

Czech Republic

RURAL DEVELOPMENT

Classified as rural municipalities in the CR are usually municipalities with fewer than 2,000 inhabitants. They represent 89.82 % of all the municipalities and administer the territory covering 73.6 % of the total territory of the CR. Only one fourth (26.3 %) of the population, however, lives in rural municipalities.

In rural municipalities, with the exception of the smallest municipalities (up to 200 inhabitants), the positive migration balance exceeds the natural decrease of population and thus the total balance is positive. On the contrary, the urban population (in municipalities with more than 2000 inhabitants) shows the decrease of 0.19%.

The overall figures show that the depopulation of rural areas has come to an end, nevertheless a more detailed view disproves this assertion: in reality this trend is caused by a massive construction of family houses in the surroundings of big towns and cities and by the development of high-density satellite housing in these suburban areas. The intermediate and remote rural areas, however, still face the depopulation. These are mainly the boarder areas, areas of the so called internal peripheral areas and regions with higher unemployment rate. It more often affects also the smallest municipalities (up to 200 to 500 inhabitants). Rural areas are at risk of migration of young people to towns and cities as a consequence of the lack of job opportunities. The shortage of job opportunities also brings about a higher rate of people (60%) commuting to work.

The CR has many years of experience with the consistent support aimed at the stabilisation of rural areas. Programmes focused on the socio-economic stabilisation of rural areas are funded both from the national and Community sources. These sources are complementary.

National programme

- *Programme of Support for Economically Weak and Structurally Afflicted Regions (under the responsibility of the Ministry of Regional Development)*

Programmes co-financed from the European Union sources

- *Operational Programme Rural Development and Multifunctional Agriculture (2004-2006)*
- *Operational Programme Infrastructure (2004-2006)*
- *Horizontal Rural Development Plan (HRDP) (2004-2006)*

Apart from these programmes which consistently provide support to rural areas, also the aid granted in the framework of other thematically focused operational programmes is directed to rural areas.

The National Strategic Rural Development Plan of the CR for the period 2007 – 2013 is aimed at the stabilisation of rural population, improvement of the quality of life in rural municipalities, attracting young families and at creation of economic prerequisites for the regeneration of rural areas. This strategic document sets goals in the following areas:

- Diversification of economic activities, support for business conduct
- Improvement of public amenities and services
- Support for production of renewable energy resources and their use
- Utilisation of cultural specifics of rural regions for tourism, improvement of public awareness on tourism potential
- Support for non-productive function of agriculture and forestry
- Use of local partnerships and cooperation in the rural area
- Support for education and qualification of labour forces

The most important support of non-productive functions of agriculture and forestry comes from the 2nd pillar of the Common Agricultural Policy. It aims its support to maintaining cultural landscape, halting the decrease of biodiversity, improving water regime, soil protection, etc. The support to less favoured areas and agri-environmental schemes or organic farming forms the core part of this pillar with impact to the structure of the Czech Agriculture. This policy was implemented in the period 2004 - 2006 in the framework of the Horizontal Rural Development Plan (HRDP).

Compared to towns and cities, there is a lower level of economic activity in rural municipalities. The total unemployment rate in the CR was 7.8% at the end of 2005. Generally speaking, the unemployment rate in rural areas affects women more than men.

Approximately 202.3 thousand economically active inhabitants are employed in the agriculture, forestry and fisheries in the Czech Republic, i.e. 4.3 %, while in municipalities up to 2000 inhabitants it is currently 11.1 %. Hence, for small municipalities, the agriculture constitutes a stabilising factor especially for non-commuting population and helps the inhabitants identify themselves with the rural area concerned. Nevertheless, the process of aging of persons working in agriculture continues as well as the decrease in its numbers. The minimum creation of job opportunities in agriculture and a limited offer of jobs in rural areas generally are reflected in the labour market imbalances and growth of the agrarian unemployment rate. The Czech Republic seeks to support greater diversification of agricultural activities and to strengthen its non-productive functions in order to increase the number of jobs. Unfortunately, these efforts have so far failed to bring about any major positive results.

The most important sector with respect to the employment of rural population is the industry employing 32.7 % of population. High proportion of persons employed in industry is also seen in small municipalities. The employment in industry is closely related to a fairly high intensity of commuting to work in towns and cities (up to 60 %).

In the Czech rural areas, the share of employment in services is much lower than in urban areas as well as much lower than the EU-27 average. The portfolio of economic activities in rural areas continues to be much narrower than the national average. It is obvious especially in market services, including business consultancy, use of information technologies including internet or education for better participation in the labour market.

Despite all the support granted to rural areas the level of business activities is still substandard. It is obvious that to do business in rural areas means overcoming a larger number of obstacles than in towns and cities.

The local self-governing bodies do their best to create opportunities for the promotion of business activities in rural areas and also closely cooperate with foreign investors.

As a matter of fact the rural areas avail of potential for the development of business in many branches which do not have to be located in towns or cities and therefore there is no reason for only those entities whose business activities involve farming to operate in rural areas. That is why there are a few support programmes focusing on the business sector.

The programme with the highest allocations – *Operational Programme Industry and Enterprise (2004 – 2006)* is focused on business conduct in general (i.e. not only in rural areas) and is fairly demanding as to the economic health of applicants and requires top quality and profitable projects. This is why predominantly strategically significant branches and projects of large viable companies were supported in the past.

As concerns community facilities and technical infrastructure the rural municipalities avail of adequate basic community facilities. In some villages the public places and greenery are neglected, while in other villages there are buildings, constructions and areas which are not in harmony with their surrounding and no more serve their purpose. The level of technical infrastructure has been gradually improving. A considerable increase was shown in gas supply, construction of waste water treatment plants and enhancement of accessibility of transport services.

In suburban areas, there is a natural process under way of moving the housing and economic activities from towns and cities to the surrounding rural municipalities which has to be followed by further development of infrastructure. In remote areas, the rural municipalities are not attractive enough as yet as a place of living and doing business. Moreover tendencies still prevail of placing the basic public services as education and health care in bigger centres rather than in smaller municipalities.

As to the energy industry the municipalities in the CR currently pay more attention to power production from renewable energy sources than in the past.

Establishment and maintenance of fast-growing tree species stands for energy use in 2005 and 2006 were also supported by programmes co-financed from the EU (Operational Programme Rural Development and Multifunctional Agriculture, Horizontal Rural Development Plan). The use of biomass and its commercialisation in the CR has so far been rather limited. At present larger areas of fast-growing tree species stands depend inter alia on the support and development of construction of biomass heating stations.

Activities carried out in rural areas are catered for by several institutes assessing the impact on environment and sustainable development (the Act on environmental impact assessment and the Act on nature and landscape protection). In terms of policies, an assessment of impact of policies on the environment is conducted (Strategic Environmental Assessment, SEA) and the territorial planning documentation is drafted. In terms of projects, including constructions, an environmental impact assessment of the project is conducted (Environmental Impact Assessment, EIA) and a planning permission is granted (a construction must be in compliance with the territorial planning documentation). Currently, all the policies are subject to the SEA and most of the municipalities have their own territorial planning documentation, which puts a special emphasis on sustainable development of the municipality.

During the 40 years of non-democratic regime (1948 – 1989) in the Czech Republic, the Czech agriculture went through major changes as to its character and influence to the environment. The process of collectivization and subsequent change from traditional agriculture to intensive mass production violated the structure of landscape, disturbed the water regime, water pollution, soil degradation, erosion and decrease of biodiversity. Most of these problems persist till these days and their successful tackling requires substantial national (Landscape Management Programme, River Systems Restoration Programme) and EU sources (Rural Development Programme).

Lately we can observe increasing public demand for environmental services and increasing importance of the rural space from environmental, recreational and other points of view. This trend is also reflected in strategic documents of the Czech Republic, such as State Environmental Policy of the CR 2004 – 2010 or Biodiversity Conservation Strategy of the CR, but also in the strategic documents of the EU.

The Czech Republic also implements the *Local Agenda 21*. These matters are consistently addressed by the Ministry of Environment and other departments and local authorities. Within the Strategy for Sustainable Development of the Czech Republic and the State Environmental Policy of the CR, *the Local Agenda 21* processes are included among the implementation tools of this policy. The support for the Local Agenda 21 processes is also laid down by the *State Programme of Environmental Education and Public Awareness of the CR*. Annually there are also some projects supported focusing on the implementation of the *Local Agenda 21*.

In the course of 1990s the activities conducted in rural communities have been gradually revived in the CR, namely thanks to several programmes.

The Leader approach can be considered to be the so far most successful measure in the support of rural areas. It is an approach based on the endogenous development of rural areas and the “community building” principle, within which the local community becomes emancipated thanks to its own elaboration of local development strategies. The Leader approach integrates different sectors of economy, society and environment and brings together private and public interventions. The projects are not so large and yet have an irreplaceable positive impact on the stimulation of social environment in rural areas. This approach helps the rural community identify the leadership capacities and become competitive and self-sufficient. In the period 2004-2006, the first 36 Local Action Groups were supported from the Leader type programmes and they cover 15 % of the total population of the CR.