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PERIPHERY REGIONS THROUGH GOVERNANCE AND  
NETWORKING LEADERSHIP:  
THE CASE OF THE CZECH REPUBLIC  
(paper)

**Theme D:**

Core-periphery relations: problems of rural area development in the context of EU CAP reform

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## Abstract

This paper presents an analysis of the current situation in cooperation among regions in the Czech Republic's outlying areas. This particular analysis was initiated for scientific research of RSA (Regional Studies Association) Working Group "*Regional Leadership in European Peripheries*", which focuses on economic, environmental and social policy studies in a regional context. The case of the Czech Republic is generally typical for a dense network of small and medium sized towns which are the main barrier for the establishment of stronger development poles. Also the Czech settlement structure is very fragmented, with a historically given high number of municipalities. The position of Czech regional centres is weaker in comparison with similar European regional centres so the problem of stimulating these urban-rural zones is taken into account. Hence, the paper aims to analyse the development in rural areas of selected regions during the 90<sup>s</sup> and preceding years at a microregional level.

Generally, flexible cooperation between different territorial levels in the Czech Republic is required. Cities and towns have to find forms of governance that respect the institutional organization of Czech public administration and the new forms of EU financing and organizational governance. This issue requires better management of the urban-rural interface, which means coordination between urban authorities (both cities and suburban towns and communities) on the one hand and rural and regional authorities on the other. What is the current situation in the field of rural-urban and inter-regional cooperation in the Czech Republic? Can we find successful examples of local leadership in Czech peripheral regions? What is the role of voluntary micro-regions in the Czech Republic?

Two different regions (NUTS III level) of the Czech Republic – South Moravia region and Vysočina region – which have been selected for pilot analysis are introduced. Both of them represent the Jihovýchod Cohesion Region (NUTS II level). Their regional development, economic position and other important features representing the basis for selection have been specified.

**The South Moravia region** was the region with the highest economic growth and efficiency during the transformation period and also in the last years.<sup>1</sup> The **Vysočina region** is different from the South Moravia region. It is situated in the central part of the Czech Republic. This region is characterized by a very fragmented settlement system which means a high number of small municipalities. The category of municipalities with a population of less than 500 inhabitants is more frequent. Therefore cooperation to solve problems such as tourist infrastructure development is necessary. The Vysočina region can be classified as rural with some periphery features. Economic efficiency is below the national average in comparison with other regions in the Czech Republic.

In absolute terms, there are 42 microregions in the Vysočina region and 70 microregions in the South Moravia region. The creation of most of them started when they defined their common problems. Our research shows that a great number of these microregions have a multi-purpose orientation in both the analysed regions. The range of thematic concerns in each microregion is very interesting in both of the regions. The reasons for their situation and

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<sup>1</sup> CZSO Brno: Statistical Yearbook of the South Moravia region 2006

the subsequent impact on overall regional development in both of the regions are analysed in the paper.

Based on the above mentioned contextual issues, it is necessary to find more information about the effects of the periphery regions nature through governance and networking leadership. The creation of micro-regions first started under the aegis of the 1992 municipal law which did not specifically mention or take into account this category of groups. Their creation was a response to the need for common approaches, and solutions to the issues, that could not be devised without co-operation. This is the case not only for basic infrastructure and spatial planning but also for new areas such as economic development<sup>2</sup>. So, it is necessary to seek an inter-community cooperation based on microregions establishment and take advantage of the experiences in microregional cooperation of municipalities in the Vysočina region resulting from its settlement structure and low economic efficiency.

**Key words:**

urban structure of the Czech Republic, urban development, microregions, cooperation, municipality

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<sup>2</sup> The New Rural Paradigm: Policy and Governance. OECD Rural Policy Reviews 2006, pp. 120

## Introduction

This paper serves as a base for scientific research made by RSA (Regional Studies Association) Working Group “*Regional Leadership in European Peripheries*” – which focuses on economic, environmental and social policy studies in a regional context – under the project “*Contesting Regional Peripherality Through Leadership: Central European Experience*”.

Above mentioned scientific research is aimed at:

- developing of understanding the current role of human agency and leadership in theory and practice of regional development in Central Europe;
- specification of “regional leadership” and empirical analysis of its relationships to territorial administrative reform, economic and community development, regional management, and local politics;
- exploring current power relations and tactics in regional development activity, as observed in various types of Central European periphery.

## 1 Regional and rural development policy making in the Czech Republic

### 1.1 Conceptualization of the Czech regional policy during the 90ties

It can be said, that there was no systematic **regional policy** articulated in the Czech Republic until the year 1990, although there were a specific communist government approach of developing especially North-East axes of regions, especially Northern Moravian regions with huge potential for industrial development based on steel industry, coal mining and textile industry. As it is said on official websites of the Ministry for Regional Development<sup>3</sup>, *so the change of the system at the end of 1980s meant absolute disbelief in planning of any form*, but this was understandable. There were no systematic approach at a regional level to coordination of regional, microregional and local development. *There was an abolition of regional governments at the beginning of 1990s and this led to maintenance of the central government and its attitude towards the regional policy matters remained largely unchanged. State interventions were considered as the best solution for the transformation of the country into the market economy. Through regional Policy Act from 1991, regional policy was declared by the Czech government to be an integrated part of its economic policy. The main objective of this policy was defined as the creation of conditions for a minimal standard of working and living for citizens in all regions of the Czech Republic.*

At the beginning of the 1990s, there were no substantial regional inequalities in the Czech Republic. But the transformation process, which started at the end of 1980s, presaged the severe problems that were to become associated mainly with the growth of unemployment. These problems were mostly seen in a substantial decline of heavy industry; a reduction of agricultural sector employees; the very low inter-regional mobility of the work force and other environmental problems. These above mentioned problems led to regional disparities, which

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<sup>3</sup> Ministry for Regional Development (2007b)

become to deepen after 1990s. Regional disparities and other regional specifications are described in the following text.

## **1.2 Czech rural development policy framework in the context of national and EU funding**

**Rural development policy** in the Czech Republic is in a different position. Its speciality is that it hasn't been regularized by a competency act and so commended directly to the competence of a public administration institution yet. In the early 1990's the rural development policy was an integral part of individual sectoral policies that could influence rural areas (e.g. transport policy, employment and business policy etc.). In the late 1990's, there arose a need of a more complex approach of the policy; however it wasn't still fully respected at the governmental level. That's why there weren't set apart any particular "budget items" of the national budget but only partial funds for ad hoc solution of "local problems". On this account Ministry of Agriculture refused the responsibility for the policy and at that time new Ministry for Regional Development took over the competence in 1996. After 2000, the Czech Republic got the possibility to receive financial means from new pre-accession programme SAPARD which was focused on the agricultural and rural development. Until 2006 the main rural policy competences were shared by two departments (Ministry for Regional Development and Ministry of Agriculture). All the cohesion policy and CAP recent changes made the Czech policy scene to reconstruct the competences and now it's Ministry of Agriculture which is responsible for rural development policy (CAP Pillar 2). At the present it is an individual policy but it has more dimensions at the local level (e.g. support of agricultural sector revitalization and its competitiveness, agro-environmental measures, support of the entrepreneurship, rural tourism, local infrastructure, education etc.). The ministry chose an approach of the realization by only one rural development programme that will facilitate to concentrate the funds for the EU priorities in three thematic areas of the policy. Covering National strategic plan in the Czech Republic is implemented through one rural development programme of the Czech Republic for the period 2007 – 2013 which is valid for all Czech rural areas and will be administrated and managed at the central level. We can say that chosen approach was right because the rural development programme document was approved by EC as the first together with the Swedish one (in May 2007).

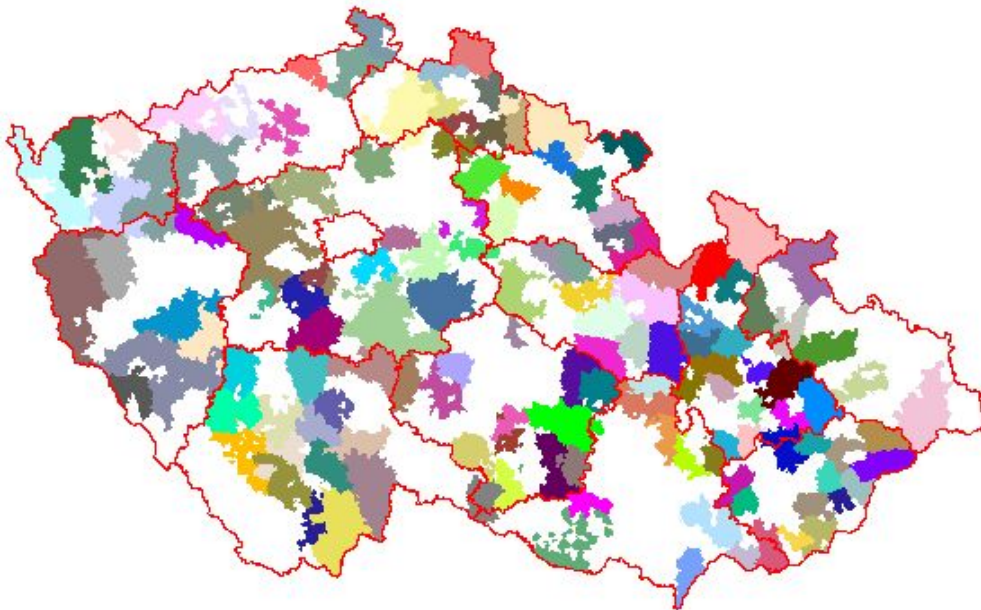
In the new programming period 2007 – 2013, the issue of the urban and rural development is divided at EU level. Policy of economic and social cohesion (cohesion policy), funded from structural funds, is focused on urban areas and particularly also mutual relations of urban and rural areas and particularly also rural problems including diversification of rural economy. In the previous period 2000 – 2006, the rural development was a part of cohesion policy and its aim was to strengthen the competitiveness of rural areas through the increase of attractiveness of peripheral areas and strengthening of the competitiveness of subjects working in these areas. Reform of implementation ways of the EU sectoral policies led to incorporation of the some rural development activities (as well as the issue of the environment protection on local level) into the Pillar 2 of the Common Agricultural Policy and to its complete separation from cohesion policy.

This fact has a few dimensions of its impact. Urban dimension supported by the cohesion policy is implemented particularly through system of regional operational programmes (with preference of territorial or regional point of view). This approach differs according to

preferences of cohesion regions (NUTS II units) from thematic priority for selected number of towns and cities to horizontal level for the whole operational programme. On the other side limited number of resources/funds focused on rural development resulted in preference of sectoral implementation of agricultural rural development policy. An indisputable advantage is single programming and financing of rural areas and also covering of the issue in a single institution<sup>4</sup>. This thematic and sectoral approach represents the centralisation of implementation with very low impact on regional structures. On the other hand it may support activities of local stakeholders, in order to stimulate the development of local communities (e.g. LEADER approach). It is necessary to set up relates and than research a potential synergy between these two newly separated policies more deeply and to define real links-up to the development of these areas.

The situation of peripheral small municipalities in the Czech Republic may be seen on the Map No. 1 which shows the current situation of the municipalities' involvement to a LEADER+ Initiative during the period of 2004 – 2006. This Initiative follows up the method funded by the EAFRD (Axes IV) in the period of 2007 – 2013. There is clear evidence that municipalities are active especially in peripheral regions excluding urban zones of regional capital.

**Map No. 1: Involvement of municipalities in LEADER+ Initiative in the Czech Republic (2004 – 2006)**



*Source: LEADER+ in the Czech Republic (2008a)*

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<sup>4</sup> In the case of the Czech Republic, its Ministry of Agriculture and its intermediate body State Agricultural Intervention Fund.

## Local Action Groups

The history of the creation of Local Active Groups (LAG) in the Czech Republic is described in detail on the official website of the LEADER method in the Czech Republic.<sup>5</sup> Generally, LAG creation began in 2000 when the initial knowledge and impressions were brought to the country thanks to two study trips and the travelling workshops of the emerging PREPARE initiative in Sweden and Finland. In 2001, a basic Czech guidebook on LEADER was published. From this year, this non-governmental initiative increased interest in rural microregions, for the preparation of rural managers and building of local action groups. Afterwards, LEADER was included among the measures funded from EAGGF (managed by Ministry of Agriculture). Over the next few years, The Ministry for Local Development has provided very useful support to rural microregions.

In 2004 more than 70 LAGs became beneficiaries, some of them repeatedly, of two national programs: LEADER ČR (for small investments in agriculture and public holdings) and LEADER+ (part of the national operational program) either for implementing development strategy (10 LAGs) or for the acquisition of skills. Some other LAGs and rural microregions have been supported from the Leader-type national Rural Regeneration Program. The National Rural Observatory<sup>6</sup> (NOV) was established also. This pushed the LEADER movement ahead. The main aims of NOV are:

- Supporting rural actors (mainly Local Action Groups working according to the LEADER principles) and their networks by providing training, consultancy, research and information services
- Initiating and helping to build the National Network for Rural Development
- Communicating and spreading information and experience about rural development in the country and in the EU
- Informing the public, media and public administration about rural issues and LEADER principles, initiating and strengthening new LAGs and local partnerships set up on the principles of Local Agenda 21, sustainable development and involving local citizens in development processes
- Co-operating with public authorities at the national, regional and local level in addressing rural problems and needs (incl. work on the national strategic plan and operational program of rural development for 2007-2013)
- Participating at relevant international organizations and networks

At present, the regions involved in LEADER or preparing to set up a LAG cover about 32 % of the country's total population and 60 % of its total area. In all, we can talk about more than 140 rural regions (containing more than 3 million people) that work or are preparing to work by the LEADER method.

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<sup>5</sup> LEADER+ in the Czech Republic (2008b)

<sup>6</sup> A non-governmental public benefit corporation, which was established by private initiative of 12 subjects acting at regional and/or national level in the rural development field. In June 2006, NOV as a member of PREPARE Organizing Group, which was a successful organizer of PREPARE Annual Gathering and Traveling Workshops through the country.

## 2 Arrangement and Cooperation of Communities in the Czech Republic

### 2.1 Development of Conditions for Arrangement of the Municipal Level in the Czech Republic during the Transformation Period

The system of central villages became the peak of such centralistic tendencies. Despite of the fact that it contained many elements which were positive in principal (complex public amenities in the central village and easy transport accessibility from its satellites), its administrative non-sensitive creation of the central village and its catchment communities connected with forced implementation called forth negative reaction of the public. It represented, apart from an effort to emphasize identity of a relevant seat and economic expectations related to possibility of independent decision making on the general matters, were some of the major reasons why there was a strong tendency for disintegration of this system of artificially united communities after 1989. Many expectations however could not be fulfilled and together with problems of proprietary and legal character within the process of communities division, this process calmed down in the course of the nineties and in principal the number of communities has become stabile (see the Table no.1). Generally, the Czech Republic is characterised by a fragmented structure of its settlement, with a historically given high number of municipalities. There is a great number of municipalities in the CR (6,248 as of 31 December 2006) of which only a minor part can be considered as towns in accordance with international practice. Nonetheless the urban areas play an important role in the development of the entire regions.

**Table No. 1: Numbers of communities according to the individual Population Censuses**

Year	1950	1961	1970	1980	1991	2001	2003	2005
No. of communities	11 459	8 726	7 511	4 778	5 768	6 258	6 249	6248

*Source: The Czech Statistical Office, Population Census*

From the beginning of the 90ies when the system of self-government was restored, there was a discussion in the Czech Republic regarding the territorial local self-government reform. However, attention was given to the position of the local self-government and its tasks, especially in the public sector, only within prolonged negotiations on the higher territorial self-governing units – the regions. If we take into account that historical traditions of arrangement of the territorial self-government were interrupted for more than fifty years, it may be presumed, that tendencies of the territorial self-government development in the industrial European countries could be taken into account during the decision-making process. However, it did not happen.

While, we could see a process of gradual centralization of the territorial self-government into larger units in the countries of the European Union, with an exception of France, and thereby to certain concentration of the population, the process of the territorial self-government development was different in the Czech Republic after 1990. So-called central villages were divided in many cases into smaller communities, self-governing units, which do not have sufficient financial resources, they cannot afford to enhance professionalism in execution of their functions. They come to a barrier based in lack of funds for payment of the necessary specialists in the community's executive bodies. The problem of unprofessional decision-

making then results in negative outcomes in their financial management. Small volumes in their budgets provide for financially more demanding needs and especially costly investments in the public sector with even more difficult. The question remains whether division of communities in the Czech Republic in the beginning of the 90ies was not too premature. There was lack of administrative and technical prerequisites for the community management to manage properly all demanding tasks arising from extensive autonomy, independence, decentralization of responsibility for assurance and financing of the public property.

The new communities in large scale anticipated that the past subsidy and i.e. budget appropriation system of financial management will continue even in future and the communities will be able to complete their technical infrastructure equipment which they could not or were not allowed to build. However, a change arrived together with a new tax system which started to build the communities' income based upon the profit since 1992. Therefore the communities' income may be formed especially from converted profits of the income tax and they were thereby depending on the number of the community's population and the number of business persons operating in the community or later in the whole district. Incomes of small communities after the tax reform were absolutely as well as relatively very low and they did not allow and disabled the communities to allow more significant investment activity without assistance from the state purpose-bound titles until these days.

Certain **centralization tendencies in the local self-government in most of the EU countries** allow several conditions:

- Higher professionalism of the local territorial self-government (therefore, there is an effort to concentrate communities into larger units for which employment of professionals is better affordable),
- Prerequisite of more effective decision-making in respect of allocation of limited financial sources not only in the cities' and communities' budgets, but also in the budgets of the higher territorial self-government levels. The data from the selected European countries regarding average size of a community, or as the case may be, a city as a basic element of the self-government show this fact on the self-government level (see the Table No.2).

Relatively extensive concentration of the population into larger basic self-governing units occurred lately also in the Great Britain where the smallest community involves approximately 24,000 inhabitants.

A small community is able to live in a certain way and bring quality for its inhabitants but it is unable e.g. to prepare a quality project for the structural funds. Therefore there exist **voluntary alliances of communities**, which even have their bodies of institutional positions and their operation is financed by the state, region and communities. It is clearly specified in the foundation documents what such bodies are obliged and authorized to process and negotiate because the communities transferred part of their competences upon them. Political and partially also economical independence then remains to the communities because France understands that **as soon as they would be integrated the small communities would have been left for their slow cessation.**

**Table No. 2: Size of Communities in EU and in the Czech Republic**

Country	Number of communities	Average number of population in a community
France	36,559	1,600
Germany	16,121	5,000
Italy	8,104	7,000
Spain	8,082	4,800
Greece	5,922	1,800
Austria	3,353	3,400
Belgium	589	17,200
The Netherlands	572	24,500
Finland	455	11,200
Portugal	275	34,200
Sweden	286	30,900
Denmark	275	19,100
Luxemburg	118	3,400
The Czech Republic *	6,236	1,653

Source: *Local Finance in the Fifteen Countries of the European Union*, DEXIA, Brussels, Paris, 1997

\* data of 1994

Pressure for gradual establishment of larger units and further decentralization of competences in the public sector and their assignment to the territorial self-government may be anticipated in the Czech Republic again as an important prerequisite for allowing the public administration as such to become more effective. However, the main principles and preconditions of the local development with a view to the historical development must be always respected. At the same time it is not possible to leave the small communities to cease to exist through direct pressure due to budgetary allocation of taxes. Integration of communities should always be supported by practical application of a partnership principle of all relevant groups. In the opposite case, such process cannot meet solid support in future in its foundations and breaking of such hierarchy is always very expensive for the whole public administration system.

## **2.2 Arrangement of Communities and Inter-Community Cooperation on the Territory of the Czech Republic**

This chapter is based upon a research study which focuses, apart from others, on inter-community cooperation in the selected EU countries presented by Trávníček *et al.* (2005). The Czech Republic is characteristic by fragmented settlement structure and historically given high number of communities (see also the Table 1). As regards the historical development the number of communities and their structure was relatively stabile on long term basis in the Czech Republic. Significant changes occurred after 1948 when centralistic tendencies became

evident. Both administrative and planning methods as well as large scale production in agriculture and outflow of labor to towns reflected in them.

From the administrative arrangement points of view the Czech Republic had 6,248 communities as to 1 January 2005, out of which 5,716 communities with a local community authority, 527 towns/ cities (with a municipal authority or a city council) and then 5 military districts having a position of a community.

Such communities which had municipal national committee before 1990 (historical towns confirmed in the 80ies of the 20<sup>th</sup> century within categorization of the national committees) and then communities which gained such position later, were classified as towns. According to the present Act on Communities, a community with less than 3,000 inhabitants may not gain the status of a town, but formerly granted rights were not invalidated, so that in 2005 there were 137 towns with less than 3,000 inhabitants, in which there were 57 towns with less than 2,000 inhabitants, and in which there were 3 towns with less than 1,000 inhabitants (see the Table 2).

Statistic border, usually used in the Czech Republic for classification of the rural communities (villages) is the number of population 2,000. This statistic criterion which is very simple and unambiguous however gives rise of certain inaccuracies. It is caused especially by the fact that integral communities of typically rural character which have more inhabitants or such communities which are composed of more so-called parts (originally mostly independent communities which may even be of various distance one from another) and which in their summary exceed the limit of 2,000 inhabitants, are not included in this category, despite of the fact that each original part of it complies with the criterion. Most of the statistic data are however reported for the whole community and differentiation of the individual parts is impossible then.

As of 1 January 2005 there were 5,612 communities classified as rural, which is 89.82% of all communities. These communities manage an area which forms 73.6 % of the whole state's area. However, only one fourth of population lives there, i.e. 2.690 thousand persons. Communities with more than 2,000 inhabitants were 166 as of the stated date, in which there are 2 communities with more than 5,000 inhabitants without a status of a town.

It is obvious from the Table 3 that most of the communities are small communities. The share of communities up to 200 inhabitants is 26.14 %, up to 500 inhabitants 58.34 % and up to 1,000 inhabitants even 79.03 %. After addition of the category of up to 2,000 inhabitants we get to the scope of the rural communities which is equal to 89.82% of the total number of communities. If we take the fact that these communities represent 73.57% of the state's area into account and only 2,690,000 inhabitants live there, it is evident that economic potential of the rural space and especially the individual communities is weak. At the same time, according to the Act on Communities all communities have the same competences, i.e. that communities with up to 100 inhabitants have the same competences like for example the regional cities. (The difference is only in the scope of the "delegated competences"). In its consequence it means that they also have the same obligations in the personal, technical, organization and financial area. In communities under 500 inhabitants the mayor is not released from his regular employment for execution of the communal function and income in the community's budget is limited. Most of the rural communities shall solve the problem of so-called "former burdens", i.e. reconstruction of public premises/ areas, supply of quality

drinking water, waste water disposal, maintenance of communal roads, etc. These are mostly matters which very frequently exceed possibilities of the individual communities. The effort to find individual solution either completely disables or unbearably prolongs implementation of the necessary measures.

**Tab. 3: Settlement structure by size categories as of January 1, 2005**

Size category	Number of villages		Area in km <sup>2</sup>		Number of inhabitants	
	abs.	%	abs.	%	abs.	%
do 199	1 633	26,14	9 702	12,30	200 534	1,96
200 – 499	2 012	32,20	18 296	23,20	653 740	6,40
500 – 999	1 293	20,69	17 021	21,58	901 546	8,82
1 000 – 1 499	449	7,19	8 244	10,45	545 888	5,34
1 500 – 1 999	225	3,60	4 765	6,04	387 968	3,80
Total „villages“	5 612	89,82	58 027	73,57	2 689 676	26,32
2 000 - 4 999	368	5,89	9 644	12,23	1 122 262	10,98
5 000 - 9 999	137	2,19	4 419	5,60	932 726	9,13
10 000 - 19 999	68	1,09	2 376	3,01	955 227	9,35
20 000 - 49 999	42	0,67	2 077	2,63	1 250 363	12,23
50 000 - 99 999	16	0,26	1 144	1,45	1 157 242	11,32
> 100 000	4	0,06	686	0,87	942 510	9,22
Praha	1	0,02	496	0,63	1 170 571	11,45
Total „towns“	636	10,18	20 841	26,42	7 530 901	73,68
Total CR	6 248	100,00	78 869	100,00	10 220 576	100,00
Of this: towns	527	8,43	18 905	23,97	7 174 756	70,20
Other municipalities	5 721	91,57	59 964	76,03	3 045 821	29,80

Source: National Strategic Rural Development Plan of the Czech Republic 2007 – 2013

The way how to get out of the thorny situation is based in joining the effort and funds of more communities together. This may be reached in two ways: either by joining into a larger unit or by permanent inter-communal cooperation. In the light of unfortunate experience with merging of communities in the past and preference of historical continuity of individual communities the form of cooperation seems to be as more perspective way. The communities are aware of this fact and their will to cooperate is great.

There are various forms of cooperation among the communities which are developed right from the start of self-government restoration and they are anchored in the Act no. 128/2000 Coll. on Communities and communities use this possibility and cooperate in various purpose-bound associations of communities.

**Non-complexity of the existing legal regulation** remains a disadvantage of the present situation in the area of inter-communal cooperation. Remarkable **disintegration and disunity of the forms of cooperation** become the consequence. It is usual that one community is in more purpose-bound associations of communities, the associations do not create territorial unity, more of the associations have single purpose character and they cease to exist after reaching their purpose etc. **Insufficient financial support for creation of such bunches** and small size in respect of population of such communities belongs to other handicaps. Apart from these basically external limiting influences there are also internal limiting factors among

which belong low quality of execution of public administration, lack of knowledge of the legal environment, inability to participate in a wider development programs and mutual rivalry of the communities arising from the need to emphasize their individual development etc.

Foundation of micro-regions may be considered an example of inter-communal cooperation, which continuously gains higher importance in the Czech Republic.

### **Micro-Regions in the Czech Republic**

From initiation of the Program for the Rural Areas Regeneration, voluntary cooperation of communities to solve the common problems started from 1998. This cooperation has various forms – most frequently the communities associate based upon the Act no. 128/2000 Coll., on Communities when the communities make contracts among themselves for the purposes of fulfillment of a particular task, or multipurpose contracts for the purposes of more extensive cooperation in activities specified in the section 50 of the aforementioned act. Besides they may associate upon the Civil and Commercial Code – thereby professional associations of legal entities with the private legal entities, a community may then become a partner to a stock company or a limited liability company. Other laws may also be utilized.

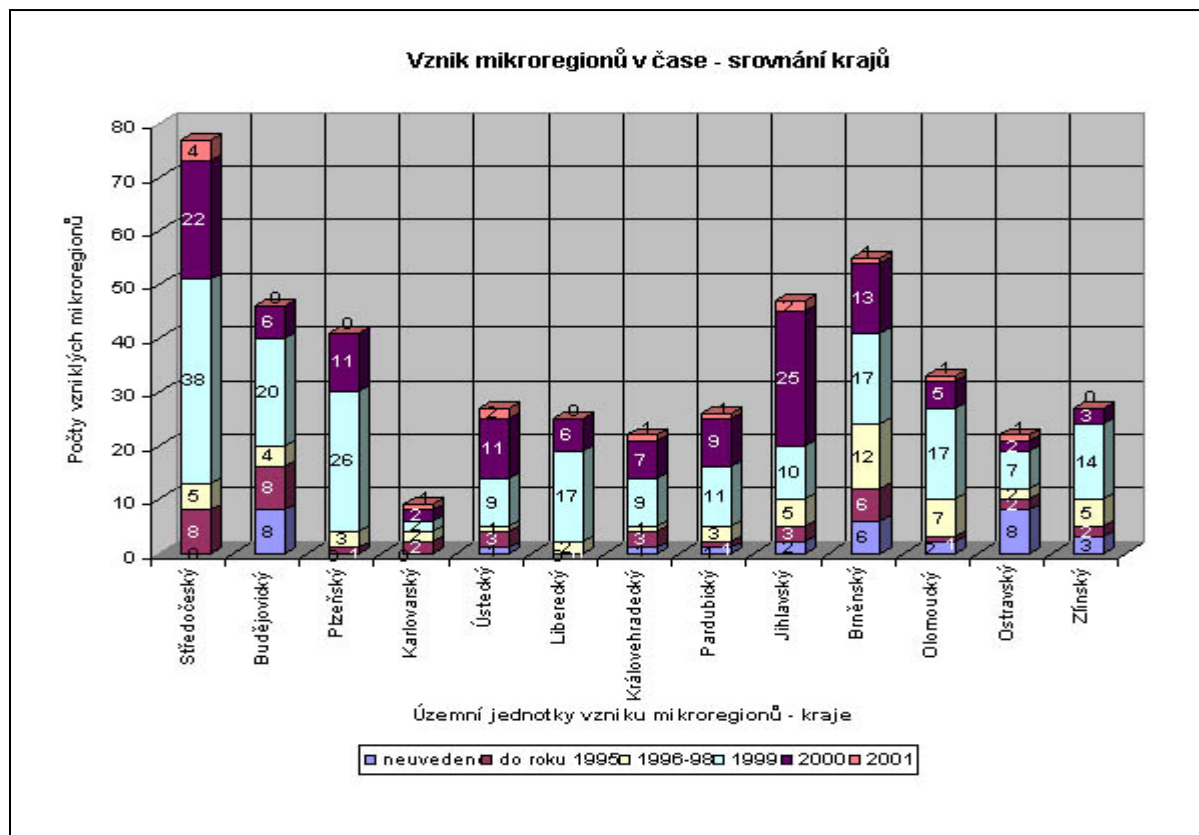
In 2005 there were 474 unions of communities (out of which some did not develop any activity), which covered approximately 2/3 of the territory of the Czech Republic. Approximately 4,680 communities were engaged in the micro-regions (i.e. more than 70 % out of the total number of communities) and their number increases. The minimum number of communities in the micro-region is 2 communities, and the maximum number is 47. The average number of communities within the micro-region is 11 communities, the average number of population is approximately 13.3 thousand people, the largest micro-region has 262.8 thousand inhabitants.

The most frequent were the microregions targeted to the technical infrastructure building (sewerage systems, gas service lines), waste water treatment plants and dumping sites. On the other place there were associations which were engaged in the development of tourism (culture, sports), agro-tourism and building of cycle paths in a particular area. The third most frequently presented objective was focus on economic development of territories, regeneration and development of communities, unions (preparation of complex development programs of a territory – district, micro-region)<sup>7</sup>.

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<sup>7</sup> Information is based upon the data presented in the National Strategic Rural Development Plan of the Czech Republic for the period 2007 - 2013.

**Figure No. 1: Establishment of microregions in the regions (NUTS III) of the Czech Republic in 1995 - 2001**



Source: UUR (2001)

The development of number of microregions in the Czech Republic per regions (NUTS III level) during 1995 – 2001 is shown in the Figure No. 1. Středočeský region (Central Bohemia) has a different position due to the highest number of municipalities in the Czech Republic. Jihlavský region (currently Vysočina region) and Brněnský region (currently Jihomoravský) are the most active in cooperation on municipal level.

### 2.3 Inter-Communal Cooperation in Selected Areas of the Czech Republic - the Case Study of Jihomoravský Region and Vysočina Region

Jihomoravský Region and Vysočina Region were selected for deeper analysis of inter-communal cooperation by form of micro-region creation. These regions represent two opposite units either from the level of its development, or from the residential structure points of view. It may be anticipated that the number of existing micro-regions in the individual regions will differ as well as the purpose of their origination.

The South Moravia region and Vysočina region (territorial units NUTS III) create the South-East cohesion region at the NUTS II level.

The South Moravia Region comprises 6 districts (NUTS IV level). Within the EU its neighbours are Slovakia and Austria and within the Czech Republic it neighbours the Jihočeský, Pardubický, Olomoucký, Zlínský and Vysočina Regions. Since 1 January 2005

there has been a change of borders of South Moravia. Based on law, 25 municipalities were moved from the Vysočina Region to the Jihomoravský Region. By moving these municipalities from the Vysočina Region, the surface area of the South Moravia Region increased by 13 thousand ha, i.e. by 1.8% and the population increased by more than 7 thousand (0.6%)<sup>8</sup>. The total area of the South Moravia region is 7 196 km<sup>2</sup> and with a population of 1,132,563 inhabitants the Region ranks fourth in the Czech Republic. The increase in the population is influenced, above all, by migration (international migration). There are 672 municipalities and 42 of these have the status of cities. The most important city is Brno, which is the second largest city in the Czech Republic. It is the seat of many institutions of national importance, especially the judiciary; it is also an important centre of culture and higher education.

The Vysočina region has a central location within the Czech Republic. The total area is 6 796 km<sup>2</sup> and the region is one of the larger regions in the Czech Republic. The Vysočina Region comprises of 5 districts (NUTS IV level). A typical feature of this region is the very fragmented settlement system which means a large number of small municipalities. The average size of population in one municipality in the Vysočina region is 725 inhabitants which is the smallest average in the Czech Republic. The category of municipalities with number of the population less than 500 inhabitants is very common. The total population is 511 645 and the density of population is 75 inhabitants per sq. km. The region is possible to classify as rural with some periphery features. Economic efficiency is below the average in comparison with other regions in the Czech Republic. The relative high importance of primary and secondary sectors, which have high value added and employment, are characteristic for this region. The very fragmented settlement system largely predestinates the development possibilities in this region.

#### **2.4 Position of the South Moravia and Vysočina regions in the context of regional development**

The South Moravia region was one of the regions with the highest economic growth and efficiency all through the transformation period as well as in the few last years. Intensity of entrepreneurial activity was moderate in comparison with other regions in 2006 only but research and science expenditure was the third highest (per inhabitant). In comparison with others region the South Moravia region was better for most partial indicators; ranging from those in the educational field, indicators of the area's economic potential, the employment rate indicator and especially the below the average regional migration. The Brno agglomeration, being an important regional centre, which is situated at the crossroads of key motorways has a significant reason and the conditions for the successful regional development. Of course it is a place where traditional international exhibitions and fairs have taken place thus highlighting the city's status of a busy international business centre. It is the second largest city in the Czech Republic<sup>9</sup>.

In comparison with Czech Republic and each region on NUTS III level, The Vysočina region has very low development dynamics. There are many reasons for this: the fragmented settlement system and low density of population, the low position of the key regional city –

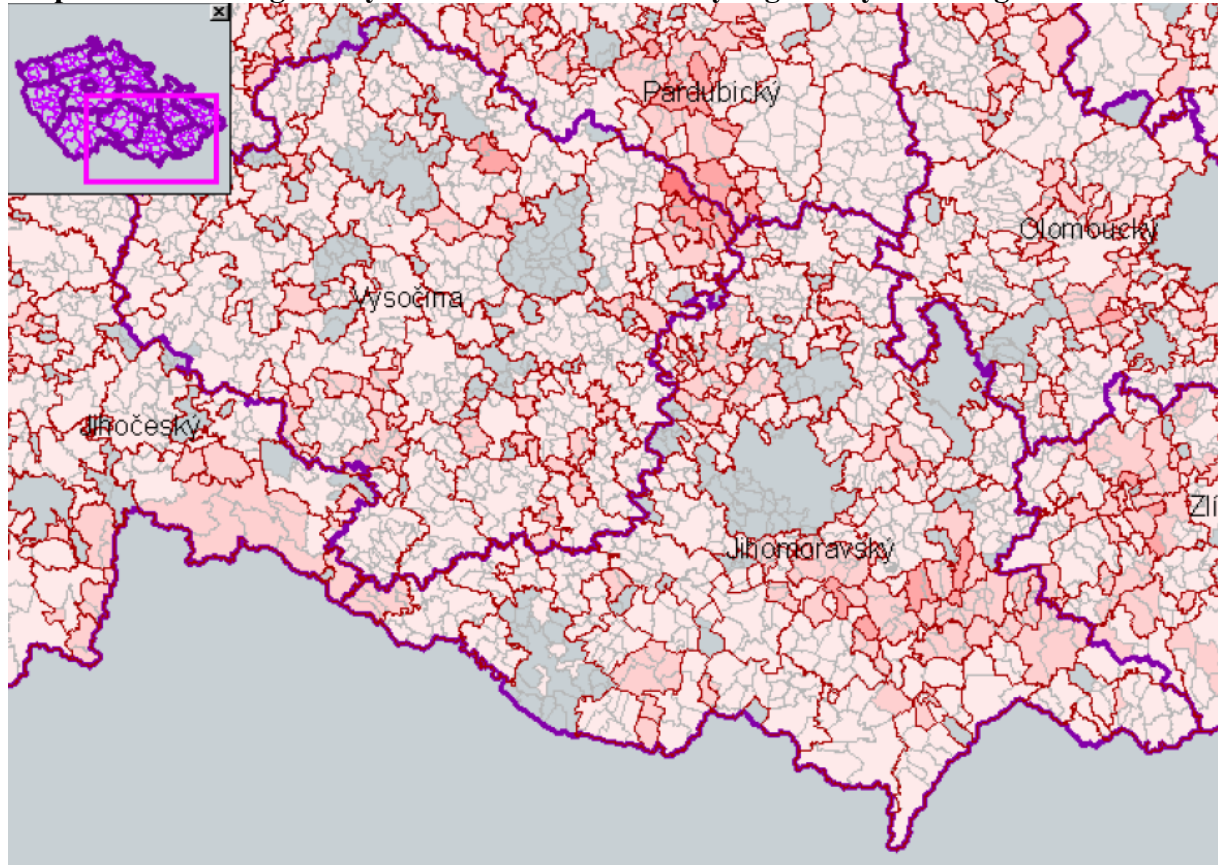
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<sup>8</sup> CZSO Brno: Statistical Yearbook of the Jihomoravský region 2006

<sup>9</sup> CZSO Brno: Statistical Yearbook of the Jihomoravský region 2006

Jihlava, the continuing high importance of agriculture and manufacturing industry with low efficiency etc. The proportion of the population employed in agriculture was 7.7 % which was the highest number compared with other regions. Geographical position between the Praha and Brno agglomerations causes low intensity of economic development in Vysočina region.

**Map No. 2: Coverage of Vysočina and Jihomoravský regions by microregions**



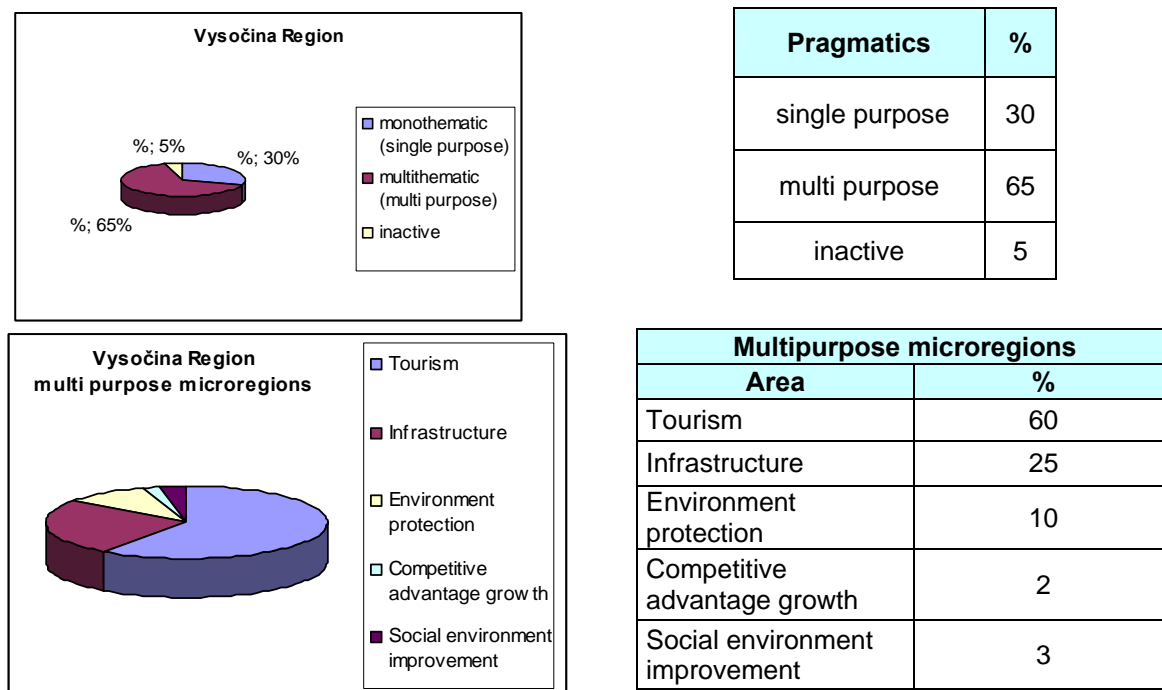
Source: <http://egis.uur.cz/iMR21/Frames.asp>

Note: Municipalities coloured in grey are not involved to any microregion (usually cities and other urban zones)

## **2.5 Microregions and their forms of cooperation in South Moravia and Vysočina Regions**

There are 42 microregions in The Vysočina region and 70 microregions in The South Moravia region (as is shown in the Map No. 2). Most of them came into existence after they had defined their common problems, this means in the late 90ties (see also the previous Figure No. 1). At that times it was the usual practice for municipalities to cooperate only on selected problems such as an environmental issues (e.g. our research shows that a great number of these microregions had a multi purpose emphasis in both regions. The structure of microregions is shown in Figure No. 2.

Figure No. 2: Structure of microregions in Vysočina region in 2007



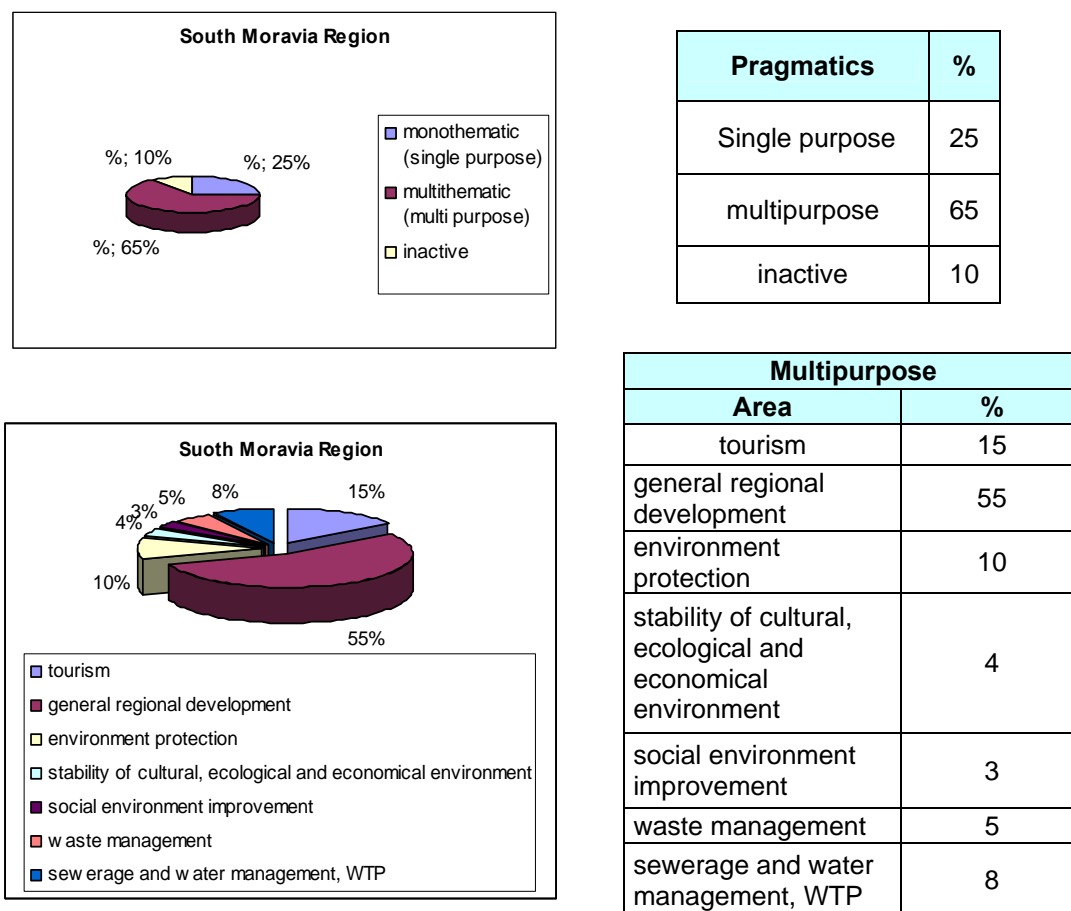
Source: own elaboration based on the data of Vysočina Regional Authority 2007

Figure No. 2 shows that most microregions in Vysočina are multipurpose (65 %). An absolute majority of these multipurpose microregions are orientated on tourism activities. This is given by the geographical conditions of The Vysočina region. It lies in hilly and undulating countryside situated between the two historical lands of the Czech Republic – The Bohemian and Moravian Highlands. Vysočina reaches over 800 meters in altitude, in the two distinct mountain ranges of Žďárské vrchy in the north of the region and Jihlavské vrchy in the south-west. This beautiful countryside gives a lot of opportunities to visitors and tourists and most of the above mentioned microregions take advantage of these conditions.

Other activities in the multipurpose microregions in Vysočina aren't as significant. Some of them are aimed at creating better infrastructure (roads, highways, motorways, sewerage systems, Water Treatment Plants, gas availability etc.) but these also relate to tourism activities.

When creating these infrastructure possibilities great attention is devoted to the environment. The natural as well as the transport conditions in the Vysočina region have mainly attracted businesses that do not pollute the environment. Any new investments are based on established strict environmental standards. The Vysočina Region was the first to become a member of the Association of Healthy Towns and Regions, and acquired the official title "The Healthy Region". So it is understandable, that some of the Vysočina microregions are orientated in this way.

**Figure No. 3: Structure of microregions in the Jihomoravský region in 2007**



Source: own elaboration based on data of Jihomoravsky Regional Authority 2007

Figure No. 3 shows that 65 % of South Moravia Region microregions are multi purpose. More than half of them are orientated on general regional development. What is meant by general regional development? The answer to this question is not easy, but in general it means providing better transport opportunities, stabilising the social environment, aiding cooperation between regions, sustainable development and many other activities, which contribute to regional development.

The South Moravia region enjoys excellent transport links and strategic position on the intersection of trans-European long-distance road and rail routes – important arteries connecting the west of Europe with the east, and the north with the south. The level of road infrastructure in this region is quite good, which is why the microregions of South Moravia are less orientated on finding a solution to this problem than those in the Vysočina region.

Analysis of micro-regions in the Districts of Vysočina and Jihomoravský Regions confirmed the fact that communities extensively use opportunities of foundation of micro-regions for more than one purpose. Despite of the fact that the national statistic puts building of technical infrastructures (sewerage systems, gas service lines), waste water treatment plants and dumping sites on the first place from the purpose of micro-regions foundation points of view,

the prevailing purpose may differ in the individual regions, especially in relation to the level of their development, natural conditions and number of communities and their size.

## Conclusions

Micro-regional centres (towns – communities with the status of a municipality) offer a wide range of services for the neighbourhood and surrounding communities, providing support for rural area development with an important link to the main powers of regional development. Supporting the development of these centres will enable the strengthening of natural territorial cohesion, the functional integration of the area, in connection with the main development centres supporting the urban and rural partnership achieving a balanced polycentric development, especially in the context of Czech Republic's communities. It is possible to discuss the following specific Czech points:

- The Czech Republic is characterized by a high number of municipalities (especially small municipalities populated in the range of 0 – 500 inhabitants) which are very dependent on mutual cooperation at the microregional level;
- A strong emphasis on single purpose cooperation on microregional level existed during 1990<sup>s</sup>. due to general increase of a financial support for microregion establishment (through pre-accession EU funds, e.g. SAPARD, and after EU accession from Social Fund).
- There are many local development problems that have not been efficiently resolved yet but municipalities in the Czech Republic are now prepared for better microregional cooperation.

With respect to this situation and of course that of the Czech Republic in the EU cohesion policy the concept of polycentric development in the context of territorial cohesion of individual regions was seriously discussed. This requires the following approach: <sup>10</sup>

- to focus policies on the development of opportunities rather than only on solving existing problems;
- to support cooperation and networking;
- to build on the strengths of a region and its internal potential and to improve the targeting of policies and the potential impact evaluation;
- to reflect the issue of sustainable development more including risks prevention;
- higher coherence and coordination between rural and regional policy and sectoral policies.

How to increase effectiveness of the local administration and self-government then, how to enhance economic position of especially small communities and deepen the network leadership at the same time?

We will find the answer in a better cooperation of communities. There are three basic possibilities of viewing the solution of the rural communities' development from the general points of view.

The first possibility is an effort to enlarge the size of communities and over-bridge handicaps arising from financial resources limitations, unprofessional management of small

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<sup>10</sup> FALUDI Andreas (2006)

communities, preservation of non-economic facilities (kindergartens, primary schools etc.). Also a higher coefficient for allocation of funds from the state budget should also be a positive effect, which increases according to the number of the community inhabitants. As significant increase in number of population cannot be reached naturally or by migration, it would result in spontaneous or coordinated merge of communities. Many communities would thereby lose their historical continuity and tradition.

The second possibility is to work towards cooperation of communities upon creation of micro-regions. In principal it means transfer of problem solution towards greater units but without creation of new (larger) self-governing units. It may also include spontaneous or coordinated process. It brings an advantage for a community that it will not lose its historical continuity, but they will not gain any larger portion from the state budget funds and local council will have show remarkable will to cooperate and not to enforce only their own interests.

The third possibility is a conservation of a current situation. However it does not solve the problem.

Evaluation of approaches used abroad (especially in France) and case studies show that a model of inter-communities' cooperation, of so-called communities/ associations of communities which may be implemented in a form of foundation of micro-regions, seem to be the best option for solution of the inter-communities' cooperation on the territory of the Czech Republic. This may enhance financial and social development of communities integrated within a micro-region. Communities do not lose their independence but at the same time, this form of voluntary community / association allows the communities to get more funds for meeting the particular tasks. Foundation of micro-regions represents one of the possibilities of stabilization of the population in peripheral areas of the Czech Republic and increase of their standard of living.

There are several opportunities for Czech municipalities to possibly obtain cooperation support under the system of EU Structural Funds and also by the new EAFRD – European Agricultural Fund for Rural Development, which is the new tool of the CAP (Common Agricultural Policy) for rural development intervention. Support will also be given to area partnerships and local action groups aimed at the development of local economic potential by expanding a range of economic activities in rural and semi-rural areas and by developing non-agricultural activities. Within the regional operational programmes (funded by the ERDF – European Regional Development Fund) and in compliance with local conditions, comprehensive support for rural communities of between 500 (in some cases of 2 000 in connection with Rural Development Programme in EAFRD) and 5 000 inhabitants is planned. Comprehensive support means a physical revitalization of the area, public infrastructure, social infrastructure (education, health and social infrastructure, leisure time infrastructure, cultural and sporting activities) and local services.

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