



EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Praha – pól růstu ČR



AD HOC EVALUATION – THE ANALYSIS OF ABSORPTION CAPACITY OF OPERATIONAL PROGRAMME PRAGUE – GROWTH POLE OF THE CZECH REPUBLIC

Final Report

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1. Executive Summary

The objective of ad hoc evaluation is the analysis of absorption capacity of Operational programme Prague – Growth Pole of the Czech Republic (OP PGP), the identification of causes of unspent allocations of the announced calls in the priority axis 3 and 4 for given specific objectives 3.2, 4.1 and 4.3 and identification of project plans with specific objectives 4.1 and 4.3. Analysis of the absorption capacity is one of the measures of enhanced risk management OP PGP set for February 1, 2016.¹

The evaluation was based on the analysis of documents and data of individual calls OP PGP and semi-structured interviews with eligible applicants and experts. To analyze the calls for projects of selected specific objectives 3.2, 4.1 and 4.3, a questionnaire survey among eligible applicants was implemented. Findings from the data collection and the research were reviewed by external experts and specialists for each priority axis within the expert panel. During the evaluation of the absorption capacity progress and interim results were consulted with the project owner, including commenting on the upcoming outputs. The main deliverables are the Research work plan, Draft of the final report, the Final report and Presentation of findings and recommendations to the members of the Planning Commission for the implementation of OP PGP to 20. 7. 2016. The evaluation was conducted in the period from 18. 5. 2016 to 21. 7. 2016 followed by amendment procedure. Implementation of the absorption capacity evaluation was conducted by a team of experts from EVASCO Ltd.

1.1 Mapping of the current state of the absorption capacity in individual priority axes

Existing deficit of disbursement within the framework of open calls of OP PGP is largely caused by an overall delay of approval of the programme and the commencement of its implementation. The resulting delay is in no way taken into account when setting the milestones of the programme. The analysis of barriers of absorption capacity of individual priority axes brought the following findings:

- In Priority Axis 1 "*Strengthening research, technological development and innovation*" is one of the main barriers to absorption of allocated funds the participation of local and regional institutions in the specific objective 1.1. Public awarding authorities are not adequately prepared for active and progressive participation in the programme (eg. in the areas of creating innovative culture in the institutions and in formulating innovation needs). From the interviews it was also shown that the potential applicants such as research organizations do not have adequate and timely information about specific innovation needs of public institutions. The main prerequisite for the successful implementation of financial and performance milestones of Priority Axis 1 is to achieve a simplified procedure in the administration so called Innovation vouchers. Milestones in 2018 will be achieved

¹ The Ministry for Regional Development Czech Republic, the National Authority for the management and coordination of the Partnership Agreement (MRD-NCA), ranked OP PGP within the operational programmes in the category of high-risk programmes, to February 1, 2016, based on risk assessment for 2015 (information included in the Annual report on the implementation of the partnership Agreement). The main arguments include the non-fulfilment of material and financial milestones in 2018, the lack of absorption capacity in Priority Axis 4, a low volume of calls planned until the end of 2016 and unstable administrative capacity. Another risk assessment is currently underway using data to 30. 6. 2016.



only if there is an effective preparation and observance of the currently planned schedule for preparation of projects in the relevant calls no. 9 and no. 11.

- In Priority Axis 2 "*Sustainable mobility and energy savings*" greatly increases the difficulty of project preparation, the focus of aid on technologically advanced measures (smart buildings), which combined with high administrative burdens associated with the preparation and the project management weakens the motivation of applicants - especially where there is possible to implement projects without technologically advanced measures for funds from the current budget of the City of Prague. Achieving financial and substantive milestones of Priority Axis 2 is currently dependent on the acceleration of the process of projects preparation for existing calls. A critical success factors are, particularly, measures on the part of applicants, leading to the systematic preparation of projects. The fulfilment of substantive milestone the number of new parking lots P + R is according to the conducted investigation problematic, especially given the uncertainty surrounding the implementation of large objects P + R.
- In Priority Axis 3 "*Promoting social inclusion and combating poverty*" one of the main barriers of absorption is the inappropriate timing of the calls and the disproportionate administrative requirements for infrastructure projects of social entrepreneurship comparing to the relatively smaller budgets. Absorption barrier is also the risk of subsequent financing of operation of social infrastructure for organizations that are not covered by the regional social services network. Financial and material milestones for the ERDF objective of Priority Axis 3 can be achieved assuming expansion of focus on the new calls of specific objective 3.2 (no. 25) to support the creation and development of existing social enterprises and protected workplaces. Another prerequisite for the fulfilment of a financial milestone for the ERDF is the activation of the Department of Health, Social Care and Prevention of Prague City Hall, including the involvement of responsible politicians, funding organizations and city boroughs of Prague to the desired project preparation.
- In Priority Axis 4 "*Education and learning and support of employment*" is the main barrier for school facilities high administrative burden on project preparation and implementation, which applies both to the calls of the European Social Fund (ESF) and European Regional Development Fund (ERDF). The second significant barrier to potential applicants is the risk of subsidy return based on the findings of carried out controls, as it was in many cases in the previous programming period. Barrier for submitting projects to the investment call announced at the end of 2015 was a short time to prepare applications for support, difficult project documentation and overall bad timing of the call. The problem is also the lack of clarity in the definition of the capacity expansion of schools and a real need for construction of new buildings. Prerequisites for fulfilment of the financial and material ERDF milestones are successfully implemented calls ERDF no. 1 and no. 23, designed to increase the capacity of basic education for social inclusion.

1.2 Assessment of the effectiveness of the implementation system

Absorption of allocated funds OP PGP will be sufficient, provided that the MA makes the system of implementation of the programme more effective and focuses on several key areas, which will include in particular the direct provision of information about upcoming and announced calls, methodological support for applicants, the removal of administrative barriers, adherence to schedules and deadlines,



ensuring maximum functionality of MS2014 + and progress in the preparation of projects within the jurisdiction of departments of Prague City Hall and funding organizations of Prague City Hall. An important prerequisite for sufficient absorption capacity of the programme is streamlining, reducing and efficiency improving the organizational structure to support the preparation of projects at Prague City Hall.

1.3 Identified barriers to programme implementation

Across the priority axes were identified deficiencies in the information of applicants and general communication of the calls. The weakness of communication is especially the fact that MA does not address potential applicants in the stage of preparation of calls (notice) and their publication. The big problem across the programme is still growing administrative burden for all parties involved, thus for the beneficiaries but also for the administrators of the programme. When designing calls it is useful to deepen the integrated approach, which ensures that comments from different parts of the implementation system will form a coherent whole. This approach held throughout working or expert groups is not currently applied across the all priority axes. Texts of the calls are from the perspective of applicants overall difficult to understand. A significant barrier to the participation of potential applicants is the general difficulty of the rules for drawing (comprehensiveness and complexity of the rules for applicants and beneficiaries). As a result, the administrative burden of applications preparing for support is high. The preparation of requests for support is complicated also by problematic function of information system MS2014 +, both for applicants and administrators of calls.

1.4 Overall evaluation

Operational programme Prague – Growth Pole of the Czech Republic meets the needs of the capital city of Prague and its fulfilment will introduce significant innovative practices, particularly in priority axes 1 and 2. To achieve the expected absorption of funds is however necessary to promote increased activity in ambitious objectives of the programme in relation to potential applicants and changes in the focus of calls for specific objectives 1.2 (parks' operation and incubators) 3.2 (investments in existing social enterprises) and 4.1 (facilities and equipment of schools), which will increase the interest of potential applicants for participation in the programme. In case that by February 2017 the calls in priority axes 1 and 2 (innovation vouchers, intelligent building projects and projects of P + R) will not be adequately absorbed, it will not be possible to achieve the expected objectives of the programme in 2018. The result of evaluating the state of preparedness of the project's identified objectives in specific objective 4.1 is optimistic prediction of adequate absorption of allocated funds of Priority Axis 4 in the upcoming calls and consequently the achievement of milestones.

1.5 Recommendations relevant to all priority axes

Recommendation 1: To stabilize the implementation system OP PGP; systematically set relations, competencies and responsibilities between the Managing Authority of OP PGP, the Department of Education and Youth, Department of Health, Social Care and Prevention, Department of Planning and ITI and other components of Prague City Hall, which are responsible for the preparation and implementation of European projects; make more effective, downsize and streamline the organizational structure to support the preparation of projects at Prague City Hall and keep the coordinating role to the Department of European Funds at the maximum extent, which forms the core of organizational and knowledge absorption capacity of the programme.



The recommendation is addressed to the Council of Prague.

Recommendation 2: To establish a new unit of programme support in the structure of the Department of European funds PCH that will provide activities designed to increase the absorption capacity of the programme, including especially active search for new beneficiaries of financial support, increasing the efficient utilization, targeted addressing of potential applicants, social marketing and activities aimed at developing awareness of knowledge of selected topics OP PGP. The Unit of programme support designed as a central communication spot of Prague City Hall for the issue of European funds department, which will provide comprehensive knowledge and information management in this area. Move jobs in publicity and communication into the newly established department in order to streamline the management of the European funds department. *The recommendation is addressed to the Council of Prague and the Department of European funds of Prague City Hall.*

Recommendation 3: To simplify, streamline and clarify the rules for the preparation of project applications and project realization to the maximum extent possible: to simplify the system of requested documentation required for ERDF projects, clearly articulate texts of calls, continually refine requirements in the calls and simplify the methodology for the feasibility study and CBA. When making calls it is required to discuss the calls with experts in the field within a working team composed with regard to the activities of individual specific objectives of OP PGP and their thematic focus. The purpose is to discuss technical issues and achieve professional and targeted adjustment parameters of individual calls, including supported activities, the eligible expenditure, etc. *Recommendation is addressed to the Department of European funds of Prague City Hall.*

Recommendation 4: Actively address and communicate with potential applicants, especially during the preparation and publication of calls; strengthen the information value of the sub communication tools and reach potential applicants with easy-offering new calls (in the form of notices of calls and summary of calls). *Recommendation is addressed to the Department of European funds of Prague City Hall.*

Recommendation 5: Increase awareness and knowledge of potential applicants and other stakeholders on the thematic focus of calls. *Recommendation is addressed to the Department of European funds of Prague City Hall.*

Recommendation 6: Ensure functionality of information system MS2014+ and adequate user-friendly support in solving current problems of applicants, external evaluators and especially the staff of the managing authority. *Recommendation is addressed to MRD-NCA.*

Recommendation 7: Strengthen the expertise base of MA and evaluate special educational needs of programme and project managers. *Recommendation is addressed to the Department of European funds of Prague City Hall.*

Recommendations relevant to the individual priority axes / specific objectives are set forth in Chapter 9 recommendations.