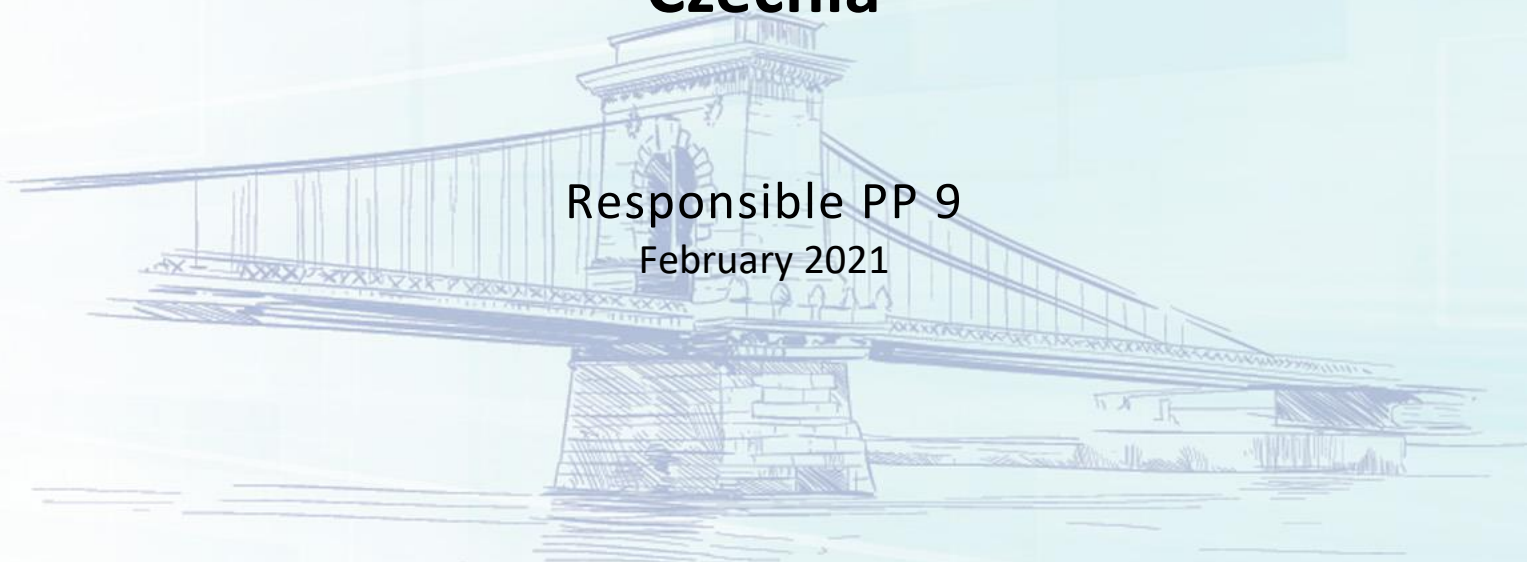


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Development of regional stakeholders

Czechia

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1. Abstract

The report provides insight into the composition and interconnection of the bioeconomy stakeholders in the Czech Republic against the backdrop of the actual situation, policy and strategies concerning the demographic changes, rural development and sustainable development. The current state of the circular bioeconomy in the country indicates the missing national governance and policy level, which also affects the minimal or no exploitation of bioeconomy solutions in rural development and urban-rural cooperation. The demographic changes are the major challenge requiring new solutions and approaches which the bioeconomy could provide. This concerns especially the need to support creating new jobs by diversifying activities and improving the quality of life in rural areas to face the population aging and depopulation of the rural regions. The rural development is not roofed by local economic development strategies in the Czech Republic. Instead, the national Rural Development Programme is in force for a long time applying the Leader method based on cooperation between local governments, business and the non-profit sector in territorial development, i.e. the application of the principle of multilevel governance at the horizontal level. The three most important national government policy documents are described covering the themes of demographic change, rural development and circular bioeconomy in a broader context. The socio-economic conditions of the Czech Republic associated with the pandemic crisis lead to the downturn of economic activity. There are no economic indicators related to the bioeconomy in this relation. In terms of technological conditions, more efficient and systematic interaction between science and industry in the bioeconomy sectors is still a challenge for the Czech Republic and the opportunity for the GoDanuBio project. The CAP Strategic Plan of the Czech Republic for the period of 2021-2027” is under preparation by the Ministry of Agriculture including the priorities in the environmental and sustainability measures. The inventory of bioeconomy stakeholders confirmed the existing strong bottom-up initiatives towards the bioeconomy strategy adoption on a national level, such as the Bioeconomy Platform of the Czech Republic and the BIO HUB CZ both represented mainly by the academy and research stakeholders. From the point of view of bio-based industries diversity, the wood processing value chain is the most represented.

2. Definitions

2.1. Circular Bioeconomy

From the point of view of the administration system, the EC Updated Bioeconomy Strategy of 2018 was formally, within the Czech database of strategies, assigned under the responsibility of the Ministry of Agriculture of the Czech Republic. So far, the concept of bioeconomy has not been assigned to any structural part of any ministry or the government office.

The potential of the bioeconomy contribution to rural development is mentioned in the Bioeconomy concept in the Czech Republic from the perspective of the Ministry of Agriculture (2019-2024). However, no specific examples are available. Similarly, the example of the bioeconomy contribution to rural-urban cooperation has not been identified. In general, the bioeconomy has not yet been exploited for tackling

the demographic changes and rural development in the country, which can be recognised as a gap in the sustainable development policy of the Czech Republic. At the same time, it gives the opportunity to the GoDanuBio to replicate, together with the associated partner of Healthy Cities, good practices implemented in other countries of the project partners.

2.2. Contemporary processes

a) Demographic change

. The population development of the Czech Republic is not yet stable and thus becomes more difficult to predict, not only in terms of the overall level of fertility, mortality and migration in fifty years but especially by the speed and course of further development than some stabilization will be achieved.

One of the basic problems of rural development trends is the stabilization of the rural population. The number of workers in rural areas is not a sufficiently stabilizing factor for rural settlements, so it is necessary to create an attractive environment for housing and business, including conditions for SMEs, micro-enterprises and entrepreneurs, i.e. to support creating new jobs by diversifying activities and improving the quality of life in rural areas. There is a relatively significant outflow of the working-age population, including a brain drain and sufficient jobs need to be created. If individual rural municipalities will be able to create or maintain a sufficiently strong layer of productive, educated and ambitious inhabitants, it will have wide positive consequences in the field of the economic and socio-cultural life of municipalities. Another problem is high unemployment. One of the reasons is the absence of major employers and overall weak business activity.

The general problem of the Czech Republic is demographic aging, which has negative consequences in the economy (reducing the share of economically active people, increasing the share of people receiving a retirement pension) and public services (increasing pressure on health and social services).¹

So far, the demographic change challenges and their solutions are not interlinked with the potential of bioeconomy to be applied as the official policy agenda. This shows the opportunity for the GoDanuBio project to materialize this new bioeconomy added value approach both in demographic changes and rural development plans and strategies.

b) Rural development

The rural development is supported by the Czech Regional Development Strategy 21+ and the Rural Development Concept of the Ministry of Regional Development. It is driven by the Community-led local development strategies (CLLD), strategies of the unions of municipalities or individual municipalities. The rural development projects are financed from specific national funding programmes, such as the Rural Development Programme. The agricultural production is the main economic activity, however its diversification is vital for the economic development of the smallest municipalities together with the support of micro enterprises, small enterprises, family companies and self-employed persons. To prevent the outflow of the working-age population from rural areas, it is necessary to create sufficient job opportunities with appropriate rewards and social prestige.

¹ Ministerstvo pro místní rozvoj, Odbor regionálního rozvoje: Koncepce rozvoje venkova, Praha, prosinec 2019

The link between the sectoral and the spatial structure of the socio-economic development, including its effects on the environment, is very significant. Regions with a significant share of traditional industries (e.g. heavy industry) are characterized by a long-term low rate of economic growth, high unemployment and growing social problems associated with depopulation or increasing social exclusion. On the contrary, areas with dynamic changes in the development of their economic base are increasing their competitiveness on a national, sometimes even international scale.²

In the conditions of the Czech Republic, the quality of the environment has a very fundamental influence on the state and perspectives of the development of individual regions and the well-being of people from rural areas. Population health combined with deteriorating socio-economic conditions (difficult access to the labour market, social exclusion) leads to an overall negative view of development opportunities both for the population itself (emigration of younger and more educated groups) and the local business sector and investors from outside.²

c) Rural-urban cooperation

At present, there are no financial instruments that directly or indirectly finance inter-municipal cooperation. At the state level, there are no support tools that would reflect the interest of municipalities to actively coordinate their development, support efforts to find ways to ensure the real availability of public services to citizens and their quality management by municipalities. Inter-municipal cooperation is therefore financed from sources that are allocated for these purposes in the budgets of individual municipalities.³

Within the system of state administration bodies, the Ministry of Regional Development has a top position in the area of regional policy. In exercising this competence, this ministry faces two basic problems. Firstly, it is the lack of budgetary resources for program support of the most problematic parts of the state, which does not allow to support development in all the most problematic parts of the state. However, not all activities important for solving local and regional problems are funds. Historically and systemically, a greater problem is the application of one of the most important functions of regional policy, namely the coordination function consisting in promoting the territorial projection of the implementation of sectoral policies. Effective coordination requires closely linked regional policy instruments with those of public policies that have strong territorial implications. The initial condition is the territorialisation of these policies, which will enable more efficient use of public resources in the differentiated conditions of the Czech Republic. However, this effort of the Ministry of Regional Development encounters a strong position of sectoral policies based mostly on space-neutral interventions.²

At the micro-regional and local level, in terms of supporting regional and local development, a positive process is the widely developed inter-municipal cooperation enabling the solution of problems and the use of assumptions of supra-local importance. With the accession to the EU, this was accompanied by the widespread application of the Leader method based on cooperation between local governments, business and the non-profit sector in territorial development, i.e. the application of the principle of multilevel governance at the horizontal level. The inclusion of municipalities with extended powers

² Ministerstvo pro místní rozvoj: Strategie regionálního rozvoje ČR 2014-2020, duben 2013

³ Svaz měst a obcí České republiky, Kancelář pro projekty a vzdělávání: Meziobecní spolupráce, Praha, 2015, 1.vydání

among the active subjects of regional policy would undoubtedly contribute to better coordination of development at this level within the system of public administration.²

An important factor in regional competitiveness is quality transport infrastructure, especially the connection of the region to the motorway or expressway, or the railway corridor. In recent years, air transport has also become increasingly important for competitiveness and the spread of innovation. In regions where these strategic interconnections of centres are lacking, territorial development and dissemination of innovations are slower and should be supported, for example, by expanding integrated public transport systems, including urban public transport, transfer terminals or building infrastructure for transport at rest.

3. Key determinants of the regional/country governance system

a) Political conditions (strategic level)

The government of the Czech Republic has not yet adopted the bioeconomy as a national strategic agenda and the bioeconomy is not explicitly a part of the main policy documents. The Ministry of Agriculture has issued its own and the agricultural-sector-devoted document of the Bioeconomy Concept in the Czech Republic from the Perspective of the Ministry of Agriculture (2019-2024). The bottom-up initiatives, such as the Bioeconomy Platform of the Czech Republic and BIO HUB CZ strive to activate the policymakers towards better embeddedness of bioeconomy in the Czech sustainable development policy.

The three most important national government policy documents/strategies are described below covering the themes of demographic change, rural development and circular bioeconomy in a broader context.

Name of policy or strategy: Regional Development Strategy of the Czech Republic 2021+ (RDS21+)	
Relation to demographic change	RDS 21+ includes measures to tackle the aging population issue.
Relation to rural development	The Action plans of the RDS 21+ will build on activities included in the Rural Development Concept 2021-2027.
Relation to circular bioeconomy	Circular bioeconomy is not specifically addressed.
Implementation	The RDS 21+ Action Plans are also implementing documents of the Rural Development Concept.
Territorial level	National
Interactions between levels	The national government document is valid for national, regional and local levels.
Relation to S3	The support of application fields and knowledge/technology relevant to the National Research and Innovation Strategy for Smart Specialisation of the Czech Republic (RIS3) is stated in the Strategic Objective 1, especially for innovative SMEs.

Name of policy or strategy: State Environmental Policy of the Czech Republic 2030 with the view to 2050 (SEP)	
Relation to demographic change	Not specifically.
Relation to rural development	The implementation of the SEP strategic goals concerning the rural development will involve the funding from the Rural Development Programme.
Relation to circular bioeconomy	Role of renewable resources for energy; relation of bioeconomy and circular economy; transition towards climate neutrality.
Implementation	In accordance with the planned goals and activities in cooperation with other ministries and public administration on regional and local levels.
Territorial level	National
Interactions between levels	The national government document is valid for national, regional and local levels.
Relation to S3	No

Name of policy or strategy: The Czech Republic 2030 - Strategic Framework for Sustainable Development	
Relation to demographic change	The chapter No. 4 Municipalities and Regions focuses on demographic change challenges and proposes the solutions.
Relation to rural development	The general goals concerning the necessity of integrated tools for rural development and the community-led local development are included.
Relation to circular bioeconomy	The goal is to increase the share of renewable resources for the urban, regional and local energy mix based on further R&D in clean energy. No specific circular bioeconomy focus.
Implementation	The Department of Sustainable Development of the Ministry of Environment will coordinate the implementation based on cooperation between the Ministries and relevant Committees of the Government Council for Sustainable Development.
Territorial level	National
Interactions between levels	The national government document is valid for national, regional and local levels.
Relation to S3	No

b) Legal conditions (operational level)

There is not as yet a specific regulatory frame in the Czech Republic exclusively dealing with the bioeconomy. Similarly, there is not a specific set of regulations for sustainability. The most recent declarative document on sustainability is the Czech Republic 2030 Strategic Framework adopted in 2017. In a broader sense of environmental protection, the Czech Republic implements the EU-approved

legislation in the national regulations within the competencies of the Ministry of Environment, Ministry of Agriculture, Ministry of Industry and Trade, and the Czech Trade Inspection Authority. These authorities and state agencies are responsible for environmental regulations, such as air-pollution prevention (Act No. 201/2012 Coll. on Air Pollution), an inspection of the labeling of products and equipment containing the substances that deplete the ozone layer and fluorinated greenhouse gases (Act No. 73/20125 Coll.), waste management (Act No. 185/2001 Coll. on waste) and duties of timber traders to provide information about their suppliers and customers (Act. No. 226/2013 Coll). The complete overview of Czech environmental legislation forms Annex 1 of the State Environmental Policy of the Czech Republic 2030.^{4,5}

Among the legislation hampering the bioeconomy in Czechia in terms of large-scale growing of bioeconomy-purpose crops, there are Directive 2001/18/EC on GMO and the EU Council Decision 2019/1904 of 8th November 2019 regarding the status of novel genomic techniques (underway).⁶ Further, the regulation limiting the large-scale growing of hemp and its use in food and cosmetics – the Czech Act No. 167/1998 Coll. on Addictive Substances, Regulation (EC) No 178/2002 on food safety, EU Regulation No. 2015/2283 on Novel Food and EU Regulation No. 1223/2009 on Cosmetic Products.

c) Socio-economic conditions

The Czech economy experienced the deepest downturn in Q2 2020 in its history. Gross domestic product (GDP) decreased by 11.0% in real terms year-on-year and by 8.7% quarter-on-quarter. The lowering of the foreign trade with goods and services balance surplus mainly contributed to the very deep economic slump.⁵

The year-on-year slump was very strong in manufacturing. Especially the manufacturing of motor vehicles as well as its associated branches were hit hard. Activity in some branches of services was often directly restricted, which was most apparent in the grouping trade, transportation, accommodation and food service (GVA decreased by 20.5%).⁵

The measures associated with the COVID-19 pandemic manifested on the labour market mainly as the downturn of economic activity in Q2. The average wage fell the most in the strongly hit branch of accommodation, foodservice and restaurants, wages were nevertheless falling also in other services. As a result of the COVID-19 pandemic, the socio-economic situation of many people can be expected to deteriorate due to the negative effects of the incipient socio-economic crisis. These people will need social services and employment support to avoid falling into long-term poverty and social exclusion.

The economic indicators related to the bioeconomy are not publicly available⁹, however the Czech Ministry of Environment takes measures to bridge this gap.

⁴ CELEBio, Country Report:Czech Republic,2020

⁵ Ministerstvo životního prostředí: Státní politika životního prostředí České republiky 2030 s výhledem do 2050, prosinec 2020

⁶ Hájek M., Holecová M, Smolová H., Jeřábek L., Frébort I.: Current state and future directions of bioeconomy in the Czech Republic. *New Biotechnol.* 61, 1-8 (2021) <https://doi.org/10.1016/j.nbt.2020.09.006>

⁹ Czech Statistical Office: The Czech Economy Development Prague, 2020

d) Technological conditions

The bioeconomy has been introduced to the Czech Republic through the H2020 Info Days promoting the BBI JU co-funded calls for projects. These events have been organised by the Technology Centre of the Czech Academy of Sciences, the pioneer of bioeconomy in Czechia, and were targeted mainly at the university/research community. The second and parallel bioeconomy activity was developed by the Ministry of Agriculture being delegated to represent the Czech Republic in the BIOEAST initiative (The Central-Eastern European Initiative for Knowledge-based Agriculture, Aquaculture and Forestry in the Bioeconomy). The bioeconomy research project of BIOEASTsUP is its result. On the academy level, the University of South Bohemia in Ceske Budejovice, respectively its Faculty of Economics, was organising the Bioeconomy Courses (2017-2019) for students and was the co-founder of the Bioeconomy Platform of the Czech Republic (BEP-CZ) established by the Czech Life Sciences University in Prague in 2018. The BEP-CZ attracted a number of members from universities and research institutes, which, together with the participation of Czech partners in bioeconomy-focused European projects (DanuBioValNet, Power4Bio, CELEBio, BIOEASTsUP and GoDanuBio, newly SEALIVE) brought the broader bioeconomy awareness among the Czech academy/research and industry stakeholders. While the academy/research community supports the bioeconomy policy adoption in the Czech Republic and acts also in the Czech government's funded research projects oriented on bioeconomy, the knowledge of bioeconomy of the majority of industrial actors, as well as clusters, remains low. As a result, only one of the 13 Regional RIS3 strategies, the RIS3 of the South Bohemian Region, includes the bioeconomy within the regional specialisation domains. The more efficient and systematic interaction between science and industry in the bioeconomy sectors is still a challenge for the Czech Republic and the opportunity for the GoDanuBio project.

e) Environmental conditions

Both forestry and agriculture are at the forefront of the bioeconomy focus in Czechia under the responsibility of the Ministry of Agriculture. A government-funded applied research project of "Diversification of the Impact of the Bioeconomy on Strategic Documents of the Forestry-Wood Sector as a Basis for the State Administration and the Design of Strategic Goals by 2030" is underway led by the Czech Life Sciences University, with the expected result of the Forestry Bioeconomy Strategy. The evaluation of the CAP via SWOT analysis and setting the goals for the Czech forestry and agricultural sector is the subject of the "CAP Strategic Plan of the Czech Republic for the period of 2021-2027" (under preparation) by the Ministry of Agriculture. The proposed environmental impact measures concern: (i) Agroforestry and afforestation of agricultural land: a higher contribution to reducing emissions and increasing carbon sequestration in the soil by more efficient absorption of GHG; monitoring of carbon sequestration; (ii) Schemes for the environment and climate: maintenance of permanent grassland; grassland limits plowing, the plowing would lead to increase emissions from agricultural land; (iii) Increase the content of organic matter in the soil: measures to improve soil quality. A comment procedure and a debate among stakeholders on the draft CAP

Strategic Plan is currently underway. There are no specific quantitative data available on the CAP measure's contribution to the environment and sustainability in the Czech Republic.¹⁰

4. Stakeholder inventory

The stakeholder inventory of the Czech Republic was created based on the involvement of each stakeholder in some bioeconomic sector. In total there are 62 stakeholders, out of which 13 % belong to the PUBLIC stakeholder group, 26 % to INDUSTRY, 37 % to ACADEMY group and 24 % in the SOCIETY group. The size of the PUBLIC group represented by four ministries, two state agencies, one regional and one local public administration stakeholder, is low because of the missing national policy for bioeconomy in the Czech Republic. Also, their position in the network is isolated, however their importance as the policy decision-makers is crucial for future steps. The South Bohemian Regional Authority is the flagship in orienting the regional smart specialisation to bioeconomy with the intention to establish a Bioeconomy Innovation Platform in the region. Similarly, the municipality of Trebon, is the leader in exploiting biological waste in a biogas installation (since 2011) both for energy and heat generation.

The INDUSTRY stakeholder group is represented by private companies – innovators in the bioeconomy value chains - and clusters. While the companies have a low position in a network – being rather isolated in its uniqueness, they are a very desirable model and example for the others. Cluster are networks by their nature and also, in some cases, they are members of another network/platform, which gives them a stronger position in the network in general. The importance of the INDUSTRY group is very high because of their ability to implement the bioeconomic systems and processes in practice.

The largest group of ACADEMY is formed by universities and research institutes – the stakeholders that perceive the importance of the bioeconomy for the future of the planet. They take part in national and international projects and expand the boundaries of the bioeconomic approach based on the applied research. Their position in the network is very high, some of them are part of several associations, platforms or initiatives. Also, their importance for the GoDanuBio project is high because of influencing the education, research and the next level of the research-based innovation uptake in the bioeconomy value chains.

The SOCIETY group includes the associations and platforms either devoted to the bioeconomy in general or within a specific bio-based industry. The leading position from the point of view of a network is held by the Bioeconomy Platform of the Czech Republic due to its 22 members and their mission of the joint development of bioeconomy policy at the national level.

Stakeholder group	Public
Stakeholder subgroup	Public administration - ministries, regional and

¹⁰ Ministerstvo zemědělství: Strategický plán podpory Společné zemědělské politiky na období 2021-2027 pro Českou republiku, říjen 2020

	local government, state agencies
Position in the network	The position in the network is weak, there are almost no connections but the role of these bodies is crucial because of administrative, legal and strategic development relations.
Importance for GoDanuBio	The importance for GDB is high as these stakeholders are at the policy making level which is responsible for the preparation and implementation of the bioeconomy strategy under a coordinated inter-ministerial cooperation.

Stakeholder group	Industry
Stakeholder subgroup	Private companies and clusters
Position in the network	The bioeconomy leading private companies have low position in the network with almost zero interconnections unless they are members of a cluster. The clusters in bioeconomy industries have a high position in the network with plenty of connections (both in terms of their members and their own membership in other networks).
Importance for GoDanuBio	The companies pioneering the bioeconomy in Czechia serve as the models to follow and learn from. The clusters play an important role for the development of interaction between research and industry in bioeconomy and the general awareness building.

Stakeholder group	Academy
Stakeholder subgroup	Universities and research organisations
Position in the network	Position in the network is very strong as academy and research institutions are actively engaged in bioeconomy development in Czechia.
Importance for GoDanuBio	The academy and research stakeholders are the driving force of the bioeconomy development and its anchoring in the national policy in Czechia.

Stakeholder group	Society
Stakeholder subgroup	associations/NGOs and platforms
Position in the network	Medium position in the network

Importance for GoDanuBio	This stakeholder group is well oriented on the dissemination of new concepts and knowledge sharing, which plays an important role for GDB due to a high impact on the bioeconomy awareness in the Czech society.
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