

CONDITIONS FOR REGIONAL PREPAREDNESS TO DRAW ON THE JUST TRANSITION FUND

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Abstract

Through interviews with officials and other relevant actors at national and regional level, this research report identifies conditions for regional preparedness to draw on the Just Transition Fund. The report compares the situation in two of the three Czech regions that are drawing on the Fund: Moravian-Silesian and Karlovy Vary Regions. It notes that the Moravian-Silesian Region is better prepared to draw on the Fund for two main reasons. The first is the significantly higher human and institutional capacity of this region of 1.2 million people. A broad regional development system, including local universities, executive agencies, private companies and individuals, has therefore been involved in the preparation and implementation of the fund. In contrast, the Karlovy Vary Region, with a population of 250,000, lacks such a system. The second important condition is human and institutional continuity: respondents agreed that the Moravian-Silesian Region was better prepared for disbursement of the fund because it was able to set and subsequently implement a long-term regional development strategy, despite changes in political leadership. The report concludes that the Just Transition Fund alone can hardly compensate the regions for these unequal starting conditions. Therefore, the national government should assist regions in preparing projects to be supported by the fund and provide them with sufficient financial resources to build regional public administrations capable of absorbing EU subsidies in general.

About the Author

Klára Votavová studied European Studies at Masaryk University and Maastricht University in the Netherlands. After completing several internships in EU institutions, she worked for over four years in the Czech civil service, where she contributed mainly to the preparations for the Czech Presidency of the EU Council in 2022. She has also worked for several newspapers as a reporter and commentator, covering for example working conditions in the Czech and Polish Amazon. Her research focuses on the social impact of European policies, in particular digitisation and decarbonisation, European social policy and inequalities between European countries and regions.

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List of abbreviations

EC	European Commission
JTF	Just Transition Fund
KABD	Karlovy Vary Agency for Business Development
MS PAKT	Moravian-Silesian Employment Pact
ME	Ministry of the Environment
MFF	Multiannual financial framework
NGEU	Next Generation EU
OECD	Organization for Economic Cooperation and Development
OP	Operational Program
OPJT	Operational Program Just Transition
ROP	Regional Operational Program
RSC	Regional Standing Conferences
STEP	Strategic Technologies for Europe Platform
TJTP	Territorial Just Transition Plan

Introduction

Cooperation between different levels of governance, the EU, national governments and regions, is a fundamental characteristic of most EU policies, including structural and investment funds under shared management (*European Commission, 2024*). In order to bring the European agenda as close as possible to citizens, the EU applies the principle of subsidiarity in its policies. Therefore, decisions falling outside the EU's exclusive powers should be taken at the lowest possible territorial level. The implementation of shared competence EU policies is the responsibility of the states and regions. Successful achievement of their goals therefore fundamentally depends on the human and organizational capacities of state and regional public administration, as well as on the ability of different levels of government to cooperate (*OECD, 2020*). However, capacities differ between different regions and multi-level cooperation brings with it several challenges.

The insufficient capacity and organizational capabilities of national and regional governments may also threaten the fulfillment of the objectives of the Just Transition Fund (JTF) (*Cakl et al., 2021; Zindulková, 2021*). This fund was created for the first time within the current 2021-2027 Multiannual Financial Framework (MFF). Its goal is to support regions that have been above-average dependent on fossil and energy intensive industries. In the Czech Republic, these are Moravian-Silesian, Karlovy Vary and Ústí regions (*European Union, 2021*). This paper builds on a [previous analysis](#) that examined the capabilities of the Czech state administration to absorb the JTF (*Votavová, 2024*) by adding a regional dimension. First, it outlines the context in which multi-level cooperation between the Czech state and regions works when administering the JTF. In addition, by using the example of the Moravian-Silesian and Karlovy Vary regions, it strives to identify the conditions which affect the preparedness of regions to draw on the fund. Subsequently, it provides recommendations to the European Commission,

national and regional governments and other actors on how to ensure an efficient distribution of the JTF at the regional level.

The paper is based over 20 original qualitative interviews conducted with people who are involved in the administration of JTF at central authorities in Prague, in the Moravian-Silesian and Karlovy Vary regions¹ and is supplemented by a documentary analysis.

Multi-level administration of the Just Transition Fund in the Czech Republic

The following paragraphs briefly summarize which levels of government are responsible for managing the JTF in the Czech Republic, and how the cooperation between these different levels functions.

The highest level involved in the administration of the JTF is the European Commission (EC), which supervises whether the money is distributed in accordance with the rules and within the time milestones. EU member states or affected regions themselves prepare the so-called Territorial Just Transition Plans (TJTJs), in dialogue with the Commission. Within TJTJs, they geographically define the regions particularly threatened by the shift away from the fossil economy, which the JTF is supposed to support. Approval of TJTJ by the Commission is a condition for drawing from JTF (*European Commission, 2020*). In the Czech Republic, the responsibility for managing the JTF lies at the national level, specifically at the Department of Support for the Low Carbon Economy Transition at the Ministry of the Environment (ME) (*Ministry of Regional Development, 2023*).²

¹ A list of all respondents to the analysis is provided in the appendix

² 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

The regions at the focus of this analysis play multiple roles in the JTF administration. They coordinate the meetings of the Regional Standing Conferences (RSCs)³ and, collect inputs about the fund from regional players. (*Interview with Šůstková and Štvrťová, 2023; Respondent 4, 2024*). At the same time, the regions are responsible for the implementation of several of strategic projects⁴ (*Ministry of the Environment, 2023*). Unlike other funds, the Operational Program Just Transition (OPJT) fund strengthens the involvement of regions, using the so-called overarching calls. In their case, the state distributes the money to the regions, which then redistribute it to the final applicants. Individual grants to final applicants, which typically include entrepreneurs or researchers, range from the hundreds of thousands to the low millions; the three Czech coal regions together distribute less than half a billion CZK (20 million EUR) of the total 42 billion CZK (1,65 billion EUR) JTF through the overarching calls (*Interview with Marcin, 2023; Interview with Unucka, 2023; Ministry of Regional Development, 2022; Ministry of the Environment, 2024*).

local state administration body. Czech ME, as the managing authority, is responsible for determining the topics, schedule and technical parameters of OPJT.

³ Regional Standing Conferences (RSCs) have been operating in all regions since 2014. RSK together with the state coordinate regional development policies and help central authorities define the content of operational programs of EU funds, including of the Just Transition Fund. They tend to be perceived as the main platform for consultation and regional participation, as key regional actors are represented in them - including representatives of the region, municipalities and cities of various sizes, local action groups, representatives of the academia, the social dialogue partners and non-profit organizations.

⁴ The Czech Territorial Just Transition Plan defines four 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 CZK 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 CZK. The last type of Czech JTF support are **financial instruments**, which include interest free loans for entrepreneurs in the coal regions.

Municipalities, as the lowest level of self-government, are involved in OPJT mainly as potential applicants for various thematic calls or strategic projects. For example, they can apply for subsidies for the establishment of craft business incubators, for investments in the circular economy, revitalization of brownfields or for the support of biodiversity (*Ministry of the Environment, 2024*).

European Commission	<ul style="list-style-type: none"> • Designed the parameters of the JTF • Supervises if member states comply with the drawing rules for JTF • Approves the states' Territorial Just Transition Plans
National ministries and their subordinate organizations	<ul style="list-style-type: none"> • The managing authority of the JTF is at this level • Prepared the national TJTPs, where they defined the supported territories and priorities of the JTF • Define the content of JTF calls • Announce the calls of interest, evaluate applications, sign contracts with the JTF recipients
Regions	<ul style="list-style-type: none"> • Suggest the content of thematic calls to the managing authority • Redistribute the group calls to the final applicants • Responsible for realizing some strategic projects • Mediate the flow of information between central authorities and actors in the regions • Prepared regional transformation plans as a basis for TJTPs • Coordinate the functioning of the RSCs
Municipalities	<ul style="list-style-type: none"> • Can apply for some JTF subsidies, including strategic projects • Are represented in the RSCs, where they participate in the definition of the content of JTF calls

Table 1: The author, 2024

An important factor that can affect the multi-level administration of JTF is the time pressure for drawing on the fund. As the previous analysis (*Votavová, 2024*)

described in detail, this pressure emerged because the preparation of the fund began a year and a half later compared to other EU cohesion policy funds of the 2021-7 MFF. At the same time, due to the involvement of the Next Generation EU (NGEU) loan, JTF must be distributed more quickly among the beneficiaries than other EU structural and investment funds (*Votavová, 2024*). Mindful of this time pressure, the Commission introduced the Strategic Technologies for Europe Platform (STEP) in March 2024, allowing to disburse to the states 30 % of JTF allocation in pre-financing (*European Commission, 2024*). According to Czech the ME, this has eased the time pressure on Member States when drawing the fund (*Leistner Kratochvílová, 2024*).

According to some respondents, during the preparations of the fund, the EC pushed for its quick distribution and neglected other considerations, such as the quality of projects for citizen participation (*Respondent 1, 2023; Respondent 3, 2024*). At the same time, it could be difficult for the Commission to oversee how money is distributed in the member states and especially in the regions, because it does not have sufficient time, personnel capacity and knowledge of the environment to be able to assess it (*Court of Auditors, 2018; Respondent 2*). As a result, the EC can be surprisingly benevolent towards the states in the question of what projects are supported under the JTF (*Respondent 1, 2023*). This is in line with the long-term practice of the Commission, which, except for obvious examples of abuse, is reluctant to interfere with the distribution of money in the member states so as not to be accused of interfering with the powers of the states and violating the principle of subsidiarity (*Cakl et al., 2021*).

Issues in oversight of the fund use can also exist between the state and regions. "It is not easy to see what is happening in the regions. For example, how a specific demand for a thematic call was created. How participatory the data collection was or who was invited to the consultations on the needs of a region – the central

authorities cannot control this,"⁵ explained one source (*Respondent 1, 2023*). The time pressure exerted by the Commission and the state level is further translated onto the regional level. According to some respondents (*Respondent 3, 2024; Interview with Třísková, 2024*) and analysts (*Zindulková, 2021*), the time pressure meant there was an insufficient discussion of local priorities with mayors and citizens, potentially impacting the utility of the fund projects.

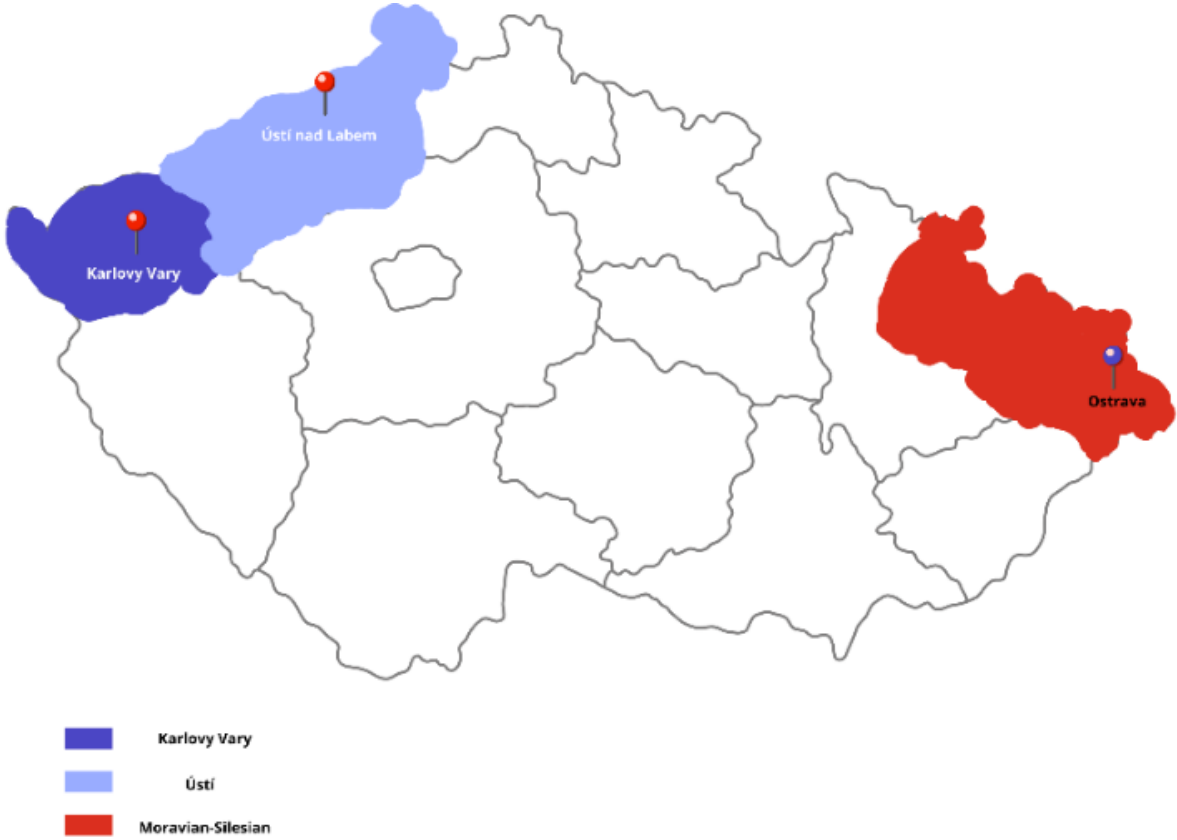
On the other hand, many respondents praised the OPJT for intensifying the level of cooperation between the national and regional levels and for making the regions more active, especially when compared to other Czech operational programs (OPs) (*Interview with Leistner Kratochvílová, 2023; Interview with Karásek, 2023; Interview with Šůstková and Štvrťňová, 2024; Respondent 5, 2024*). According to Zdeněk Karásek, the representative of the Moravian-Silesian governor responsible for the RE:START strategy and the Coal Platform, the above standard participation of regions in OPJT has boosted the capacities of regions to draw funds and conduct regional planning, and has set new standards for how multi-level governance shall be conducted in the Czech Republic (*Karásek, 2024*). Therefore, the establishment of OPJT may also have long term positive implications, especially if these practices – together with the Just Transition Fund – survive into the next MFF period.

As summarized in this section, the administration of JTF at the regional level was largely influenced by time pressure exerted by the EC and the state, as well as by the limits of supervision by these institutions. On a more positive note, the cooperation between the national and regional level in preparations of OPJT is said to be above-standard in the context of Czech OPs, which can have long lasting positive implications?

⁵ All interviews were conducted in Czech and subsequently translated by the author.

The Just Transition Fund in the Moravian-Silesian and the Karlovy Vary regions

The Moravian-Silesian and Karlovy Vary regions are, together with Ústecký, among the 3 Czech regions eligible to draw from the JTF. Specifically, these two regions were chosen for analysis for two reasons: First, they are the largest and the smallest coal region respectively in terms of both area and population (*Regional information service, 2023*). Secondly, according to interviewees from these regions (*Interview with Karásek, 2023; Interview with Navrátil, 2023; Respondent 4, 2024; Respondent 5, 2024*) and the assessment of external evaluators (*Ernst&Young, 2023a, 2023b*), the Moravian-Silesian Region is better prepared for drawing EU funds, including JTF, than the Karlovy Vary Region. Examining these cases will allow us to understand the nuances and identify challenges in drawing funds, including JTF, across regions with different characteristics.



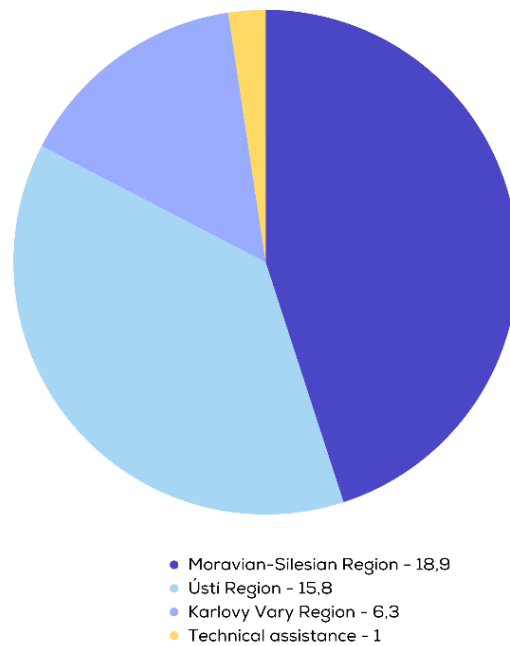
Picture 1: Author

According to the Czech TJTP, the EU's decarbonisation efforts will have the greatest economic and social impacts on three Czech regions – Moravian-Silesian, Ústí and Karlovy Vary. In the past, the economies of these regions were oriented towards mining, manufacturing and chemical industries and are currently facing a lack of quality job opportunities, population decline and concentrations of socio-pathological phenomena such as poverty, foreclosures, population outflow or widespread failures to complete elementary schools among pupils (*Ministry of Regional Development, 2022*). However, as the following table shows, there are also significant differences between the regions: The so-called Czech Northwest - the Ústí and Karlovy Vary regions - have long been the economically weakest regions of the Czech Republic. These regions are dependent on lignite mining, which has only been declining in recent years. On the other hand, the decline in mining in the black coal mines of the Moravian-Silesian Region began already at the beginning of the 1990s. The Moravian-Silesian Region is also by far the most populous of the three regions, has a better economic performance than the Northwest, and also benefits from having the third largest city in the Czech Republic and several public universities. (*Ministry of Regional Development, 2022*).

Region	Characteristics (State Environmental Fund, 2023)	Population (Regional Information Service, 2023)	Size in km ² (Regional Information Service, 2023)	Number of public universities in the region (MŠMT, 2024)
Moravian-Silesian	It is not among the economically weakest regions of the Czech Republic, but heavy industry and the consequences of black coal mining persist here.	1 177 989	5 430,7	3
Ústí	Economically, the second weakest region characterized by the most extensive lignite and the concentration of energy-intensive industry.	789 898	5 338,7	1
Karlovy Vary	Economically the least developed region with significant brown coal mining and related industries.	253 210	3 310,3	0

Table 2: State Environmental Fund, 2023; Regional Information Service, 2023; MŠMT, 2024

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



Graph 1: Ministry of Regional Development 2022

Within the OPJT, these three regions will share a total of 42 billion CZK (or 1,7 billion EUR) - 18.9 billion CZK (760 million EUR) Moravian-Silesian, 15.8 billion CZK (640 million EUR) Ústí and 6,3 billion CZK (250 million EUR) the Karlovy Vary Region (*State Environmental Fund, 2024*). As the first paper in this series stressed, this is not a lot of money (*Votavová, 2024*). For comparison, the 2024 annual budget of the Moravian-Silesian Region is 39,5 billion CZK (1,55 billion EUR), in the Karlovy Vary region 9,5 billion CZK (375 million EUR) (*Moravian-Silesian Region, 2023a; Karlovy Vary Region, 2023*). The JTF alone thus 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 through JTF therefore must be further targeted in the Czech TJTP, if the fund is to have a visible effect (*Interview with Karásek, 2023*).

Based on the answers of respondents and external evaluators (*Ernst&Young, 2023a, 2023b*) this analysis will focus on two main areas that can determine

region's preparedness to draw the JTF: 1) Human and institutional capacities; and 2) Continuity.

Human and institutional capacities

One of the main factors influencing the readiness to draw on JTF in the Moravian-Silesian and Karlovy Vary Regions is their size and related personnel and institutional capacities (*Respondent 4, 2024; Interview with Slach, 2023; Interview with Třísková, 2024*). The Moravian-Silesian Region has over four times more inhabitants than the Karlovy Vary region and, thus, has a larger pool of qualified people to fill in posts in regional development institutions, as well as an already built system of research institutions, regional executive agencies and private companies, which are lacking in the Karlovy Vary Region (*Ernst&Young, 2023a, 2023b; Interview with Slach, 2023; Interview with Třísková, 2024*). "We have completely different conditions than the Karlovy Vary Region. We have 1.2 million inhabitants; they have 200 thousand. There, it is even a challenge to get enough people into working groups " says Martin Navrátil from the Moravian-Silesian executive agency MSPAKT (*Interview with Navrátil, 2023*).

The lack of human resources is also felt by the Karlovy Vary department for regional development, which oversees the administration of the OPJT in the region. "Qualified people are difficult to find in this field. Especially at the beginning of OPJT, they had a lot of work with training new people," commented one source. Because some positions in administration of OPJT have solely been created for the purposes of the OP, an uncertainty of maintaining a job after the OPJT program period ends in 2027 can also be a discouraging factor for potential employees (*Respondent 4, 2024; Interview with Marcin, 2023*). On the contrary, the employees of the Moravian-Silesian regional development office did not claim to have problems with the lack of staff, turnover, or the uncertain outlook for the future. Their department had been created

already before the JTF and should continue existing even after the JTF program period. Thanks to the involvement of regional executive agencies in the fund distribution, the team didn't even have to hire new employees (*Interview with Šůstková and Štvrťňová, 2023*). "Since 2016, we have managed to build a system of regional development here and many young and enthusiastic people have joined the team. There are few such job opportunities in the region, so the work is attractive to them," says Zdeněk Karásek, who oversees the implementation of JTF in the Moravian-Silesian region (*Interview with Karásek, 2023*).

The regional executive agencies play a significant role in the ability of the Moravian-Silesian Region to draw EU funds. These are specifically the Moravian-Silesian Investments and Development Agency, the Moravian-Silesian Innovation Center, the Moravian-Silesian Employment Pact (MSPAKT) and the Moravian-Silesian Energy Center (*Moravian-Silesian Region, 2023b*). As one of the architects of local regional development system, Karásek (*Interview with Karásek, 2023*) explains that the agencies employ dozens of additional experts which help officials from the regional development office to define and subsequently implement local development priorities and draw funds. They also act as intermediaries between the regional development office and the local private sector (*Ernst&Young, 2023a*). The region drew inspiration from Germany, where there is a tradition of outsourcing certain expert tasks from public officials to regional development agencies (*Bach and Jann, 2010; Interview with Karásek, 2023*). The Moravian-Silesian actors and external experts evaluate the involvement of agencies in regional development activities very positively (*Ernst&Young, 2023a; Interview with Navrátil, 2023; Interview with Šůstková and Štvrťňová, 2023; Interview with Vondrák, 2023*).

In the Karlovy Vary Region, there is only one similar executive agency: the Karlovy Vary Agency for Business Development (KABD), which is dedicated to supporting entrepreneurship and innovation in the region (*Karlovy Vary Agency for Business*

Development, 2024). A specialized agency for project and grant management also operated in the region, but it was abolished by the regional leadership in 2016-2020. Local actors explain this step as a sign of political distrust of the previous leadership in this executive agency (*Respondent 5*). In 2021, the region was also planning on creating a new Agency for the Transformation of the Karlovy Vary Region with OPJT support (*Karlovarský kraj, 2021a*). However, it chose not to go forward with this project, as it feared it would also not be able to find enough workforce for this agency (*Respondent 4, 2024*). This shows that the lack of population in the Karlovy Vary region, but also lack of political continuity and consensus (to be developed further) undermines the effort to create local institutional capacity.

In addition to agencies, the disadvantage of the Karlovy Vary Region compared to the Moravian-Silesian Region (and the Ústí Region) when drawing on OPJT and other operational programs (OPs) lies in the absence of regional public universities. Currently, there are only two branches of universities in the region, which are both headquartered in other regional capitals. This contributes to a consistent outflow of young talents from the region, which results in the lack of human capacities around Karlovy Vary. Furthermore, it limits the transfer of know-how and technologies between academia and local firms, locking the region in its dependence on lower added value tasks. The region is also currently missing a building of an innovation centre that would facilitate the cooperation between local firms and local offshoots of universities (*Ernst&Young, 2023b*). To compensate for this, the Karlovy Vary Innovation Centre shall be created within one of the local OPJT strategic projects (*Ministry of the Environment, 2023*). Contrarily, the Moravian-Silesian Region already has 3 public universities, which have been active in preparation and drawing of JTF in the region, i.e. in taking part in the evaluation of local strategic projects, and in their current realization (*Interview with Slach, 2023; Ministry*

of the Environment, 2023). Over a long time, the presence of multiple universities has been seen as one of the reasons why the Moravian-Silesian region has been successful in drawing the EU funds, and generally in establishing local regional development system (*Ernst&Young, 2023a*).

Lastly, the small size of the Karlovy Vary Region means that it gets the smallest amount of OPJT funds – 6.3 billion CZK (250 million EUR) compared to almost 19 billion (760 million EUR) that go to the Moravian-Silesian region (*Státní fond životního prostředí, 2024*). According to some respondents from Karlovy Vary, this distribution key does not consider the fact that the region is lagging significantly behind the Moravian-Silesian Region (*Respondent 3, 2024*). They also claim that 6.3 billion CZK from JTF can hardly help this region to catch-up with the rest of the republic (*Respondent 4, 2024*), including through attracting qualified workforce and building up the necessary institutional capacities. It is, after all, less than the 2024 annual budget of Karlovy Vary (*Karlovy Vary Region, 2023*). Instead, Karlovy Vary regional development officers believe that the region would need long-term, systemic support not through EU funds, but through the state budget. They point out that subsidies tend to be an inefficient instrument, because they have high administrative costs and cannot be relied upon in the long term (*Respondent 4, 2024*).

The small size and population of the region, the lack of public universities, executive agencies and qualified workforce capable of filling local regional development institutions undermine the ability of the Karlovy Vary Region to map its needs and subsequently translate them into meaningful projects to be supported by the JTF. The Karlovy Vary Region is currently trying, with the help of JTF, to build institutions that could facilitate regional development and the drawing of funds in the future. However, the lack of qualified labour in the region complicates this considerably. Furthermore, as the smallest of Czech coal regions, the Karlovy Vary Region also receives the least amount of money

from the JTF and other EU funds, which can hardly change its situation as the least developed Czech region.

To compensate for this, the Czech government and the national level administration can assist in multiple ways: help the Karlovy Vary Region in identification and preparation of projects to be supported from OPJT and other OPs; engage more actively with local civil society and mayors; adjust the key for the distribution of funds between regions; or increase funds dedicated to Czech lagging regions not through ad hoc subsidies, but directly through an increased allocation of the state budget.

Continuity

Another factor that can affect the preparedness of a region to draw on the EU funds, including JTF, is political and administrative continuity. Particularly among the Karlovy Vary respondents (*Respondent 3, 2024; Respondent 4, 2024; Respondent 5, 2024*), continuity in political leadership was a frequently mentioned factor to explain why the Moravian-Silesian Region is better prepared to draw EU funds. Similarly, the Ernst&Young consulting agency, in their evaluations for the Ministry of Regional Development, claimed that when drawing the EU funds, the Moravian-Silesian region benefited from a functioning and stable political system and trust between actors, while Karlovy Vary region was damaged by the lack of political stability (*Ernst&Young, 2023a, 2023b*). "The reason why the Moravian-Silesian Region got so far ahead is that one former governor ruled there for seven consecutive years and, moreover, had a vision that he was able to implement. We have the complete opposite here. The current governor is the first in nine years who has managed to last over a full term," commented one Karlovy-Vary source (*Respondent 5, 2024*).

Under this stable political environment, the Moravian-Silesian Region managed to progressively establish a functioning system of regional development.

The region's current development priorities were set in the Regional Development Strategy of the Moravian-Silesian Region 2019-2027, whose goal is to "turn the region of heavy industry into a technological centre" (*Moravian-Silesian Region, 2019*). Even though this approach to transformation can be criticized as not socially oriented enough (*Interview with Slach, 2023*), respondents and external evaluators are confident that the creation and subsequent implementation of this strategy led to a measurable positive shift in the region in many areas (*Ernst&Young, 2023a; Interview with Karásek, 2023; Interview with Navrátil, 2023; Interview with Šůstková and Štvrťová, 2023*). Furthermore, the actors in Moravian-Silesian Region are said to maintain the same direction when it comes to regional development, regardless of their political affiliations (*Respondent 3, 2024; Respondent 4, 2024*). The roots local stability are not just political, but more importantly, institutional and administrative: The local regional development system is not dependent on one person, or one government only – rather, there are many actors involved not only in regional politics and bureaucracy, but also in local research institutions, regional executive agencies and private companies (*Ernst&Young, 2023a*). According to local actors, this system was established after the positive experience with the Regional Operational Program Moravskoslezsko 2007-2013⁶, which the region managed to invest autonomously without any problems. This allegedly strengthened the self-confidence and trust among local regional development actors, as well as the interest to work in this area (*Interview with Karásek, 2023; Interview with Unucka, 2023*).

However, the case of the Moravian-Silesian Region suggests that there are also risks to political continuity and that, rather than promoting political inertia, an accent should be put on creating stable, depoliticized and accountable

⁶ In regional development programs (ROPs), regions rather than the national governments are the managing authorities of the operational programs. After the negative experience with the ROP North-West 2007-2013, the national level is responsible for managing operational programs in the Czech Republic.

bureaucracies. Political actors in the Moravian-Silesian region have been criticized for favouring efficiency in drawing funds, including OPJT, over political accountability (*Mikulcová, 2024*). Notably, during the 2023-4 period, three regional governors exchanged seats in the region, with one leaving because of a corruption scandal. Nevertheless, the coalition partners kept the leading party, ANO, in the governor seat, claiming inter alia the need to keep “leading the region towards prosperity” (*Bělíca, 2024*). In general, the Moravian-Silesian actors tend to act very cohesively and self-confidently (*Interview with Marcin, 2023*), as it was also experienced during the research for this paper. Therefore, the Moravian-Silesian regional development system can be seen as elite driven and technocratic, but not necessarily inclusive and responsive to criticism.

The effects of political continuity on the performance of regional governments, including on drawing EU structural funds, have been disputed between scholars (*Bubbico, 2013*). While some argue that high turnover of governments can create pressure on politicians and bureaucracies to work harder and can prevent the establishment of entrenched structures that are prone to corruption and clientelism (*Ferejohn, 1986; Olson, 1984*), others claim that thanks to political stability, administrators can create expertise, and develop and implement coherent and consistent strategies, which is particularly valuable in the case of funds drawing and regional development (*Milio, 2008*). As the Moravian-Silesian region's case suggests, there is indeed a possible tradeoff between efficiency and consistency on the one hand, and political accountability on the other. On the Czech regional level, this lack of accountability and political contestation between opposing parties can be especially dangerous, as there is little media (*Berger, 2024*) and civil society (*Respondent 6, 2024*) control on this level.

Despite the outlined risks associated with political stability, the calls from Karlovy Vary regional actors (*Respondent 3, 2024; Respondent 4, 2024; Respondent 5, 2024*) for more predictability and consistency should be taken seriously. In their

experience, political priorities for regional development change too often (*Respondent 3, 2024; Respondent 4, 2024*). In the Czech Republic, the content of work of regional public officials but also the existence of regional institutions, including executive agencies, ultimately depends on the decisions of politicians in power. Regional executive agencies and other institutions can be created or abolished by the regional council, filled by elected officials, according to the Czech law on regions ("*129/2000 Sb. Zákon o krajích,*" 2000). This can be illustrated on the case of the already mentioned project and subsidy management agency, which was abolished by the regional council under previous political leadership (*Respondent 4, 2024*).

This demonstrates that the establishment of a stable, depoliticized and sufficiently robust bureaucracy in the Karlovy Vary Region would be crucial to boost the region's preparedness to draw EU funds and set a successful regional development strategy, while also avoiding the outlined risks brought about by political inertia. Unfortunately, as it was described in the previous section, the region – due to its size and population outflow – lacks the human capacities to build it up. The above-described turnover of officials in Karlovy Vary regional development office further undermines the administrative continuity in the region. Importantly, people's interest to work in fund management, continuity and trust between actors were shaken considerably by the corruption case of the Regional Operational Program (ROP) Northwest from the 2007-2013 program period⁷ (*Respondent 4, 2024*). Even ten years on, this negative experience still limits its ability of the region to implement regional development strategies coherently and consistently and to draw EU funds efficiently.

⁷ 27 people from the ranks of politicians, businessmen and officials from the Karlovy Vary and Ústí regions were accused of manipulation in the distribution of 14 billion CZK from EU funds in still-unfinished criminal proceedings over ROP North-West.

As this section has shown, continuity can be an important factor determining whether regions are well prepared to draw OPJT and other EU structural funds. Many respondents attribute the relative success to the Moravian-Silesian region to the fact that it has managed in building teams and institutions dedicated to regional development, whose actors trust each other, over the long term. What is more, the call for continuity has also been highlighted in the previous study (Votavová, 2024). There, the respondents highlighted that establishing a functioning system for regional development and just transition takes time and that structures should not be recreated every couple of years based on a political whim (Interview with Karásek, 2023; Interview with Šůstková and Štvrťňová, 2023). On the other hand, continuity also carries certain risks, as political accountability may become victim of the strife to reach greater efficiency. Therefore, more focus should be given on building sufficiently robust and depoliticized local administrative bodies. Due to its larger capacities, and the involvement of many actors (public officials, executive agencies, universities etc.), the Moravian-Silesian Region is again much better positioned to do so. Contrarily the ability of the Karlovy Vary Region to create stable and independent administrative structures is undermined by the lack of local human and institutional capacities, which was described in detail in the previous section.

To promote better institutional and administrative continuity, the national government should encourage the regions to share best practices (i.e. the positive experience with executive agencies) and nurture robust regional development systems, where many independent subjects are involved and whose direction, subsequently, cannot be overturned by a handful of political actors. Providing enough financial support to build such systems is a must, especially if the Czech state insists on keeping the regional and municipal level so fragmented as it is now (Brodníčková, 2023). To mitigate the risks with political continuity,

the dialogue between regional and supra-regional actors, and oversight over regions, shall be enhanced. In this sense, the enhanced dialogue between the national level and the regions set in motion by OPJT is a step in the right direction. At the same time, the European Commission, national ministries but also national media and civil society should exert more oversight over activities of regional governments, as the capacities of civil society and media actors are insufficient at the regional level.

Conclusions and recommendations: The importance of capacity and administrative continuity

The aim of this paper was to identify the conditions which affect the preparedness of regions to draw on the Just Transition Fund, specifically in the Czech context. The analysis compared the situation in the Moravian-Silesian and Karlovy Vary regions, based on qualitative interviews conducted with respondents in these regions and nationally. The paper assumes that for the successful fulfillment of the objectives of EU policies and funds, including the JTF, sufficient capacity and readiness of the regions to draw the fund, as well as a functioning cooperation between different levels of governance, are essential.

The paper first explains the division of powers in the administration of the JTF between the European Commission, national ministries, regions and municipalities. It emphasizes that the regions play a multifaceted role in the administration of the JTF – they mediate the flow of information between the state and municipalities and co-define the content of subsidy calls, but at the same time they redistribute part of the JTF money themselves and are also its recipients. The regions face a lot of pressure on quick drawing of JTF, which is exerted on them by higher levels of governance. At the same time, both the Commission and the state may lack information about how exactly the regions identify the need for specific JTF projects, and whether these

are indeed beneficial for regional development. On the other hand, many respondents praise the national managing authority of OPJT, Ministry of the Environment, for a very pro-active approach when negotiating the program's conditions with regions, as the state-regional dialogue is above standard compared to other OPs.

Subsequently, the paper focuses on the situation in the regions themselves and considers the Moravian-Silesian Region to be better prepared for drawing the JTF. The first condition for successful utilization of JTF at the regional level is sufficient institutional and personal capacity. In this regard, the Moravian-Silesian Region has a clear advantage over Karlovy Vary: It has six times more inhabitants, three public universities and an already established built-up system dedicated to regional development. In the Karlovy Vary Region, on the other hand, there is no university, and institutions that could facilitate both drawing of EU funds and a successful regional development – like innovation centers, or executive agencies - are being built only with difficulty. This is mostly due to lack of regional human capacities and the outflow of qualified people away from the region. The paper also points out that due to its size, Karlovy Vary Region has long been receiving the smallest amount of money from EU funds, including the JTF, which can hardly help the lagging region to make a sharp leap forward. If the Karlovy Vary Region is to catch up with the rest of the country, subsidies such as JTF are far from enough and rather a dedicated, long-term support from the state budget would be needed. However, specifically in the case of subsidies, support from the national level could help the region in identifying needs and preparing projects. This also applies to projects for the potential Just Transition Fund 2, which may be established in the 2028-2035 program period of the MFF.

Political and institutional continuity was also frequently mentioned as a reason why the Moravian-Silesian Region was better prepared to draw on the

Just Transition Fund than the Karlovy Vary Region. According to many respondents, the Moravian-Silesian Region is better prepared, because it succeeded in setting a long-term vision of development, which it is successfully fulfilling. Furthermore, because there are more actors engaged in local regional development system, local development strategy is not dependent on a handful of persons only, which makes it more difficult to change the given course based on a political whim. Meanwhile, an instability of regional governments, the lack of long-term consensus between actors regarding the future development of the Karlovy Vary Region and the lack of human and institutional capacities, complicates the building of such a regional development system. The region currently has only one executive agency, which can be abolished by a political decision, and there was also a considerable turnover in the bureaucratic apparatus. This makes bureaucratic continuity very fragile.

However, specifically political continuity carries with it certain risks and tradeoffs. The strive to efficiently draw funds, including OPJT, can steamroll other concerns, such as accountability for bad political decisions or criticism from civil society. This is especially problematic on the level of regions, because Czech regional governments lack sufficient scrutiny from media or civil society. Therefore, rather than promoting political stability and entrenching local political structures, building a sufficiently robust, capable and depoliticized bureaucracies, and wider regional development system, shall be supported. Notably, the national government should encourage the regions to share best practices (i.e. the positive experience with executive agencies) and should provide the regions with enough financial means to build these systems up. To compensate for the lack of civil society and media control on the regional level, the European Commission, the national ministries but also national media should exert a bigger control over what is happening in the regions.

The research paper states that sufficient personnel and institutional capacities as well as administrative continuity, trust and oversight are important conditions to make regions well prepared to absorb the JTF and other EU financial instruments. According to the respondents, the importance of capacity and continuity for the successful use of EU funds and development in general also exists at the level of municipalities, which would deserve a deeper future analysis.

Recommendations

1. **To the Czech government and ministries:** Capacities of regions to draw EU funds, including the Just Transition Fund, differ significantly due to the size of local populations and different institutional foundations. Should small regions like Karlovy Vary continue to exist, the state should compensate them for this disadvantage: for example, by offering more support in mapping needs, preparing projects and engaging in citizen participation, including during the preparation of the Just Transition Fund 2. EU subsidies will nevertheless not be enough to help regions such as Karlovy Vary to truly catch up with the rest of the republic.
2. **To the Czech government and ministries:** Support regions in creating their own depoliticized, robust bureaucracies and regional development systems, capable of drawing funds and implementing regional development strategies. Provide sufficient financial means to do this this.
3. **To regional politicians:** Nurture depoliticized, robust bureaucracies and regional development systems, involving universities, private companies and civil society. Learn the best practices from each other.
4. **To the European Commission, Czech ministries, the civil society and national media:** As regional actors often lack oversight from local media and civil society actors, a greater oversight from the government, but also national media and civil society organizations is warranted.

Strengthening cooperation between the national and regional level, as it happened in the case of OPJT, is a step in the right direction.

5. **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.

Appendix 1: List of interviews

1. 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.
2. 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.
3. Ivo Marcin, Director of the Department of Fund Strategy and International Cooperation, State Environmental Fund. 13 November 2023, Prague, Czech Republic.
4. Martin Navrátil, director of the Moravian-Silesian Pact for Employment, member of RSC MSK. 7 November 2023, Ostrava, Czech Republic.
5. Ondřej Slach, vice-rector for strategy and development, University of Ostrava. 6 November 2023, Ostrava, Czech Republic.
6. Miriam Šuštková, Denisa Štvrtňová, Department of Strategic Planning of the Moravian-Silesian Region. 8 November 2023, Ostrava, Czech Republic.
7. Eva Třísková, mayor of the municipality of Svatava, 12 January 2024, online.
8. Jakub Unucka, Deputy Governor of the Moravian-Silesian Region responsible for the smart region. 7 November 2023, Ostrava, Czech Republic.
9. Respondent 1, 14 November 2023, Prague, Czech Republic.
10. Respondent 2, 24 October 2023, Prague, Czech Republic.
11. Respondent 3, 9 January 2024, Karlovy Vary, Czech Republic.

12. Respondent 4, 9 January 2024, Karlovy Vary, Czech Republic.
13. Respondent 5, 10 January 2024, Chodov, Czech Republic
14. Respondent 6, 10 January 2024, Chodov, Czech Republic.
15. Respondent 7, 25 October 2023, online.
16. Respondent 8, 4 November 2023, Ostrava, Czech Republic.
17. Respondent 9, 9 November 2023, Karviná, Czech Republic.
18. Respondent 10, 24 October 2023, Prague, Czech Republic.
19. Respondent 11, 17 October 2023, Prague, Czech Republic.
20. Respondent 12, 8 November 2023, Trojanovice, Czech Republic.
21. Respondent 13, 8 November 2023, Ostrava, Czech Republic.
22. Respondent 14, 6 November 2023, Ostrava, Czech Republic.
23. Respondent 15, 26 October 2023, Prague, Czech Republic.

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