SAVE PUBLIC ASSETS

Radomír Špok, Zuzana Kasáková

EUROPEUM Institute for European Policy

September 2006

CONTENT

PREFACE

This is the Czech report elaborated in the framework of the "Save Public Assets" an international project, which is led by PROVIDUS – Center for Public Policy seated in Riga, Latvia and has been supported by the European Commission. The opinions expressed in this study belong solely to the authors do not represents any views and opinions of the European Commission.

This study consists of three main papers with their own premises and conclusions. All of them deal with the EU Structural funds implementation system in the Czech Republic. The first one describes and interprets the survey results in which the respondents were asked on shortcomings and main corruption risks of the system. The second chapter focuses on access to information partly from theoretical and legislative points of view and partly practice used by the regional authorities. Finally, the third part of this study strives to reflect the potential political alliances in distribution of EU funds.

Introduction to EU Structural Funds in Czech Republic

Since the accession of the Czech Republic (CR) to the European Union on 1st May 2004 the country can use the financial support from the EU structural funds and Cohesion Fund. All Czech regions except Prague fall within the Objective 1. City of Prague, the capital of the Czech Republic, is eligible to use financial sources only under the Objective 2 and 3.

Responsibility for the management of the cohesion policy and the use of EU funds in the Czech Republic is in hands of Ministry for Regional Development (MRD) established in 1996.

Main condition for the use of financial resources from the EU funds is the elaboration of national strategic documents. National Development Plan is a principal one. MRD co-ordinates its preparation and Czech government approves it. First draft of the National Development Plan (NDP) for the programming period 2004 - 2006 was presented in 1999. Its final version embodying also the remarks from the Commission was adopted in February 2003. NDP contains the analysis of socioeconomic situation of the Czech Republic and the strategy of regional development in accordance with the EU objectives. It defines aims and priorities of individual operational programs, sets the monitoring and management system and the financial framework.
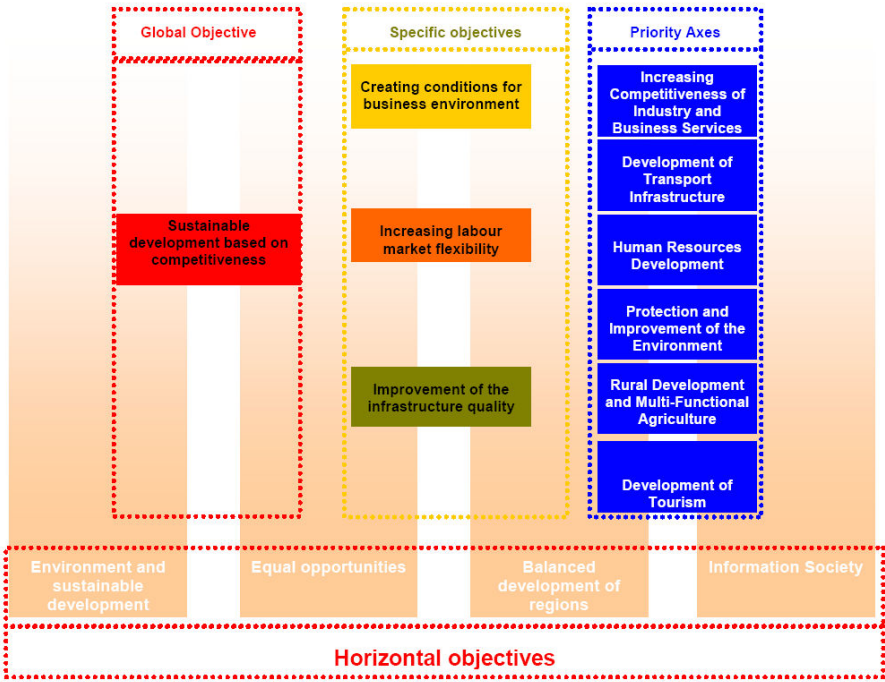
NDP also determines its global objective, specific objectives and priority axes. The following scheme shows the interconnections among them including operational programs.
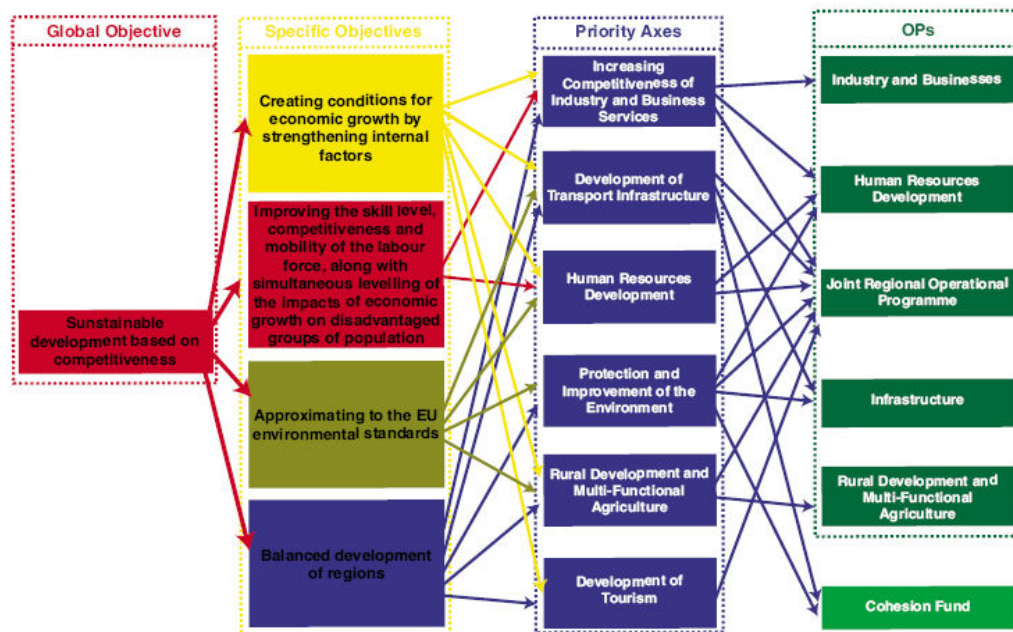
Source: Ministry for Regional Development: National Development Plan, Prague, March 2003, p.135

National Development Plan represents the basis for the negotiations between Czech government and the European Commission on another strategic document Community Support Framework (CSF). The document was adopted in June 2004. CSF reduces the number of specific objectives set in NDP and redefines them. Besides, it introduces four horizontal objectives, which should strengthen the achievement of the global objective. The scheme below clearly demonstrates changes in the strategy.

Strategy of the Community Support Framework

Global Objective	Specific objectives	Priority Axes
Sustainable development based on competitiveness	Creating conditions for business environment	Increasing Competitiveness of Industry and Business Services
		Development of Transport Infrastructure
	Increasing labour market flexibility	Human Resources Development
		Protection and Improvement of the Environment
	Improvement of the infrastructure quality	Rural Development and Multi-Functional Agriculture
		Development of Tourism

Environment and sustainable development — Equal opportunities — Balanced development of regions — Information Society

Horizontal objectives

Source: Ministry for Regional Development: Community Support Framework, Prague, June 2004, p. 60

The accomplishment of the objectives stipulated in the strategic documents has been carried out through the implementation of five operational programs. Each of them has own global and specific objectives and also defines priorities, which are further divided in measures and partial measures. For the programming period 2004 – 2006 four sector operational programs and one regional operational program were set. Each program is managed by managing authority, which is responsible for smooth implementation of them.
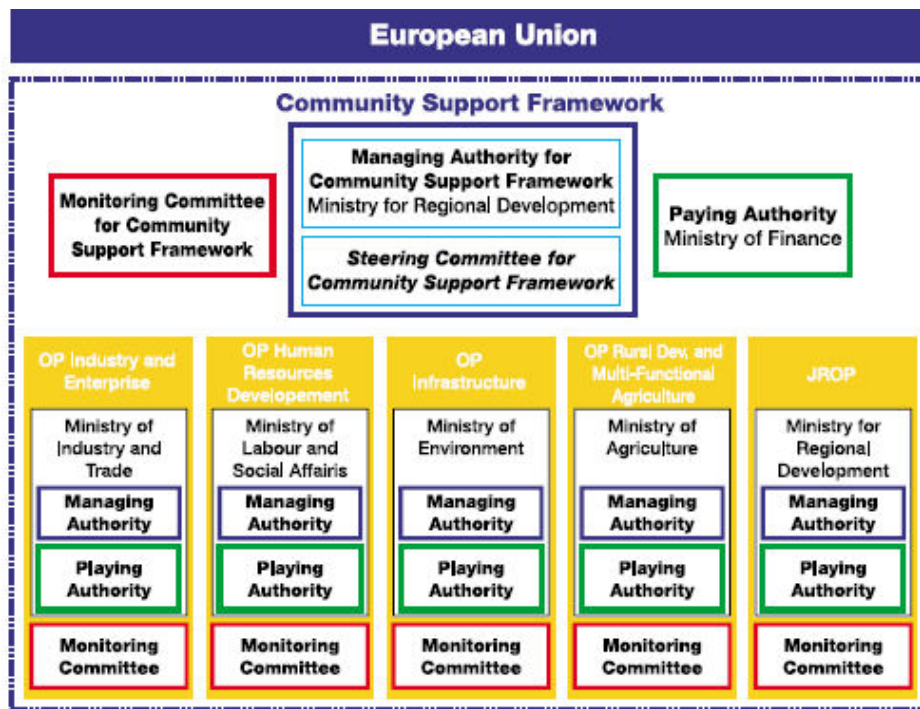
CSF Management System

Source: Ministry for Regional Development: National Development Plan, Prague, March 2003, p. 178

Sector operational programs are following:

OP Industry and Enterprise (OPIE)

This program focuses on the support of business environment development and raising the competitiveness of Czech enterprises and products. It also aims to endorse the entrepreneurship and innovation activities in industry and to increase the energy efficiency. The program conduces to the priority axis Increasing Competitiveness of Industry and Business Services.

OP Infrastructure (OPI)

OP Infrastructure aims at the modernization and development of transport infrastructure and its line-up with Trans-European network, reducing the negative effects of transport on the environment and strengthening the environment protection. OPI is in accordance with two priority axes: Development of Transport Infrastructure and Protection and Improvement of the Environment.

OP Human Resources Development (OPHRD)

The aim of the OP Human Resources Development is to ensure a high level of employment in the Czech Republic, qualified and flexible workforce. The program also focuses on the

integration of persons threatened by the social exclusion, on the provision of equal opportunities and on lifelong learning development. The program contributes to the implementation of the priority axis Human Resources Development.

OP Rural Development and Multifunctional Agriculture (OP RDMA)

OP Rural Development and Multifunctional Agriculture focuses on the support of agricultural sector and its adaptation to EU market. Within this program activities aiming at the enforcement of the competitiveness of agricultural products, rural development and vocational training are supported. It is consistent with the priority axis Rural Development and Multifunctional Agriculture.

One regional operational program:

Joint Regional Operational Program (JROP)

The program supports activities leading to the sustainable economic growth and to the improvement of quality of life in individual regions. In particular, it focuses on creation of new jobs at the regional and local level, improvement of infrastructure, environment, human resources development and integration of people into the society. Generally, JROP supports activities arising under municipalities and regions and thus extends the impact of the sector operational programs at the local and regional level.

These operational programs cannot be applied in Prague, because Prague is not eligible to use EU funds under the Objective 1. Therefore, two special documents were elaborated for City of Prague – one for Objective 2 and one for Objective 3. Similarly to the OPs, these documents set their priorities, measures and partial measures, within which the applicants can elaborate the project ideas.

Single Programming Document for the Objective 2 (SPD 2) focuses on revitalization and improvement of city environment. It also supports activities aiming at the "creation of conditions of future prosperity of chosen area". Managing authority of SPD 2 is Ministry for Regional Development.

Single Programming Document for Objective 3 (SPD 3) relates to the human resources development in Prague. It aims to achieve the effective labor market with qualified and skilled workforce, employers' competitiveness, and integration of social excluded people into society and equal opportunities. Its managing authority is Ministry of Labor and Social Affairs.

Czech Republic can use in total 2 630,5 million EUR for the structural operation in the shortened programming period 2004 – 2006. See table below.

Allocation of Structural Operations for the Czech Republic in 2004 – 2006 according to supported areas (in million €, current prices)

	2004-2006	2004	2005	2006
Cohesion Fund	945,3	316,9	266,1	362,3
(Average*)				
Structural Funds	1 584,4	381,5	528,9	674,0
Objective 1 (13 NUTS III regions)	1 454,3	339,0	485,5	629,8
Objective 2 (Prague)	71,3	23,3	23,8	24,2
Objective 3 (Prague)	58,8	19,2	19,6	20,0
Community Initiatives	100,8	28,6	32,1	40,1
Interreg	68,7	21,0	21,4	26,3
Equal	32,1	7,6	10,7	13,8
Total of structural operation	2 630,5	727,0	827,1	1 076,3

In case of Cohesion Fund, the maximum and minimum thresholds were set for each country depending on absorption capacity, source: European Commission, April 2003
Source: Ministry for Regional Development,
http://www.strukturalni-fondy.cz/index.php?show=000008

Czech Republic had to fulfil another important condition for the use of EU funds – to establish self-governing regional authorities functioning at the regional and local level. In autumn 2000, 14 regions (NUTS III) were created. They have been fully operating since January 2001. However, the number of regions was too high for the purposes of EU support. Thus some regions were put together and eight cohesion regions came into being in 2001. One cohesion region consists of between 1 and 3 regions.

In general, the Czech Republic is divided into five territorial units according to the EU statistical classification (NUTS):

NUTS I – the whole territory of the Czech Republic

NUTS II – 8 cohesion regions

NUTS III – 14 regions

NUTS IV – 77 districts

NUTS V – more than 6.200 municipalities

NUTS II Regions	NUTS III Regions
Praha (Prague)	Hlavní město Praha
Střední Čechy (Central Bohemia)	Středočeský
Jihozápad (South-West)	Jihočeský, Plzeňský
Severozápad (Nort-West)	Karlovarský, Ústecký
Severovýchod (North-East)	Liberecký, Pardubický, Královehradecký
Jihovýchod (South-East)	Jihomoravský, Vysočina
Střední Morava (Central Moravia)	Olomoucký, Zlínský
Moravskoslezsko (Moravia-Silesia)	Moravskoslezský
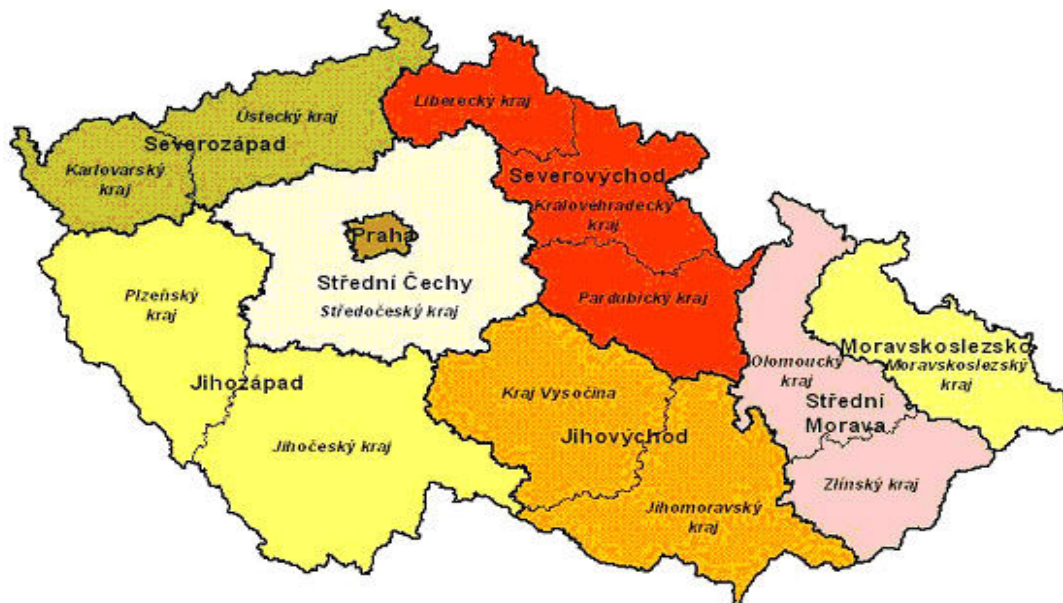
Source: Ministry for Regional Development: National Development Plan 2004 - 2006, at: http://www.strukturalni-fondy.cz/rps/narodni-rozvojovy-plan-nrp-2004-2006

Perception of EU Structural Funds - survey results

Methodology of the research

Main idea of the questionnaire used for this research has been to uncover potential and real corruption risks during the implementation of EU structural funds. The researchers used an anonymous computer assisted telephone interview (CATI) as a main tool for data collection. The interviews, conducted from September 4 till September 10 2006, were organized and fully powered by STEM/MARK, a.s. – a marketing research company. Apart from that in May 2006 a reference sample of respondents was approached by a regular mail with anonymous questionnaire with the request to fill in it and send it back. The data collected by both methods have been completed and further compared and interpreted. By this comparison it has been found out that opinions gained by CATI and mail questionnaire do not differ very much and have a statistical relevance.

CATI	Mail questionnaire
Number of approached respondents: 754	Number of delivered letters: 311
Number of finished interviews: 308	Number of received answers: 73
Response rate: 40%	Response rate: 23,4%

The researchers approached the successful and unsuccessful applicants who prepared their project for six of seven programming documents. The only program, which has not been included into the research, was Single Programming Document – Objective 2 that is devoted exclusively for some parts of the capital Prague. Interviewees have been selected randomly and represent both institutions seated in the cities and in the countryside, both small and large institutions and coming from all the Czech regions. They are representatives of small and media enterprises, non-profit organizations as well as communes and towns. We did not include the projects of the regional authorities themselves (NUTS 3 regions). Applicants selected on the basis of individual programming documents are proportionally represented, unfortunately as for the unsuccessful applicants it is only ESF and the programs arising from (HROP + SPD3) that regularly provides all data including refused applications. We are dealing with this situation in the following section devoted to "access to information".

Table 1 - Respondent according to OPs and success

selected projects JROP	38	12,34%
selected projects HROP + SPD3	46	14,94%
selected projects IEOP	44	14,29%
selected projects IOP	45	14,61%
unselected projects HROP + SPD3	135	43,83%
Total respondents	**308**	**100%**

Table 2 – Respondents answering the question: "According to your experience, are there any shortcomings in the SF allocation system?"[1]

Activities for structural fund financing are mostly irrelevant	16	9,25%
Long and unpredictable waiting process	136	78,61%
Too much bureaucracy, paper work	158	91,33%
Changing rules during the project writing period	89	51,45%
Unclear communication from the administering institutions	28	16,18%
Project implementation is difficult to manage (administratively, financially)	107	61,85%
The process discriminates against small applicants	88	50,87%
Other answers	83	47,98%
Total respondents	**173**	

In the table 2 we can see how successful applicants according to their experience perceive any shortcomings in the SF allocation system. Obviously, respondents consider bureaucracy and paper work as the most flagrant shortcoming in the whole system (91,33%). The fact that interviewees see the waiting process as long and unpredictable (78,61%) is comprehensive and clearly linked to excessive bureaucracy. Over sixty percent of respondents claiming that project implementation is difficult to manage can be caused by the fact that most of organizations applying for ESF support are smaller institutions with insufficient or no experience with a project management. We can also include smaller communes and towns into this group of recipients since there is often a lack of a skilled and experienced personal capacity at the municipalities. Roughly majority of respondents

---

[1] Only successful applicants responded. Each could mark more answers.

considers a change of conditions (51,45%) during the project preparation as an important shortcoming in the system. This is really serious problem reflecting the current situation that is still far from a final state of rules. On the other hand these data can arise from the very beginning phase of EU SF implementation and we can expect that situation is getting more stable thanks to experience of responsible public administrators and civil servants.

Maybe surprisingly, only 16,18% of respondents complain to bad communication with respective administering institution and only 9,25 % of them consider activities supported by EU structural fund as irrelevant. Another result arising of the research with an ambivalent interpretation relates to a potential discrimination of the small and financially weaker applicants. Half of the respondents do not perceive any discrimination of the system towards smaller organizations while half of respondents do so. This contradiction can be motivated by the fact that in the implementation system of European Social Fund certain advance payments might be used. When looking at the collected data according to the individual operational programs, one can see a huge discrepancy between respondents and their experiences with OPs. While in the OPs in which no pre-financing instruments are allowed (OPIE, JROP) a significant majority of respondents complains on excessive financial burden, in HROP where advance payments are used, this figure is much lower.

Table 3 – How respondents selected according to operational programs perceive any discrimination against small applicants

	HROP	JROP	OPI	OPIE	all
discrimination of small applicants	39,1%	60,5%	31,8%	73,3%	50,8%

It is a fact that a necessity to pay all the expenses in course of the project by the subject itself often seriously complicates its cash flow and financial sustainability. Since there is no rule in the EC regulations on EU structural funds which prohibits any provision of pre-finance instruments, it would be useful to harmonize the standards implemented for the European Social Fund (through HROP) with those of ERDF (JROP, OPI). Such a simplification would definitely support above all the willingness of smaller municipalities to apply for the support from the EU funds. The requirement to have own sources or a bank loan to cover all the expenses in advance and then in case of successful project wait for the reimbursement can discourage some of the potential applicants. The respondents also repeat the same argument when asked on other shortcomings in the EU structural funds allocation system.

One third of respondents mention also other shortcomings. We can select the most relevant or repeating problems:

• required formalities are not unified for individual calls for proposal, formalities are often abundant, need of excessive number of project documentation copies, verified report from entrepreneur's register is useless (data are published on internet with free access);

• evaluation process is not transparent enough;

• lack of feed-back from recipients;

• Benefit – a central database register is not properly set;

• change of conditions in individual calls for proposals – e.g. various target groups;

• administrators and evaluators tend to emphasize formalities to the prejudice of benefits and results;

• in application forms the same information are asked to fill in;

• financing – long terms of payments, no possibility to get an advance payment, delay of paying authorities – breach of contract but no chance to get any compensations;

• fluctuation of administrators;

It can be claimed that respondent are not satisfied especially with the excessive bureaucracy which according to their opinion complicate the whole system and create a useless obstacles for potential applicants. It is directly linked with the fact that responsible authorities often breach own rules when they decide in delay or provide the financial installments. In order to smoothly and reasonably use the money for EU structural funds the whole administrative system should be reconsidered, simplified and modernized for the next programming period.

Table 4 – Respondents answering the question: "How would you evaluate the process of the project preparation and evaluation – would you assess the process as honest, i.e. corruption-free?"

	all		success		failure	
The process was completely honest	56	18,18%	39	22,54%	17	12,59%
The process was more honest then not	136	44,16%	88	50,87%	48	35,56%
The process was more dishonest then honest	53	17,21%	15	8,67%	38	28,15%

The process was completely dishonest	17	5,52%	2	1,16%	15	11,11%
Hard to say/n/a	46	14,94%	29	16,76%	17	12,59%
Total	**308**	**100%**	**173**	**100%**	**135**	**100%**

Honesty in the process prevails	192	62,34%	127	73,41%	65	48,15%
Dishonesty in the process prevails	70	22,73%	17	9,83%	53	39,26%
Hard to say/n/a	46	14,94%	29	16,76%	17	12,59%
Total	**308**	**100%**	**173**	**100%**	**135**	**100%**

The collected data show a deep discrepancy between successful and unsuccessful applicants. While 73,41% of those who succeeded say that honesty and fairness in evaluation process prevail, this claim is declared only 48,15% of unsuccessful applicants agree with this claim. Such a contradiction can be easily explained by a natural disappointment of those who have not succeeded. But the fact that it is a minority of unsuccessful applicants that believe in fairness of the whole process is a warning element. It means that the system is not able to convince subjects who failed with their projects on its honesty.

Number of respondents who perceive the preparation and evaluation processes as completely dishonest is not very high but it is in any case surprising that there are some respondents who succeeded but they see the process as completely dishonest. This can be seen as another warning and a certain impetus for systematic changes in the implementation structure. On the other hand the fact that even among the unsuccessful applicants those who believe in a complete honesty prevails over those who believe in a complete dishonesty must be emphasized. It can mean that basic parameters of the system itself are correct and it only needs some improvements in its processes.

Table 5 – Respondents answering the question: "Could you mention the reasons why you felt the process was not honest?"

	success		failure	
Financial support was received by the ones who had close ties employees of the respective institution and those who take decisions	35	20,23%	33	24,44%
Financial support was received (had greater opportunities to receive) those who paid bribes to employees of the respective institutions or those who take decisions	9	5,20%	10	7,41%
Financial support was received (had greater opportunities to receive) those, those who used the concrete consultants	77	44,51%	43	31,85%
Those who took decisions were incompetent	31	17,92%	64	47,41%
Funding was received by those who are already rich a powerful (small applicants did not stand a chance)	59	34,10%	52	38,52%
Other reason	39	22,54%	70	51,85%
Total of those who do not assess the process as completely honest	**173**	**100%**	**135**	**100%**

Important part of respondents mentions the selection of the concrete consultant as a key element that influences the success or failure of the project application. This can be caused by the fact that respondent are not skilled enough to prepare the project documentation on their own and that they have to hire and pay a consultant. This might exclude financially weaker subjects who cannot afford to carry such a risk and therefore they rather miss their opportunity to apply for a support.

The argument that "funding has been received by those who are already rich and powerful and smaller applicants did not stand a chance" can be explained in a similar way as the previous argument. The richer, powerful and more experienced applicant is, the more sources he can afford to spend for the consultants.

Criticism of the assessors and generally those who take decisions must be perceived in a different way. On one hand there is a huge discrepancy in this argument between successful

and unsuccessful applicants, which encourage saying that those who did not succeed, tend to blame the assessors to be biased, ignorant and insufficiently experienced. On the other hand the situation must be see in the light of the open answers in which respondents claim similar arguments complaining on individual assessors and evaluation and selection committees. They often argue that there is a lack of communication as well as transparency in the evaluation system and that applicants have no chance to defend themselves, cannot participate at the evaluation and selection committees and are not informed on the reasons why the project has not been supported. It is necessary to say that the practice of the implementing authorities differs from one operational program to another one and from one region to another one. But it is indubitable that every applicant should know the reasons why the concrete project has been or has not been supported.

When examining the corruption risks one should draw the attention to answers 1 and 2 referring to paying bribes and close ties with persons and institutions that take the decisions. Since over 20% respondents mention this suspicion as the main reason of the system dishonesty, one should take this corruption risk seriously. Although it is true that the proportion of respondents, who perceive the corruption behavior in the system, is lower then the average corruption perception in the society[2], there is definitely a certain space for the system improvements. Looking at the other reasons mentioned in the table 5 as well, it is clear that applicants would prefer the responsible authorities to be more open and transparent.

As for other reasons they point out similar problems like in the table 2 when identifying main shortcomings in EU SF implementation system. The problems are summarized into a couple of main arguments:

• Quality of assessors – incompetence, ignorance and subjectivity of assessors. They do not hold the same selection criteria, they often miss a deeper insight into the described situation, the innovative approaches are not welcomed and often suspicious, organization is working in the very specific field which is hard to evaluate by any external. Respondents often argue that it is strange that the completely same project succeeded in one region while it failed in another one.

• Application forms are limited in terms of number of signs, they are often focused on non-essential things and formalities prevail.

• Selection committee - project supported by evaluators but then refused by selection committee, non-experienced administrators, they are usually very young without practice,

impossibility to give a feedback towards assessors' objections, they often miss assessors' comments.

Table 6 - Respondents answering the question: "During the project preparation did either you or your employees receive a hint or an indication that the project approval will be ensured by...?"

	success		failure	
Some hints or indications were received	31	17,92%	21	15,56%
No hints or indications were received	142	82,08%	114	84,44%
Total respondents	**173**	**100%**	**135**	**100%**

Table 7 - Respondents answering the question: "Which indications or hints did you receive?"

	success		failure	
.. payment to those who take decisions	5	16,13%	4	19,05%
.. certain people, enterprises are foreseen in the project application (will be employed, will be contracted, will receive some kind of help as the project is carried out)	3	9,68%	5	23,81%
..use of concrete consultants for the preparation of this project	22	70,97%	13	61,90%
..support of a concrete official	2	6,45%	3	14,29%
Other answer	8	25,81%	6	28,57%
Total of those who received some indications or hints	**31**		**21**	

Tables 6 and 7 show the proportion of respondents who received any indications that a certain non-fair practice might be used to ensure the success of the particular project. Firstly, it is interesting to see that number of respondents who received any hints (16,9% of all respondents) is smaller than the percentage of those believing that "financial support was received by the ones who had close ties employees of the respective institution and those

---

[2] See the reports on corruption regularly published by the Transparency International.

who take decisions" (see table 5). Perception of a non-fair behavior is thus to certain extent created indirectly, i.e. not through a personal experience.

The highest number of cases when indications have been received concerns the use of the concrete consultant. This might be seen as a non-fair behavior because of the following reason: Some implementing authorities especially in the regions are often willing to help the potential or unsuccessful applicants and recommend them a list of consultants, which they have created on their own. It is doubtful if such a practice meets the criteria of the fair competition and if such a list, which is publicized or publicly available, do not discriminate those who are not listed. We suppose that it does discriminate.

The small absolute number of respondents can cause relatively huge discrepancy between successful and unsuccessful applicants in the table 7. Therefore, an indication of using concrete consultant for the project preparation is the only convincing argument.

The other claims are negligible as only a couple of respondents declare them. But two respondents concretely assert:

•   They had been contacted by a consultant with the offer of project management yet before the results were officially announced (This argument can witness a certain channels between administrators and consultants) and

•   Intermediate body did not respect the decisions of selection committee and even supported the projects, which obtained less than mandatory 55% of gained points. This practice has to considered non-transparent and against the approved rules.

Some respondents mentioned any consultant company, which tried to persuade them that the project would succeed, if they were consulted. Such practice can be perceived as a standard marketing tool how to attract potential customers. All together over 80% of respondents claim that they did not receive any such a hints or indications. It can be concluded (maybe surprisingly) that rumors concerning the corruption behavior in the EU structural funds implementation system are not as dominant as one could have expected.

Table 8 - Respondents answering the question: "Did you follow these hints or indications?"

	success	failure
Yes	10	3
No	21	18
Total of those who received some indications or hints	**31**	**21**

Table 9 - Respondents answering the question: "What of the below mentioned you did (proposed to do if the project is approved)?"

Paid to those who take decisions	0	0,00%
Promised to pay if the project will be approved	1	7,69%
Planned for contracting of a concrete employee, enterprise	1	7,69%
Chose a concrete consultant company	8	61,54%
Received a support of a concrete official, promise to help	2	15,38%
Other answer	5	38,46%
Total of those who followed the indications or hints	**13**	

13 of 308 respondents included in the survey (4%) admit that they used the received indications or hints and tried to ensure the success of their project by other ways. With the exception of hiring a concrete consultant all other ways can be seen as non-fair and corruption behavior. It is clear that such non-fair practices also exist in this system but they probably do not represent a standard and generally accepted ways to secure success of the particular project.

Table 10 - Respondents answering the question: "Who prepared the project application (the respective project that we asked about in the beginning)?"

Myself, permanent staff	251	81,49%
Employees hired specifically for this project	12	3,90%
A specific consultant or consultant company	91	29,55%
Other answer (e.g. partner organizations, project team)	61	19,81%
Total respondents	**308**	

Table 11 - Respondents answering the question: "Where your institution is located?"

Praha	67	Hradec Kralove Region	14
Central Bohemia Region	23	Pardubice Region	20
South Bohemia Region	10	Vysocina Region	17
Plzen Region	8	South Moravia Region	60
Karlovy Vary Region	5	Zlin Region	9
Usti nad Labem Region	35	Olomouc Region	16
Liberec Region	8	Moravia-Silesia Region	16

Conclusions and recommendations:

- Bureaucracy versus effectiveness and efficiency. Respondents consider bureaucracy and paper work as the most flagrant shortcoming in the whole system (91,33%). According to them it represents the major obstacle discriminating especially financially weaker and less experienced applicants. On the other hand the fairness of the whole system is much less criticized from the point of view of corruption behavior. It is clear that such non-fair practices also exist in this system as it arises of the study, but they probably do not represent a standard and generally accepted ways to secure success of the particular project. It can mean that basic parameters of the system itself are correct and it only needs some improvements and simplification in its processes. It might be useful to check out the necessities of all parts of project application, to secure the minimum standards of publicized information on selection process and to make the whole project assessment more effective and especially transparent. Implementing bodies should make public as much information on selected projects as possible, including the assessors' comments. Such a simplification can contribute both to better efficiency and greater trust to the implementation system of the EU structural funds.

- Pre-financing. Since there is no rule in the EC regulations on EU structural funds which prohibits any provision of pre-finance instruments, it would be useful to harmonize the standards implemented for the European Social Fund (through HROP) with those of ERDF (JROP, OPI). Such a harmonization would definitely support above all the willingness of smaller municipalities and financially weaker institutions to apply for the support from the EU funds, because so far the absence of pre-financing has been quoted as a main deterrent.

- Informal channels between administrators and consultants. The study reveals some informal channels between consultants, who are striving for new clients, and willingness of administrators to help the potential applicants. Administrators employed in the implementing bodies or responsible for the specific grant-scheme should not create the list of recommended consultants and consultant companies. Such a practice can firstly break the rules of fair completion and secondly it creates platform of a high corruption risk.

With regard to above-mentioned conclusions and in order to smoothly and reasonably use the sources of EU structural funds, the whole administrative system should be reconsidered, simplified and modernized for the next programming period.

Access to Information

Theory

Although the constitutional principles of the individual Member States of the European Union substantially vary, some common principles may be identified which shape the functioning of the State administration. These principles should constitute important limitations on the activities of the State administration and they should serve to reduce the traditional perception this institution as a sort of aristocracy. This type of traditional concept of performance of the public administration is clearly obsolete and is being replaced by a model of the public administration as a service for citizens. If possible, all processes in a democratic society should be public, open to external control and transparent and the outputs of these processes should be published. In theory, we speak about the openness, transparency and publicity principles. All these principles together constitute one of the substantial aspects of "good governance" or "good administration".

Openness and transparency also need to be delimited by clearly defined and comprehensible, generally binding and enforceable rules that are not mutually contradictory. Only in exceptional and legitimate cases may some matters be considered to be secret or confidential and thus exempted from the openness and transparency principles. The provisions limiting the right to information must be codified to ensure good orientation in the legal order and to facilitate the interpretation of legal regulations. However, it is rather difficult to achieve a balance between secrecy and disclosure of certain facts and this aspect is frequently discussed in legal theory. The conflict between free access to information and the right to protection of personal data, discussed below, is an example.

The massive use of the Internet and other modern communication technologies has led to a relatively new perception of access to information as defined by the national and European generally binding legal regulations. The right of access to information may be viewed as one of the pillars of "good governance", as it ensures a certain informal supervision over the functioning of the public administration. This is effected either by disclosure of the final information that is available to a public institution or by the possibility of any person to participate as an observer in a meeting, on the basis of which a decision is taken. The possibility of personal participation of individuals – observers – in such meetings or the possibility of subsequently becoming acquainted with the result thereof to some extent ensures that the meeting will comply with the applicable rules and that the presence of non-participating persons not known to the participants will have a favorable influence on the

quality of the participants' activities, as well as their responsible approaches towards the matter in hand.

The utilization of the right of access to information, together with the use of information technologies, leads to a certain change in the relationship between the Government and the citizens. At the present time, citizens may become acquainted with various documents without having to leave their homes and they may also manage their affairs through the Internet, instead of visiting the office during its opening hours.   A certain vision of the future can be drawn from the above facts, where the representative form of democracy will be supplemented by the second pillar - direct participation of citizens in the administration of public affairs.

Legislation

In the Czech legislation, the right of access to information is perceived as one of the fundamental political rights and is defined in Art. 17 of the Charter of Fundamental Rights and Freedoms (Act No. 2/1993 Coll.). The fifth paragraph thereof states: "Organs of the State and of local self-government shall provide in an appropriate manner information on their activity. The conditions and the form of implementation of this duty shall be set by law."

This implementing law, Act No. 106/1999 Coll. on free access to information, implements Directive 2003/98/EC of the European Parliament and of the Council of 17 November 2003 on the re-use of public sector information.

The purpose of the Act is stipulated in its Section 1, which states that: "... the Act regulates the terms and conditions of the right to free access to information and defines the basic terms and conditions under which information is provided." The Act does not provide for the functioning of the public administration or describe the processes ensuring transparency and how the Act contributes to democratization of society; it does not even expressly mention the relation to the above-mentioned constitutional principles. Its purpose must be interpreted in the context of paragraph 5 of Art. 17 of the Charter of Fundamental Rights and Freedoms and the obligation of governmental agencies and the territorial self-government bodies to provide reasonable information on their activities stipulated therein.

The bodies that are obliged to provide information relating to their competences pursuant to Section 2 are the following:

a) governmental agencies,

b) territorial self-governing bodies,

c) public institutions managing public funds and

d) bodies that have been authorized by the law to decide on the rights, interests protected by law or duties of natural persons and legal entities in the public administration sector, solely within the scope of their decision making.

The right of access to information is limited by another right defined in Art. 10 (3) of the Charter. The provision states that "everyone has the right to protection against unauthorized collection, publication or other misuse of his data."

The right of access to information and the right of protection of personal data should be interpreted complementarily and, in practice, it is necessary to find a certain balance between these rights. Court practice, in particular the jurisprudence of the Constitutional Court, may serve as an important guide in exercising these rights.

The above-mentioned Act also originally contained provisions on the protection of personal rights and privacy, stipulated in its Section 8. However, this Section was deleted by the new Personal Data Protection Act (Act No. 101/2000 Coll.), which stipulated that free access to information does not apply to the provision of personal data.

Personal data shall mean any information on the basis of which a data subject may be directly or indirectly identified in particular on the basis of a number, code or one or more factors specific to his/her identity. This protection applies solely to natural persons; data on legal entities are public by their nature and are not subject to protection.

Personal data may be disclosed in two possible ways:

• Making personal data anonymous – which means that the specific data is processed so that it can no longer be linked to a specific subject, i.e. the specific subject cannot be identified on the basis of this data.

• Consent to data processing – the subject concerned signs an declaration in advance, giving his/her assent to his/her personal data processing in a certain matter.

Then what is the practice in personal data disclosure in relation to distribution of funds from the EU Structural Funds? In accordance with the wording of the Personal Data Protection Act, applicants are usually required to issue an advance declaration whereby they give their consent to disclosure of their personal data. Such an approach may be deemed to be both legal and legitimate, as control over public funds and over the use thereof must be considered beneficial for society. As there is no legal claim to subsidies from public funds including EU Structural Funds, it may be concluded that the consent to the processing of

personal data can be a precondition for acceptance of the project application for factual evaluation. To the contrary, failure to provide this consent may be considered to constitute a reason for excluding the project from further evaluation.

Practice

The research was concerned with monitoring of the practice of public administration authorities relating to disclosure of information in relation to the distribution of funds from the EU Structural Funds. The Joint Regional Operational Program and the grant schemes system organized at the NUTS 3 level were chosen. This was based on the fact that they enable more detailed comparison of the practice of the individual authorities compared to the individual JROP projects selected at the NUTS 2 level. The grant schemes selected were concerned with the following JROP measures:

- 1.1. Support of small-scale enterprises in economically weak and structurally affected areas programme

- 1.1. Support of small and media enterprises in economically weak and structurally affected areas programme

- 3.2. Support of social integration in the regions

- 4.1.2. Development of regional and local services for tourism - public institutions

- 4.1.2. Development of regional and local services for tourism (small and media enterprises)

- 4.2.2. Development of regional and local tourist infrastructure

The study examined the practice of the regional authorities in 13 Czech administrative regions, i.e. with exception of the Capital City of Prague, which is not covered under Objective 1 in the 2004 – 2006 programming period:

Central Bohemia Region	Pardubice Region
South Bohemia Region	Vysočina Region
Plzen Region	South Moravia Region
Karlovy Vary Region	Olomouc Region
Usti nad Labem Region	Zlin region
Liberec Region	Moravia-Silesia Region
Hradec Kralove Region	

The purpose of the study concerned with the grant schemes of the individual administrative regions was to determine whether the following information is regularly made public.

- list of supported projects

- list of unsupported projects/list of all projects

- brief project description

- assessor/evaluator comments

- quantitative indicators

- amount of grant

- evaluation points

- description of evaluation system

- names of assessors/evaluators

- contacts to administrators

- orientation in the website

- update of website

What information should optimally be disclosed? It may be argued that, pursuant to the principles of transparency and active publicity of the public administration, it is necessary to publish as much information as possible on the use of public resources and on the recipients of funds. The following information should be available for the general public as well as for successful and unsuccessful applicants for support: which projects were selected and which were not supported, including a brief project description, the reason for exclusion or support (evaluators'/assessors' comments), numbers of points obtained (order of projects) and the cost of the project.

During the study, the research team was surprised by the fact that some regional authorities also published other information. These included the quantitative indicators of the project (in particular, quantitative outputs) as well as the names of the evaluators/assessors (the members of the evaluation or selection committees). If the indicators are only published as supplementary information to the project description, there would be no objections to this practice; however, in this particular case, the indicators replaced the brief description of the project, which is more important for the general public.

The publication of the names of persons making decisions on specific projects is a more disputable fact. This might seem at first glance to be a positive step towards increased transparency and openness of the selection and evaluation processes. On the other hand, this might be a potentially risky practice from viewpoint of corruption. The main argument consists in the fact that the grant schemes (as well as other invitations) are published regularly, sometimes even twice annually. Understandably, the list of people making decisions on specifically defined projects is limited and it can be expected that the same people will also make decisions in the next invitation round. In spite of this potential risk, we appreciated disclosure of the information on the specific evaluators/assessors in our research.

Apart from the information on the completed selection process, access of potential applicants to information was also reviewed. Information should certainly be made available on the public site and can substantially facilitate the search for grant and subsidy opportunities by potential applicants. This applies, for example, to evaluation and selection systems, including a detailed description of the evaluation criteria, names of the responsible administrators and contacts thereto, orientation in websites and regular updating thereof, etc.

The table on the following page contains the summarized collected data and the order of regions according to their openness and the transparency of the selection processes. The data were collected in the period from September 4 to September 8, 2006. As we can see, access to information varies in the Regions. The information on supported projects (published in 12 regions out of the 13 reviewed) and on the amounts of grants (11/13) is most common.

NUTS III. Regions – grant schemes	supported projects	unsupported projects/list of all projects	brief project description	project assessor/evaluator comments	indicators	amount of grant	amount of evaluation points	description of evaluation system
Central Bohemia Region	2	2	2	1	0	2	2	2
South Bohemia Region	2	1	0	0	0	0	0	2
Plzen Region	2	2	0	0	0	2	0	2
Karlovy Vary Region	2	2	0	0	0	2	2	2
Usti nad Labem Region	1	1	0	0	0	1	1	2
Liberec Region	2	2	0	1	0	2	2	2
Hradec Kralove Region	2	2	0	0	0	2	0	2
Pardubice Region	0	0	0	0	0	0	0	2
Vysočina Region	2	0	0	0	0	2	0	2
South Moravia Region	2	0	0	0	0	2	0	2
Olomouc Region	2	0	0	0	2	2	0	2
Zlin region	2	0	0	0	0	2	0	2
Moravia-Silesia Region	2	0	0	0	0	2	2	2

NUTS III. Regions – grant schemes	names of evaluators/assessors	contacts to administrators	orientation at website	update website 0-1 pt.	total (range)	rank
Central Bohemia Region	0	2	2	1	18	1.
South Bohemia Region	0	2	2	1	10	10.-12.
Plzen Region	0	2	2	1	13	3.-5.
Karlovy Vary Region	0	0	1	0	11	6.-9.
Usti nad Labem Region	0	2	2	1	11	6.-9.
Liberec Region	2	2	1	1	17	2.
Hradec Kralove Region	0	0	2	0	10	10.-12.
Pardubice Region	0	2	2	1	7	13
Vysočina Region	0	2	2	1	11	6.-9.
South Moravia Region	0	1	2	1	10	10.-12.
Olomouc Region	0	2	2	1	13	3.-5.
Zlin region	0	2	2	1	11	6.-9.
Moravia-Silesia Region	0	2	2	1	13	3.-5.

notes: 0 - no information, 1 - partial information, e.g. only for some grant schemes, 2 - sufficient information

Approximately one half of the regions (7/13) publish lists of all projects, i.e. including the projects of unsuccessful applicants. In contrast, shortcomings were found in relation to publishing information that may be considered to be important, i.e. brief project descriptions (1/13), evaluators'/assessors' comments (2/13) and number of points awarded (5/13). Regular publishing of this information would contribute to a higher level of transparency of the selection proceedings and would in no way represent a breach of the rules governing the protection of personal data.

The other part of the assessed data, i.e. the access to information for potential applicants, can be evaluated as quite satisfactory. The detailed evaluation criteria were stated (13/13), as well as the names of administrators, including their telephone numbers and e-mail addresses (11/13) for each call for a proposal, and the sections are mostly updated (11/13).

The study led to the question as to whether the whole projects should be published, which was not a subject of the examination. This question followed from the practice and the procedure, unusual within the conditions in the Czech Republic, of the Department for EU Information of the Office of the Government, which redistributes funds from the State budget with the aim to provide information on certain aspects of the European Union and the relations following for the Czech Republic and its citizens from membership in the EU. On its websites, the Office publishes not only the names of supported projects, but also the full content thereof, including a detailed description of events, indicators, timescale, personnel provision, etc. In addition, the sites contain information on members of the selection committees.

Can the entire project documentation be published? Are trade secrets or copyrights violated by this procedure?

First, we shall discuss this aspect from the viewpoint of trade secrets and the possible violation thereof. A trade secret is provided for by Section 17 of the Commercial Code and must comply with the following characteristics:

- it contains information of technical or commercial nature relating to a business;

- it has a certain potential value;

- the information is not generally accessible;

- the entrepreneur wishes to keep the information secret and actually does so.

As follows from the above that only the trade secrets of business entities that are subject to the Commercial Code are protected. This protection thus usually does not apply to other

entities applying for support from EU Structural Funds (municipalities, NGOs). The fact that an entrepreneur keeps the information secret and does not publish it represents an important feature of a trade secret. Therefore, the argument that the information represents trade secret may not be used in any potential dispute with a public administration body if the information has been previously disclosed, e.g. in the project application. Stating this information in the project may be considered as disclosure thereof or, more precisely, as non-protection thereof, and thus the information ceases to have the status of a trade secret. Moreover, Section 9 of the Act on Free Access to Information explicitly states in its second paragraph that "in the provision of information related to the use of public funds, the provision of any information on the amount and recipients of monies from the public budgets or on the disposal of assets of such entities is not considered as a breach of trade secrecy."

For the purpose of prevention of legal disputes it would be advisable that the call for proposal documents and the subsequent agreement on the provision of a grant explicitly state that the information included in the project application is deemed to be disclosed and that the protection of a trade secret does not apply to such information.

On the other hand, the publication of the entire project documentation may be assessed from the viewpoint of copyrights. A relatively wide definition of a copyright is stipulated in Section 2 of the Copyright Act and includes a literary work or other work of art or a scientific work as well as a computer program and creation of a database. The work is protected by a copyright provided that it is the author's own intellectual creation. This precondition does not exclude a project application prepared by any entity for the purpose of the provision of financial support from the EU Structural Funds from copyright protection. A project may be perceived in many ways; in this case, we consider that this corresponds to its systemic and logically interconnected structure expressed in a detailed structured literary form or though a particular project management tool (e.g. logical framework). In any case, the resolution of a certain situation, defined by the relevant authority, is the author's own intellectual creation and this creation is protected by a copyright. In other words, this means that the organization receiving project applications is not entitled to publish the entire content thereof without the author's consent. For the purpose of the use of funds from the Structural Funds, it may be recommended that the call for proposal documentation as well as the agreement on the provision of a grant include the provision whereby the author gives his consent to the publication of the work (project documentation) for the purpose of transparency and openness of the public administration.

Conclusions

Openness and transparency of the public administration need to be considered as a precondition for the good functioning of democracy and the public administration pursuant to good governance standards. Citizens have the right to access to the largest possible amount of information relating to the use of public budgets and implementation of certain policies. The publication of information above and beyond the framework of obligations stipulated by the Act on Free Access to Information may be seen as a sign of an open and amicable public administration and such an approach can be recommended.

On the other hand, the public administration bodies must fully respect the legal restrictions aimed at the protection of personal data, trade secrets and the intellectual creations of individuals when disclosing information. When distributing funds from the Structural Funds, the relevant authorities should obtain the prior consent of the applicant to disclosure of individual data. The consent to publication of personal data is relevant only if the application for support is presented by natural persons. The issuer of a specific invitation shall notify the applicants of the fact that the information included in the application is not subject to the provisions on trade secrets and that it may be disclosed to prevent any possible legal suits. Finally, if a public administration authority seeks the maximum transparency towards the general public and wishes to publish the entire project documentation, it must obtain consent to publication of such work protected by the relevant provisions of the Copyright Act.

The public administration bodies should adopt a certain minimum standard of publication of the information on supported projects as these requirements need not be fully harmonized and it is not necessary to require exactly the same information from all the public administration authorities. Such minimum openness and transparency standards include the list of supported and unsupported projects, a brief project description, the reason for exclusion or support (including summary evaluators'/assessors' comments), the number of points awarded (order of the projects) and the amount of project. The study revealed that, in practice, disclosure of such information is not at all common.

Sources and References:

- Act No. 16/1999 Coll., on free access to information, as amended

- Act No. 101/2000 Coll., on the protection of personal data, as amended

- Charter of Fundamental Rights and Freedoms promulgated by resolution of the Czech National Council No. 2/1993 Coll.

- Act No. 513/1991 Coll., Commercial Code, as amended

- Act No. 121/2000 Coll., Copyright Act, as amended

- Miloš Tuháček: Possibility of Access to Information on Projects Supported from the EU Structural Funds, Transparency International, Prague 2006

- Oldřich Kužílek, Michael Žantovský: Freedom of Information – Free Access to Information in the Czech Legislation, 2002

- Mgr. František Korbel Ph.D.: Free Access to Information Pursuant to Act No. 106/1999 Coll. - Selected Issues, Brno 2005

Political Alliances in Decision Process on EU Structural Funds

The aim of this chapter is to find out whether any political alliances are involved in the decision process. Political alliances are examined during the selection and decision processes within the measure 2.3 Regeneration and revitalization of towns and cities under the Joint Regional Operation Program (JROP). This measure was chosen due to its specific way of project selection. This measure is the only one within the Joint Regional Operation Program, under which the selection of projects proceeded in two rounds – pre-selection at the regional level and final selection at the national level. Thus, even if the realization of projects would take place at the local level, the final decision on supported projects was taken at the national level. At the beginning of the selection process, the Ministry for Regional Development (MRD) set the number of projects, which got funding, and also the exact amount of financial resources allocated to this measure. Therefore, the researchers considered this as fitting conditions for corruption and great opportunity for the enforcement of the towns and cities interests.

Political alliances are regarded here as relations between actors, who share the same or similar political orientation and act at different levels of administration. These relations could influence the result of the selection process. Therefore, it was examined whether approved projects were submitted by towns or cities with the same or similar political representation as was indicated at regional and at national level. It is obvious that this variable is not solely determinant, because other factors such as personal interest of politicians or civil servants or the influence of committed persons could play a certain role in the decision process. However, these assumptions cannot be objectively proved.

At the time of taking decisions on projects under this measure, Ministry for Regional Development was managed by Jiří Paroubek (Czech Social Democratic Party, ČSSD) being in the office from August 2004 till 24 April 2005. Czech coalition government was composed by three political parties – ČSSD, Christian Democrats (KDU-ČSL) and Union of Freedom (US-DEU).

Methodology

Research was based on data collection from freely accessible sources and phone interviews with representatives of Secretariats of Regional Councils (S-RC) and with current guarantee of examined measure at the Ministry for Regional Development. Phone interviews were extremely important for getting relevant information about the measure, because much

information was not publicly available. However, the information received from the officials had to be verified, because it turned out that some information was incorrect or misleading.

Official internet pages of Ministry for Regional Development devoted to structural funds (www.strukturalni-fondy.cz) served as the main source of information. There is an access to the official documents concerning JROP and to the Monitoring System of Structural Funds (MSSF). Researchers also searched the internet pages of individual NUTS III regions, involved towns and cities and the website of the Czech Statistical Office (www.volby.cz).

Political representations at local (towns and cities applying for the support under this measure), regional (NUTS III regions) and national levels were examined. Researchers carried out the interviews with applicants, whose projects were refused at both regional and national levels, in order to get information on their perception of the whole selection process. The interviews were conducted in the period from 3 October to 5 October in the former case and from 11 September to 15 September 2006 in the latter.

<p style="text-align:center">***</p>

There was only one call for proposal within the measure 2.3 Regeneration and revitalization of towns and cities because of a great demand and limited budget. Program amendment of JROP clearly determined that within this measure minimum of seven projects would be selected. Only town and cities with population ranged from 10,000 to 100,000 could submit projects that relates to regeneration and revitalization of declining town centers (e.g. historic centers) or to areas affected for instance by economic decrease. The aim of the measure was to improve the state of historic centers, economic revival of towns and cities through new activities and to offer more employment opportunities. Generally, realization of projects should lead to the improvement of the environment and living conditions of inhabitants and to the creation of new jobs. Managing authority of the JROP explicitly said in the Program Amendment "complex and integral projects with evident economic impact will be chosen".[3]

Regional level

Selection of projects was divided into two phases. Within the first phase, the pre-selection of projects proceeded at the regional level (NUTS III regions). Secretariats of Regional Councils (S-RC) informed representatives of towns and cities, which had fulfilled the condition of number of inhabitants, about the call for proposals.

---

[3] Program Amendment, Joint Regional Operational Program, Ministry for Regional Development, Version 0.8, Prague, June 2004, p. 56

Number of the submitted projects differed a lot in individual NUTS III regions. The highest figures were recorded in Moravia-Silesia region, where four projects were put up. On the contrary, there was no project application in Vysočina region.[4]

Project applications were collected by S-RC. The selection procedure was not centrally determined and thus each Council of the NUTS III region, which finally approved the projects, decided in which way they would select projects for the second round. In some NUTS III regions (e.g. Olomouc Region, Usti nad Labem Region), the Councillors set up special commissions, which evaluated submitted project applications. In others (e.g. Moravia-Silesia Region), the S-RC reviewed the projects according to the so-called acceptability criteria[5] and indicators set in the Program Amendment and gave its comments to the Council. Somewhere, e.g. Liberec Region, the S-RC only collected the project applications and handed them over to the Council to decide which projects would be supported.

Secretariat of Regional Council

The Secretariat of Regional Council (S-RC) was established as a part of each regional authority at NUTS III regions. That means the people working at the S-RC were employees of corresponding regional authority. Its competencies were as follows:

- providing information to potential applicants

- collection of project in relevant cohesion region

- checking of formal requirements and acceptability of projects

- awarding points according to points system

- registering of applications into Monit information system

- preparation of documentation for draft contracts on endowments from structural funds

- providing administrative support to the Regional Council (RR)

---

[4] Figures are based on the phone interviews with representatives of Regional Council Secretariat, because no analysis on the selection procedure at regional level is publicly available.

[5] It concerns these critera: high unemployment rate; low level of economic activity; low incomes and the existence of social exclusion; the need of conversion with regard to economic and social difficulties, high number of immigrants, ethnic groups, minorities or refugees; low level of education, substantial differences in skills and unfinished school attendance; high level of crime and offenders; unfavourable demographic trends and exceedingly deprived environment. The applicant had to fulfill at least three of these criteria. Program Amendment, Joint Regional Operational Program, Ministry for Regional Development, Version 0.8, Prague, June 2004, p. 56

- elaborating the overall survey of project evaluation results for RR

- proposing the reduction of required contribution from JROP

- eventual participation in ex-ante monitoring

- providing technical service to relevant Committee of regional development

- preparation of materials for annual and final report for Managing authority

- providing internal control system at the intermediary subject

The S-RC was cancelled to 30. June 2006 on the basis of statute amendment concerning the regional development and was replaced by newly established Office of Regional Council (Úřad Regionální rady). The Office of Regional Council is an executive body of Regional Council and has its seat in each NUTS II region.

Source: Hamáček, L., Operating Report on the thematic area „Implementation System" 1/05/JROP Evaluation of the mid-term progress of JROP realization, Prague, February 2006, p. 12 – 13. Act No. 248/2000 Coll, support of regional development, as amended

Regional Council

Regional Council (RC) was established in each NUTS II region on the basis of the Act No. 248/2000 Coll. According to the original wording of § 16, the RC had to provide:

- the elaboration and implementation of programs co-financed from EU funds

- the effective use of financial resources for individual priorities and measures

- monitoring of the resources management

Number of RC members depended on whether NUTS II region was created by one or more NUTS III regions. In case of the former, the assembly of NUTS III region constituted the Regional Council. In the latter, members of the RC were elected from the members of each NUTS III region assembly. Each NUTS III region had to be represented by 10 members. In valid statutory text, there is no number of RC set.

Source: Act No. 248/2000 Coll., support of regional development, original statutory text and its amendments

Maximum of three projects per NUTS III region could be appointed to the next phase. In some regions all submitted projects were approved. First phase of the selection procedure was finished at the beginning of September 2004. Because the endorsed project applications weren't fully elaborated, the Council returned them to towns and cities for their finalization. The complete projects had to be submitted to the Department of Development Programs in Tourism (beard the responsibility for the evaluation of projects as a whole) the Ministry for

Regional Development until the end of October. At the same time Councils sent lists of selected projects to the department.

The examination of the first phase did not confirm any political alliances. Even if there could be some doubts in some cases, these proved as unjustified. Moravia-Silesia Region could be taken as an example. Council of Moravia-Silesia Region endorsed three of four projects to the national round. Project of Havířov town was not accepted. Council of Moravia-Silesia Region consisted of center-right parties (Civic Democratic Party (ODS), 4-coalition and Association of Independent Candidates (SNK)) with president of the region from opposition party - ODS. Political structure of Havířov town was just opposite. Only two left-wing parties (Communist Party (KSČM) and ČSSD) were represented in the Town Council with mayor from the Communist Party. Comparing these political structures, the consideration could be simple: the decision was based on political preferences. However, looking at the political representations in towns, whose projects were approved, it is clear that previous consideration was mistaken, because Krnov town had also two left-wing parties in the Town Council and its project was endorsed. In other supported town, Hlučín, the political representation of the Town Council consisted of government parties – ČSSD and Christian Democrat (KDU-ČSL). Třinec Town Council was composed of politicians from the whole spectrum (SNK, ODS, KDU-ČSL, ČSSD and KSČM). Similar situation was in other NUTS III regions (see the appendix).

During the research, individual representatives of Councils of the NUTS III regions were examined. The aim was to find out whether they were also represented in councils or assemblies of applicant towns and cities. Even if this was confirmed in six NUTS III regions, it didn't influence the selection of projects as we shall see. In the Council of South Bohemia Region mayors of successful towns Tábor and Písek were represented. However, it is rather difficult to talk about political alliances, because only these two municipalities submitted project applications within the region. Also councillor of the supported Ostrov town was member of the Council of Karlovy Vary Region. Likewise in previous case, Ostrov town was endorsed with other two towns to national round. On the whole, there were only three applications in Karlovy Vary Region.

Member of Ústí nad Labem City Council and member of the Most town assembly were represented in the Council of Ústí nad Labem Region. Ústí nad Labem was supported and Most town (together with Žatec town) wasn't, even if the president of the Council of Ústí nad Labem Region was above mentioned representative of Most town. Mayor of Hranice town was also member of the Council of Olomouc Region. Nevertheless, Hranice town wasn't

supported. In the Council of Moravia-Silesia Region mayor of successful Třinec town was represented (see the analysis above). Member of the Veselí nad Moravou town assembly was also a councillor of the Council of South Moravia Region.

Interviews

Phone interviews were carried out with unsuccessful applicants in the first round of selection process. Interviewers used the same questionnaire as in Part I of this analysis, only one question focusing on reasons, why the project application was refused, was added.

Table – How applicant perceive the preparatory and evaluation processes

	Total
The process was completely honest	1
The process was more honest than not	0
The process was more dishonest than honest	1
The process was completely dishonest	1
Hard to say/n/a	1

The collected data clearly show that most of the town representatives interviewed is persuaded the selection process at the regional level wasn't entirely honest. The town that considers the process as completely honest also got clearly defined reasons, why the project wasn't supported. It was generally due to "low-project quality caused by e.g. bad formulation of project purpose". On the contrary, that one perceiving the preparatory and evaluation processes as completely dishonest stressed that people who decided on the projects were incompetent. The other town regards the conditions of the call as more advantageous for old historic towns and cities than for the new ones. However, looking at the areas of support under this measure, it is obvious that projects concerning historic centers were only one part of it. Three of the polled towns didn't receive any explanation why their projects weren't endorsed. One of the representatives pointed out it would be more convenient to give reasons of failure and added: "We have to reconcile that we compete with each other."

National level

Twenty projects were handed over the Ministry for Regional Development, Department of Development Programs in Tourism, which was responsible for the project evaluation as a whole. Only one project failed to fulfil the formal criteria. Each project was assessed by two external evaluators according to the set criteria and got certain amount of points. Then the

Department of Development Programs in Tourism made up a list of evaluated projects according to the number of points acquired, so-called long-list, and passed it to the National Selection Committee (NSC).

National Selection Committee consisted of 26 members.[6] Role of the Committee was to distribute financial resources allocated to the measure. Eight of nineteen projects were recommended for realization on 7 April 2005. Next six projects were classified as reserve projects. Because the total expenses of these projects did not overstep the allocated amount of resources and all submitted projects were considered of a high quality, members of the Committee proposed to distribute the rest of money to reserve projects according to their rank on the list. As a result, overall nine projects were chosen for realization.

Majority of projects focuses on the reconstruction of historic parts of selected towns and cities. Only two projects aimed to create educational centers. The projects have been financed from the European Regional Development Fund, state budget and from the municipalities own sources. Total cost of project realization is about 33.624 million €. The overall budget of acknowledged expenses was 30.023 million €.[7] Due to the high quality of projects and the use of all allocated money (even more), no other call for proposal was announced.

According to the JROP Annual Report 2005 three projects approved at the regional level, were not finally submitted to the second round due to applicants' mistakes. The report does not mention any details about refused projects. It only claims that "the cause was investigated and applicants were informed about the results of investigation".[8] However, interviews with the representatives of former S-RC and with applicants showed that only 22 projects were endorsed by the councils of NUTS III regions. This was caused by civil servants in Blansko and Znojmo towns, who didn't send project applications to Prague. When the mistake was realized, the deadline for submitting projects expired.[9]

Examining the selection procedure and political representations of towns and cities, which submitted project applications to the national round, no political alliances were proved. Political coalitions in municipalities, which got funding, were mostly the same. All of them

---

[6] National Selection Committee composed of 10 representatives of Ministry for Regional Development and one representative of Ministry of Culture, Ministry of Environment, Ministry of Industry and Trade, National Institute for Monuments, Institute for Spatial Development, Union of Towns and Municipalities of the Czech Republic, Association of Historical Settlements in Bohemia, Moravia and Silesia, Chamber of Commerce, one representative of each Cohesion Region (except Prague) and Center for Regional Development.
[7] JROP Annual Report 2005, p. 40
[8] Ibid.
[9] Interviews with representatives of Blansko and Znojmo towns carried out on 4 October 2006

had mayors representing opposition parties. In seven of them, mayors were members of ODS. In other two, they represented Association of Independent Candidates (Třinec town) and Association for the town Svitavy (Svitavy town).

In all municipality councils were politicians from Civic Democratic Party. ODS councillors created coalition with two or more representatives from other main political parties such as ČSSD, KDU-ČSL, Union of Freedom (US-DEU), Association of Independent Candidates, Communist Party and also with regional parties or association being closely connected with the town or city and having no greater political impact at the national level. Only in two towns – Písek and Ústí nad Labem – ČSSD did not participate in the municipality council activities.

Research of political representations of unsuccessful applicants brought interesting findings. Governmental parties possessed five posts of mayors (ČSSD – 3, KDU-ČSL – 2). In three municipalities mayors represented ODS and other two posts were in hands of local parties. The political coalitions in municipality councils were similar to those ones in supported towns and cities.

Interviews

Phone interviews were held with the towns' representatives, whose projects weren't supported at the national level. All ten towns were addressed. However, only eight of them were willing to answer the questions. The same questionnaire as for the research in part I of this paper was used for the phone interviews. However, one question concerning the reasons of refusing project was added.

As the table below shows, most of the polled towns consider the selection process more dishonest. Only two towns inscribed it as more honest.

Table – How applicant perceive the preparatory and evaluation processes

	Total
The process was completely honest	1
The process was more honest than not	1
The process was more dishonest than honest	3
The process was completely dishonest	3
Hard to say/n/a	0

Six unsuccessful applicants gave the reasons why they perceived the selection process as not completely honest. Two of them stressed they fulfilled all the selection criteria, but didn't get funding. Two applicants also consider the selection process non-transparent. According to one, "the information from the Ministry for Regional Development was not consistent; deadlines were not kept and persistently shifted". The other one sees the problem in the evaluation of projects. According to this applicant, "it very much depends on the person of evaluator, how strict they are etc." The other shortage was seen at the point, that the evaluator doesn't assess all submitted projects, but only some of them.

One applicant town pointed out that this measure has been realized at the regional level, therefore only region should decide on the projects. According to one town representative, the town has quite high financial requirements and didn't have enough own sources for co-financing, because the money is paid out after the project realization.

Table – Where the applicants are located (NUTS III regions)

Prague	-	Hradec Kralove Region	1
Central Bohemia Region	1	Pardubice Region	-
South Bohemia Region	-	Vysocina Region	-
Plzen Region	1	South Moravia Region	1
Karlovy Vary Region	2	Zlin Region	-
Usti nad Labem Region	-	Olomouc Region	1
Liberec Region	1	Moravia-Silesia Region	2

In the question whether the applicants received any indications that project approval might be ensured by the specific behavior, all of them replied that they didn't receive any hints or indications of unfair behavior. However, one asked applicant stated that he or she heard about such behavior.

Not all the applicants responded the question concerning the reasons of the failure. Three applicants answered that their project applications were well elaborated and didn't see any shortcomings in them. Two of them didn't create new job opportunities and thus the added value of the project was rated lower. One applicant declared they got information to prepare large projects because lots of money was allocated to this measure. "Finally, the amount of financial resources was not so high and therefore large projects didn't have a chance." At this point must be stressed that this criticism came from the town, whose total project expenses were almost three times lower in comparison to the biggest successful projects.

Kutná Hora – historical town in Central Bohemia – didn't get funding within this measure. Representatives of the town accused Ministry for Regional Development that the selection process was not transparent and politically influenced in the article "Kutná Hora is a shop window of the whole region, says the representative" being published in the local newspaper Kutnohorský deník at the end of April 2005. It is especially the role of assessors that was criticized.

Jana Poláčková - director of the Department of Managing Authority JROP and SPD Prague responding to the article stressed, that "project assessment must be set transparently not only towards the applicants and broad Czech public, but also to the European Union. Therefore, the list of criteria used by assessors has been created and it is always published before the start of the evaluation process. Assessors thus apply identical approach to all projects. The applicants have the possibility to familiarize themselves with them and prepare the applications so that all required information was included." She also pointed out that the applicants could consult the project applications with relevant department at the ministry. Despite of these possibilities, Kutná Hora "underestimated the preparation and in particular, didn't pay enough attention to the evaluation criteria," she declared.

Mrs. Poláčková refused the accusation of any political influence on the project evaluation and stressed that "evaluation criteria are publicly accessible and no criterion of political party affiliation occurs among them". She also explained the reasons of project disapproval: "The project didn't contain data necessary for its evaluation." The other reason is that "Kutná Hora didn't commit itself to the creation of new (direct or indirect) jobs. Concurrently, the impact of the project on tourism was not proved by concrete outputs."[10]

---

[10] Poláčková, J., Reaction to the article – Kutnohorský deník, at: www.strukturalni-fondy.cz/srop/reakce-na-clanek-kutnohorsky-denik, (downloaded 11.9.2006)

Conclusion

The examination of the political alliances within the selection and decision processes of the measure 2.3 Regeneration and revitalization of towns and cities under the JROP didn't prove any political alliances both, at regional and national levels. However, political preferences of civil servants, their personal interests or the influence of committed persons could not be objectively approved. Nevertheless the unsuccessful applicants stressed during the interviews that they didn't receive any hints or indications of corruption either at regional or at national levels of the whole selection process. Only one respondent pointed out it "had heard about it", but it didn't give any details.

Research was aggravated by the fact that no detailed relevant information was publicly available. There isn't any thorough analysis elaborated by the authority responsible for the implementation of this operational program or its accredited agency. The problem appeared in particular at regional level, where it was very difficult to get information about the concrete way of selection process (because councils of regions took final decision) and the situation varies from one region to another. Also it is not possible to get a list of all submitted projects at regional level from free accessible sources, therefore the researcher had to rely on information from representatives of former S-RC and regional authorities and verified them on the basis of interviews with applicant towns and cities.

Therefore, it would be suitable if the right information about this measure was accessible to broad public via the monitoring system or the review of the whole selection process at the relevant internet pages (i.e. Ministry of Regional Development and each NUTS II or NUTS III regions). The problem is, that the submitted projects at regional level were not registered into Monit information system (not publicly available), from which information about projects under certain measures and operational programs is generated into central Monitoring system of structural funds (MSSF), which is publicly accessible at the internet pages of MRD www.strukturalni-fondy.cz. There is only information on submitted projects at national level in MSSF. Nevertheless, there are annual or operating reports available, but these reports do not contain all the information relevant to the selection and decision processes. It would be very helpful if these kinds of report have references where one can find list of approved and refused projects together with the name of project etc.

It would be thus appropriate and more transparent, if the managing authority of operational program ensured that the entire selection process was monitored and evaluated in individual measures and is accessible to the public in a well-arranged way.

Sources:

Act No. 248/2000 Coll., on support of regional development, original wording and as amended

Manual for applicants for the 1st call for proposal, Joint Regional Operational Program, Version 1:01, 9 July 2004, available at: http://www.strukturalni-fondy.cz/uploads/old/1128080257.pp---1.-kolo.doc, (downloaded 21.3.2006)

Annex no. 7 of the Manual for the applicants for the 1st call for proposal. Selection criteria, Joint Regional Operational Program, Version 1:00, 3 May 2004, available at: http://www.strukturalni-fondy.cz/uploads/old/1128080919.p-loha-7-pp---1.-kolo.doc. (Downloaded 21.3.2006)

Program Amendment of Joint Regional Operational Program, Version 0:8, June 2004, available at: http://www.strukturalni-fondy.cz/uploads/old/11031911791089283080dodatek0_8_schvalena_verze.doc (downloaded 21.3.2006)

Annual Report of Joint Regional Operational Program 2004, 13 April 2005, Prague, available at:http://www.strukturalni-fondy.cz/srop/prubezna-zprava-o-realizaci-programu-srop, (downloaded 8 September 2006)

Annual Report of Joint Regional Operational Program 2005, 19 April 2006, Prague, available at:http://www.strukturalni-fondy.cz/srop/prubezna-zprava-o-realizaci-programu-srop, (downloaded 8 September 2006)

Hamáček, L., Operating Report on the thematic area „Implementation System" 1/05/JROP Evaluation of the mid-term progress of JROP realization, Prague, February 2006

APPENDIX

Projects supported at national level

Rank	Applicant	Name of the project	NUTS II
1	Písek	Regeneration of historic centre of Písek town on the bank of Otava river between Stone bridge and Putim gate	South-West
2	Šternberk	Changes in time – time of changes	Central Moravia
3	Jablonec n. Nisou	Regeneration of Jablonec n. N. historic centre	North-East
4	Ústí nad Labem	Revitalization of town centre – 1st stage	South-West
5	Uherské Hradiště	Regional education centre – university area in Uherské Hradiště	Central Moravia
6	Svitavy	Multifunctional, education, community and cultural centre	North-East
7	Ostrov	Historic Ostrov ...	North-West
8	Třinec	Regeneration and revitalization of chosen towns – reconstruction of TGM square	Moravia-Silesia
9	Tábor	Regeneration of Tábor historic centre	South-West

Unsupported projects at the national level

Reserve projects			
Rank	**Applicant**	**Name of the project**	**NUTS II**
10	Tachov	Regeneration and revitalization of town zone III – southwest in Tachov	South-West
11	Nový Bor	Regeneration of historic centre in Nový Bor	North-East
12	Krnov	Regeneration of Krnov territory – barracks and local infrastructure construction	Moravia-Silesia
13	Chodov	Chodov – town of 21 Century	North-West
14	Veselí nad Moravou	Revitalization of Veselí n. M. historic centre – Bartolomějské square	South-East
Other projects according their ranking			
15	Kutná Hora	Reconstruction and regeneration of Kutná Hora historic centre	Central Bohemia
16	Hlučín	Regeneration of Hlučín historic centre	Moravia-Silesia
17	Uničov	Viable history of Uničov royal town	Central Moravia
18	Jaroměř	Revitalization of Josefov – Jaroměř town district	South-East
19	Cheb	Regeneration of pedestrian precinct and neighboring environment	North-West

Applicant not fulfilling formal criteria

-	Kladno	Multifunctional centre Zádušní	Central Bohemia

List of projects submitted at regional level

NUTS II	NUTS III	Number of submitted projects	Supported	Unsupported
Central Bohemia	Central Bohemia Region	2	Kladno Kutná Hora	-
South-West	South Bohemia Region	2	Písek Tábor	-
	Plzen Region	1	Tachov	-
North-West	Karlovy Vary Region	3	Ostrov Chodov Cheb	-
	Usti nad Labem Region	3	Ústí nad Labem	Most Žatec
North-East	Liberec region	2	Jablonec nad Nisou Nový Bor	-
	Hradec Kralove Region	1	Jaroměř	-
	Pardubice Region	1	Svitavy	-
South-East	South Moravia Region	3	Blansko Veselí nad Moravou Znojmo	-
	Vysocina Region	-	-	-
Central Moravia	Olomouc Region	3	Šternberk Uničov	Hranice
	Zlin Region	1	Uherské Hradiště	-
Moravia-Silesia	Moravia-Silesia Region	4	Třinec Krnov Hlučín	Havířov

Political Representation in NUTS III region councils 2000 – 2004

Central Bohemia Region

President of the region	Petr Bendl (ODS)
Political Party	**Mandates**
ODS	6
US-DEU	3
KDU-ČSL	2

South Bohemia Region

President of the region	Jan Zahradník (ODS)
Political Party	**Mandates**
ODS	4
4Coalition	4
ČSSD	2
SNK	1

Plzen Region

President of the region	Petr Zimmermann (ODS)
Political Party	**Mandates**
ODS	4
4Coalition	3
Indenpendent	2

Karlovy Vary Region

President of the region	Josef Pavel (ODS)
Political Party	**Mandates**
ODS	7
ČSSD	2

Usti nad Labem Region

President of the region	Jiří Šulc (ODS)
Political Party	**Mandates**
ODS	6
ČSSD	5

Liberec Region

President of the region	Pavel Pavlík (ODS)
Political Party	**Mandates**
ODS	4
ČSSD	2
4Coalition	3

Hradec Kralove Region

President of the region	Pavel Bradík (ODS)
Political Party	**Mandates**
ODS	4
4Coalition	5

Pardubice Region

President of the region	Roman Línek (KDU-ČSL)
Political Party	**Mandates**
Coalition for Pardubice Region	5 (3-US, 2-KDU-ČSL)
ODS	4

South Moravia Region

President of the region	Stanislav Juránek (KDU-ČSL)
Political Party	**Mandates**
ODS	4
US-DEU	4
KDU-ČSL	3

Zlin Region

President of the region	František Slavík (KDU-ČSL)
Political Party	**Mandates**
ODS	3
KDU-ČSL	3
US-DEU	2
ČSSD	1
Zlin Movement of Independents	1

Vysocina Region

President of the region	František Dohnal (KDU-ČSL)
Political Party	**Mandates**
ODS	3
KDU-ČSL	2
US-DEU	2
ČSSD	1
SNK	1

Olomouc Region

President of the region	Jan Březina (4Coalition)
Political Party	**Mandates**
ODS	4
4Coalition	5
Indenpendents	2

Moravia-Silesia Region

President of the region	Evžen Tošenovský (ODS)
Political Party	**Mandates**
ODS	6
4Coalition	4
SNK	1

Political representation in town councils 2002 – 2006

Blansko

Mayor	Jaroslava Králová (ODS)
Political party	**Mandates**
ČSSD	3
ODS	2
VPM	1
KDU-ČSL	1

Havířov

Mayor	Milada Halíková (KSČM)
Political party	**Mandates**
ČSSD	6
KSČM	5

Hlučín

Mayor	Petr Adamec (KDU-ČSL)
Political party	**Mandates**
KDU-ČSL	4
ČSSL	3

Hranice

Mayor	Vladimír Juračka (Hranice 2000)
Political party	**Mandates**
Hranice 2000	4
ODS	3
Pleasant Hranice	2

Cheb

Mayor	Jan Svoboda (ODS)
Political party	**Mandates**
ODS	2
ČSSD	3
VPM	1
US-DEU	1
SNK	1
KDU-ČSL	1

Chodov

Mayor	Josef Hora (HNHRM)
Political party	**Mandates**
HNHRM (Movement of Indenpendents for Harmonical Development of Municipalities and Towns)	3
KSČM	1
ODS	1
VPM	1
US-DEU	1

Jablonec nad Nisou

Mayor	Jiří Čeřovský (ODS)
Political party	**Mandates**
ODS	4
ČSSD	3
DRS (Democratic Regional Party)	1
US-DEU	1

Jaroměř

Mayor	Jiří Klepsa (VPM)
Political party	**Mandates**
VPM	2
SNK	1
ČSSD	1
ODS	1
US-DEU	1
KSČM	1

Kladno

Mayor	Dan Jiránek (ODS)
Political party	**Mandates**
Non-party	2
ODS	9

Krnov

Mayor	Josef Hercig (ČSSD)
Political party	**Mandates**
ČSSD	5
KSČM	2

Kutná Hora

Mayor	Ivo Šalátek (ODS)
Political party	**Mandates**
ODS	3
SNK	2
US-DEU	2
KDU ČSL	1

VPM	1

Most

Mayor	Vladimír Bártl (ODS)
Political party	**Mandates**
ODS	4
ČSSD	3
SN	2
Union for sport and health	1

Nový Bor

Mayor	Radek Nastič (ODS)
Political party	**Mandates**
ODS	3
US-DEU	2
Union Nový Bor	1
Union for sport and health	1

Ostrov

Mayor	Jan Bureš (ODS)
Political party	**Mandates**
ODS	3
ČSSD	2
KDU-ČSL	1
US	1

Písek

Mayor	Libor Průša (ODS)
Political party	**Mandates**
ODS	5
VPM	3
KDU-ČSL	1

Svitavy

Mayor	Václav Koukal (Union for the town Svitavy)
Political party	**Mandates**
Union for the town Svitavy	3
KDU-ČSL	1
ČSSD	1
ODS	1

Šternberk

Mayor	Petr Skyva (ODS)
Political party	**Mandates**
ODS	3
ČSSD	2
SNK	1

KSČM	1

Tábor

Mayor	František Dědič (ODS)
Political party	**Mandates**
Tábor 2002	3
ODS	2
ČSSD	2
City and youth	1
Team for Tábor	1

Tachov

Mayor	Ladislav Macák (ČSSD)
Political party	**Mandates**
Non-party	3
KSČM	3
ČSSD	1

Třinec

Mayor	Igor Petrov (SNK)
Political party	**Mandates**
SNK	6
ODS	2
ČSSD	1
KDU-ČSL	1
KSČM	1

Uherské Hradiště

Mayor	Libor Karásek (ODS)
Political party	**Mandates**
ODS	4
ČSSD	2
KDU-ČSL	3

Uničov

Mayor	Jarmila Kaprálová (KDU-ČSL)
Political party	**Mandates**
ODS	3
ČSSD	2
KDU-ČSL	2

Ústí nad Labem

Mayor	Jan Kubata (ODS)
Political party	**Mandates**
ODS	6
Union for health, sport and prosperity	4
US-DEU	1

Veselí nad Moravou

Mayor	Jaroslav Hanák (ČSSD)
Political party	**Mandates**
ČSSD	3
KSČM	1
Indenpendents for Moravia	1
Veselovská volba 2002 (Veselí Votion 2002)	2

Znojmo

Mayor	Pavel Balík (KDU-ČSL)
Political party	**Mandates**
KDU-ČSL	3
KSČM	3
ODS	1
ČSSD	1
SN	1

Žatec

Mayor	Jiří Farkota (SN)
Political party	**Mandates**
ODS	4
SNK-ED	2
SN	1