

**EX-POST EVALUATION OF THE COMMUNITY SUPPORT FRAMEWORK  
AND SINGLE PROGRAMMING DOCUMENTS  
FROM THE 2004 – 2006 PROGRAMMING PERIOD  
EXECUTIVE SUMMARY**

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Consortium of companies:

*HOPE-E.S., v.o.s., EUservis.cz division*

*Berman Group – Economic development services, s.r.o.*

*Cassia Development & Consulting, s.r.o.*



EVROPSKÁ UNIE  
EVROPSKÝ FOND PRO REGIONÁLNÍ ROZVOJ  
INVESTICE DO VAŠÍ BUDOUCNOSTI



MINISTERSTVO  
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ROZVOJ ČR

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## List of abbreviations

AEP	Active Employment Policy
CR	Czech Republic
CSF	Community Support Framework
ESF	European Social Fund
EU	European Union
EU MS	Member State of the European Union
IB	Intermediate Body
JROP	Joint Regional Operational Programme
LAG	Local Action Groups
MA	Managing Authorities
NCA	National Coordination Authority
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
OP HRD	Operational Programme Human Resource Development
OPI	Operational Programme Infrastructure
OP IE	Operational Programme Industry and Enterprise
OP RDMA	Rural Development and Multifunctional Agriculture Operational Programme
R&D	Research and Development
SF	Structural Funds
SMEs	Small and medium enterprises
SPD	Single Programming Document

## 1 Implementation objectives and context of ex-post evaluation

The project “Ex-post Evaluation of the Community Support Framework and Single Programming Documents from the 2004 – 2006 programming period” was commissioned by the Ministry for Regional Development of the Czech Republic at the end of 2010 and implemented in the period 1 January – 30 June 2011 by the consortium of companies HOPE–E.S., v.o.s., Berman Group – Economic development services, s.r.o. and Cassia Development&Consulting, s.r.o.

The 2004-2006 period was, in a certain sense, a pilot period. Czech institutions were accommodating to cohesion policy demands and learning how to manage and implement relevant interventions. The ex-post evaluation of the Community Support Framework (CSF) and Single Programming Documents (SPDs) of the 2004-2006 programming period is the first summary evaluation of this kind implemented in the Czech Republic (CR), although it issues from partial evaluations of Operational Programmes (OPs) and Single Programming Documents, as well as the Mid-term Summary Evaluation<sup>1</sup>.

The purpose of ex-post evaluation is to identify whether the implemented partial interventions were aimed at meeting CSF objectives, whether and how they contributed the CSF strategy, whether they complied with its logics and purpose - irrespective of the formal evaluation of indicators at all levels. We approach the CSF and SPDs 2004-2006 ex-post evaluation as strategic efforts because one of its significant objectives is to formulate and justify strategic recommendations for developing interventions, especially for the 2014+ period.

## 2 Methodological approach, identification of key CSF/SPD strategic aspects

The institutional framework for the preparation and implementation of the CSF, mainly sectoral division of competencies among various ministries, significantly affected the structure and priorities of the CSF and SPDs. The CSF and SPD structure, although logical with a view to the organisation of interventions in the CR, did not fully capture the nature, purpose and importance of interventions implemented within its framework which is, however, the essence of CSF evaluation. The structure of CSF/SPD priorities would not allow us to evaluate some important technical themes in adequate detail and with logical links to CSF objectives from the perspective of their relevance and effectiveness. In order to evaluate the implementation of the CSF/SPDs, the identification of key aspects of interventions in CSF and SPD strategies thus proved inevitable. The aim of identifying those aspects was to capture, through a structured approach, the meaning and purpose of interventions – i.e. their broader contributions to attaining CSF/SPD global and specific objectives.

A further step included the assessment of OPs/SPDs, their priorities and measures in relation to, and position within, CSF objectives and their key aspects, as well as the evaluation of the benefits and weights of interventions implemented in OPs/SPDs.

After evaluating the contribution of various measures to meeting CSF/SPD specific objectives, including the results of indicator values achieved and the volume of funds disbursed, such OP measures were selected that contributed, through their scope and target, the most significantly to meeting the specific CSF objectives. For those measures, a detailed verification of the implemented activities at project level was executed and they were afterwards evaluated in relation to the CSF/SPDs based on the following four criteria:

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<sup>1</sup> Project “Evaluation of the Mid-term Progress in the CSF Implementation” was implemented under the auspices of NCA in 2006.

**Utility** evaluates the relation between problems to be addressed by interventions and their results, i.e. whether the interventions purposefully addressed the needs of society and target groups. However, correct targeting by itself does not necessarily have to express the effectiveness and efficiency of interventions which is influenced by further internal and external factors.

**Effectiveness** aims at relations between interventions and their results; it evaluates whether the implemented interventions have met their purpose, i.e. whether and to what extent CSF objectives have been met, whether the achieved results have contributed to these objectives, whether results have been achieved and what result there are.

**Efficiency** extends the whole evaluation concept by assessing the financial intensity of interventions based on the “*best value for money*” principle. It establishes whether higher outputs could have been achieved with the respective inputs, whether interventions contributed to an optimum achievement of objectives/results, if considering the given volume of funds, or whether the funds could have been expended more efficiently.

**Sustainability** evaluates whether the achieved outputs, and namely results, exist after the completion of interventions. Ex-post evaluation checks whether, even after a certain time, the implemented interventions still meet their purpose and the positive impacts of interventions are in place.

Project analytical and evaluation efforts utilised the outputs of OP Final Reports, outputs of and data from OP and the central SF monitoring systems, and the previous evaluation studies. The work with secondary data sources was complemented with extensive field surveys based both on online surveys among the successful and rejected applicants and non-applicant entities (in total, ca 1,785 questionnaires were completed) and on managed in-depth interviews with over 115 aid beneficiaries. These sources were complemented with case studies and project sheets developed.

### 3 CSF and SPD intervention strategy factors

A key problem of further development of the CR linked to its accession to the European Union (EU) was addressing its relatively low economic maturity compared to the old EU MSs and its more distinct manifestations in some regions, sub-regions (mainly rural) and population groups. The strategic approach to addressing the above broad problem rested in strengthening private sector investment level, increasing public sector competitiveness and supporting development processes by adequate public investments. The linked factors, affecting the respective situation, can be classified as internal or external following the extent of their direct and indirect impacts on private sector.

**Internal factors**, in this context, were those defining the competitiveness of companies which provides micro-economic bases of economy and is conditioned by a whole range of partial, internal factors – e.g. (private sector) investment level, the scope and pace of innovations, the quality of management, etc. The core of CSF strategy, while accounting for key aspects, was based on these internal or “market-oriented” factors designed in order to strengthen the competitiveness of market actors, create conditions for more efficient public investments and a higher efficiency of the public sector as a whole. This group of factors and the follow-up interventions included also improving labour market conditions and balancing regional disparities.

**External factors** create conditions for the private sector and market development, affecting thus indirectly the competitiveness of economy as a whole. They mostly include remarkably heterogeneous, strongly historically conditioned factors with a high momentum. External factors negatively influenced the competitiveness of private sector in industry, trade and services, and presented a general burden hampering economic and social development. Many of them partially belonged to the public investment area and, consequently, had to be addressed through public

sector interventions. The most significant key aspects and interventions were in the following areas: “The quality of physical environment” (The improvement of the environment and transport accessibility of the territory) and “Human resources” (The lifelong learning system, Excellence of public research in Prague, etc.).

## 4 Summary evaluation of success of the Cohesion Policy implementation

### 4.1 CSF&OP objectives and their attainment through various interventions

The CSF global objective was “Sustainable competitiveness-based development”; it included interventions with positive effects on the long-term growth in competitiveness and the creation of new jobs, namely through supporting enterprise, disseminating innovation, increasing HR qualifications and improving transport and technological infrastructure. The global objective was complemented with partial, specific objectives:

1. Creating conditions for entrepreneurial environment;
2. Increasing the labour market flexibility;
3. Improving the quality of infrastructure.

Those explicitly formulated specific objectives did not include the mitigation of regional disparities but the CSF strategy, its justification of priorities and OPs, as well as indicators, prove that this objective was of the same importance as the above specific objectives.

Specific objectives were - to a various degree or with a various content - taken over by the respective OPs. Although their measurement through indicators established in programming documents is feasible, it is often misleading because indicator values were also affected by aspects other than CSF and OP interventions; those effects often exceeded the influence of interventions<sup>2</sup>. We can thus assess the attainment of indicators but the impacts of various interventions cannot be reliably identified and, consequently, we can never be certain whether the failure to meet an indicator is a consequence of an inadequate intervention or, on the other hand, whether the meeting of another indicator is really a success of interventions.

### 4.2 Evaluation of the CSF based on OP interventions following evaluation criteria

Summary evaluation of the success of CSF interventions is further classified by aid areas where Cohesion Policy interventions were typically implemented. These areas basically reflect CSF specific objectives.

#### 4.2.1 Productive environment

In the **sphere of productive investments**, i.e. investments targeted directly at the support of competitiveness and enterprise, the Operational Programme Industry and Enterprise (OP IE) was the most significant, complemented also with selected priorities of the Operational Programme Rural Development and Multifunctional Agriculture (OP RDMA) funding interventions in rural areas and agriculture, as well as the Joint Regional Operational Programme (JROP) supporting enterprise and tourism. The success rate of their measures was, however, rather different.

<sup>2</sup> The possible use of indicators for 2004-2006 is explained in greater detail in the evaluations of Operational Programmes in annexes to the Final Report.



The OP IE supported 4 areas: (i) business infrastructure, (ii) services supporting the development of enterprise and cooperation among companies, (iii) support of innovative enterprise and upgrading of Czech companies, and (iv) more efficient utilisation of energy.

All types of business infrastructure were successfully constructed, increasing significantly its capacity, but its function, i.e. the provision of high quality business services scarce in the market and the support of company development, has not always been sufficient or even offered in real terms. Field surveys and some further analyses have revealed that even innovative companies insufficiently use the newly constructed innovative infrastructure. Low occupancy rates in some infrastructure facilities have demonstrated a problematic level of meeting the purpose of support. It should, however, be stressed that those facilities have been significantly impacted by the economic crisis. We can assume that, without its effects, the results and impacts measured by all criteria would be higher.

*The effectiveness, efficiency and sustainability of the results of projects supporting business infrastructure were significantly dependent on the willingness, ability and preparedness of their promoters (often public authorities) systematically to develop services in the infrastructure constructed (e.g. in business and innovative incubators, training centres) or actively to work with target groups and spend further funds on that.*

Services supporting the development of enterprise (e.g. the “Clusters” or “Marketing” programmes) and cooperation were somewhat more successful in their longer-term results than business infrastructure projects. Even in their case, the applicants’ (i.e. companies’) motivation and expectations and their will further to develop project results represented important factors of success.

Interventions for the introduction of new technologies, modernisation of companies and support of innovative activities were the most successful in the area of productive environment because they brought the largest measurable effects. For example, the “Development” programme created the largest number of jobs but it also concentrated on the affected regions where entrepreneurs are disadvantaged by local environment. We can also say that the “Innovation” and “Development” programmes met the purpose of interventions because the supported companies achieved growth in revenues, productivity and exports, mostly in rates exceeding those of the relevant sectors or national economy. Field surveys have, admittedly, shown that those investments were loaded with significant “deadweight” because many of them would have taken place in a similar volume even without the support, perhaps only with a certain delay.

The support thus proved successful in the sense that growth dynamics of the companies supported, especially from the OP IE, exceeded those of the unsupported firms. The effectiveness and efficiency of support depended significantly on the innovative nature of the project and on whether the supported companies availed of a sophisticated and consistently implemented development strategy going well beyond the subsidy. The effectiveness and efficiency of projects, the promoters of which did not meet these criteria, were significantly lower; many of these companies were severely affected by financial crisis and the desirable effects, i.e. improved stability and growth, did not occur or were lost – decreasing thus the sustainability of project results. On the other hand, companies meeting the above criteria proved larger stability during the crisis.

For meeting the OPs and CSF objectives, ensuring the access of SMEs to loans and guarantees was vital. Although there were no specific indicators for this area, the volumes of funds and the numbers of companies supported prove that it was undoubtedly the most effective support of productive environment, although information on its efficiency and sustainability (long-term results) was not available for the purpose of evaluation.

*Field surveys have resulted in the explicit conclusion that the most significant criterion of both effectiveness and efficiency is the ability of projects to generate leverage effects, i.e. to trigger*

*further development activities in companies, launch cooperation in research and development (R&D), etc. The results of OP IE productive investment support were therefore the best in those cases where applicants had clear objectives, their own development strategies and were strongly motivated to attaining the purpose of support. On the contrary, where the support (and e.g. infrastructure construction) was approached as an end in itself, results were often questionable.*

Some of the enquired entrepreneurs stated that the process from the call to the implementation of aid results (investments in place and operational) was too long, which affected their competitiveness. At the time of application, they would have become market leaders with their project proposals but, due to the lengthy process, they were in the end only catching up with their competitors<sup>3</sup>.

The CSF objectives in the area of competitiveness were also achieved through the support of agriculture and rural development. **Interventions for the purchase of machinery, technologies and upgrading agricultural property prevailed in this area. Although they met the objective declared in the OP RDMA, i.e. modernisation, their long-term contributions to sectoral competitiveness are insecure** or find themselves outside the projects supported. **The purpose of interventions was, however, achieved in ensuring compliance with hygienic and other standards issuing from EU membership.** They enabled numerous entities in the agricultural productive and processing sector to overcome the one-off barrier and their impacts can be sought in maintaining the competitiveness of the supported agricultural entrepreneurs. Those interventions, however, did not distinguish the beneficiaries' quality and needs and concentrated rather on agricultural enterprises than individual farmers, the stability of which is undoubtedly crucial for the stability of rural areas.

**OP RDMA investments supporting small and medium-sized enterprises (SMEs) can be considered successful in most criteria; they provided impulses for their further development and follow-up investments.** Field surveys revealed that beneficiaries with a clear vision/idea of further growth of their companies usually implemented follow-up investments and their companies grew or expanded into new markets.

**Enterprise was also supported by one JROP priority but, from the perspective of the whole JROP and CSF, the supported projects lacked success in all of the evaluation criteria.** The projects did not really contribute to meeting programme objectives or addressing entrepreneurs' problems and they were not successful enough in the support of competitiveness either. A prevailing majority of projects delivered simple renewals of equipment or purchased new equipment with little effect on the growth of companies, introduction of innovations or penetration into new markets, although that was the main justification of the support of regional enterprise declared in the JROP. That was also the reason of the low efficiency of support and its low sustainability – firms supported from the JROP, compared to the OP IE, were much less resistant to the effects of economic crisis. Although it should be highlighted that support was provided to very small companies, settled often outside main centres and facing worse development conditions, the support, as such, can be rather classified as inefficient.

**In the sphere of productive investments, the JROP also supported projects in tourism** with the purpose of reinforcing the importance of tourism in local and regional economies and increasing the contribution of tourism to the territorial economic development. A detailed evaluation of the projects implemented proved that the **effectiveness of interventions at national and regional levels differed. National projects were usually more successful in all aspects**, namely due to a higher concentration of funds on whole sets of projects often addressing problems in the respective

<sup>3</sup> The question remains whether those projects were suitable for state aid. Although the process of administering support is getting shorter and can probably be restricted even more, it is improbable that the flexibility of public interventions might ever reach the speed of decision-making on investments from own resources or from commercial loans, at least in cases where aid has the form of subsidies.



location in a comprehensive way. They were often directly intertwined with projects addressing the quality of services, products and marketing in tourism. On the other hand, interventions supported at regional level were usually scattered and isolated. The nature of public infrastructure investments often suggested that they were earmarked rather for complementing public infrastructure in a location to be used by its citizens (e.g. the construction of swimming pools and sports grounds in municipalities) than reacting to a real need and demand of tourists - customers. Despite the identified good practice examples, the aggregate efficiency of JROP interventions was lower.

#### 4.2.2 Human resources

The most important programme in the area of human resource development, contributing indirectly to meeting the CSF global objective, was the Operational Programme Human Resource Development (OP HRD), complemented slightly by parts of the JROP (HRD Infrastructure in Regions) and the OP IE (Training Centres). The provision of support in individual thematic areas was intrinsically diverse.

The OP HRD administered support in four, somewhat interlinked, areas: (i) Active Employment Policy (AEP), (ii) social integration and equal opportunities, (iii) lifelong learning, and (iv) the adaptability of employees and employers to new economic conditions.

Supporting labour market through the AEP and contributing to lower unemployment was basically successful. The largest allocations were also channelled into this area. Thanks to the European Social Fund (ESF) programmes, 10 % of the initially unemployed<sup>4</sup> were placed into the labour market. **The basic factor influencing the success rate and *de facto* the efficiency of interventions was the broadly applied individual, but comprehensive, approach to the clients of services (products) both within the Active Employment Policy and in working with socially excluded groups.** This method availed of a high added value and differed from the hitherto “classical” approach of labour offices affected by the volume of the accessible funds and staff capacity in those offices. **Apart from utility, the effectiveness of this support, with direct links to attaining CSF objectives, can also be assessed as high.** Project implementation was, however, affected by the economic crisis requiring the adaptation of projects to the changed target groups’ needs, as well as their restructuring because of a lower demand for some of the services offered. On the other hand, the situation enabled the allocation of a larger part of aid to supporting the long-term unemployed. In the end of the programming period, funds were used again for alleviating the impacts of the crisis, namely through the extensive “Get Trained!” project, enabling companies to requalify their employees who had become redundant due to the crisis. The crisis was also the main factor affecting the sustainability of the achieved results of support. **If considering the impacts of the crisis, the sustainability achieved can be assessed as satisfactory.**

**The contribution of initial education projects to the CSF strategy was rather low and indirect** because the results of supporting primary education will reflect in economy only after decades. Despite of that, primary education gained **funds equalling the 2.5 multiple of support earmarked for university education with more immediate links to the competitiveness of economy.** The efficiency of secondary school projects was decreased by their weaker links to the labour market, relevant economic sectors and companies operating in them. As for university projects, those projects proved efficient which were targeted at the development of curricula in progressive and perspective branches (only ca 1/3 of funds) and/or prepared in cooperation with the productive sector. The latter projects were, however, rather exceptional. **The overall support in the area of tertiary education and its real impact on competitiveness was therefore low, also due to the size of allocation.**

<sup>4</sup> Hodnocení přínosu projektů OP RLZ k APZ ČR (Evaluation of the contribution of OP HRD projects to the AEP CR), VÚPS (2010); a detailed study based on data concerning persons registered as unemployed by labour offices.

**The effectiveness of interventions in the area of further education was limited by the scattering of support and lack of success in introducing system changes, although some of them were launched.** The general programme benefit rate was also decreased by the unnecessarily duplicate projects in several regions and lower project sustainability. Projects in corporate training were relevant only when they targeted at a relevant sphere in the respective area, i.e. when the demand and supply sides were sufficiently interlinked. **Irrelevant and inefficient were, on the other hand, projects of training agencies (institutions), organising trainers' trainings** lacking real relevance for participants' work. **Linking the training to a comprehensive corporate training strategy was a key factor of success**, the assessment of which, however, was rarely within the capacity of Intermediate Bodies (IBs).

**The effectiveness of CSF interventions in social area was lower.** That aid should have compensated the competitiveness strategy and support groups threatened with social exclusion or the already excluded groups. A significant part of support was allocated to the training of social service providers and not to direct work with target groups which withdrew only about 1/3 of the allocation. **The utility of support was, however, undoubtable** with a view to increasing the quality of social services linked to the newly adopted Social Service Act in the CR. **The sustainability of results in this area was also good if considering the targeting of support and the economic crisis.**

**The utility and effectiveness of HRD infrastructure (both in education/training and in social sphere) constructed within the JROP can be generally evaluated as lower.** Interventions were targeted at areas that can be classified as in need but their implementation proper was not directed by any longer-term regional concept and their effectiveness was thus often low. Apart from a minimum targeting of JROP projects at real regional needs respecting territorial structures, we should also mention their rather contentious subject matter, often aimed at a plain modernisation of buildings within projects for building a training centres or improving training conditions. The upgrading of the training system proper thus seldom occurred – there was only a simple exchange of outdated equipment. The economic crisis also affected project sustainability and *de facto* efficiency because the drop in expenditures on training decreased the utilisation rate of the newly constructed infrastructure. Similarly, the crisis impacted infrastructure built within the OP IE (the “Training Centres” programme).

#### 4.2.3 *Infrastructure and the Environment*

Similar to the above areas, CSF objectives in the development of infrastructure and the environment were also attained through several programmes. The most important was the Operational Programme Infrastructure (OPI), complemented partially by regional interventions from the JROP.

**The strongest factor limiting OPI support of infrastructure construction was probably the restricted budget which *de facto* did not suffice for any larger-scale interventions,** i.e. no investments bringing fundamental positive changes into the respective area were possible. This was apparent mainly in transport infrastructure where the implementation of any larger and more sophisticated project would require funds exceeding multiples of the allocation available for the whole OPI measure.

The programme, on the other hand, included several smaller measures, e.g. Measure 2.4 “Study and research projects” addressing problems connected to environmental improvement with a view to transport or 2.3 “Support for the introduction of alternative fuels” which from the perspective of the analysis of issues addressed within the OPI and with a view to the already mentioned need of concentration of funds did not really contribute to addressing any problem. The funds expended that way could have been utilised in a significantly more efficient and effective manner, e.g. for increasing insufficient budgets and building basic transport infrastructure.

**Projects aimed at building arterial transport infrastructure and projects in environmental area can, in general, be declared effective and useful.** The main reason is the generally applicable rule that these projects are implemented where there is a clearly identified problem (e.g. in the environmental area).

**Individual projects are thus aimed directly at removing the problem, which to a significant degree guarantees the success of the implemented intervention** and its contribution to meeting CSF objectives. Even for environmental projects, we can therefore state that the main shortcoming preventing higher impacts of the implemented interventions was mainly the low OPI budget.

The situation was different in regional programmes supporting infrastructure (JROP). Although the majority of interventions implemented within the JROP can be designated as relevant, their efficiency and effectiveness were significantly decreased mainly due to their minimum targeting at removing fundamental intraregional disparities in transport network which resulted in a significant decrease in project impacts.

Although the projects addressed mostly the reconstruction of roads of higher classes, even 3<sup>rd</sup> class roads could be found among projects in locations that cannot be classified among priority areas with respect to their links to regional centres and the higher class road network; this in its final result significantly decreases the efficiency/effectiveness of the expended funds.

## 4.3 Evaluation of Objective 2 & 3 programmes based on evaluation criteria

### 4.3.1 Single Programming Document for Objective 2

**“Increasing the competitiveness of the City of Prague through a better utilisation of the urban space and strengthening the innovative functions of business environment and human resources”** was the global objective of the Single Programming Document for Objective 2 of the Prague cohesion region (SPD 2). Even if considering only its volume of EUR 140 mil. (CZK 3.66 bn) and the scope of the defined territory (41 % of Prague area and 31 % of its population), SPD 2 could contribute to attaining the above objective only partially.

**The implemented interventions increased the quality of life and contributed to a better utilisation of territory in specific locations, i.e. proved useful, but if considering their effectiveness, they had only small and indirect impacts on raising Prague ‘s competitiveness.** The main reason was that the implemented interventions for reclaiming, redeveloping and increasing the quality of Prague locations were not oriented at supporting follow-up development and entrepreneurial activities beneficial for the economic growth of the city. **The main contribution of the implemented interventions was, therefore, mainly increasing the quality of space in project implementation locations.**

**The effectiveness and relevance of projects aimed at strengthening the innovative functions of business environment and human resources were limited to a few projects** where functional centres were established for transferring the results of research and development (R&D) into business sector and supporting start-ups and spin-offs through business incubators. Other projects earmarked for supporting business environment and specific entrepreneurial entities were not aimed at innovative activities and could not therefore contribute to increasing the utilisation of innovative potential of the City or benefiting from the SMEs’ potential quickly to apply innovative processes.

### 4.3.2 Single Programming Document for Objective 3

Global objective of the Single Programming Document for Objective 3 of the City of Prague NUTS 2 (SPD 3) was **“an efficient labour market based on qualified workforce, competitiveness of**

employers, utilisation of the R&D potential of the region, social integration of groups at risk, and on equal opportunities, while respecting the sustainable development principles.

The programme *de facto* copied the aims of the OP HRD - although in some areas its targeting was more progressive (tertiary education) and, moreover, it supported human resources in R&D. The support of HR in Prague was very high, compared to the rest of the CR, because the programme disbursed EUR 118 mil., while EUR 423 mil. were channelled into the rest of the country through the OP HRD. The programme was therefore earmarked for generating the largest benefits in other areas than the labour market (e.g. decreasing unemployment). For Prague and the whole CR, it was more relevant and effective predominantly to develop the competitiveness of companies and support links between the education and R&D areas with industry. The absorption capacity in those more progressive areas was, however, problematic. Measures supporting science, research and innovation faced insufficient interest of target groups. The largest barriers at the time of programme implementation were low experience and underestimating the instruments for increasing absorption capacity in priority areas. From hindsight, the use of funds from the SPD 3 can be evaluated as an insufficiently utilised chance.

#### 4.4 Decreasing regional disparities

The objective of CSF interventions was, apart from the very support of increasing competitiveness, also decreasing regional disparities in the CR (mainly at the NUTS 2 and NUTS 3 levels) with stress laid on addressing economic problems in regions with concentrated state aid and on levelling conditions in rural areas.

The main intervention instruments for removing these disparities were the JROP and the OP RDMA, but other programmes also were to contribute to that objective, among others because it was set up horizontally. **Regional analyses of interventions have however shown that OPs contributed to that objective only marginally or not at all. Whenever any results of programmes aimed at that objective were identified, they represented only side effects of interventions and not targeted efforts.**

Among the successful efforts, we can rank territorially bound interventions in the OP RDMA - support of the establishment of Local Action Groups (LAGs) and of their interventions - namely not because of their physical results but due to the fact that it is a functional tool for implementing territorial projects, to a certain extent integrated or at least operating in synergy. With a view to their scope, the results of interventions were marginal (10 LAGs supported) but these interventions are important for the verification of the functionality of the new type of instrument.

As inefficient and unsuccessful, from this point of view, we can assess most of those interventions implemented within the JROP which, although they implemented mostly at the regional level, failed to reflect disparities between and within various regions of the CR. Support was thus most often implemented horizontally without direct targeting at the identified intraregional problems.

This fact can be generally attributed to a very low number of regional, sectoral and territorial analyses enabling objectively to assess whether - and possibly in which areas and locations - concentration of funds should be achieved. Projects were therefore assessed rather formally following their compliance with "regional or national concepts/strategies" in the respective area which, however, often describe the relevant problem only at NUTS 3 level and cannot be used for a narrower targeting within one region.



## 5 Barriers and recommendations

### 5.1 Barriers to a successful implementation of SF interventions in the 2004-2006 programming period

Barriers and risks concerning implementation have been identified mainly with a view to the success achieved in the implementation of relevant programmes and their measures providing for the respective area or meeting the specific objective established. They have been described not only in relation to administrative approaches, procedures and the correctness of implementation but with respect to the success rate in attaining intervention results and impacts in economy. Barriers have been identified following the results of field surveys, based on an analysis of data on programmes but utilising also final reports of individual programmes.

The fundamental barrier to attaining the expected benefits and objectives of the implemented projects is **the very setup and concept of the programme**. The pre-established objectives namely often exceeded the programme potential. Such objectives then failed to respect the volume and scope of the implemented interventions, and impact indicators were defined without links to these interventions, i.e. they were often (or even exclusively) influenced by factors outside the programme.

**Insufficient targeting at the real purpose of the implemented projects** formed a fundamental barrier to the maximisation of utility, effectiveness, efficiency and sustainability of the implemented interventions. This fact was revealed in a field survey, including both the beneficiaries and the staff of implementation structures. It affected programme implementation where **stress was mainly laid on formal aspects to the detriment of the subject-matter of interventions** during the whole project cycle (project evaluation and selection, control of implementation and sustainability) and formal “paperwork” eclipsed the real purpose of projects.

There was also a general barrier, linked to the above, namely the **inadequate setup of indicators** (e.g. using in principle context-based indicators) for measuring the attainment of objectives. There were also low links between indicators and the actual nature of intervention, and marginal facts were measured (numbers of projects, etc.). There were often too many indicators which were not quite explicitly defined. In some cases, input data were not sufficiently verified during the programming period and backward corrections proved very difficult. **The setup of target values**, which is also linked to indicators, was basically tentative. The reason, however, was rather the lack of experience needed for establishing realistic target values than the poor quality of interventions.

The fact that **central management of interventions is not strong enough**, or that it has rather a coordinative and methodological role, represents also a certain barrier. It seems that the influence of a national authority, represented in the 2004-2006 programming period by the CSF Department and ensuring or supporting the achievement of intervention results so that they better meet the purpose of CSF strategy and objectives, was insufficient.

The fact that programmes mostly were (and still are in 2007-2013 period) **demand-oriented** represented another barrier, or aspect affecting the achievement of intervention objectives. **The society’s need of intervention was thus identified with the demand of potential beneficiaries of support**. The content of interventions was excessively driven by beneficiaries’ requirements/demand and much less by the society’s need of interventions expressed and implemented in the plans and interests of Managing Authorities (MAs) and Intermediate Bodies (IBs).

**Demand-oriented interventions** led to a predominance of investment and infrastructure projects, insufficiently, or not at all, interconnected with the other “soft” activities earmarked for the utilisation of the constructed infrastructure so that it serves the best its purpose. Generally, it seems

that stress was laid on infrastructures (and investments) by themselves, disregarding their purpose and the desired economic role.

**Interventions in various programmes were insufficiently, basically not at all, interlinked** – not even in cases where such links are crucial for the success of interventions or for attaining their purpose. Surveys and case studies have documented that, where links had been successfully achieved, benefits of projects were higher in all the evaluated criteria.

**The scattering of interventions** into a large number of small projects mutually linked only insufficiently or not at all, which often was a primary barrier to achieving project benefits, was also an ancillary problem. Good examples include interventions in the area of road infrastructure at the national level or some projects implemented within the so-called national JROP projects. On the other hand, JROP projects at regional level, supported within grant schemes, and individual projects are the negative examples to be found basically in all areas supported from the JROP at regional level. This problem has, however, affected basically all Operational Programmes.

There are **frequent changes in rules** for the provision of support and **the lack of willingness on the part of the MA/IB to take up responsibility** for answers and information; the officer's opinion is not binding and inadequate responsibility is thus transferred on the applicant and beneficiary. This has been identified as a significant barrier to smooth progress in project implementation.

## 5.2 Recommendations for a further successful implementation of interventions

In order to maximise the utility, effectiveness, efficiency and sustainability of the implemented interventions, **we must target at the actual purpose of projects**. The targeting at the genuine purpose should be reflected in all phases of project cycle, from requirements concerning applications, through project evaluation, control of their implementation up to their sustainability.

One of the main shortcomings of interventions in the CR was their **scattering into small parts, among sectors**, even within one programme, and their classification by type of activity, not by the logics of needs. Although synergic projects were not implemented in the period 2004-2006, field surveys have revealed the importance of other, informal factors for ensuring mutual links among interventions. The practice has proved that the only possibility of setting up the system in a way ensuring support of really integrated projects is the expert evaluation of project proposals with a view to the objectively (analytically) defined needs, complemented with a preferential scoring of synergic projects. It should be highlighted that namely the element of expert assessment will play an important role. In this relation, we can provide a good example of the evaluation approach to JROP national projects where feasibility studies were subject to external evaluation by specialised companies.

A linked problem significantly affecting the lower efficiency and effectiveness of programmes is caused by the fact that, in the CR, **project selection applies formal criteria** and the evaluation of project quality is often formalistic – at least if considering the kind of projects selected in some programmes. That is the reason for a significant strengthening of the **National Coordination Authority's (NCA) management role and the responsibility of MAs or IBs for the verifiable and certifiable results**, expressing the purposes of interventions, instead of the current mere responsibility for outputs and funds disbursement.

The 2004-2006 programming period has revealed that, **when small volumes of funds are available, a high degree of selectivity in project selection is required, while ensuring a high concentration on narrowly delimited areas or more specifically defined objectives**. For example, OPI funds for the railway sector were concentrated on one transport route, which resulted in a significant



improvement in conditions; on the other hand, support for roads was fragmented into isolated structures the impact of which on improving road transport was rather low.

When funding infrastructure, it is important to **be rather particular about the beneficiaries' ability, will and preparedness to finance the operation and maintenance of the supported infrastructure**, both in the case of business and public (e.g. tourist) infrastructure.

Although mainly interventions leading to growth in the competitiveness of Czech economy should be supported in the period to come (see also EU 2020 Strategy), in the area of rural development and, in some cases, in human resource development, the improvement of living conditions and efforts aimed at decreasing some disadvantages (e.g. those of socially excluded people), i.e. interventions leading to cohesion rather than to competitiveness, are of a greater importance.