

MENDEL UNIVERSITY IN BRNO

Faculty of Regional Development and International Studies

**Efficiency of public development projects
LAG ROZVOJ Krnovska o.p.s. in time
period 2010 - 2014**

Diploma thesis

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Declaration

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Abstract

Metzl, J. *Efficiency of public development projects LAG ROZVOJ Krnovska o.p.s. in period 2010-2014*. Diploma thesis. Brno. 2015

The objective of this diploma thesis is to identify factors for improvement of effective implementation of public projects for upcoming programming period in LAG Rozvoj Krnovska o.p.s. with respect to its individual conditions. The theoretical part provides understanding with the most important concepts for this thesis as various methods of evaluation, local action groups and rural development under LEADER platform. Practical part of this thesis focuses on implementation of chosen evaluation methods at research sample composed of projects executed in chosen LAG during 2010-2013. It further evaluates their effectiveness under CUA and CEA conditions and from results it additionally analysis factors which were present at the best performing projects. Identification of these factors should become a recommendation for specific LAG in order to improve project selection criterion with aim to improve project effectiveness in programming period 2014-2020.

Key words

Evaluation, CEA, CUA, program, project, local action group, LEADER, rural development

Abstrakt

Metzl, J. *Efektivita veřejných rozvojových projektů MAS ROZVOJ Krnovska o.p.s. v období 2010-2014*. Diplomová práce. Brno. 2015

Cílem této diplomové práce je identifikace faktorů vedoucích ke zlepšení efektivní implementace veřejných projektů v nadcházejícím programovém období v MAS Rozvoj Krnovska o.p.s. vzhledem k jejím specifickým podmínkám. Teoretická část práce poskytne porozumění nejdůležitějších konceptů této práce jako například rozličné evaluační metody, místní akční skupina a rozvoj venkova pod platformou LEADER. Praktická část práce se soustředí na implementaci zvolených evaluačních metod na vzorku složeném z projektů realizovaných na území zvolené MAS v období 2010-2013. Práce dále zhodnotí efektivitu těchto projektů v rámci CUA a CEA metod a na základě získaných výsledků dále provede analýzu faktorů, jež byly přítomny v nejlépe hodnocených projektech. Identifikace těchto faktorů by se měla stát doporučením pro zvolenou MAS za účelem zkvalitnění kritérií pro výběr projektů se zaměřením na zvýšení efektivnosti budoucích projektů realizovaných v programovém období 2014-2020.

Klíčová slova

Evaluace, CEA, CUA, program, projekt, místní akční skupina, LEADER, rozvoj venkova

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1 Introduction

This thesis which title is “*Efficiency of public development projects LAG Rozvoj Krnovska o.p.s in time period 2010–2014*” will focus on evaluation of research sample of implemented projects in this area and finding out examples of good practice which will help to identify factors to improve effective use of resources by LAG in future programming period.

The need for improving tools of evaluation of performance of public projects as well as their adaptation to local conditions is one of several steps for effective performance of LAG in their region. This thesis will focus on satisfaction of this need for chosen action group and its specific conditions.

In its first and second chapter (Introduction, Objective of this Thesis) provides introduction and stipulate objective of this thesis. In the third part (Methodology) of this thesis will be examined methodology and its variations which will be used in this thesis. This part is important for understanding of chosen methods of evaluation for this particular case and its needs. In the fourth chapter (Literature review) will be described literature review with explanation of problematic of evaluation of public programs and projects, application of evaluation in rural development and actors of local development which implement and evaluate projects on local scale as method LEADER and role of Local action groups. Fifth part of this thesis (LEADER platform in rural development) will provide author’s work with specific evaluation of research sample by CEA and CUA analysis for each of chosen projects. Sixth part (Practical part) will offer results of the analysis and will identify examples of good practice from which will be further deduced factors of their success. Seventh part (Discussion) will give space to discussion about results and application of factors of good practice into future policy of LAG and will also outline possible limits of this thesis. Final part (Conclusion) will provide conclusion of thesis followed by list of literature and appendices used for working out of this thesis.

2 The objective of Thesis

The aim of this thesis is to identify factors for improvement of effective implementation of public projects for upcoming programming period in LAG Rozvoj Krnovska o.p.s. with respect to its individual conditions.

Assessment of efficiency of chosen sample of public projects of LAG Rozvoj Krnovska o.p.s. in period 2010–2014 will provide research sample to evaluation. Based on the obtained results from quantitative evaluation of the chosen research sample by CUA and CEA analysis, the author will suggest optimization of indicators and suitable methods for individual conditions of examined LAG for future programming period. This thesis shall potentially become a possible baseline for improved evaluation and more effective utilization of financial resources in rural development in examined area.

The research question is *“what are the examples of good practice from implemented projects on the area of LAG Rozvoj Krnovska o.p.s. if possible to identify.”*

Supplementing research question is *“based on examples of good practice what are the main factors which were the reasons of projects becoming examples of good practice?”*

3 Methodology

For the purposes of this thesis there shall be used methodological part with literature review which will provide necessary background for practical part of the thesis. In following chapters I shall depict sum of methods for evaluation used in this thesis and I should provide the reader better understanding and description of these methods which will be further used. Further I will specify methods, aspects and terms as cost utility analysis, cost effectiveness, cost effectiveness analysis, utility and costs, which are primary terms for this thesis. Moreover I shall specify supplement terms also important for this thesis as questionnaire formation, composition of questions and their forms.

3.1 Cost utility analysis

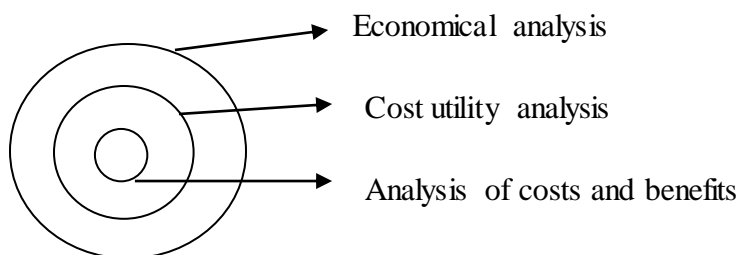
With difficulties¹ of evaluation of public projects and quantification of hardly quantifiable outcomes for the purposes of this thesis I shall understand importance of Cost utility analysis as certain type of economic analysis which examines relationship between costs and utilities of examined phenomenon. In case of this thesis I shall focus on problematic of evaluation of cost utility in public projects.

According to Ochrana (2005: 7) I might perceive “cost utility analysis” as a *type of economic analysis when I examine the relationship between costs and utility of evaluated economical activities* (programmes, projects, public services). Cost utility analysis is one of several types of economic analysis. This type of analysis is more specific case of economic analysis and enables us to evaluate and further compare projects that are in other cases hardly comparable.

Better understanding to position of cost utility analysis in relationship to other types of analysis is depicted by Ochrana (2005: 9) in figure below.

¹ Heterogeneity of outputs, outcomes which are not possible or hardly quantifiable, specification of amount of utility delivered to target groups, quantification of utility from public projects etc.

Figure 1: Cost utility analysis



Source: Ochrana (2005: 9), author's adaptation

Problematic of utility evaluation is particularly difficult in public sector. Many outcomes which are being produced in public sector are often problematic to measure in monetary units². In this case one shall struggle with a problem of how and whether it is possible to quantify utility of these projects. (Medved' 2005: 275). In my case problematic of measurability of project's outputs is relevant therefore I will describe in more detail cost utility and its quantitative methods.

To better understand cost utility analysis let's focus on particular quantitative methods which I will use for further evaluation in this thesis. Methods CEA and CUA will be used because of their independence on need to measure outputs of project in monetary units. Observation side and side of outcomes for these two methods are better described in figure below.

Figure 2: Basic methods of cost utility analysis

Observed side of costs	Side of outcomes	Note (method used)
Relational relationship with regard to outcomes	Natural unit focused	In a form of costs at natural unit of outcome, respectively as cost effectiveness. Method: CEA

² For example how to quantify feeling of safety received by construction of street lights which serves to all inhabitants of municipality or how to quantify outcomes of reconstruction of pavement in municipality used by pedestrians.

Relational relationship with regard to outcomes	Utility focused	Change of utility in relationship to change in unit of costs. Method: CUA
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Source: Ochrana (2005: 57), author's adaptation

3.1.1 CUA analysis

CUA analysis is based on assumption that evaluator will strive to maximize utility of target groups. Meaning, when comparing two alternatives he will choose the one with higher utility for evaluated target group. Origin of CUA analysis lies in economic analysis of life style and is the most commonly used method for evaluation in health care. (McDavid et al. 2006: 253). CUA is a method based on observation of comparison of increase of inputs (incremental costs of project) and outputs of the project. Costs are measured in units of value whether outputs in a form of utility. CUA method is mainly used for evaluation of projects with specific needs for quantification of its outputs e.g. health programs. (Ochrana 2005: 152)

For this thesis CUA will measure increase in utility from zero status of project (before realization) to present status of project (after realization). By unit of utility I understand the outcome bringing certain effect of satisfaction where I can this level of satisfaction further express by monetary value. Level of utility will be further compared to amount of monetary resources used to deliver evaluated amount of utility. Project with the highest utility per monetary unit should become an example of good practice and based on individualities of this project I shall further suggest suitable evaluation indicators which might be used for evaluation of future public projects in examined LAG which might help discover public projects with the best public utility before their realization. CUA furthermore fits needs of this thesis because it can be used to compare projects with wide spectrum of outcomes which together compose general utility of programme. This criterion meets needs of public projects where outcomes differ almost in every project.

CUA might be also modified to act as CEA³ in case where outcome has only one dimension⁴. (Ochrana 2005: 92) CUA is therefore also a specific type of CEA which will be used in this thesis as evaluation method of projects according to their cost effectiveness measured by outcome on monetary units.

3.1.2 Costs

Represent *certain amount of value which one has to sacrifice, to reach with help of purchase, exchange or production, certain required estate or service.* (Ochrana 2005: 14). In managerial meaning, costs are understood as value represented, effectively used, scarce resources of production system in order to create required outcome.

Relative costs are those which prove significant changes as a result of accepted decision because they are changed “relevantly”/significantly. These costs are important to take in count in cost utility analysis (CUA) where I find out if certain significant change shall bring also significant change in value of utility. (Ochrana 2005: 18) Example of relative costs might be chosen construction method which in need of its change might bring unexpectedly high increase in costs which will further decrease utility ratio. In health care relative cost might be connected with specific method for treatment of some health risk. Different treatments might have the same outcome, but their costs might differ significantly. For example there might be two ways of surgery to heal broken leg, however “classical” surgery costs half the price of “modern” surgery and both bring the same outcome as is fixed leg. However method one will bring high relative costs as the surgery will leave 10 cm long scar. On the contrary modern method will leave only 1 cm long scar which will be lower relative cost for the patient.

3.1.3 Utility

I will understand as general term which represents level of satisfaction of user from delivered outcomes of specific public service. Public project utility might be also

³ Cost effectiveness analysis

⁴ Only one measurable element such as in health care so called quality of recalculated years of life. This method was used to calculate economic analysis of health where outcomes were measured in units of „quality adjusted life year“ QALY. (Ochrana 2005: 92)

perceived as subjective feeling of satisfaction from offered project by target groups and stakeholders⁵. I will presume that utility from public service is possible in certain condition to quantify on a cardinal or ordinal scale. (Ochrana 2005: 10) Ordinal viewpoint is based on ability of beneficiary to align variants according to preferences. On the other hand cardinal viewpoint is based on ability to measure the utility. For the purposes of this thesis I will use cardinal scale of measurement as individual opinion of experts who will provide their responses according to own preferences. However the difficulty of measuring utility according to own preferences is still problematic and inaccurate. That's why it is arguable to what level and if only it is possible to accurately measure utility in public projects.

Utility criterion is generally used to evaluate certain amount of yield produced in project. They represent expected and gained amount of yield produced by project. There might be identified several types of yields. Each one of them might have different value in different project regarding the point of view of evaluator and expected goals of project. Utility criterion might be for example quality, technical level of suggested project, aesthetical and functional feature and properties of fulfilment from the point of view of environmental effects. Basically it is state of satisfaction of public need and fulfilment of public interest.

3.1.4 **Weight setting**

For the process of evaluation one must consider different levels of influence of criterion which are rather difficult to quantify. From this reason one must adapt weight setting to individual needs of forthcoming project. A controller⁶ must determine to single individual criterion their weight, which is represented in percentage meanwhile set weight might be identical for several criterion at one time. The controller can set level of weight by several methods based on his own choice. (Ochrana 2007: 123) To evaluate utility with CUA analysis, given responses of stakeholders might be given various weights which will correspond to aims of LAG at the beginning of their

⁵ Level of utility based on „feeling“ of satisfaction will be in this thesis used from project managers and members of committees of LAG who were directly participating on different levels on implementation of examined projects.

⁶ Responsible project evaluator who sets the level of weights and priorities.

programming period. Thus I should be able to assess which project was the most effective and utility bringing with bond to strategic aims of LAG. Single evaluation questions which will focus on evaluation of delivered utility from implemented projects will be given rating scale from 1 to 5 points of satisfaction. Increased weights of answers will be given to individual project expert with weight equal to 3 with comparison to project included person with weight equal to 2 and the rest of respondents who are members of project committee of LAG with weight equal to 1. Sum of satisfaction points will be measured by weighted average from gathered responses of all respondents.

3.2 Cost effectiveness

Before depicting the CEA analysis I should become aware of the understanding of cost effectiveness and its relationship to evaluation. This subchapter will approach the relationship between inputs and outputs of projects and their transformation to public utility as required outcome of project. Criterion of effectiveness is suitable for evaluation of public services because the essence of this criterion is to observe ratio between inputs and public outputs. Identification of the best input, output ratio is the aim of evaluator who can further identify project that delivered the highest utility to target groups.

For the purposes of this thesis I shall mutually understand meaning of costs. I will therefore understand the idea of **cost centre**⁷ as **production system**⁸. (Ochrana 2006: 56) The understanding of cost centre as a sum of relevant costs in production system is graphically depicted below.

The process of production system:

Quantified inputs → cost centre → subsistent quantified outputs

As cost effectiveness is essential criterion to evaluation of projects, I might identify several indicators of costs that are used for calculation of their effectiveness.

⁷ Sum of all costs in examined project that are important for project evaluation.

⁸ Complex chain of activities starting with inputs ending with outputs.

Further I shall understand the meaning of production system. Unit producing public services acts as **production system** which is characteristic by monetary **quantified specific inputs** and **natural quantified outputs**. Production system meanwhile acts as cost centre with specific requirements for certain resources which are further transformed with certain cost effects, in order to fulfil its sensible function. (Ochrana 2006:56) For this definition I use mathematic formula as:

Formula 1: Cost effectiveness indicator

$$\text{Cost effectiveness indicator (CE): } CE = \frac{Ci}{Ei}$$

While using the criteria of effectiveness one should bear in mind the fact that effectiveness criterion doesn't answer question to whether input resources are used as economically rational. However use of cost effectiveness criteria has its limits, these are meant as the only sufficient (setting) criteria for final decision making in this approach to cost effectiveness. (Ochrana 2006:61). Now when I took better insight to understanding of relationship between costs and effectiveness in following chapter it is possible to undergo problematic of CEA analysis.

3.3 Cost-effectiveness analysis - CEA

In practice it is often more suitable to use criteria of cost effectiveness as a factor of selection of programmes. CEA is a method which calculates with costs that are directly connected to the particular action. In this meaning the method considers only direct costs. (McDavid 2006: 247) In this type of analysis is followed effectiveness of costs per natural unit of outcome. The most suitable is the variant with the lowest amount of costs used per natural unit of outcome. In this case I find out cost effectiveness in regard to natural unit of outcome in ex-post analysis. CEA is one of basic methods of cost output evaluation of public projects. Basic criterion question is "*what is the most cost effective way to achieve required goal*". This method is used when pricing of outcomes of project is complicated. Outcomes are represented in natural units⁹. Choice of natural

⁹ Natural units are meant as for example squared metres of road constructed, amount of new itinerary bought, amount of public light poles, amount of local inhabitants whose needs were by implementation of project satisfied etc.

units acts as the criterion to measurement of outcomes which might be problematic. If the flow of compared input/output ratio is measured in heterogenous units therefore it is not possible to use only single evaluation criterion. (Ochrana 2005: 151) This means that methods must be combined to cover wider field of possibilities and to measure evaluated problematic from several perspectives. For example to compare projects with heterogenous outcomes I must find common outcome of projects in similar price-level as one building reconstructed, one sum of public amenity bought, one satisfied member of target group to be able to provide CEA on a certain level.

Nature of peculiarity rests that in CEA I do not regard effects with externality character and cost items connected with costs of marginal opportunities. In comparison of effects with CEA there must be followed principle of homogeneity of compared natural outcomes. (Ochrana 2005: 81) Homogeneity is understood as comparison of the same or similar outcomes among several projects. Projects have the same inputs which are monetary units, but might differ in their outputs. Therefore it is important to harmonise outputs to be able to compare them. For the purpose of this thesis outputs were harmonized by choice of projects sample from the same priority call in public equipment. Hereby it will be possible to measure similar outcomes of projects and use their input/output ratio to quantify their cost effectiveness. While using CEA evaluation method I align variants according to their C/E ratio, from the best to the worst use of resources for project implementation. I assume that outcomes E are **homogenous therefore comparable**.

However use of cost-efficiency has its limits. These are meant that it is not possible to use this method as the only one setting the criteria for decision making. (Ochrana 2005: 82) CEA only provides one point of view which specifically focuses on comparison of relationship between input and output ratio. Thus I only compare economic based comparison which doesn't have to be optimal and unbiased. Shift from objectivity might be caused for example by time shift in compared projects where I omit change in input value. Therefore to maximize objectivity of research CEA must be supplemented by another type of input/output analysis, in my case by CUA.

For decision making in regarded variants applies relationship:

Formula 2: Cost expenditure relationship (monetary units per natural unit)

$$\frac{C_a}{E_a} < \frac{C_b}{E_b}$$

Where:

E_a natural effect of expenditure programme A

E_b natural effect of expenditure programme B

C_a current value of costs of programme A

C_b current value of costs of programme B

3.3.1 Technique Rating scale

To be able to use CUA evaluation there are several techniques for identification of final utility of evaluated project. Except of technique Rating scale which will be further described and used for the purposes of this thesis, I shall also mention second technique of Standard Gamble. This technique is based on calculation of middle value of a project with use of probability and value of utility from various outcomes of a project and last technique of Time Trade Off which is used in evaluation of projects with various utility and various life period of a project.

Technique used for this thesis will be Rating Scale (RS), which is used to find out level (quantify) of satisfaction from delivered service/project. It is suitable for project evaluation in order to measure level of satisfaction. With a use of this technique one can measure level of satisfaction expressed on certain quantified scale. By pre-set range of scale (mostly 0 – 10 points) I can find out precise level of satisfaction of stakeholders. (Ochrana 2005: 96 – 97) Rating scale technique offers a high degree of a structure for appraisals. It offers respondents with selection of an answer from several alternatives according to the strength of their personal opinion in evaluated matter, usually from “poor” to “excellent” (on quantitative scale from 0-10). The greatest advantage of rating scales is that they are **structured and standardised**. This allows ratings to be easily

compared and contrasted therefore it is easier for statistical adaptation. Disadvantage might be omission of relevant evaluation factors.

In this thesis each expert evaluated on a scale from 1 (not at all), 2 (rather not), 3 (on average), 4 (rather completely) up to 5 (completely) each project.

Figure 3: Interpretation of rating

scale	interpretation
1	not at all
2	rather not
3	on average
4	rather completely
5	completely

Source: author's adaptation

Responses (1-5) by two preferred experts in each project were multiplied by amount of their individual weights (2 or 3). Maximum points were possible to reach by 8 times receiving value of 5 by not directly engaged experts, plus one time receiving value of 5 multiplied by weight 3 by project manager, plus one time receiving value of 5 multiplied by weight 2 by closely connected member of project team. Total sum of values from one evaluation question was added up and multiplied by amount of experts (10). The weighted average of one question was therefore able to reach maximal value of 6,5 as equal to 65 points divided by 10 experts.

Figure 4: Example of rating

	rating value	evaluated project	weight	weighted results
expert 1	5	2	3	15
expert 2	5	2	2	10
expert 3	5	2	1	5
expert 4	5	2	1	5
expert 5	5	2	1	5
expert 6	5	2	1	5
expert 7	5	2	1	5
expert 8	5	2	1	5
expert 9	5	2	1	5
expert 10	5	2	1	5
			sum	65
			weighted sum	6,5

Source: author's adaptation

3.4 Criterion of usefulness

An important criterion for programme evaluation is **usefulness standpoint**. Usefulness is connected to specific terminal status of a project, when this status is understood as **reached objective**. If terminal status equals expected status (aimed) then I talk about useful output of cost centre. The nature of usefulness lies in the relationship between "measurement" of expected outcomes (aims) in a relationship to accomplished results. (Ochrana 2006: 62) In a relationship to usefulness criterion and cost effectiveness I might find several examples when examined programme is implemented economically, effectively but not usefully. Usefulness point of view thus answers a problematic of goals of cost activities as economically rational future situations/states/conditions (Ochrana 2006: 64). For the purposes of the thesis and use of CUA and CEA methods I will measure usefulness and effectiveness of the project. Final outcome of the example of the best practice shall fulfil both criterion, therefore its outcomes should be effective (input/output ratio) and useful (level of utility of project assessed by stakeholders).

As Musgrave states (Musgrave et al. 1997: 131) to wrongly use unused resources might be better than not to use them at all, because even "wrongly" used

allocated sources shall bring additional utility, which would be in case of zero resources used, unused. For example according to this assumption it is still better to implement a project which is not needed rather than not to implement any and therefore not to bring any level of potential utility. Even not needed project will however bring at least some amount of utility which would be zero in case of implementation of no project.

3.5 Questionnaires

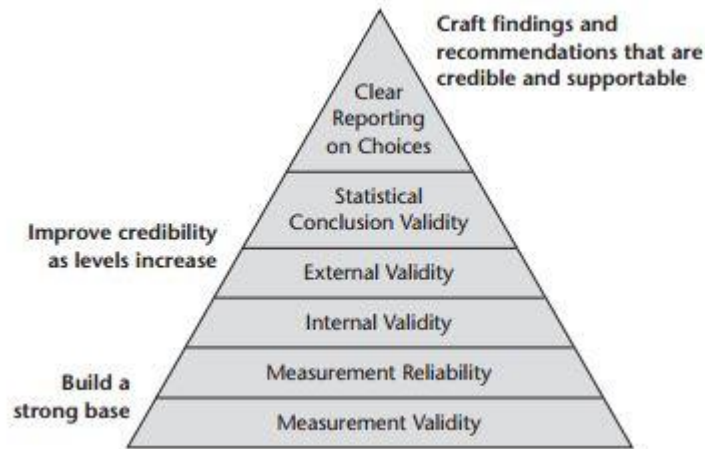
The composition of questionnaires will be an essential part of this thesis as the data for CUA and CEA will be gathered by this form of research and evaluation of secondary data gathered from the performance and realization of a project in research sample. To understand a problematic of decomposition of set of questions, use of suitable forms of evaluation and quantification of verbal responses into quantifiable data, following chapter will provide the reader with understanding of this problematic.

Questionnaire will be part of CUA or more specifically a technique used to quantify (by rating scale technique) questions focused on evaluation of amount of delivered utility of examined projects. For evaluation purposes of this thesis there will be used project sample of 10 projects with the similar budget level and similar action call, meaning that budget was used to satisfy similar needs of public. Expert's evaluation (10 experts) will provide 6 utility focused questions out of 10 questionnaire questions which will be processed under weighted average. Individual weights setting and their evaluation is closely described in chapter 3.1.4. Weight setting.

3.6 Appropriate measures

To be able to provide evaluation I shall understand the dimension in which the measurement of outcomes and project performance will take place. To be able to make right choice of program there are several factors which shall be given certain level of evaluator's attention. Depiction of appropriate measures outlines limits of used methodology of this thesis. It is important for formation of right questionnaires under the correct conditions to provide reliable and valid data for evaluation. For these purposes see the graphical depiction of set of dimensions below.

Figure 5: The pyramid of strength



Source: Wholey (2010: 12)

Problematic of methodological setting is also further discussed by Petruj (2009: 64 -89). Variability of projects in means of regional development with focus on public utility is substantial. Choice of methodology therefore accepts paradigm of mixed-methods approach. Hereby the program evaluator is able to combine quantitative and qualitative methods to fit best specific needs of chosen research sample of projects. Therefore the data collection technique is also mostly in hands of evaluator and his specific needs.

For the purposes of this thesis will be used combination of CEA and CUA method with quantifiable, comparable outcomes and qualitative data gathered from questionnaires distributed to project stakeholders on expert level and economic data gathered from detailed budgets of single projects which will form research sample.

4 Literature review

In this chapter I shall outline the necessary theoretical sculpture for the purposes of this thesis. As the thesis focuses on the evaluation of public projects and its problematic I shall outline basic concepts, methods and approaches used in this type of researches. Single chapters will bring the reader to better understanding of concepts used in means of theory of chosen approaches for current problematic, understanding of situation in

rural development and provide with sufficient knowledge about stakeholders¹⁰ of different levels in means of participation and formation of rural development policy.

Following pages will outline approaches and understanding to programming, evaluation, specific evaluation methods for chosen type of programs, forms of evaluation and understanding of their outcomes, criteria to evaluation, composition of questionnaires and specification of these approaches and methods to unique needs of rural development policy with its major players.

4.1 Program

For the beginning I shall understand the meaning of program which forms a baseline for a set of projects and provides certain strategic framework for their application and evaluation. According to Newcomer a *program is a set of resources and activities directed toward one or more common goals, typically under the direction of a single manager or management team.* (Newcomer et al 2010: 5).

Program evaluation provides processes and tools that I can use to obtain valid, reliable, and credible data about the performance of public projects. *Program evaluation is the application of systematic methods to address questions about program operations and results. It may include on-going monitoring of a program as well as one-shot studies of program processes or program impact. The approaches used are based on social science research methodologies and professional standards* (Newcomer et al 2010: 6). The major goal should be to improve program performance, thereby giving the public better value for money¹¹. Program evaluation is thus tool to maximize utility and effective allocation of resources used in public projects in future programs. According to Washington University (2014) program evaluation is *the systematic assessment of the processes and/or outcomes of a program with the intent of furthering its development and improvement. As such, it is a collaborative process in which*

¹⁰ I define *stakeholders* as individuals, groups, or organizations that can affect or are affected by an evaluation process or its findings. (Bryson and Patton 2010: 31)

¹¹ „A utility derived from every purchase or every sum of money spent. Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase.“ (Businessdictionary.com 2014)

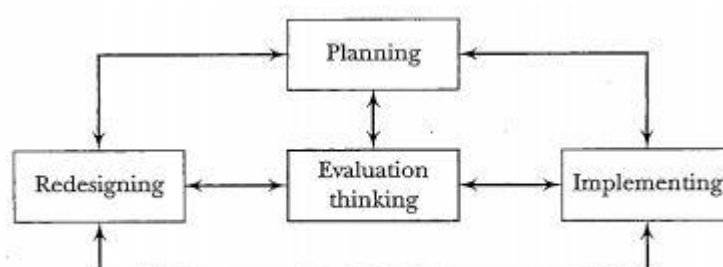
evaluators work closely with program staff to craft and implement an evaluation design that is responsive to the needs of the program. This definition points out an effort to improve a satisfaction of the needs of the programs, therefore effective accomplishment of the program goals.

Program evaluation is understood as complex outcome formed by evaluations of individual implemented projects under its performance. Program evaluation is therefore superior term to the project evaluation. Sum of evaluations of implemented projects under one program provide substantial data which compose the baseline of the program evaluation.

For the purpose of this thesis I shall make a presumption about what evaluation is intended to do. According to Frechtling (2007: 3) *the purpose of evaluation is to yield information about how well an intervention, product, or system is working.* It provides a view on a project from several perspectives and aspects and assesses the value of what is found. Frequent criterion to just evaluation is objectivity and all activities that involve judgment are the essential components of the evaluation enterprise. *Evaluation then is not an event but a process.* (Frechtling 2007: 3) Another definition by Jaszczolt et al (2014) focused on public projects understands evaluation similarly as *an assessment that refers to design, implementation and results of completed or on-going project / program / policy. Evaluation should be systematic and objective. Key criteria to be used are: relevance, fulfilment of objectives, developmental efficiency, effectiveness, impact and sustainability. Evaluation should also provide credible and useful information to enable the incorporation of lessons learned into the decision-making process (recipients and donors).* Evaluation puts emphasis on the best fulfilment of required outcomes of the program. If found how effectively was program fulfilled and what was the level of effectiveness. Petrůj (2009: 39) adjusted this program evaluation to less spread understanding on level of project evaluation as *evaluation is a systematic process of analytical recognition and creation, diffusion and application of descriptive and evaluative conclusions of relevant features, meanings, transparency and feasibility of certain project”.*

Evaluation is also linked to a planning cycle and every project manager shall understand that the power of including what might be called *evaluation thinking* at the beginning of a planning effort is increasingly recognized by program developers and policy makers. (Frechtling 2007: 4-5) Thus I understand the process of evaluation as a part of creation of new policies, strategies, better targeting and adjustment of implemented projects to even higher efficiency in fulfilling goals in public projects.

Figure 6: The role of evaluation thinking



Source: Frechtling 2007: 4

Nevertheless one shall also be aware of the complexity and difficulties connected with the process of evaluation. *Even with the explosion of quantitative and qualitative evaluation methodologies, evaluation remains something of an art rather than a science.* The planning of each evaluation effort requires difficult trade-off decisions as the evaluator attempts to balance the feasibility and cost of alternative evaluation designs against the likely benefits of the resulting evaluation work. (Newcomer et al 2010:17) Evaluation is therefore complex process assessing performance of a specific action compared to the planned goals and with regard to the effectively used resources needed to its accomplishment. Evaluation is also dependent on individual approach of researcher as there are various points of views and approaches which might be used for evaluation of the same project. For the purposes of this thesis I will understand evaluation as a process which compares effective allocation of resources (with the use of CEA method and the comparison of input/output ratio) and level of satisfaction of the needs of the target groups which were defined at the start of the project and the level of their fulfilment might be assessed after the completion of the project.

4.2 Evaluation of program

There are five basic questions to be asked when any program is being considered for an evaluation by Newcomer et al. (2010: 7):

- *Can the results of the evaluation influence decisions about the program?*
- *Can the evaluation be done in time to be useful?*
- *Is the program significant enough to merit evaluation?*
- *Is program performance viewed as problematic?*
- *Where is the program in its development?*

To evaluate I shall choose programs which are in planning, during implementing or after implementing period. I need programs which are worth to be evaluated¹² and hold potential of future adaptation and change with application into next phase of projects. Furthermore I should be aware of several factors that shall be kept in mind in assessing projects suitable for program evaluation. One of them is *timing* which becomes an important factor in evaluation process. Depending on outcomes of project which I want to measure I must set their evaluation in right timing. For example the utility of the project is suitable to measure after its implementation as the stakeholders were given certain time period to receive required level of utility which level they can evaluate only after experiencing the project outcomes on their own.

Another factor is *significance*. Programs which are worth the evaluation must be at least of local level importance or must hold the promise of sufficient influence and change in their continuations. *Perception of problem* is another criterion which shall be fulfilled before the start of program's evaluation. For the right choice the evaluator should have stimulus from several areas and points of view to intended evaluation of program. As the program accumulates enough deviations or exceptions from similar programs I might say that it created new paradigm in its field and created demand which will support the evaluation of our program. (Newcomer et al 2010: 7-8)

¹² I understand program being „worth“ the evaluation are those that develop local infrastructure and increase public amenity on municipal level. Moreover this program must be included in strategy of local development and is counted with for future programming period.

The choice of suitable program with set of projects is essential, because *evaluation findings and performance data may be used to justify decisions to cut, maintain or expand programs in order to respond to the needs of player of local development.* (Newcomer et al 2010: 8). Particularly in case of this thesis this program is platform LEADER¹³ and the role of Local Action Groups (LAG). Evaluation of performance of LAG and its ability to allocate resources which it owns is directly connected to decision of superior legal body which in case of unused resources in programming period cuts the financial allocation for needs of LAG for following programming period. On the other hand in case of allocation of 100 % of financial resource LAG might receive extended financial conditions for their future programming period. In case of this thesis the program is further focused on a group of projects developing public amenity in examined area of LAG.

Last criterion for suitable choice of the program is a placement of the evaluation in the *program cycle*. New programs with the first period of existence are good candidates for the evaluation. As some programs might be innovative or just simply performed for the first time on the area of the municipality, their evaluation becomes a point of interest. Executive body has to evaluate performance¹⁴ of program and evaluate its utility at the local conditions. Such an evaluation will provide sufficient place for planning and adjusting criterion for the new program period. Program might be either extended for its vital performance or on the contrary retrenched for insufficient performance of its outcomes.

Program evaluation must be also perceived in its complexity. Evaluators should also choose the right type of evaluation with the best fit to the chosen type of project. In the case of this thesis I shall understand the use of *summative* evaluation which measures program outcome and impacts during on-going operations or after program completion. *Most evaluation work will examine program implementation to some extent, if only to ensure that the assessment of outcomes or impacts can be logically*

¹³ In more detail is LEADER and its importance described in chapter 5.1 Actors of local development – Local Action Groups

¹⁴ According to rules for grant acquisition by Ministry of Agriculture of Czech Republic nb. 40647/2009-10000. (Ministry of Agriculture 2014b)

linked to the program activities. (Newcomer et al. 2010: 9) Program planning however usually focuses to reach only one or few target goals it also influences variety of factors and activities which might be included in its evaluation. In order to receive precise evaluation one must preselect relevant factors¹⁵ and activities which were particularly important for the examined program and which will be beneficiary for the purposes of the evaluation.

Basic presumption, common to every project evaluation is the hypothesis, often implicit, that if the right resources are transformed into the right activities for the right people, then these are expected to lead to the results the program was designed to achieve. (McLaughlin et Gretchen 2010: 60) Simply understood, planning and specification of every program goal and choice of strategic aims and primary objectives helps to specify and predict required outcomes which can be further evaluated in more precise and objective way.

4.2.1 Form of monitoring – Monitoring of reached results

Its nature is in finding out, how much was the intended result fulfilled in comparison to real status.

Figure 7: Indicators of program monitoring

Type of indicator	Kind of indicator	Method, indication method
Measurement on outputs	Cost effectiveness	CEA
	Productivity	Input/output
	Amount of activities	Exploration (finding out amount of activities)
Results	Degree of achievement of results	Measurement of achievement of goals, measurement of utility on scales and with weights.

Source: Ochrana (2006: 79), Author's adaptation

¹⁵ For example amount of participation of target groups, cost per one unit of expected outcome, amount of new job opportunities, amount of projects implemented, amount of new public amenities created etc.

Values of indicators of effectiveness are further stretched to criterion of effectiveness which shall be:

- *Standard (norm) of effectiveness set e.g. by guideline for program evaluation*
- *Value of the best program, when in measures of benchmarking I compare obtained indicators of effectiveness with the best analogical program.*
- *Average value of indicator at analogical program.*

(Ochrana 2006: 79-80)

In research sample for this thesis evaluation of projects will have preselected indicators to evaluation. Both CEA and CUA methods will combine their results to enable analogical comparison of projects and possibly also to outline performance of the whole program which might be used as guidance for the next programming period.

4.3 Ex-post evaluation

Is a follow-up observation of costs' (expenditure) activities. It is implemented after the realisation of activity costs. The aim is to find out if and how much were expected goals fulfilled.

- I can use this method in three basic forms:
 - o *Control of fulfilment of goals*
 - o *Control of expected effects based on accepted measures to application of corrections.*
 - o *Control of results (outcomes) from specific program*

(Ochrana 2006: 74)

Ex post analysis might be also understood as summative for its summarizing evaluation of all aspects of the project after its implementation and possibility to quantitatively measure its outcomes. Frechtling (2002: 16) specifies that *summative evaluation concentrates information about results, related processes, strategies and activities which lead to these results*. Outcomes of summative analysis are final recommendations and positions in a form of the final reports based on the formative evaluation As Petruj (2009: 79) understands ex-post it is the final evaluation, performed

after the physical realization of the projects and its substance is the evaluation of a level of fulfilment of set goals of the project. As stipulated in the lines above, practically all these definitions reproduce specification of ex-post evaluation in the same meaning only in different words.

4.3.1 Use of Ex-post

Use of ex-post evaluation should be always relevant to the character¹⁶ of the project. For this type of evaluation it is more suitable to use certain period between the end of the project and the beginning of the evaluation. For the purposes of this thesis this period will be in years between 2010 and 2014 where all projects were implemented.

In several relevant sources might be found recommendation for suggested implementation of this type of evaluation¹⁷. However, problematic might be diversity of evaluated projects on the local scale. Excessive variability of the projects (investment focused / non-investment focused) in one programming area brings challenges for the evaluator how to set a group of suitable evaluation methods generally as well as how to set correctly specific evaluation method in specific cases in real life projects. (Petrůj 2009: 77)

To better understanding I can follow outline set by Frechtling (2007: 21) for the evaluation of the projects in the following form:

1. *Adaptation of logical map of project*
2. *Formulation of evaluation questions and setting of measurable indicators*
3. *Selection of methodological approach*
4. *Data collection and its analysis*
5. *Answering the evaluation questions*
6. *Reporting, possibly dissemination of discovered data*

Particular attention should be paid to formulation of evaluation questions and setting of measurable indicators. (Petrůj 2009: 90) Further for the evaluation indicators are

¹⁶ In my case the character of projects is public project which developed public amenity therefore which focused on investment into municipal infrastructure and benefited local target groups.

¹⁷ Methodology for operation programs, methodology for preparation of programming documents, methodology for creation of local strategic programmes etc.

important inputs in a form of monetary units and outputs measured in utility of reached goals. Both must be defined specifically and have to be quantified. For this purpose I shall understand costs in their monetary meaning and benefits/utilities are defined based on subjective utility of target groups of evaluated project evaluated by experts.

4.4 Stakeholders

The accumulated evidence demonstrates that attention to, and involvement of key stakeholders enhances the design and implementation of the evaluations and the use of evaluation results in decision making (Patton 2008: 21-27). Stakeholders are key actors in program evaluation. Even more importantly for the purposes of this thesis where stakeholders shall also occupy the position of the expert opinion to provide one level of feedback to examined sample of the projects. The expert opinion will be given by participants of LAG who are directly connected to evaluated projects. However all stakeholders of the project will not be considered as relevant evaluators for their lack of competence to provide objective opinion and to their position as only outcome and project's utility receiving entities.

I define *stakeholders* as individuals, groups, or organizations that can affect or are affected by an evaluation process or its findings. They possess different amount of influence on project outcome and also different amount of interest in the participation of project. However they are influenced either directly or indirectly by realization of the project and they become recipients of the projects' outcomes. Beyond that Patton defines *primary intended users* as substitutes of key stakeholders. They are those „specific“¹⁸ stakeholders selected to work with the evaluator throughout the evaluation and to interpret the results to assure that the evaluation is useful, meaningful, relevant, and credible. (Bryson et. Patton 2010: 31) According to Patton these specific stakeholders will be in case of this thesis our experts. This group of stakeholders with sufficient and relevant knowledge of implemented projects participated in creation of

¹⁸ In this thesis these primary intended users as specific stakeholders are chosen experts from LAG who directly participated in the process of selection, implementation and in this thesis even evaluation of all projects from research sample. **These primary users were chosen intentionally to provide this thesis with the most accurate, useful, meaningful, relevant and credible data.**

the superior program as well as the realization of the individual projects up to feedback evaluation of the projects outcomes.

4.5 Good practice

Is method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark. Best practices are used to maintain quality as an alternative to the mandatory legislated standards and can be based on self-assessment or benchmarking. (Bogan et al. 1994) Best practice is a form of program evaluation in public policy. It is the process of reviewing policy alternatives that have been effective in addressing similar issues in the past and could be applied to a current problem (Bretschneider et al. 2005: 307-312). However the concept of what is being “best” or “good” is still problematic and little understood tool for an analysis as it is not specifically defined and should be therefore examined with a caution. The best practice might be perceived subjectively and simply “the best” might vary for different project sample with different needs and purposes. The best might be therefore project “*which is a mix and match approach for making recommendations that might encompass pieces of many good practices*” (Bretschneider et al. 2005: 316)

5 LEADER platform in rural development

This chapter will approach understanding and importance of platform LEADER in rural development policy of EU. It shall show bonds between stress to effectively allocate resources in rural areas and need of EU to receive the best possible utility from realization of its strategies in programs and individual projects.

Platform LEADER¹⁹ was formed in order to better identify needs of region on the municipal level and also to receive locally targeted evaluation of the project implementation. *It is a community-led local development method for mobilising and developing rural communities through local public-private partnerships (Local action groups).* (Ec.europa 2014b) Platform LEADER became therefore integral part of rural

¹⁹ Leader = „*links between actions from the development of the rural economy*“ (Ec.europa.eu 2014b), was established in 1991. In 2007 became integral part of the EU’s Rural Development programmes and continues to be part of cohesion policy also in programming period 2014 – 2020.

development and key tool in enhancing and effectively using resources in problematic rural regions²⁰.

With the last reform of CAP in 2014, member states gained certain level of independence in means of setting the program axis and improvement of allocation in rural development through LEADER method. They will *be obligated to use minimally 5 % of the CAP budget for support of LEADER program. (Europa.eu 2014)* Meaning increased importance of input/output evaluation and performance of implemented projects. For the purpose of this thesis this indicates importance of having suitable methodology for the evaluation of locally implemented projects with identified specific needs of the local community.

To sum up from the point of view of rural development, the current EU CAP reform shall power up new, more regionally focused dimension of CAP. More fair distribution of EU support shall focus on the support of leaping regions which play the most important role in the landscape management and environmental character of the agricultural policy in the rural areas. *Support of the local small and medium businesses supports sustainable dimension of the entrepreneurship which shall equalize regional disparities and increase development of economic and social factors which are necessary to their development. (Piskorz 2009: 34)* As Piskorz implies rural development will depend more on participation of all stakeholders during this process. Improvement of life conditions in leaping regions will be only effective if cooperation between public-private partnerships works (essence of LAG) and by specifically managed evaluation of needs and measurable outcomes the LAGs will be able to answer needs of their inhabitants.

5.1 Actors of local development – Local action group

In order to stimulate community involvement in the development of the area and make better use of its resources, there is a demand to build social and economic capital in the

²⁰ Mostly defined as underdeveloped peripheral regions which have common signs as: region on the border with other state, on the periphery from bigger cities which might act as centres of development. LAG Kmovsko is peripheral are of peripheral region Moravskoslezsko, therefore importance of rural policy in this area is high.

country. Due to the low level of activity and engagement of rural communities in local structures and reluctance to cooperate, stimulating activities, promotion or training maintained by the Local Activity Groups, are especially important for the development of rural areas. *Local Activity Group (LAG) is a type of territorial partnership formed usually in the rural areas, bringing representatives of the local organizations together (both public, private sectors among with non-governmental) and the inhabitants of the area designated communities.* (Ec.europa.eu 2014a) Local Action Group performs Local Development Strategies (LDS) in the area of 10 thousand to 150 thousand residents. This condition is designed on one hand - to provide "local" character, and on the other hand - to provide adequate capacity for the implementation of the strategy. A very important element in the creation of LAG is that at least 50 % of its members belong to the private and non-governmental sector as well as to the representatives for the area in which it operates. (Szymanska 2014: 166) The involvement of the local population is a key element of many rural partnerships. Participation of the local population is required as active members of LAG committees for program forming, project selection, project and program evaluation as well as creation of strategic planning. Moreover it requires the participation of local community as cooperating body of local development in means of co-financing as well as implementation of LAG's projects.

The second most important means of involvement are key individuals, locally elected politicians and special community events. (Pérez et al 2000: 70) Among all definitions and common features of LAGs the participation of wide spectrum of stakeholders is an important part. Higher the participation, the better the identification of need of region might be and therefore better the allocation of resources will be in order to provide the best utility of implemented projects. Important role of the local action groups I might find in the creation of communal way of life in the rural areas. Possibility of inhabitants to directly participate in decision making process about activities in their region and to plan its development is in this meaning very powerful tool of motivation. (Pelcl et al 2008: 11)

Local Action Groups, again overlapping geographically with the other local partnerships, needs less introduction to the European audience; they exist to promote innovative, “bottom-up”, economic development initiative with a strong element of community involvement. (Pérez et al 2000: 37; Pelcl et al. 2008: 13–14) Among other objectives LAGs most indicate a higher quality of life, education, improve safety, improve infrastructure, public space and the overall promotion of local communities. The implementation of local development strategy is selected through projects a competitive process, in four patterns:

- *country renewal and development,*
- *diversification into non-agricultural activities,*
- *creation of micro and small projects*
- *development of micro and small projects* (Szymanska 2014: 169)

Among others the LAGs play irreplaceable role in rural development as they are integral part of local community and actors of rural economic and social life.

5.1.1 LAG and its legal subjectivity

LAG has to have defined its legal subjectivity according to Civil code of the Czech Republic and according to requirements of European policy in application of LEADER platform. Generally there are several ways how to create legal institution with certain requirements to fulfil criterion of LAG. Nevertheless with the amendment to the civil code in 2014 there is one form which meets the requirement of LAG the best. The best fit is therefore public benefit company according to the further law nb. 248/1995 col.

To delimit spatial subjectivity of LAG it is mostly used bond between LAG and one or couple of microregions. According to Rektoušek (1999: 34), microregions are composed of municipalities and “*every municipality entering the microregion, should have a clear idea of expectations resulting from the entrance.*” Emphasizing that for meaningful existence of microregion it is more important to follow common goal and strategy than to generate effort to maximize its size.

Rektořík et al (1999) also introduce following activities of the microregion:

- *Submission of integrated projects for municipal infrastructure development*
- *Solving problems cumulated in the past years which by its extent overreach borders of one municipality*
- *Realization of projects and fulfilment of aims that might dramatically influence living standards of inhabitants in the member municipalities.*
- *United approach in lobbying for microregion*
- *United approach in territorial and investment planning and in rehabilitation of rural image of the municipalities.*
- *United acquisition of information necessary for further area development and project management*
- *Exchange of experience between representatives of the municipality and regions.²¹*

(Rektořík, 1999: 36)

Mostly unification of LAG with the microregion improves areal bonds between stakeholders of development in the area. As Rektořík (1999) mentions integration helps to promote common approach in lobbying, specification of target values in means of development and also improved concentration of financial resources to goals of local development. Integration might be further used as well to create common evaluation methods applied to assess performance of LAG actions and improve feedback and data collection for future strategic planning. Specifically this condition is the purpose of this thesis to improve feedback from implemented project on the area of LAG Rozvoj Krnovska o.p.s. and based on the evaluation of these projects to suggest factors for the improvement of its performance in future strategy of development for the next programming period. However participants of microregion are only municipalities whereas participants of LAG are also local inhabitants, entrepreneurs, non-governmental institutions, representatives of local institutions etc.

²¹ Author's translation

5.2 Peripheral rural region

Problematic of peripheral areas is known since the first theoretical concept by Christaller in 1933 and his theory of central places with the definition of the core. Meanwhile the areas between those cores were implicitly characterized as peripheries which best indicator is distance from the core. After boom in research on regional development theories there are several approaches which develop this theory as Myrdal (1957), Hirschmann (1958), Perroux (1958), and point out the problematic of the localization theories and unequal development. (Blažek and Uhlíř 2002: 18-26) Perhaps the most relevant footprint was given by Friedmann (1966) in the problematic of core-periphery theory. Periphery is by Friedmann understood as area which did not receive cumulative effects on the contrary to core as dominance effect, linkage effect, information effect, psychological effect, modernization effect and production effect. These are minimal conditions which reader must be aware of to understand situation on the peripheries as is examined in the microregion and the role of LAG to battle these conditions

6 Practical part

In the practical part the focus is on the basic characteristic of the research sample of the projects for an understanding of its socioeconomic conditions in its region. Further focus is on characteristic of the specific conditions of the local action group which will be the main player for the further evaluation of its' effective performance. Practical part will also depict evaluation forms of project sample with following focus on harmonization of results and performance of meaningful outcomes. Based on the methodological approach I will perform the first step of the ex-post evaluation, set of indicators and evaluation question. Based on the gathered data I will perform a data analysis based on the selected qualitative and quantitative methods. Based on the results obtained from the analysis I will compare the best performing projects and suggest the indicators for the project evaluation for the following programming period for examined LAG. Thereby I will evaluate the performance of the projects and their benefits to the LAG and I will be able to identify examples of good practice and factors which were the reason of their success.

6.1 Stakeholders

This chapter will specify stakeholders for the evaluated research sample of the projects. The evaluation of the research sample shall be a benefit for the project management team, partners of projects, sponsors, responsible supervising agencies, project target groups and inhabitants of towns and villages which receive the utility from the executed projects.

Importantly I shall define the project stakeholders which were directly influenced by outcomes of the projects. Existence of the project thus changed the quality of their life and should have contributed to an increasing level of well-being in the public area. Therefore for the purposes of this thesis target groups will be particular inhabitants, entrepreneurs and interest groups of towns where projects were executed as their needs were primary impulses to realization of the projects. I might also better target the groups among inhabitants of towns however for every project the target group

will differentiate. Nevertheless the differentiation will only provide more qualified evaluation with the level of utility and satisfaction with outcomes of executed projects, which is highly required for the purposes of this thesis and will provide the evaluation with the responses on the level of primary intended users. To assure the most specific and meanwhile objective evaluation, questionnaire respondents will be project managers, representatives of municipalities (grant receivers) in which area were the projects implemented and also members of LAG committee whose responsibility is to evaluate the performance of LAG based on these projects. Out of 24 executive members of LAG and its project manager there were selected 10 members each one of them with specific knowledge of at least two projects from research sample. Each of the chosen executive members possess knowledge of the results of project evaluations of the implemented projects from the research sample which were individually executed during year 2014 and reflect the evaluation of projects by their target groups at local level.

6.2 Individual conditions of Local action group

Analysis of the conditions of LAG ROZVOJ Krnovsko o.p.s. will provide an empirical framework for the practical part of this thesis. In the following chapter the reader should understand relevant factors that play an important role in the development of this rural area.

Region Krnovsko might be considered with the comparison to other Czech regions as a peripheral rural region. Generally the whole area of its superior regional district of Bruntál is labelled as economically weak region.²² Krnovsko region is in the geographical means located in the disadvantageous peripheral are of the Czech Republic. As a result of its location it disposes of worse transport accessibility to important agglomeration units in north Moravian region. Significant problem is also high unemployment rate, mostly existing in Osoblaha sub-region.²³ Municipalities of

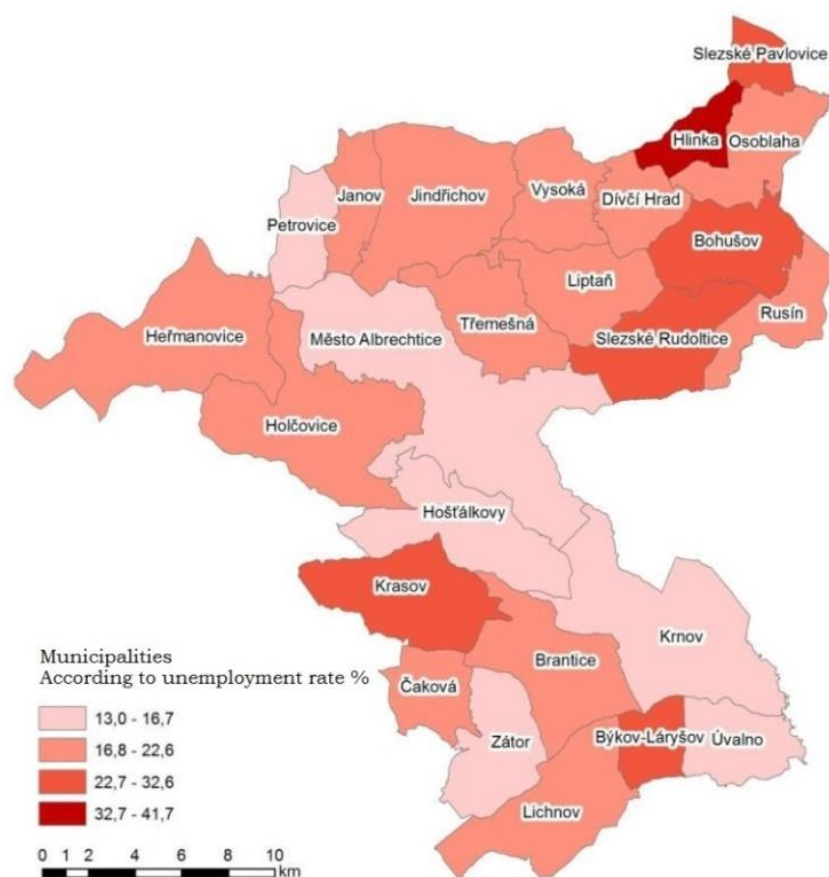
²² Based on resolution of government of Czech republic from 17th May 2006 concerning selection of regions with focused support of state for period 2007 to 2013 (in the meaning of § 4 law nb. 248/2000 Col., about support of regional development).

²³ For detailed unemployment rate see Figure 6: Unemployment rate in 2011.

Osoblaha region are Hlinka, Osoblaha, Slezské Pavlovice, Dívčí Hrad, Bohušov, Slezské Rudoltice, Rusín and Liptaň. Their average unemployment rate fluctuates on scale between 22,7 % - 32,6 % in 2014 (MAS Rozvoj Krnovska 2014).

Frequent outflow of young, perspective people off the region keep rather unfavourable education and qualification structure of the local inhabitants. In the last couple of years the region also suffered a severe damage from the financial and economic crisis. Consequences of the crisis only increased amount of unemployed inhabitants and social exclusion endangered inhabitants in the region. High and long term unemployment rate with a combination of social security benefits support in inconsiderable amount of inhabitants represent a big risk to the region.

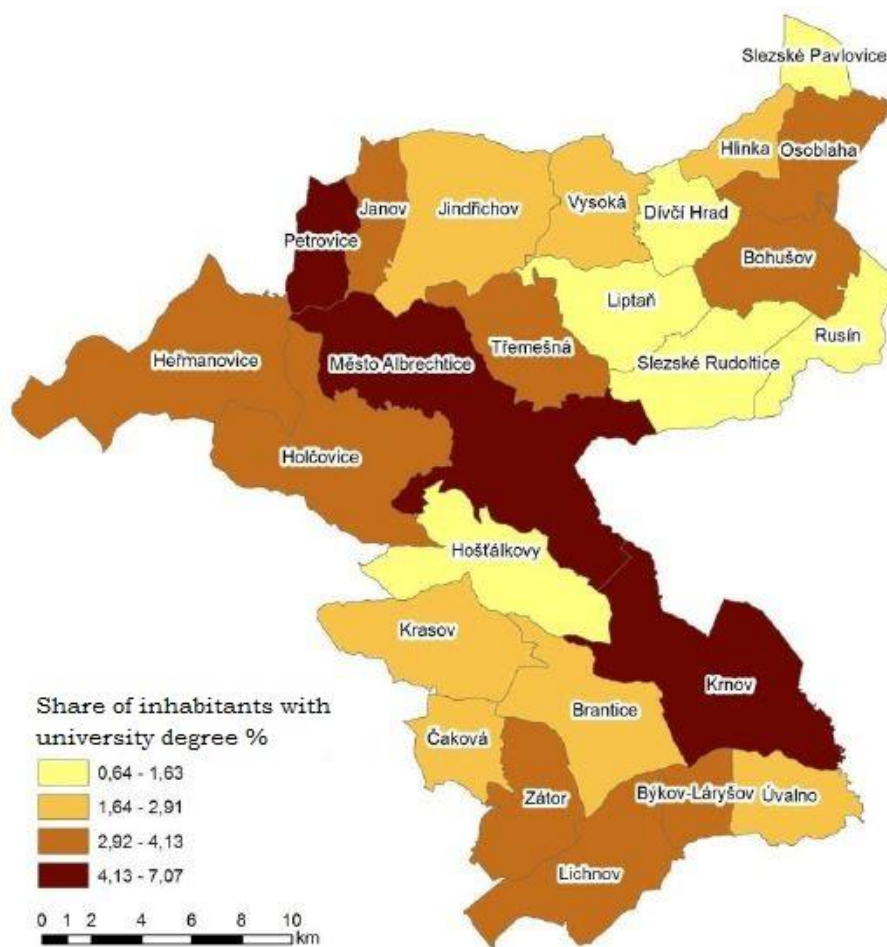
Figure 8: Unemployment rate



Source: MAS Rozvoj Krnovska 2014

Further the density of inhabitants in the microregion is 32,4 per squared kilometre with a comparison to the density of inhabitants in Moravskoslezský region which is 228,9 per squared kilometre. From this comparison I might become aware of the problematic of development of this rural region and its definition of the periphery. For better understanding of the choice of expert opinion as one of techniques of evaluation I should also be aware of the share of university educated inhabitants. Low level of the university educated inhabitants indicates need for distribution of CUA specific questionnaires to the relevant evaluators who are also primary intended user of the implemented projects. Evaluation by these respondents might be therefore highly valued with comparison to the responses of wide sample of local inhabitants without any selection. Nevertheless the difference is in ability of primary intended users (thesis's experts group) to provide relevant responses to CUA questionnaires which are based on previous evaluation of project by all project target groups with less demanding evaluation questions. Figure 9 therefore graphically depicts this share of university educated inhabitants in the microregion.

Figure 9: Share of university educated inhabitants



Source: MAS Rozvoj Krnovska 2014

6.2.1 Subjectivity of the microregion

Microregion Krnovsko was established as a voluntary union of municipalities according to law nb. 128/2000 Sb., about municipalities and is formed by 24 towns and villages with total amount of 41 816 inhabitants.

Geographically is the microregion Krnovsko consistent with the administration area of town Krnov together with other minor towns and villages in the effective area of MAS Rozvoj Krnovska o.p.s. with exception of Krnov “centre” as town. Voluntary union of these municipalities is more specifically represented by 24 municipalities in the northern part of Krnov region (Bohušov, Divčí Hrad, Hlinka, Jindřichov, Liptaň,

Osoblaha, Petrovice, Rusín, Slezské Pavlovice, Slezské Rudoltice, Třemešná, Vysoká, Město Albrechtice, Janov, Heřmanovice, Holčovice, Hošťálkovy, Čáková, Lichnov, Býkov, Krasov, Brantice, Úvalno, Krasov).

The main topics for the activity of the microregion are development of economics, culture, sport, tourism and cross border cooperation. (MAS Rozvoj Krnovska 2014) Focus in this thesis will be mainly put to the area of public services and public utilities which complete all requirements of “*main topics for activities in microregion*” as their improvement leads to the enhancing life standard on local scale. These activities further enhance public utility which becomes a centre of cultural events in the area and therefore increases level of the utility of the public projects and increasing attractiveness of the area for touristic opportunities.²⁴

Microregion in the meaning of examined LAG is in its spatial area equal to the administrative region of LAG ROZVOJ Krnovska o.p.s.. However LAG is in the meaning of participation of its member much wider. Their members and its performance is significantly influenced by the activity of the local private entrepreneurs and non-profit organizations, households or outstanding active personalities which act mostly in a form of members of LAG, but also in a form of independent sponsors of community life.

6.2.2 Business environment

In the region I might find various compositions of the entrepreneurship subjects. Production focused firms are mostly located in Krnov and its industrial zones. In the northern part of the microregion and in the surrounding of Osoblaha are located mostly smaller entrepreneurs with an employment up to 50 people in one business unit. However despite the difficult conditions for the business (mostly bad infrastructure and logistics) there are many local entrepreneurs, craftsmen as well as farmers who are successful in their fields of business.

²⁴ These values follow guidelines stated in Strategy of development for LAG Rozvoj Krnovska o.p.s for period 2007-2014 (MAS Rozvoj Krnovska 2014b)

Several entrepreneurs also support the development on the local level in a form of sponsorship mostly focused on activities of local non-profit organizations in sport area or cultural events. However the highest proportion of the investment flows into the needs of private firms and its development which, at least indirectly, supports the local development. Nevertheless the key financial resources for the rural development are formed by the budgets of the individual municipalities. For the purpose of this thesis I must be aware of an important role of the municipalities in the budgetary structure of either LAG, as well as the project executor, which financially participates at the project's costs. Thereby is supported the interest of municipalities to implement cost effective projects.

6.2.3 Importance of social and cultural life

Considering the harsh conditions of the peripheral region in means of the Czech Republic, the social and cultural²⁵ life is of the highest importance for these rural areas. Municipalities and other actors of the rural development try to precede or at least minimize the problems²⁶ occurring in these areas. Main tools for the prevention of these influences are projects focused on the improvement of life quality in the region. Many of such projects are therefore further focused on filling up the insufficient public utilities in the areas of sport, culture and social life of local inhabitants. This particular area will be the main source of data for the evaluation of the individual project sample for this thesis.

All of the chosen projects belong to the group of public utility facilities and participate on regular basis in the communal social life. Specifically these projects focus on the modernization of the public facility, furnishing of the public utilities as club houses, multifunctional centres, facilities for cultural and social life in the municipality and modernization of these areas.

²⁵ Social and cultural life is understood as active participation at sport events, leisure time activities, visits of public libraries, galleries etc.

²⁶ Problems as drug abuse, unemployment rate, youth education and diversification of leisure time activities etc.

6.2.4 Regional potential

Possibly the biggest potential for the development of this rural area is hidden in a very convenient condition for tourism and tourism connected services in a form of attractive and various landscape and outstanding cultural and historical heritage. (MAS Rozvoj Krnovska 2014) Strength of the region is exceedingly high amount of historical and architectural monuments (Chateau in Linhartovy, Dívčí Hrad, Slezské Rudoltice, Jewish cemetery in Osoblaha, remains of fortress in Město Albrechtice etc.). Unfortunately most of them are in desperate technical condition which makes them rather inaccessible for touristic potential. Possible reconstruction mostly depends on lacking financial resources of local municipalities or private owners who act as administrators of these monuments.

6.3 Specification of research sample

Multifunctional centre Slezské Rudoltice – equipment (2010-2011) (project 1)

Intention to invest into modernization of multifunctional centre was one of the preferences of municipality Slezské Rudoltice since 2005. However for a small budget and need to address struggle with high unemployment rate in this locality, budget for the required investment was above possibilities of the municipality.

In 2010 with the first call of LAG the municipality delivered their project for the modernization of equipment in their multifunctional centre. The total allocation to project was 357 180 CZK with subsidy of 241 681 CZK (68 %). The municipality participated in total by 115 499 CZK which represented approximately 32 % of the project budget. EU participated at subsidy ²⁷by 80 % which equals 193 344 CZK and national resources by Ministry of Agriculture by 20 % which represent 48 337 CZK.

After the implementation of the project the real cost reach total value of expected costs and the allocation was used for 100 %. Project directly affected 633

²⁷ Financial participation by EU is specifically Programme of rural development for period 2007-2013, axis IV.Leader, category 1. Implementation of local development strategy, subcategory 1.2. Realization of local development strategy. (SZIF 2014)

people (total number of permanent residents), increased capacity of the local library, cultural centre and provided internet access to new 128 people.

Figure 10: Project 1

	Allocation in CZK	Allocation in %
Total allocation	357 180	100%
Total subsidy	241 681	68%
Participation from own resources	115 499	32%

Participation by EU at subsidy	193 344	80%
Participation by Ministry of Agriculture at subsidy	48 337	20%

Source: author's adaptation

Modernization of town hall building - kitchen corner (2010-2011) (project 2)

Municipality Býkov-Laryšov struggles as most of the others municipalities in the LAG with budgetary limitations to new investment activities. In 2011 it implemented project to modernization of building of local town hall. This building operates as a centre of the municipality and is used as multifunctional centre for sport activities as well as cultural events and the seat of the local administration body.

Project was set to modernize catering background with the multiple use for the preparation of food delivery to the town hall councils as well as sport events in the local sport facility at neighbouring plot. Public utility was thus connected with the utility for daily use of the administration body, weekly use of internet access point and also in the occasional use for sport and social events at municipal level.

The budget of the project was set to 147 500 CZK and subsidy reached amount 110 625 CZK (75 %) in total. Grant contribution financed by EU was 88 500 CZK (80 %) and 22 125 CZK (20 %) was financed from the national sources by Ministry of Agriculture. After implementation the project's allocation was used for 100 % of total amount. Total amount of actively using participants reached 250 people, which with 150 permanent inhabitants means overleaping effect of project among local municipalities.

<i>Figure 11: Project 2</i>	Allocation in CZK	Allocation in %
Total allocation	147 500	100%
Total subsidy	110 625	75%
Participation from own resources	36 875	25%

Participation by EU at subsidy	88 500	80%
Participation by Ministry of Agriculture at subsidy	22 125	20%

Source: author's adaptation

Reconstruction of the sanitary installation in the cultural house in Úvalno (2010-2011) (project 3)

Project that's application was delivered in 2010 was intended by municipality Úvalno to reconstruct sanitary installation in the cultural building. For small scale of the municipality, this building acts as a centre of the cultural life and is used for the multifunctional purposes as a cinema, theatre, library and place for art exhibitions. Lack of investment in the village didn't allow independent reconstruction by own resources of the town hall.

This project was intended to improve the infrastructure of the sanitary installation for this building in order to increase its representativeness and to improve the utility of this building for more frequent occasions. Project was also planned to create sanitary installation with access to handicapped visitors.

Financial plan calculated with total budget of 372 000 CZK from which subsidy will reach 279 000 CZK (75 %). From the subsidy EU provided 223 200 CZK (80 %) and 55 800 CZK (20 %) was financed from national resources by Ministry of Agriculture. Municipality participated in this project by 25% co-financing. After the implementation, the project's resources were used to 100 %. Capacity of the sanitary installation was by the realization of this project increased from the capacity 100 to 200 people. This project therefore enabled municipality to satisfy higher demand of local inhabitants for cultural events and increased capacity of local centre. Total amount of inhabitants with a permanent residence was in time of the realization of project 979 and estimates of project management in project documentation of directly affected inhabitants are 480.

Figure 12: Project 3

	Allocation in CZK	Allocation in %
Total allocation	372 000	100%
Total subsidy	279 000	75%
Participation from own resources	93 000	25%

Participation by EU at subsidy	223 200	80%
Participation by Ministry of Agriculture at subsidy	55 800	20%

Source: author's adaptation

Purchase of the equipment in multifunctional town hall in Dívčí Hrad (2010-2011) (project 4)

Project implemented by municipality Dívčí Hrad in 2011 which goal was to renew furnishing of the town hall building for the necessary equipment for the social, cultural and other municipal activities.

Local town hall performs multifunctional use as it is the only building in the centre of the municipality which is used for the whole year. As the residence of the administration body it also disposes of rooms for multifunctional use which lacked sufficient equipment to satisfy needs of the public requirements for life in the village. The problematic of this particular municipality is extremely high unemployment rate (fluctuates steadily around 20 %) which even increases the need for the development of the conditions for active spending of free time of the local inhabitants.

Total allocation for the project was established to 251 938 CZK from which municipality required 188 953 CZK (75 %) as subsidy. Subsidy was participated by EU by 151 162 CZK (80 %) and by national resources by Ministry of Agriculture 37 791 CZK (20 %). After implementation of project the real use of financial allocation however reached only 175 671 CZK which is 6% decrease in effective funding. Potential reach to active participation of local inhabitants was evaluated to 282 people from 271 with permanent residence.

<i>Figure 13: Project 4</i>	Allocation in CZK	Allocation in %
Total allocation	251 938	100%
Total subsidy	188 953	75%
Participation from own resources	62 985	25%
Participation by EU at subsidy	151 162	80%
Participation by Ministry of Agriculture at subsidy	37 791	20%

Source: author's adaptation

Purchase of equipment for the social and cultural background at the sport grounds (2010-2011) (project 5)

In 2010 was also submitted project by municipality Rusín with a goal to furnish newly reconstructed building of the social and cultural background. As other projects this one aimed to increase the capacity and multifunctional purpose of this building. Moreover the furnishing developed the first phase of the project which was the reconstruction of this building.

This project, however small with its allocation, has significant impact on the local community. Amount of inhabitants in this municipality as well as in other compared projects reaches only couple of hundreds, therefore with small investment there comes high utility of these projects' outcomes.

Total budget of this project was planned to 285 840 CZK. Subsidy allocated by LAG reached 214 380 CZK which equals 75 % of the project finance. EU subsidy equalled to 171 504 CZK (80 %) and national resources by Ministry of Agriculture participated by 42 876 CZK (20 %) from the subsidised part of the budget. After the realization of the project however the real use of finances reached 209 360 CZK which is decrease by almost 2 %. Amount of permanent residents was in time of implementation 127 and all of residents were directed receivers of project's utility.

<i>Figure 14: Project 5</i>	Allocation in CZK	Allocation in %
Total allocation	285 840	100%
Total subsidy	214 380	75%
Participation from own resources	71 460	25%

Participation by EU at subsidy	171 504	80%
Participation by Ministry of Agriculture at subsidy	42 876	20%

Source: author's adaptation

Club house for leisure time activities in Rusín (2011-2012) (project 6)

This project was implemented in the second half of examined period of activity of LAG. Although the preferences stayed the same, the structure of application for the project support changed in its specification. This project was the first one where grant requestors had to provide self-based ex-ante evaluation to convince the LAG experts of the need for his project. Project was planned since 2006 however for lack of finance was not realized since.

Project focused on furnishing of the building in Rusín for communal events which lacked sufficient background for organization of cultural life with decent conditions. Realization of this activity was aimed to develop and diversify activity of leisure time activities of groups of women, children and local youth. Main performance of these groups focused on keeping traditional crafts as well as organization of public exhibitions and cultural events on the local level.

Total costs of the project reached 231 000 CZK from which subsidy allocated 173 250 CZK (75 %). Municipality therefore participated on the financing of the project by 25 % of the total budget. Subsidies part of the budget was co-financed by EU by 138 600 CZK (80 %) and by national resources by Ministry of Agriculture 34 650 CZK (20 %). Project was implemented in municipality Rusín with 127 permanent residents from which all of them were direct users of project's utility.

<i>Figure 15: Project 6</i>	Allocation in CZK	Allocation in %
Total allocation	231 000	100%
Total subsidy	173 250	75%
Participation from own resources	58 750	25%

Participation by EU at subsidy	138 600	80%
Participation by Ministry of Agriculture at subsidy	34 650	20%

Source: author's adaptation

Club house of young firemen in Slezské Rudoltice (2011-2012) (project 7)

Importance of the local leisure time activities was also reflected in this project delivered by municipality Slezské Rudoltice. Main support was planned to target civil amenity of unused building in the city centre and to provide room for meetings of the local interest groups and mainly club of the young firemen. Renovation of this building should brought better background for the preparation at the competitions of local and regional character and was also meant to be used as a background for the leisure time activities of children, youth and active inhabitants in the municipality.

Total budget was planned to 294 000 CZK with participation of 220 500 CZK (75 %) by grant funding. In total was from subsidy financed 176 400 CZK (80 %) by EU and 44 100 CZK (20 %) by national resources from Ministry of Agriculture.

Real costs after evaluation of project reached planned allocation and budget was spent for its maximal value. Directly affected inhabitants are mainly target groups that will use the room for realization of its activities, however out of 633 permanent residents the project estimated to have direct impact at 230 people in the area. Indirect impact of the project will enable local leisure time groups to organize regional competitions which will bring locally aimed tourism.

<i>Figure 16: Project 7</i>	Allocation in CZK	Allocation in %
Total allocation	294 000	100%
Total subsidy	220 500	75%
Participation from own resources	73 500	25%

Participation by EU at subsidy	176 400	80%
Participation by Ministry of Agriculture at subsidy	44 100	20%

Source: author's adaptation

Cultural and social facility of municipality Jindřichov (2011-2012) (project 8)

As other projects this one focused on the realization of furnishing of cultural and social background of the municipality. This place shall receive a new furnishing and undergo reconstruction. In the phase of planning this project was prepared for several years and waited only for suitable participation by EU subsidy which came in 2012.

The place for reconstruction wasn't used before for any purposes and only depleted operating costs. The municipality therefore decided to make a use of this place for civil amenity from which the local residents could benefit. Projected area will be used as a hall for town hall meetings, seminars, business meetings and also place for cultural and social events of local and regional character.

Budget of aimed reconstruction reached 261 114 CZK from which was 195 835 CZK (75 %) financed as grant. Municipality participated on the rest of expenditures by 65 279 CZK which is equal to 25 %. Participation of subsidy was from 156 668 CZK (80 %) financed by EU and 39 167 CZK (20 %) from national sources by Ministry of Agriculture.

After realization of project the total allocation however reached 194 215 CZK which is decrease by only 0,6 % in total financing. In the municipality is 1382 permanent residents from which were directly by project influenced 650 of them.

<i>Figure 17: Project 8</i>	Allocation in CZK	Allocation in %
Total allocation	261 114	100%
Total subsidy	195 835	75%
Participation from own resources	65 279	25%

Participation by EU at subsidy	156 668	80%
Participation by Ministry of Agriculture at subsidy	39 167	20%

Source: author's adaptation

Club house for (not only) bicycle tourists in Slezské Pavlovice (2012-2013) (project 9)

One of several civil amenity based projects which focuses on the reconstruction of the hall for the purposes of the local community. Municipality Slezské Pavlovice is another of small villages in the microregion which budget doesn't manage to obtain an investment activities of the municipality without financial participation of other actors. Project was applied for in 2012 and implemented in 2013.

Project addresses the need of newly created club for cycle-tourism and also responds the needs of other local based sport and leisure time activities clubs in the municipality. As the town has only 191 permanent residents the multifunctional purpose of the hall has its meaning and potential to maximize the utility of all inhabitants.

Financial requirements of the project were calculated to 367 546 CZK. Amount of the subsidy reached 248 093 CZK which equals 67 % of the total budget. From the subsidy EU participated by 198 474 CZK (80 %) and 49 619 CZK (20 %) were granted from national resources by Ministry of Agriculture.

After the implementation the project managed to consume all allocated resources. Permanent residents that were directly affected by outcomes of the project were 191 which equals to all inhabitants of the village.

Figure 18: Project 9	Allocation in CZK	Allocation in %
Total allocation	367 546	100%
Total subsidy	248 093	67%
Participation from own resources	119 453	33%

Participation by EU at subsidy	198 474	80%
Participation by Ministry of Agriculture at subsidy	49 619	20%

Source: author's adaptation

Modernization of sanitary installation of gym at elementary school in Třemešná (2011-2012) (project 10)

Last of the research sample of projects slightly differs from the other projects. This project is focused on the reconstruction of the sanitary installation in local gym. Main problematic is bad situation of the sanitary equipment in the building which decreases a quality of public utility from the time spent in the gym. Main target groups in this project are children and youth from local elementary school, however also local sport clubs which use local gym mainly in the winter season for the satisfaction of their activities.

Reconstruction of the sanitary installation is one of the phases of the reconstruction of the whole gym and also local elementary school. However the project for the complex reconstruction was rejected by Regional Council for Moravskoslezský region, which is the regional administration body, the municipality decided at least to invest in the first phase of the reconstruction.

Total budget of the project was 282 000 CZK. Required participation from subsidy was set to 199 750 CZK which equals 71 % of suggested budget. From the grant the EU participated by 159 800 CZK (80 %) and national resources by 39 950 CZK (20 %) by Ministry of Agriculture.

Total costs of the project after its realization were 194 982 CZK which is decrease by 2 % which had to be supplementary financed by municipal budget. In the municipality are 916 permanent residents from which were, by project, directly affected 180 (local children, youth, participants of local sports leisure time clubs.)

<i>Figure 19: Project 10</i>	Allocation in CZK	Allocation in %
Total allocation	282 000	100%
Total subsidy	199 750	71%
Participation from own resources	82 250	29%

Participation by EU at subsidy	159 800	80%
Participation by Ministry of Agriculture at subsidy	39 950	20%

Source: author's adaptation

6.4 Understanding of evaluation

Although all projects from the examined research sample are projects chosen from the same priority field "civil amenity" their outcomes in natural units will be measured by amount of satisfied members²⁸ of its target groups. This indicator might be used as a natural unit of output as the amount of individuals from target groups is regarded as official output of the project which was used in the process of grant application. I will therefore look for the results where was the lowest "input cost per one natural unit of output ratio". As supplementary information there will be used comparison of intended budget of the proposed project and the real budget after implementation of the project. Therefore each project will be further possible to evaluate according to percentage of the allocation of the financial resources used at its implementation with comparison to the other projects which possibly used 100 % of its allocation or not fully reached its budgetary potential.

As specific conditions of LEADER program and application of LAG define, the projects were only possible to increase project's budget in case of financing by participating body, but not from the common budget of LAG earmarked to the project's call. Therefore none of examined projects exceeded its financial allocation and at the best case used 100 % of its budget.

The best project will therefore have to fulfil following conditions: It's cost effectiveness per one satisfied member of target group will have to be among the lowest

²⁸ person from target group whose needs were satisfied by implementation of the project.

from the research sample. As supplementary each project will have to use at best 100 % of the resources allocated to co-financing from EU funds meanwhile to possess the highest participation of the municipality in the projects in order to enable better allocation of the resources to improve diversity of projects realized by LAG. Thus the cost effectiveness will reach its highest potential when from one budget of LAG will be satisfied the highest amount of target groups, with the lowest costs on inputs. Further in means of CUA the most useful project is further that one which will perform the best in questionnaires responses and will satisfy the highest amount of primary intended users (project manager, project experts) which are able to provide evaluation of the results of the implemented projects at the local level.

Project which will have the best combination of both conditions (plus supplementary effective allocation of the subsidy) should become suitable example of good practice as it delivered the highest amount of utility compared in regard to its cost from LAG budget.

6.5 Evaluation by CEA method

CEA will be, in this thesis, part of more complex CUA analysis and will provide the first part of data of research sample for the results of this thesis. CEA will in this thesis measure cost effectiveness of use of financial resources per individual implementation of each project. Quantifiable natural units will be understood and represented by satisfied participants of target groups whose needs were fulfilled by implementation of project per input amount of costs necessary to the implementation of the project.

However in the distributed questionnaires which mainly focused on CUA based data, were also included first questions which obtained respondent's opinion to effective use of cost in individual projects. Weighted results from this question will include expert's opinion from the perspective of managers of the project and experts of LAG²⁹ who had a chance to participate on the projects from its beginning. Detailed process of the setting weights to individual responses is described in detail in the chapter "Evaluation by CUA method"

²⁹ Experts are members of Board of directors (control mechanism of LAG) who are by occupation mayors, their deputies, directors of local educational institutions, private entrepreneurs from field of civil law and tax consultancy.

Figure 20: Results of CEA method

STATUS	REAL FINANCIAL SUBSIDY	TOTAL VALUE OF PROJECT	REQUIRED FINANCIAL SUBSIDY	PARTICIPATION BY EU	PARTICIPATION BY NATIONAL RESOURCES	EFFECTIVITY OF USE OF SUBSIDY	TOTAL SHARE OF EU SUBSIDY	EXPERT OPINION TO CEA	TOTAL AMOUNT OF PARTICIPANTS IN TARGET GROUPS	CEA NATURAL UNITS OF OUTPUT (UNIT/CZK)
project 1	241 681 Kč	357 180 Kč	241 681 Kč	193 344 Kč	48 337 Kč	100%	68%	6,4	633	564 Kč
project 2	110 625 Kč	147 500 Kč	110 625 Kč	88 500 Kč	22 125 Kč	100%	75%	5,8	250	590 Kč
project 3	279 000 Kč	372 000 Kč	279 000 Kč	223 200 Kč	55 800 Kč	100%	75%	6	480	775 Kč
project 4	175 671 Kč	251 938 Kč	188 953 Kč	151 162 Kč	37 791 Kč	93%	70%	3,5	282	893 Kč
project 5	209 360 Kč	285 840 Kč	214 380 Kč	171 504 Kč	42 876 Kč	98%	73%	4	127	2 251 Kč
project 6	156 942 Kč	231 000 Kč	173 250 Kč	138 600 Kč	34 650 Kč	91%	68%	2,9	127	1 819 Kč
project 7	220 500 Kč	294 000 Kč	220 500 Kč	176 400 Kč	44 100 Kč	100%	75%	5,9	230	1 278 Kč
project 8	194 215 Kč	261 114 Kč	195 835 Kč	156 668 Kč	39 167 Kč	99%	74%	5,7	650	402 Kč
project 9	248 093 Kč	367 546 Kč	248 093 Kč	198 474 Kč	49 619 Kč	100%	67%	6,4	191	1 924 Kč
project 10	194 982 Kč	282 000 Kč	199 750 Kč	159 800 Kč	39 950 Kč	98%	69%	4,1	180	1 567 Kč

Source: Author's adaptation]

Multifunctional centre Slezské Rudoltice – equipment (2010-2011) (project 1)

First evaluated project managed to reach full allocation on fulfilment of its goals. The municipality participated from the total budget by 32 % which is the second highest share of all projects. All outcomes of the project were fulfilled with a use of the budget as planned. Expert's opinion to the cost effectiveness reached 6,4 point³⁰ on the scale where maximum was 6,5. After closer inspection the reasons for this result was high share of budgetary participation from the municipality which supported saving policy of LAG resources which is stressed under the LAG priorities. Furthermore the CEA evaluation per satisfaction of members of target groups of project reached value 564 CZK which is with comparison to the other evaluated projects in the research sample the second lowest value. Low level of CEA result was influenced by high share of the participants of the target groups whose needs realization of the multifunctional centre satisfied. In this project I may evaluate maximal use of the financial potential and cost effectiveness and recommend it for the further discussion as potential candidate to example of good practice from the cost effectiveness point of view.

Modernization of town hall building - kitchen corner (2010-2011) (project 2)

Realization of this project achieved its planned and full allocation of resources. However the proportion of municipal participation reached 25 % which is the minimal amount required for co-financing in this project sample and conditions. Although the cost effectiveness reached full potential with project's outcomes, in responses gathered by experts from CEA based question their evaluation was set to 5,8 pts. Deviation from maximal potential was explained by project manager that this is due to low willingness of the municipality to participate on the project from its own resources from bigger part. However the CEA evaluation per satisfied target group member was 590 CZK which is the third best performing project and its cost effectiveness therefore performs very well and might be considered as example of good practice. This satisfactory result by CEA is an impact of low budget of the project which with a comparison to the other projects

³⁰ Rating scale and evaluation method by CUA is in detail described in chapter Evaluation by CUA method. Specific results of CUA questionnaires are located in appendices of this thesis.

from research sample reached only half, even one third of their costs. Therefore low budget decreased its costs at input which resulted in good input/output ratio.

Reconstruction of sanitary installation in cultural house in Úvalno (2010-2011) (project 3)

This project aimed on the reconstruction of the facility and with a comparison to the other projects from the research sample had the highest budget. Nevertheless the project used 100% allocation and fulfilled all of its objectives. Total participation of the local municipality was set to 25 % of total budget which it managed to keep. Expert's evaluation to cost effectiveness reached 6 points out of possible maximum 6,5. Decrease by 0,5 is caused by pressure of experts' group to increase financial participation of the municipalities as much as possible in order to support higher diversification of supported projects in means of LAG. Therefore the reason of the decrease of points was only 25% participation of the municipality which might have been higher in order to support budgetary policy of LAG. CEA results per satisfied target group member were 775 CZK, which belongs to the best third of projects, however is not exceedingly good. Therefore even over its relatively positive performance this project will not be further chosen for the analysis as an example of good practice from the perspective of CEA.

Purchase of equipment in multifunctional town hall in Dívčí Hrad (2010-2011) (project 4)

Fourth evaluated project managed to increase multifunctional use of municipal town hall by purchase of its furnishing. Total allocation was in this case not reached and the municipality used only 93 % of the total budget. This project however managed to fulfil all of its outputs which are further evaluated in the CUA analysis. Participation of the municipality was planned to 30 %. After discussion with the project manager the reason of ineffective use of the resources was that the municipality didn't manage to fulfil conditions for the purchase of the furnishing according to the requirements of EU and rather increased participation from its own resources. The cost effectiveness also decreased as the outputs of project were not fully fulfilled which increased input/output

ratio. Therefore the purchase price of furnishing was higher than estimated. Similar results also appear in evaluation where cost effectiveness of project received 3,5 points out of 6,5. CEA per one unit of output as satisfied member of target group per project's budget was 893 CZK which is in the first half of the best projects, however it only identifies project as of average quality and will not be further relevant for this thesis outcomes from the perspective of CEA.

Purchase of equipment for social and cultural background at sport grounds (2010-2011) (project 5)

Furnishing of building in this project didn't manage to allocate 100 % of its financial potential. Total use of allocation from EU resources was 98 % which reflected on an increase of municipal participation from 25 % to 27 % of the total budget. Nevertheless the project fulfilled its outputs and cost effectiveness was kept at the same level as predicted. Only decrease of required finances of EU was supplemented by financing from municipal budget. This situation was caused by poor administration of the project management. Moreover such result should become an example of poor practice, from the point of view of the use with budget of LAG. Possible allocation of extra 2 % might have been directed to other projects which could have used these resources either to extend their funding or LAG could have supported other grant applicant. The CEA evaluation however rated project on scale by 4 points which indicates cost effectiveness of budget as rather dissatisfactory for the reasons stated above. CEA output per satisfied member of target group reached 2 251 CZK which was the highest level among all compared projects. High budget of the project necessary for its implementation and the lowest share of members of the target groups among local inhabitants resulted in this poor result. This result was therefore the worst one and will be no more relevant for the outcomes of this thesis from the perspective of CEA.

Club house for leisure time activities in Rusín (2011-2012) (project 6)

Execution of this project was in comparison to the other projects from the research sample the least effective in means of use of financial allocation. The project managed to use only 91 % from the EU subsidy and the financial participation of the municipality

therefore increased from 25 % to 32 %. This project moreover decreased amount of outputs purchased for estimated price of the project which affected the cost effectiveness of price per unit of outcome. The cost effectiveness was therefore low and moreover the financial participation of municipality increased in order to fulfil project goals. Unfortunate failure of project management team, did not allow the use of the whole potential of the implemented project. As increased participation by municipality at the budget would be required in phase of selection of the project, its increase participation after grant distribution is considered as ineffective use its financial allocation. The CEA based responses were also the lowest from the comparable projects and reached only 2,9 points. This evaluation reflects poor management of the project planning and implementation with lack of ability to use the project budget by subsidy allocated finances. Result of the CEA per satisfied member of the target group was 1 819 CZK which is the third worst in all compared projects. This project is therefore no more relevant for the outcomes of this thesis from the perspective of CEA.

Club house of young firemen in Slezské Rudoltice (2011-2012) (project 7)

Project furnishing and modernization of club house proved ability to use all EU resources reached 100 % of planned allocation. Meanwhile the participation by municipality was set to 25 % of the total budget. As compared to the previous projects this one disposes of increased effectiveness of used financial resources as it uses the whole allocation meanwhile keeps co-financing by local municipality on minimal level. The cost effectiveness for unit of output is as expected in the project plan. Experts' cost evaluation received 5,9 points which rates the project in the top three evaluated projects with regard to its outputs. However according to CEA evaluation per satisfied member of target group the result was 1 278 CZK which represent group of the worst projects in the research sample. Such input/output ratio was caused by high budget of the project for its implementation and poor aiming of the project management at target groups. Although this project tried to include higher amount of other interest groups in the municipality, its main goal was to satisfy needs of only specific target group which was not as massive as could have been in the case of multifunctional use of the project. Therefore despite the good results by expert opinion this project will be evaluated as

rather example of bad practice and will be no more considered as relevant for the outputs of this thesis from the perspective of CEA.

Cultural and social facility of municipality Jindřichov (2011-2012) (project 8)

Effectiveness of use of resources from the EU budget reached in this project 99 % of planned participation which sets the project to the best performing group. Participation by municipality increased by 1 % in order to compensate budgetary items which could not had been financed after the implementation of EU fund drawing conditions. Although the decrease was slight, the loss of 1 % and need to replace this expenditure from municipal budget could have been anticipated by better administration of the project management team. On the CEA evaluation project received in total 5,7 points, placing it into group of well-handled projects. As the loss of 1 % of the resources from EU subsidy could have been anticipated, the total performance of the project reached all of its expectations and in absolute numbers the 1 % loss can be omitted. Moreover according to the CEA evaluation per satisfied member of the target group this project obtained the best result from the research sample which was 402 CZK. Target of the project to develop area for the use by all local inhabitants resulted in high amount of the target groups which are users of benefits of the project. This fact enabled the highest participation of the target groups from all examined projects which resulted in the best input/output ratio. Therefore this project will be further analysed as possible example of good practice.

Club house for (not only) bicycle tourists in Slezské Pavlovice (2012-2013) (project 9)

Project implemented in 2013 in the municipality Slezské Pavlovice used 100 % of its subsidy co-financed by EU. Moreover the participation by municipality was from the beginning of the project planned to 33% share. The municipality in this project managed to combine effective use of all resources gained from EU meanwhile using higher percentage of their own finances. This combination enabled to fulfil project's objectives and meanwhile saved resources from the LAG budget for local development. The CEA evaluation to cost effectiveness of this project therefore performed to 6,4 out

of 6,5 point on the scale, making it potential candidate to the example of best practice regarding the cost effectiveness. However, result of CEA per one satisfied member of the target group reached the second worst number from the research sample which was 1 924 CZK. This result is interestingly highly in contrast with the evaluation provided by expert's and it will be interesting to use this example for deeper inspection under CUA method to obtained data supporting either option of good practice or bad practice.

Modernization of sanitary installation of gym at elementary school in Třemešná (2011-2012) (project 10)

Last evaluated project was implemented in 2012. Unfortunately it managed to use only 98 % of EU subsidy aimed to support of this project. Original goal was to provide municipal co-financing by 29 % from the total budget however 2% decrease in the EU subsidy resulted in 31% co-financing. The decrease was caused by inability to use all finances as eligible costs according to requirements of EU for the use of the subsidy. This ineffectiveness might have been preceded by better administration of the project manager. The CEA evaluation to in expert group was rated to 4,1 point which puts the project on below average of project sample. Under CEA evaluation per one satisfied member of target group this project reached 1 567 CZK. With comparison to other projects and with consideration of expert's opinion it is rather badly performing project and will be no more considered as relevant for the outcomes of this thesis in means of CEA.

Summary of CEA results

To sum up executed evaluation by CEA the best performing projects managed to include in their implementation couple of factors. First of them was an effort to create a project with multifunctional use (include as high amount of target groups as possible which decreases the input/output ratio as inputs are costs and outputs are members of target groups)(Project 1,2 and 8). Second was to effectively use 100 % of subsidy allocation (Project 1,2,3,7 and 9). Third was to maximize municipal share at the budget co-financing higher than minimal required participation (Project 1,6 and 9).

These criterion are appreciated at the level of LAG as the project management and individual projects are implemented in the municipalities with only several hundred at the most one thousand inhabitants. In order to satisfy needs of various groups in the municipality, meanwhile targeting low operating costs of the project, these should be created as multifunctional in order to provide fully occupied use of the facility created by project. If fulfilled, therefore increases amount of required outputs of project (influenced members of target groups) meanwhile decreases input/output ratio which increases project's cost effectiveness.

These results, if fulfilled, in effective use of the subsidy allocation which supports the budgetary policy of LAG and in wider perspective enables LAG to support higher amount of grant applicants, further enables to increase the cost effectiveness of LAG in means of budgetary costs per amount of implemented projects.

6.6 Evaluation by CUA method

Second part of the analysis will focus on the qualitative analysis of researched projects. With a help of questionnaire which was delivered to the experts of researched project, there will be evaluated qualitative performance and level of satisfaction with the reached results of the projects. For the design of CUA the questionnaire gathered responses based on Rating Scale technique on scale 1-5 which will be further possible to measure and compare.

CUA shall compare utility of individual projects after its realization. The change was rated on prefabricated scale by (rating scale method). From ten questions which were included in the questionnaire there will be used for the purposes of CUA six of them, particularly questions two to seven³¹. The group of experts who evaluated individual projects dispose with knowledge based on ex-post experience of projects' performance. As they are the entity of implementation of the project and meanwhile they participate at creation of the evaluating body of LAG, their opinion is based on the individual evaluation research of each project which was executed among all

³¹ Please find specific question and their focus in thesis's appendice, specifically „Appendice 1. Questionnaire“

implemented projects in LAG (2010-2013) during 2014. Under the specific conditions of LAG ROZVOJ Krnovska o.p.s. the year 2014 was the last year of implementation of the project as it was the last year of programming period. In order to prepare for new programming period 2014-2020 all projects supported by LAG undergone an individual evaluations executed by project managers and control group of LAG. Participants of this control group and these project managers became “experts” chosen as respondents of CUA based questionnaires for this thesis.

From the group of ten experts for each project were specified two experts who directly participated on the administration of the project and its execution. These two experts were given increased weight of their rating scale, project manager received weight 3 and closely connected member³² of project team received weight 2 to his evaluation. The other eight experts are members of LAG who are members of LAG’s committees and have specific relationship and knowledge³³ of the projects from the research sample and their rating was evaluated with weight 1.³⁴

Total weighted average of the project was further calculated as a sum of all utility focused questions (question 2 to question 7) which is in maximum 6,5 weighted points multiplied by 6 utility focused questions, therefore maximal result of 39 weighted value points³⁵.

Evaluation of projects was executed by calculation of weighted average of points received from all experts from the utility focused questions. Experts were asked to provide rating points to individual questions in questionnaire based on their expertise and results of evaluations of individual projects which were carried out during 2014 as a part of evaluation year of LAG and its performance in period 2007-2013. Based on quantified values I had further performed calculation of results according their weights

³² Member of expert group who participated in implementation of the specific project

³³ Members of expert group are closely described in reference nb. 29. However these experts are people who directly influenced all projects from the phase of planning (experts were primary creators of LAG Strategy of development) through its selection for support by EU subsidy, up to evaluation of outcomes of individual projects which are indicators processed by individual evaluations of all LAG implemented projects which were used as primary data for evaluation of performance of LAG in period 2007-2013.

³⁴ Graphical depiction of evaluation system is stated in Figure 4: Example of rating

³⁵ For specific calculation of weights at CUA questions please see Appendix 2: Results of CUA questionnaires

and for interpretation of the best results I have executed deeper inspection of the factors of influence of the project with project manager.

Project with the highest average points received was evaluated as the most useful (reaching the highest utility).

Figure 21: Results of CUA from questionnaires

	project 1	project 2	project 3	project 4	project 5	project 6	project 7	project 8	project 9	project 10
question 2	5,2	5,4	5,4	4,7	4,7	5,8	5,2	5,6	5,7	6
question 3	5,4	4,5	5,6	5,1	4,3	5,8	6	5	6	6,4
question 4	5,7	5,1	5,4	4,2	4,7	5,6	4,5	5,9	5,8	3,7
question 5	5,8	5,8	4,9	4,5	4,6	4,4	5,3	6,3	5,9	5,3
question 6	5,7	6,2	5,7	5,2	4,7	5,4	4,6	5,8	5,3	3,5
question 7	5,9	5,8	4,3	5,5	5,6	6	6,1	6,4	6,2	6,1
weighted average	33,7	32,8	31,3	29,2	28,6	33	31,7	35	34,9	31

Source: author's modification

6.6.1 Results of CUA

Multifunctional centre Slezské Rudoltice – equipment (2010-2011) (project 1)

According to the results obtained from CUA based questionnaires³⁶ this project received in total 33,7 points for six evaluated criteria out of 39 maximal points. All of the criteria were rated in top part of the rating scale which reflected satisfaction with the project outcomes and goals and its utility to local community. Importantly the project managed to engage full estimated amount of target groups which equals the amount of residents. Fulfilment of the project goals, well executed project management and in total numbers the second highest engagement of local inhabitants (633) by use of project outputs were the reasons to receive good evaluation results. Based on the CUA evaluation I may recommend this project to further analysis as one of the examples of good practice.

Modernization of town hall building - kitchen corner (2010-2011) (project 2)

Second project received 32,8 points on the rated scale and in means of CUA performed with better results than the first project. The most significant factor was full participation of local residents and moreover regional impact which resulted in high scores obtained in question number five, six and seven by experts. The project was therefore well aimed and managed from the point of view of utility for local community.

Reconstruction of sanitary installation in cultural house in Úvalno (2010-2011) (project 3)

This project received 31,3 points in expert's evaluation. Slight decrease with a comparison to the other well performing projects was caused by low participation of the local inhabitants in the project and its outcomes. The target group was also very specific and use of the object after it's reconstruction did not meet its expectations. According to data obtained from discussion with project manager the facility didn't manage to gain expected interest of the local inhabitants which resulted in lower participation by target groups in the use of the facility. From the group of the first three projects which effectively used its financial allocation this one performed the worst in CUA.

³⁶ Detailed evaluation of individual projects with their rating by experts is provided in appendices of this thesis.

Purchase of equipment in multifunctional town hall in Dívčí Hrad (2010-2011) (project 4)

Performance in CUA in this project received 29,2. This project suffered in its evaluation from insufficiently used allocation to its realization. Further the project's goals were rated as not fully fulfilled and therefore the impact on the local inhabitants was also not fully used. Project successfully created background for the realization of activities of the project target groups, however the single fact of having equipped the facility did not result in increased participation or increased frequency of visits of the facility by target groups. Combination of poor administration and inability to expect potential obstacles therefore resulted in low results in CUA with comparison to other projects.

Purchase of equipment for social and cultural background at sport grounds (2010-2011) (project 5)

CUA evaluation by experts reached 28,6 points in case of this project. Performance of the project was evaluated on lower level as other weaker projects with an exception of the utility of target groups which received above average values. This project might be marked as the least effective both in the cost effectiveness and also in the cost utility based on experts opinion. However it managed to allocate utility to its target groups but cost utility was not fulfilled as its potential was not fully used. Awareness of problems in this project is obvious even from the evaluation provided by weighted experts whose responses reached maximum of points only once.

Club house for leisure time activities in Rusín (2011-2012) (project 6)

Fulfilment of this project received 33 points on evaluation scale. Based on these results according to expert's opinion was this project rather successful although from the cost effectiveness the project performed the worst of research sample. Project didn't receive any high values, but constantly managed to keep receiving points evaluated as on scale 3 as "on average" and as evaluated in question number seven even over its misuse of financial allocation it managed to satisfy needs of the target group, therefore target groups received from this project still high amount of utility.

Club house of young firemen in Slezské Rudoltice (2011-2012) (project 7)

Despite positive results from CEA analysis this project received in expert based CUA only 31,7 points which is less than for example project with the lowest cost effectiveness. After deeper inspection results of this evaluation the main reason for low utility evaluation was the lowest participation of the local inhabitants as the target group of the project. This project was aimed specifically to cover needs of specific group of users which in comparison to other projects is not effective use of resources.

Cultural and social facility of municipality Jindřichov (2011-2012) (project 8)

From the research sample this project was in the CUA analysis evaluated as the second best with the total amount of 35 points. The CUA evaluation provided several interesting results. First of them is the highest amount of points (6,4) received in the question aimed to utility of target groups. Therefore the use of furnished and repaired hall for the purposes expected in the project fully managed to fulfil their expectations. Although the participation of permanent inhabitants is only 47 % of all inhabitants, in absolute numbers the project managed to satisfy the highest number of inhabitants of all projects (650). Project implementation after evaluation of results of project in 2014 resulted in full participation by the target groups and also an increased interest of local inhabitants which resulted in increased participation at local cultural events in the municipality. From this reason I may stay that the cost-utility relationship was the highest in all projects from the research sample.

Club house for (not only) bicycle tourists in Slezské Pavlovice (2012-2013) (project 9)

This project received in total 34,9 point from experts' evaluation. Average points to each question were almost the same in all aspects with an exception of question number six and seven. Question number six received the lowest number of points (5,3) which was reaction to how useful was the project for local community. Although the project received the second highest number in CUA the expert's opinion was that the potential was not fully fulfilled. However the evaluation by project manager offered the participation by target groups which equalled 100 % of expected value. However the 5,3

is the lowest average from the question with comparison to other projects it is still an excellent result. Question number seven was on the contrary the best rated with 6,2 points and means that the project managed to deliver its maximal utility to target groups. This statement after deeper inspection with project manager was caused by high interest of project target groups which resulted in full expected participation as outcome of the project and moreover resulted in the increase of member base of leisure time clubs which used facility implemented by project.

Modernization of sanitary installation of gym at elementary school in Třemešná (2011-2012) (project 10)

Last of evaluated projects received 31 points in expert based CUA. Compared to other project from research sample this amount of points is rather under average values. Main reason for low results was shared opinion at question number six and usefulness of this project for local community. Majority of the experts agreed that modernization of the sanitary equipment was not as useful for local community as might have been other project from LAG. However the utility of target groups was high as the project aims and needs of target groups were fully satisfied. Unfortunately the target groups only represent 20 % of local inhabitants which provides another understanding to results obtained from CUA to this project.

Summary of CUA results

To sum up performance of CUA the best projects were Project 1,8 and 9. In these three best projects were identified factors of success which were particularly for Project 1 – project management of project manager, ability to engage local target groups, therefore ability to anticipate needs of local target groups and ability to prepare project which answers these needs. Project 8 the highest amount of engaged target groups which had the main impact at increased use (amount of visitors and participation of locals) of local cultural facility, therefore increased interest for cultural and social life in the municipality. Project 9 project which results had an impact on use of newly built facility, but further managed to increase the member base of local leisure time clubs.

6.7 Results

Based on the quantitative data from previous chapters this part of the thesis will analyse the outcomes and provide the reader with results of my research. In this part it should evaluate and stipulate projects from the research sample which are an “examples of good practice”. Furthermore on the data from the examples of good practice will be generated several factors which might improve the evaluation of public projects in examined LAG in the future programming period and increase their effectiveness during implementation. Thus this thesis shall provide certain outline for the recommendation of improvement of criterion setting for better measurability and evaluation of public projects for specific needs of LAG.

From the research sample which was examined under CEA and CUA analysis, based on its results I have chosen to further consider three projects which performed the best and might be labelled as examples of good practice. The best projects were namely: Multifunctional centre Slezské Rudoltice – equipment (2010-2011) (project 1), Cultural and social facility of municipality Jindřichov (2011-2012) (project 8), Club house for (not only) bicycle tourists in Slezské Pavlovice (2012-2013) (project 9). In the following chapter I will specify conditions of individual examples of good practice and based on the results I will suggest suitable factors which should be demanded with an increased interest in the future projects managed by LAG in order to increase effectiveness of implemented projects.

Multifunctional centre Slezské Rudoltice – equipment (2010-2011) (project 1)

For the purposes of the thesis the most important factors were cost effectiveness with regard to input/output ration and also in regard to budget management of either project as well as common LAG budget. For this project the main points of management of example of good practice were:

- Low cost / satisfied member of target groups ratio
- Ability to create multifunctional project to engage various interest groups which act as target groups of the project

In means of CEA evaluation per satisfied member of target groups of project this project reached amount 564 CZK which was the second best result among research sample. Main reason for such a good performance was the ability of the project management to create project which connected high amount of local inhabitants (target groups) which was in total 633 people. Further an advantage was similar level of the budgets of all projects from research sample, which with the high share of satisfied participants from target groups, managed to decrease share of costs per one natural unit of output. Evaluation by CUA was based on expert evaluation which represented results of evaluation undertaken by project managers from LAG in evaluation year 2014. Experts were asked to evaluate several criteria of utility of project as fulfilment of goals, impact, outcomes, importance of project for local community, and general utility of project by expert. This project received 33,7 points out of maximal 39. However for the purposes of this thesis I have considered the real impact on the local inhabitants of the project. Meaning to consider how big was the target group which needs were by implementation of project satisfied in means of either percentage of permanent residents or eventually by absolute number of these inhabitants. This project had excellent outcomes in this criterion where it influenced 100 % of project's target group which was meanwhile total number of its permanent residents and also in total numbers represents 633 people. In absolute number this value was the second highest of all projects from research sample, therefore was this criterion in this project valued. One of the strengths of this project was the aim to create "multifunctional" outcome. Meaning to focus on rather use of this facility by small groups but in more frequent repetition which was suitable criterion in conditions of small municipality with variable interest of local community. Further considering rather small scale of projects and small size of the municipalities participating in this type of the projects such participation was an excellent achievement.

- Increased participation at project's budget by municipality in a role of project executor
- Ability of the project management to use total allocation from subsidy

I have also used supplementary factor for CEA which was effective use of EU subsidy. From this point of view I have evaluated the best projects which managed to use 100 % of the financial participation by EU subsidy. Furthermore the cost effectiveness was emphasized from the point of view of minimizing necessary participation by EU funds. Meaning that projects which were co-financed by municipality by increased proportion were more cost effective as they saved common resources allocated for development of LAG. Under these conditions this project was co-financed instead of 25 % which was the minimal participation set as condition of grant approval, by 32 % which was the second best performing project under this criterion from the research sample.

Cultural and social facility of municipality Jindřichov (2011-2012) (project 8)

Second project considered as example of good practice was in means of CEA was the best performing from the whole research sample.

- Low cost / satisfied member of target groups ratio
- Ability to create multifunctional project to engage various interest groups which act as target groups of the project

It managed to reach result 402 CZK. Similarly to Project 1 reasons of good performance in means of CEA were the highest participation of target groups as receivers (650) of outputs of the project and similar budget level to other projects which deducted cost per natural unit of output ratio as low as 402 CZK. Another reason of success was also its multifunctional aim of project to focus on satisfaction of rather small but diverse local leisure time groups that gained an opportunity to use this facility for satisfaction of their activities. In means of CUA this project received the best rating (35 pts.) from expert's evaluation and managed to fulfil all of its objectives, impacts, outcomes and estimated participation of target groups in the local population. The biggest reason for the best results in CUA was the ability to include the highest absolute number of permanent residents. Project in total included or directly affected 650 inhabitants which meant that for available costs the project managed to deliver the highest amount of the utility for the local community which actively took out of its results.

As supplementary factor to CEA, its subsidy allocation unfortunately didn't manage to use the whole allocation for implementation of project, which resulted in lower results in evaluation. On the other hand the "lost costs" were only rounded up 1 % of total project's budget which was in absolute value 1 620 CZK. This part was further co-financed by municipality in order to use all planned resources for project. Despite the loss of ineffective use of EU subsidy by incomplete 1 % of the allocation and considering the absolute values of untapped resources which were rather marginal, this project managed to perform outstanding results in comparison to other projects from research sample.

Club house for (not only) bicycle tourists in Slezské Pavlovice (2012-2013) (project 9)

Last of the projects with the best results is rather interesting for an analysis for its various results from CEA, expert based opinion in CEA and CUA. Nevertheless its evaluation by experts in CEA and CUA which reached the best results can't be omitted.

On the contrary in means of CEA and cost per satisfied participants of target group was 1 924 CZK, which was the second highest result in compared research sample. Under the conditions of CEA was this project rather not successful. However the problematic of this project is in its implementation in small municipality where total amount of inhabitants equals to amount of target groups satisfied by implementation of the project. As there is only limited amount of target groups in the municipality and the project's costs aimed at reconstruction of the building, the construction costs were only more demanding. Problematic technical status of the building which needed higher budget for its reconstruction therefore resulted in high cost per satisfied member of target groups ratio which caused bad result in CEA.

On the contrary in means of supplementary factor which was effective use of subsidy, this project performed the best from the research sample.

- Increased participation at project's budget by municipality in role of project executor

- Ability of project management to use total allocation from subsidy

The project management team managed to effectively allocate all 100 % of the EU subsidy meanwhile increasing participation of local municipality to 33 % which was the highest participation in the whole research sample. To point out the budget of this project was the second highest and high participation of municipality therefore meant increased budgetary load for local municipality. Possibly high commitment to realization of project, indicated by willingness of municipality to use its own resources, resulted in full satisfaction of all target groups and fulfilment of project's outcomes, impacts and goals as expected. For this reason I decided to use this project as example of good practice as it obeyed one of the most important ideas of LAG which was to save up common resources of LAG budget in order to satisfy the highest amount of project applicants from one budget. This factor is in my opinion important for its "moral" benefit which puts in consideration of grant applicant also factor of sharing common resources of LAG to higher amount of grant applicants if possible. In my opinion such thinking by project management supports the overall strategy of LAG as actor of local development which stresses development of its whole area instead of maximization of their own utility when it is not necessary from financial perspective and favours needs of others.

In means of CUA this project performed as the second best receiving 34,9 points from expert based evaluation. However the project managed to influence 100 % of its target groups which equalled to the total population of the municipality. Highly valued in this project was mainly increased participation by municipality at co-financing of the project with regard to small amount of inhabitants. As compared to the first project where participation by municipality was almost equal, this municipality is in means of inhabitants 3,3 times smaller. Therefore this participation was well appreciated by experts from perspective of performance of LAG.

Suggestions for future criterion improvement

As seen from results of evaluation the best three projects met certain criterion which should have been the outcome of this thesis. Neither one met all of the criteria which

should have been evaluated as preferential, but from different perspectives they managed to point out which are the most important for the future adaptation for the evaluation of the project management.

First of the criterion for better allocation of resources is **sufficient anticipation of project management to fulfil administrative requirements** for the use of EU subsidy. Already in case when municipality or grant applicant manages to receive subsidy they should have put maximal effort to fully allocate all financial resource to which they have legal claim. Maximal use of all resources means maximal delivery of utility while performing planned cost effectiveness to outcomes of the project.

Second criterion should focus on **increase of financial participation by project applicants if possible**. Increase of use of own resources as co-financing tool manages to save up common resources of LAG as grant providing entity to regional community. If they will manage to increase proportion by municipal participation, the common budget to the regional development will manage to satisfy higher amount of applicants, therefore higher amount of target groups with various goals and therefore bring higher utility to the regional community.

Third criterion should be **engagement of local community and implementation of projects which satisfy needs of small but various target groups of local inhabitants**. If these municipalities manage to create projects which will be of multifunctional use, there will be higher amount of target groups which will use the facility which will result in increased utility of project and satisfaction of needs of local groups. Moreover this criterion stresses the need to minimize operating costs necessary for continuous operation of created project. Implemented projects should become more aware of costs which come after implementation of project and are connected with maintenance and functionality of implemented project. Ability to engage small but various interest groups who are meanwhile project's target groups can have future impact in frequent visits and use of facility which will minimize operating costs which will support sustainability of the project and delivering of continuous utility to local community.

7 Discussion

As seen during the practical part of this thesis there are several difficulties for application of single evaluating method to a group of projects however similar they might appear. It is important to keep in mind that every project is an individual undertaking with different potential and various conditions. However there is generally put pressure for increased cost effectiveness of all applied projects as well as an effort to bring maximal utility from the implemented project to their target groups.

As I understand importance of this effort I suppose that the main responsibility in the project management should be put into grant redistributing bodies as LAGs. These actors of local development have the ability to adapt conditions for grant allocation in order to maximize their goals and increase better application of cost effectiveness and cost utility of a single project on a local scale. CEA and CUA are only few chosen possibilities how to measure performance of individual projects and how to find out place for improvement of conditions for grant allocation and redistribution by LAG.

Despite the fact that from the research sample all projects had already undertaken a phase of the selection of the project for an implementation and had to fulfil certain criterion, some of them were with a comparison to the best performing once still ineffective. On the other hand the quality of the project selection and experience of project manager certifiably increases as CEA as well as CUA results were better in projects realized in 2012 and 2013 rather than project implemented in 2011. Such an improvement only enhances responsible work of management of LAG and reflects its continuous effort to educate members of LAG and the representatives of local municipalities in a field of project management. As LAG ROZVOJ Krnovska o.p.s. only finished its first program implementing period (2007-2013) its development and gaining of experience and confidence with a project planning, implementing, and evaluating is continuously growing. As everything, this knowledge has to be gained by experience and implementation of several good and bad projects. Insufficiencies and obstacles shall be uncovered by project evaluation and for the future project these weak

spots might be presupposed. As the quality of projects in LAG is growing, its ability to effectively allocate full amount of subsidy, ability to engage higher amount of target groups in its projects and ability of project management to anticipate obstacles and successfully follow EU subsidy drawing conditions, enable to implement efficient projects and increase quality of life to the local inhabitants.

However although project managers try to maximize cost effectiveness and utility of each project per one financial unit spent to achieve its goals, from less ambitious point of view I should be aware of the point of financial allocation in regional development which is in my opinion as Musgrave stated (Musgrave et al. 1997: 131) *to wrongly use unused resources might be better than not to use them at all*, because even “wrongly” used allocated sources shall bring additional utility, which would be in case of zero resources used, unused. In other words, even wrongly used resources will bring at least experience of project managers from impacts of allocated resources.

Limits of thesis

Limits of this thesis are connected with problematic of evaluation of various data from examined projects from research sample. Specifically this limit will concern choice of experts for evaluation of chosen project research sample. Although all experts are closely connected with an implementation of the projects, each one of them has his/her specific preferences and deeper knowledge of not all projects of research sample. However expert’s evaluation based on the results of previous evaluations of projects for the purposes of LAG from year 2014, is still the best choice of group of evaluators which shall provide the most objective data for further evaluation for the purposes of this thesis.

Another limit of this thesis will be connected with the suitable choice of evaluation methods, which application might vary for different purposes and from individual approaches of researchers. As for example in CEA it is possible to objectively compare projects based on only one indicator (satisfied member of target group per input costs of project). Such result without further criterion might influence evaluation outcomes. Following limit might be also an omission of some evaluation factors which could have

been applied in case of evaluation of individual project but is not possible for evaluation of group of projects where results had to be generalized into certain level for the purposes of comparison with other projects.

8 Conclusion

To conclude, this thesis had an objective to answer its research questions which were “*what are the examples of good practice from implemented projects on the area of LAG Rozvoj Krnovska o.p.s. if possible to identify.*” Results of answering to this question are in more detail explained in chapter Results where were chosen three examples of good practice. However to directly answer first research question: in research sample were identified together three examples of good practice from which they received excellent level of combination of cost effectiveness and cost utility. These examples were further analysed and examined in order to provide data for supplementing research question.

Supplementing research question is “*based on examples of good practice what are the main factors which were the reasons of projects becoming examples of good practice?*” In the examples of good practice were present factors which were further analysed as factors which should be stressed out in future project evaluation by LAG in order to increase the effectiveness of its project for local development. These factors were particularly (1) **sufficient anticipation of the project management** to fulfil administrative requirements for EU subsidy. This factor is interconnected with improving spread of knowledge of the project management, growing experience with grant subsidy of various stakeholders in the area of LAG, continuous effort of project manager of LAG to provide guidance and consulting services to grant applicants, pursue of continuous evaluation during the whole program cycle and improvement of quality of the indicators which shall reflect effectiveness of implemented factors and provide necessary feedback for continuous evaluation and improvement. (2) **Increase of financial participation by project applicants** if possible in order to maximize utility of LAG budget at the regional scale. Particularly to pursue the values and the idea of LAG to share the potential of growth and development of the area among its members and in its area. This factor shall further develop the perception of solidarity on which LAG shall be based and to understand the importance of development strategies as a concept of bringing utility and increase of life quality to the whole region and not only to maximize the good of local actors. This idea shall be promoted at the level of LAG

and its members but also at the municipal level with regard to its inhabitants as they act as the target groups which receive the final utility from implemented projects. Development of such perception of values of LAG is a continuous and never ending process which shall be pursued at all levels of project management and mostly during the whole cycle of program and project planning. Last but not least (3) **participation of the local community or increased effort to implement projects where target groups are various interest groups** therefore higher proportion of local inhabitants in order to deliver utility from implemented project to the widest range of inhabitants in the region. Third factor of improvement enhances the need for effective but mostly sustainable use of resources. As the projects are implemented in the municipalities with a size of mostly only couple of hundreds inhabitants their idea shall be sustainable. Mostly with respect to limited budgets of municipalities which implement these project and will bear the burden of future operating costs of the project. Projects on such level should be therefore of a small scale, with multifunctional use which will reflect the various needs of local inhabitants as well as the other local players and should also maximize the need to keep functionality of the project after their implementation. The project management should therefore understand the concept of sustainability and the need of minimizing future operating costs and reflect this concept during the process of creation of the project proposal. If the project management will create these multifunctional projects, which will be sustainable, they will directly maximize the utility received by project's target groups (ability of the project to reflect needs of various target groups) from implementation of the project, meanwhile maximizing project's cost effectiveness (minimizing input/output ratio). Hopefully if these factors will be implemented in the future program strategy and if they will be paid certain level of attention at the process of selection of projects for the future grant subsidy, new projects implemented in the future programming period might have keep their current trend of improving quality and therefore increasing efficiency of public development projects in the area of LAG ROZVOJ Krnovska o.p.s..

Furthermore the thesis in its first and second chapter (Introduction, Objective of this Thesis) provides introduction and stipulate objective of this thesis. In the third

chapter (Methodology) specifies methodological approaches which were used in its content and were necessary for analytical part of this thesis and its outcomes. Fourth chapter (Literature review) focuses on literature review of program and project evaluation and evaluation in general and it's problematic. It also depicts importance of project management in rural development policy and role of local action group. Fifth chapter (LEADER platform) focuses on understanding of platform LEADER in rural development policy and its role and position of LAG in its implementation. Sixth part (Practical part) provides already own work where are described individual projects, each one of them is undergone to analysis by CEA and CUA with expert based evaluation. Seventh chapter (Results) presents results of the analysis and identifies examples of good practice and describes in detail reasons of their excellent performance as factors for future improvement of project evaluation by LAG. In the last two chapters (Discussion, Conclusion) is provided discussion about results of this thesis with possible limitations of the whole research and conclusion which evaluates the whole outcome of this thesis. This thesis is further supplemented by list of references and appendices which were used during the whole process of working out this thesis.

9 Sources

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10 List of abbreviations

CAP = common agriculture policy

EU = European Union

LAG = local action group

LEADER = Links between Actions from the Development of the Rural Economy

11 Appendices

Appendice 1: Questionnaire

Appendice 2: Results of CUA questionnaires