Regional Policy and Decentralization in the Czech Republic

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ABSTRACT EU accession has had an ambiguous impact on regionalization in the Czech Republic. While EU membership necessitated the creation of regional administrative structures to manage the Structural Funds, the role of new regional authorities was often undermined by the centralized nature of the accession process itself. Developments since accession have created a new dynamic in the debate over regional policy and regionalization in the Czech Republic, however. Most significant are the increased political importance of the new regions and changes in partisan attitudes about regionalization. The impact of these developments is evident in the debate over regional policy planning for 2007–2013. Thus, despite its limited initial impact, EU accession has created the structural potential for increased regionalization in the Czech Republic which has been actualized by the changing constellation of political forces and altered preferences of key political actors in the country.

KEY WORDS: Regionalisation, decentralisation, regional policy, structural funds, European Union, Czech Republic

Introduction

European Union accession has had an ambiguous impact on regionalization in the new member states. As a condition of EU membership the candidate states were required to possess regional administrative structures that could serve as partners of the Commission and national governments in managing the Structural Funds. In most cases, such regional structures did not already exist and had to be created. Although the EU did not attempt to impose any particular model of regional organization on the candidate states, a general belief that the Commission favoured decentralization was used in some countries as an argument for creating regional structures that were democratically elected and self-governing. However, the role of these new regional authorities was often undermined by the nature of the accession process itself, especially the Commission’s preference in the latter stages of enlargement for a centralized approach to regional policy in the interest of greater efficiency. As a consequence, even in countries where self-governing structures were created, such as the Czech Republic, the impact of EU accession on regionalization...
has been limited and the position of national governments vis-à-vis newly established regional authorities often strengthened instead.

Through an examination of the Czech Republic in the (admittedly brief) period since accession, however, this paper provides evidence that this conclusion may be premature. It is argued that while the experience of the Czech Republic in the pre-accession period supports the view that EU accession had only a limited impact on regionalization, developments since May 2004 point to a potentially different longer-term outcome. In part, these developments have occurred at the EU level, particularly the Commission’s proposed reforms of EU structural policy. In the main, however, they have occurred at the level of Czech domestic politics, including the increased political importance and assertiveness of the new regions and changes in partisan attitudes about regionalization. In relations between the regions and the central government in Prague, management of the Structural Funds has become a major object of struggle and a basis for regional assertion. The main argument of this paper is that despite its initial limited impact, EU accession has created the structural potential for increased regionalization in the Czech Republic which has been actualized by the changing constellation of political forces and altered preferences of key political actors in the country.

EU Regional Policy and Decentralization

Since the Structural Funds reforms of 1988, which both increased the amount (and proportion) of the EU budget devoted to structural policy and instituted the core principle of ‘partnership,’ there has been an explosion of academic interest in the political impact and consequences of EU regional policy.

An initial wave of literature, appearing mainly in the early and mid-1990s, suggested that EU regional policy could promote the growth of political regionalism and decentralization in EU member states. It did this by requiring the existence of effective regional administrative units that could be partners of the Commission and national governments in the conduct of EU regional policy, by increasing the role of regional governments in the planning and management of EU regional policies, and by establishing direct ties between regional authorities and Commission, thus providing them with new avenues or channels for promoting their interests. According to these studies, by promoting political decentralization and strengthening the position of regional authorities vis-à-vis national governments, EU policy was promoting the shift of political authority and activity from the national to the regional level and contributing to the emergence of a multilevel ‘Europe of Regions’ (Marks, 1992, 1993; Jones and Keating, 1995; Hooghe, 1996; Marks et al., 1996; Hooghe and Marks, 2001).

These claims were effectively rebutted by a subsequent wave of literature, based on longer-term and more extensive empirical studies of the impact of EU regional policy in individual member states. Generally speaking, these second-wave studies were much more sceptical about the political consequences of EU regional policy. They made two key arguments. First, the impact of EU regional policy varies considerably from country to country, depending on such factors as member state size, governmental traditions and existing territorial and constitutional arrangements; no general trend or pattern of convergence can be observed, rather divergence and differentiation are
the rule. And, secondly, national governments can act as effective ‘gate-keepers’ when it comes to the implementation of EU policies, thus limiting the domestic impact of EU regional policy (Pollack, 1995; Jeffery, 1997; Bache, 1998; Börzel, 1999; Benz and Eberlein, 1999; Evans, 2001).

The 2004 enlargement of the EU generated a third wave of literature, in this case focusing on the impact of EU regional policy and requirements on the Central and Eastern European (CEE) candidate states for membership. Focusing on the pre-accession period, these studies largely supported the second-wave arguments that the impact of EU regional policy will vary depending on specific national conditions and situations, and that national governments, even in the relatively weakened position (vis-à-vis the EU and Commission) of the candidate states, are able to effectively control the domestic effects of EU regional policy (Brusis, 2001a, 2001b, 2003; Grabbe, 2001; Hughes et al., 2001, 2003, 2004; Marek and Baun, 2002; Keating, 2003; Jacoby, 2004).

The enlargement literature also emphasized two additional factors that limited the impact of EU regional policy on the CEE countries. First, because the post-communist states had only recently won their independence and were generally new countries with little recent tradition of independent statehood, the governmental elites of these countries were even more reluctant to consider substantial political decentralization, fearing a loss of control and the unleashing of centrifugal forces that could lead to regional conflict and national disunity. Political centralization was also viewed as a more effective way to conduct necessary reforms for the establishment of market economies and integration into the EU. For both political and administrative efficiency reasons, therefore, there was a strong bias against decentralization and in favour of a more centralized governmental approach. Secondly, the Commission itself sent confusing and inconsistent signals, often contradicting its own decentralization (‘partnership’) rhetoric; especially in the latter stages of the accession process (after 2000), the Commission tended to favour the centralised implementation of EU-mandated policies and reforms, in order to ensure the efficient use of EU resources and keep to the established timetable for accession. The technocratic and top-down nature of the accession process tended to work against decentralization, therefore, while simultaneously strengthening the position of national governments against (in most cases new or embryonic) regional authorities, even in those countries (i.e. Poland, the Czech Republic, and Slovakia) where democratized regional structures were created (Brusis, 2001a, 2001b, 2003; Grabbe, 2001; Hughes et al., 2001, 2003, 2004; Marek and Baun, 2002; Keating, 2003; Jacoby, 2004).

The general conclusion of the enlargement literature, therefore, is that EU accession has had a mixed or ambiguous impact on political decentralization in the CEE states. In most of the accession countries, EU regional policy requirements were met by the creation of regional structures that were highly centralized and purely administrative in nature. This was the case for several reasons, including: the absence of national traditions of regional governance; the small size of some countries (the Baltic states and Slovenia), which made a regional governance tier unnecessary; and strong domestic political resistance to the creation of regional governments (Hungary). In other cases (Poland, the Czech Republic and Slovakia), domestic proponents of regionalization successfully used EU requirements, and the perception (most strongly conveyed in
the 1990s and early stages of the enlargement process) that the Commission favoured democratized regional governance structures, to support their arguments for decentralization.¹ Even in this latter group of countries, however, the role of the new regional authorities was often undermined by the centralized and top-down nature of the accession process itself, which basically involved the Commission and national governments while sub-national actors were largely bypassed or excluded. As a consequence, rather than supporting decentralization, the accession process had a centralizing effect and tended to reinforce the position of the central state instead. In the near term, at least, in this and other ways, EU enlargement appears to have further bolstered the importance of the nation-state and undermined the emergence of a ‘Europe of Regions,’ or at least its sub-national variant.

The specific case of the Czech Republic further illuminates these general conclusions about the impact of EU accession and regional policy on the candidate states. It is to a brief review of the Czech pre-accession experience that this article now turns.

The Czech Pre-accession Experience

In the Czech Republic, as in other candidate states, EU accession necessitated the creation of new regional institutions to manage the Structural Funds. Although the EU did not seek to impose any particular model of regional organization on the candidate states, in its early remarks on this subject (contained in the 1997 Opinions and its initial regular progress reports, as well as informal statements and advice) the Commission expressed a strong preference—although only “indirectly and implicitly”—for “democratically elected regional governments with substantial financial and legal autonomy”. Among other reasons for this preference, many in the Commission felt that democratized regional bodies would be more credible partners of the Commission and national governments in managing EU structural policies after accession, in accordance with the core Structural Funds principle of partnership (Brusis, 2001b: 12–13 and 24–25).

In the Czech Republic, EU expectations and pressure played a role in the December 1997 agreement to create fourteen self-governing regions (‘Higher Self-Governing Units’), or kraje, each with their own elected assemblies. The creation of the new regions was mandated by the 1992 Constitution of the Czech Republic and thus is rooted in internal Czech political developments before the formal beginning of the accession process. Strong domestic opposition to regionalization, especially by the governing Civic Democratic Party (ODS) and its leader, Prime Minister Václav Klaus, delayed the implementation of this constitutional requirement, however. It was only after the Commission explicitly criticized the absence of ‘elected bodies’ between the central state and local levels in its June 1997 Opinion on the Czech Republic’s application for EU membership that cross-party agreement on the new law creating the regions was finally reached.² EU pressure, therefore, bolstered the domestic proponents of regionalization in the Czech Republic and accelerated the adoption of the constitutional law to create the new regions (Brusis, 2003: 97–98). Reference to EU requirements also influenced the final shape of the new regional governance system, including the number and size of the new regions. While opponents of
regionalization, such as Klaus, favoured a larger number of smaller regions to minimize their potential political importance, proponents of regionalization backed their demand for a smaller number of larger regions with the argument that this would ensure the compatibility of territorial-administrative and Structural Funds ‘cohesion’ regions.³

According to the law creating the new regions, each of the fourteen kraje would directly elect their own regional assemblies, which in turn would elect a regional Governor (hejtman) and governing Council. After some delay, the law creating the new regions finally came into effect in January 2000. In 2000 legislation was also passed establishing the rules for election of the regional assemblies and giving the new regions extensive powers in the areas of education, culture, regional development, transport, agriculture, environment and health care. The first elections for the regional assemblies took place in November 2000, and the new regional governments began functioning in January 2001. Nevertheless, resistance by central state authorities hindered the transfer of policy competencies to the regions, which was only accomplished with the formal abolition of the network of central government-controlled administrative districts (okresy) in January 2003. Even so, continued uncertainty over financing arrangements for the regional governments has undermined their autonomy and effectiveness. While the regions have been granted a small percentage of tax revenues, they otherwise have limited resources and remain substantially dependent on central government grants for their funding. The financial weakness of the regions has raised questions about their ability to exercise their new competencies (European Commission, 2003: 12). It also makes it difficult for them to meet the co-financing requirements for EU-sponsored regional development projects, thus limiting their ability to participate effectively in the Structural Funds (McMaster, 2004: 22; Ferry and McMaster, 2005: 20–22).

While creation of the new regions satisfied the EU’s preference for a system of regional self-governance, for the purpose of administering the Structural Funds the fourteen kraje were grouped into eight larger ‘cohesion regions,’ designated as NUTS II regions in accordance with EU methodology. These are the basic territorial units eligible for EU assistance under Objective 1 of the Structural Funds, which provides support for regions with a per capita GDP less than 75% of the EU average. Each of the eight cohesion regions would have their own Regional Council, consisting of representatives from each of the regional assemblies within a particular NUTS II region. The Regional Councils would serve as regional managing authorities, and would be responsible for preparing the Regional Operational Programmes (ROPs) necessary for receiving Structural Funds assistance. Also at the NUTS II level, Regional Development Committees would be formed, consisting of representatives of local governments, businesses, labour unions and NGOs, to perform regional monitoring functions. However, the amalgamation of the fourteen kraje into a smaller number of cohesion regions created potential problems. In some NUTS II units, two or more administrative regions would be forced to co-operate in planning for the Structural Funds, thus placing them at a disadvantage in the competition for EU structural assistance with more homogeneous cohesion regions that consist of only one kraj. This disadvantage is exacerbated by grouping together in some of the NUTS II units administrative regions which have not always co-operated historically and, in some
cases, have even been rivals, for example the Královéhradecký and Pardubický regions in the NUTS II Northeast region (Moxon-Browne and Kreuzbergová, 2001: 14). The disjuncture between administrative and cohesion regions also raised questions about the role of the self-governing regions in administration of the Structural Funds (Illner, 2002: 17; McMaster, 2004: 19).

Despite these remaining questions and uncertainties, the creation of the new regions represented a clear step forward for political decentralization in the Czech Republic. Nevertheless, this progress was contradicted, to some extent, by the failure of the Commission and the Czech government to involve regional and local authorities more substantially in the planning and implementation of pre-accession aid programmes, such as the PHARE (Poland and Hungary: Aid for the Restructuring of Economies), ISPA (Instrument for Structural Policies for Pre-Accession) and SAPARD (Special Action Programme for Pre-accession Aid for Agriculture) (Marek and Baun, 2002: 905–910). Moreover, the role of the new regional governments has also been undermined by decisions taken by the Czech government over how to administer EU structural policies after accession. These decisions, basically supported by the Commission, have created a centralized system for administering EU Structural Funds that greatly reduces the role of the regions, thus limiting their potential political importance and influence.

As part of its preparations for accession, the Czech government was required to prepare a National Development Plan (NDP). This would be the main strategic planning document for the Structural Funds in 2004–2006, the period immediately after accession. Work on the NDP began in 1998 and a preliminary version was submitted to the Commission for approval in July 2001. It featured eight ROPs, one for each of the NUTS II cohesion regions, together with six cross-regional Sector Operational Programmes (SOPs) in such areas as industrial competitiveness, human resources development, environment, agriculture and tourism.

In its response to the draft NDP, the Commission recommended decreasing the number of operational programmes in the plan, emphasizing the need to concentrate on a lesser number of priorities and focus attention on the most pressing problems of the country’s economic and social development in the first years after accession. However, the Commission did not specify how this concentration of priorities should be achieved.

In subsequent talks with the Commission, the Czech Ministry for Regional Development (MRD) indicated that it strongly opposed merging the SOPs and expressed instead its preference for merging the eight ROPs into a single Joint Regional Operational Programme (JROP). Nevertheless, in the second half of 2001, as the July 2002 deadline for finalizing the NDP approached, the MRD drafted and circulated two versions of the NDP: one featuring the JROP and six SOPs; and one featuring seven ROPs plus a Single Programming Document (SPD) for Prague.

The two versions of the draft NDP also featured radically different management structures. The JROP scenario was based on the assumption that the MRD would become the primary managing authority for Structural Funds programmes, with the key position of Programme Manager being taken up by a high-ranking MRD official. The Regional Councils for the eight cohesion regions would each send one representative to the MRD’s Managing and Co-ordination Committee, and would have the
right to express their views and make recommendations on any issue connected to realization of the JROP. Nevertheless, the document made clear that the primary authority lies ultimately with the MRD, declaring that the main task of the Regional Councils is to contribute to the effective realization of the JROP and fulfilment of its goals, and stating that the Regional Councils should act in line with the decisions adopted by the central managing authority. This was in sharp contrast with the more decentralized management structure proposed under the second scenario, where the overall management responsibility for the ROPs lies with the Regional Councils themselves (MRD, 2001).

In the ensuing debate, it was clear that while the MRD favoured the first (JROP) scenario, the regions preferred the second approach. Regional leaders argued that adoption of the JROP scenario would re-centralize decision making and diminish their influence and role in administering the Structural Funds. Some regional officials decried the lack of communication between Prague and the regions and expressed concern that their views were not being considered seriously by the government.5

Ironically, similar concerns were reflected in the Commission’s (2001) Regular Report:

The partnership principle has been applied during the drawing up of the NDP, but has yet to include comments from the self-governing regions. Further attention is needed to ensure there is sufficient representation from economic and social partners and other relevant bodies. Attention needs to be paid to information flows and dissemination methods as well as the time needed to incorporate wide-ranging views into documentation, formulating strategic aims and priorities. Application of the partnership principle in the NUTS II-level Regional Development Committees has to be ensured (European Commission, 2001: 82).

Nevertheless, in January 2002 the Czech government decided to adopt the JROP scenario favoured by the MRD (Czech Republic Government, 2002). In the explanatory report attached to the government resolution, the MRD justified its choice of the JROP option in terms of the Commission’s recommendations for simplification and Brussels’ preference for expediency and efficiency over decentralization:

[the Commission’s] recommendations were influenced by efforts to effectively utilise the resources at the disposal of the new member states to a maximum extent. Any delays in the negotiating process and the realization of the programming documents would lead to non-utilisation of the allocated funds . . . The Commission’s key recommendations for programming in the field of economic and social cohesion concern the introduction of a transparent and simple system of operational programmes and a related system of implementing structures. Specifically, it concerns the following: minimalizing the number of prepared operational programmes and definition of their contents, building administrative capacities for the implementation of programmes, decisions concerning the managing and paying authorities and the strengthening of absorption capacities in the regions (MRD, 2002: 2).
The government’s decision was a severe disappointment to regional leaders. For at least the immediate future—the three-year period covered by the NDP—the partnership principle would be applied mainly through regional representation on the centralized Managing and Co-ordination Committee. This system would limit the role and influence of regional authorities in the administration of EU structural policies. It would also, as Jan Březina, governor of Olomoucký kraj and chairman of the Regional Council for the NUTS II region of Central Moravia, complained, “delay by several years the opportunity for the regions to gain experience with administering the Structural Funds”. Criticism was also voiced by the governor of Ústecký kraj, Jiří Šulc, who argued that “[regional policy] decisions should be taken in the regions”. While admitting that the JROP scenario allows the regions to participate, he added that “still, there will be one central committee. I have no interest in influencing the matters of other regions” (Euro, 2002: 25). While regional leaders hoped that planning in future programming periods would utilize ROPs, they feared that the decision for 2004–2006 could set an unfortunate precedent and make it easier for the EU and Prague to continue with the more centralized system in the future.

Despite the fact that some regional leaders voiced disagreement with the government’s decision, there was no uniform or co-ordinated response by the regions. Nor did regional responses reflect party affiliation. Instead, the regional leaders who were more familiar with the opportunities connected with the Structural Funds tended to be the most critical, regardless of their party affiliation.

The debate over the NDP for 2004–2006 illustrates that national and regional government authorities in the Czech Republic have quite different understandings of the partnership concept. For the former, partnership is achieved through the representation of regional authorities in centralized management agencies and their adherence to the policy decisions of national-level bodies. For the latter, partnership requires the effective devolution of regional policy administration, with management decisions taken at the regional level by regional actors and bodies. In the pre-accession period, at least, the Commission played a rather ambiguous role in this debate, promoting the partnership concept in principle, yet discouraging its application in practice by emphasizing the need for expediency in pre-accession preparations and efficiency in the use of EU funds.

Developments Since Accession

While the pressures and conditions of the accession process supported the centralized approach of the Czech government to regional policy and undermined the efforts of the new regional authorities to gain more influence and control, developments since accession in May 2004 have changed the dynamics of regional policy in the Czech Republic and created the possibility for a more decentralized approach. These developments have occurred at both the EU level and in Czech domestic politics.

EU-level Changes: 2006 Regional Policy Reform

In early 2004, the Commission published its proposed financial perspective for 2007–2013 and its proposals for the reform of EU regional policy after 2006 (European
Commission, 2004a, 2004b, 2004c). Referred to by Bachtler and Wishlade (2004: 5) as potentially “the most far-reaching reforms [of regional policy] since 1988”, the Commission’s proposals stimulated a new debate about EU regional policy throughout the EU, but particularly in the Czech Republic and other CEE countries, which were due to receive the lion’s share of EU structural and cohesion funding after 2006.

Among other things, in its proposals the Commission declared its intention to “maintain the key principles of cohesion policy: programming, partnership, co-financing and evaluation”. However, it also proposed to increase the efficiency of EU structural policy by introducing additional reforms, including “further decentralization of responsibilities to partnerships on the ground in the Member States, regions and local authorities” (European Commission, 2004c: 8).

After negotiations among the Member States, the new Framework Regulation governing the Structural Funds was approved and published in July 2006. It reflects the Commission’s emphasis on decentralization in its new definition of partnership:

Each Member State shall organise, where appropriate and in accordance with current national rules and practices, a partnership with authorities and bodies such as: a) the competent regional, local, urban and other public authorities (…) Each Member State shall designate the most representative partners at national, regional and local level and in the economic and social or other spheres (hereinafter referred to as partners), in accordance with national rules and practices (…) The partnership shall cover preparation, implementation, monitoring and evaluation of operational programmes. Member States shall involve, where appropriate, each of the relevant partners, and particularly the regions, in the different stages of programming within the time limit set for each stage (Official Journal of the European Union, 2006: 39, emphasis added).

In summation, the 2006 reform makes further decentralization a key feature of EU regional policy, including reference to the need for more intensive involvement of the regions in managing the Structural Funds. It thus provides solid support for those in the Czech Republic, such as the regional governments, who favour the further decentralization of EU regional policy.

Czech Domestic Politics: The Growing Importance of Regional Governments and Political Party Support for Regionalization

A second set of developments affecting the dynamics of regional policy in the Czech Republic has occurred at the domestic politics level, including the growing political importance of the new regional governments and the growth of support for regionalization within the political parties, especially the ODS.

As new political actors, the regional governments experienced a difficult beginning. After the initial regional assembly elections in November 2000, the newly installed regional governments spent a great deal of time struggling to fully acquire the policy competencies granted to them by law, leading some regional governments to file complaints with the Czech Constitutional Court to gain competencies in the areas of education and
health care (LaPlant et al., 2004: 43–44). This led to rulings in favour of the regions, such as Constitutional Court rulings No. 404 in 2002, and No. 211 in 2003, by which the court ordered changes to existing legislation to improve and strengthen the rights of the regions in their new areas of competence (Czech Constitutional Court, 2002, 2003). Further problems were created by the delay in establishing financing procedures for the regional governments. Thus, the Commission noted in its 2002 progress report that some questions remained regarding the financial capacity of the regional governments to exercise their new competencies (European Commission, 2002: 22).

However, the struggle over competencies and money did produce some benefits for the regions, as it promoted greater co-operation between the regional governments in their common struggle with Prague. In August 2001, the Association of Czech Regions (AKČR) was created to promote co-operation between the self-governing regions and represent their common interests in the Committee of the Regions in Brussels. The main function of the AKČR, however, has been to co-ordinate the policies of the regions towards the central government in Prague and, in this regard, it has been an influential and effective actor, as will be seen below.

Regionalization has also resulted in a higher degree of consensus among the political parties at the regional level. Most regional competencies lie outside the realm of ‘high politics’ and concern, instead, more pragmatic issues with an immediate impact on citizens, such as regional transportation, health care and education. The implementation of these policies also generally requires greater pragmatism and cross-party consensus. As a result, the differences between the parties at the regional level are generally not as great as at the national level, and greater inter-party co-operation is the norm.

By the time of the 2004 regional assembly elections, the regional governments had also acquired a level of popular legitimacy and support unexpected at the beginning of their mandate. This development is especially reflected in the growing status of regional governors, many of whom are among the most popular politicians in their home regions. Opinion polls have shown that 85% of Czechs claim to have a special relationship to their region, and that the number of people who do not know their regional leaders is steadily decreasing (STEM, 2004, 2005). The growing identification of voters with the newly established regions and their leaders has allowed them to become more important political actors and potential focal points for political mobilization at the regional level.

Another development affecting regional policy in the Czech Republic is the growing support for regionalization within the major political parties. This trend is particularly evident in the ODS. In 1990s, the ODS was the most sceptical of the major political parties about the merits of regionalization, the Communist party excepted. This was because of the centralist preferences and liberal economic ideology of the party and its leader, Prime Minister Václav Klaus. The ODS believed that centralized administration was more efficient and it felt that the creation of new regional governments would lead to increased bureaucracy and financial costs. Klaus and the ODS were also concerned that regionalization would undermine the control of the major parties and central government by establishing independent regional bases of political power. The ODS also feared that the majority position it enjoyed at the national level (it was the main party of government until 1997), would not be duplicated at the regional level (Illner, 2002: 8).
The ODS and the Klaus government were thus in no hurry to create a new system of regional government. Despite the provisions of the 1992 Constitution mandating the creation of self-governing regions, the ODS delayed agreement on a new law creating the regions and it was not until October 1997, after the EU exerted pressure via its June 1997 Opinion, that cross-party agreement on the new law was achieved.7

In contrast to the ODS and the Communists, the other major political parties have generally supported greater regionalization, each for their own political or ideological reasons. This includes the Christian Democrats (KDU-CSL) and the Civic Democratic Alliance (ODA), the coalition partners of the ODS until 1997, as well as their eventual partners in the ‘Four-Party Coalition’—the Freedom Union (US) and the Democratic Union (DEU)—that was formed in 2000. The main opposition party until 1998, and the main party of government thereafter, the Social Democrats (CSSD), also supported regionalization, as it sought to capitalize on growing unemployment in structurally weak regions through an emphasis on EU-style regional development policy.

However, the first regional assembly elections in November 2000 were hardly a referendum on party support for regionalization. Despite its scepticism about regionalization, the ODS fared well in these elections. The Four-Party Coalition, which enthusiastically supported creation of the new regions, also did very well. However, the Communist Party, which strongly opposed creating the regions, surprised many observers with its strong showing; in fact, the percentage of the vote received by the Communists exceeded that of the Social Democrats—who supported regionalization—in all 13 regions holding elections (Prague, due to its special status, held its elections in 2002). The percentage of the vote for the Social Democrats ranged from a low of 11.47% in the Vysočina region to a high of 17.24% in the Ústecký region. The election of only 111 regional deputies representing the Social Democrats—compared to 185 for the ODS, 171 for the Coalition and 161 for the Communists—was a big disappointment for the ruling party, which had traditionally been a strong proponent of the creation of regional governments and decentralization in general (LaPlant et al., 2004: 44–48). As a result of the elections, the ODS led government coalitions and appointed the governors in eight regions, and the Christian Democrats in five.

Moreover, the ODS significantly improved its position at the regional level four years later. The November 2004 elections were dominated by the Civic Democrats, which gained the most votes in twelve out of thirteen regions (the regional elections in Prague will be held in 2006). As shown in Figure 1, the ODS failed to win only in the Jihomoravský region (South Moravia), where they came in second to the Christian Democrats by only 0.3%. In total, the ODS received 36% of the votes across all regions, ahead of the Communists with 19.5%, the Social Democrats (14%) and the Christian Democrats (10.5%). All other parties and political groupings failed to overcome the 5% threshold for obtaining seats in the regional assemblies.

As a result of the 2004 elections, the ODS received 291 regional assembly seats (out of a total of 675 in all thirteen regions combined), compared to 157 for the Communists, 105 for the Social Democrats and 72 for the Christian Democrats. When compared with the 2000 election results, the ODS gained an additional 106 seats, while the Communists lost four seats and the Social Democrats six. The Christian Democrats, no longer part of the defunct Coalition, ended up with the same number of
seats as in 2000 (Czech Statistical Office, 2004). ODS governors now head the regional governments in twelve of the thirteen kraje (after their success in Prague in the 2002 elections, the mayor of Prague is also from the ODS), with a Christian Democratic governor in the lone remaining region (Jihomoravský).

The surprising success of the ODS at the regional level can be explained by various factors. One, no doubt, is that voters used the regional elections to punish the governing Social Democrats, a pattern typical in other regionalized or federal systems and in off-year or second-order elections. Also, the ODS no doubt benefited from the advantages of incumbency in the eight regions they governed after the November 2000 elections. Seven incumbent governors were re-elected in 2004, including six from the ODS.

The establishment and growing importance of the regions has strengthened the regional basis of party politics and had an impact on internal party politics. Most of

Figure 1. Winners of the 2004 regional elections according to regions (in % of votes). Source: Czech Statistical Office (2004).
the regional governors used their position and success to build increased power and influence within their own parties in the period before 2004, with this trend continuing after the 2004 elections. They have also brought a new regional dimension into the thinking of the political parties. This is especially noticeable in the ODS, which formerly opposed decentralization. As a result of its success at the regional level and the growing influence of regional governors within the party, on the regionalization issue the ODS has moved closer to the traditional proponents of decentralization—the Christian Democrats and the Social Democrats. Most of the coalitions the ODS has entered into at the regional level are with one or both of these two parties, forcing them to work together to achieve common regional goals. As a consequence, there is now much greater cross-party support for regionalization in the Czech Republic than ever before.

It is likely that the regional governments will continue their efforts to gain greater autonomy and power vis-à-vis the central government. They aim not only to complete the transfer of powers in their areas of competence, but also to strengthen their position through the exploitation of new opportunities. The biggest opportunity to expand their powers would be a radically enhanced role for the regions in administering the EU Structural Funds after 2006. It is to the debate over the role of the regions in administering the Structural Funds in 2007–2013 that the article now turns.

The Debate Over Regional Policy Planning for 2007–2013

The debate over EU regional policy in the next multi-annual programming period began in the Czech Republic in early 2004, following publication of the Commission’s reform proposals. A key issue in this debate is the number and type of programming documents that will be used in the NDP for 2007–2013. On this question, it is clear that the positions of the central government and the regions remain virtually unchanged from the debate over the NDP for 2004–2006. At an early stage in the current debate, the MRD asserted its strong preference for continuing with the JROP format (JROP II), although with a larger role for the regions. As the Deputy Minister for Regional Development and Director of the JROP Managing Authority, Věra Jourová, put it at the IREAS Conference on the Future of EU Structural Funds in October 2004:

The new JROP would have a very thin coordination platform which would provide a roof for the 13 pillars [regions]. It would mean the existence of 13 integrated regional grant schemes. The regions would prepare the grant schemes, using their own regional development programmes. They would just put aside the part which could not be financed from the Structural Funds (IREAS, 2004: 45).

A preference for continuing with the JROP format is prevalent among both MRD officials and some academic experts. Among the latter, Jiří Blažek of Charles University has argued, in reference to the Commission’s emphasis on ‘simplification’ in its reform proposals, that:

The main effort should be to decrease the number of operational programmes. On the contrary, we face an acute danger in the Czech Republic that the representatives of regional governments would demand the replacement of the existing
JROP with seven Regional Operational Programmes ... However, it would certainly be desirable to at least partly satisfy the demands of the regions in order to decrease the pressure for the fragmentation of [structural] assistance into many operational programmes (IREAS, 2004: 23–24).

The regions kept a rather low profile in this debate throughout 2004, mainly because they were preoccupied with campaigning for the November regional assembly elections and the debate about future regional policy planning was not considered to be of particular interest to the voters. This was confirmed by the largest public opinion survey analysing voters’ expectations in the run-up to the 2004 regional elections, which identified issues related to economic development, employment and social policy as being of greatest interest to voters (CVVM, 2004). It was only after these elections and the formation of new regional coalition governments that the regions entered the debate in a serious way. In February 2005, the Association of Czech Regions adopted a resolution (No. 28) calling for the preparation of ROPs at the NUTS II-level for the 2007–2013 period to begin (AKČR, 2005a).

The regional governments also selected Libor Lukáš, governor of the Zlínský kraj and Chairman of the Regional Council of the Central Moravia NUTS II region, to lead their negotiations with the MRD over regional policy planning. In an interview in August 2005, Lukáš stressed the importance of the ROPs:

the creation of Regional Operational Programmes enables an intensive involvement of regions in the [regional policy] planning process. We have defined development priorities at the regional level which we want to realize from public funds, specifically from the EU Structural Funds. We know the needs of the region well and want to realize those projects that will support economic growth, bring added value, and contribute to a growing GDP ... I am fully convinced that the regions must be significantly involved in the regional strategy preparations for the 2007–2013 period.

One reason why the regions favour the ROPs approach is the financial implications of this model and its consequences for the balance of power between the central government and the regions. A major weakness of the Czech regional system is that the regions remain heavily dependent on central government grants for their finances, making it difficult for them to provide the co-financing required by the Commission for Structural Funds projects (Ferry and McMaster, 2005: 20–21). In the current programming period, this problem is circumvented by the centralized JROP approach, which makes the provision of co-financing the responsibility of the central government. In the ROPs model, however, the regions must provide the co-financing themselves, something which they currently have no means of doing. Instead, the money would have to come from the central government in Prague. The co-financing requirements of the ROPs model, therefore, would appear to favour the creation of a system of ‘own resources’ or self-financing for the regions, which would represent a significant enhancement of their power and autonomy. Indeed, the regions have sought to use the co-financing issue as a lever to gain changes in the regional financing system, informing Prague that it is a key question that needs to be resolved. According to
Evžen Tošenovský, chairman of the AKČR and governor of the Moravskoslezský kraj, “without a systemic solution of this problem initiated by the central government the regions would encumber unbearable debts” (Euractiv, 2005).

By mid 2005, after a series of reportedly heated debates between representatives of the regions and the MRD, both sides agreed to work together on the preparation of future programming documents in a manner that would satisfy the needs of the regions. In a major concession to the regions, the MRD agreed to support the preparation of individual ROPs. This change of position was confirmed by MRD Deputy Minister Jourová, formerly a strong proponent of the JROP II scenario:

The Ministry is ready to assist with the preparations of the ROPs, with the preparation of the joint guidelines [for ROPs]. It will also become the guarantor of the ROPs in negotiations with the Commission. It will be necessary that the whole Czech Republic adopts a united strategy in the negotiations with Brussels. For good and efficient cooperation between the regions and the Ministry it is necessary already at the beginning of the work on the programmes to clearly divide our roles. The Ministry offers assistance with the programme preparations and the negotiations [with Brussels]. The responsibility for programme management, its fulfilment, and the use of financial support will be fully on the regions. However, this responsibility will be compensated by their [new] competencies (MRD, 2005).

The MRD’s decision in favour of the ROPs and its agreement to work more closely with the regions was formally confirmed by the June 2005 Memorandum on Cooperation between the MRD and the Association of Czech Regions (AKČR, 2005b). The MRD’s new position was defended by the Minister for Regional Development, Radko Martinek, who argued that:

For the regional governments the individual Regional Operational Programmes would represent an important financial instrument for the realization of their own regional development policy, complementary to their current regional development programmes and support schemes. The regions view the Regional Operational Programme as an opportunity to define, independently from the central authorities, their own development priorities, and thus fulfil their self-governing function. Both the European Commission and the Ministry for Regional Development generally support these ambitions of the regions . . . [it] is important for both regional and local governments to be actively involved in the process of priority definition and programme creation, and to have their rightful needs and interests projected. The Ministry for Regional Development will be the partner of the regions and their negotiator at the national level vis-à-vis both other ministries and the European Commission.10

Thus, despite its remaining reservations about the ability of the regions to play a more active role in administering the Structural Funds, the MRD opted for a consensual solution to the dispute. This is because fulfilment of the MRD’s primary responsibility—the conduct and implementation of regional policy—is dependent on close cooperation with the regions, who are key policy actors with strong regional policy
competencies. The MRD’s change of position, therefore, was greatly influenced by its recognition that any policy that further alienated the regions against the central government would undermine the MRD’s capacity to fulfill its responsibilities and thus be unsustainable. Another factor the MRD had to take into consideration was the altered role of the Commission, which, in contrast to its intervention in favour of the JROP model for 2004–2006, had adopted a neutral position in the debate over regional policy planning for 2007–2013.

The debate between the MRD and the regions coincided with the MRD’s intensified work on preparing the planning documents for EU regional policy after 2006. The revised version of the NDP for 2007–2013 was presented in September 2005 and consequently approved by the government on February 22, 2006. The latest version of the NDP contains 24 operational programmes, including the seven ROPs (MRD, 2006). The government has not yet decided on the financial allocations for individual operational programmes, and the positions of the MRD and the regions over funding still differ. The MRD has proposed allocating 12% of the total Structural Funds budget for the seven ROPs, while the regions, who in 2005 preferred a 30% share, now argue that funding for the ROPs should be at 20% (Euractiv, 2006). The MRD’s position is supported by the government, including Prime Minister Jiří Paroubek, who has argued that “the 12 per cent share for the ROPs is adequate. The regions still lack appropriate administrative capacities. Moreover, all Structural Funds money will eventually end up in the regions, although via other programmes than the ROPs”.11 Thus, while inclusion of the ROPs into the NDP for 2007–2013 represents a clear victory for the regions in their effort to claim a greater role in administering the Structural Funds, for the regions the hard work has only just begun.

Conclusions

EU accession has had an ambiguous impact on regionalization in the Czech Republic. On the one hand, EU regional policy requirements, and the perception that the Commission preferred decentralization and democratized regional governance, supported the efforts of domestic proponents of regionalization to create a new system of regional government. On the other, the role of the new regions was undermined by the nature of the accession process itself, which tended to favour a centralized approach to accession preparations and the use of EU funds. Despite its rhetorical promotion of the principle of ‘partnership,’ the Commission, especially in the latter stages of the accession process, generally supported this centralized approach, mainly in the interest of greater efficiency. The net effect was to limit the role of the new regions in the administration of structural development policy, hence undermining their political importance and potential influence and strengthening the position of the central government instead.

As this paper has argued, however, developments since accession in May 2004 have created a new dynamic in the debate over regional policy and regionalization in the Czech Republic. At the EU level, the Commission’s new reform proposals for regional policy emphasize the need for greater decentralization in the administration of the Structural Funds, including a greater role for sub-national partners such as the
regions. At the level of Czech domestic politics, after nearly five years of existence and two rounds of regional assembly elections, the new regions have begun establishing themselves as legitimate and important political actors. In particular, regional leaders—the governors—have become important political figures in their own regions and parties, and a new regional dimension has increasingly crept into Czech party politics. An important development is the growth of pro-regionalization sentiment within the ODS, formerly among the parties most opposed to regionalization. This shift of views is due mainly to the party’s considerable success in regional elections and the growing influence of regional governors within the party. As a consequence, a growing cross-party consensus in favour of greater regionalization is emerging, excluding only the Communists.

These developments all point to the potential for greater regionalization in the Czech Republic in the future. A key determinant will be the ability of the regional governments to wrest a greater role in the management and use of the Structural Funds from the central government in Prague. This struggle is evident in the current debate over planning for EU Structural Funds in the 2007–2013 time frame. A similar debate took place in the pre-accession period over the NDP for 2004–2006, with the regions unable to assert for themselves a greater role. What has changed in the interim is that the regions are now more established and important political actors and regionalization enjoys greater cross-party support. The Commission’s role is also different. While it now emphasizes greater decentralization as a key principle of the future Structural Funds, after accession the Commission’s influence over Structural Funds decision making in the Czech Republic is also much diminished. Instead, issues concerning the administration of the Structural Funds, including the number and type of programming documents to be used (i.e. JROP versus ROPs), will be decided mainly by domestic politics. In this domestic political debate, the position of the regions is now much strengthened, as is shown by their successful insistence on the inclusion of ROPs in the NDP for 2007–2013.

In terms of the broader theoretical debate, this paper and the Czech case support the general conclusions of the academic literature on the nationally specific impact of EU regional policy. However, it also provides tentative support for the argument that EU regional policy can be a catalyst for greater regionalization in particular member states.

Notes

1 For a detailed examination of the creation of regional administrative structures and patterns of regionalization in each of the candidate states, with an exploration of the reasons for national variance, see Hughes et al. (2003, 2004). Brusis (2003) examined the same process in the cases of the Czech Republic and Slovakia, while Jacoby (2004) examined preparations for EU regional policy in the Czech Republic and Hungary. Brusis (2003) also examined the EU influence on domestic regionalization debates in the Czech Republic and Slovakia, and showed how domestic political actors utilized EU references to support their own positions.

2 The Commission’s Opinion castigated the Czech government for its lack of a regional policy and the administrative and legal structures for implementing one. In particular, the Commission criticized the absence of ‘elected’ bodies between the central state and commune (local) levels (European Commission, 1997: 64–65).

The remainder of this section draws heavily from Marek and Baun (2002: 910–913).


Interviewed in March 2002.

See footnote 2.

At least at the regional level and in day-to-day politics; this change in policy position is not yet reflected in formal party programmes, or indeed in the views of the top party leadership.

Interview with an MRD official close to the negotiations.

Interviewed in August 2005.

Interviewed in February 2006.

References


