardubice	54.8	50.5
Jihovýchod	South East	55.4	52.2
Vysočina	Highlands	50.4	48.0
Jihomoravský	South Moravia	57.6	54.0
Střední Morava	Central Moravia	52.8	48.1
Olomoucký	Olomouc	51.5	46.7
Zlínský	Zlín	54.3	49.7
Moravskosleszko	Moravia-Silesia	58.7	50.2
Česká republika	Czech Republic	62.2	59.9

Source ČSÚ, 2001, p.13.

Table 2 Average pay as percentage of average for the Czech Republic as a whole, 1995

NUTS3	All	Industry	Construction	Education
Praha	128.8	128.3	125.1	108.0
Středočeský	98.5	104.9	100.7	98.7
Jihočeský	94.5	94.7	98.9	97.5
Plzeňský	98.2	101.9	98.3	96.8
Karlovarský	96.0	98.2	99.0	96.9
Ústecký	99.3	105.0	94.1	99.0
Liberecký	92.6	90.1	94.0	98.0
Královéhradecký	91.6	88.0	95.9	97.3
Pardubický	90.0	87.6	92.2	97.9
Vysočina	89.0	90.1	88.9	96.0
Jihomoravský	94.7	93.4	97.2	100.3
Olomoucký	99.8	87.9	89.8	100.1
Zlínský	93.1	93.1	91.1	99.4
Moravskosleszko	102.3	112.0	94.0	99.6
Česká republika				

Source: ČSÚ, 2001, pp.55-9.

Table 3 Average pay relative to average for the Czech Republic as a whole, 2000

NUTS3	All	Industry	Construction	Education
Praha	139.9	141.1	131.1	113.5
Středočeský	99.6	109.7	96.1	95.7
Jihočeský	93.1	97.1	95.7	98.5
Plzeňský	95.1	99.0	99.4	96.8
Karlovarský	99.9	91.9	91.2	96.4
Ústecký	93.8	97.0	90.2	97.9
Liberecký	92.2	95.3	96.1	95.7
Královéhradecký	91.3	93.2	95.9	96.8
Pardubický	88.4	88.3	89.8	96.6
Vysočina	86.9	90.9	89.1	95.4
Jihomoravský	93.0	93.7	94.9	99.3
Olomoucký	88.2	89.3	93.2	97.3
Zlínský	89.8	91.3	92.3	97.8
Moravskosleszko	96.2	94.2	93.9	98.3
Česká republika				

Source: ČSÚ, 2001, pp.55-9.

Table 4 Registered unemployed by end year (% rate)

NUTS3	1995	2000
Praha	0.3	3.4
Středočeský	2.6	6.8
Jihočeský	2.0	5.8
Plzeňský	2.2	6.5
Karlovarský	2.1	8.0
Ústecký	5.8	16.2
Liberecký	2.5	6.4
Královéhradecký	2.0	5.9
Pardubický	2.7	7.9
Vysočina	3.4	7.5
Jihomoravský	2.9	9.4
Olomoucký	4.3	11.9
Zlínský	2.4	8.1
Moravskosleszko	5.1	15.1
Česká republika	2.9	8.8

Source ČSÚ, 2001, p.16.

Table 5 Percentage shares of employment in selected sectors, 1993 and 2000

NUTS3	Industry		'Progressive' services		'Public' services	
	1993	2000	1993	2000	1993	2000
Praha	16.8	11.7	15.0	17.9	27.2	27.0
Středočeský	35.4	30.1	4.4	6.6	21.8	22.4
Jihočeský	29.2	31.0	4.1	5.8	23.4	20.5
Plzeňský	31.4	33.4	4.6	6.3	22.8	21.4
Karlovarský	36.4	32.6	3.6	6.3	22.8	26.4
Ústecký	37.5	30.3	4.1	6.7	19.0	23.8
Liberecký	40.2	40.8	3.1	5.3	19.4	20.7
Královéhradecký	36.9	33.2	4.6	5.8	23.1	25.0
Pardubický	37.1	31.3	5.1	6.9	19.3	22.8
Vysočina	35.1	35.6	3.2	4.0	19.9	21.3
Jihomoravský	33.9	29.3	8.2	8.7	22.5	25.2
Olomoucký	37.5	32.7	3.3	4.2	22.3	24.2
Zlínský	41.0	38.3	4.8	6.1	19.4	20.4
Moravskosleszko	43.0	35.7	3.9	5.5	20.0	22.6
Česká republika	34.2	30.2	5.9	7.7	21.9	23.4

Notes: 'Progressive' services cover finance, property, services for enterprises and R&D. 'Public' services include public administration, health, education and social services, whether provided by the public or private sector.

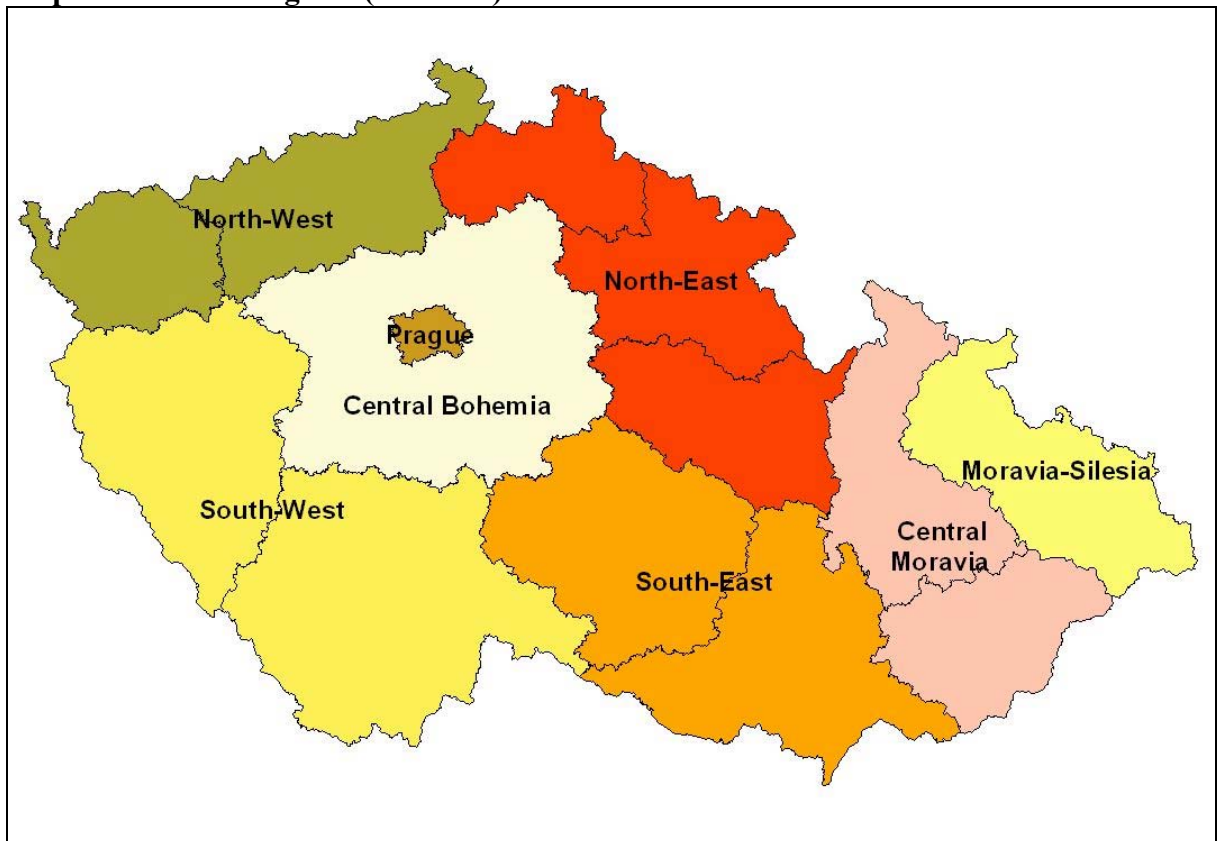
Source: ČSÚ, 2001, p.37.

Map 1: The Czech Republic in Europe



Source: (MMR)

Map 2: Cohesion Regions (NUTS II)



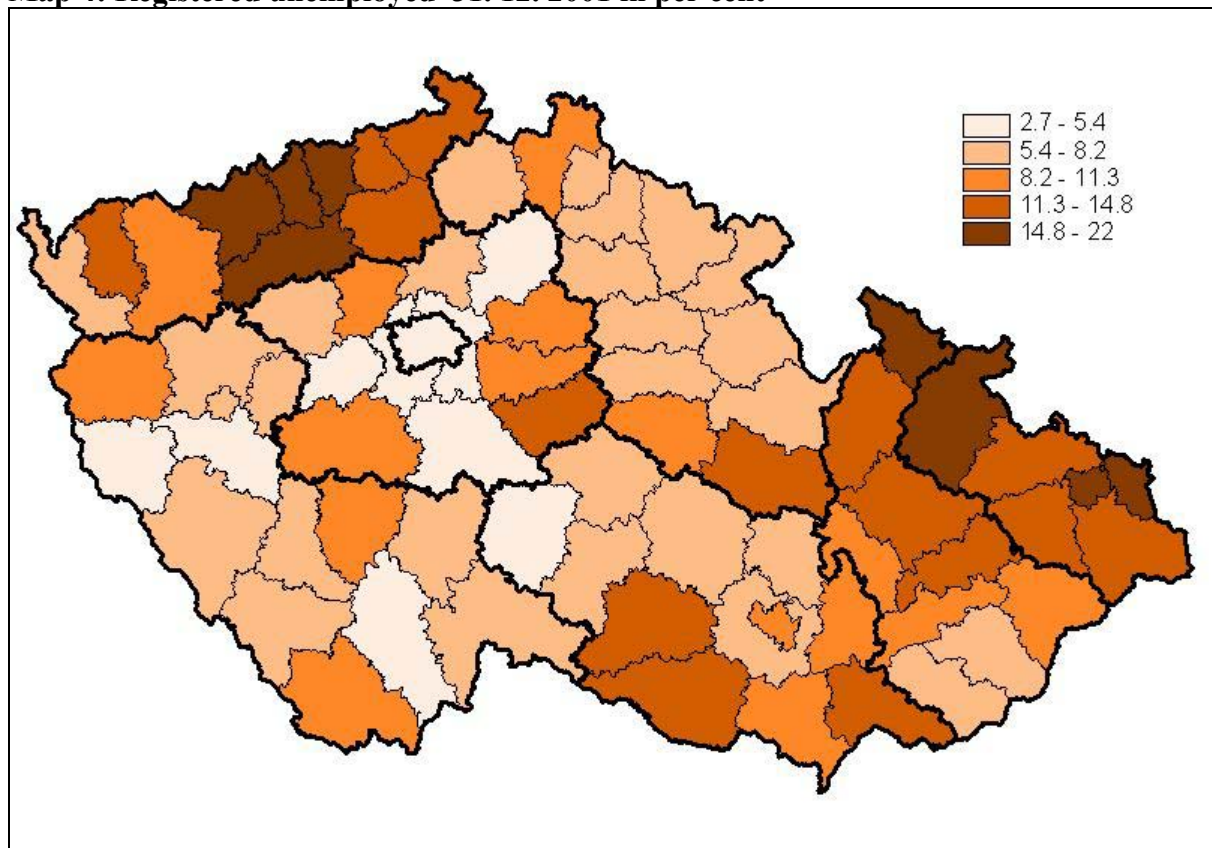
Source: MMR

Map 3: Regions (kraj) (NUTS III) and districts (okres) (NUTS IV)



Source: MMR

Map 4: Registered unemployed 31. 12. 2001 in per cent



Czech experience and prospects with European rural development funding

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This paper discusses

- Czech experience with SAPARD from the perspective of final beneficiaries
- Czech needs, expectations, problems and ideas around the LEADER²⁶ measure set to be introduced in our country from 2004

My background is not in public administration: I am advisor to rural municipalities and small companies in some successful projects for SAPARD. Moreover, I am involved in the non-profit sector where I have worked at national, regional, and local levels, for example creating local partnerships, local action groups and local development strategies for LEADER in some rural microregions. And of course, I am in contact with many rural mayors, NGOs and entrepreneurs. So I am in a quite independent role and I needn't share a common position of those who are responsible for SAPARD and other measures in the Czech Republic.

The Czech Republic is not a typical new member state: our agriculture's share of GDP is very low (like in the EU) and less than 4 % of inhabitants are employed in agriculture and processing of food - again, like in the 'old' EU (compare this with the agricultural employment rate in Poland, which is about 20%). A dense network of 6,300 municipalities in a diverse landscape is one of the typical features of our countryside. There is typically no great distance from a village to a small or larger town – just few minutes. This is important for employment, well-being, shopping and other activities of rural inhabitants.

²⁶ LEADER, *Liaisons Entre Actions de Developpement de L'Economie Rurale*, is a European Commission initiative for assisting rural communities in improving the quality of life and economic prosperity in their local area. It differs from other EU funds in its strong promotion of bottom-up planning and decision-making, which is to be achieved through the formation of broad-based Local Action Groups (LAGs) to whom the management of the programme including the selection of projects is devolved.

As in other pre-accession countries, a part of our countryside understands our future European membership as a problem. If we consider it instead as an opportunity, or at least as a challenge, many features suddenly become more clear and viable. This is my own opinion.

SAPARD: lessons and failings

SAPARD in this country might be considered as a showcase for other pre-accession countries. We were lucky to spend as much money as possible, beneficiaries – many rural municipalities, farmers and other producers - had the opportunity to get familiar with the principles of project preparation, and managing authorities, the paying agency as well as other suppliers got experience within this field.

From the governmental and possibly EC points of view our SAPARD programme may be seen as an excellent example of using the pre-accession programmes. It has brought initial experience to applicants and bodies in charge of implementation and helped in applying basic principles of EU structural policy. Nevertheless, we can and have to consider it also as a potential learning exercise for all groups of actors as well as an opportunity to promote the idea of European membership in the Czech countryside. What advantages are visible from this point of view?

For many possible beneficiaries and for some winning applicants, SAPARD was a frustrating and discouraging chance. Let me mention a few Czech examples:

- The SAPARD programme discourages family farms, entrepreneurs and other small businesses and makes their access to the funds difficult. This is because it does not accept the applicant's contribution in kind as an eligible financing source. In our countryside, family farms and individual entrepreneurs are not very rich and they re-invest all of their earnings into their business' development. So the main source of the investment value is often their own work – and they are often skilfull craftspeople wishing to develop their business and give jobs to other people. Moreover, there are construction companies who could do the necessary property repair by their own means and thus save large amounts of EU funds. And there is a similar problem for many public projects. Especially in small villages, considerable value can be created by voluntary work of their inhabitants, but again, this contribution in kind is not

considered as eligible costs - despite the fact that this is an accepted and rather normal option in the current Member States (for example in LEADER- and URBAN-type initiatives).

- The condition that not only the site of a project, but also the applicant's headquarters or place of residence must be in a small rural municipality, was disadvantageous. There are many cases when people invest all their earnings, time and efforts into a business project in a village (eg. repairing unused farming buildings and preparing them for business) when still living in a larger town or city nearby. The residential condition prevented them from getting EU support for projects that would be eligible otherwise. For the programme objectives, the key criterion should be that investments go to the rural space.

- No reallocation of resources was made, although the demand from non-agricultural applicants and the quality of their projects was undisputed. The first two rounds of submissions confirmed the expectation that there would be an enormous demand, much higher than the supply, for municipality projects (thanks to municipalities' experience from the national Rural Regeneration Programme), as well as for projects in non-agricultural business. Farming applicants, however, were simply unable to submit high quality projects.

- The rules only speak of creating new jobs; however the benefit of an EU investment can also be one of saving jobs that would be lost otherwise. (We have got many examples of that – from Semily, from Velký Valtínov etc.) And it is true that the request to accept safeguarded jobs for eligibility is entirely in line with EU understanding – (see, *Counting the Jobs: How to Evaluate the Employment Effects of SF*, DG XVI, 1997).

- The latest round did not allow for non-agricultural projects (i.e. for municipalities, entrepreneurs and ordinary companies). The technical reason was that there was still a big demand from previous rounds. But many interested parties had in the meantime been working on securing required funding or preparing very good projects – and suddenly they were not admitted. The psychological impact on public opinion (among

rural municipalities, companies etc.) was not very good - I have personally listened to a lot of complaints from frustrated would-be applicants.

- There are also long delays between deadlines and decisions: the National SAPARD Selection Commission is not due to meet until late August 2003 to decide about April's submissions, and the contracts with winners may not be signed until the end of September. That is five months after the deadline!

A final word on SAPARD: the partnership principle has not included representatives of final beneficiaries, and furthermore we have not witnessed any decentralisation in the implementation of the programme, although there had been suggestions and even EC recommendations to this effect.

A comparison of selected features of LEADER+ and SAPARD

In the Czech Republic **local partnerships** are not formally established nor explicitly encouraged. The national Rural Regeneration Programme (RRP) accepts bids from single villages and groups of villages, and the SAPARD programme add single businesses. In LEADER the main subject and mediator is a local action group, which bands together other local actors on a partnership basis. But this is not a good message for some people from Prague who wish to decide about every single project to be done directly somewhere in a "battlefield".

The idea of local partnerships helps LEADER projects become more oriented to local economies. Within LEADER it is easy to submit and realize a joint project between municipality and company whereas in SAPARD the co-operation can be done only when a partner joins the applicant, and if they both wish to commit property to the project there are difficulties with transfers of financial resources and with the terms of engagement of the partners with the SAPARD agency.

Implementation of LEADER programmes in the EU countries is accompanied by a high degree of decentralization while central (national) authorities have their main jurisdiction in approving and monitoring. Our country has developed a rather centralised management and decision-making structure, and the influence of regional authorities and regional bodies was limited (in effect to administration and

supervision). Decisions about individual projects are not taken at regional level (NUTS II) but in a single centre, by the National Committee.

I hope that the Ministry of Agriculture, which will be responsible for the LEADER initiative, will support the right of local action groups to decide about individual projects in rural areas selected in an open contest based on local development strategies. Any other approach, with centralised care for independent bodies and rules which differ from EU recommendations, could counteract the intended benefits of the LEADER measure.

LEADER: Czech experience, expectations and excuses

The question is no longer – with Shakespeare - whether “to leader or not to leader”. The present question is how to leader, in what manner and to what extent.

Two changes coming ...

In the next year, two big changes will have important effects in the position and funding of rural needs in the country:

1. After 10 years of successful operation the national Rural Regeneration Programme will be moved from the state to the regions, in accordance with the regionalisation of the national tax take. As the 13 regions are independent, with elected representatives and independent budgets, there will be a growing need to build regional non-governmental bodies for lobbying, influencing regional grant schemes, and making space for defending rural needs. The most appropriate vehicle for this purpose could be local action groups, which have started to emerge during 2003 (based on local partnerships set up according to LEADER expectations).

2. With an eye to the future availability of structural funds the lion's share of responsibility for rural issues is due to pass from the Ministry for Local Development to the Ministry of Agriculture. However, until 2002 the latter ministry had almost no staff, no funds, no responsibility, no information, no experience, and no interest in supporting rural development. Based partly on experience from Saxony and France, some rural mayors and experts are afraid that a special model for LEADER could

emerge, which preserves a strong position for the state to organise and control almost everything, find opportunities that “should” be supported and stimulate “initiative” from the top down, while ignoring local initiative and capability in civil society. Such a model might well appeal to the Czech public authorities. A more positive scenario is that Czech society could demonstrate enough power to counter these trends with bottom-up initiatives with the full involvement of local people and organisations in communities, building partnerships for the regeneration and development of rural areas.

How can rural regions use national and EU funds in an innovative manner?

Addressing the present situation, I should mention some agents that have a key role in rural regeneration and development:

- There are more than 250 rural micro-regions in the country (mostly smaller than the ‘ideal’ but mostly workable)
- There are partnerships in the microregions - however, they are mostly partnerships of villages (public-public partnerships) at present
- The microregions have local development strategies (albeit not yet fully appropriate for LEADER)
- Rural municipalities have in-depth experience of preparation of project proposals
- There is a successful national **Rural Regeneration Programme** which mentors thousands of villages and small towns in the preparation of development projects, the management of local development and the preparation of local co-financing schemes - it thanks largely to this program that there was a good stock of applicants capable of preparing solid SAPARD projects as well as, in future, LEADER-type projects.
- The SAPARD pre-accession program has been launched and has facilitated the accumulation of experience - despite its weaknesses and obstacles
- For almost 13 years, there has been a national **Rural Regeneration Society** – an association of rural mayors and some other people concerned with rural issues. It can play a role as a valuable partner in national and local development partnerships although it should be changed greatly

- And there are many other NGOs that can contribute to the LEADER objectives.

Thanks to this, much background work has been done towards the successful use of EAGGF for LEADER-type projects. A measure on LEADER to have been included in the Sectoral Operational Programme on Rural Development and Agriculture. However, in the present version the scope for LEADER is very small. The financial plan counts with a share of 1 - 2 % of the overall resources of this programme, although it is possible that within the same measure the LEADER sub-measure could be reallocated and advanced. We all need to learn much more about the non-agricultural, non-productive aims of the Common Agriculture Policy, about its probable changes and about the needs of Czech rural areas. I am glad that the Ministry of Agriculture is the first such student.

Fortunately, the Ministry for Local Development intends to support LEADER-type projects through the Rural Regeneration Programme. It has been also suggested that - similarly to the Slovenian situation - the Czech Ministry of Agriculture supports rural micro-regions and other actors involved in rural issues by workshops, networking, establishing of LAGs and by learning good practice. I am afraid that this Ministry in particular gives every indication of preferring a centralised approach to funding training activities, which would be unwise, as there are non-governmental bodies - like Omega²⁷, the Centre for Community Work and the Partnership Foundation - which are already doing a lot of promotion, training and preparation in rural regions. Thanks to the PHARE program of the EU and to other foreign and domestic aid, the Czech non-profit sector has developed into a serious partner and actor in public policy. Now it is arguably strong and ambitious enough to take on a considerable share of initiative and responsibility for future rural regeneration and development, provided the political system is prepared to delegate more competencies.

²⁷ Omega, for example, has helped initiate LAGs on the basis of a wide partnership of local actors coming from every sector and every field of activity in seven micro-regions and is developing a technical assistance programme for other regions to follow.

What major principles should be implemented by the pilot LEADER-type projects?

- Ø The idea of local partnership of various rural actors and the open and competitive selection of development plans,
- Ø Individual projects based on a sound and concise local development strategy that integrates various actors, benefits and issues (activities) within a common, valued objective,
- Ø Suitable environment for networking and co-operation of LAGs (of rural micro-regions).

As for the time schedule, I believe that LEADER-type strategies - and specific projects - might be ready by the end of 2003, and could then be selected in the first quarter of 2004 and co-financed by EAGGF from May 2004 for the period up to 2006. In fact the Rural Regeneration Programme and the regional authorities' budgets could cover a considerable part of costs within the next year.

However governmental mills grind slowly (but harshly) and I am afraid that expectations of rural municipalities and the public as well as a broad initiative of emerging local action groups might be squandered. In particular, I am afraid that a small group of experts and politicians could pre-select their favourite microregions for LEADER support and take care of them in the next preparation stage; or that LAGs will be established prematurely, at the very start of the process, without a broad gathering of interested parties, dominated perhaps by several friends and partners who have privileged access to information.

Will the procedure be democratic, open and competitive? There may be many regions that could prepare LAGs and good development strategies without any prior support from the Ministries of Agriculture and Local Development. Should they be excluded? How rigorous should the procedures be to encourage and not to discourage rural actors? I am afraid that these procedures will lead to a pre-selective practice, with frustrating and unfair impacts. I prefer to use the current EC Guidelines for LEADER+ first and to exploit the mission, the spirit of that. The experience of Finland could be an excellent example of fair procedures.

To conclude, what is important about LEADER is not the money from the EU, which would be always too small to make a major difference in rural areas following decades of under-investment, but the achievement of the principles of LEADER. - principles that lead rural municipalities and microregions, local NGOs and business to get together, get to know each other, inspire each other mutually and take common actions in pulling their area in a certain direction. Often the position of local public administration in rural development is so strong and the gap between it and private business is so big that communication is fraught with misunderstandings, suspicions and malice. This is a barrier to concerted action, but LEADER can also help overcome this legacy. More valuable than the financial effect is thus the way: creating local partnerships, coming together around an agreed aim, co-operating within common projects and in this way reviving communities and achieving a sense of value and purpose for which people want and are able to live in an area.

Rural Parliament and its Influence on Rural Development Policies in Slovakia. Current Situation and Plans

Magdaléna Bernátová

The Rural Parliament in Slovakia

Introduction

Rural development in Slovakia had been included in national policies in separate sectoral policies but mainly in agricultural policy. From 2000, there is a large initiative called Rural Parliament in Slovakia which campaigns for the inclusion of rural development in national and regional policies as a complex system of tools for improving life in rural areas. In Slovakia, 43% of inhabitants live in small villages with under five thousand people.

This paper describes the role of Rural Parliament in advocacy for a good rural policy, including its role in the Monitoring Committee of the SAPARD Programme. Then, results of an analysis of the situation in accessing grant funds by rural NGOs in 2001 are presented, and finally the 2003 Rural Development Plan, produced by the Rural Parliament is summarised.

The Rural Parliament in Slovakia

The Rural Parliament in Slovakia was established in Levoča in October 2000 by 160 participants. They voted for the Board of Directors consisting of 30 people from non-profit, private, public and academic sectors. The Board is the main strategic, advocacy and representative organ of the Rural Parliament. From February 2003, a new Board of Directors leads the Rural Parliament with 16 members. From 2002, the aim is to build regional boards of the Rural Parliament. To date three have been established in Banská Bystrica, Žilina, Trenčín regions. They are independent NGOs.

The mission of the Rural Parliament in Slovakia is to improve the quality of life in rural Slovakia. The Rural Parliament is a voluntary, non-governmental and non-profit organisation which aims to:

- Collect, process and disseminate information to and from rural areas;
- Formulate joint positions and advocate good rural policies;

- Encourage experience and knowledge exchange among local developmental civic groups.

General activities of Rural Parliament have included:

- Establishment of a *network of Communication Centres* equipped with computer and internet access and *education of facilitators* for development planning in micro-regions in rural areas;
- *Advocacy for good rural policies* – meetings with top politicians, formulating actions which should be supported in order to improve the quality of life in rural areas;
- Development of *an effective organisational structure*;
- *Establishing regional structures*;
- *Publication of leaflets and a newsletter* to provide information about Rural Parliament activities and other information useful for rural areas.

Communication Centres and Information Points

One of the most important activities of the Rural Parliament was establishing a network of **Communication Centres**. Communication Centres are independent public-private organisations equipped by PC and internet with at least one active facilitator (sometimes an employee but often a volunteer). He or she is trained in assisting civic groups in developmental planning and also in writing projects for the SAPARD Programme.

Among the roles of Communication Centres are:

- searching for local leaders and supporting them,
- serving as an information source for local people about development opportunities, grants and different databases,
- advising and consulting in project writing and implementation,
- writing and implementing own projects,
- education and training activities,
- collecting information on local problems as well as successes,
- media relations and promotion.

The network of the first 30 Communication Centres around Slovakia was initiated and supported by the European Union's PHARE Special Preparatory Programme (SPP-B).

In partnership with other institutions (National Labour Office, Regional Labour Office in Banská Bystrica, Rural Development Agency, Banská Bystrica Regional Council, Rudohorie Development Association) and foundations (Open Society Foundation), within two separate programmes, another contingent of facilitators was educated in central Slovakia. Within these programmes, three new Communication Centres and several local Information points in villages in south-central Slovakia were established. The vision of Rural Parliament is to enlarge this network to include all active groups who drive development in their communities and regions.

The main role of an information point is to serve as an information source to local people to assist in finding development opportunities, creating jobs, and initiating sustainable activities. They also gather information documenting the quality of rural life, which is used by Rural Parliament as a basis for its advocacy activities.

In 2002, the Rural Parliament conducted a survey among communication centres. Results showed, that:

- more than 80% of Communication Centres are located in villages;
- more than 50% of Communication centres are open 5 days during the week;
- 70% of Communication Centres are hosted by the local government;
- 70% of Communication Centres co-operate with other institutions on a regular basis – mainly NGOs, local governments, professional agencies and foundations;
- Almost 60% of Communication Centres are represented by just 1 person – the facilitator.

While facilitators in Communication Centres are paid mainly from successful projects or work voluntarily, those in the Information Points established in spring 2003 are supported by the National Labour Office for two years. Subsequently it is anticipated that the Information Point will be established as a functioning and sustainable centre.

The Rural Parliament in Slovakia is a non-governmental organisation with 110 members (December 2002). Besides that, the Board sends information to 620 institutions and individuals. Among them are: local NGOs, microregional associations, local and regional governments, professional agencies and individuals. These are also invited to the Session of Rural Parliament every second year. During the Session, Rural Parliament activities and results are presented and needs for rural policies are formulated.

Advocacy for Good Rural Policies

An important role of Rural Parliament of Slovakia is advocacy for good rural policies. Among advocacy activities in 2001-2002 were:

- *Meetings with elected representatives and political clubs.* Members of the Rural Parliament Board advocated for the inclusion of the 'Rural Development Actions' into the national budget and political programmes. Prior to the September 2002 national elections they undertook a study of rural development and agricultural policies as declared by all major Slovak political parties in their programmes. The study was distributed to rural voters.
- *An analysis of financial schemes offered by private and public grant-making institutions.* The analysis studied how rural non-profit organisations succeeded in accessing grant funds. It was found that those NGOs located in settlements smaller than five thousand inhabitants (43% of the Slovak population) got a share of less than 15% of all available resources.
- *Presence in monitoring and evaluation committees.* Through participation of the Rural Parliament Board members in the Monitoring committee of the SAPARD program changes in Measure 9 - Technical Assistance were initiated. The effect is to enable rural microregions to receive funds for the elaboration of socio-economic development strategies.
- *Public relations.* Rural Parliament contributions are regularly broadcast in Slovak radio and television. Rural Parliament Board members are co-creators of two programmes on Slovak Television on rural communities. The quarterly newsletter titled, *Let's Talk about Rural Areas*, has been published on a regular basis.

As to financial inputs, the Rural Parliament in Slovakia was supported by the State with 400,000 Sk (around £6,666) and by different foundations established in Slovakia with 2,000,000 Sk (around £33,333) between 2000 and 2002.

Nowadays, one of the aims is to advocate a new planning and financial tool for regional and microregional levels so that local and regional partners can participate in the decision-making process for implementation of strategic development programmes.

Analysis of financial schemes offered by private and public grant-making institutions

In May 2002 the Rural Parliament in Slovakia (RP) received a €7,000 grant from the Jan Hus Educational Foundation to perform an analysis of rural funding opportunities and communicate the results to relevant institutions.

RP studied funding programmes of all major nation-wide private foundations as well as public institutions administering grant programmes available to rural NGOs in 2001. A rural NGO was defined as an organization with a headquarters in a town with less than five thousand residents.

The study consists of quantitative analyses using data on the total number of awarded grants for all organizations, grants awarded to rural NGOs, the total sum granted to all organizations and the total sum granted to rural NGOs. Qualitative analysis included asking grant-makers why they thought rural NGOs were receiving fewer resources than their urban counterparts. Rural grantees were asked also to identify factors that would help them increase their success in accessing resources. Finally, the study presents recommendations of the Rural Parliament to private donors and a proposal for restructuring of public funds in a new financial tool for rural development.

Results and findings:

- In 2001 six nationwide grant-making foundations (Open Society Foundation; Consortium of Ekopolis Foundation and ETP Slovakia; Foundation for the Support of Civic Activities; Foundation for Children of Slovakia; Jan Hus Education

Foundation; and Regional Environmental Centre) made 1,242 grants totalling €5.3m from which €0.8m, or *15% of resources was granted to rural NGOs*.

- In the grant-making structure of the six foundations there was only *one programme specially designed for rural recipients* - the 'People to Community' programme administered by the Ekopolis-ETP S Consortium. From the total sum granted by the six foundations, *the programme distributed about 1.5% of resources*, with an average sum per grant of about €580.
- *The national budget* presents three categories of resources accessible to non-profit organizations: a section for 'civic associations, foundations and other similar organizations' (item 64201), the section of special funds or programmes and a share of income from lotteries and other similar games.
- Despite a governmental regulation from April 2002 obliging all national institutions to publicize results of their grant-making on the Internet, this has not yet become a commonly adopted practice. Of the three categories mentioned above, the least transparent seems to be the distribution of income from lotteries. Because of this, our further analysis presents only partial results from the first two categories: item 64201, and special funds and programmes.
- Item 64201. In 2001 the national budget allocated about €23.6m for non-profit organizations. Of this sum *we managed to analyze about one tenth of resources*, or €2.7m From which rural organizations received about €116,000, *4% of resources*.
- Special funds and programmes. Our general finding is that the success of a rural recipient in accessing special funds was higher than in the item 64201. Special funds and programmes typically define their users more broadly than non-profit organizations - other beneficiaries are local governments and in some cases also businesses. In 2001 we identified four special programmes and funds from which two were designed solely for rural recipients. These were the 'Programme for Village Renewal' and a pilot programme applied to three Slovak districts, the 'Rural Development Fund'. The Programme for Village Renewal distributed about €465,000 and the Rural Development Fund about €1m (Note: the Rural Development Fund was a *small-scale predecessor of the EU SAPARD programme*).
- A common finding applicable to both public and private grants is that the *average sum per grant is usually lower for rural than for non-rural organizations*.

- *The main reasons for the lower rate of success of rural NGOs in approaching representatives of donor institutions were identified as: low quality of submitted proposals; insufficient penetration of information to rural areas; inadequate attention of donors to technical assistance programmes for rural applicants; and inability of rural areas to communicate their needs.*
- The grantees see the following processes as ways of improving their fundraising chances: announcement of deadlines ‘in the field’; early information about a grant deadline; clearly formulated grant application guidelines; and competent first-contact staff of donor organizations.

Conclusions and next steps for the Rural Parliament (RP):

- If private and public institutions making grants to the non-profit sector value an equitable development of civic society they need to design strategies allowing 43% of Slovak citizens living in rural areas access to more than 15% of resources.
- Two specific suggestions that will improve equal opportunities in accessing funds are *investments in information technologies in rural areas and technical assistance programmes*. Technical assistance can be widened either through institutional strengthening within grant-making organizations or collaborating with an existing network of consultants spread in all regions of the country.
- The Rural Parliament will initiate the restructuring of public funds available to rural NGOs from a currently incoherent and often non-transparent sector-oriented system into a new financial tool for rural development. *The main features of the new tool will be:* support for grass roots development strategies worked out as a consensus between local government, private businesses and NGOs in a particular region; movement from project-oriented to programme-oriented national funding; and involvement of regional actors in choosing specific projects to be supported.

Rural Development Programme

The RP’s Rural Development Programme for 2003-05 originates from the 2nd Session of the Rural Parliament in October 2002 in Belá-Dulice. The RP presidency then identified strategic objectives and priorities at its session in Veľatý in November 2002. Later the programme was approved by the general assembly held in March

2003 in Liptovský Hrádok, and the newly-elected presidency adopted the document on 31st March in Banská Bystrica under the name 'Action programme for rural areas'.

Strategic objective:

To contribute to the creation of favourable conditions for balanced settlement and regional development, so that rural people enjoy life in rural areas and take care of their environment.

Priorities:

1. Fiscal decentralisation and fair redistribution of resources for rural areas.

Expected outputs:

- RP has its representatives in committees and commissions of central government and the Slovak National Assembly
- RP is on the list of institutions eligible to comment on legislative proposals
- Good laws on tax reform, fiscal decentralisation and regional policy respecting rural issues are approved
- Financial tools for diminishing regional disparities are implemented
- RP becomes a partner of the Ministry of Agriculture in the process of elaboration of the National Rural Development Plan
- National support programme for rural management is implemented.

2. Rural areas prepared for European Union accession.

Expected outputs:

- Tools for integrated rural development of rural areas and rural regions are implemented
- Methodological procedures enabling preparation of rural areas for utilising resources from EU Structural Funds are applied
- Rural areas are informed how to prepare programmes and projects for EU Structural Funds
- Rural managers are educated in programming development process
- Rural regions and micro regions have development programmes elaborated
- Rural structures have projects prepared.

3. Professional and sustainable support infrastructure for rural development

Expected outputs:

- RP has its own professional support institutions for its activities
- RP has effective and functioning structures
- Effective information system about and for rural areas
- A network of regional structures with professional and expert services exists
- Doubling of the number of operational and active Communication Centres
- Events organised for exchange of experiences
- Launch of a Slovak Rural House.

4. Strengthening the role of Slovak rural areas in European context

Expected outputs:

- RP has presentation and promotion materials for international co-operation
- RP is involved in an international exchange of experiences with rural parliaments abroad
- RP is an active member of the PREPARE network
- Travelling Workshop 2003 of the PREPARE network held in Slovakia
- RP develops effective communication with institutions of the European Union
- A conference on the situation of rural areas of Slovakia, Czech Republic, Hungary and Poland is to be held.

The Rural Development Programme should influence national policies and decisions to increase quality of life in rural areas. The Rural Parliament in Slovakia relies on highly motivated Board members, facilitators in Communication Centres, co-operating leaders of professional associations and leading local initiatives. The big task is now to find enough sources for implementation of these activities.

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Czech Socio-Ecological Methods for Enhancing Citizen Participation in a Rural Context, based on the Use of Photos

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Citizen participation, a bottom-up approach, or communitarism are three terms among many denoting slightly different aspects of one common notion. Its meaning is more an appeal than a fact: that people ought to be invited into public decision-making processes. To make it more complicated, I have to add that the meaning of this idea depends on the context in which and by whom it is pronounced: in a totalitarian regime, it can be either an official hypocrisy or a punishable provocation, in a ripe democracy, it is either a realistic statement that the world is not perfect or an equally realistic challenge to make it a little better.

In an ex-totalitarian country, citizen participation is a still more complex notion. People are not accustomed to being invited into genuine participation by their leaders. What is more, they do not appreciate many of these leaders as true leaders but as power puppets. Moreover, when somebody coming from a mature democracy offers them a procedure, born in this democracy and customized to it, the inhabitants of a would-be democracy are skilled in dissimulating this method but remain untouched by its chances and opportunities (a typical farce can be cited: the currently very fashionable use of **SWOT**-analysis, omitting any real **T**hreats and **W**eaknesses).

In the countryside of a post-communist country there is, in addition, a deeply rooted disbelief among villagers, justifiable given many painful experiences, in words themselves, particularly in words uttered by officials or by all those who are felt to be connected with Town. Town or City has been the origin of many evils for rural people through the whole of modern history.

As a collaborator of many architects and urbanists, typically from the town, who have gone to a village to carry out some planning process or other, I have sometimes been asked to help them with involving local people. Together with my wife, a psychologist, I have designed, tested and used original socio-ecological methods, combining assessment with enhancing citizen participation. As a rule of thumb, it can

be said that the more urban the environment, the more you have to use media in communication with people because they do not know themselves personally. On the contrary, the more rural the context, the more you have to favour face-to-face dialogue with a small group of local activists, self-selected just by their readiness to act in an active way. To confront their disbelief we apply methods, based on the use of photos of local phenomena. When they see photos from their own locality citizens are surprised by our careful observation of their milieu and pleased by the attention dedicated to their world.

Instead of further theoretical reflections, I will now describe briefly two such methods.

Comparison of two worlds

A set of photos of some foreign village is presented to a small group of local villagers. It is possible to divide them into two sub-groups, giving each group half of the photos. They are asked to identify, in a group process, visible differences in comparison with their village, be they 'positive' or 'negative'. In the version with two sub-groups, the informal speaker of the first sub-group describes out loud one such feature and then members of the second sub-group say if they found the same feature or a comparable one. Then they move on to an other feature, this time one discovered by the second sub-group.

Everyday reality is for all of us partially invisible. We do not see many of both the positive aspects and the problems of our environment. Thus, we cannot open a public discussion on them, cannot talk about attempts to solve them. A comparison with foreign reality helps local people to refresh their eyes. Such renewal of the "problem perceptiveness" of local inhabitants is a precondition for a participatory or bottom-up approach to solving local problems in collaboration with experts coming from outside.

Problem photos

A sociologist, social ecologist, or architect, accompanied by a photographer, comes to a village or an urban neighbourhood where some urbanistic project is planned. They arrive without preliminary study of literature or data on the region and without any prior dialogue with local authorities. In a day or two days, they walk through the

public spaces and make shots of any phenomena they find bizarre, paradoxical, illegible, creative, which present remnants of the past which are no longer functional today, or which are readable as 'ecological' faults, based on a misuse of some material. Their hypothesis is that local people do not perceive such phenomena any more and that by photographing them and presenting them at an exhibition in a public space, this perception could be reanimated.

The site for such an exhibition ought to be in some way connected with the local authorities, in order to legitimise the process (e.g. the corridor of the town hall, a local library, the town art gallery). Our experience is that 60 photos is an optimal number. They are complemented by spicy commentaries which are half covered up. Visitors are asked before uncovering them to think for a moment why just this or that photo has been presented here. Due to this arrangement, the exhibition is very thoroughly studied and people get in physical contact with every individual picture. At the entrance, they can take a form with numbers of photos, asking them to make personal notes if they find some picture and/or text unacceptable or, on the contrary, if they appreciate it as a good insight into local problems. Finally, they are asked to add their name and contact address if they would like to collaborate with the architects in further developing this visual study of their environment.

Thus, the team can both gain direct feedback (commentary on differences between the professional understanding of local problems and the local perspective) and also stimulate the emergence of a small group of local activists (who sometimes did not consider themselves activists before).

It is very helpful if at least some of these photos, accompanied by headlines, are published in a local newspaper or bulletin, as an invitation to the exhibition. A likely spin-off of media attention and of the publication of some of the photos is the 'medialisation' of the locality or region. Critical presentation of the photos by the media also testifies to an ability for self-reflection on the significance of certain characteristics by an important social subject.

For information on my modification of this method for internet use see: www.ideon.cz (the series is entitled *Course of the problem perception*).

Conclusion

By way of conclusion, I should stress that (i) these and other methods have to be chained into a sequence, that (ii) they can and ought to be adapted to the aim of the research and discussed with the participants, that (iii) their results (including interpretations) ought to be as soon as possible presented to the participants, and that (iv) their final effect is (at least) double: *cognitive* (they bring knowledge) and *motivating* (they enhance citizen participation).