

Act No.248/2000 Coll.

of June 29, 2000

on Support to Regional Development

The Parliament of the Czech Republic decided to pass the following Act :

PART ONE
GENERAL PROVISIONS

§ 1

Subject of Regulation

This Act lays down the conditions for the provision of support to regional development with the objective of reaching balanced development of the state or a NUTS III region and the related tasks and authority (powers and responsibilities – translator's note) of the administrative bodies, NUTS III regions and municipalities as well as creates conditions for coordination and implementation of economic and social cohesion.

§ 2

Basic Concepts

For the purposes here of the following terms are understood to mean:

- a) region: a territory defined within the existing administrative borders of NUTS III regions, districts or municipalities, development of which is supported in accordance with this Act;
- b) strategy of regional development: a medium-term document for a period of 3-7 years which formulates the approach of the state to the support provided to regional development, provides the necessary basis for it, determines its development objectives and the principles for elaboration of regional development programmes;
- c) state development programme: a medium-term document which formulates the focus of support to regional development for one supported region and/or joint focus for more than one supported region;
- d) economic and social cohesion: measure for reducing regional disparities among the regions of the European community.

PART TWO
SUPPORT TO REGIONAL DEVELOPMENT

§ 3
Areas of Support to Regional Development

Support to regional development shall be mainly focused on:

- a) development of economic activities with the objective of improvement of economic structure and creation of new jobs or ensuring stability of endangered jobs;
- b) development of human resources (improvement of skills, provision of education and re-qualification, harmony between the achieved education and qualifications and the needs of the labour market and the socio-economic development of the regions) and other measures in the labour market area;
- c) research and technological development contributing to the overall development of a region, with respect to support for the introduction of new technologies and innovation, and to the strengthening of research and development facilities where necessary for regional development;
- d) development of tourism;
- e) improvement in the infrastructure of the territory, including conditions for transportation services;
- f) development of sport and youth activities and culture, including the preservation of monuments, in so far as suitable job opportunities are thereby provided;
- g) development of public amenities, including facilities for sport, youth, leisure activities and public services, for the purposes of meeting the needs of the population within bearably accessible distances;
- h) development of services for social care and social assistance;
- i) ensuring accessibility and improvement of medical services;
- j) measures to protect the environment and reduce the factors adversely affecting the environment and to maintain a cultivated landscape;
- k) establishment of legal persons and increase in the number of programmes on the level of the regions serving the general development thereof;
- l) support to land consolidation;
- m) for the regions defined in § 4 para 2 letter b): also achievement of other objectives if any such other objectives comply with the reasons for which the region was defined;

n) achievement of other objectives stipulated by a relevant NUTS III¹ regional development program.

§4

State Support to Regional Development

- (1) The Ministry of Regional Development (hereinafter the "MRD"), in cooperation with other central bodies of state administration concerned and NUTS III regions and on the basis of ongoing analysis of economic and social development of the country, proposes regions, the development of which needs support in order to ensure a well-balanced development of the country and reduction of regional disparities. It is for this purpose that the state prepares the regional development strategy.
- (2) The MRD proposes definition of the following types of regions to be supported:
 - a) regions with concentrated state support which are further subdivided depending on the nature of how far they lag behind:
 1. the structurally affected regions are regions with cumulating adverse manifestations of structural changes, with decline in industrial production and increasing unemployment. The structurally affected regions are defined by indicators characterising, in particular, the labour market and development of enterprise;
 2. the economically weak regions are regions, which, based on indicators of economic and social development, are at a significantly lower level than the national average in the Czech Republic. The economically weak regions are defined mainly by indicators characterising the labour market, the economic level and its structure and the income level of inhabitants and municipalities;
 3. the rural regions are regions with low population density, decline in number of inhabitants and higher share of employment in agriculture. The rural regions are defined mainly by indicators characterising development of population, structure of its jobs and share of population in villages;
 - b) other regions which are regions which do not demonstrate the traits of economically weak or structurally affected regions, but need support for other objective reasons (e.g. border regions, former military territories, regions afflicted by natural disasters, regions with heavily spoilt or damaged environment, regions with less favourable conditions for agriculture development, regions where the average unemployment rate is higher than the national average).

§5

Regional Development Strategy

- (1) The regional development strategy will contain mainly an analysis of the state of regional development, characteristics of the strengths and weaknesses in the development of the individual NUTS III regions and districts, the strategic objectives of regional development of the Czech Republic, definition of the regions with concentrated state support and

¹ The Act No. 129/2000 Coll., on the Responsibility and Bodies of Higher Self Governing

recommendations for the central bodies of state administration concerned and NUTS III regions as to the focus of development of the fields within their authority.

- (2) The MRD, when working out the regional development strategy, uses mainly statistical data, the relevant basic planning documents and territorial planning documentation based on a specific legal regulation², land-use limits and the principles of organisation thereof, the principles of environmental protection and programmes for the development of NUTS III regions.
- (3) The MRD submits the regional development strategy to the Government for approval.

§6

State Regional Development Programme

- (1) The regional development programme will be drawn up by the MRD in agreement with those central bodies of state administration concerned³, NUTS III regions, and, if needed, other entities involved. The State Regional Development Programme will be thereby drafted on the basis of the approved regional development strategy.
- (2) The State Regional Development Programme shall contain, in particular, the targets to be reached by support of its development, definition of the areas to which the support applies including proposed measures, conditions, forms and method of support implementation, and financial means needed for individual measures including the distribution of these means to the central administrative bodies concerned and the NUTS III regions as well as term of its validity.
- (3) The MRD submits the State Regional Development Programme to the Government for approval.

§7

Financial Support to State's Regional Development Programme

- (1) Funds for the support to regional development are allocated in the state budget for the implementation of State Regional Development Programme to an extent approved by the House of Deputies of the Czech Parliament following the proposal submitted by the Government.
- (2) Implementation of the measures included in the approved State Regional Development Programme shall be ensured by the relevant central bodies of state administration and the NUTS III regions within the framework of their responsibilities, by means of financial contributions up to the level of the funds reserved for that State Regional Development Programme in the state budget.
- (3) The provided financial contributions shall be represented as additional assistance. Before receiving the support, beneficiaries will be obliged to demonstrate their ability to secure their own part of the necessary funds co-financed from their own or other financial

² Act 50/1976 Col. on Zoning and on Building Regulations (Building Act), as amended

³ Act No. 2/1969 Coll. On establishment of ministries and other central bodies of state administration of the Czech Republic, as amended.

resources. There shall be no legal claim in respect to the support provided on the basis hereof.

- (4) A beneficiary shall be understood as meaning NUTS III regions, association of municipalities, municipalities and legal persons established by them, businessmen⁴, non-governmental non-profit organisations and other legal persons which submit applications to obtain the support and projects which implement measures included in the State Regional Development Programme.
- (5) The financial contributions to the support measures, as specified in State Regional Development Programme, shall be provided, in particular, in the form of:
 - a) subsidies, for example, subsidies to companies and other legal persons for investment development which provide new jobs or subsidies to municipalities for the technical and investment preparation of industrial areas;
 - b) credits with advantageous interest rates and dates of maturity, or otherwise advantageous forms;
 - c) returnable financial assistance.
- (1) The relevant central bodies of state administration and the NUTS III regions will, within the range of their authority, perform the monitoring and evaluation of the effectiveness of the projects implemented under the State Regional Development Programmes.

§8

Support to regional development performed by NUTS III regions

- (1) A NUTS III region, within the range of its self-governing authority, supports development of regions defined by the NUTS III regional development plan. This support is provided in accordance with concrete needs of the NUTS III region while considering the balanced development of the NUTS III region.
- (2) Provisions of §3 and §5 (2) apply correspondingly to the basis for defining regions in the NUTS III regional development plans and for areas to which support is directed.

§9

NUTS III regional development programme

NUTS III regional development programme contains in particular:

- a) the analysis of the economical and social development of the NUTS III region, characteristics of the weak and strong aspects of its individual parts and the main directions of its development;
- b) definition of the regions development of which needs to be supported, considering balanced development of the NUTS III region. It includes definition of areas to which support should be directed as well as the suggested measures;

⁴ §2(2) of the Commercial Code

- c) tasks and priorities in location and development of public amenities, infrastructure, environment, social policy, education and other areas within the range of its self-governing authority.

§ 10

Financial support to the development of the *kraj*

(1) The allocation and scope of resources for financial support to the development of the *kraj* from the budget of the *kraj* is subject to approval of the board of representatives of the *kraj*, the funds are used for the implementation of the development programme of the *kraj*. In view of this, the *kraj* can set up monetary funds.⁵

(2) The financial support provided by the *kraj* is complementary financial assistance; the beneficiary is obliged to submit proof of financial coverage of his share by his own or by other resources.

(3) The beneficiaries can be associations of municipalities or municipalities and legal entities created by them, entrepreneurs 4). and other legal entities who apply for financial support and submit a project by which the measure contained in the development programme of the *kraj* is implemented.

(4) Financial support for measures contained in the development programme of the *kraj* is provided as:

- a) subsidies, for example to businesses and other legal entities for investment development creating new jobs, or to municipalities for technical and investment preparation of industrial spaces,
- b) credits with advantageous interest rates and dates of maturity, or otherwise advantageous forms
- c) collectable financial assistance

(5) The *kraj* ensures the control and evaluation of the effectiveness of the projects implemented in the framework of the development programme of the *kraj*.

PART THREE

RESPONSIBILITIES OF ADMINISTRATIVE OFFICES, NUTS III REGIONS AND MUNICIPALITIES IN SUPPORT OF REGIONAL DEVELOPMENT

§11

Central Bodies of State Administration

(1) MRD

- a) co-ordinates the activities of all the concerned state administration bodies and the NUTS III regions in preparation and implementation of the regional development strategy and State Regional Development Programmes, prepares analysis evaluating the development of the individual NUTS III regions and districts and proposals to

⁵ The Act No. 250/2000 Coll., on the Municipal Budgetary Rules

define regions; for the purpose of carrying out this task, the MRD is entitled to request necessary data, prepared within the range of authority of the concerned administrative bodies, from such bodies;

- b) prepares, in co-operation with the concerned central bodies of state administration and the NUTS III regions, the regional development strategy and the State Regional Development Programmes and submits them to the Government for approval;
- c) ensures and monitors the implementation of the State Regional Development Programmes;
- d) carries out other tasks listed in paragraph 2;
- e) ensures international co-operation in the field of support for regional development and co-operation with the European Communities in relation to economic and social cohesion, including co-ordination of the factual content of the instruments of assistance and related programming, programme implementation and evaluation of programme implementation.
- f) assists in the NUTS III regions' involvement in the European regional structures.

(2) Central administrative bodies within the range of their authority:

- a) contribute, by implementation of tasks relating to support to regional development as per §3 above, to the reduction of disparities in the levels of individual territorial units' development;
- b) analyse the regional and district disparities mainly by using the indicators provided for in §4 (2); the conclusions of such analyses provide supporting material for the elaboration of regional development strategy and the regional development programmes;
- c) co-operate with each other and with the NUTS III regions in the elaboration of the regional development strategy and State Regional Development Programmes;
- d) co-operate, if so requested by a NUTS III region, in preparing the NUTS III regional development programme.

§12 District Authorities

The district authorities will ensure tasks relating to the process of support to regional development. In particular, on request of the MRD or a NUTS III region, they are obliged to provide the necessary co-operation in preparing the proposals and in the implementation of the regional development strategy, the regional development programmes and the NUTS III regional development programmes.

§ 13 NUTS III Regions

(1) Within the range of its self-governing authority, a NUTS III region:

- a) assesses and evaluates the level of development of its territory and parts thereof;
- b) approves the NUTS III regional development programme.

(1) The *kraj* can also:

- a) support entrepreneurship beneficial for the *kraj*;
- b) allocates funds from its budget for the removal of drawbacks and discrepancies in the areas within the range of its responsibility, including the removal of undesirable disparities inside the NUTS III region;
- c) participates in the fulfilment of the tasks of regional development support as per § 3 above and co-operates, during the process, with the respective central bodies of state administration, especially in the drawing up and implementation of the regional development strategy and regional development programmes as far as they concern the territory of such NUTS III region;
- d) co-operates with other NUTS III regions in fulfilment of the joint regional development objectives and tasks.

§14 Municipalities

- a) The municipality co-operates with the *kraj* on which territory it is situated, in the sphere of its independent activities relating to preparation and implementation of the development of the *kraj*.
- b) The municipality can, in the sphere of its independent activities:
 - a) supports the development of business activities necessary for the development of the region, for example in the form of technical and investment preparation of land for the investors - entrepreneurs;
 - b) pools its funds with the neighbouring municipalities and other legal persons to secure joint development intentions aimed at meeting the needs of more than one local municipality.

PART FOUR CO-ORDINATION OF ECONOMIC AND SOCIAL COHESION

§15

For the purposes connected with the coordination and implementation of economic and social cohesion, meaning, in particular, use of financial means from the pre-accession and structural funds of European community (hereinafter the "funds"), the following regions are hereby established. The territory of these regions corresponds to the NUTS II territorial statistical units⁶ (hereinafter the "cohesion regions"). The cohesion regions are:

- a) Prague, defined by the territory of the capital of Prague;
- b) Central Bohemia, defined by the territory of the Central Bohemia NUTS III region;
- c) Southwest, defined by the territory of the České Budějovice and Plzeň NUTS III regions;
- d) Northwest, defined by the territory of the Karlovy Vary and Ustí nad Labem NUTS III regions;
- e) Northeast, defined by the territory of the Liberec, Hradec Králové and Pardubice NUTS III regions;
- f) Southeast, defined by the territory of the Brno and Jihlava NUTS III regions;
- g) Central Moravia, defined by the territory of the Olomouc and Zlín NUTS III regions;
- h) Ostravsko, defined by the territory of the Ostrava NUTS III region.

§ 16

Regional Council

- (1) In a cohesion region, a Regional Council shall be established (hereinafter the "Council"). The Council secures the programming and implementation of programmes co-financed by the funds, and ensures the tasks connected with the use of financial means from the funds, in particular, it shall decide on their use for individual measures and activities and it is responsible for effective usage of such means, for their monitoring and for carrying out effective measures of control. The boards of representatives of NUTS III regions within one cohesion region may delegate authority to the Council to discuss and decide upon other issues upon which they may agree within the scope of co-operation of NUTS III regions, in accordance with the separate legal regulation⁷. In the case of such an agreement, the boards of representatives shall also specify the financial sums, which shall be allocated from the budgets of the individual NUTS III regions for fulfilling these tasks.

⁶ Measure of the Czech Statistical office of April 27 1999 on classification of territorial statistical units (Collection of laws 1999, part 33, page 2415).

⁷ Act No. .../... on NUTS III regions (kraje-krajské zřízení)

(2) The Council:

- a) collects statistical and financial data necessary for evaluating programme implementation;
 - b) ensures the implementation of a computerised management and evaluation system indispensable for the management and evaluation of the programme implementation, and for the exchange of data among relevant bodies;
 - c) carries out modifications and changes to programming documents and submits them for approval to the 'Regional Development Committee';
 - d) carries out on-going evaluation of programme implementation, produces annual and final evaluation reports on the programmes, which it submits to the European Commission after approval by the 'Regional Development Committee';
 - e) ensures awareness-raising about the programmes and help provided in the field of economic and social cohesion;
 - f) ensures compliance of the programmes and their implementation with EC policies especially in relation to the rules of public procurement.
- (3) In the cohesion regions defined by the territory of more than one NUTS III region, the Councils will be elected by the boards of representatives of the NUTS III regions from among those boards' members so that each NUTS III region is represented by ten members on the Council. In cohesion regions coinciding with one NUTS III regions, the function of the Council shall be fulfilled by the boards of representatives of the NUTS III regions under transferred authority.
- (4) The Council makes decisions by the majority of votes of its members. In case the cohesion region is defined by more than one NUTS III regions, this majority must be reached among the representatives of each NUTS III region separately. If agreement is not achieved in this way, the Council sets up a commission, which will propose a solution to the issue to be discussed at the next meeting.
- (5) The Council shall elect its chairman from amongst its members. The chairman shall oversee the work of the Council and preside over its meetings. In order to elect the chairman, majority of votes of the representatives of each NUTS III region separately must be reached. The chairman shall be removed from his function if the majority of all Council members from a NUTS III region of the cohesion region vote for such a removal.
- (6) Provisions of the Act on NUTS III regions concerning transferred authority apply correspondingly to the relation of the state and the Council in performance of the tasks as per para 1 above.

§ 17

Regional Development Committee

- (1) The Councils shall establish Regional Development Committees (hereinafter the "Committee"). The Committee monitors and evaluates the implementation of aid provided from the funds and submits proposals for solution and further steps to be taken to the Council.

- (2) Representatives of NUTS III regions elected by the Council, delegated representatives of the municipalities, administrative offices, entrepreneurs, trade unions and non-governmental, non-profit organisations and other partners will be members of the Committees.
- (3) Details of the membership, organisation and the activities of the Committee shall be specified in its statute which will be approved by the Minister for Regional Development upon the proposal submitted by the Council.
- (4) The details of the Committee meetings shall be specified by its rules of procedure which shall be approved by the Council.

§ 18

For the purposes of co-ordination of the assistance provided by the European Community on the national level, the MRD shall establish Managing and Co-ordination Committee. Members of the Managing and Co-ordination Committee shall be from among the delegated representatives of the concerned ministries, NUTS III regions, entrepreneurs, trade unions, non-governmental, non-profit organisations and other legal persons. Details of the membership, authority, organization and activities of the Managing and Co-ordination Committee shall be specified by its statute and the rules of procedure, which shall be approved by the government upon the proposal submitted by the MRD.

PART FIVE FINAL PROVISIONS

§ 19

- (1) Monitoring of the use of budgetary funds and the record keeping of the returnable financial assistance in compliance with the State Regional Development Programmes adopted by the government shall be performed on the basis of a specific legal regulation⁸.
- (2) The law No. 59/2000 Coll., on public support shall be applicable in cases where this Act does not apply or applies partially.

§ 20

This Act shall enter into force on 1 January 2001.

⁸ For example Act No. 218/2000 Coll. Budgetary rules, Act No. 250/2000 Coll. Rules of resource management of territorial self-governing units, Act No. 552/1991 Coll. On State Control, as amended.