

## CASE STUDY

# RE:START-Strategy for economic restructuring of Czech coal regions

The Czech government aims to support the coal mining regions of Usti, Moravian-Silesian and Karlovy Vary with an integrated strategy for economic development. A governance structure has been devised that matches national institutions with regional counterparts, acknowledging each region's specific needs and potential.

## DESCRIPTION

**Location:** Usti, Moravian-Silesian and Karlovy Vary

**Type of action:** restructuring strategy

**Actors:** Ministry of Regional Development, other national ministries, regional authorities, broad scope of representatives and stakeholders from coal regions

**Financing conditions:** EU funds, governmental support, private investment

**Type of coal:** brown and hard coal

**Region:** intermediate

**GDP:** below national average

**Unemployment rate:** above national average

**Population:** declining population in all regions



## KEY POINTS



### APPROACH

- Governance structure bringing together national decision makers and regional expertise to implement a just transition in Czech coal mining regions.
- Continuous process of strategy development and adaptation, information gathering, consultation and advice, as well as concrete implementation.



### ENABLING CONDITIONS

- Support by stakeholders from the regions, combined with desire from the national government to address the issue.
- Long-term structures and financing framework.
- EU support - including financial and technical assistance.



### CHALLENGES

- Limited absorption / implementation capacity in the regions.
- Sustaining long-term political support for the Strategy is key to its success - but this could be challenged from various ends, including competition for funds by other regions.



### ACHIEVEMENTS

- Annually reviewed Action Plans with tasks and actions for each year.
- Development of an evaluation system.
- Mix of immediate projects and longer term plans.



**A STRATEGY FOR A SECTOR IN DECLINE**

Coal plays an important role within the Czech Republic's energy system, but the last 15 years have seen the number of jobs related to coal mining decline steeply. The Czech government has decided to implement a national strategy to support structurally disadvantaged coal regions: the RE:START Strategy. Started in 2015, the first three years largely focused on developing a strategic framework, gathering information, assessing the needs of regions, and setting up an effective governance structure. The emphasis is currently moving to implementation.

**Introduction**

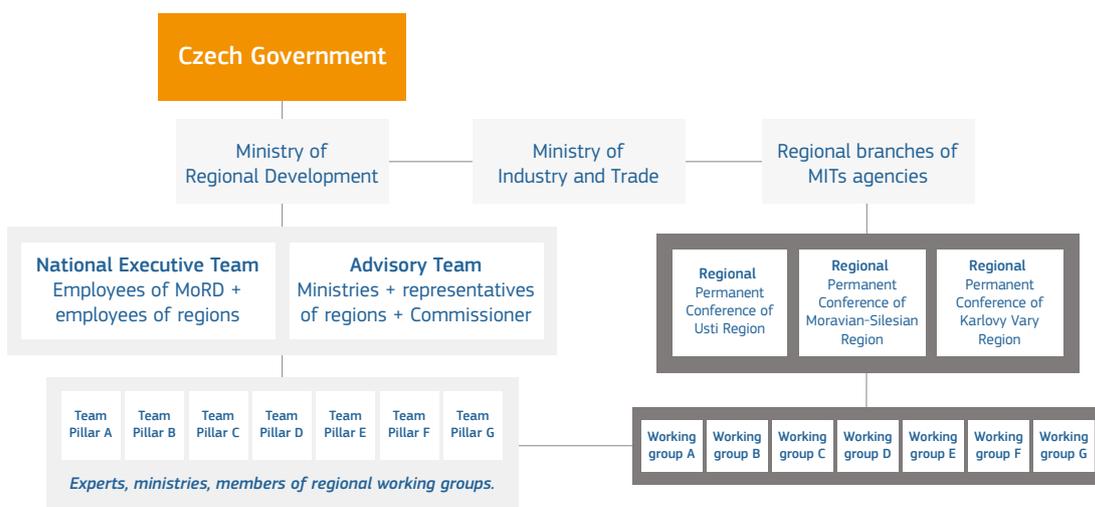
Coal plays an important role within the Czech Republic's energy system: in 2017, almost 50% of electricity was produced with coal, while roughly 75% of heating is dependent on coal. Despite this, the country has seen - as many European countries have - a strong decline in coal mining over the last 15 years, and an even stronger decline of coal mining jobs. In the past, this process has been strongly driven by economic and technological factors. The result has put economic pressure on the Czech coal mining regions of Karlovy Vary and Usti in the north-west of the country and Moravia Silesia in the east.

Against this backdrop, the Czech government decided to implement a national strategy to support structurally disadvantaged coal regions: the RE:START Strategy. The initiative was started in 2015. The first three years largely focused on developing a strategic framework, gathering

information, assessing the needs of regions, and setting up an effective governance structure. Currently, the emphasis is shifting increasingly to implementation in the regions.

The Strategy is led by the Ministry of Regional Development, which has established a National Executive Team who serves as a management authority and governs the Strategy together with their advisory team and their regional counterparts (in yellow in Figure 1). The National Executive Team acts as a link between the various working groups and the national government. It gathers input on needs and capacity for transition in the regions and recommends measures and policies to the ministries for implementation.

Beneath the executive level, a series of thematic working groups have been established, dealing with key issues (or "pillars") of the transition: entrepreneurship, investments, research and science, human resources, social stabilisation, the environment, infrastructure and public administration.



**Figure 1**  
**GOVERNANCE OF THE RE:START STRATEGY**

Data source: Governance model of implementation of RE:START Strategy in Czech Republic, Presentation by Karel Tichý to Coal Regions in Transition Platform, Brussels, 8th April 2019.



#### FORMER MINE, BÍLINA, ÚSTÍ REGION

**There had been a general understanding among politicians that the past and likely future decline of coal mining would place challenges on the structurally weak coal mining regions. In this political environment, initiatives from regional stakeholders to create a strategic support framework found open ears in the national government.**

Members of the working groups represent municipalities, regional offices, the Labour Office, the Agency for Social Inclusion, the business sector and NGOs. Each working group at regional level is mirrored by an expert team at national level, which supports the National Executive Team in the development of proposals for action plans and support measures.

#### Key challenges

Although there was an understanding that the Czech coal regions were facing economic challenges, detailed knowledge of their specific needs had been lacking. Gathering further information was key to developing strategic approaches. The specificity of problems in the regions is addressed by a governance structure in which experts from the national level cooperate with experts and stakeholders from the regions to develop solutions tuned to the diverse needs of each of the coal-mining regions.

Initially, the Strategy received funding for only one year. However, since restructuring the coal regions is a long-term process, there was a need to set-up structures that could consistently accompany and drive the transition process. A combination of national and EU funds facilitated the long-term financial sustainability of the governance structures and actions of the RE:START Strategy.

Implementation in the regions is, however, delayed due to a general lack of capacity. Despite support grants being made available through RE:START, there is an insufficient absorption capacity in the region. As such, there is a need to support not only specific projects, but also institutions in the regions. Furthermore, reliability and long-term planning of support programmes is essential, so that regional actors can build the necessary capacity to effectively implement innovative activities.

Obviously, the RE:START initiative is embedded in a larger societal and political debate with great complexity. Among the general public there is a limited level of awareness of the Strategy and limited knowledge of how local society can participate in the restructuring process in the coal regions. Furthermore, individual activities and successes at regional level may not necessarily be connected to the Strategy. Persistent economic problems thirty years after the so called "velvet revolution" in the structurally weak regions of the Czech Republic have led to a degree of disappointment. Therefore, gaining the trust of the public and stakeholders in the regions will be key. RE:START has undertaken efforts to engage the broader public, but both participation and transparency will need to be enhanced in the future. It will also be important to prove and communicate that the Strategy does make a difference - despite the fact that the transition will be a very long-term process.

From an environmental perspective, the RE:START initiative has been criticised for not explicitly advocating a coal phase-out in the regions. However, what is perceived as a weakness by some stakeholders is perceived as a strength by others: even in the absence of an explicit plan to phase out coal the Czech government is pro-actively supporting structurally weak coal mining regions. In summer 2019 a specific Coal Commission for the Czech Republic was established, which will deal with topics related to coal phase-out. Representatives of the RE:START Strategy will participate in the activities of this commission. The outcomes and recommendations of the Coal Commission, which should be adopted by the Czech government by the end of 2020, will be reflected in the update of the Strategic Framework of the Strategy, as well as in future RE:START action plans. A challenge for the future will be to select and support projects and measures which are even better aligned to both economic and environmental objectives.

Finally, there is a risk that the three coal mining regions will be in competition for funds and support with other regions in the Czech Republic, which are also facing specific structural problems. There is general agreement that the coal regions are in need of support, but when it comes to distributing funds competing interests from various stakeholders in the country exist.

## Enabling conditions

There had been a general understanding among politicians that the past and likely future decline of coal mining would place challenges on the structurally weak coal mining regions. In this political environment, initiatives from regional stakeholders to create a strategic support framework found open ears in the national government. By gathering information on the regions the specific needs could be better understood.

The RE:START Strategy is backed by a reliable financial framework. Funding comes from a mixture of national and EU funds, as well as funds from the special national privatisation fund. Altogether, the plan allocated 1.5 billion EUR for the period to 2030 for development activities in the regions: around 303 million EUR (approximately 20%) come from European structural and investment funds, 80 million EUR (approximately 5%) come from the special national privatisation fund, while 1.1 billion EUR (approximately 75%) come from national funding. During the implementation of the first Action Plan the state budget had a larger contribution than EU funds, but during the next period the latter's share and private investments will be increased. The amount of funds allocated and available for the plan will further develop in the future according to the needs and results of the evaluation process.

## Achievements

The key achievement has been the establishment of a governance structure which aims to develop a unified strategy for all three structurally weak coal mining regions in the Czech Republic, whilst acknowledging the differences of these regions with respect to needs and future potential. This governance structure follows a top-down approach with clear mandates for the National Executive Team of the Ministry of Regional Development in combination with regional governments and regional experts. A long-term commitment for the RE:START Strategy has been enshrined in a reliable financial framework combining national and EU funds.

## IMPORTANT LEARNING POINTS

- The Czech RE:START Strategy to support the economic transition in coal mining regions builds on a governance structure which combines integrated national strategic planning with expert knowledge and advice from regions, acknowledging the diverse needs of regions even within the same country.
- EU funds and support are not only important for implementation actions, but also for institutional support. In this respect, the options for technical assistance under the EU structural funds (ESIF) proved very valuable for providing capacity for the RE:START operational institutions.
- The Strategy reflects the necessity of considering the transition process over the long-term. Taking a long-term view is balanced by periodic evaluation efforts resulting in annually updated Action Plans.
- Political and public support is key for the long-term success and sustainability of the Strategy. Therefore, providing information to and securing the participation of various stakeholders in the Strategy will need to continue and possibly be enhanced.

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# Platform for Coal Regions in Transition

The Platform for Coal Regions in Transition is an initiative by the European Commission.

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