

EFFECTS OF TERRITORIALY DETERMINED PROJECTS

Methodology for evaluating the territorial impact of interventions/projects

Basic concept of a methodological procedure

This methodology was developed by a consortium of Cassia Development & Consulting, s.r.o. and Berman Group, s.r.o. as the output of research project "TB040MMR002 - Effects of territorially determined projects" of the Technology Agency of the Czech Republic.

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1 Introduction

The methodology for evaluating the effects of territorially determined projects / for evaluating territorial impacts was developed on the basis of a research need of the Ministry of Regional Development of the Czech Republic (MoRD), commissioned by the Technology Agency of the Czech Republic (TACR) under the BETA programme.

The assignment of the research need was formulated as **“Analysis and design of methods and tools usable at the national, regional and local level to identify the development effects of territorially differentiated projects (i.e. impacts of development projects) in typologically diverse territories, – all with a focus on significant projects co-financed by the ESI Funds.**

A broader analysis of the assignment showed that the research need results from the current situation where territorially targeted interventions responding to the specific needs/problems of a particular territory are increasingly required.

There is a growing need to evaluate selected intents/ proposals for projects in terms of their possible impact on the area affected - such evaluation either serves as a basis for deciding on support for the project from ESI funds, or as a basis for local governments to decide whether the municipality will provide support to the given project in the form of renting or selling the necessary land, etc.

The analysis of the initial situation showed that:

- ★ it is necessary **to assess in more detail and intensively** (ex-ante and ex-post) **whether the funds are spent on projects that will have the greatest possible effect in the territory**, or, for example, whether the intended project is likely to have a negative effect greater than the positive effect, etc.
- ★ especially for projects of greater importance, there is a **growing need for ex-ante evaluation of the full range of possible impacts** - both their positive and possible negative aspects in space and time
- ★ **Currently, the territorial dimension is evaluated only exceptionally**; although various tools (CBA, feasibility studies) are used in the evaluation of existing projects, the methodologies for such types of evaluation do not explicitly include a territorial dimension.
- ★ **It is necessary to create methodological instructions** (using existing materials), **which will be specifically focused on evaluating the territorial dimension and will allow evaluations to be mutually comparable** and usable both for comparing various projects and for deciding on specific investment plans, e.g. at the level of individual municipalities.

With regard to the above, the methodology specifies and describes a procedure for a qualified estimation of territorial impacts of projects that have a varying thematic (sectoral) focus, with a view to covering a wide range of different impacts (economic, social, environmental). In addition to the interdisciplinary applicability of the methodology, i.e. the possibility to use the methodology for evaluating the territorial impacts of projects of basically any thematic focus and both of an investment and non-investment nature, another aim was the possibility to use the methodology at various stages of project planning and preparation. That means to enable evaluation both in the "intent" phase, when the municipality/city or potential investor is only considering the possibility of implementing the intent without specifying its content and technical feasibility and without having the project design documentation drawn up and obtaining the various permits, etc., and in later stages, e.g. in the phase after completing the documentation for the building permit, preparing a detailed item budget of the project, etc.

The main task was to design an ex-ante evaluation so that the methodology can be used for preliminary estimation/ assessment of territorial impacts of prepared project proposals to be supported mainly from ESIF, nevertheless, the proposed methodological procedures allow, under certain conditions, the methodology to be used also for ex-post evaluation of implemented projects and retrospective verification of real territorial impacts resulting from their implementation.

From a methodological point of view, the methodology is inspired by (i) the general principles of territorial impact assessment (TIA) which has been used for a long time, especially at the EU level, to assess the impacts of sectoral policies, (ii) the principles of regulatory impact assessment (RIA) which is used in the EU and in the Czech Republic to assess the impact of legislative proposals, and (iii) makes a specific use of the principles of cost-benefit analysis (CBA).

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The partial procedures of the three approaches are modified, combined and supplemented with new procedures into a comprehensive, widely applicable methodological procedure for the assessment of territorial impacts at the project level, or under certain conditions at the programme level. The methodology is based on a comprehensive geographical view of the territory, takes into account the hierarchical character of the territory and settlement structure and the typological differences of individual territories, it reflects the complex interconnection of the individual components and elements in the territory, uses geographical regularities in the territorial arrangement and takes into account the unique nature of each intervention.

2 Why should territorial impacts be assessed

The need to assess more intensively the impact of development projects on the territory stems both from the need of the Czech public administration and from the growing emphasis of cohesion policy on the territorial effect of interventions. In both cases, it is a need to identify and assess the consequences of public interventions, which may not be obvious at first sight, which are incidental to the objectives of the intervention but may be significant, or which may vary according to the territory in which they are operated.

The assignment implies the need to use the methodology for differently sized territories and for different levels of administration and the need to apply it in territories of different types, with different characteristics. MoRD wants to offer to local governments and bodies at the central level a methodology that will make it possible to assess in greater detail whether funds are spent on projects that will have the greatest effect in the territory or whether the intended project is likely to have a negative effect greater than the positive effect in some territories. **By offering the methodology, MoRD also wants to motivate the individual levels of public administration to consider the territorial impacts of their interventions and to assess them more formally.** The methodology was prepared mainly for the purpose of ex-ante evaluation of projects, but it is equally usable for ex-post evaluation of projects.

A requirement that was not explicitly stated in the assignment, but which follows from it, is to create a methodological guide that will enable the evaluations to be more mutually comparable than at present. This will make the evaluations usable for comparing similar projects with each other or for comparing the impacts of one project (or one type of intervention) in typologically different territories.

Another requirement was the possibility to use the methodology for the evaluation of various types of projects, such as infrastructure investments or projects on human resources development. Different types of projects have different effects in the territory, therefore they affect different characteristics in the territory, have different territorial projections and, as a result, have a different composition of impacts, depending on the nature of the project. The proposed methodology must be, therefore, widely applicable, it must be universal to some extent as suggested in the assignment.

The aim of the research plan was to create a methodology that facilitates objective evaluations of projects in terms of their territorial impacts, which will be as comparable as possible for different projects of the same/ comparable type (i.e. projects of the same or similar sectoral/ thematic focus or similar importance).

Another goal that followed from the assignment was to design procedures that would be at least partially standardized to ensure that similar projects are evaluated in similar ways, or that similar procedures will be used in their evaluation, leading to the selection of similar impacts, and these impacts will be assessed in a similar way. Given the complexity of the environment in which projects are implemented and the diversity of the projects themselves, where even a small difference in the project design can lead to different impacts, it is clear that the evaluation will always depend to some extent on the expertise, diligence and honesty of the evaluators. The proposed methodology will guide the evaluators through the evaluation, using the same steps and direction. At each step, it provides evaluators with guidance on how to carry out that step, which on the one hand helps the evaluators, on the other hand limits their choice and contributes to the comparability of the results. It is then easier for the users of the evaluation, for the contracting authority, to assess whether the evaluation has not deviated from the required procedures and whether the evaluation takes into account all important facts.

In this context, the proposed methodology is a tool that serves several purposes:

- It makes it possible to evaluate projects or more generally interventions according to their effects in the territory, what changes (positive and negative, direct and indirect, intended and unintended) they can cause in the territory, in which thematic areas, in which sub-territories and to what extent. Using the proposed methodology, it is possible to describe, assess and compare the various impacts of one intervention in the territory.

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- Based on the evaluation, public (and private) entities, especially cities, municipalities, regions, ministries and their organizations, will be able to decide more easily whether or not to implement the intervention, not only based on its declared objectives but based on various impacts of the intervention in the territory.
- It makes it possible to decide whether any or which project from a certain selection (number of submitted applications to a certain grant programme) has a greater effect/benefit in the territory, contributing to a certain goal.
- It enables qualified selection of projects/intents or their variants (comparison of 2 or more variants), which represent the most effective solution not only in terms of costs and benefits in the area that the investor/implementer wants to address, but in terms of costs and benefits in relevant territories that are affected by the intervention and that may, in individual cases, differ from the territory which the investor/implementer envisages for the objectives of the project.

3 Description of the methodological procedure

3.1 Basic concept of the evaluation

The evaluation procedure is based on several basic assumptions which result from practice in the preparation and implementation of development plans and their assessment, and which were identified in an analysis of the current situation, namely:

- Not every project implemented in the territory can affect the territory in some way, moreover, many projects have such a negligible effect and impact on the territory concerned that it is not necessary to specifically evaluate and assess it = the need to create a methodology that can distinguish projects the territorial impacts of which do not need to be assessed because the projects cannot have any territorial impacts or the expected territorial impacts are minimal (e.g. projects of thermal insulation of the municipal authority office, revitalization of the village centre, reconstruction of a local service road, etc.)
- A large part of the intents should be and probably will be assessed at the stage of preparation, often before starting the preparation of the actual project. At the beginning, very limited information will be available about the intent = at least in the initial decision-making, the methodology must be applicable even in a situation where only limited information is known about the intent, and that information should be sufficient for the initial decision whether a detailed assessment of the intent is needed or not.
- The impacts of projects can vary greatly and their occurrence and scope is not determined only by the size of the intent/project (both financial and physical), but also by the nature of the project and especially its location in the territory = the methodology must allow
- In order for the evaluation to be meaningful, it must be methodologically unified enough so that it is realistic to compare the resulting evaluations and so assess which project/intent has a smaller negative or greater positive impact on the territory;

Before it is possible to assess the territorial impacts of the intent/project concerned, it is first necessary to assess whether it is an intent that has the potential to cause any changes in the territory, or to identify the possible extent of those changes.

In the context of the above, the methodology is a tool that will allow the user to assess in the first phase whether the project may have any territorial impacts, or how large. In cases where the evaluator finds a probability of territorial impacts, he then specifies the procedure to identify, describe and evaluate them. All of the above is carried out so that the final evaluation is as objective as possible.

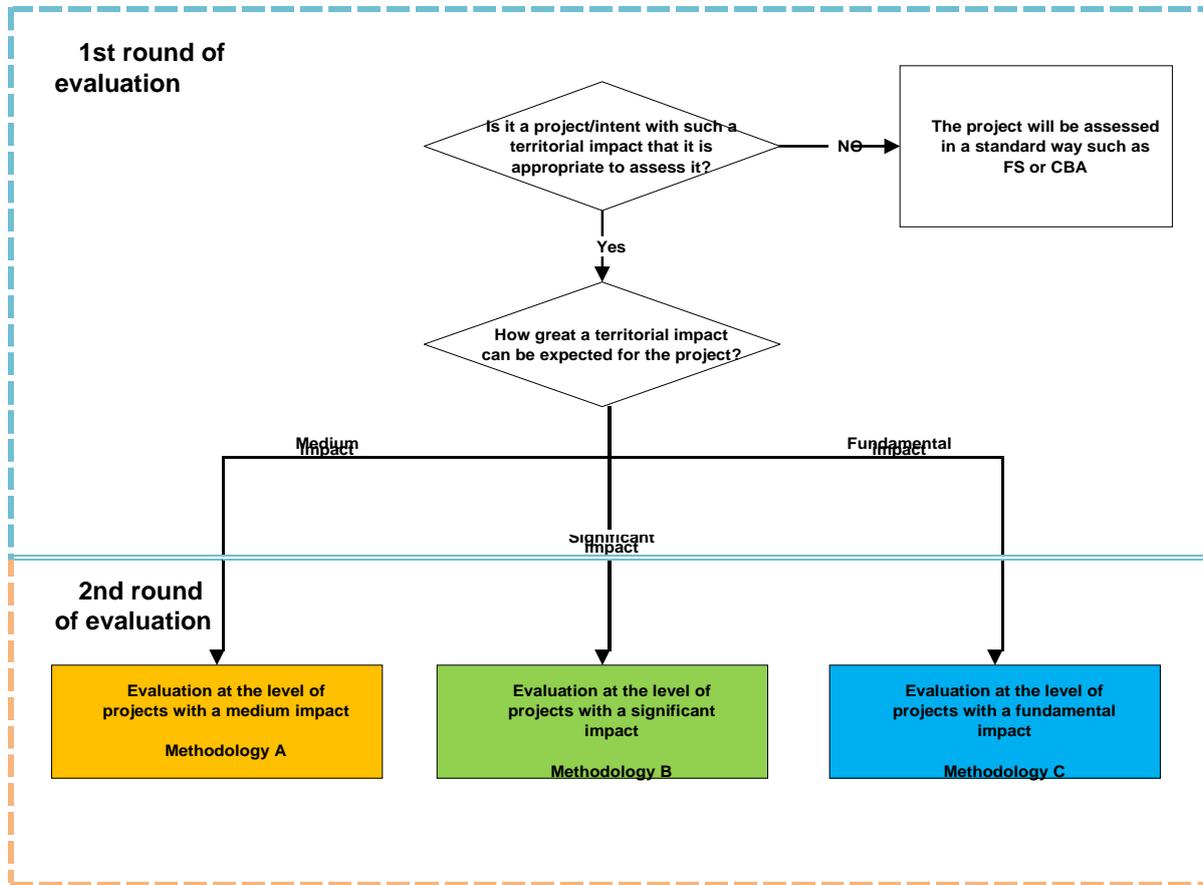
Therefore, **the evaluation** has **two rounds**, the first round of evaluation determines whether it is a project that may have any significant territorial impacts and it is appropriate to assess it in more detail, or whether it is a project that has no or negligible territorial impacts that do not need to be assessed further.

This **basic assessment** can be performed by any employee dealing with territorial development or investment in the given territory/ city. The first round of evaluation should thus enable individual municipalities and territorial units to assess whether it would be appropriate to assess their intent in terms of territorial impacts and at the same time determine how detailed the evaluation should be.

The second, follow-up round of the evaluation concerns only projects where the need to assess in more detail the possible territorial impacts was identified in the first round. This round already contains the actual assessment of the territorial impacts, which requires specific knowledge of the individual thematic areas that will be affected by the project. This stage will, therefore, require the use of expert staff of the authority/entity, if available, or the use of specialized experts who focus on and have sufficient experience with similar evaluations.

A simple diagram of the evaluation process is shown in the following figure.

Figure 1 - General scheme of the methodological procedure



The methodology does not replace tools such as feasibility study and does not take into account whether it is appropriate or possible to implement the project in terms of financial or economic return. Nor does it take into account whether or not the project can be implemented according to existing applicable standards (compliance with spatial planning documentation, environmental legislation, etc.) and **does not replace** other project assessment and authorization processes such as **SEA or EIA, or project assessment in the context of spatial planning documentation etc.**

The purpose of the methodology is to provide users with a tool that shows in an open and comparable way how the territory and its components or conditions will change for the individual groups of entities operating in it provided that the project is implemented, points out all relevant costs and benefits and allows an independent reader of the resulting evaluation to assess and compare them.

The presented methodology thus represents a tool that can be used to show how a given project (or public intervention) will be reflected in the territory, what kind of consequences the project will have and how they will manifest in the individual components or characteristics of the territory, and to calculate or qualitatively estimate the scope and significance/severity of the expected impacts. The methodology thus aims to provide answers to the questions:

“If the project were implemented, what would change in the territory and how would it change?”

3.2 Evaluation of the project's significance - 1st round of evaluation

As has been stated above, before it is possible to assess the territorial impacts of the intent/project concerned, it is first necessary to assess whether it is an intent that has the potential to cause any changes in the territory, or to identify the extent of those changes.

That assessment is made through the 1st round of evaluation, identifying whether or not a project can generate any territorial impacts. The assessment is made in the form of an evaluation of the following socio-economic aspects of the project/ intent:

- Potential impact on employment
- Potential impact on the environment
- Potential impact on transport in the territory
- Potential impact on the market and competition in the territory
- Potential impact on quality of life and the offer of public services
- The character and quality of the intent/project

It is always important not only whether the project will have any impact on the aspect, but also to what extent, i.e. how great an impact can be expected. For selected aspects, it is therefore necessary to take into account in what territory the project is located and whether employment will be affected, for example, in a regional capital, or in a rural or a peripheral area, or what is the size of the territory where the aspect will be affected, e.g. whether the transport will be affected only locally or at the level of the whole region¹.

Despite the fact that these are relatively specialist questions at first glance, they should be answerable by the mayor of a smaller municipality, or an employee responsible for development, spatial planning or investment, who has at least basic information about the planned/assessed intent and knows his municipality and the surrounding territory.

By evaluating the basic information about the project and its possible impact on selected socio-economic aspects, it will be decided whether the project may have territorial impacts, or how large these impacts can be expected. This influences the general decision whether it is appropriate to evaluate the project further, but also how. A project, the subject of which is the construction of a production hall in a small town of 5 thousand inhabitants and which will create 20 new jobs, has demonstrable impacts on the territory concerned because it will affect transport and employment in the territory, but the impact on employment will be rather small and transport will be affected rather locally, so it is a project that can have territorial impacts but of a smaller scope.

It does not make sense to evaluate such a project in a detailed procedure that will explore possible impacts on suppliers and customers and the impact on other entrepreneurs in the territory, etc. To assess its territorial impact, it will be sufficient to make a simple evaluation of selected key impacts that can be the most significant in the project. In addition, the evaluation will suffice in a simplified form, based on simple surveys in the territory or on an expert estimate of the evaluator who knows the territory and is sufficiently familiar with the project.

In the next steps, **the methodology** therefore distinguishes **three main types of impacts** based on how strong the territorial impact can be expected, namely:

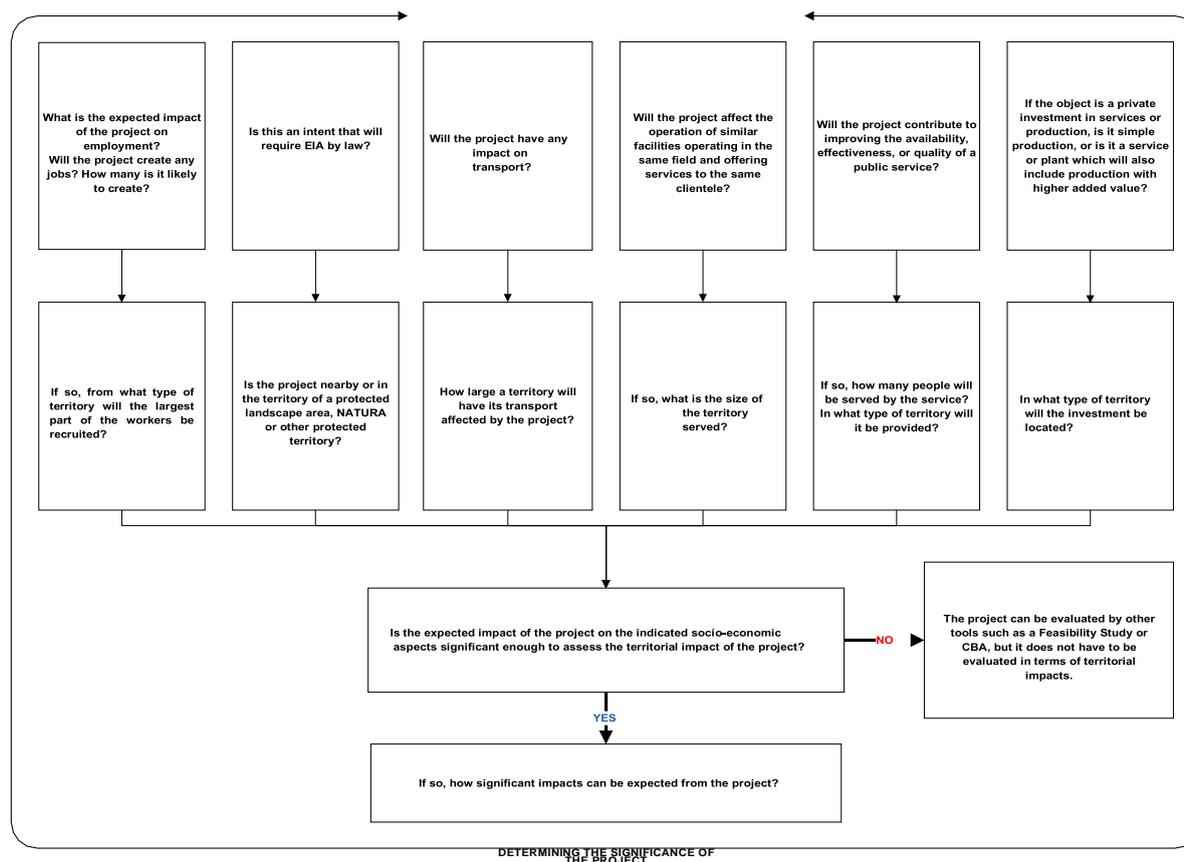
- Projects with a medium impact (Category A)
- Projects with a significant impact (Category B)
- Projects with a fundamental impact (Category C)

The output of the first round of evaluation is thus not only determining whether the project may have any territorial impacts, but also determining how significant the impacts may be and whether the project falls within category A, B or C.

A simple diagram of the evaluation process in the 1st round is shown in the following figure.

¹ A complete table for evaluating the significance of the project is attached as Annex 1 to this summary

Figure 2 - Illustration of the evaluation process in the 1st round



If after the first round it is decided that the project has no territorial impacts or the impacts are so insignificant that they cannot significantly affect the territory concerned, the project is not evaluated further or a more detailed territorial impact assessment of the project is not required. The project can be further assessed in other ways, such as a feasibility study, cost-benefit analysis, etc., but it is not necessary to carry out a specific assessment of its impacts on the territory.

3.3 The actual assessment of the territorial impacts of the project - 2nd round of evaluation

If it is decided after the evaluation in the first round that it is a project that has or may have some territorial impacts and that, in addition, the impacts should be further evaluated, the so-called second round of evaluation is carried out, actually assessing the impacts in the territory.

With regard to the above, this procedure is divided into 3 variants which correspond to the expected significance of the impacts that the project may cause in the territory. The individual variants, hereinafter referred to as **Methodology A**, **Methodology B** and **Methodology C**, differ mainly in the level of detail required for each variant, both in terms of the required information and depth of evaluation, and in terms of requirements for the number of impacts that should be evaluated in the given project falling into the respective category.

The aim of this division is to take into account the extent of impact the project can have in the territory and so ensure that the evaluation corresponds to the "significance" of the project and of its possible impacts on the territory concerned.

The user of the methodology will therefore always proceed according to the part of the methodology that corresponds to the result of the evaluation from the first round of evaluation. In the event that the project was included in category A after assessing the potential impact on the territory, the subsequent evaluation will be performed according to the procedure set out in Methodology A. If the project has been classified in Category B, the evaluation will be carried out according to the procedure set out in the methodology section marked Methodology B and if the project has been classified in Category C, the impacts will be assessed according to the methodology marked Methodology C.

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The individual parts of the methodology are distinguished by a coloured stripe on the side of the page for better orientation. The methodological procedure is described in such a way that the user of the methodology does not have to use any part of the methodology other than the one that corresponds to the category of the evaluated project.

The factual procedure of the assessment of territorial impacts is divided into several partial steps. The first step of the evaluation requires a **description of the project using the Theory of Change**. The Theory of Change in this case is a guide that determines exactly what the project description should include. The evaluation of the territorial impacts of a project does not only require facts on what will be built/acquired and for how much money but also an exact determination of who will be affected by the project and how, how large is the territory that will be affected and how will it be affected, what are the determining factors that need to be met in order for the project to work, etc.

In close connection with the elaborated description of the project, the evaluator will identify the **target groups** or groups and entities that will be affected in any way by the project. Here, too, it is important not only what group it is and how it will be affected, but also how large the group is, in what territory the affected group spreads, or, for example, whether the project will have the same effect on the whole group or whether it will have different effects on selected parts of the group, for example with regard to the territory in which the group is located, or with regard to how large the group is or what its sub-characteristics are. An example can be a group of urban and rural entrepreneurs, and a project enabling access to selected public administration agendas via remote internet access, which will have a greater impact on rural entrepreneurs who have so far been forced to travel to the nearest city to arrange those agendas than on entrepreneurs operating directly in the given city, for whom the service has so far been "around the corner".

Using the above description of the project and a description of the target groups and stakeholders, the evaluator will, as a next step, **evaluate which impacts may occur in the project and to what extent**. For this purpose, the **so-called impact matrix** is attached to the methodology, containing the most common types of impacts that can occur in the territory as a result of various types of projects and interventions in general.

Using a detailed description of the impact and the so-called leading questions for each impact, the evaluator will determine how likely the impact is to occur, what is the expected intensity of the impact and how large a territory or population will be affected by the impact. This step will determine which of the impacts are irrelevant to the project/ intervention, which are not relevant because they may occur but the probability of that is very small or the resulting expected intensity is negligible. The other impacts will then be divided into 3 categories, namely impacts of small, medium and large significance.

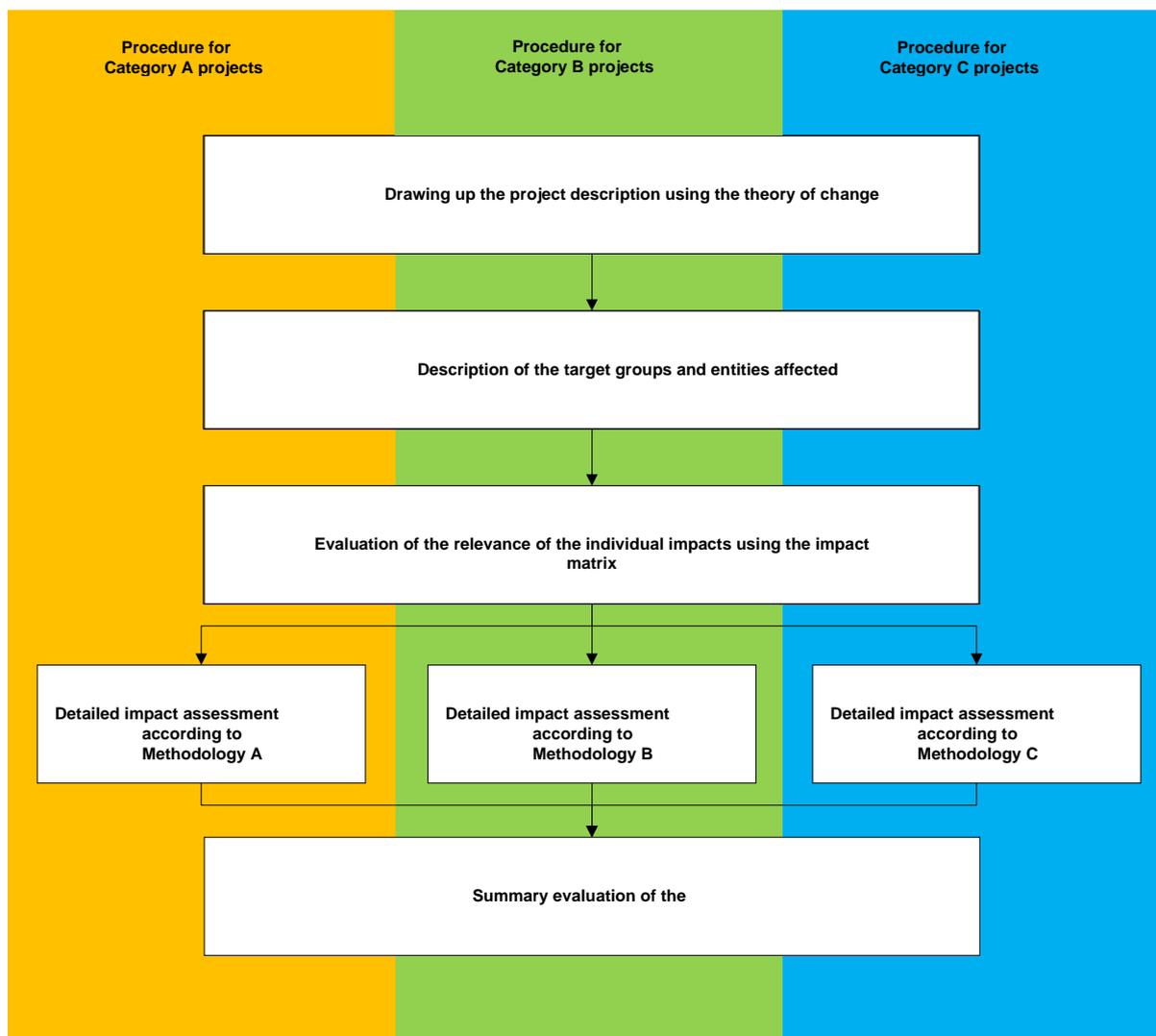
In order to ensure that the individual evaluations are retrospectively "verifiable" and that it is possible to compare two evaluations of two similar projects implemented e.g. in two different territories, the methodology requires from the evaluator to assess the above relevance of the individual impacts for all impacts included in the impact matrix.

The evaluation will then indicate how the assessment was carried out and how the individual impacts were assessed and divided into selected categories.

Impacts that were identified as relevant in the performed evaluation are subsequently evaluated according to the methodological procedure for the given project category, i.e. for category A, B, or C.

A simple diagram of the evaluation process in the 2nd round is shown in the following figure.

Figure 3 - Illustration of the evaluation process in the 2nd round



As is clear from the above diagram, the results of the evaluation of individual impacts are then summarized in the **summary evaluation of the project**, which describes the results of the sub-evaluations and contains all important aspects that need to be taken into account when interpreting the evaluation.

The individual types of impacts are very diverse, and not all impacts can be quantified or converted into monetary terms in a simple way. Therefore, the summary evaluation will not be presented in the form of one table or one final number, but in the form of a coherent text describing the expected impacts of the project on the affected territories.

In view of the above, it cannot be expected that the result of the evaluation will be a YES/NO answer, meaning the project can be recommended or not. The aim of the evaluation is not to achieve such an exact assessment of the project, but to draw up a document that will enable the contracting authority to consider/decide more easily on what opinion to take on the given project/intervention.

4 Final summary

As already mentioned in the introduction, the aim of creating the methodology was not to write an exact procedure that would clearly define how to evaluate this or that impact exactly and facilitate a simple decision whether to support or implement a project or not. Due to the diversity of projects and the diversity of the territories in which the projects are implemented, such a tool cannot, in principle, be constructed. The specific procedure must always be adapted to the nature of the intervention/project and the territory in which the project is located or in which it is to be implemented. However, it is still appropriate to maintain a uniform approach to determining what impacts may occur, or at least a framework approach to how the individual impacts will be assessed.

Thanks to this unifying procedure, it is possible, despite the mentioned differences, to compare individual projects and their evaluations with each other in order to say which of the projects has a greater positive or less negative effect for the territory, or to check the evaluation retrospectively to make it clear that the evaluator did not omit any of the impacts that may be caused by the project.

The methodology is a very effective support tool that will show project holders or users of the methodology the appropriate way to look at projects, to approach their assessment and to obtain information about the project and its possible positive or negative impact on the territory.

5 Annex 1 - Underlying table for the Evaluation of the Significance of the Project - 1st round of evaluation

Possible impact on employment in the territory

In the area of "**Employment**", the user assesses the impact of the project based on 2 criteria, namely: 1) in terms of the number of newly created or lost permanent jobs, and 2) in terms of the prevailing type of territory from which the decisive part of employees will be recruited for the jobs created by the project or in which jobs will be lost due to the project.

For each of these criteria, the user chooses one specific variant of the answer and the corresponding score (e.g. if it can be expected that the implementation of the project will create up to about 10 jobs, option 1-19 will be selected, i.e. the project will receive 2 points in the assessment of impacts on the number of jobs created; in terms of the nature or location of the project, its main impact on job creation is expected in rural areas - i.e. 4 points will be awarded).

The overall score for the impact on employment is the **sum of points allocated for each of the criteria** - i.e. the sum of points for the number of jobs created (lost) and points for the type of territory from which the majority of employees will come.

In the event that no jobs are created (or lost) within the project, the project will be scored zero in the first criterion, and logically the product of both criteria will also be zero as the total score in the area of "Employment" (i.e. in the case that no jobs will be created or lost as a result of the project, the area is irrelevant from the point of view of the evaluation).

Table 1 - Criteria, answer options and scoring in the "Employment" area

Sequence No	Main category / sub-question	Answer options	Scores for the options	Project evaluation	
1	Employment				
	Number of permanent jobs created/lost (how many jobs can the project bring / how many jobs can be lost as a result of the project)?	0	0		
		1-19	2		
		20-49	4		
		50-99	6		
		100-499	8		
		500+	10		
		Category/type of territory - Where will the majority of employees be recruited from?	across the region	3	
			periphery	5	
			rural area	4	
			micro-regional centre and its hinterland	3	
	regional centre and its hinterland		2		
		inter-regional centre and its hinterland	1		
	Overall evaluation of the impact on employment			0	

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Potential impact on the environment

As part of evaluating the "**Environment**" area, the user will assess whether the project 1) falls within the list of project intents subject to EIA and 2) is located in a territory with a special protection regime. The final score in the given area will be the **sum of the points awarded** in the answers to both of the questions / for both of the criteria.

Note: The assessment of whether the project falls within the list of project intents subject to EIA will be performed using Annex 1 to Act No 100/2001 Coll., on Environmental Impact Assessment, as amended, which contains an overview of project intents always subject to the assessment and intents requiring a screening procedure. In case of persistent uncertainties as to whether the intent is subject to EIA or not, it is desirable to consult the authorities concerned, i.e. the Ministry of the Environment or regional bodies (environmental departments of regional authorities).

The assessment of whether the project is located in an area with a special protection regime will be performed using existing map materials or information in spatial planning documentation, etc.

Table 2 - Criteria, answer options and scoring in the "Environment" area

Sequence No	Main category / sub-question	Answer options	Scores for the options	Project evaluation
2	Environment			
	Does the project fall within the list of intents subject to EIA?	Yes No	10 0	
	Is the project located in the territory or immediate vicinity of the NATURA, protected landscape area, national park, protected area of natural water accumulation, nature park, or near another area with a protection regime?	Yes No	5 0	
	Overall evaluation of the impact on the environment			0

Possible effect on transport

The impact of the project in the area of "**Transport**" will be assessed by the user by answering the question whether and, if so, on how large an area the project implementation will affect transport. This is to identify the territory on which the project has a **primary impact** in terms of transport - traffic flows and their intensities (e.g. reconstruction of a class III road between a rural area/hinterland and a centre/district town may have a partial impact on traffic on downstream roads of higher classes - it can be expected that a part of traffic flows will head to higher administrative centres (e.g. regional capitals) - nevertheless, the primary impact in terms of traffic flows and their intensity can be expected in the relation "hinterland - centre/ district town", i.e. at the micro-regional level).

Table 3 - Criteria, answer options and scoring in the "Transport" area

Sequence No	Main category / sub-question	Answer options	Scores for the options	Project evaluation
3	Transport			
	Will the project have any impact on transport in the territory concerned? If so, how large a territory will have its transport affected?	No Yes - local (community/town) Yes - microregional (municipality with extended powers, a large town + nearest hinterland) Yes - regional (region or a majority of the region)	0 2 4 6	

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Sequence No	Main category / sub-question	Answer options	Scores for the options	Project evaluation
		Yes - inter-regional (more regions)	8	
		Yes - national (the whole of the Czech Republic) or transnational	10	
	Overall evaluation of the impact on transport			0

Possible impact on the market/competition

In the "**Market/Competition**" area, the user will assess the magnitude of the potential impact of the project (either positive or negative) on the competition in the market; the magnitude of the impact will be again expressed by the size of the affected area.

Table 4 - Criteria, answer options and scoring in the "Market/Competition" area

Sequence No	Main category / sub-question	Answer options	Scores for the options	Project evaluation
4	Market/competition			
	Will the project positively or negatively affect the functioning of a similar facility, or a facility operating in the same field/area and offering services to the same target group/clientele? If so, what is the size of the territory served?	No	0	
		Yes - local (community/town)	2	
	<i>Will the implementation of the project affect the supply of or demand for a certain type of goods/services in a territory where such products are already offered to the same target group by a certain facility? If so, what is the size of the territory served?</i>	Yes - microregional (municipality with extended powers, a large town + nearest hinterland)	4	
		Yes - regional (region or a majority of the region)	6	
		Yes - inter-regional (more regions)	8	
		Yes - national (the whole of the Czech Republic) or transnational	10	
	Overall evaluation of the impact on the market/competition			0

Possible impact on the quality of life in the territory/ change in the offer of public services

When evaluating the area "**Quality of life / change in the offer of public services**", the user assesses the extent to which the project will contribute to changing (improving or deteriorating) the availability or quality of a certain public service. This area of evaluation is therefore **relevant only for interventions (projects) focused on the offer of public services**. The term "public service" needs to be understood not in terms of ownership, but **in terms of expanding the range of services primarily for the inhabitants or visitors of a particular territory** (e.g. expanding the amenities). In terms of the project's relevance, the **decisive aspect is not the entity of the owner but the nature of the intervention** (in other words, the investor or operator of the service may be a private owner, but the decisive fact is whether the nature of the investment contributes to improving the quality of life/ supply of infrastructure and services for the population

- for example, an aquapark operated by a private investor expands the offer of sports and recreational activities for residents or visitors to the town/region, and therefore the evaluation in the given area is relevant for the project; on the contrary, for example, the construction of an industrial plant is irrelevant in the context of the above).

Basic concept of a methodological

The impact of the project in the given area will be assessed by the user based on 2 criteria, namely: 1) the number of inhabitants affected, and 2) the prevalent type of territory in which the service will be provided. The overall score of the impact represents the **sum of the points awarded in each of the criteria**.

Table 5 - Criteria, answer options and scoring in the area "Quality of life / change in the offer of public services"

Sequence No	Main category / sub-question	Answer options	Scores for the options	Project evaluation
5	Quality of life / change in the offer of public services (question only for public projects/ projects focused on public infrastructure and services) Will the project contribute to improving or deteriorating the availability, effectiveness or quality of a public service? Approximately how large is the population to be served by the service, or how large is the population already served by the service? Category/type of territory in which the service will be / is provided?	No	0	
		Yes - up to 500 inhabitants	2	
		Yes - 500 to 1 999 inhabitants	4	
		Yes - 2 000 to 9 999 inhabitants	6	
		Yes - 10 000 to 49 999 inhabitants	8	
		Yes - more than 50 000 inhabitants	10	
		across the region	3	
		periphery	5	
		rural area	4	
		micro-regional centre and its hinterland	3	
regional centre and its hinterland	2			
inter-regional centre and its hinterland	1			
	Overall evaluation of the impact on improving public services			0

Possible influence on the character/ quality/ progressiveness of the investment

In the area "**Character and quality/progressiveness of the investment**", the user evaluates the nature of the intent/investment in terms of innovativeness and potential to contribute to the economic development of the territory. The evaluation focuses primarily on distinguishing whether the jobs created relate only to "assembly plants", or operations with higher added value and innovativeness, which have the potential to attract skilled workforce to the territory.

In principle, the evaluation concerns only private corporate investments or investments in the development of research centres (including public ones).

Public service interventions - which have earned points in the evaluation of the previous socio-economic area - are irrelevant for this area and will not be evaluated.

The final score in the area will be the **sum of the points awarded** in the answers to the questions/criteria related to 1) the type of activities, and 2) the location of the project. If the project receives a zero score in the first criterion (type of activities), the location of the project will not be scored - i.e. the project will receive a total of 0 points.

Table 6 - Criteria, answer options and scoring in the socio-economic area "Character and quality/progressiveness of the investment"

Sequence No	Main category / sub-question	Answer options	Scores for the options	Project evaluation
6	Character and quality/progressiveness of the investment	Science / basic research	2	
		Design/ industrial research/ development	2	
		Production/ assembly/ distribution	0	
		Marketing/ sales and after-sales services	2	
		Management centre/ HQ	2	
	What activities and at what stage of the production chain will be located in the territory thanks to the implementation of the intervention?	across the region	3	
		periphery	5	
		rural area	4	
		micro-regional centre and its hinterland	3	
		regional centre and its hinterland	2	
Where is the project located?	inter-regional centre and its hinterland	1		
	Overall evaluation of the impact on the character of the investment		0	

Although the breakdown and evaluation described above is a very simplified view of the evaluation of possible socio-economic aspects of the assessed intent/ project, it is a sufficient tool to determine in a simplified and quick way whether it is a project with no expected territorial impacts, a project with expected medium territorial impacts, a project with expected significant territorial impacts and a project with expected fundamental territorial impacts.