

Case Study

Ministry of Environment, Czech Republic

Alpha Management Consultants in association with David Smith Associates managed and implemented a programme of work for the Ministry of the Environment in the Czech Republic. The programme was sponsored by the EU through the PHARE programme.

The objective of the programme was to improve the quality of the environment in the Czech Republic by supporting commercial investments by SMEs in water and air pollution prevention. Earlier findings had established that many environmentally worthwhile projects were not commercially viable without external support.

The criteria to be satisfied in developing the methodology for providing the support were as follows:

- Recipients of grants and loans must be SMEs
- They must propose environmentally worthwhile projects that improved also their own business performance
- Grants and soft loans would be provided through the PHARE programme directly
- The Ministry should be freed from the burden of project evaluation and management

Alpha Management Consultants devised a methodology that involved the following steps:

- Requests for environmental projects were advertised
- Initial vetting was carried out against simple criteria by the Ministry
- Projects passing the initial vetting were evaluated by separate financial/commercial and environmental experts
- These experts were drawn from two panels established by the Ministry/PHARE
- A Czech bank was appointed to award a mixture of grants and loans and to manage the disbursement of PHARE funds against project performance
- PHARE loans were matched by the bank's own loans to ensure commercial viability
- Tight limits were set for the total values of grants and loans and the proportion of project cost
- Rigorous monitoring of project progress and expenditure was carried out
- Post project assessment of benefits would be made at a later date

The methodology developed was highly regarded by PHARE officials and it was suggested that it could be used elsewhere in the region and in different sectors to ensure that funds were managed efficiently by organisations that were competent to do so.