

**CAN THE CZECH STATE
DISTRIBUTE THE JUST
TRANSITION FUND?
ANALYSIS OF ITS
CAPACITIES AT THE
NATIONAL LEVEL**

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Abstract

Through interviews with public officials and other relevant stakeholders, this research report aims to establish whether the Czech public administration has sufficient capacity and organisational skills to draw on the EU Just Transition Fund effectively. It highlights that creating a new fund at the EU level will inevitably bring administrative and financial burdens on the member states and that it takes time to get the distribution of money underway. In the Czech Republic, it also took time to set up the necessary ministry departments and recruit qualified officials. Despite this, the Czech Republic has been successful in terms of speed of drawing compared to other countries, thanks in particular to the existence of previous structures and strategies dedicated to coal regions. According to most respondents, the establishment of a dedicated fund and operational program for just transition has been beneficial, as it made coal regions more active and also strengthened cooperation between the state and regions. The speed and correct focus of the potential Just Transition Fund 2 could be helped by using the existing, albeit slightly perfected bureaucratic structures in the next program period. To conduct a successful just transition in the Czech Republic, it is imperative to dedicate enough human and financial capacities for this task.

About the Author

Klára Votavová is a European Studies graduate from Masaryk University in Brno and Maastricht University in the Netherlands. After completing several internships in the EU institutions, she worked in the Czech public service for over four years. There, she took part in preparations for the Czech EU Council Presidency in 2022. She cooperates with several Czech media outlets as a reporter and commentator, among others, she wrote articles on working conditions in the Czech and Polish Amazon. In her research, Klára focuses mainly on the social implications of the EU policies, including digitalization and decarbonization, EU social policies, and inequalities between EU states and regions.

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List of abbreviations

CF	Cohesion Fund
EC	European Commission
ERDF	European Regional Development Fund
ESF+	European Social Fund
JTF	Just Transition Fund
KABD	Karlovy Vary Agency for Business Development
IROP	Integrated Regional Operational Program
MMF	Multiannual Financial Framework
ME	Ministry of the Environment
MRD	Ministry of Regional Development
NGEU	Next Generation EU
OECD	Organisation for Economic Co-operation and Development
OP	Operational Program
OPJT	Operational Program Just Transition
RSC	Regional Standing Conferences
SEF	State Environmental Fund
TJTP	Territorial Just Transition Plan

Introduction

The Just Transition Fund (JTF) is one of the EU's key instruments for ensuring that no region or citizen is left behind in the transition to carbon neutrality. It is intended to support regions that are above average dependent on fossil fuels and energy-intensive industry. In the Czech Republic, these are the Moravian-Silesian, Ústí and Karlovy Vary regions (*European Commission, 2019*). Among other things, the fund supports small and medium-sized enterprises and start-ups, research and development activities, the transition to renewable energies and the strengthening of energy efficiency, clean mobility, retraining courses for workers and development of infrastructures of care and social services. Its goal is to help regions diversify their economies and redirect them towards zero-emission and innovative activities (*European Union, 2021*).

Administrative capacities, the quality of governance, institutions and their practices are a pre-condition both for the effective use of the EU structural funds in shared management and for successful regional development (*OECD, 2020*). The success of the JTF thus largely depends on whether the public administration (i.e. state administration and local governments) of the member states has sufficient capacity and organizational skills to draw fund resources. Specifically, in the Czech Republic, the public administration does not enjoy much trust from the population. Research by the Aspen Institute in partnership with NMS Market Research (2021) has shown that according to Czechs, the public administration is slow, incomprehensible, bureaucratic and does not attract university-educated experts. The Czech public administration lags behind especially in executive capacities, planning abilities and cooperation between individual departments (*Bertelsmann Foundation, 2022; The Aspen Institute Central Europe, 2021*).

So far, critical analysis of JTF administration in the Czech Republic pointed to strict deadlines set by the European Commission (EC) for distributing the fund,

insufficient personnel and financial capacity of the authorities, and insufficient information and involvement of citizens in discussions regarding the just transition (Zindulková, 2021; Patočka, 2022). These authors also mentioned the threat that the JTF will be hijacked by powerful regional players, especially in connection with large strategic projects, which are to account for half of the total allocation of Czech JTF.¹ Similar concerns about the non-transparent and non-participatory distribution of the JTF, and doubts about the expediency of investments, exist in other EU coal regions as well (Rosengren et al., 2023). However, no Czech analysis has yet dealt with how human and organizational capacities of the public administration have affected the speed of JTF distribution and the quality of supported projects.

The aim of this analysis is therefore to answer whether the Czech state administration has sufficient human and organizational capabilities to effectively draw funds from the JTF. Based on existing literature (Cakl, Dupák and Stehnová, 2021; Zindulková, 2021; Patočka, 2022; Rosengren et al., 2023) and key stakeholder interviews, this study perceives as effective such distribution which both fulfils the time milestones set by the EC and supports projects that are meaningful and based on the real needs of the citizens of the coal regions.

¹ The **Czech Territorial Just Transition Plan defines three types of JTF support. Strategic projects** are large projects with a fundamental impact on the transformation of regions. The minimum amount of costs must be 200 million crowns for investment projects (e.g. construction) and 50 million for non-investment, soft activities (e.g. courses). Strategic projects should account for 50% of the total Czech allocation of the Just Transition Fund. **Thematic calls** are smaller OPJT challenges focused on various topics according to the needs of individual transformed regions. This is the type of call common in Czech operational programs. Calls are open to a wider range of applicants according to a specific topic (e.g. municipalities, regions, small and medium-sized enterprises, non-profit sector, universities). **Overarching/group calls** are the smallest OPJT projects. Their recipient is the region, which then redistributes them to the final recipients. They are used, for example, for vouchers for scientists or start-up entrepreneurs, and their support to the final recipients is in the hundreds of thousands, at most lower units of millions of crowns.

Methodologically, the analysis is primarily based on 24 original non-structured qualitative interviews, which are coupled with a documentary analysis. Among the respondents were public service employees who are involved in the JTF administration at the national or regional level, and other actors with direct experience with the fund as mayors, applicants for strategic projects, activists or analysts.²

This analysis is the first of two in this series on the absorption capacities of the Czech state in distributing the JTF. It deals with the situation in the public administration bodies at the national level that have been entrusted with the management of the JTF. The second analysis will focus more specifically on the situation in two of the three Czech coal regions, the Moravian-Silesian and Karlovy Vary Regions, and on the problems of multi-level cooperation. Both analyses are based on interviews conducted both in the Prague based central authorities and in the mentioned regions.

The analysis of the administration of the JTF serves as a case study of what problems, dilemmas and opportunities exist in the Czech Republic in drawing EU funds, especially the newly created ones. The findings may contribute to the incipient debate on the set up of the Just Transition Fund 2 or similar instruments aimed, for example, at supporting automotive regions in the next Multiannual Financial Framework (MFF) 2028–2035. It also highlights the challenges that arise in the administration of new EU funds at the member state level, which should be always carefully considered by the Commission when establishing a new cohesion fund.

In the next sections, the paper will: first, provide summary of the basic parameters of the JTF set by the EU; second, analyse how Czech ministries and other state administration bodies approach the JTF management, how tasks are divided

² The list of all respondents is given in the appendix

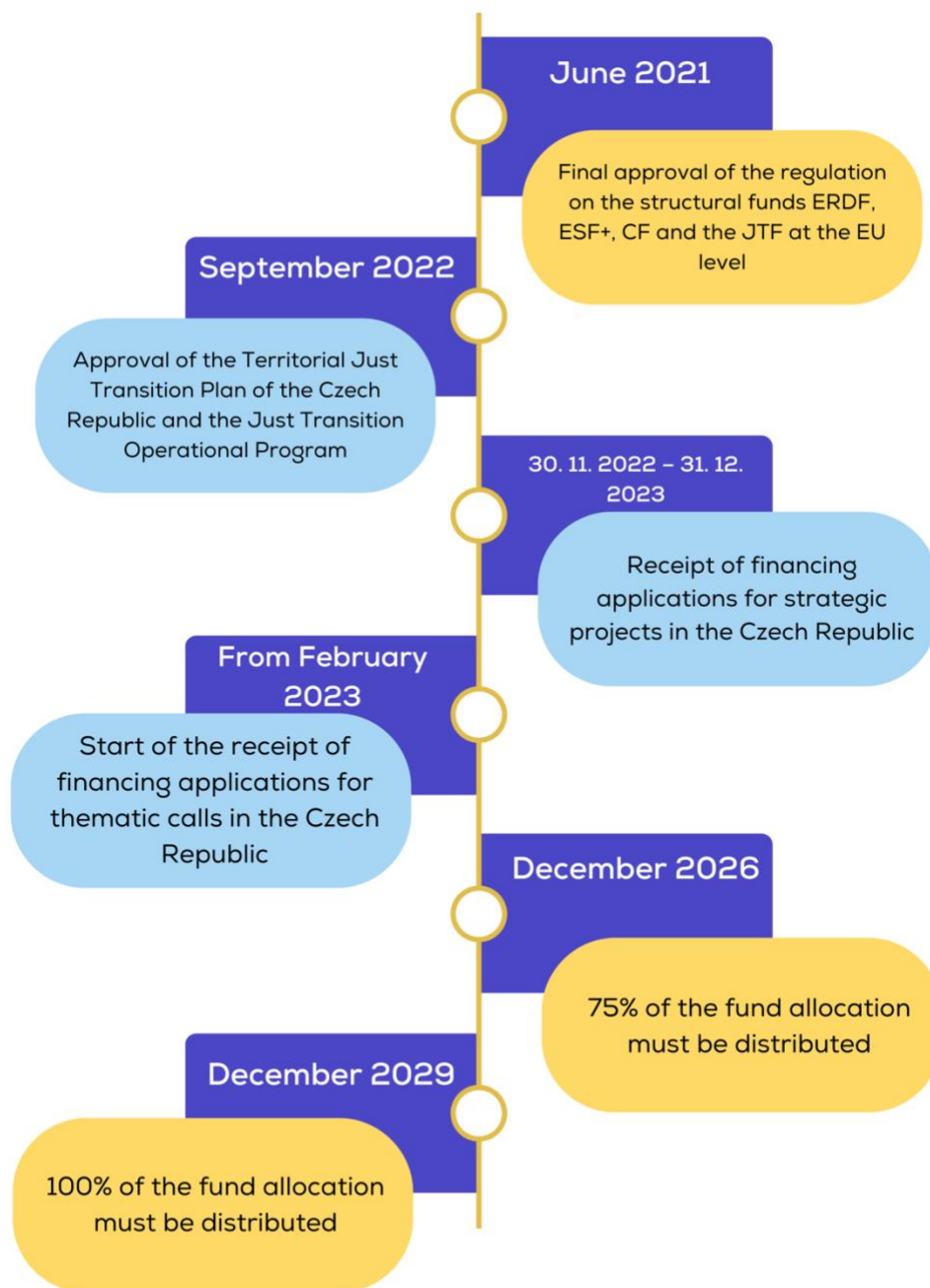
between them, the number of officials involved in the fund management, including a discussion on its adequacy; third, summarise the findings and provide recommendations for the EU and central state administration bodies.

The Just Transition Fund: Too little, too late?

The following section explains why the time pressure for distribution of the JTF is greater than in the case of other EU cohesion policy funds. Subsequently, it emphasizes the relatively small financial volume of the fund. Both factors fundamentally influenced the establishment of structures and processes in public administration, the thematic focus of supported projects, as well as the possibilities and quality of citizen participation.

Speed above all





Graph 1: The author, 2024

Member states not only had to create new administrative structures at national and regional level to distribute the JTF, but they also had to do so faster than in

the case of other structural funds for the MFF 2021–2027. Although the possible introduction of targeted support to coal regions had been discussed at the EU level since around 2017, when the Coal regions in transition Initiative was established (*European Commission, 2024*), the regulation establishing the JTF was presented only within the December 2019 European Green Deal package (*European Commission, 2019*). For comparison, other structural and investment funds – the European Regional Development Fund, the European Social Fund+ and others – were introduced by the EC already in May 2018 (*European Commission, 2018*). Moreover, the JTF was negotiated at a difficult time when the EU was facing the covid-19 pandemic. This led to fundamental modifications of MFF 2021–7, including of the JTF, in the last months of their negotiations. Specifically, in July 2020, the EU leaders made a landmark decision to borrow jointly on the financial markets for the first time in history as an EU, and to strengthen the EU budget of EUR 1 trillion with a loan of EUR 750 billion as part of the so-called Next Generation EU (NGEU) instrument. Almost 11 billion of this loan was intended to strengthen the JTF (*European Commission, 2023*).

All structural funds legislation, including the JTF regulation, was finally approved on the EU level in June 2021 (*European Parliament 2023*). Since January 2020, member states had been working on the preparation of so-called Territorial Just Transition Plans (TJTJs)³. The inclusion of the NGEU loan in the financing of the JTF further strengthened the pressure for its rapid distribution. In contrast to the regular EU budget, which can be used until the end of 2029, the part of the fund financed by the NGEU must be distributed and contracted by the end of 2024 and paid by the end of 2026. To prevent the money from being forfeited to the states,

³ In their TJTJs, member states geographically define the focus of the Just Transition Fund, analyze the needs of the affected regions and, based on this, propose how to use the fund. The Czech TJTJ is based on the transformation plans prepared by the coal regions themselves and integrates them into one document. The EC then approves the plans of the member states, on the basis of which the fund can be used through operational programs or other national instruments.

the EC must pay over 70% of the total allocation of the fund by the end of 2026 (Zindulková, 2021).

The required distribution rate of the JTF for individual years is illustrated in the following table.

Year	Allocation for the year from the JTF in EUR million	Total amount to be drawn from the JTF in EUR	Total share of JTF that must be exhausted
2022	580	0	0 %
2023	590	0	0 %
2024	127	0	0 %
2025	129	580	35 %
2026	107	1170	71 %
2027	109	1297	79 %
2028	0	1426	87 %
2029	0	1640	93 %
2030	0	1749	100 %

Table 1: Ministry of Regional Development, 2022

The EC approved the Czech TJTP together with the newly established Just Transition Operational Program (OPJT) in September 2022 (Ministry of Regional Development, 2023a). The example of large strategic projects illustrates how quickly the distribution of the JTF had to be started in the Czech Republic. The initial call for strategic projects proposals was only open one month, in April 2021 (Boček and Zákopčanová, 2021; Zindulková, 2021). The final selection of strategic projects shall be finalized in the summer of 2024. At the same time, from February 2023,

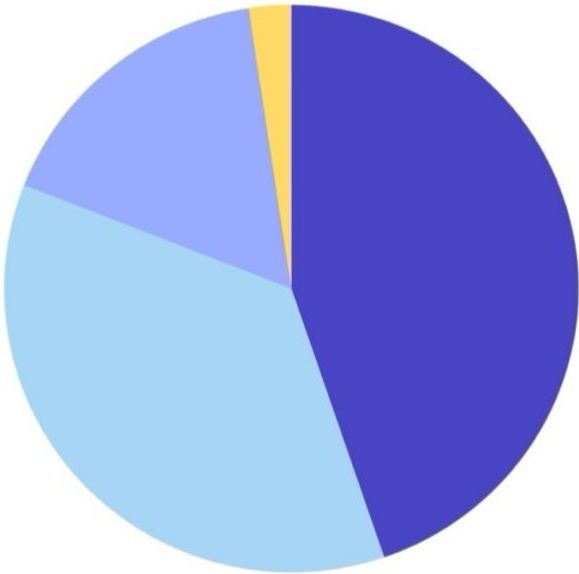
interested parties in the Czech Republic can apply for smaller thematic calls (Ministry of the Environment, 2024).

At the time of publication of this analysis, a relatively small amount of JTF has been contracted and paid in the Czech Republic. It is not yet clear whether the country will manage to use up the fund within the set deadlines. As the following sections will demonstrate, the pressure to use up the money as quickly as possible can have negative effects on the quality of supported projects and administrative processes.

High expectations, little money

In addition to speed, volume is also important for the character of the JTF, and especially its thematic focus. Of the 42 billion CZK (1,66 billion EUR) going to the Czech Republic from the JTF, 18.9 billion CZK (744 million EUR) will go to the largest Moravian-Silesian Region, 15.8 billion CZK (602 million EUR) to the Ústí Region and 6.3 billion CZK (277 million EUR) to the smallest Karlovy Vary Region. The remaining approximately one billion CZK is intended for technical aid, which should help the

JTF distribution in the Czech Republic (billions of Czech crowns)



- Moravian-Silesian Region - 18,8
- Ústí Region - 15,2
- Karlovy Vary Region - 7
- Technical assistance - 1

Graph 2: Ministry of Regional Development,



Czech authorities with the administration of the fund (*Ministry of Regional Development, 2022*).

42 billion CZK is significantly less than what is distributed in the Czech Republic as part of, for example, the Modernization Fund (CZK 200+ billion CZK for the Czech Republic) or the National Recovery Plan (CZK 228 billion) (*State Environmental Fund, 2024; Zindulková, 2021*). The fund is not very large even in the context of the coal regions it supports. For comparison, the annual expenditures of the Moravian-Silesian Region for 2024 are to reach 39 billion CZK (1,5 billion EUR), and 9.5 billion CZK (375 million EUR) for the Karlovy Vary Region (*Karlovy Vary Region, 2023; Moravian-Silesian Region, 2023*).

The JTF alone cannot be expected to solve the long-term social, ecological and economic problems of structurally weak regions, or the consequences of decades of mining or failed 1990s privatizations. The wide range of possible areas of support according to the EC's regulation on JTF therefore must be further targeted in the Czech TJTP, if the fund is to have a visible effect. At the same time, structurally affected regions cannot do without greater and long-term support from the state budget or other EU structural funds (*Interview with Kaválková, Lorenzová and Bělohoubková, 2024*).

Administration of the Just Transition Fund in the Czech Republic

Speed of drawing: The Czech success?

The successful fulfilment of time milestones set at the EU level is one of the main indicators showing whether the Czech public sector can effectively distribute the JTF. For better understanding of the speed criterion, it must be highlighted that drawing of EU funds has different stages, whose fulfilment can be evaluated separately. First, the member states issue calls for funding through which participants can apply. Then, it signs contracts with selected grant recipients. After

that, it pays money to the recipients, after which the Commission, following a careful accounting exercise, grants these money to the member state (Čekal, 2020).

The speed of drawing of OPJT and other Czech operational programs			
Operational program	Share of registered calls for support of the total allocation	Share of contracted funds of the total allocation	Share of money distributed to the recipients of the total allocation
OP TAK	52,7 %	12,0 %	0,3 %
OP JAK	88,4 %	42,5 %	17,8 %
OP Z+	94,0 %	57,8 %	15,0 %
OP D	57,5 %	23,6 %	11,7 %
OP ŽP	121,1 %	42,1 %	10,3 %
IROP	70,2 %	31,1 %	2,0 %
OP TP	39,2 %	36,7 %	4,1 %
OP R	36,4 %	16,2 %	2,1 %
OP JT	77,3 %	27,2 %	3,9 %

Table 2: DotaceEU, March 2024

As this table comparing the speed of drawing of different Czech operational programs (OPs)⁴ shows, as of March 2024, the state managed to issue calls for more than 75 % of the total JTF allocation (DotaceEU, 2024). Especially when compared to some other member states, this can be considered a success. "We are very ahead compared to the other countries. Some countries are still finalizing their plans while here, the projects are already being implemented,"⁵ commented

⁴ An operational program is an instrument by which EU structural funds are distributed in the Czech Republic. One EU fund can be distributed using a greater number of operational programs, just as one operational program can distribute several funds at the same time.

⁵ All interviews for this analysis were conducted in the Czech language. The English version includes translations made by the author.

Ondřej Slach, a social geographer from the University of Ostrava, who participates in the preparation and evaluation of some JTF projects (*Interview with Slach, 2023*). Thanks to the above-average distribution rate of the JTF, the EC perceives the Czech Republic as a prize-winner among EU countries regarding the JTF (*Respondent 1, 2023; Respondent 3, 2023*). When considering the pace of calls issuing, the OPJT is above average fast also between the Czech OPs.

However, when it comes to contracting and paying the funds, OPJT can be evaluated as less successful when compared to other Czech OPs. By the end of March 2024, the, 27 % has been contracted and less than 4 % of total Czech OPJT allocation has been paid to the recipients (*DotaceEU, 2024*). According to reports from the Ministry of Regional Development (MRD) from early 2024, there was a threat that 4-9 billion CZK of the total JTF allocation will remain undrawn at the end of the programme period (*ELM, 2024; Klimeš, 2024*).

"The start of the Just Transition Fund was really fast. We did it as best we could, but there is still a risk that the money will not be used and we will lose it," summed up the situation Leistner Kratochvílová, Director of the Department of Support for the Low Carbon Economy Transition at the Ministry of the Environment (*Interview with Leistner Kratochvílová, 2023*). A large share of respondents saw the pressure on rapid distribution as an important factor that determined the character of JTF (*Interview with Unucka, 2023; Interview with Šťastná, 2023; Interview with Vondrák, 2023*).

However, considering only speed when evaluating of JTF success in the Czech Republic and other states would be a mistake. A slower start is always a risk when a new fund is established at the EU level, because new administrative structures must first be created, and funding priorities identified. At the same time, delays in JTF distribution in particular were to be expected given that this fund started to be prepared 1,5 year later than other EU structural and investments funds.

At the same time, the emphasis on speedy distribution can be counterproductive in terms of the quality of supported projects. "In general, I feel much more pressure from the EC on speed than, for example, on civic participation or quality of projects," said one of the anonymous respondents (*Respondent 1, 2023*). "Pushing for speed is not the greatest approach because it creates a risk that the projects will not be prepared flawlessly. Also, it makes it difficult to negotiate the conditions of thematic calls in such a way that fits the needs of individual regions," commented the employees of the Karlovy Vary Agency for Business Development (KABD) (*Interview with Krupičková and Šnajdrová, 2024*).

In the future, the EC and the Czech ministries should therefore consider whether rapid distribution is the main criterion they should emphasize when evaluating the success of the fund and when negotiating the conditions of JTF 2 in the next MFF.

The value of existing structures

To ensure quick distribution of the fund, it was important that its management structures did not arise out of nowhere.

Among the key previously existing structures was the RE:START strategy, aimed to support the economic transformation of the Moravian-Silesian, Ústí and Karlovy Vary regions. As part of this strategy, the tools and objectives of the economic transformation of disadvantaged regions were defined, and offices were also established in these regions under the supervision of the MRD (*Interview with Šťastná, 2023; Ministry of Regional Development, 2023c*). However, the strategy did not have any dedicated funds either from the EU or the Czech state budget. Dedicated funds for the development of these coal regions were brought about only by the JTF, which effectively "poured" the money into pre-defined plans (*Interview with Vondrák, 2023*).

Another important pre-existing structure was the Regional Standing Conferences (RSC), which have been operating in all Czech regions since 2014. The RSCs

coordinate regional development policies and help central authorities define the contents of operational programs of the EU funds, including the JTF. They are often perceived as the main platform for consultation and regional participation, as key regional actors are represented in them⁶ (*Ministry of Regional Development, 2023b*). Departments that have long been involved in the coordination of the Regional Standing Conference at the regional level are today also responsible for JTF coordination in their region. (*Interview with Šustková and Štvrťňová, 2023; Interview with Kaválková, Lorenzová, and Bělohoubková, 2024*).

According to the actors involved in the JTF preparation, these previous structures enabled the Czech Republic to proceed quickly in drawing JTF when compared with other member states. "In the EU, it was an advantage that we already had a long-term strategy, we had something to lean on, we had selected people, there was already a central body that dealt with the three regions," commented the head of the RE:START department (*Interview with Šťastná, 2023*). This shows the value of long-term planning both in drawing of funds and in regional development in general.

However, according to the critical voices from the civil society, taking over existing structures also meant taking over their long-term ills. They highlight, inter alia, that RSCs are not sufficiently representative of people in the coal regions (*Zindulková, 2021*) nor transparent (*Boček and Zákopčanová, 2021*) and that RE:START was created behind closed doors of ministries, without participation of citizens in the affected regions (*Patočka, 2022*). "JTF has fallen into the box of operational programs, and that's how the ministries treat it. They favour formalistic program requirements, and they side-line participation," said one of the anonymous sources (*Respondent 1, 2023*).

⁶ Members of the RSC include regional councillors, representatives of municipalities and cities of various sizes, local action groups, representatives of the academic sector, tripartites and non-profit organizations.

Just transition as searching for white spaces

Due to the speed with which the JTF was established, initially it was not clear how the fund would be distributed in the Czech Republic and who would be responsible for it as the managing authority⁷ (*Interview with Marcin, 2023*). The authorities faced several dilemmas as outlined below. The final decision to create a new OP for JTF and choose the Ministry of the Environment (ME) as the governing body had concrete impacts both on the focus of JTF in the Czech Republic and on the readiness of the public administration to administer this fund.

One of the main dilemmas was whether to distribute the JTF using a new OP or whether to use one or more of the existing programs (Employment+, Environment, etc.), which fall under different ministries. If the state chose to use the established OPs, it could benefit from existing administrative structures and their experiences and avoid duplication both in structure and in areas supported.

"We sometimes tend to create new structures even though the old ones already exist and have a proven track record. Some departments then must build everything from scratch. Then it takes time to attract officials and start up the program," commented Rostislav Mazal, who oversees the established Integrated Regional Operational Program (IROP) operational program at MRD (*Interview with Mazal, 2023*). He believes IROP could cover many topics including the just transition and perceives the tendency to establish new funds to be partially motivated by marketing reasons, where the Commission wants to demonstrate it cares about a certain topic.

While the employees of the regional office of the Karlovy Vary region consider the establishment of OPJT to be useful, they point out that the time to establish structures of the new fund was relatively short. "In terms of money, the JTF is just a drop in the ocean. But administratively, it is difficult to manage it. Not just on the

⁷ The managing authority is responsible for the purposeful, efficient and economical management and implementation of operational programs. The governing body can be a national, regional or local state administration body.

central level, but also on the level of the regions," they pointed out (*Interview with Kaválková, Lorenzová, and Bělohoubková, 2024*). The concerns regarding the administrative burden the OPJT created are especially pertinent considering the relatively small size of JTF when compared to other EU funds and regional budgets, which was described above in this report.

However, many respondents praise the establishment of a new dedicated fund and OP. They highlight that the potential division of the JTF finances under multiple different OPs would have damaged the thematic coherence of the fund and greatly complicated communication between the EU, the state and the regions, which would have to communicate with a larger number of authorities (*Interview with Karásek, 2023*). In addition, the dedicated operational program OPJT is said to have forced the regions to think about their development priorities and strengthened cooperation between the state and regions, which are said to show an above average interest in OPJT (*Interview with Leistner Kratochvílová, 2023*). Regional respondents are content with the dialogue ME leads with them about the OPJT needs, and consider it above standard when compared, for example, with IROP (*Interview with Karásek, 2023; Interview with Pizinger, 2024*).

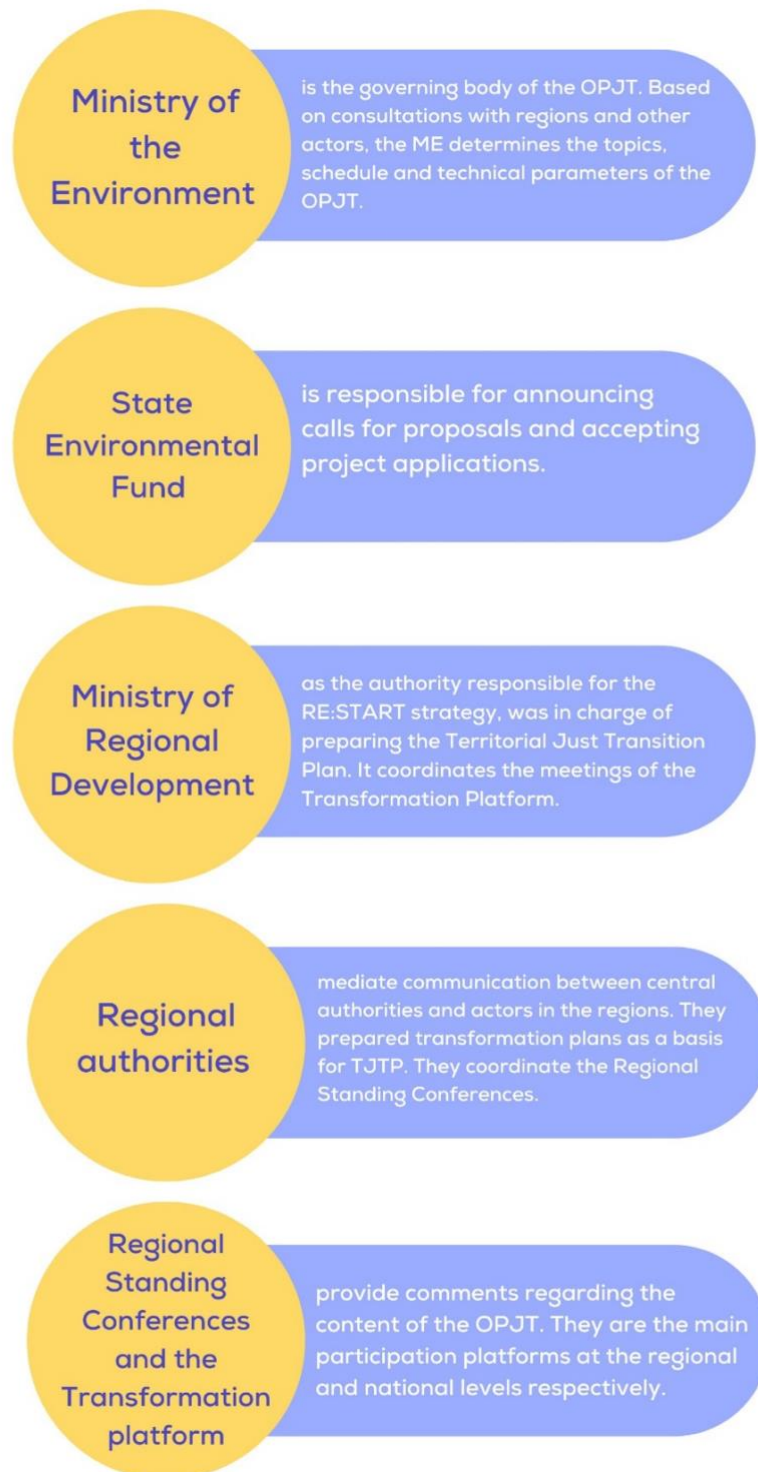
The final decision to create a dedicated operational program – OPJT – has also affected the focus of the JTF in the Czech Republic. The program had to find its own space among already existing programs with a related focus, which limited to scope or areas it can support. **"Many people from the non-profit sector think, for example, that OPJT should focus more on social issues, like foreclosures. But these are already covered by OP Employment+ and negotiations regarding competences between ministries are not easy,"** explained one source (*Respondent 1, 2023*). "It was difficult to find areas to be supported by OPJT, because we had to avoid overlaps with other existing OPs," commented the employees of the Karlovy Vary Regional Office (*Interview with Kaválková, Lorenzová, and Bělohoubková, 2024*). In addition, the creation of a dedicated OPJT may have

led to the relatively big allocation to large strategic projects within OPST. Strategic projects often combine investment and non-investment expenses, and other operational programs cannot therefore pay them. Strategic projects are thus particularly suitable for filling the gaps between individual operational programs (*Interview with Jirků and Budínová, 2023*).

Aside from the number of operational programs to be used for JTF distribution, it was also unclear at the beginning of MFF 2021–2027 which ministry should oversee the fund as the managing authority. Given that the JTF is a development fund rather than a climate fund – it is concerned with the comprehensive development and economic restructuring of regions, not narrowly focused topics of energy or waste – the MRD appeared as the first logical option. It already had experience with the RE:START strategy and had also become the manager of the Czech TJTP. Based on a political agreement, however, the ME eventually became the governing body. Most of the key workers dedicated to the just transition consequently transferred from MRD to ME (*Interview with Karásek, 2023; Interview with Slach 2023; Respondent 1, 2023*). “During the initial preparations of OPJT, it wasn’t clear which ministry will be responsible for it. At the beginning, we communicated with MRD, but then ME was appointed the managing authority,” claims the employees of KABD (*Interview with Krupičková and Šnajdrová, 2024*).

According to the director of the international cooperation department at the State Environmental Fund (SEF), Ivo Marcin, the role of SEF was not yet clear during the pre-selection of strategic projects in April 2021, which caused tension between different institutions. The SEF then had to take over agenda that had been prepared by the MRD and ME, including the pre-selected strategic projects (*Interview with Marcin, 2023*).

The resulting distribution of competences between individual authorities is following:



Graph 3: The author, 2024

As this subsection has shown, the process of establishing JTF governance structure was not self-evident and there was uncertainty about how the fund should be distributed and who should be responsible for what. The establishment of new EU funds, even the relatively small ones, inevitably means that new bureaucratic structures must be created and it takes time to start them off. This should be considered by the European Commission when evaluating the success of drawing of the JTF. On the other hand, the establishment of OPJT has made the regions more active, made them think about their development priorities and intensified cooperation between the state and regions. The speed of drawing of the potential JTF 2 could be significantly helped if the already established administrative structures are used for its management. Respondents of this study also strongly recommend leaving the structures as they are for the potential JTF 2 to avoid further readjustments and confusion (*Interview with Marcin, 2023; Interview with Šústková and Štvrťňová, 2023; Interview with Karásek, 2023*).

The continuation of established processes is nevertheless not enough in itself: public administration should improve itself in, for example, cutting the red tape (*Interview with Unucka, 2023*). There is also space for improvement in civic participation methods and collection of inputs from the regions, including through better involvement of local civil society organizations and improving the flow of information regarding the opportunities presented by decarbonisation (*Respondent 1, 2023; Interview with Navrátil, 2023; Interview with Slach, 2023*). OPJT 2 should focus on the existing problems and needs of the regions. It should tolerate certain thematic overlaps with other operational programs, so that the program doesn't merely fill the blank spaces between existing funds (*Interview with Kaválková, Lorenzová and Bělohoubková, 2024; Interview with Krupičková and Šnajdrová, 2024*).

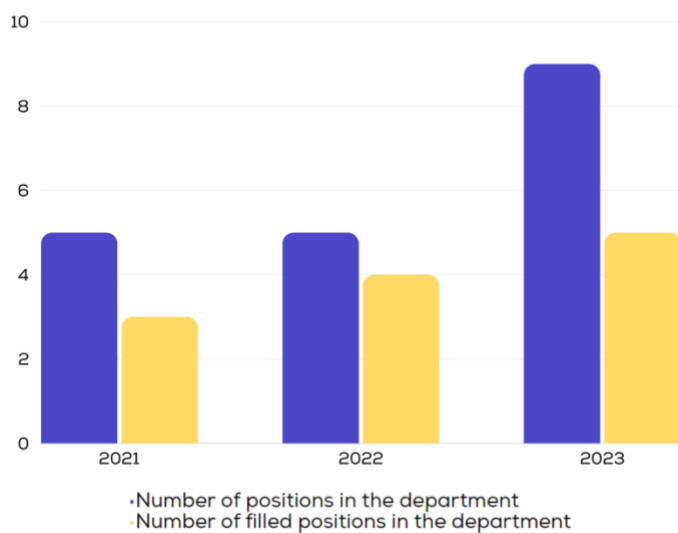
Human resources of the fund administration

Sufficient capacity of the authorities, especially at the managing body of the fund, i.e. the ME, is essential for the efficient drawing of the JTF. If there are insufficient qualified staff working for the authorities, there is a risk of delays in the administration of project applications. It may also be more difficult to avoid errors and undue influence from influential private players. "When, for example, someone writes project documentation for strategic projects by himself, it is easy to make mistakes, many things are then corrected at the last minute," one anonymous source described (*Respondent 2, 2023*).

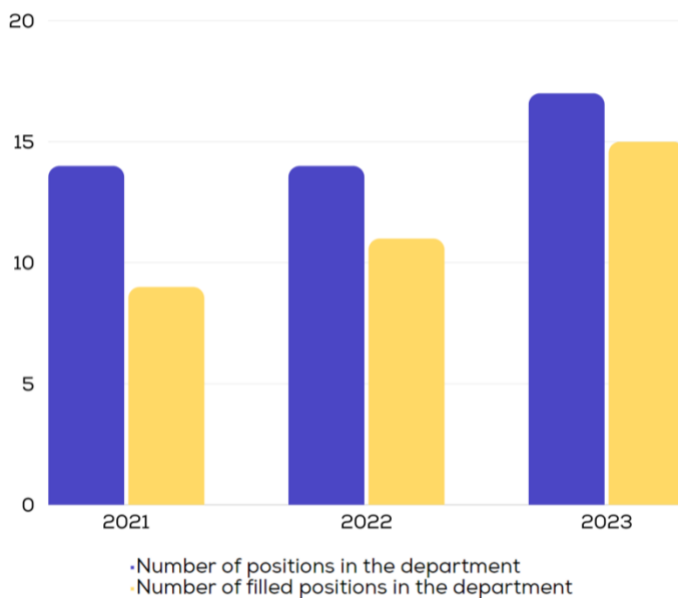
The following section therefore analyses what personnel capacity to manage the JTF existed at key central authorities between 2021 and 2023, i.e. the first three years of the fund's existence. The analysis focused specifically on the situation in the following departments: 1) the Department of Support for the Low Carbon Economy Transition at the Ministry of the Environment, as the managing authority⁸; 2) The Unit for the JTF and the newly created Unit for Strategic Investments at the State Environmental Fund, which take care of the project management of JTF projects and 3) The RE:START Unit at the Ministry of Regional Development, responsible for the preparation of the Territorial Just Transition Plan. In addition to the testimony of workers of these departments, the analysis is based on the authorities' responses to requests made under the Czech Freedom of Information Act (*Ministry of Regional Development, 2023d; Ministry of the Environment, 2023; State Environmental Fund, 2023*).

⁸ Already since 2020, there was a unit at ME dedicated to the JTF management

Unit for the Just Transition Fund + Unit of strategic investments, SEF



Department of Support for the Low Carbon Economy Transition, ME





Graphs 4,5,6: The author, 2024

As the graphs show, the number of employees in the departments concerned is slowly but surely increasing, with the notable exception of the RE:START Unit. According to the interviewees, the lack of workers at the departments was especially acute in 2021, when fund governance structures had to be quickly established. Interviewees suggested that in the affected departments of ME and SEF, four employees each were dedicated to the management of the fund, while most of them had only limited experience with EU subsidies and with the functioning of public administration in general (*Respondent 1, 2023; Respondent 2, 2023*). Roles and responsibilities for the JTF agenda were often not clearly defined, the system was fragile as it depended on a single key person, which if left the position, could jeopardize the administration of the fund. **"They distributed 40 billion crowns, but there were only four in the JTF unit of SEF. The position of the head of the unit was not filled and no one outside the unit had the preparation of the program as a work priority,"** one of the anonymous sources described the situation at SEF (*Respondent 2, 2023*).

Even the directors of the concerned bodies at ME and SEF agree that the situation in 2021 was not optimal and that new positions for managing the fund were created only gradually. Furthermore, given the widespread discourse about too many civil servants in the Czech Republic, even this gradual creation of new positions was not completely self-evident. **"It was a problem to negotiate an increase in the number of positions, this is a problem across the state administration. We are a clear exception; the number of people here has been increasing. But this is because the volume of processed applications and managed funds has increased manifold,"** explains Ivo Marcin, director of the Department of Fund Strategy and International Cooperation at SEF. He adds that the whole system of recruiting people in the state administration is inflexible – it takes time to create new positions and then fill them with qualified people (*Interview with Marcin, 2023*). Recruiting new employees to manage the OPJT is additionally complicated by the fact that at the same time as the JTF, a significantly larger National Recovery Plan was established, and the ministries therefore had to compete for employees to manage these instruments (*Interview with Marcin, 2023; Interview with Leistner Kratochvílova, 2023; Interview with Slach, 2023*).

As the graphs show, after the creation of new positions in the public service, it can also be a problem to fill them. According to the respondents, the low prestige of the state administration (not only) among young university students and also the uncompetitive wages in the state administration positions in Prague, contributes to this (*NMS Market Research and The Aspen Institute Central Europe 2021*). "Even 40 thousand crowns a month in Prague is not enough if you have a family and obligations. The result is fluctuation and loss of continuity of projects and their evaluation," explains Ondřej Slach (*Interview with Slach, 2023*). Uncertainty about whether the job is stable in the long term, can be retained after the end of the MFF program period and will not be abolished, in line with the current coalition government's promises to cut the number of civil servants, may also play a role.

As the respondents emphasized several times, the situation at the ME and SEF improved between 2021 and 2023. However, departments charged with managing JTF still face time pressure, which means they don't have as much time to conceptually think about their work. Due to the time pressure, the governing body at the ME sometimes misses the promised deadlines, which can be a problem for recipients, especially in the case of strategic projects (*Interview with Unucka, 2023*). "It's difficult to do new and innovative things, because all they have to care about is the deadlines. Often, interesting background studies will be created, but no one has time to read them. Capable people in the civil service are insanely busy," comments one of the anonymous sources (*Respondent 2, 2023*).

Staff numbers at the RE:START Unit under the MRD, unlike the teams at the ME and SEF, weakened between 2020 and 2023. "In the name of "efficiency of public administration" they took away five places from us at the end of 2022. But the agenda has increased because we are participating in the implementation of TJTP, of the Just Transition Mechanism and of RE:START," explains the head of the department (*Interview with Šťastná, 2023*).

In addition to increasing and adequately paying public officials, the pressure on both the public administration and applicants could also be reduced by cutting red tape. Respondents from the regions or subsidy applicants point to the unnecessarily large administrative burden for EU funds applications in the Czech Republic in general, including in the case of JTF (*Interview with Unucka, 2023*) "Our long term practical experience suggests that the conditions of funding schemes are unnecessarily complicated, overblown," comment the officials from the Karlovy Vary regional office. Furthermore, they claim that auditors and controlling bodies often use too strict sanctions, so that they are not blamed of benevolence or bad interpretation of the rules. This often makes the administration of projects too burdensome for potential recipients, who consequently often opt for commercial loans instead. The officials would prefer that all operational programs

have a uniform methodology for distribution, and that individual Czech development strategies are not duplicated (*Interview with Kaválková, Lorenzová, and Bělohoubková, 2024*).

As this subsection shows, the low remuneration and prestige of the civil service profession has concrete, negative effects on how the state was able to administer the JTF – especially in the first years of its existence. If the state wishes to successfully perform a just transition, and draw the JTF in a quality way, it is necessary to both ensure adequate personal and financial capacities, and to avoid unnecessary administrative complications.

Conclusions and recommendations: Keep the structures and improve them

The aim of this analysis was to examine whether the Czech public administration has sufficient capacity and organizational skills to effectively distribute money from the JTF, based on interviews with respondents involved in the fund distribution. It also focused on the pros and cons of establishing new cohesion funds at the EU level, and new operational programs on the Czech level.

First, the analysis states that the character of the JTF was significantly influenced by the short time milestones for its distribution set at the EU level. Compared to other structural funds of the MFF 2021–7, the JTF was delayed by a year and a half in preparation, and at the same time, due to the involvement of the NGEU loan in its financing, most of the fund must be used up three years faster. The pressure to quickly distribute the fund is constantly felt by all levels of Czech public administration. It had a concrete impact on the setting of the fund's governance structure, and by extension also on the focus of supported projects, the quality of processes and of civic participation.

From the point of view of meeting time milestones, the Czech Republic could be seen as relatively successful, at least at the beginning of 2024. Compared to other EU member states, it was able to prepare its TJTP among the first in the EU, and it has already managed to make calls for applications for the majority of the JTF money. On the other hand, the contracting and paying of OPJT was slower than in the case of other Czech OPs. A slower start is nevertheless logical, as this was a new fund for which administrative capacities had first to be created. It is something to be expected also in the case of other new EU financial instruments.

The previous existence of the RE:START strategy and the Regional Standing Conferences, which defined the areas of support and established the authorities responsible for the development of coal regions, significantly helped in starting the distribution of the JTF in the Czech Republic. This shows that preparedness and long-term planning can improve the drawing of EU funds and regional development in general. However, critics point out that the simple incorporation of new instruments into existing structures means that the ills – such as the lack of representativeness of the actors involved in RSC – of these structures will also be reproduced.

The creation of a new EU structural fund will inevitably create a strain on the administrative capacities of the member states. It takes time and money to set up processes, recruit and train employees, and select the managing authority, which could all be avoided if existing funds and operational programs were used instead. The introduction of JTF similarly brought with it several dilemmas – among other things, whether to distribute the fund in the Czech Republic within the framework of existing OPs and administrative structures, or to create new ones. The final decision to create a brand-new operational program impacted also the thematic focus of the fund. To avoid duplication and double financing, for example in socially oriented topics, the OPJT now must find white spaces between other OPs with a related focus. This has limited the range of topics that the fund can address

in the Czech Republic. The fact that OPJT, unlike other OPs, can combine investment and non-investment expenses, could have also led to the popularity of big strategic projects within this programme.

The number of employees dedicated to managing the JTF at central authorities was insufficient especially at the beginning of the 2021–2027 program period. The situation stabilized by 2023, but the creation and filling of new clerical positions took a long time – also due to the insufficient prestige and financial remuneration of clerical professions in the Czech Republic. In 2023, the state administration managed the preparation of the fund better, but due to capacities, it often had to focus on chasing daily deadlines and not on conceptual work, planning or citizen participation. If politicians want to carry out the just transition in the Czech Republic in a quality way, it is necessary to allocate sufficient funds and experts for its implementation. At the same time, the availability of the fund to applicants and the speed of distribution could be helped by the elimination of bureaucracy and, for example, the creation of a uniform methodology for all Czech operational programs.

Despite the above-mentioned problems, most respondents praised the creation of a new JTF and a dedicated operational program OPJT. According to them, JTF has had a positive effect on the activation of regions, which it encouraged in thinking about their priorities and contributed to their tighter cooperation with the state. A slower start of the fund drawing when compared to other Czech OPs, as well as other possible issues with the fund, are not that surprising for a fund that was newly and rather hastily established at the EU level. In the upcoming MFF, a more efficient drawing of JTF is to be expected, especially if the already established bureaucratic structures for its management will be used again, as most respondents would prefer.

Recommendations

1. **To the European Commission and Czech ministries:** When deciding on whether to create a new EU level cohesion fund or a national level OP, the strain that these instruments inevitably put on administrative capacities of the member states, and the time needed to start them, should be taken into consideration. This is very likely to affect the speed of distribution of the new fund, especially when compared to other already established instruments.
2. **To the European Commission and Czech ministries:** Emphasize the importance of a comprehensive evaluation of all aspects of JTF distribution, rather than solely focusing on meeting time milestones. The pressure for swift distribution, as observed in the case of the JTF in MFF 2021–7, can alter the nature of supported projects and prove to be counterproductive.
3. **To the European Commission, the Czech ministries and politicians:** For effective decarbonisation efforts that leave no one behind, it is essential to ensure that administrative bodies possess adequate human and financial capacities. Therefore, when making decisions regarding the establishment of JTF 2, the ability of the member states to allocate enough qualified and well-remunerated officials should be one of the decisive criteria. On the Czech level, job stability, career development opportunities and competitive salaries should be provided to public sector officials, while the political and media elites should refrain from gratuitously denigrating public administration work.
4. **To the European Commission and Czech ministries:** Tightening of the conditions for drawing other OPs discourages applicants, increases the pressure on officials and slows down the distribution of funds. To address this, it is recommended to simplify, clarify, and unify the methodologies across all OPs. This approach will help reduce pressure on officials, expedite the distribution of funds and make them more accessible to potential

applicants. Unnecessary tightening or modifications of conditions should also be avoided by both the state and the Commission in case JTF 2 is created in the next MFF.

5. **To the European Commission and the Czech ministries:** Unnecessary reconfiguring of already established governance structures can lead to initial chaos and delays in fund administration. Therefore, in the next MFF programming period, maintain the governance structure that was created for the distribution of the JTF for 2021–2027 and only improve it where needed, i.e. in participation methods or cutting red tape.
6. **To the European Commission and the Czech ministries:** Commence the preparation of the JTF 2 as soon as possible, placing special emphasis on collecting thematic inputs from the regions. This proactive approach ensures that JTF 2 is established based on the authentic needs of citizens, rather than merely filling gaps between existing OPs. Early and inclusive conversations with citizens' representatives will contribute to the meaningful and targeted development of JTF 2.

Appendix 1: List of interviews

1. Jana Jirků, director of the ESF implementation department; Kateřina Budínová, director of the ESF program implementation department – employment and adaptability, Ministry of Labor and Social Affairs. 25 October 2023, online.
2. Zdeněk Karásek, Plenipotentiary of the Governor of the Moravian-Silesian Region for RE:START and the Coal Platform, Regional Office of the Moravian-Silesian Region. 6 November 2023, Ostrava, Czech Republic.
3. Jana Kaválková, director of the regional development department; Petra Lorenzová, Head of RSC Secretariat; Jana Bělohoubková, Head of Planning and Regional Development Department, Regional Office of the Karlovy Vary Region. 9 January 2024, Karlovy Vary, Czech Republic.
4. Kamila Krupičková, Vendula Šnajdrová, project managers of the Karlovy Vary Agency for Business Development. 9 January 2024, Karlovy Vary, Czech Republic.
5. Radana Leistner Kratochvílová, director of the support department for the transformation to a low-carbon economy, Ministry of the Environment. 30 October 2023, Prague, Czech Republic.
6. Ivo Marcin, Director of the Department of Fund Strategy and International Cooperation, State Environmental Fund. 13 November 2023, Prague, Czech Republic.
7. Rostislav Mazal, director of the managing body of the integrated regional operational program, Ministry of Regional Development, 17 October 2023, Prague, Czech Republic.
8. Martin Navrátil, director of the Moravian-Silesian Pact for Employment, member of RSK MSK. 7 November 2023, Ostrava, Czech Republic.
9. Patrik Pizinger, councillor of the Karlovy Vary region responsible for regional development. 10 January 2024, Chodov, Czech Republic.

10. Ondřej Slach, vice-rector for strategy and development, University of Ostrava. 6 November 2023, Ostrava, Czech Republic.
11. Simona Šťastná, head of the RE:START department, Ministry of Regional Development. 6 November 2023, Ostrava, Czech Republic.
12. Miriam Šůstková, Denisa Štvrtňová, Department of Strategic Planning of the Moravian-Silesian Region. 8 November 2023, Ostrava, Czech Republic.
13. Jakub Unucka, Deputy Governor of the Moravian-Silesian Region responsible for the smart region. 7 November 2023, Ostrava, Czech Republic.
14. Ivo Vondrák, Member of Parliament, former Governor of the Moravian-Silesian Region. 26 October 2023, Prague, Czech Republic.
15. Respondent 1, 14 November 2023, Prague, Czech Republic.
16. Respondent 2, 24 October 2023, Prague, Czech Republic.
17. Respondent 3, 31 October 2023, Prague, Czech Republic.
18. Respondent 4, 10 January 2024, Chodov, Czech Republic.
19. Respondent 5, 4 November 2023, Ostrava, Czech Republic.
20. Respondent 6, 9 November 2023, Karviná, Czech Republic.
21. Respondent 7, 24 October 2023, Prague, Czech Republic.
22. Respondent 8, 8 November 2023, Trojanovice, Czech Republic.
23. Respondent 9, 8 November 2023, Ostrava, Czech Republic.
24. Respondent 10, 12 January 2024, online.

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